

Gaining Ground

Cost Trend Declines As CDHP Enrollment Grows; Health Education Vital

COMPANIES OFFERING consumer-directed health plans (CDHP) tend to be more proactive on the health-education front, according to *The 13th Annual National Business Group on Health (NBGH)/Watson Wyatt Employer Survey on Purchasing Value in Healthcare*.

Thus, health cost increases for companies with high CDHP enrollment are about half of those offering only traditional coverage, according to the study. "As CDHP enrollment goes up, trend numbers consistently decline," says Ted Nussbaum, Watson Wyatt's director of group and health care consulting in North America.

The study found that best-performing companies—those with a two-year median cost increase of 1 percent, compared with the 6.2 average for companies overall and 10 percent for the poorest performers—are way ahead of the pack in controlling health care costs.

For example, best-performing companies utilize innovative strategies that combine consumer-oriented healthcare approaches with programs that encourage healthy behaviors and equip employees with the knowledge and tools to help them take responsibility for health care decisions.

The link between enrollment and trend reflects a change in corporate culture and employee behavior. (Continued on back)



Threefold Increase

Workplace Wellness Programs on Rise in 2008



THE NUMBER OF employers implementing specific wellness programs increased threefold from 2007 to 2008. In 2008, for example, the top five wellness programs that are being implemented are promoting physical activity (68% vs. 19% in 2007); disease management programs (60% vs. 18%); health risk appraisals (48% vs. 14%); biometric screening (47% vs. 12%); and telephonic health care coaching (45% vs. 14%), according to Aon Consulting's *2008*

Benefits and Talent Survey.

The figures reflect employers' recognition of the link between employee lifestyle behaviors and medical expenditures, according to Tom Lerche, Aon Consulting's Health Care practice leader. Employers are embracing wellness and health promotion programs for other reasons as well: as effective recruitment tools, a way to reduce disability costs, and a way to reduce absenteeism, he said.

However, the rising cost of chronic diseases, including direct medical costs and indirect costs associated with lost productivity, is a growing burden for business, according to research prepared by PricewaterhouseCoopers (PwC) in conjunction with the World Economic Forum. Their report, *Working Toward Wellness: The Business Rationale*, outlines the business rationale for workplace wellness (Continued on back)

Employer Opinion Survey

Wellness Programs, Tools Help Control Costs



INCENTIVE-BASED employee wellness programs and chronic disease management programs, combined with enhanced employee education and communications, are gaining increased use as key cost-containment alternatives, according to United Benefit Advisors' (UBA) *2008 Employer Opinion Survey*.

These changes are also being fueled by the increasing applicability and decreasing costs of web-based solutions and the growing sophistication of benefit advisors, thus enabling employers of all sizes to now have access to tools, services, and programs that were previously available only to very large employers.

"The tide has clearly turned in that the majority of employers believe in the long-term value and positive impact that comprehensive wellness and disease management programs provide," says William Stafford, Vice President, UBA Member Services. "Employers have a high level of confidence in their ability to control health care costs and that their employees can make informed choices if given the additional tools necessary to do so," says Stafford. (Continued on back)

Gaining Ground...

(Continued from front)

according to Nussbaum. "The companies that are offering CDH have a commitment to the consumerism model and all the things that go with it—providing the tools, educating, [and] creating a data warehouse. They're more likely to be involved in initiatives to improve the health of employees."

In addition, as the U.S. economy struggles, value-based benefit designs and consumer-engagement strategies are gaining in popularity, according to the Midwest Business Group on Health (MBGH). Its *2008 Readiness to Change Survey* found that "employers are shifting their view of health benefits from that of a necessary expense to a critical investment in the health management of their employees," says Larry Boress, MBGH president and CEO.

"There is a growing trend toward the use of value-based benefit strategies—providing financial incentives to motivate healthy behavior changes and improving access to proven, clinically beneficial care. Additionally, employers are focusing on preventive care and the use of incentives to get people engaged, as opposed to the cost shifting we've seen in recent years," notes Boress.

According to the NBGH/Watson Wyatt study, companies with consumer-oriented healthcare models are achieving superior results by focusing their attention on six key areas: helping employees manage their own health care; encouraging behavior change among employees; giving employees the tools they need; using metrics; focusing on quality; and taking a holistic approach. ■



Threefold Increase *(Continued from front)*

programs, warning that over the next 25 years, chronic disease will reduce the available labor supply, savings and investments, and will ultimately affect the capital markets.



PwC analysis found that productivity losses associated with workers who have chronic diseases are as much as 400 percent more than the cost of treating chronic diseases. Losses in productivity include disability, unplanned absences, reduced workplace effectiveness, increased accidents, and negative impacts on work quality or customer service.

Moreover, the incidence of chronic disease is growing at an astonishing rate. Globally, chronic diseases represent more than half (57%) of all deaths annually, a figure expected to rise by 23 percent over the next 20 to 25 years, while deaths due to other causes are expected to remain roughly stable through 2030. This progression of chronic disease is occurring despite the fact that these diseases are largely preventable.

Given the growing incidence of chronic diseases throughout the world and new evidence that workplace wellness programs are effective at reducing the risk of these diseases, the report suggests that businesses have a vested interest in workplace wellness programs and that public-private partnerships are imperative from a health, bottom-line, and national perspective. ■

Employer Opinion Survey *(Continued from front)*

"Employers have made it quite clear that they cannot take sole responsibility for health care costs; they need to partner with employees, physicians, hospitals, and the government to find a solution to the health care crisis we all are experiencing," says Stafford.

The *2008 Employer Opinion Survey* contains representative responses from 1,664 employers by both region and size. ■

. Bulletin Briefs

- ◆ Final Internal Revenue Service regulations now allow employers contributing to employees' health savings accounts that are not a part of Section 125 programs to accelerate contributions for employees whose medical care expenses are greater than the amounts the employer has so far contributed to the HSA during the year.
- ◆ The Genetic Information Nondiscrimination Act (GINA) makes it an unlawful employment practice for employers with more than 15 employees, employment agencies, labor organizations, and training programs to refuse to hire, or to discharge, any applicant or employee or otherwise to discriminate against any employee with respect to compensation, terms, conditions, or privileges of employment based on that employee's genetic information, according to Fisher & Phillips. ■

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Contact Information

Address:

1345 E. Chandler Boulevard
Building 1, Suite 103
Phoenix, AZ 85048

Phone:

Phone: 480-893-6510
Toll Free: 800-582-8593
Fax: 480-893-6137

Web Address:

www.thebagnallcompany.com

Contacts:

Mark Bagnall, President
mbagnall@thebagnallcompany.com
Direct Phone: (480) 893-6643

Cesar delRosal, Executive Director -
Technology & Prime Customers
cdelrosal@thebagnallcompany.com
Direct Phone: (480) 893-6654

Lindsey LaRue, Director – Client Services
llarue@thebagnallcompany.com
Direct Phone: (480) 893-0049

Cynthia Walter, Executive Director -
Operations
cwalter@thebagnallcompany.com
Direct Phone: (480) 893-6622

Rebecca Rolfe, Account Administration
Manager
rrolfe@thebagnallcompany.com
Direct Phone: (480) 893-6858

Nicole Geremina, Business Services &
Development Manager
ngeremina@thebagnallcompany.com
Direct Phone: (480) 659-0529

Debi Zahedi, Administrative Assistant
dzahedi@thebagnallcompany.com
Direct Phone: (480) 893-6510

tbc notes:

We would like to thank the following companies for allowing us to be of service again this year:

Black Pockets Industries, Scottsdale, AZ
Corporate Receivables, Inc., Phoenix, AZ

We congratulate Cesar delRosal, Executive Director of Technology and Prime Customers, as our *212° Performer* of the Month for April, 2008.....Cesar continues to perform "above the boiling point" in providing exceptional service to our customers. Thanks Cesar!

TECHNOLOGY CORNER

Summer is almost here and it is time to start planning that company picnic. How about getting ideas from all of your employees?

The bagnall company excels in developing surveys regarding benefits related issues or any other topics that may be of interest to you on a strategic level. All surveys are completed online and a professional report summarizing the results is prepared after tabulation.

Recent survey projects include:

- An assessment of 401(k) interest, appreciation, investment alternatives and employee opinions
- Research on staff curriculum needs
- Employee reactions to Consumer Driven Healthcare

For more information, contact Cesar delRosal, Executive Director of Technology and Prime Customers, via email at cdelrosal@thebagnallcompany.com.

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- Maximizing: The effectiveness of assets invested in employee benefit programs, while appropriately managing risk.
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- Educating: Your staff to ensure that everyone understands and uses the benefits wisely.
- Supporting: Your staff with technology and communication tools to streamline and enhance the operation of your benefit plans
- Discussing: Employee benefit trends and plans to determine appropriateness.

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