Employee health
Reduce health care costs with effective wellness strategies

In their 2015 Health Care Survey, Aon Hewitt reports 87 percent of employers say that their top health care priority is to increase their employees’ awareness and effective decision-making on health issues. And no wonder. Twenty percent of employees account for 80 percent of health care costs. In most cases, this high-cost group suffers from the effects of unhealthy lifestyles and chronic diseases.

Take obesity for example. One large health plan found its yearly total medical claims were 18 percent higher for overweight individuals and 32 percent higher for obese employees than for healthy ones. Not only are companies liable for their share of these health care costs, but the cost of lost productivity due to chronic diseases was four times greater than the actual medical cost of the disease itself.

All of which helps explain why 72 percent of employers offer health programs and services to raise participants’ awareness of their health status and risks. But what those are, their effectiveness, and management’s confidence in them vary greatly. Before you rush into tactics like a wellness program or tobacco cessation subsidies, be sure you fully understand the role that components of a wellness program play in promoting better health and improving cost trends.

An effective employee health improvement effort has three components

- PREVENTION
- WELLNESS
- INCENTIVES

IN THIS EXECUTIVE OVERVIEW, YOU’LL LEARN:

- 72 percent of employers offer health programs and services
- How supporting prevention yields steady returns in better health and lower costs
- Three key elements to a successful workplace wellness program

---

PART I: PREVENTION
An ounce of prevention can improve health care cost trends

Health improvement programs that focus just on lifestyle changes are missing out on a key cost-saving measure—preventive care. The National Business Group on Health outlines three goals of prevention:

- Encourage individuals to avoid or delay disease by practicing healthy lifestyles.
- Identify individuals who could benefit from treatment for a condition or complication about which they are unaware.
- Prevent further disability among individuals with established disease.

Preventive services are considered high-value because when delivered appropriately, they are cost effective, prevent a substantial portion of disease or injury, and contribute to better health outcomes. Your health care plans must be able to effectively track, promote, and deliver high-quality preventive care for you to achieve maximum value for your benefits investment. In addition, you need to understand what you can do as an employer to support choices that promote better health.

THE GROUP HEALTH APPROACH
Stabilize health care costs by maximizing prevention

Group Health has long been a proponent of preventive medicine. After all, the best way to care for people is to keep them from getting sick in the first place. We encourage our members to seek services such as immunizations, cancer screenings, and routine well-care visits in order to maintain or enhance their health. Reducing health risks goes a long way toward reducing demand for expensive care. We’ve found the following three strategies to be most effective.

VBBD: Value-based benefit design
Value-based benefit design (also known as value-based insurance design) aims to increase health care quality and decrease costs by using financial incentives to promote cost-efficient health care services and consumer choices.

Group Health offers plans designed to reduce barriers to maintaining and improving health. By covering preventive care, wellness visits, and treatments such as medications to improve blood pressure or diabetes at low to no cost, we can help plan sponsors save money by reducing future expensive medical procedures. There are disincentives as well, such as high cost shares for health services that may be unnecessary or repetitive, or when the same outcome could have been achieved at a lower cost.

VBBD frequently uses health plan incentives to encourage employees to adopt behaviors in one or more of the following areas by:

- Using high-value services, such as appropriate generic drugs and preventive care.
- Adopting healthier lifestyles, such as smoking cessation or increasing physical activity.
- Choosing high-performance providers who adhere to evidence-based treatment guidelines.

We dedicate resources to prevention because, like any successful investment we’ve made, it yields steady returns. Those returns take two forms: a healthier, more productive, more committed workforce and significantly lower overall health care costs.

William C. Weldon, Chairman and CEO, Johnson & Johnson, writing in the January–February 2011 Harvard Business Review
Key to this approach is removing cost barriers to essential, effective care, especially preventive care. For example, certain Group Health plans provide for three primary care visits that are not subject to deductible in addition to preventive care covered in full. This encourages preventive care. An added benefit is stronger patient–primary care provider relationships. Considerable research and experience shows that employers can impact their employees’ use of medical care services and medications by minimizing the cost shares of those preventive services.

**Making primary care a primary focus**

Today, millions of Americans—one of five sick people—visit the emergency room for care they could have received from their primary care provider. Because hospital costs and ER use dramatically affect health care costs—and the premiums you pay for your employees’ health coverage—reducing these costs can impact your bottom line.

Primary care, when combined with transition management between care settings such as hospitals and home, has the potential to contain health care costs, particularly by reducing hospital admissions, emergency department visits, and inappropriate specialty consultations. Plus, prompt access to a well-functioning primary care provider can improve employees’ satisfaction with care.

Two studies highlight the benefits of primary care. In one survey of more than 13,000 adults, people with a primary care provider rather than a specialist as a personal physician had 33 percent lower annual health care spending. Other studies show people with PCPs were more likely than those without to receive preventive services, have better management of chronic illnesses, and be satisfied with their care.

The National Business Coalition on Health thinks so highly of primary care that they’ve formed a workgroup to develop strategies to increase support for it among employers. Working with Group Health is a big step you can take in that direction. Just look at a few of the results shown from our approach to primary care:

- **$28 million in care costs saved** in one year from 35 percent of calls to our Consulting Nurse Service being successfully managed and resolved by the service’s doctors and nurses.²
- **38 percent fewer knee surgeries**, and 26 percent fewer hip replacements over six months, by providing patients with resources detailing treatment options and helping patients come to a shared decision with their primary care provider or specialist, often for more conservative treatment.

² Results of return on investment analysis conducted by Group Health, 2013.
Patient-centered medical home (PCMH)

This model organizes primary care to meet patient needs—including social, chronic, complex, and acute care—by using the entire patient care team, led by a primary care physician, to coordinate and integrate services. The focus is on a productive relationship with the patient for better health outcomes, safer care, and a better patient experience. Case studies show that PCMH is an approach that’s spreading across the country:

- IBM has been very active in promoting medical home, working with plans, providers, and payers. Twelve incentives have helped their providers achieve NCQA Level II recognitions for PCMH.
- Pennsylvania-based Geisinger Health System’s medical home pilot showed improvements in care for people with diabetes and heart disease and reduced hospital rates.
- Oregon requires PCMH principles as part of its state employee health benefit packages. Plus little or no cost sharing for evidence-based preventive care and services.
- Washington state and Minnesota are involving health plans in PCMH demonstration pilots.

As for Group Health Medical Centers, we pioneered and evaluated this model in our clinics in 2010. A study led by the Group Health Research Institute showed that our patient-centered medical home model led to:

- 29 percent fewer emergency room visits.
- 11 percent fewer preventable hospitalizations.
- Greater percentage of patients receiving recommended screening tests, management of chronic conditions, and medication monitoring.

Since then, we received the highest level of recognition (Level III) for NCQA’s Patient Centered Medical Home, 2013–16.

Our primary care providers serve as the hub for all patient care—for both medical and behavioral conditions. Medical records are electronic so every member of the care team is up to date on a patient’s health status. This helps facilitate an integrated and coordinated care plan while avoiding duplicative tests or redundant services, keeping costs down.

We also make it easy to receive care from Group Health Medical Centers—without going to the doctor’s office. Our virtual access strategy allows for phone messages, e-mail exchanges, consulting nurse calls, and online consults, all without patient copays. Last year, virtual visits totaled more than 2.7 million. Not only do patients receive medical attention, they do so without adding to their health care costs—or their employers’.

PART II: WELLNESS

In a 2014 report, nearly 66 percent of companies surveyed said they aim to increase employee participation in wellness, health improvement, and disease management programs. For companies to optimize the return on such programs, it helps to partner with organizations with proven track records.

THE GROUP HEALTH APPROACH

Take the time to develop a wellness program that works well

To help employers arrive at an effective plan, Group Health has consolidated best practices for developing wellness programs into a reference guide. In it, four phases of operation are discussed: discovery, planning, implementation, and analysis and adjustment. Items addressed include
desired outcomes, plan characteristics, rewards strategies, budget considerations, implementation, analysis, and ROI.

**The ultimate online wellness program**

One way to encourage employees to participate in healthier behavior is to offer them an interactive and engaging online experience that drives healthy behaviors, better outcomes, and stronger returns on everyone’s investment. Many organizations offer wellness programs, but with so many offerings to choose from, how can an employer know which one is best?

Group Health has already done the research for you. In our efforts to provide an online health experience for our own workforce and offer the best to employers, we spent more than a year researching companies and platforms. We sought a solution that blended clinical and behavioral insight, social networking, game mechanics, and powerful data analysis to create a personalized and persuasive experience.

**Other wellness offerings**

Group Health offers a number of wellness options that companies can access to encourage employees to take better care of themselves. Employers can create custom packages that best address their health care initiatives and the needs of their workforce.

Among the most popular of our offerings are on-site wellness programs you can purchase that feature a combination of health fairs, education programs, and biometric screenings. Our staff conducts fairs and programs, and we team up with a third-party vendor for comprehensive biometric screenings.

**Biometric screenings.** These on-site screenings measure blood pressure and pulse, body mass index (BMI), height, weight, waist circumference, and body fat percentage. They give your workers a benchmark with respect to their health. As an employer, you’ll receive an aggregate report that shows your employees’ top health risks—important information that can help you plan targeted wellness events in the future. Knowing the risks can help your employees avoid chronic conditions and help you manage your health care costs.

**Health education programs.** You can purchase packages that feature from one to four interactive presentations on a variety of topics including nutrition, physical activity, and stress, presented by an experienced health educator.

**Health fairs.** Another worksite program, these events offer interactive health information displays and brochures, as well as a drop-in mini screening with calculated BMI, body fat percentage, and blood pressure.

A highly successful third-party vehicle available to all members—and covered by most plans—can help your employees overcome tobacco addiction.

**Quit For Life® Program.** This complimentary tobacco-cessation effort features a 95 percent satisfaction rate and a 48 percent quit rate, making it the leading tobacco cessation program in the country. When contemplating whether to offer employees this program consider this: According to a 2013 Ohio State University study, each worker who smokes costs the employer an average of $5,816 per year, with annual costs ranging from $2,885 to $10,125.
PART III: INCENTIVES
Promote wellness and prevention with additional incentives

A survey on wellness programs from Fidelity Investments and the National Business Group on Health revealed that employers were going to spend an average of $693 per employee on wellness-based incentives. And a systematic literature review of 47 randomized controlled trials found that economic incentives worked an average of 73 percent of the time. Incentives can be both positive and negative, with experts saying that avoiding a penalty has three times the motivation power of attaining a reward.

How companies are using incentives

Safeway’s voluntary Healthy Measures program evaluates four measures of health: tobacco use, weight, blood pressure, and cholesterol levels. If employees “pass” all the tests, annual premiums are reduced by up to $780 for individuals and $1,560 for families. The program helped the grocery store chain keep their health care costs stable during a period when such costs to other companies rose by 40 percent.

CVS pharmacy requires all of its employees to submit to a medical exam or pay a $600 fine, while Scotts Miracle-Gro not only bans smokers from employment, it fires employees who smoke. Johnson & Johnson recoups its original $500 wellness incentive from employee paychecks if at-risk workers, identified through their health assessment, don’t agree to follow advice about how to improve their health.

Tobacco use is the behavior most likely to be subject to a surcharge, commonly in the form of higher coverage premiums. Because the ultimate goal is tobacco cessation and healthier employees, this surcharge is usually linked with incentives and support that are tied to short-term goals such as logging in to a web program or completing coaching calls.

Washington state public employees face a monthly $25 per account surcharge above their premium if the employee or family member enrolled on coverage uses a tobacco product. The surcharge is waived if all adult tobacco users are enrolled in the plan’s cessation program.

Maryland uses both incentives and surcharges for its state employees. Every employee is expected to choose a physician, take a health risk assessment, and discuss results with their physician. Once they’ve done that, primary care visits, generic drugs for chronic conditions, lab, and X-rays are covered with no copay.

Maryland employees who fail to choose a doc or have a health assessment could face a $50 annual premium surcharge. Members diagnosed with a chronic condition who fail to follow through on recommended treatments will have to pay an extra $250 in 2016. The following year these surcharges will climb even higher. Smokers will be offered free smoking cessation treatment; those identified as obese can obtain free nutrition counseling.

CASE STUDY:
A large group of home health workers

This group of home care workers is racially and ethnically diverse, with common health issues that include diabetes, depression, arthritis, heart disease, tobacco use, and chronic pain. Employees had a tendency to seek ER facilities over urgent or primary care providers.

Group Health helped educate the employees to use all avenues for care, including Consulting Nurse Service, virtual doctor visits, doctor-patient e-mail, and same-day primary care appointments. This strategy of education and informed selection of appropriate—and cost-effective—care proved quite successful.

Reduction after three years

Compared with previous health plan
August 2010–July 2013

<table>
<thead>
<tr>
<th></th>
<th>EMERGENCY ROOM VISITS</th>
<th>INPATIENT HOSPITAL ADMITS</th>
<th>INPATIENT HOSPITAL DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOWN</td>
<td>36%</td>
<td>13%</td>
<td>21%</td>
</tr>
</tbody>
</table>
THE GROUP HEALTH APPROACH
Help companies embed wellness programs into health plans

For many years Group Health has helped numerous companies design wellness programs featuring wellness tools and services with great and measured success. More recently, we’ve used vendor-specific services such as wellness platforms and biometric screenings. And we continue to help employers embed tools for health engagement right into their health plans. Government and private industry alike have embraced programs that promote the completion of our Health Profile, appropriate cancer screenings, preventive care, choosing a primary care provider, and accessing online and in-clinic classes.

The bottom line
The healthier your employees, the healthier your savings

A study conducted by the Centers for Disease Control and Prevention bears this out: In companies with a strong culture of health, employees are three times as likely as others to report taking action to improve their health. Quite naturally, the more effective your combination of prevention, wellness, and incentive efforts are, the greater the impact on your employees’ health and your health care costs.

A 2010 meta-analysis of more than 20 peer-reviewed ROI studies of workplace disease prevention and wellness programs found that medical costs fall by about $3.27 for every dollar spent on wellness programs, and that absenteeism costs fall by about $2.73 for every dollar spent. Keep in mind your results may vary due to a number of factors, such as incentives and whether or not your wellness program is off-the-shelf or company-specific.

Key to your success is to work with a health plan carrier that values preventive medicine, emphasizes primary care, offers valued-based benefit design, features primary care providers who follow the patient-centered medical home model, and is committed to finding strategies that are tailored to your population.

For more information about how Group Health can help you lower health care costs and improve employee health:

> largegroup.ghc.org

> 1-800-542-6312

Request our executive overview series to get the latest thinking on health care costs and trends.