



Workforce Health Management:

A Strategic Business Initiative for Employers
and Medical Providers



Workforce Health Management:

A Strategic Business Initiative for Employers and Medical Providers

Opportunities for interventions, better outcomes and cost savings abound

Rather than downplay the organic connection between work and health, employers and their medical partners are being encouraged to embrace it and lean in.

On any given day in the U.S., the majority of the adult population is at work. Collectively, these workers are a captive audience for health interventions. As a subset of this population, a single workforce is comprised of individuals who can be identified based on their degrees of health risk. Medical and insurance benefit costs are disproportionately higher among at-risk employees in comparison to their lower-risk colleagues.

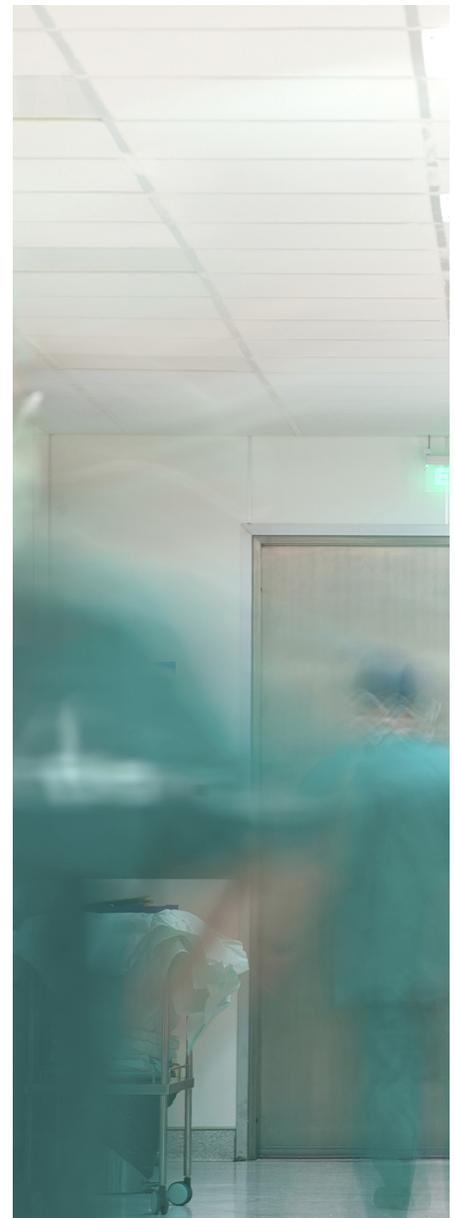
“The fundamental converging principle is that the healthcare cost crisis in America is driven in large part by the burden of health risk, utilization and demand by the population with chronic diseases,” explains Ronald Loeppke, M.D., M.P.H., vice chairman, U.S. Preventive Medicine, and 2013-14 president of the American College of Occupational and Environmental Medicine (ACOEM).

The health of the U.S. population directly impacts profitability, brand and image, sustainability, employee retention and workforce productivity. Consequently, a growing number of companies embrace workforce health management as a strategic business initiative. The intent is to help employees be better healthcare consumers and effectively intervene to reduce absence, control costs, improve outcomes and support prosperity for all.

What is Population Health Management?

The term population health management generally refers to:

- identifying and stratifying health risk in a defined group
- determining where individuals within the group fall on the healthcare delivery continuum
- designing targeted interventions to help prevent illness and maintain and/or improve the health of individuals and groups
- compensating medical professionals for providing high quality, cost-effective care that improves patient outcomes





The timing for a greater focus on workforce health management as a subset of the total U.S. population seems to be right.

Under the federal Patient Protection and Affordable Care Act (ACA), provisions designed to promote prevention allow broader use of financial incentives to engage workers in their own health and well-being. *Cracking the Code on Health Care Costs*, a report by the State Health Care Cost Containment Commission, suggests governors and other leaders have access to “policy levers” that can be used to develop state-specific solutions.

As stakeholders in healthcare delivery systems at local, regional, state and national levels, employers and their healthcare partners are also realizing they can make meaningful contributions in the transition away from fee-for-service reimbursement and toward the development of pay-for-performance or gain-sharing models such as accountable care organizations (ACOs) and patient-centered medical homes.

“More than ever, employers view health as a total business issue that links to worker performance,” said Helen Darling, president and CEO of the National Business Group on Health. “They take a holistic view of health and productivity programs and benefits to foster a culture of health and safety in their workplaces and promote healthy lifestyles, and that approach will serve them well in the years to come.”

Changing Role for Occupational Health Professionals

With employers turning to local and national healthcare organizations for guidance on the management of working populations, many hospital- and clinic-affiliated occupational health programs are responding by reconfiguring their resources. Astutely run worksite vendors, hospital-affiliated occupational health programs and freestanding medical practices are expanding their product lines to address all types of paid absence – workers’ compensation lost time, short-term and long-term disability, and intermittent medical and family leave.

Occupational health is a multi-disciplinary, prevention-oriented service that allows healthcare organizations to cultivate highly valued relationships with employers, employees, dependents and retirees. Market research conducted by the National Association of Occupational Health Professionals indicates about half of U.S. employees do not have a personal physician, creating downstream referral opportunities for hospitals and health systems.

Core occupational health services include work-related injury/illness treatment and management, drug screens, medical surveillance and physical exams. Comprehensive wellness offerings, behavioral health and disease management programs often are integrated with these core services to provide greater depth and breadth. Meanwhile, primary care is becoming a new frontier for occupational medicine practitioners. With these expanded capabilities comes greater flexibility: services are offered on hospital campuses, in conveniently located local or regional clinics; via mobile medical units, online and smartphone applications; and directly at worksites.

“The secret of change is to focus all of your energy, not on fighting the old, but on building the new.”

–From *Way of the Peaceful Warrior*
by Dan Millman



Industry experts believe occupational health practitioners are ideal candidates for population health management partnerships with employers because they understand the nuances of specific work environments. They are familiar with employers' legal and regulatory constraints, and they know how to walk the fine line between advocating for the patient/employee and protecting business interests. Optimally, they adhere to best clinical practices and consensus-driven guidelines. Finally, at its core, Occupational and Environmental Health is a Public Health profession.

Healthcare Cost Burdens

Costs help illustrate the need for workforce health management across the care continuum.

For example, annual premiums for employer-sponsored family health coverage averaged \$16,351 in 2013, up 4 percent compared to 2012; workers contributed an average of \$4,565, according to the Kaiser/Health Research & Educational Trust (HRET) 2013 Employer Health Benefits Survey. During the same period, workers' wages and general inflation rose 1.8 percent and 1.1 percent, respectively.

In *Modern Healthcare's* annual survey of large companies, the typical (median) respondent purchased healthcare benefits for approximately 23,500 individuals at a cost of \$94 million in 2012. *Modern Healthcare* also reported that for each percentage point of increased cost there is nearly \$1 million in additional spending for healthcare benefits.

According to the U.S. Centers for Disease Control and Prevention (CDC), 75 percent of each treatment dollar is spent on chronic conditions. The CDC reports that 80 percent of cases of either heart disease or Type II diabetes and 40 percent of cancer cases could be prevented if Americans stopped smoking, improved their diet and got regular exercise.

In addition, a survey of 94,000 working adults fielded for the Gallup-Healthways Well-Being Index found:

- the cost of absenteeism and lost productivity associated with above-normal weight and chronic conditions is estimated at \$153 billion a year across the entire U.S. workforce
- work absence costs tied to poor health ranges from \$160 million among agricultural workers to \$24.2 billion among white-collar professionals
- among all workers, the estimated cost of work absence is \$341 per worker per day
- across 14 occupations studied, about 77 percent of workers were either above normal weight and/or diagnosed with at least one chronic condition
- among the 77 percent of at-risk workers, individuals reported more missed work each month compared to normal-weight workers without a history of chronic conditions



For the Well-being Index, chronic health conditions are defined as being overweight or obese; having ever been diagnosed with a heart attack, high blood pressure, high cholesterol, cancer, diabetes, asthma or depression; and recurring physical pain in the neck, back, knee or leg in the last 12 months.

Balancing Act

Employers have to carefully allocate healthcare benefit expenditures in a world where logic dictates the value of an investment in prevention but the traditional medical delivery model is reactive.

However, that landscape is changing. “You cannot alter the winds of change, but you can adjust your sails,” Dr. Loeppke said during a presentation on the Implications of the ACA on Workplace Wellness and Occupational Health. “We ought to be encouraged by what is possible.”

Dr. Loeppke is an internationally recognized expert on workforce health and productivity management who believes occupational medicine physicians and allied professionals are in a pivotal position. “We are the specialists in workforce and workplace health and wellness – the critical link to the nation’s workers and their dependents,” he said. “Our roles are expanding beyond traditional occupational medicine. Health protection (safety), health promotion (wellness) and population health management are becoming fundamental to what we do.”

To be effective, Dr. Loeppke says workforce health managers need to take into account:

- disease
- disability
- absence
- medication use
- value (quality/cost)
- health assets
- human capital

In recent years, a perfect storm analogy has frequently been used to depict the U.S. healthcare environment. Dr. Loeppke projects an alternative picture: “Instead of being in the jaws of a tidal wave, we have the wind at our backs in our specialty in terms of being able to leverage it to our advantage and to the advantage of the people we serve.”

Hospitals at the Forefront

Many hospitals and health systems in the U.S. are pursuing the development of congruent value-based payment and population health management initiatives, according to a 2013 survey from the Governance Institute. The survey findings, featured in *Governing the Value Journey: A Profile of Structure, Culture and Practices of Boards in Transition*, are based on responses from 541 organizations.



Among key findings:

- 58 percent of hospitals/health systems have added population health management goals such as information technology infrastructure improvements and physician integration to their strategic plans
- 52 percent have added value-based payment goals to strategic and financial plans
- 86 percent believe their board ensures appropriate physician/clinician involvement in governance

As hospitals and health systems expand their scope to focus on population health management, they need to realign their organizational infrastructure. To assess the status of infrastructure change, the American Hospital Association and the Association for Community Health Improvement conducted a national survey and published the results in a December 2013 report – *Trends in hospital-based population health infrastructure*.

The survey sponsors noted: “Healthcare leaders recognize that population health will be key to their success moving forward, but are unclear how to integrate it into their operations. Anecdotal evidence from the field indicates there is no standard for how hospitals and care systems should operationalize population health management.”

Rich Williams, a former hospital CEO and principal with Advanced Plan for Health, has been watching this trend unfold for a number of years. Rather than wait for clarity on infrastructure, he suggests that self-funded employers and healthcare providers can stabilize costs and improve outcomes by working collaboratively to educate and engage employees.

Williams has a particular passion for ferreting out hidden hospital employee health costs. He finds a “10 percent solution” applies – 10 percent of hospital employees typically spend about 80 percent of the organization’s healthcare dollars. This formula makes it relatively easy to identify prime candidates for both enterprise-wide and targeted interventions.

Once a hospital learns how to better address health risks in its own workforce, Williams said it can confidently offer customized workforce health management programs to highly motivated, self-funded employers. In many cases, a hospital-affiliated occupational health program can serve as the delivery vehicle.

“Executives expect a return on their investment in health risk management programs,” he explains. “With a population health management approach, you are talking about mitigating risk in an employer-sponsored health plan. Who better to do that than occupational health professionals? Their job is to help employers find linkages, and they deal with companies and their employees every day.

“It’s not that hard to translate experience in work-related health management to personal health management. And the Affordable Care Act offers added incentives to fill a vacuum in positive ways by providing wellness programs.”



Finding Cost Savings

Williams reports that one of his clients, Catholic Employee Benefit Group, based in Irving, Texas, saved more than \$1 million in the first year following benefits plan consolidation and the introduction of preventive interventions including executive physicals and health coaching for diabetic employees. The savings included \$600,000 in medical costs and \$450,000 in reinsurance and administrative services. The Catholic diocese also reported dramatic reductions in staff time spent on managing insurance issues and claims.

In a study published in the October 2013 edition of the *Journal of Occupational and Environmental Medicine*, researchers with OptumHealth, Golden Valley, Minn., analyzed the productivity effects of a program in which wellness coaches provided telephonic support to at-risk employees. The program was directly linked to about 10.3 hours of additional productive time per year and annual savings of \$350 per participating employee compared to similar workers who did not participate.

In the U.S., highly effective companies where employees are engaged in their health and well-being have a differential in annual healthcare costs of more than \$1,600 per employee, according to the 2013/2014 *Staying at Work Survey* conducted by Towers Watson, a global professional services company, and the National Business Group on Health. Attributes of highly effective companies include:

- senior leadership commitment to a comprehensive approach
- engaging managers as role models
- communicating frequently to employees
- reducing employee stress
- providing easy access to high-quality healthcare services
- using metrics to understand health and productivity outcomes

According to the Kaiser/HRET employer benefit survey, employee wellness programs are relatively popular: 35 percent of respondents said they are “very effective” for controlling costs in comparison to disease management (22 percent) and consumer-driven health plans (20 percent). The survey also found:

- 36 percent of large companies offer a financial incentive for workers to participate (lower premiums or a lower deductible, receiving a larger contribution to a tax-preferred savings account, gift cards, cash)
- 55 percent of employers with health plans offer biometric screenings to measure workers’ health risks, but only 11 percent financially reward or penalize workers based on whether they achieve specific biometric outcomes

Workforce health management programs that incorporate the use of biometric screening (e.g., body mass index, blood pressure, cholesterol, glucose, aerobic fitness) have been shown to improve health status, reduce costs and improve workforce



performance. In a 2013 consensus statement, a Joint Committee of ACOEM, the Health Enhancement Research Organization (HERO) and the Care Continuum Alliance found biometric screening results help inform employers about the use health risk assessment instruments; behavior modification programs such as tobacco cessation, weight management and stress reduction); and workplace policies such as tobacco bans, food choices in the cafeteria and exercise/stretch breaks.

Whether incentives are based on participation, progress or outcomes, “it is crucial that screenings are available and convenient for all employees. Employees should not be penalized or denied the opportunity for rewards because the screening was not convenient or accessible,” it says in the consensus statement. In addition, under the ACA, when incentives are connected to achieving a health standard such losing weight or lowering blood pressure, employers must provide a “reasonable alternative” to avoid penalizing those who try but do not succeed in reaching their goals.

Measuring Results

Dr. Loeppke said U.S. Preventive Medicine uses employer-focused metrics to measure the effectiveness of workforce health interventions. They include:

- total health-related costs per employee
- program participation as a percentage of all eligible employees
- biometric screening – participants at or below targets as a percentage of all employees
- number of health risks per employee
- service utilization – participants receiving medical care as a percentage of all employees
- preventive care rates – participants receiving evidence-based, appropriate screening as a percentage of all eligible employees
- chronic conditions as a percentage of total population
- clinical outcomes
- functional outcomes – absenteeism/presenteeism/disability/workers’ compensation/lost work days
- patient/consumer satisfaction

Based on these metrics, providers may be assigned “quality points,” with each point contributing to their total reimbursement. In this scenario, physicians may be eligible to receive incentive payments for:

- reviewing of health risk assessment/biometric screening results with patients
- performing preventive screenings, e.g., mammograms, colonoscopy
- disease-specific treatment and periodic monitoring



- helping diabetic employees maintain participation in disease/lifestyle management programs per criteria
- overseeing patients' lipid management – on medications as recommended

Changing Reimbursement Models

As employers' partners in workforce health management, industry experts say occupational health professionals are well positioned to assist with the development of next-generation healthcare reimbursement models. Many already have experience with alternative models, such as capitation, which involves fixed, per-person fees paid up front for care or services rendered to an individual or group for a defined period of time.

The Affordable Care Act includes a number of provisions intended to support a transition from fee-for-service or diagnosis-related group (DRG)-based payment to performance-based reimbursement. Accountable care and medical home models are intended to align incentives for improved population health on the supply side (providers) and for employers to align incentives on the demand side (consumers). An ACO may function, for instance, as a health system entry point for patients, starting with biometric screening, a personalized prevention plan, and referral to a health coach and/or primary care physician.

“Individual and population health management is a fundamental building block of ACO/medical home models, and occupational medicine physicians have unique training and expertise with proven results to yield better health and better healthcare at a lower cost,” Dr. Loepke said.

Williams said newer payment models offer an intermediate point between full-insurer and full-payer financial risk: “None of the new payment models being introduced or coming online in the next several years would fully capitate payments to providers. Yet they still provide incentives for providers to deliver less costly and higher-quality care.”

Historically, acute care has been the focus of population health management efforts, in part to justify significant investments in analytic resources. “Now shared accountability arrangements, including ACOs, are driving an expansion of scope, which includes a growing appetite for data regarding the other venues of care along the continuum as well as formal financial agreements to share accountability for results,” David Burton, M.D., executive chairman of Health Catalyst and a former senior vice president of Intermountain Healthcare, writes in a 2013 Health Catalyst white paper, *Population Health Management: Implementing a Strategy for Success*.

Health Catalyst strategists believe “the only way healthcare organizations will be able to keep pace with the rapidly evolving market is to implement technical and services components that help improvement initiatives be repeatable and scalable across the enterprise.”



Paths to Engagement

Dana Headapohl, M.D., an occupational medicine physician practicing at St. Patrick Hospital in Missoula, Mont., believes a reasonable level of “health literacy” among consumers is a critical success factor for any workforce health management initiative.

“Health literacy is a real problem in our society,” she said. “Take obesity, for example. We advertise tasty snacks but not health screening, even though obesity represents the roots and trunk of the tree of illness. We need fundamental changes in how we confront that as a culture and society. We need to approach it with integrity and empower people to take care of their own health and well-being. We also need to be thinking about how people learn.”

Automated employee health and learning management systems provide promising avenues for employee engagement. Such avenues include password-protected “portals” that help expedite employer and employee access to medical information and caregivers, customized eLearning platforms and mobile health applications.

According to Pew Research, 21 percent of Americans already use some form of technology to track their health data. As the market for wearable devices and apps grows, so too will information about health behaviors and related outcomes. By 2020, it is estimated the health of 120 million Americans will be partly managed via a mobile device.

An IMS Institute for Healthcare Informatics independent study, *Patient Apps for Improved Healthcare: From Novelty to Mainstream*, examines the status of consumer-focused mobile apps in health systems. According to the study, most efforts in app development focus on overall wellness, especially diet and exercise, rather than support for a specific at-risk population, suggesting the market for workforce-specific applications is a promising one.

Employers have to do their part by articulating a strategy to establish a workplace health culture, according to the Towers Perrin/WBGH Staying at Work Survey. To overcome the nation’s leading lifestyle risks – stress, obesity and lack of physical activity – the survey shows that companies must take steps to improve employee buy-in: 77 percent of employers view a lack of engagement as the biggest obstacle to behavior change.

Among Other Key Findings From the Survey:

- seven in 10 U.S. companies identify developing a workplace culture where employees are responsible for their health as necessary and understand its importance as a top priority of their health and productivity programs
- outcome-based incentives that reward or penalize employees based on tobacco are expected to grow from 54 to 71 percent by 2016



- rewards or penalties for changes in BMI, blood pressure or cholesterol level are expected to increase from 26 percent in 2014 to 68 percent within the next two years
- 49 percent believe health and productivity programs are essential
- 84 percent plan to increase support of health management programs over the next two years
- three in 10 report they have effectively communicated a strategy and value proposition
- 94 percent plan to articulate a health and productivity strategy with stated objectives in the next three years

“Companies have long maintained that a healthier workforce is a more productive workforce, and many are considering innovative tactics to improve employee health and well-being,” said Shelly Wolff, senior health care consultant at Towers Watson. “But along with the urgency of healthcare reform and the coming excise tax, there is a realization that companies need to manage these programs more effectively and encourage employee participation and engagement. An essential part of increasing engagement and success is for companies to link a health and productivity strategy to their overall employee value proposition.”