Healthy and High Performing Workplaces: Understanding Employer and Consumer Viewpoints for Public Policy

EBRI Policy Forum
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Health Reform: Keeping it in the Forefront

The Headlines

- Reform Addressed Access to Coverage
  - NOT Cost or Population Health
- Supreme Court Will Decide the Fate of PPACA in 2012
- Congressional repeal unlikely
- Politics matters, especially in an election year
- Major implications for
  - Employers
  - Employees
  - Providers

What’s Ahead for Health Reform

2012
- Summary of Benefits Coverage Rules
- W-2 Reporting
- Comparative Effectiveness Fee

2013
- Increased Medicare tax
- $2500 FSA limit
- Auto-enrollment notice

2014
- Individual mandate
- Employer free rider penalty
- State exchanges open
- Wellness incentives move to 30% differential
Two Problems: #1 Unsustainable Rise in Health Care Costs and #2 Worsening Health Risk – A National Problem

Top 15 Most Costly Conditions

- Diabetes
- CAD
- Hypertension
- Back Pain
- Obesity
- Cancer
- Asthma
- Arthritis
- Allergies
- Sinusitis
- Depression
- CHF
- COPD
- CKD
- High Cholesterol

80% of Total Costs of all Chronic Illnesses Worldwide

Source: 2010 World Economic Forum

Addressing These Problems Leads to a Fork in the Road

Down either road, ALL employers must manage the risk of failing to have a workforce that is healthy, present, and high performing

- Aggressive Health Management
  - Heavy emphasis on health risk improvement and cost management
  - Sophisticated use of data analytics to drive design, program management, vendor accountability
  - Migration from incentives to penalties and "requirement gates" to access better benefits
  - Alignment with pay for performance business culture

- Managed Defined Contribution
  - Subsidy fixed with company-driven increase
  - Coverage via individual market (private or public Exchanges)
  - Worksite health shifts to focus on return to work, absence reduction, productivity gains
Strategic Focus Varies by Path

We're In

Insurance and Coverage

Individual Health and Performance

Design with Intent

Reduce Unnecessary Expense

Engage Participants

Improve Health and Workforce Performance

We're Out

Paradigm Shift in Perspective

Our Approach Today

Improve Health and Performance

Engage Participants

Reduce Unnecessary Expense

Design with Intent

Our Future Approach

Improve Health and Performance

Engage Participants

Reduce Unnecessary Expense

Design with Intent
Strategic Framework: Balancing Employer Goals and Employee Views

Design with Intent
“Make it Easy”
Engage Participants

Promote Effective Care Delivery
“Make it Personal”

Improve Health & Performance
“Make it Move Me”

“Make it Meaningful”

Employer Perspective

Offer Consumer-Driven / High Deductible Health Plan As:

- **A Plan Choice**
  - Currently in Place: 46%
  - Adding in 2011: 5%
  - May Add in 3–5 Years: 29%
  - Not Interested: 19%

- **Full Replacement**
  - Currently in Place: 10%
  - Adding in 2011: 35%
  - May Add in 3–5 Years: 53%

**Consumer Perspective**

“I enrolled in a CDHP for the savings I get now, not in the future.”

**Main Reasons for Enrolling in CDHP**

- Lower premium cost (lower payroll deductions) 63%
- Employer contributes money to my account 39%
- Best deal for me since I don't need much health care 37%

Source: 2011 Consumer Health Mindset Survey

**Employer Perspective**

**Cost Management Activities**

- Use high-performing networks
  - Currently in Place: 40%
  - Adding in 2011: 42%
  - May Add in 3–5 Years: 15%
- Cover domestic centers of excellence
  - Currently in Place: 28%
  - Adding in 2011: 37%
  - May Add in 3–5 Years: 33%
- Cover international medical tourism
  - Currently in Place: 24%
  - Adding in 2011: 72%
- Tightly manage health of the chronically ill
  - Currently in Place: 25%
  - Adding in 2011: 53%
  - May Add in 3–5 Years: 19%
- Increase reliance on data to find cost savings
  - Currently in Place: 50%
  - Adding in 2011: 15%
  - May Add in 3–5 Years: 29%
  - Not Interested: 6%
- Increase participants’ deductibles and/or copays
  - Currently in Place: 36%
  - Adding in 2011: 17%
  - May Add in 3–5 Years: 37%
  - Not Interested: 11%

Consumer Perspective

“I want a personalized health plan that is tailored just for me.”

2011 Most Preferred Health Tools ( Compared to 2010)

Source: 2011 and 2010 Consumer Health Mindset Survey

Employer Perspective

Engagement Activities

Employer Perspective

Incentive/Penalty Groups Targeted

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Penalties</th>
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<tr>
<td>Employees Only</td>
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<td>Incentives</td>
<td>Penalties</td>
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<td>Employees and Spouses/Partners</td>
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<td>Incentives, Entire Family</td>
<td>Penalties, Entire Family</td>
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- Currently in Place
- Adding in 2011
- May Add in 3–5 Years
- Not Interested


Organizational Health and Wellness Trends

- Sponsor worksite-related health programs (e.g., weight loss or fitness program)
- Integrate health promotion and condition management programs
- Active wellness council or champion network that meets regularly
- Visible senior leadership as a champion of health
- Flexible policies or schedules to accommodate individual exercise needs
- Subsidize healthy foods/beverages in one or more locations
- Summit meeting with all health-related vendors to coordinate interventions and data

Consumer Perspective

“My employer offers health programs, but I’m not sure they’re worth my time.”

Health programs I use the most and least over the past 12-24 months

- Blood Test/Biometric Screening: 97% satisfaction, 87% use
- Health Risk Assessment: 97% satisfaction, 57% use
- On-site Clinic/Pharmacy: 97% satisfaction, 50% use
- Health Condition/Lifestyle Coach: 88% satisfaction, 19% use
- Stress Management: 85% satisfaction, 17% use
- EAP: 91% satisfaction, 11% use

Note: Respondents reported which programs their employer offered and they may not reflect the exact programs offered.

Source: 2011 Consumer Health Mindset Survey