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Finding the Business Value in Workforce Health

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Today's Discussion

- How is the world changing for employers? Why?
- What does workforce health *really* mean to employers?
- Can CFOs “get it”?
- How do we deal with measurement and the business case for health?

Times are Changing

- Rise of consumerism
- New health/risk financing and delivery mechanisms
- Broadening view of “health”
- Market consolidation
- Breakdown of industry segmentation
- Rapidly changing technology and resulting data challenges
- Need to demonstrate health value to senior leaders

Employer Journey: Moving Beyond Costs to Outcomes

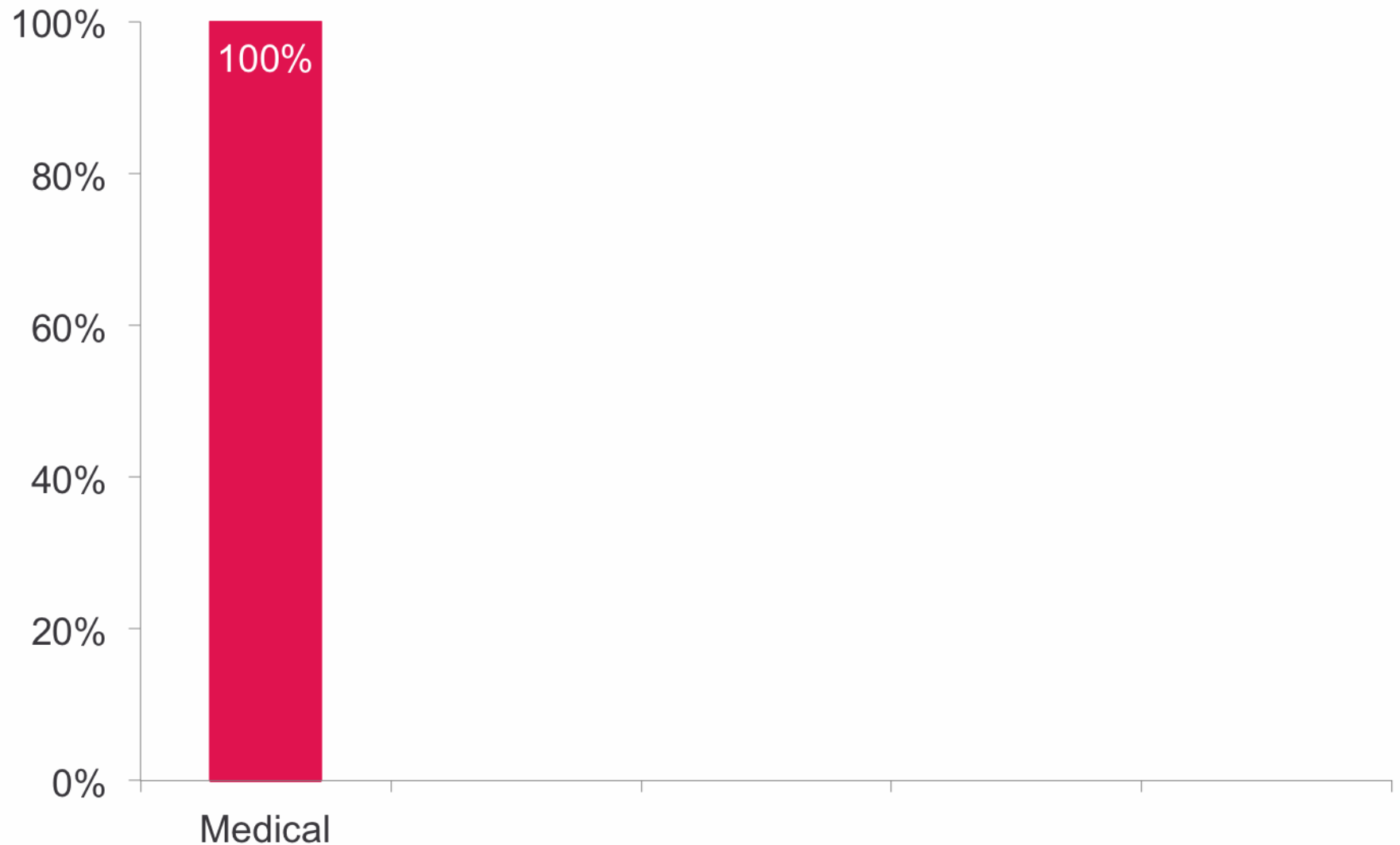
- Healthcare as cost of doing business
- Changing plan designs to control costs
- Managing health risks to dampen healthcare cost trend
- Broadening outcomes to include absence, disability and performance
- Integrating other factors: EE engagement, health culture, financial wellness, wellbeing

What's at Risk Economically for Employers?

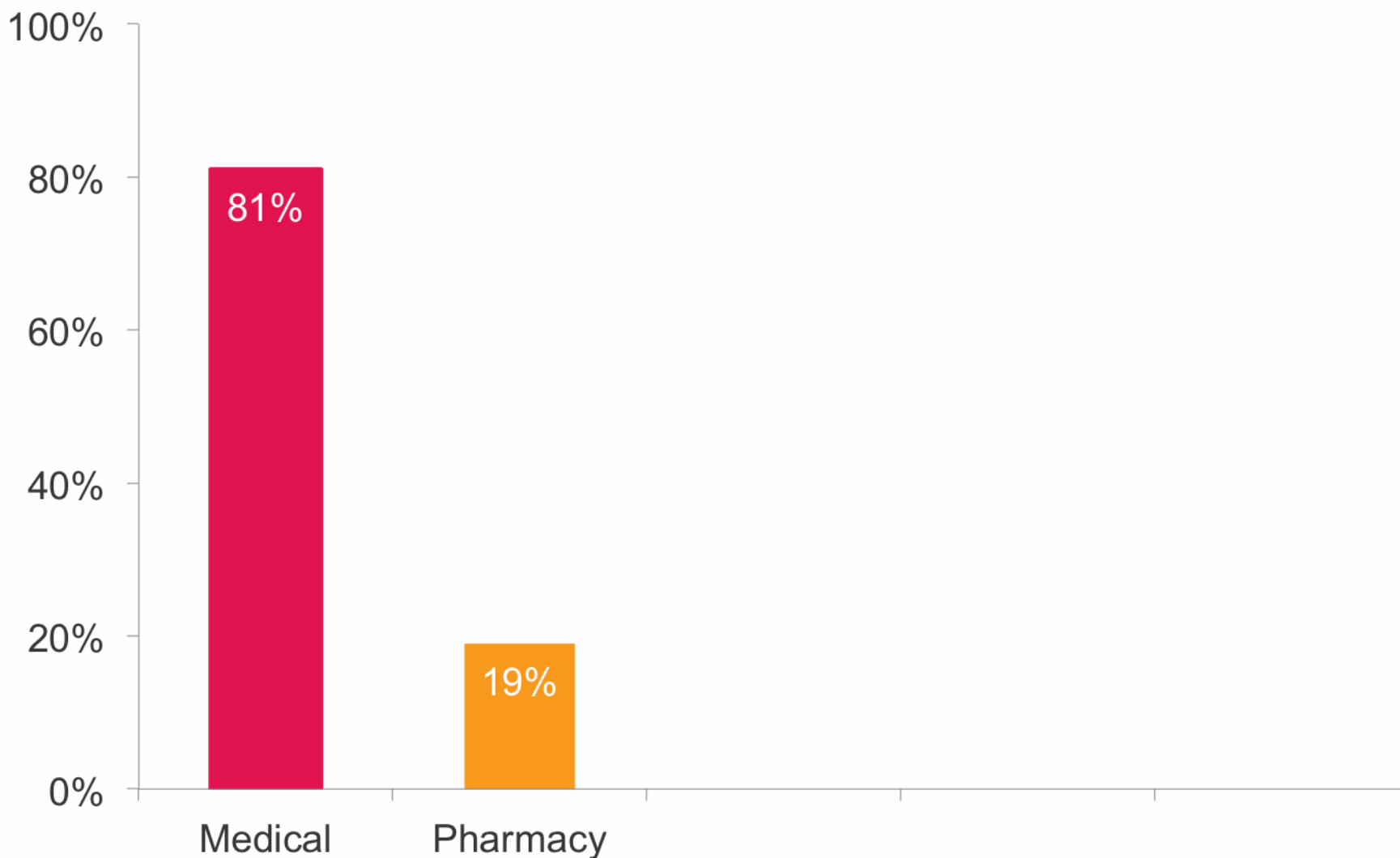
Case profile: an example

- 10,000 life manufacturer
- Workforce
 - 71% male
 - 54% between 35-54
 - 48% operators, 13% skilled crafts

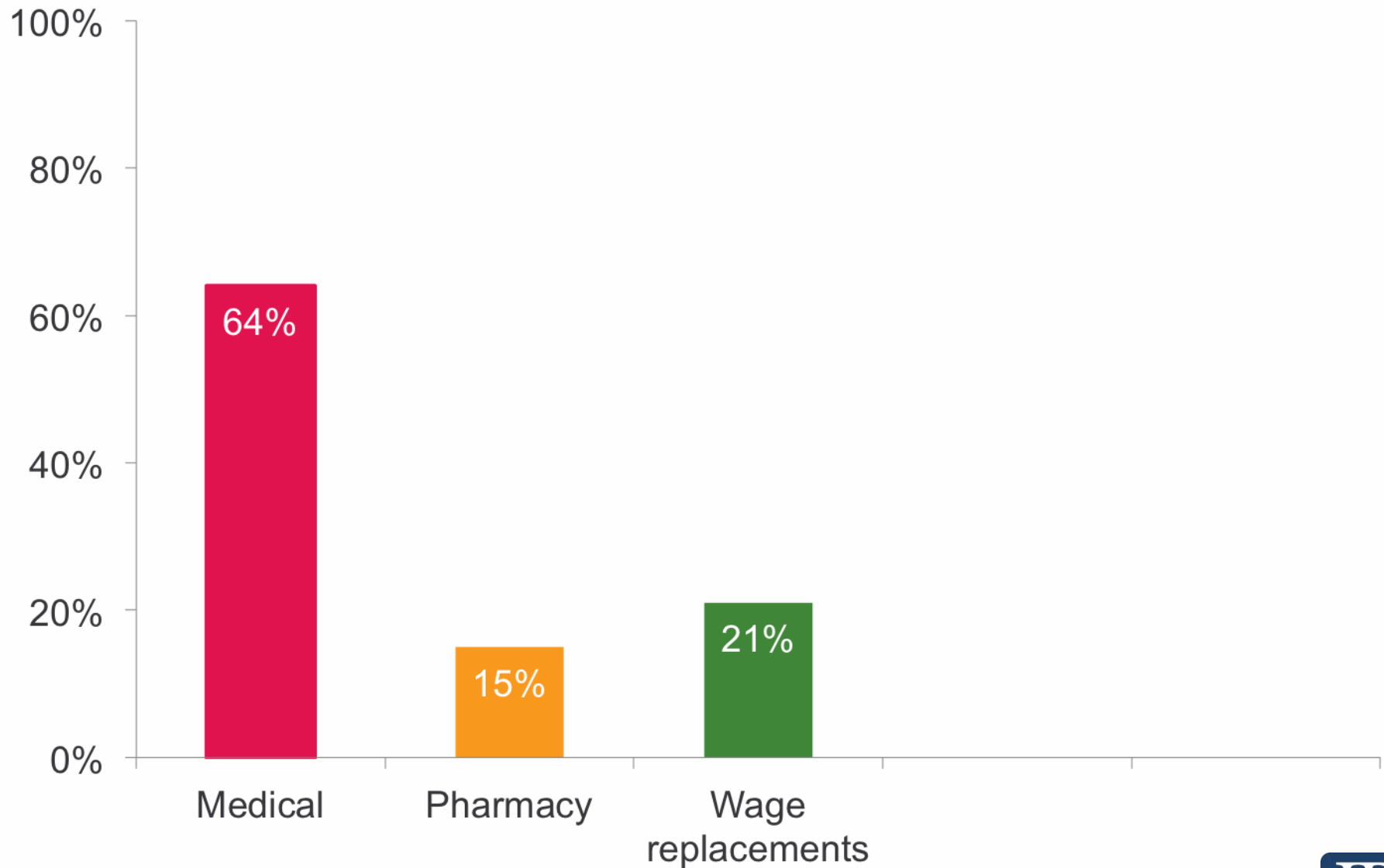
It's all about medical costs



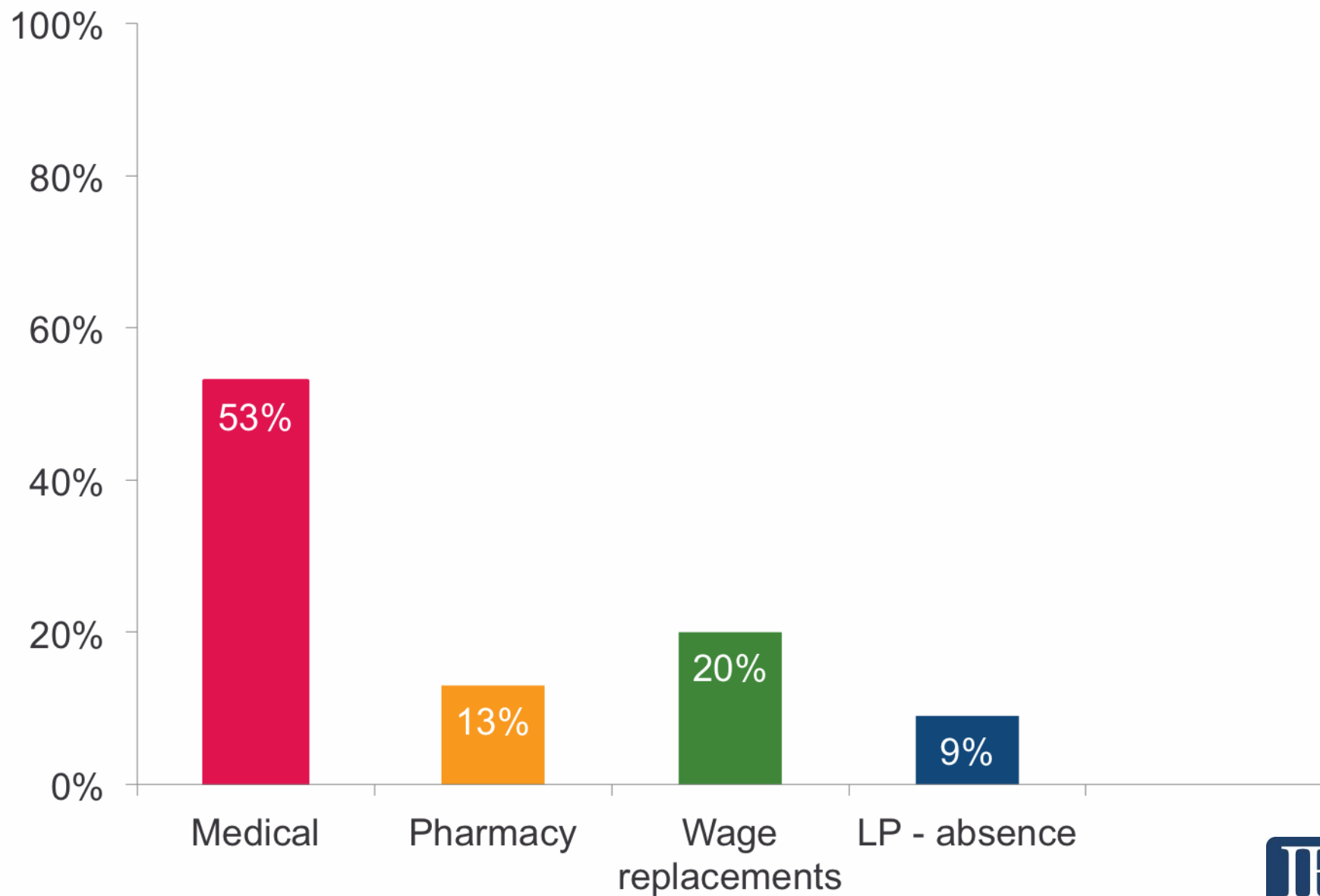
It's about medical *and* pharmacy costs



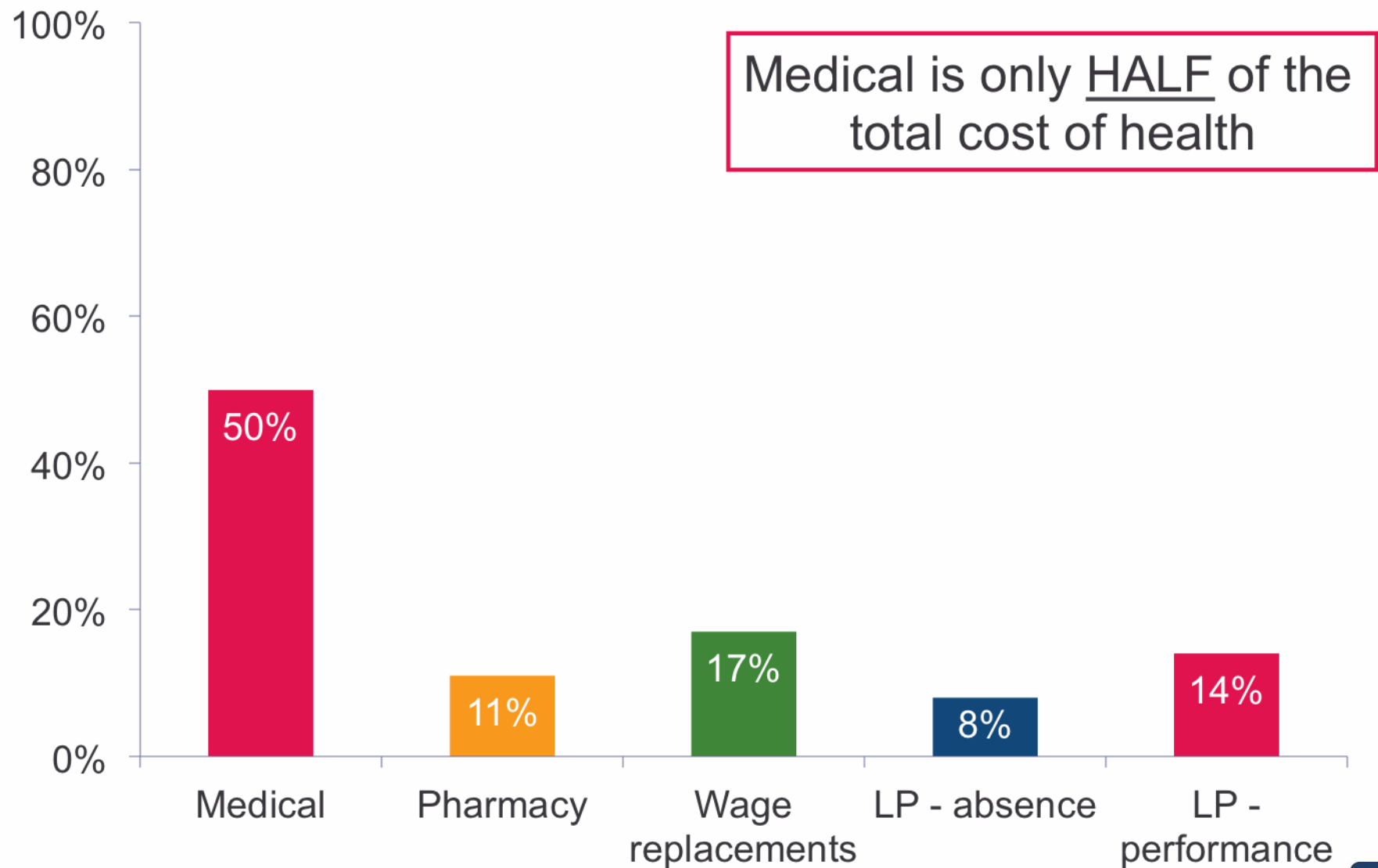
We should include wage replacements



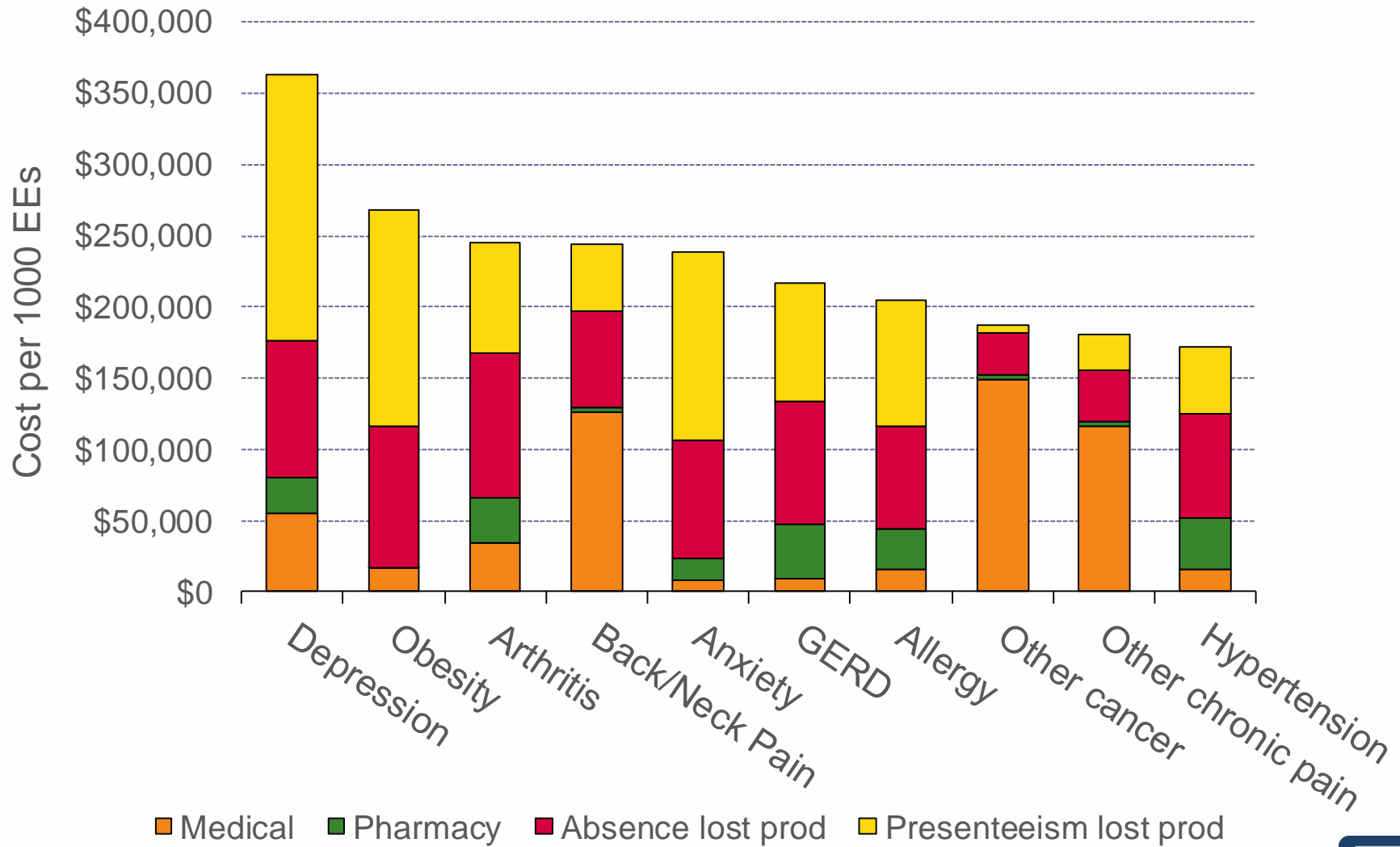
... And the other impacts of absence



What about reduced EE performance?



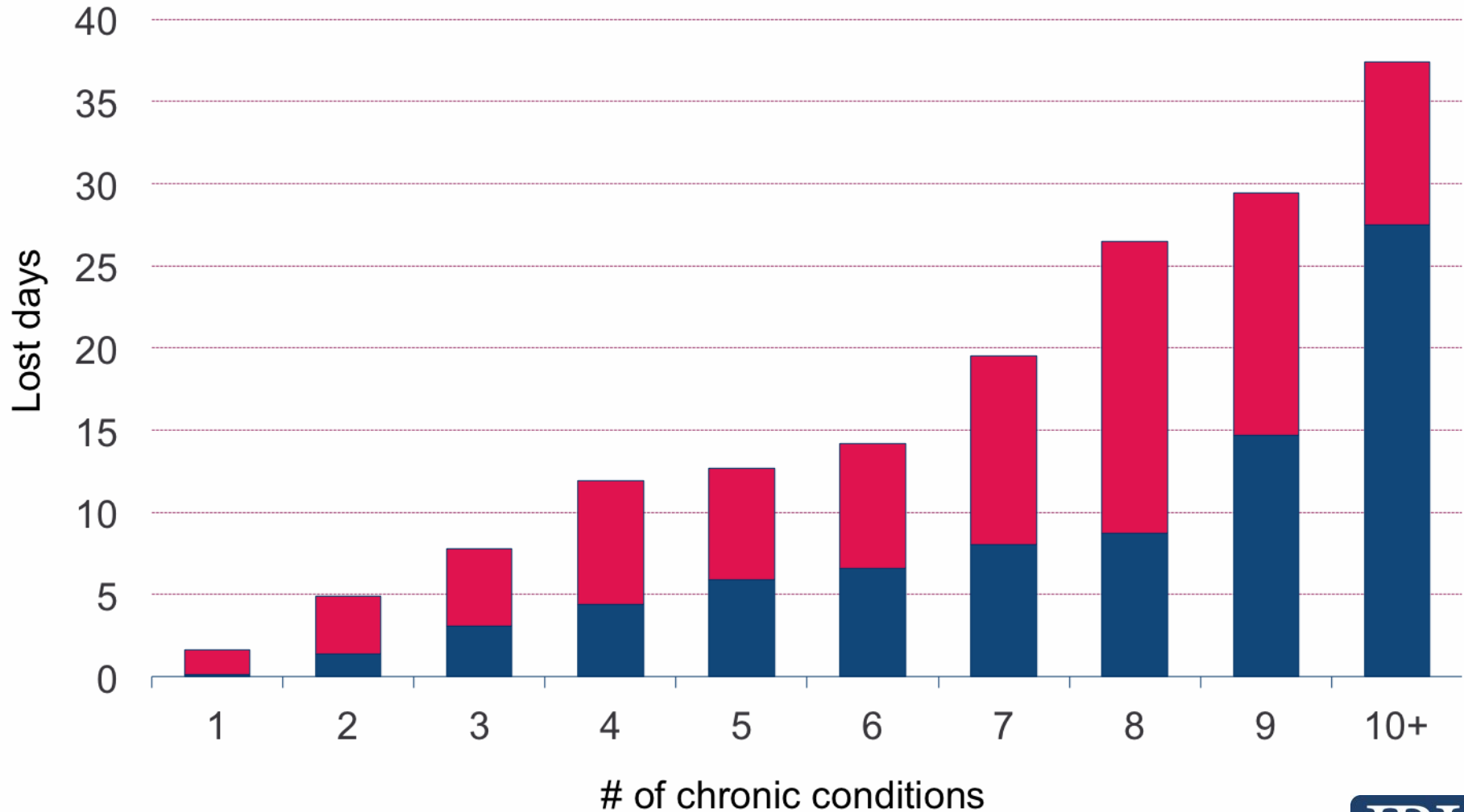
Moving Beyond Medical and Pharmacy: Absence and Presenteeism



Medical Pharmacy Absence lost prod Presenteeism lost prod

Co-morbidity and lost time

■ Presenteeism lost time ■ Absence lost time



*So it's not just about
healthcare costs...*

Do CFOs get it?



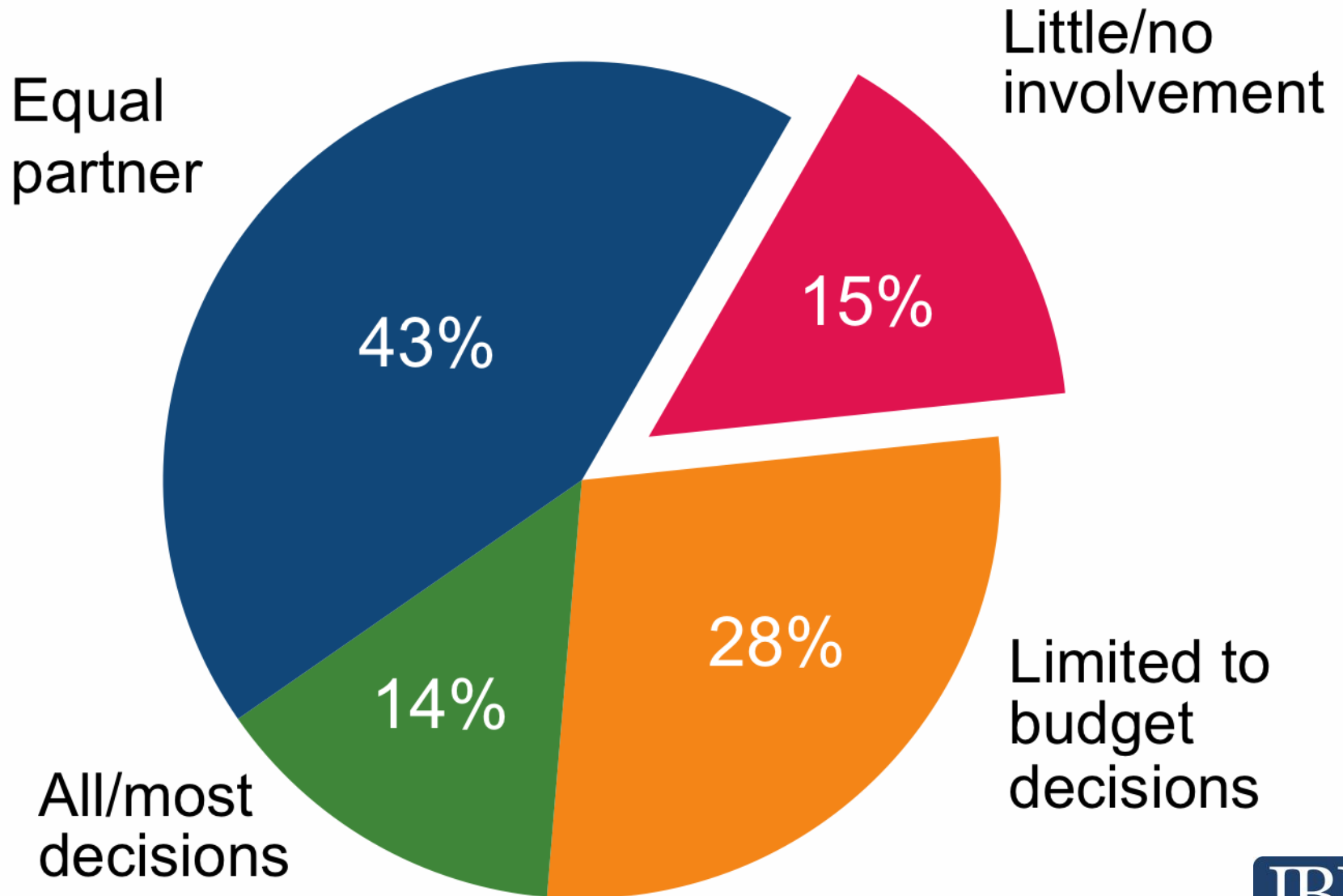
Finding the Value in Health

Results from IBI's Latest CFO Survey

Key Findings

- CFOs are integrally involved in benefits strategy and decisions
- CFO focus extends beyond controlling healthcare costs
- CFOs want to achieve broad organizational goals, which translate to consistent strategy and plan design
- Measurement is a challenge

CFOs are Involved



Since ACA ...

Increased Cost-Sharing

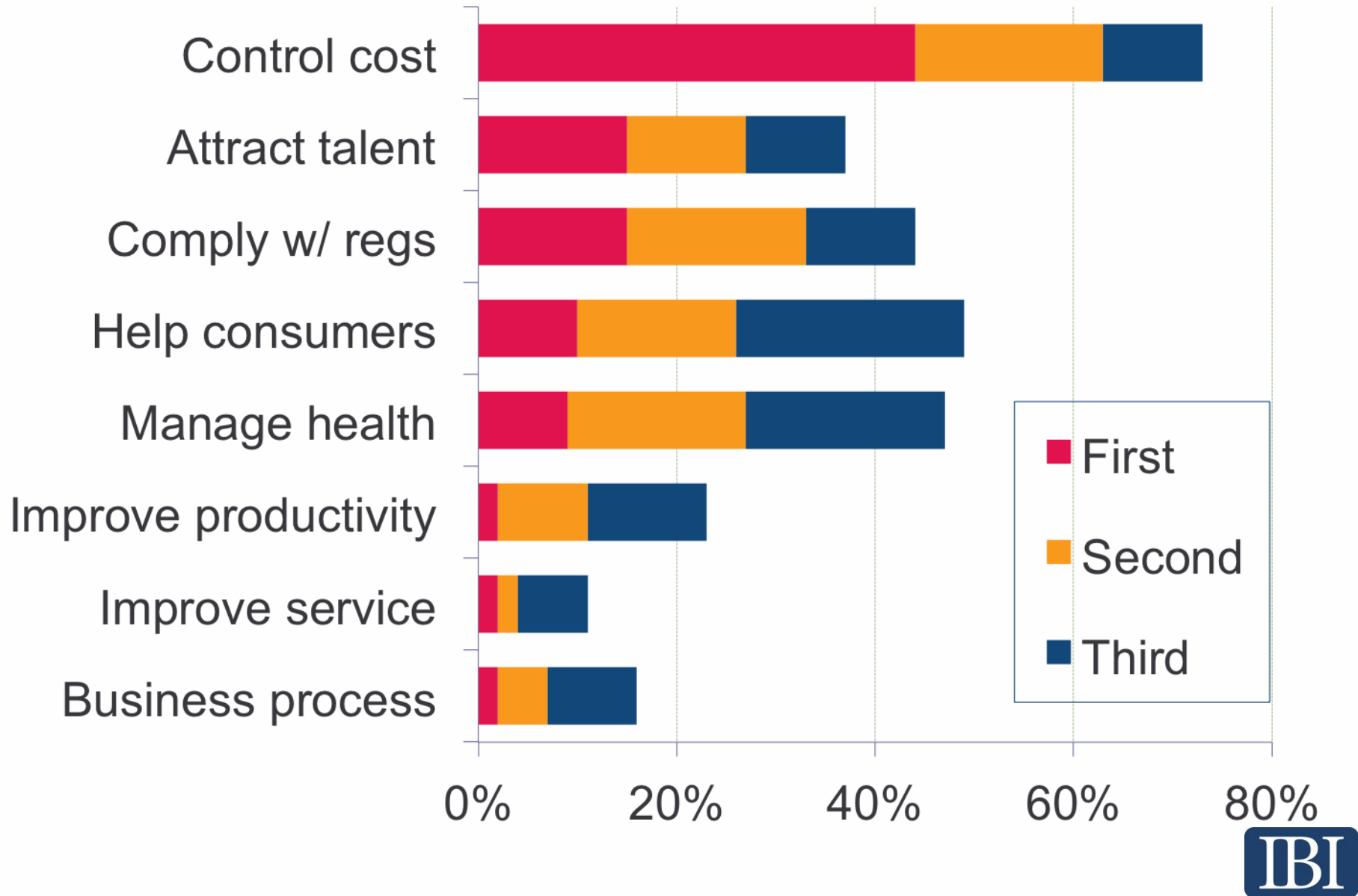


Balanced with ...

An Emphasis on Engaging Employees in their Health

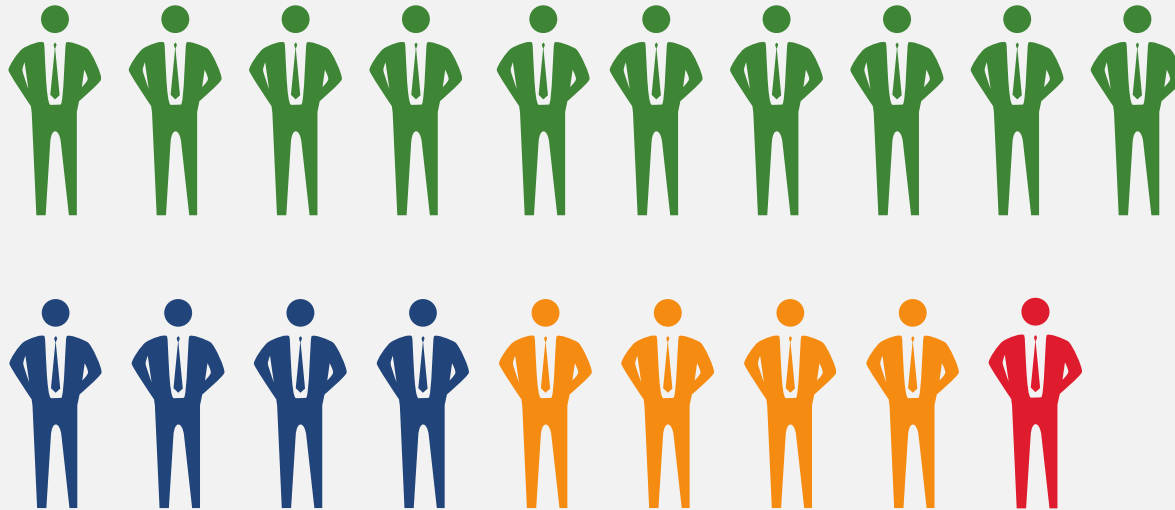


CFOs Most Important Goals Since ACA



For every 10 CFOs who say controlling costs is most important ...

9 Other CFOs Report Another Goal as the Most Important



- 4 say “helping enrollees become healthier, better consumers of care”
- 4 say “attracting, retaining talent or improving productivity”
- 1 says “improving customer service or business performance”

Connecting Goals to Actions

- Human capital
- Business performance
- Enrollee health

CFOs that Emphasize Human Capital are Less Likely to ...

- ✓ increase high-deductible plans
- ✓ increase out-of-pocket costs
- ✓ raise employee premiums
- ✓ eliminate coverage

CFOs that Emphasize Employee Health are ...

- ✓ Less likely to offer high-deductible plans
- ✓ More likely to:
 - increase wellness programs
 - link premiums to lifestyle choices
 - offer wellness financial incentives
 - offer value-based benefits
 - offer specialty pharmaceutical coverage

CFOs that Focus on Business Performance are ...

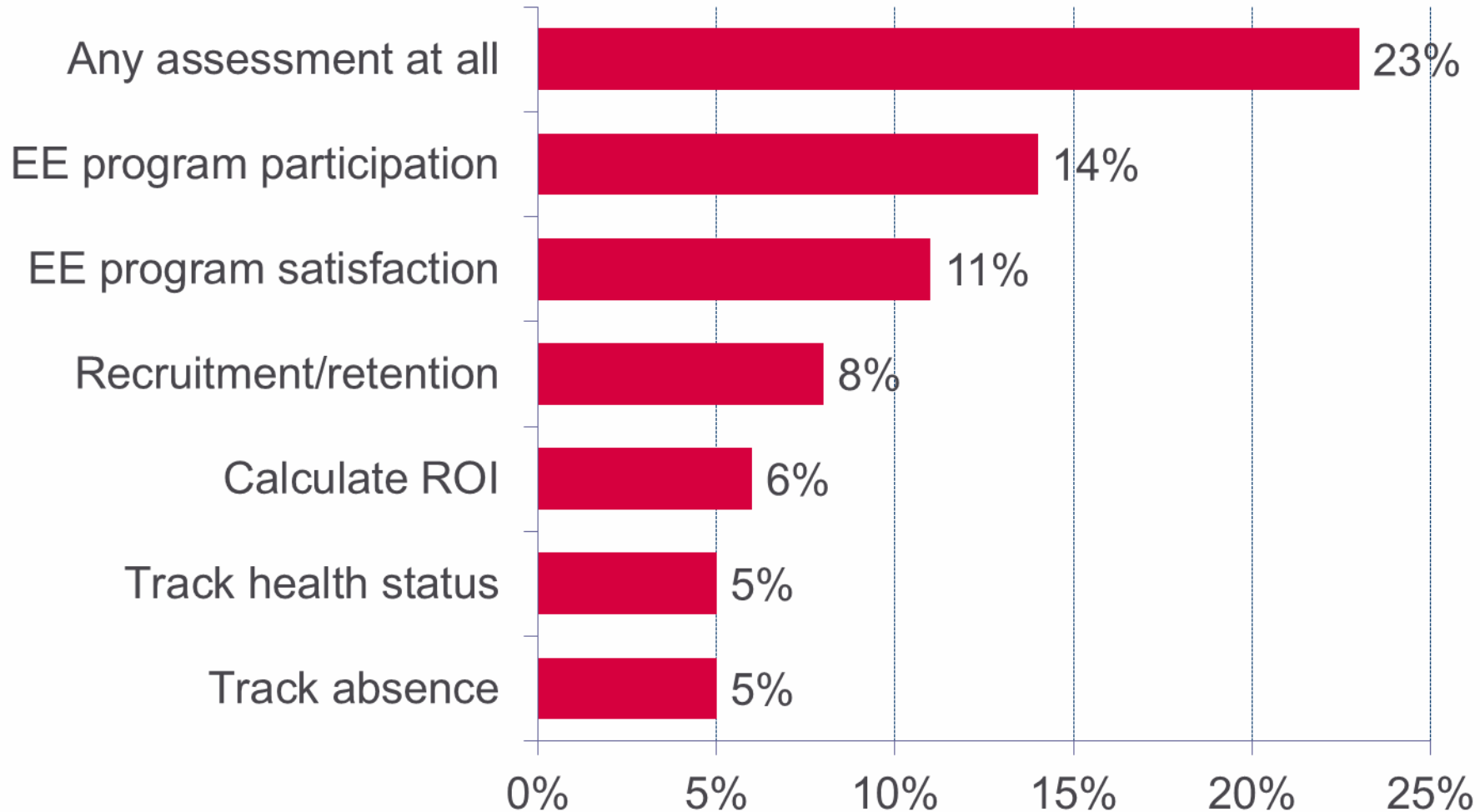
- ✓ Less likely to:

- increase employee out-of-pocket costs
- raise employee premiums

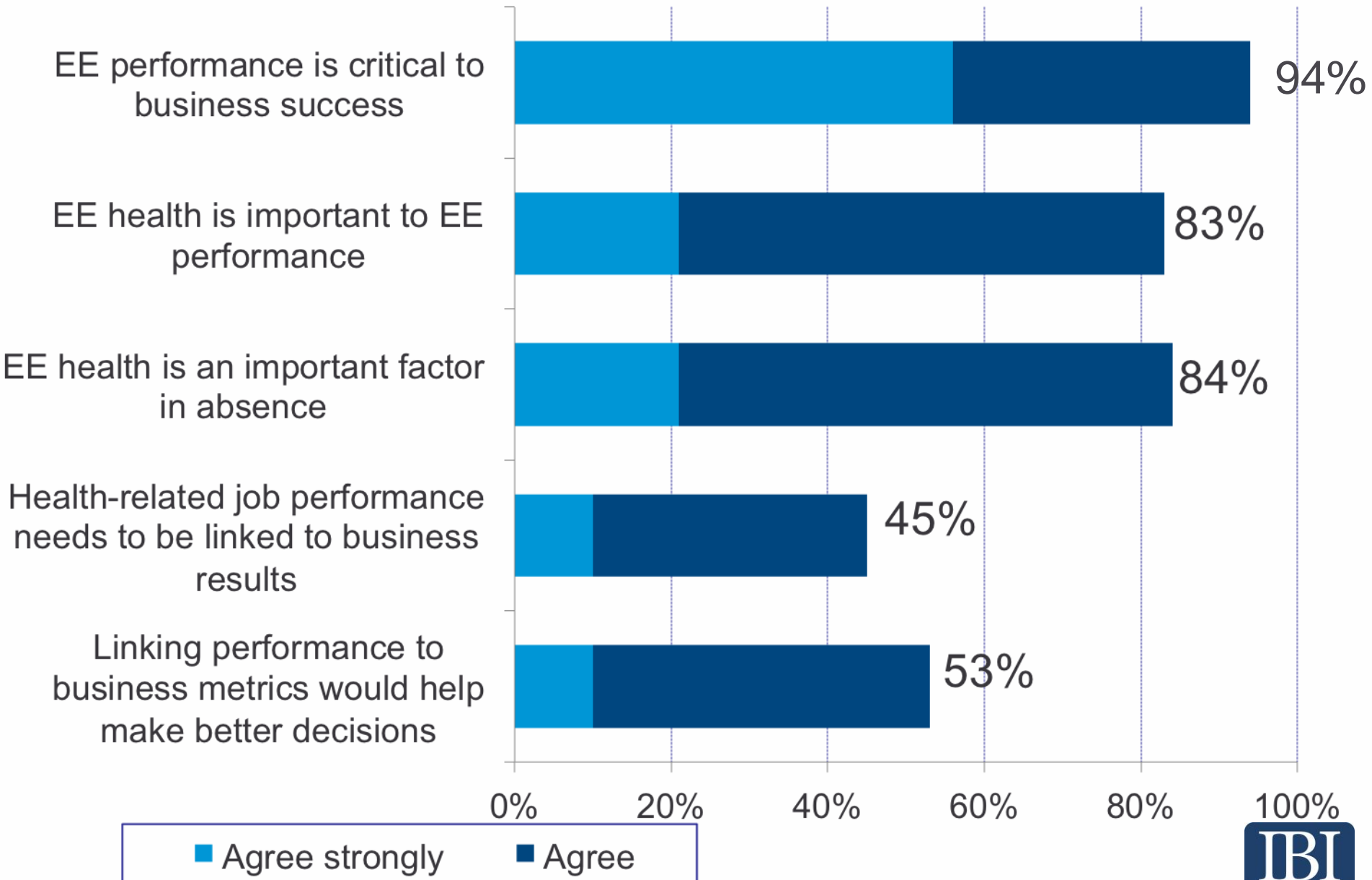
- ✓ More likely to enhance:

- disability benefits
- specialty pharmaceutical coverage

Assessing the performance of benefits programs

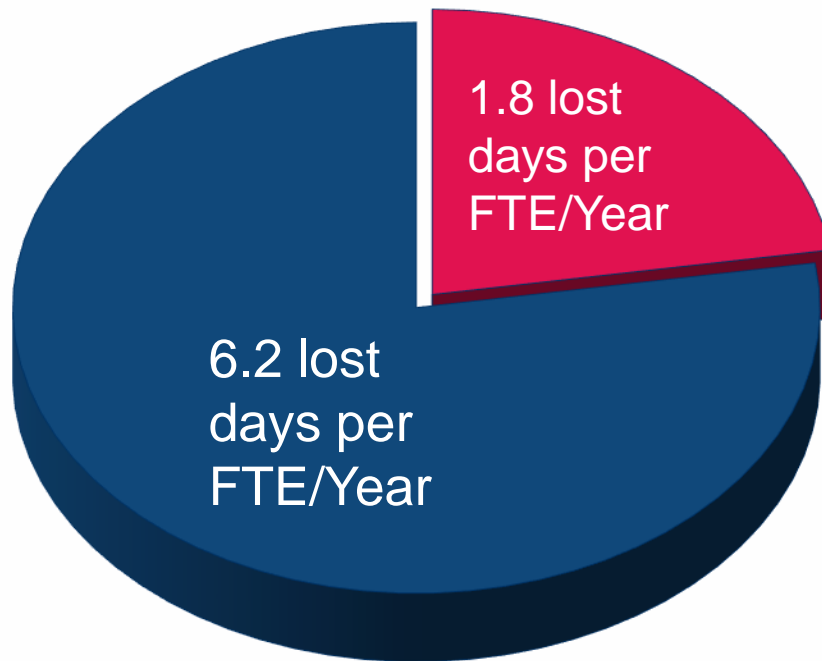


Health and business performance



MGM Mirage Case Study

Estimating Lost Productivity at MGM



■ Absence
■ Presenteeism

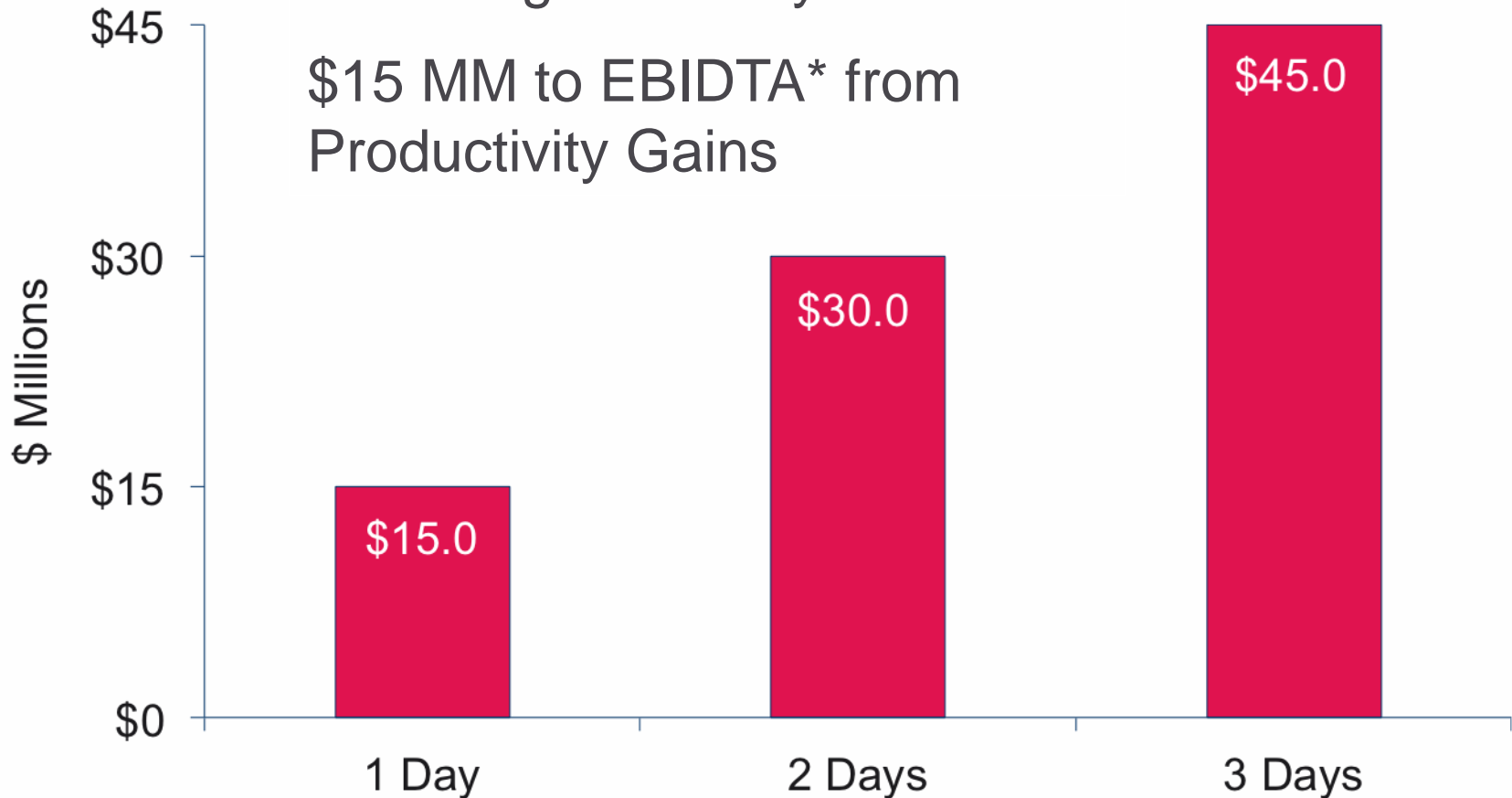
Lost worktime =
8 days per FTE/Year

or

\$2,598 per
FTE/Year in Lost
Productivity

Impact of Lost Worktime Improvements on EBIDTA*

Reducing 1 lost day/FTE =
\$15 MM to EBIDTA* from
Productivity Gains



*Earnings before Interest, Depreciation, Taxes and Amortization



The Bottom Line

One Day of Productivity Improvement

Savings	\$15.0 MM
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Wall-Street Multiple	10.7x
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Outstanding Shares	284.3 M
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Gain in Stock Price	\$.56/share
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Principal Owner (56%)	\$90 MM
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Communicating the Right Data to CFOs

Key Workforce Health Dimensions*

- Financial (cost)
- Program participation
- Biometric screening
- Health risks
- Utilization
- Preventive care
- Chronic conditions
- Lost worktime
- Lost productivity
- Employee engagement

* Thomas Parry and Bruce Sherman, *A Pragmatic Approach for Employers to Improve Measurement in Workforce Health and Productivity*, Population Health Management, Vol. 15, No. 2, 2012

Dimensions & Dashboard Metrics

Dimension	Summary Metric
Financial	Program cost/EE
Program participation	EEs participating/All EEs
Biometrics	EEs reaching target/All EEs
Health risks	# of health risks/EE
Utilization	# EEs getting care/All EEs
Preventive care	# EEs getting screened/All EEs
Chronic conditions	# EEs w/ chronic conditions/All EEs
Lost worktime	# of lost workdays/EE
Lost productivity	Lost productivity \$/EE
Employee engagement	Engagement score/EE

Telling the Story to Senior Leaders

Leading Indicators

- ✓ Health risks
- ✓ Biometrics
- ✓ Chronic condition prevalence

Treatment Indicators

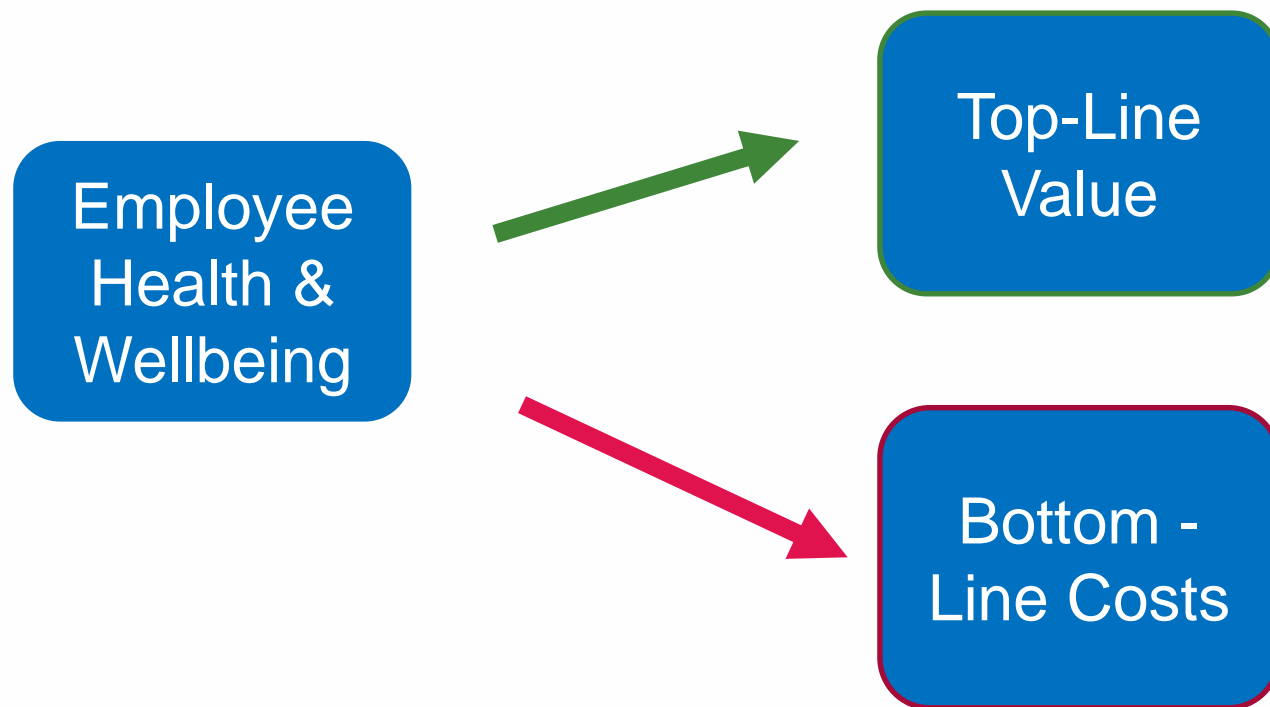
- ✓ Preventive care
- ✓ EE engagement
- ✓ Health services utilization
- ✓ Program participation

Lagging Indicators

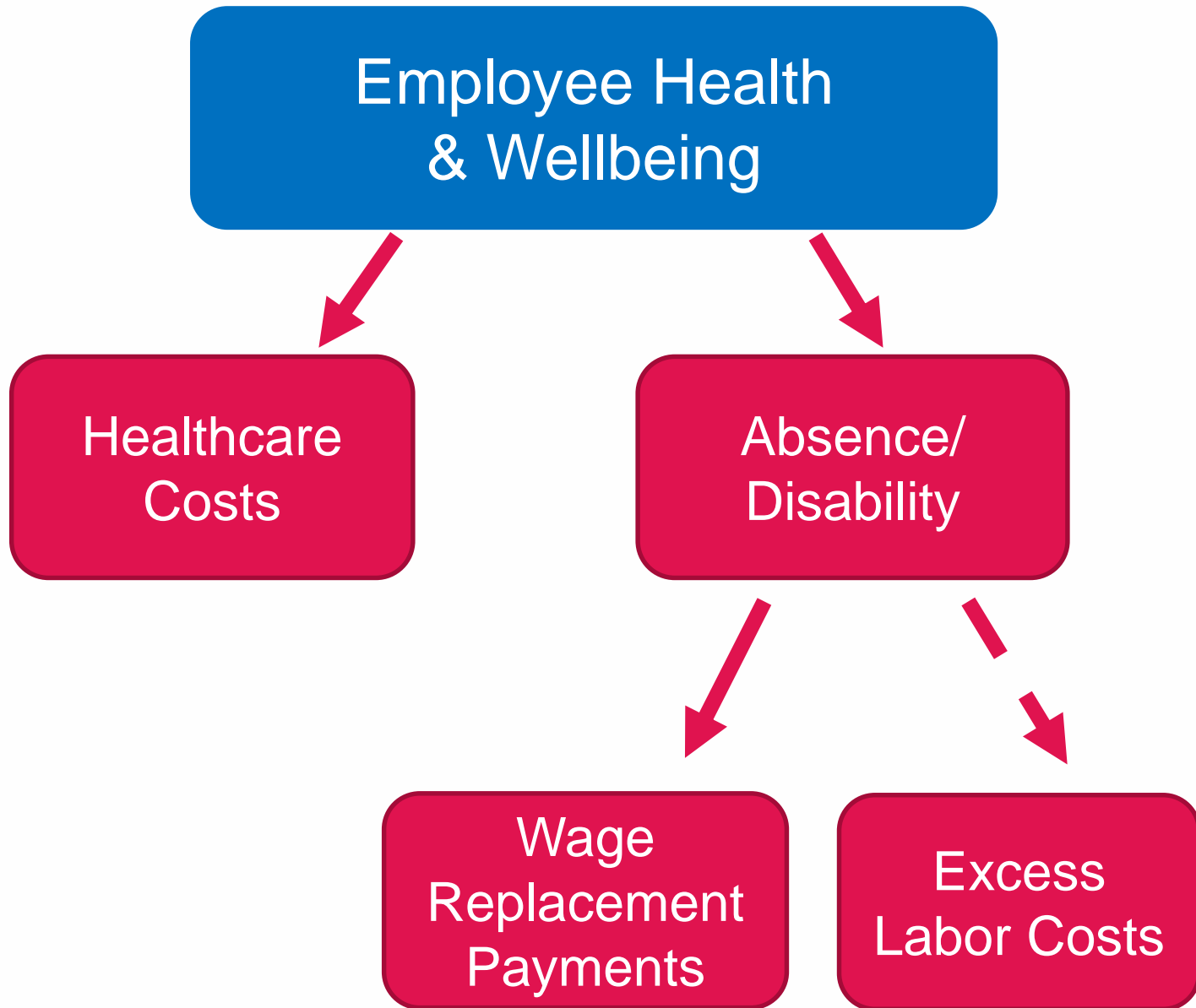
- ✓ Financial
- ✓ Lost worktime
- ✓ Lost productivity

*Opportunities to more closely
link health and business goals*

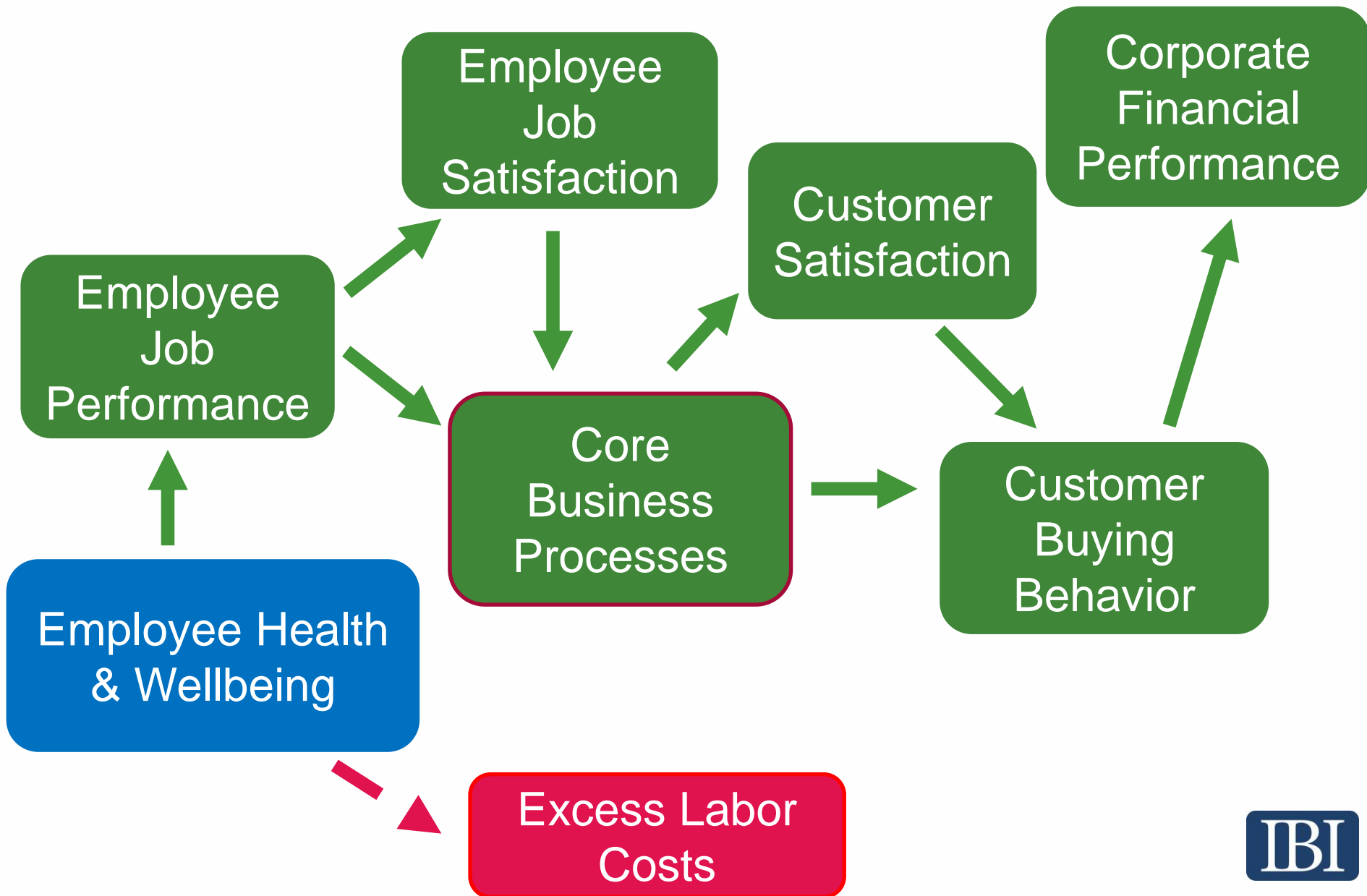
Thinking Differently About Outcomes



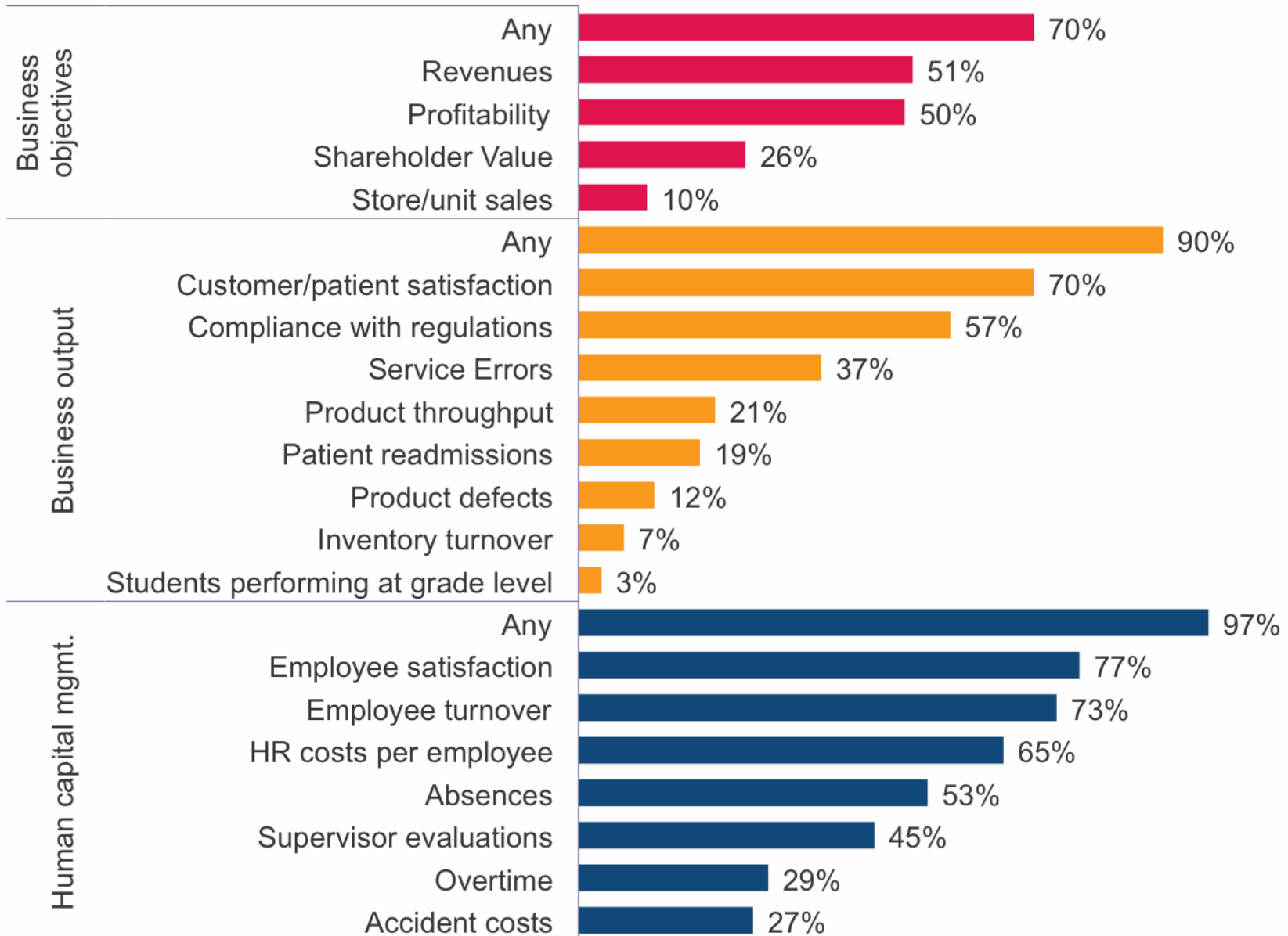
Health and Bottom-Line Costs



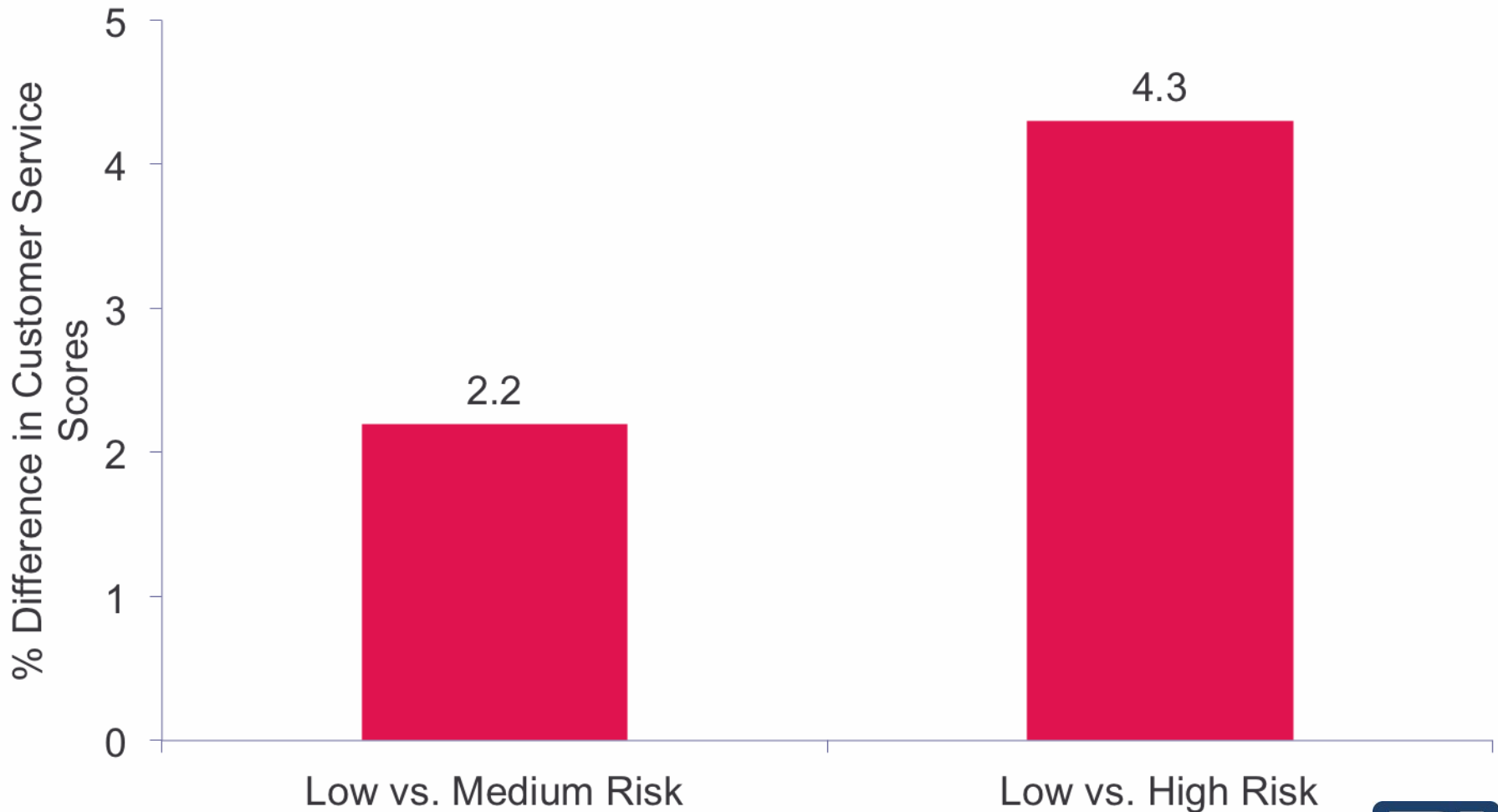
Health and Top-Line Value



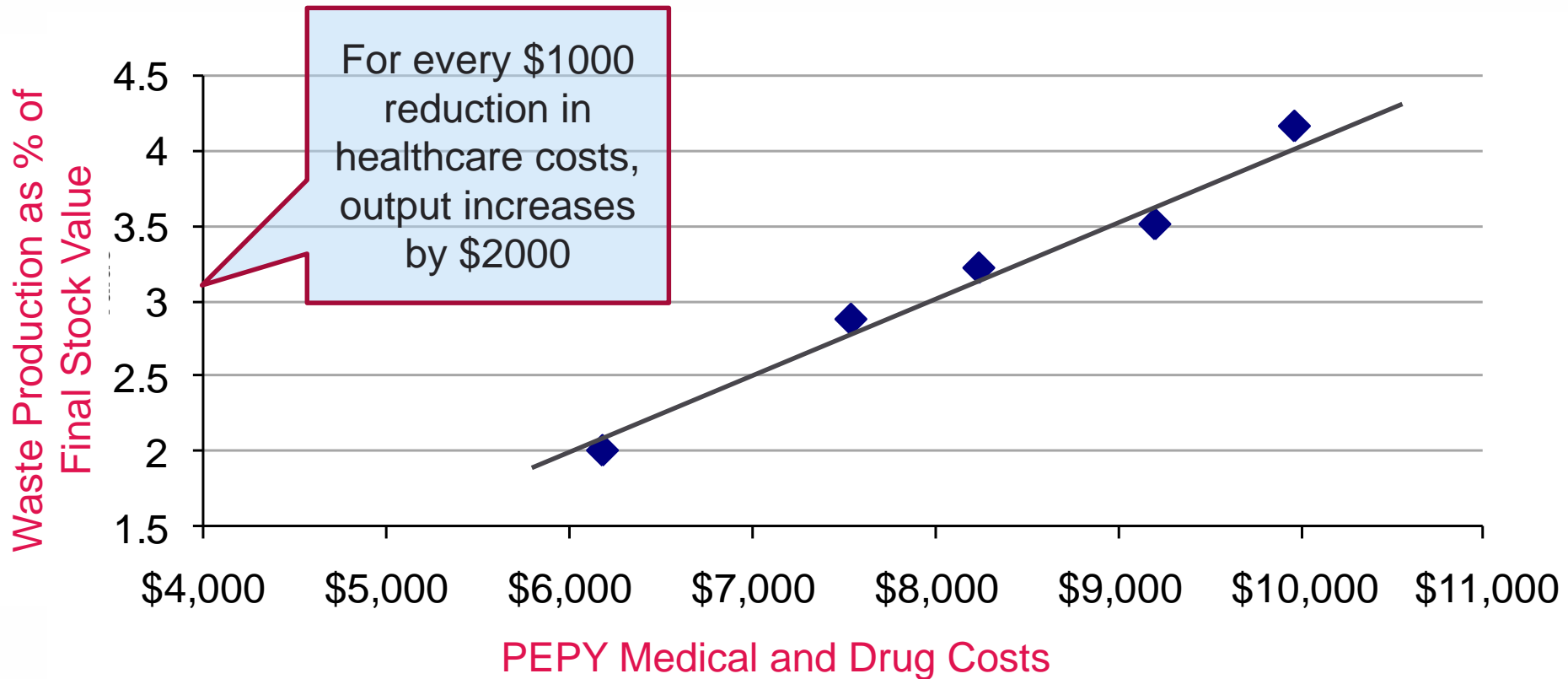
Health, Human Capital and Business



American Express: Improvements in Customer Service and Workforce Health Risk



Goodyear: unhealthy workforce does poorer quality work



Questions?

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