

# MANAGED CARE

## OUTLOOK

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### Study Reveals Most Employers Do Not Understand the Full Costs of Employee Health on Productivity

The costs of poor health extend far beyond medical and pharmaceutical spending and impact profitability to a greater extent than many employers realize, according to a new multi-employer, multi-year study coordinated by the American College of Occupational and Environmental Medicine (ACOEM), the Integrated Benefits Institute (IBI), and Alere LLC (formerly Matria Healthcare, Inc.).

The study provides several key takeaways regarding health and productivity in the workplace, notes Ronald Loeppke, MD, MPH, executive vice president of Health and Productivity Strategy for Alere® and one of the study's lead researchers. For starters, the results support the growing consensus among business leaders that there is tangible value in health and that strategies aimed at health in the workplace can actually provide return on investment and strengthen bottom-line results.

Second, at a time when the economy, the workforce, and the nation's health status are top of mind for policymakers, this study underscores the link between all three. It also suggests that workplace health strategies aimed at improving productivity can impact the overall U.S. economy in the long-term.

Another key finding from the study is that most employers underestimate the impact of health on their productivity, and those who are trying to address health costs through specific programs may be focusing on the *wrong* health conditions. When considering medical and drug costs alone, the study reveals that

the top five conditions driving costs are cancer (other than skin cancer), back/neck pain, coronary heart disease, chronic pain, and high cholesterol. The five most costly conditions in terms of productivity, however, are depression, obesity, arthritis, back/neck pain, and anxiety. When employers focus on medical and pharmacy costs alone, they miss an opportunity to address the conditions that potentially may have more impact.

The study raises a very important question for employers: Can benefit design improve health? The study suggests that this question is worth considering. It also suggests that benefit design should not be viewed as a way to reduce costs but as a way to increase productivity.

One fairly surprising, or perhaps compelling, finding from the study is that health-related productivity loss extends to the entire business enterprise, including executive level and managerial employees as well as nonmanagerial staff, notes Loeppke. "It has long been suggested that health-related productivity is only pertinent to laborers/operators and not executives/managers since executives/managers supposedly can get the job done beyond the regular work week, if need be. However, this study showed that executives and managers were especially impacted by health-related presenteeism from such disorders as depression and stress-related conditions. They did not suffer from absenteeism (because they worked nights and weekends) if they missed weekdays of work in the office; however, their presenteeism measures were high, and therefore,

the quality of their work was suffering,” he explains.

This is underscored by the fact that depression is the number one highest total cost driver across all employers, and anxiety is in the top-five list as well. As a result, stress-related disorders are impacting employers much more than they think. In fact, given the current economic climate, stress may be one of the most toxic environmental exposures we as a society are dealing with and if left unchecked could have devastating consequences on the health and productivity of the nation’s workforce and ultimately on the health of the nation’s economy, says Loeppke.

When it comes to presenteeism, the data analysis in this study reveals that health-related aggregated presenteeism impacts were consistently higher than the costs of absenteeism. Therefore, in large part, the health conditions and health risks that may be undiagnosed or not optimally managed — which may just be under the surface and have not broken through to cause missed workdays from serious illness or hospitalizations — are the very drivers of significant impact on workforce productivity. Therefore, employers should include primary prevention (wellness/health promotion), secondary prevention (screening/earlier diagnosis), and tertiary prevention (earlier intervention/reduced disability) initiatives along with care management interventions to improve the quality of care in their integrated health and productivity enhancement strategies.

“The key point is that employers need to better understand (through accurate assessment and measurement) the health risks and health conditions that are impacting their total medical, pharmacy, and productivity costs the most and respond to those conditions through integrated health and productivity enhancement strategies in the workplace,” stresses Loeppke. “Often, they have already appropriately put in place interventions to deal with the health conditions driving high medical and pharmacy costs, but they have overlooked the health risk and health conditions that are affecting the

productivity in their specific workforce most significantly.”

An important thing to remember is that employers can move beyond solutions that focus only on specific medical conditions and toward the development of integrated personal health support strategies, notes Loeppke. “One of the key findings is that comorbidity (multiple health conditions) drives the largest effects on health-related productivity loss. In fact, 50 percent of all absenteeism days occurred among only 13 percent of the employees, and it was found that these employees all had five or more health conditions. Furthermore, 90 percent of employees had more than one significant health risk or health condition that impacted productivity,” he explains.

“Therefore, the solutions that will be the most effective will be those that move beyond focusing on a specific medical condition and are more holistic integrated solutions that focus on the whole person. Integrated personal health support strategies empower the individual to identify the health behaviors they are ready to work on to yield sustainable change, which not only enhances self management of health conditions but reduces health risks to prevent development of other conditions,” adds Loeppke.

ACOEM, IBI, and Alere® have all launched efforts that encourage employers to embrace the full-cost view of workplace health. ACOEM launched the Health and Productivity Management Center ([www.acoem.org/Healthand-Productivity.aspx](http://www.acoem.org/Healthand-Productivity.aspx)) to offer a clearinghouse for information about health and productivity programming and best practices. Its HPM toolkit offers comprehensive training for managers on health and productivity measurement and programming. Additionally, ACOEM launched in early 2009 a national advocacy initiative on health and productivity which is urging lawmakers to implement policies to foster a healthier, more productive workforce.

IBI provides a variety of health and productivity resources for helping employers prove

and measure the business value of health. For employers who may just be getting started in this area, IBI's Health & Productivity Snapshot offers a low-cost decision-support tool that requires 10 readily accessible corporate descriptors.

Another tool, the "HPQ-Select," is an employee self-reporting tool that captures employee-reported data on health conditions, absence, presenteeism, and health-related lost productivity. The tool simplifies the Health and Work Performance Questionnaire (HPQ) that was developed by Dr. Ronald Kessler of Harvard Medical School and the World Health Organization and provides a more employer-focused outcome report. IBI developed the HPQ-Select in partnership with Dr. Kessler and the Midwest Business Group on Health. Information on IBI's HPQ-Select, Health & Productivity Snapshot, and other tools can be found at [www.ibiweb.org](http://www.ibiweb.org).

Alere believes that research is the most powerful way to identify problems and solutions in health care delivery. The Alere Center for Health Intelligence was developed to conduct research and analysis on business initiatives and strategies for publishing findings in leading peer-reviewed health publications. Last

year, a study produced by the Center for Health Intelligence demonstrated the link between incentives and participation in health risk assessments. Most recently, Dr. Loeppke led a study that showed health management programs can positively impact health risks and productivity among employees.<sup>1</sup>

Research for the 2009 health and productivity study was conducted by the Alere Center for Health Intelligence, and funding was provided by the National Pharmaceutical Council. Researchers analyzed more than 1.1 million medical and pharmacy claims. The 10 corporations that participated ranged from an industrial chemical manufacturer and a computer hardware manufacturer to telecommunications and technology companies.

Study authors include Ronald Loeppke, MD, MPH; Michael Taitel, PhD.; Vince Haufle, MPH; Thomas Parry, PhD.; Ronald C. Kessler, PhD.; and Kimberly Jinnett, PhD. ■

**Endnote:**

1. *Population Health Management*, "The Impact of an Integrated Population Health Enhancement and Disease Management Program on Employee Health Risk, Health Conditions and Productivity," Loeppke et al., Vol. 11, No. 6, 2008.

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