Health Management as a Serious Business Strategy

THE UNIVERSITY OF MICHIGAN HEALTH MANAGEMENT RESEARCH CENTER
Health Status as a Serious Economic Strategy

The Mission: Regaining Vitality in Americans and America

The Do-Nothing Strategy: The Failed Focus

The Health Status Strategy: The Emerging Focus

The Solution: The Culture of Health Strategy

Slides available
Introductory Comments
*The consortium members provide health care insurance for over two million Americans. Data are available from eight to 18 years.

Meet on First Wednesday of each December in Ann Arbor.
Health Management a Serious Business Strategy

1. Building an Integrated, Sustainable Business Strategy
   (Next Generation Programs, Champion Companies, Zero Trends) Six Hours
2. Complete Strategy and Next Generation Four Hours
3. Fundamental Strategy and Next Generation Two Hours
4. Business Strategy and Next Generation 90 minutes
5. Short Business Strategy and Next Generation 75 minutes
6. Executive Summary 45 minutes
7. Executive Summary of Executive Summary 20 minutes
Since September 1, 2003

400 Presentations
45,000 People
20,000 Organizations

“...To change the conversation around health...”
To Change the Conversation

From Health as the Absence of Disease to Health as Vitality and Energy

From the Cost of Health Care to the Total Value of Health

From Individual Participation to Population Engagement

From Behavior Change to Culture of Health
New way to do Health and Productivity Management In America and Throughout the World
Lifestyle Scale for Individuals and Populations: Self-Leaders

- Premature Sickness, Death & Disability
- Chronic Signs & Symptoms
- Feeling OK
- High-Level Wellness, Energy and Vitality

Develop Self-Leaders

Edington. Corporate Fitness and Recreation. 2:44, 1983
Section I

The Do-Nothing Strategy:

The Failed Focus
## Estimated Health Problems

<table>
<thead>
<tr>
<th>Self-Reported</th>
<th>Health Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allergies</td>
<td>33.2%</td>
</tr>
<tr>
<td>Back Pain</td>
<td>26.9%</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>16.2%</td>
</tr>
<tr>
<td>Heart Burn/Acid Reflux</td>
<td>15.2%</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>14.5%</td>
</tr>
<tr>
<td>Arthritis</td>
<td>14.5%</td>
</tr>
<tr>
<td>Depression</td>
<td>10.7%</td>
</tr>
<tr>
<td>Migraine Headaches</td>
<td>9.4%</td>
</tr>
<tr>
<td>Asthma</td>
<td>7.0%</td>
</tr>
<tr>
<td>Chronic Pain</td>
<td>6.4%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>3.8%</td>
</tr>
<tr>
<td>Heart Problems</td>
<td>3.3%</td>
</tr>
<tr>
<td>Osteoporosis</td>
<td>1.8%</td>
</tr>
<tr>
<td>Bronchitis/Emphysema</td>
<td>1.7%</td>
</tr>
<tr>
<td>Cancer</td>
<td>1.3%</td>
</tr>
<tr>
<td>Past Stroke</td>
<td>0.7%</td>
</tr>
<tr>
<td>Zero Medical Conditions</td>
<td>31.9%</td>
</tr>
</tbody>
</table>
## Estimated Health Risks

<table>
<thead>
<tr>
<th>Health Risk Measure</th>
<th>High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Body Weight</td>
<td>41.8%</td>
</tr>
<tr>
<td>Stress</td>
<td>31.8%</td>
</tr>
<tr>
<td>Safety Belt Usage</td>
<td>28.6%</td>
</tr>
<tr>
<td>Physical Activity</td>
<td>23.3%</td>
</tr>
<tr>
<td>Blood Pressure</td>
<td>22.8%</td>
</tr>
<tr>
<td>Life Satisfaction</td>
<td>22.4%</td>
</tr>
<tr>
<td>Smoking</td>
<td>14.4%</td>
</tr>
<tr>
<td>Perception of Health</td>
<td>13.7%</td>
</tr>
<tr>
<td>Illness Days</td>
<td>10.9%</td>
</tr>
<tr>
<td>Existing Medical Problem</td>
<td>9.2%</td>
</tr>
<tr>
<td>Cholesterol</td>
<td>8.3%</td>
</tr>
<tr>
<td>Alcohol</td>
<td>2.9%</td>
</tr>
<tr>
<td>Zero Risk</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

### OVERALL RISK LEVELS

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Risk</td>
<td>55.3%</td>
</tr>
<tr>
<td>Medium Risk</td>
<td>27.7%</td>
</tr>
<tr>
<td>High Risk</td>
<td>17.0%</td>
</tr>
</tbody>
</table>
Risk Transitions

Time 1 - Time 2

High Risk
(>4 risks)

4,691 (10.8%)

1,961
(18.4%)

5,226 (12.1%)

892
(3.2%)

27,951 (64.5%)

21,750 (77.8%)

Medium Risk
(3 - 4 risks)

10,670 (24.6%)

1640 (35.0%)

5,309 (19.0%)

4,546
(42.6%)

4,163
(39.0%)

2,373 (50.6%)

11,495 (26.5%)

678
(14.4%)

5,309 (19.0%)

2,373 (50.6%)

Low Risk
(0 - 2 risks)

26,591 (61.4%)

4,691 (10.8%)

21,750 (77.8%)

Modified from Edington, AJHP. 15(5):341-349, 2001

Average of three years between measures
Total Population Management

- Serious Costs
- Medium Cost
- Low Cost

Wellness Opportunity

Sickness & Care Management Opportunity

Condition Management Opportunity

Medical and Drug Costs only
Costs Associated with Risks
Medical Paid Amount x Age x Risk

Distribution: Age, Costs, & Risk Status

% of Population and Costs (All Covered Lives)

% Low Risk

N=1.2M individuals in total population.
N=300K in risk population
Summary of the Do-Nothing Strategy

The flow of Risks is to High-Risk

The flow of Costs is to High-Cost

Costs follow Risks and Age
This is the Way Americans Have been Living their Lives for 60 Years (1945 to 2005)

Can We Afford the Economic Consequences of the Do-Nothing Strategy?
The world we have made as a result of the level of thinking we have done thus far creates problems we cannot solve at the same level of thinking at which we created them.

- Albert Einstein
Welcome to the WW27 List of Speakers

Amy Schultz MD representing Foote Hospital, Jackson MI
Deborah Napier representing Southern/Gulf Power, Pensacola FL
Blake Glass and Ken Holtyn representing Kalamazoo Valley CC, Kalamazoo, MI
Bob Scroosh representing Affinia Corporation, Ann Arbor MI
Michele, MaryKay, David, and Tracey representing City of Dubin, Dublin OH
Jim Heap MD and Karen O’Flaherty representing Crown Equipment, New Bremen OH
Susan Hagen, Amanda Cyr, representing UM-HMRC, Ann Arbor, MI plus Dee, if any time remaining
Section II

Key Business Concepts

To Build the Business Case
Business Concept

Change in Costs

follow

“Don’t Get Worse”
Medical and Drug Cost (Paid)*

- *per employee, Improved=374, Non-Improv=103
- HRA in 2002 and 2004
- Improved=Same or lowered risks
- *Medical and Drug, not adjusted for inflation

Slopes differ
P=0.0132

Impr slope=$117/yr
Nimpr slope=$614/yr
The Economics of Total Population Engagement and Total Value of Health

Low or No Risks → Health Risks → Disease

Total Value of Health
- Sickness Costs
- Drug Costs
- Absence Cost
- Disability Costs
- Worker’s Comp Costs
- Recruitment and Retention of Members

Where is the Investment?

increase
increase
increase
decrease
Summary

Business Case for Health Management

Excess Costs are related to Excess Risks

Costs follow Engagement and Risks

Controlling Risks leads to Zero Trend
Section III

The Solution:

The Culture of Health Focus
Objective:

Our mission is to create Shareholder value. We get value from creative and innovative products. We get products from healthy and productive people.

Strategy:

Culture of Health to drive Objective
Partners: health plans; benefit consultants; primary care physicians; pharmaceutical companies; health enhancement companies

Outcomes to get to Zero Trend:

90%-95% engagement and 75% to 85% low-risk
Keep the healthy people healthy
Don’t get worse
# Creating and Maintaining a Culture of Health and Productivity

Driven from the Leadership (Management and Union)

- Vision of a Culture of Healthy, Productivity and Well-Being
- Environment Aligned with a Culture of Heath

### Measurement and Incentives for Quality Improvement

- **Incentives**
- **Measurement**

Driven from the Population

- Individual-Based Strategies: Health Risk Appraisal System
- Population-Based Strategies
Culture of Health and Productivity

1. Senior Leadership Vision
Vision from the Senior Leadership

- Clear Vision within Leadership
- Vision Connected with Company Strategy
- Vision Shared with Employees
- Accountability and Responsibility Assigned to Operations Leadership
- Management and Leadership of the Company and Unions
Culture of Health and Productivity

2. Environmental Strategies
Environment Interventions

- Mission and Values Aligned with a Healthy and Productive Culture

- Policies and Procedures Aligned with Healthy and Productive Culture
  - Vending Machines
  - Cafeteria
  - Stairwells
  - Job Design
  - Flexible Working Hours
  - Smoking Policies

- Benefit Design Aligned with a Healthy and Productive Culture

- Management and Employees prepared for a Culture of health (small group meetings, shared vision, expectations,
Create an Integrated and Sustainable Approach

Total Health & Productivity Management

- Health Advocate
  - Provide Direction
  - Get the Care You Need
  - Coaching & Outreach

- Health Plan Design
  - Environmental Design

- Disease Management
  - High Acuity (identified high cost disease)
  - Low Acuity (identified lower cost disease; lifestyle behavior focus)

- Case Management

- Absence Management
  - STD, LTD
  - Workers’ Compensation
  - Scattered Absence

- Wellness Programs
  - Active expansion
  - Retiree communications/awareness program

- Fitness Centers
  - Low risk maintenance
  - High risk reduction

- Health Risk Assessment
  - Assess and track health behaviors
  - Maintain health
  - Address health risks

- Health Portal
  - Stay healthy
  - Health information
  - Make informed choices

- Behavioral Health
  - Work/Family
  - Work Life Plus

- On-site Medical
  - Diabetes education pilot
  - Injury and medical management

- Long Term Strategy—Short Term Solutions

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Culture of Health and Productivity

3. Health Risk Appraisal System

(Individual-Based Program)
Components of HRA Engagement

Health Risk Appraisal

Plus

Biometrics Screening and Counseling

Plus

Contact the Health Advisor

Plus

Two Other Activities
Business Concept

Culture of Health

Health Advocacy Interventions
Coaching Strategies for Individualized Intervention

Contact from each individual (at least three times)

  Unlimited contacts by level of probability of being high cost within the next two to three years

Pay attention to individualize engagement

  Use variety of contacts (one on one, telephone and web) for sustainable engagement

Use situational and whole person approach

  Engage individual in positive actions. Ask but don’t tell. Use triage, health advocate strategies, develop Self-Leaders and use all available resources

Frequent evaluation of coach/ client participation and satisfaction
Culture of Health and Productivity

4. Population Based Programs
   (Programs for Everyone)
Population-Based Programs

Population Programs Orientation
  Pedometers, know your numbers, no weight gain

Human Resource Orientation
  People skills/Communications

Health Communications
  Written materials, Online portal, etc

Environmental Orientation
  Stairwells/Vending, Food Services, Other
<table>
<thead>
<tr>
<th>Programs for Populations and Individuals</th>
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</thead>
<tbody>
<tr>
<td>Weight Management</td>
</tr>
<tr>
<td>Behavioral Health &amp; EAP</td>
</tr>
<tr>
<td>Physical Activity</td>
</tr>
<tr>
<td>Business Specific Modules</td>
</tr>
<tr>
<td>Stress Management</td>
</tr>
<tr>
<td>Communications</td>
</tr>
<tr>
<td>Safety Belt Use</td>
</tr>
<tr>
<td>Career development</td>
</tr>
<tr>
<td>Smoking cessation</td>
</tr>
<tr>
<td>Clinic or Medical Center</td>
</tr>
<tr>
<td>Ergonomics</td>
</tr>
<tr>
<td>Condition Management</td>
</tr>
<tr>
<td>Nutrition Education</td>
</tr>
<tr>
<td>Financial Management</td>
</tr>
<tr>
<td>Social Support</td>
</tr>
</tbody>
</table>
Culture of Health and Productivity

5. Incentives
Influence of Incentives

1. No incentive
2. Passive incentive
3. Small item incentive
4. Cash incentive
5. Benefit Plan
6. Benefit Plan plus cost reduction
7. Combination of Benefits and Cash
Incentives

Annual Incentive

Benefit Options (Co-pays, Deductibles, HSA contributions, ...)

Premium Reductions/ Premium Plan
($600 to $2000)

Throughout the Year

Hats and T-Shirts

Cash, debit cards
($25 to $200)
Culture of Health and Productivity

Scorecard

Percent Participation: 80% to 95%
Over a rolling three years
HRA + Three Coaching sessions + Two other sessions

Percent Low-Risk: 70% to 85%
Percent of the eligible population

Estimated Cost of Program: $400
Dollars per Eligible employee

Estimated Savings: $800
Dollars per Eligible Employee
Summary
Sound Bites

1. The “Do Nothing” strategy is unsustainable.

2. Refocus the definition of health from “Absence of Disease to High Level Vitality.”

3. “Total Population Management” is the effective healthcare strategy and to capture the “Total Value of Health”

4. The business case for Health Management indicates that the critical strategy is to “Keep the Healthy People Healthy” (“keep the low-risk people low-risk”).

5. The first step is, “Don’t Get Worse” and then “Let’s Create Winners, One Step at a Time.”
**Objective:**

Our mission is to create Shareholder value. We get value from creative and innovative products. We get products from healthy and productive people.

**Strategy:**

Culture of Health to drive Objective Partners: health plans; benefit consultants; primary care physicians; pharmaceutical companies; health enhancement companies

**Outcomes to get to Zero Trend:**

90%-95% engagement and 75% to 85% low-risk

Keep the healthy people healthy

Don’t get worse
What’s the Point?
Consult & implement Wellness Programs in 20+
1990
Develop, implement & disseminate HRA from CDC/Carter Center
Move from mortality outcomes to medical costs, pharmacy & absence as primary outcome measures
1980
Develop, implement & disseminate HRA from CDC/Carter Center
Move from mortality outcomes to medical costs, pharmacy & absence as primary outcome measures
1975-1990
Culture of Health
Zero Trend
Don't Get Worse
Champion Companies
Keep Healthy People Healthy
2006
Proof of Concept must bend the cost trends
Health Mgmt Scorecard by 90% to 100% participation and 75% to 85% low-risk
2004
Focus on the person, not risk or disease.
Cost changes follow risk changes. Time away from work respond the same as medical costs.
2002
Total value of health defined to the organization
1998
Participation relates to risk & cost moderation
Program opportunities – preventive services, low-risk maintenance, high-risk intervention, disease management
1996
Low risk maintenance
Resource optimization. Targeted, specific risk combinations drive change in costs (Trend Management System)
1994
Cost changes follow risk changes (medical & pharmacy)
1991
2005
Pre-retirement participation influences post-retirement participation
Presenteeism. Cost changes follow risk changes
Interventions have severe “step down” participation
2003
Improved population health status results from Employer sponsored programs
2001
Natural flow established for risks & costs. Cluster identification
1999
Presenteeism as a measure of productivity & influenced by risks & disease
1997
Benchmarking by wellness score & company health score
1995
Risk combinations are the most dangerous predictors of cost
1993
Absenteeism shows same relationships to risks as medical costs
Excess costs are related to excess risks
1991