The Impact of EMPAQ®

27th annual Worksite in the Wellness
March 12th 2008

OBJECTIVES:

- **What is EMPAQ®**

- **UM-HMRC partnership with NBGH on the EMPAQ ® Project**

- **What can EMPAQ® do for your company**

- **Overview of current EMPAQ® reports and findings**

3

EMPAQ® HMRC TEAM

- **Dee Edington**   **HMRC Director**
- **Susan Hagen**   **Analyst**
- **Chih-Wen Pai**   **Analyst**
- **Louis Yen**   **Analyst**
- **Wei Zhou**   **Data Programmer**
- **Willy Wangsa**   **Data Programmer**
- **Amanda Cyr**   **Project Manager**

National Business Group on Health

- **NBGH represents large employers and provides practical solutions to its members' most important health care problems**

- **The Business Group represents 288 members**

- **In May of 2007 NBGH and the University of Michigan Health Management Research Center (UM-HMRC) announced a partnership**

- **The HMRC became the central warehouse for EMPAQ® data and subsequent analysis and benchmarking**

What is EMPAQ®?

EMPAQ® = Employers Measure of Productivity, Absence and Quality

Provides methodology and set of standardized metrics to help employers…
- **Accurately measure benefit programs outcomes**
- **Benchmark with industry-based productivity measures**

What is EMPAQ®?

- **EMPAQ® metrics are provided for these benefit program types:**

  - **Workers' Compensation**
  - **Short-Term Disability**
  - **Long-Term Disability**
  - **Family Medical Leave**
  - **Group Health**
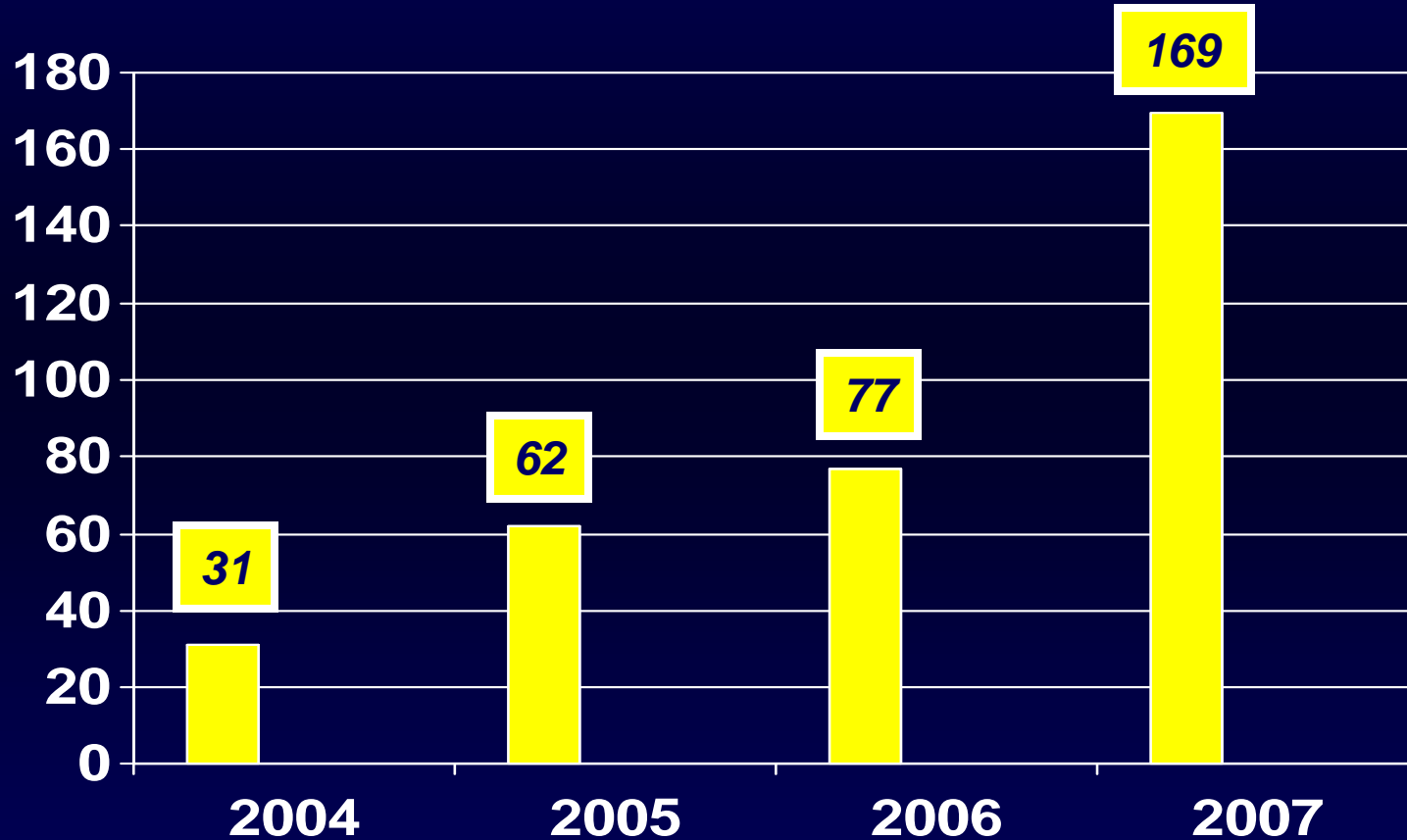 - **Incidental Absence**
  - **Employee Assistance Program**

What can EMPAQ® do for your company?

- **Employers use EMPAQ® to:**

  - **Evaluate internal benefit programs performance**

  - **Validate improvement via external benchmarks**

  - **Help foster senior management support for programs**

Employer Participation: 2004 – 2007*

Year	Value
2004	31
2005	62
2006	77
2007	169

* For submission of certified EMPAQ® data by program type

EMPAQ® Certified Data: Employer Submissions*

- Aetna
- AOL
- AON
- Ascension Health
- AT&T/Cingular
- Bayer
- Bear Stearns
- Boeing
- Chevron
- Coors
- Corning
- Dell
- Erie Insurance
- Fiserv

- GAMBRO BCT
- General Electric Co.
- General Mills
- General Motors Corp.
- Gulf Power
- Hannaford Bros. Co.
- Harley Davidson
- H. E. Butt Grocery Co.
- Honeywell
- IBM
- Intel
- JPMorgan Chase
- Lockheed Martin

- PepsiCo
- Praxair
- Pfizer
- Pitney Bowes
- Qwest Comm.
- TBS
- SCANA
- Sutter Health
- UPMC
- Watson Wyatt
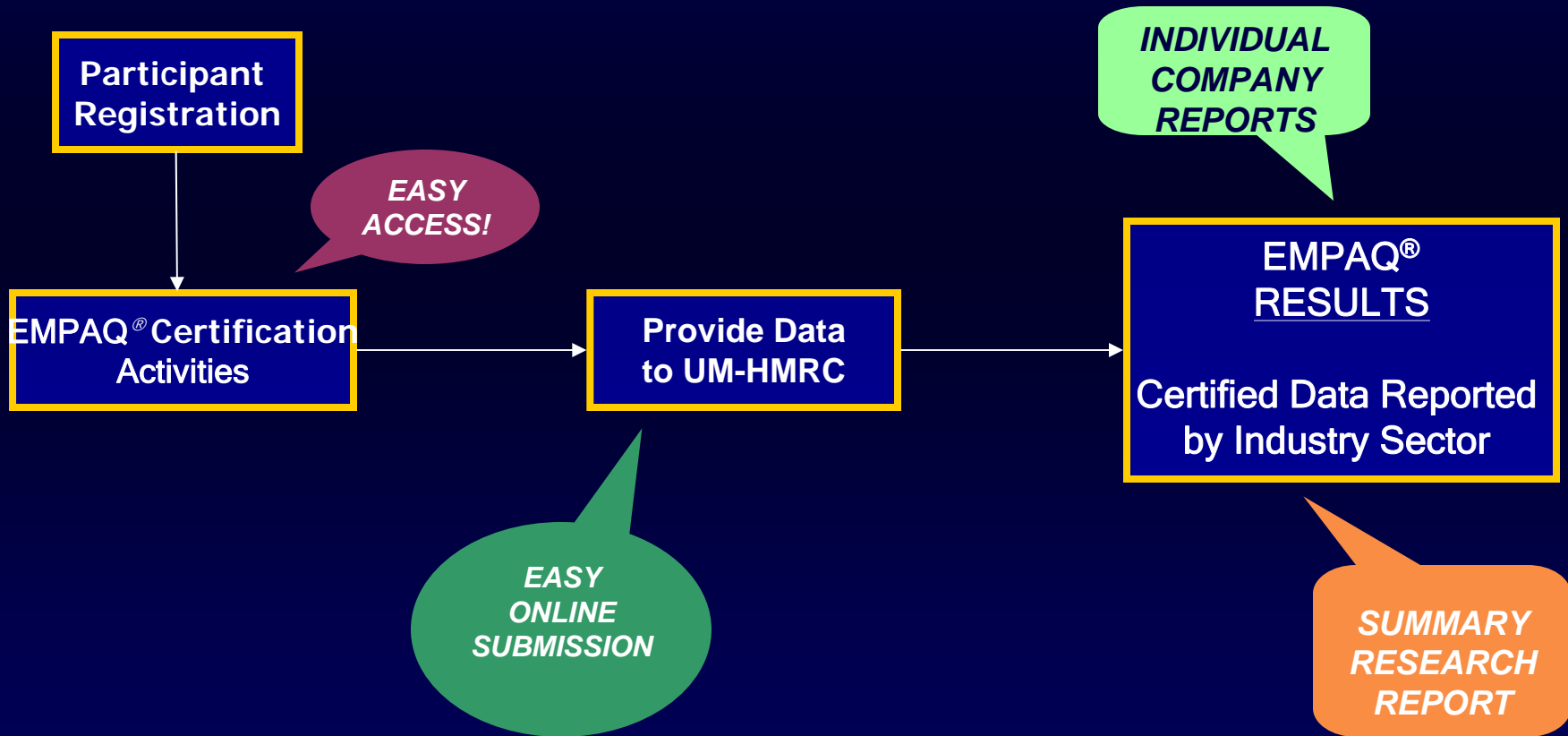- Verizon
- FedEx

Sample list of 169 direct participants

EMPAQ® Certified Data: Participating Suppliers

- **Aetna**
- **CIGNA**
- **Ingenix**
- **LCG**
- **Liberty Mutual**
- **MetLife**
- **OCI**

- **Prudential Group Ins.**
- **Reed Group**
- **Sedgwick CMS**
- **The Hartford**
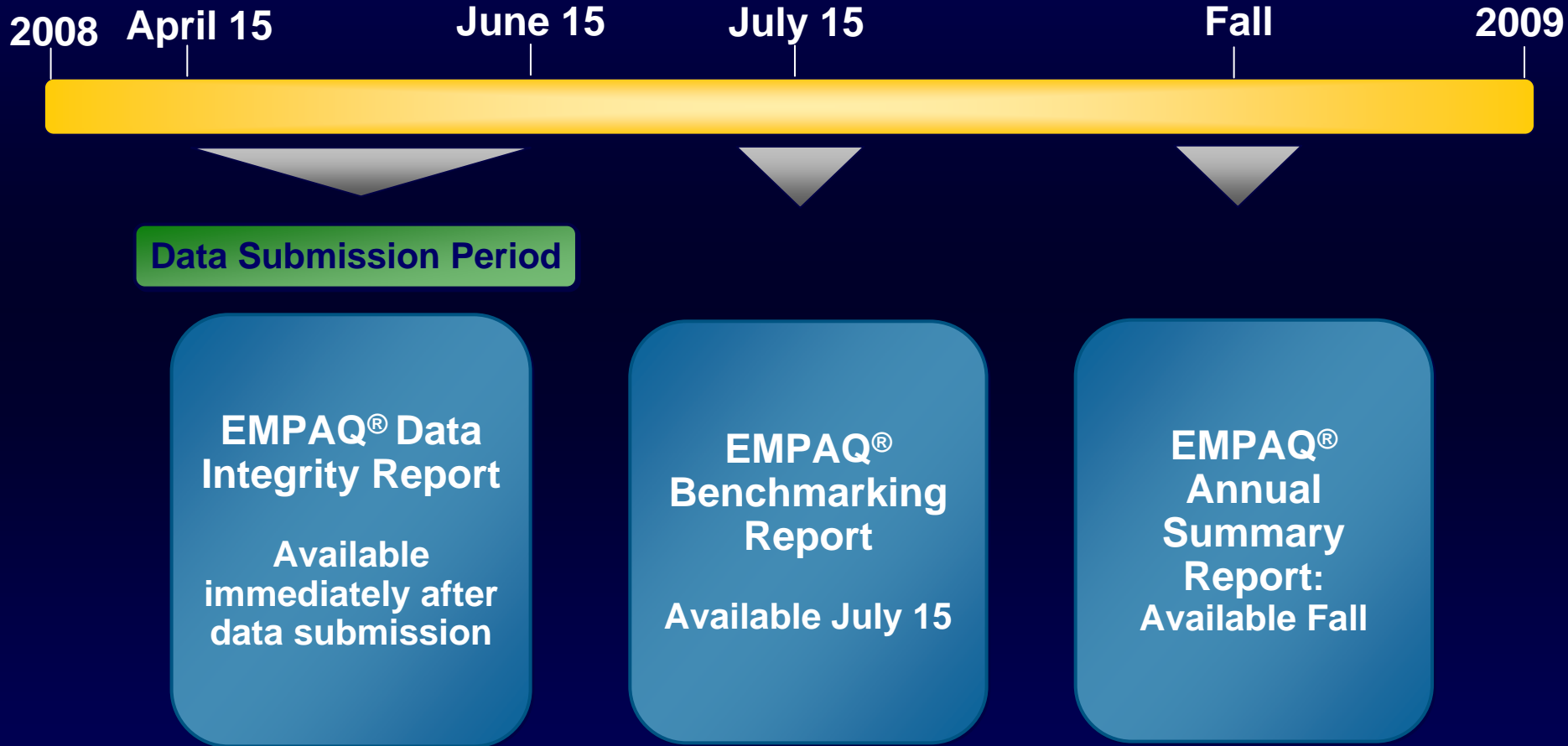- **Thomson MedStat**
- **UM-HMRC**
- **UNUM**
- **UPMC**

Process Flow

Participant Registration

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EMPAQ® Certification Activities

EASY ACCESS!

→ **Provide Data to UM-HMRC** →

EASY ONLINE SUBMISSION

INDIVIDUAL COMPANY REPORTS

EMPAQ® RESULTS

Certified Data Reported by Industry Sector

SUMMARY RESEARCH REPORT

EMPAQ® Timeline for 2008-2009

LONG TERM DISABILITY

Company: The Sample Company
EMPAQ® Program Year: 2006

Metric Description	Numerator / Denominator	Calculation	EMPAQ® Reasonable Ranges*
Annual Claim Incidence	# New LTD Claims / Average # LTD Covered Employees	$= \dfrac{70}{19,846} \times 1000$	3.5 — Low 1, Mean 4, High 10
Cost per Claim	Total LTD Payments / # of Active LTD Claims	$= \dfrac{\$5,206,546}{326}$	$15,971 — Low $3,000, Mean $15,000, High $50,000

* The 2006 EMPAQ® Reasonable Ranges were used to report the Low, Mean and High Comparison points. These metric ranges were put together to aid a certified EMPAQ® data submitter in evaluating the reasonableness of their data submission. The high and low numerical ranges have been assembled from actual EMPAQ® data representing hundreds of previous employer participants.

These data ranges are used to alert a data submitter if any of their calculated metrics fall outside the recommended ranges developed for the EMPAQ® metric data submission process. And if so, to provide the data submitter a chance to check the accuracy of their submission and make any corrections before their EMPAQ® benchmark comparison reports are produced.
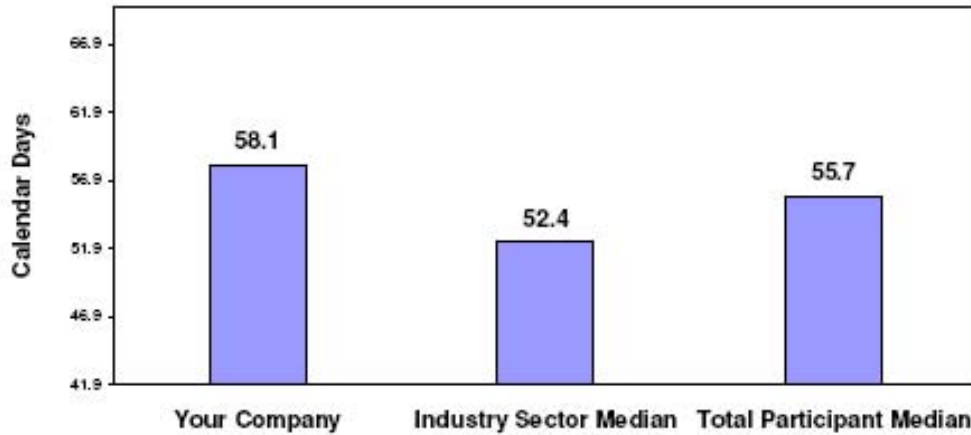
EMPAQ® is a registered trademark of the

EMPAQ® Data Integrity Report Example

EMPAQ® Metric Benchmarks

Company   The Sample Company
NAICS Industrial Category   Manufacturing

Average Claim Duration - STD

Compared with Benchmark (Median)

Your Company	Industry Sector Median	Total Participant Median
58.1	52.4	55.7

Calendar Days (axis: 41.9, 46.9, 51.9, 56.9, 61.9, 66.9)

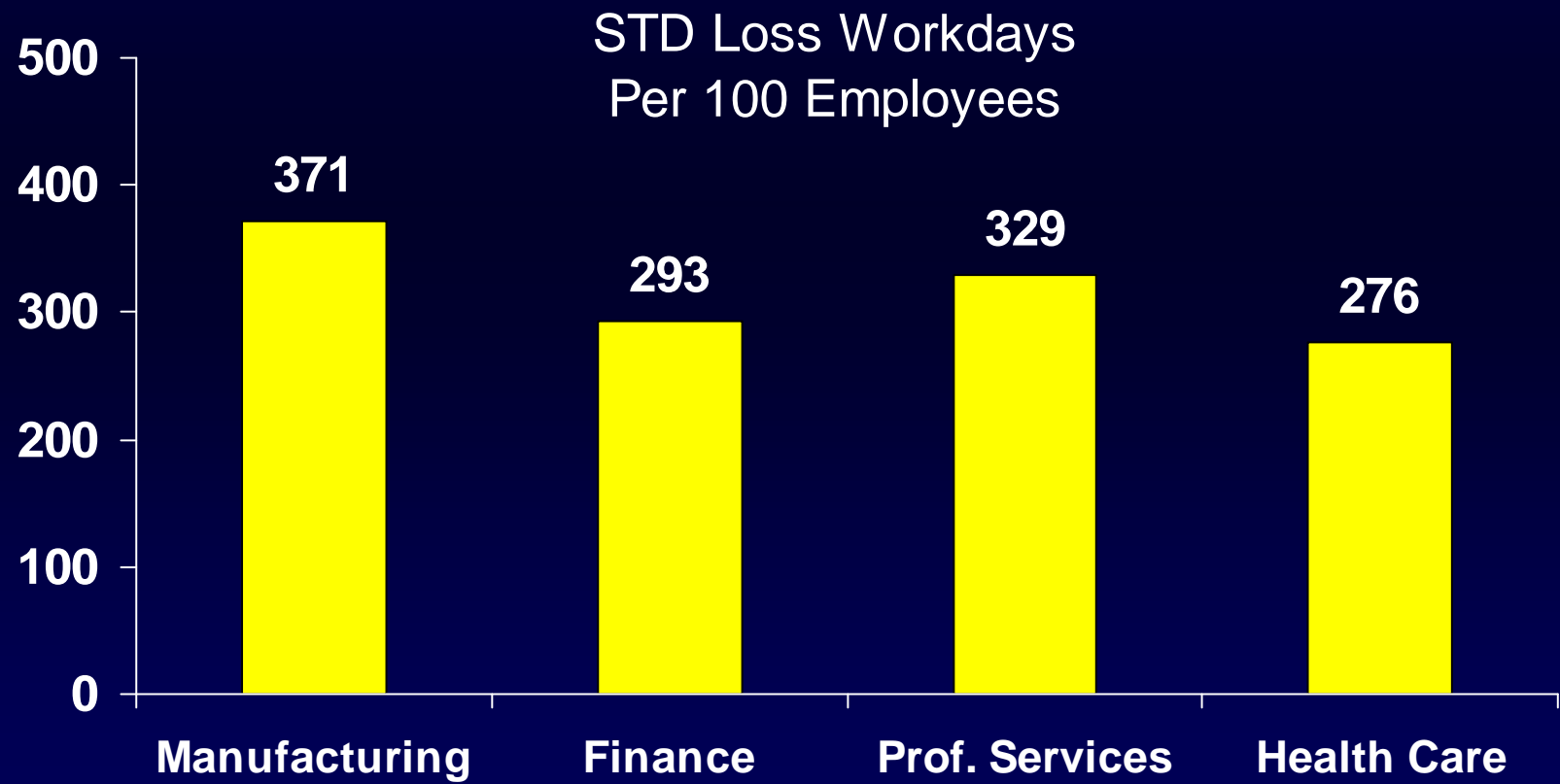|	Average Claim Duration - STD				Average # of Covered Employees
	Min	Median	Mean	Max	
Your Company	--	--	58.1	--	139,726
Industry Participants (n=45)	31.3	52.4	54.5	98.9	27,384
Total Participants (n=167)	19.4	55.7	58.4	147.5	25,853
TOTAL NUMBER OF CLOSED STD CLAIMS	2	923	2,388	32,915	

Summary Research Report

- Allows employers to:

    - Compare specific program cost, lost-time utilization, and productivity performance with their industry peers

    - Outlines valuable benefit program findings

    - Provides employers with important aggregate and cross-program benchmarking for the health and productivity arena
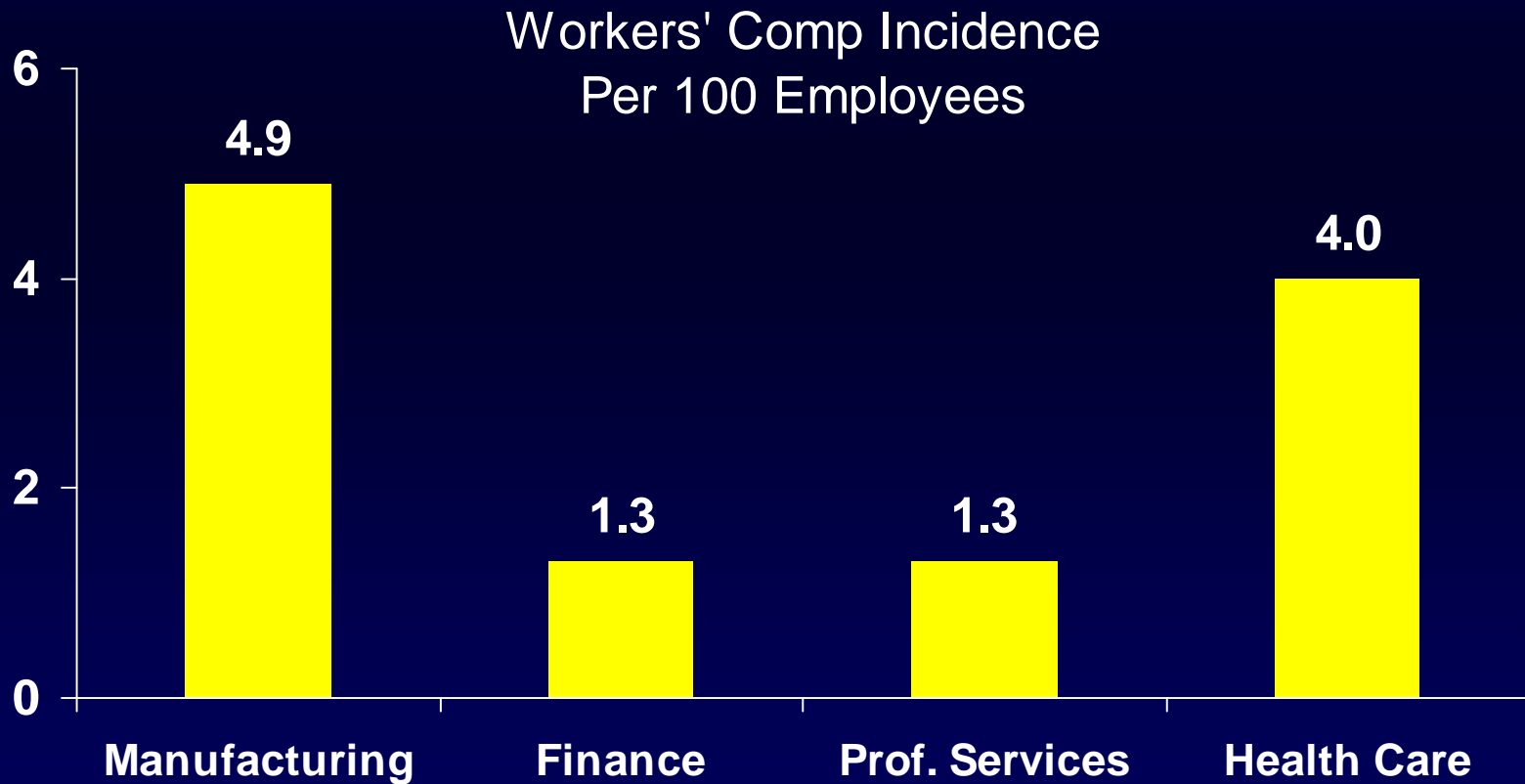
STD Metric by Industry Type 2006 EMPAQ® Selected Industries

STD Loss Workdays
Per 100 Employees

Manufacturing	Finance	Prof. Services	Health Care
371	293	329	276

Workers' Comp Metric by Industry Type 2006 EMPAQ® Selected Industries

Workers' Comp Incidence
Per 100 Employees

Manufacturing: 4.9
Finance: 1.3
Prof. Services: 1.3
Health Care: 4.0

Summary Findings from 2006 Data

- **The nineteen metrics for STD, LTD and WC accounted for two-thirds of the calculated metrics**
  - **The average annual incidence rates:**
    - **STD 9 claims per 100 employees**
    - **WC 5 claims per 100 employees**
    - **LTD 6 claims per 1,000 employees**

- **The average cost per claim for WC was much higher then STD**
  - **$555 per FTE versus $358 per employee**

Summary Findings from 2006 Data

- **Family Medical Leave, Incidental Absence and Group Health programs had a larger impact on company operations and productivity**

- **FMLA had the highest incidence of claims: 22 claims per 100 employees**
  - **Incidental Absence accounted for the most lost workdays - 5 lost workdays per employee**

- **Group Health was the costliest with an average of $6,285 per active employee**

For more information about EMPAQ® Contact Amanda Cyr at UM-HMRC

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