

# A Fresh Look at Using Data to Drive Organizational Change

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# Presentation outline

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- Workforce well-being in the context of business performance
- Human resources as 'owner' of workforce human capital
- Health as a component of human capital
- Transforming health as business cost to well-being as business value
- The role of data in measurement and reporting

# Employer challenges

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Employee Engagement  
Employees Working Longer  
Employer ROI  
Retaining Top Talent  
Culture of Health  
Organizational Silos  
Supplier Management  
Controlling Costs  
Program Integration  
Health Care Reform  
Workforce Segmentation  
Employee VOI  
Data Quality  
Behavior Change  
Diminishing Value Proposition



These challenges consume significant effort and time.

# Key questions for employers

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- How much does my company invest annually in people, and is it sustainable for all employee segments?
- Can an optimized set of investments improve employee engagement and reduce turnover?
- How can I help our people more effectively manage and use these annual investments?
- How can we control these costs for our business more effectively than our competitors, while increasing VOI and ROI?
- What can my company do to help employees see the connections between the decisions made regarding their health and outcomes with performance and wealth, and become better consumers?
- How can I turn **data** to **information** into **knowledge** to drive **action**?

***What if a different approach could more easily address these questions?***

# Well-being is central to employee engagement

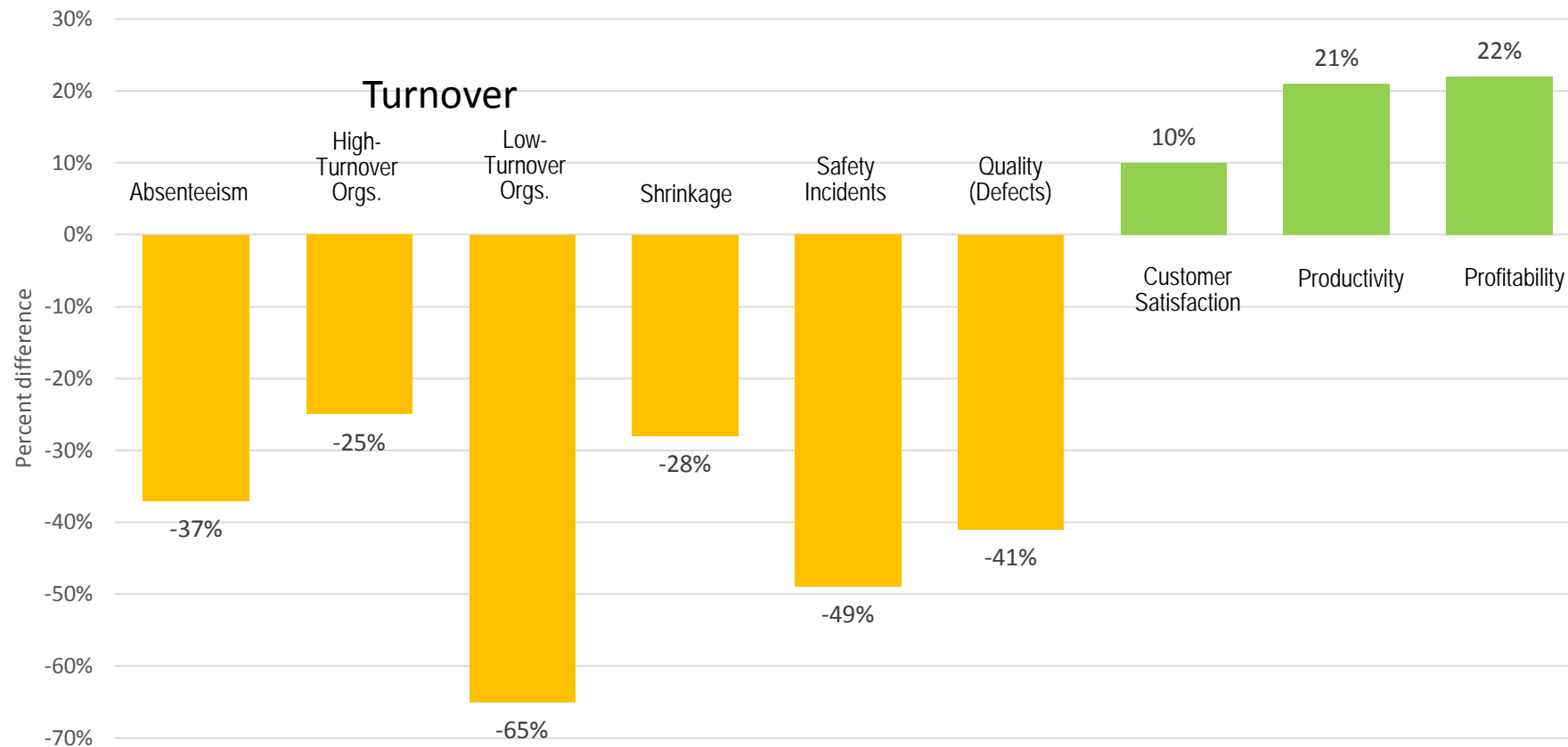
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## Top 10 Drivers of Employee Engagement Globally

1. Senior management sincerely interested in employee well-being
2. Improved my skills and capabilities over the last year
3. Organization's reputation for social responsibility
4. Input into decision making in my department
5. Organization quickly resolves customer concerns
6. Set high personal standards
7. Have excellent career advancement opportunities
8. Enjoy challenging work assignments that broaden skills
9. Good relationship with supervisor
10. Organization encourages innovative thinking

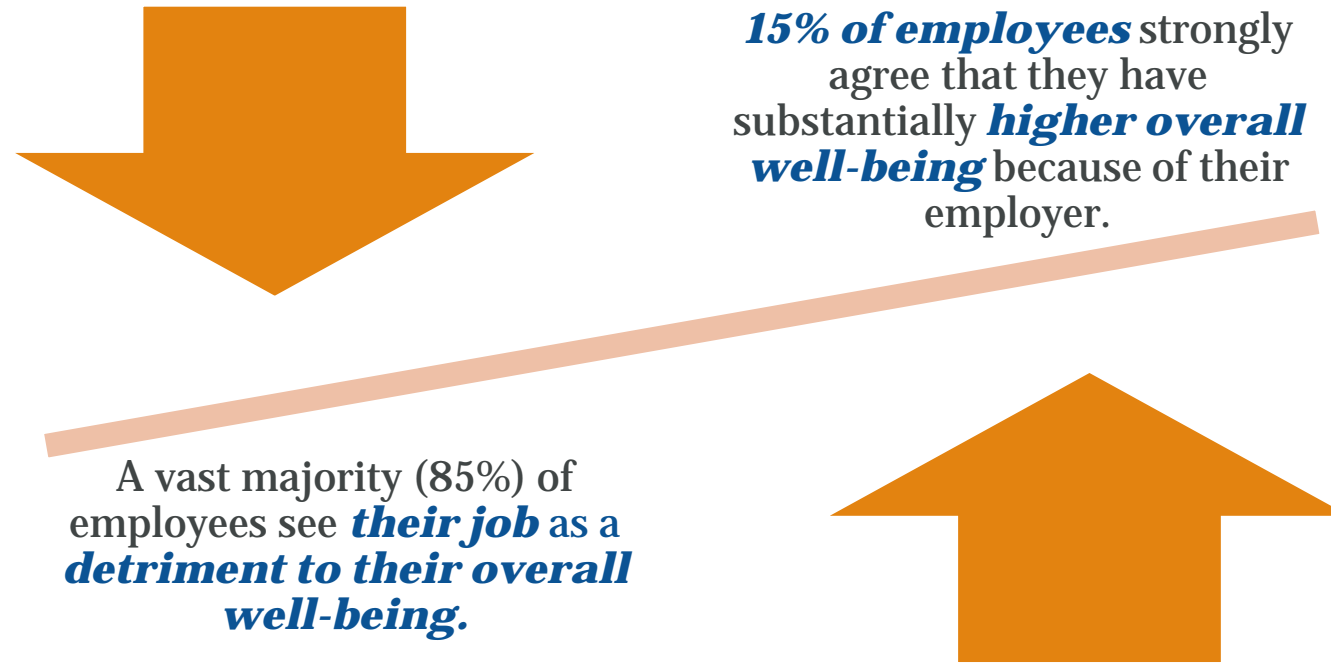
# Employee engagement affects key business outcomes

Work unit outcomes comparing top quartile engagement to bottom quartile



# An opportunity exists for organizations to actively promote well-being

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Organizational well-being lies in influencing your employees to do what is in their best interest.

**Human capital:** the collective skills, knowledge, or other intangible assets of individuals that can be used to create economic value for the individuals, their employers, or their community.

Dictionary.com

**Human capital:** intangible [collective](#) resources possessed by individuals and groups within a given population. These resources include all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively, the [cumulative](#) total of which represents a form of wealth available to nations and organizations to accomplish their goals.

Brittanica

**Human capital:** the stock of [knowledge](#), [habits](#), [social](#) and [personality](#) attributes, including [creativity](#), embodied in the ability to perform labor so as to produce economic value.

Wikipedia

**Human capital:** the skills, knowledge, and experience possessed by an individual or population, viewed in terms of their value or cost to an organization or country.

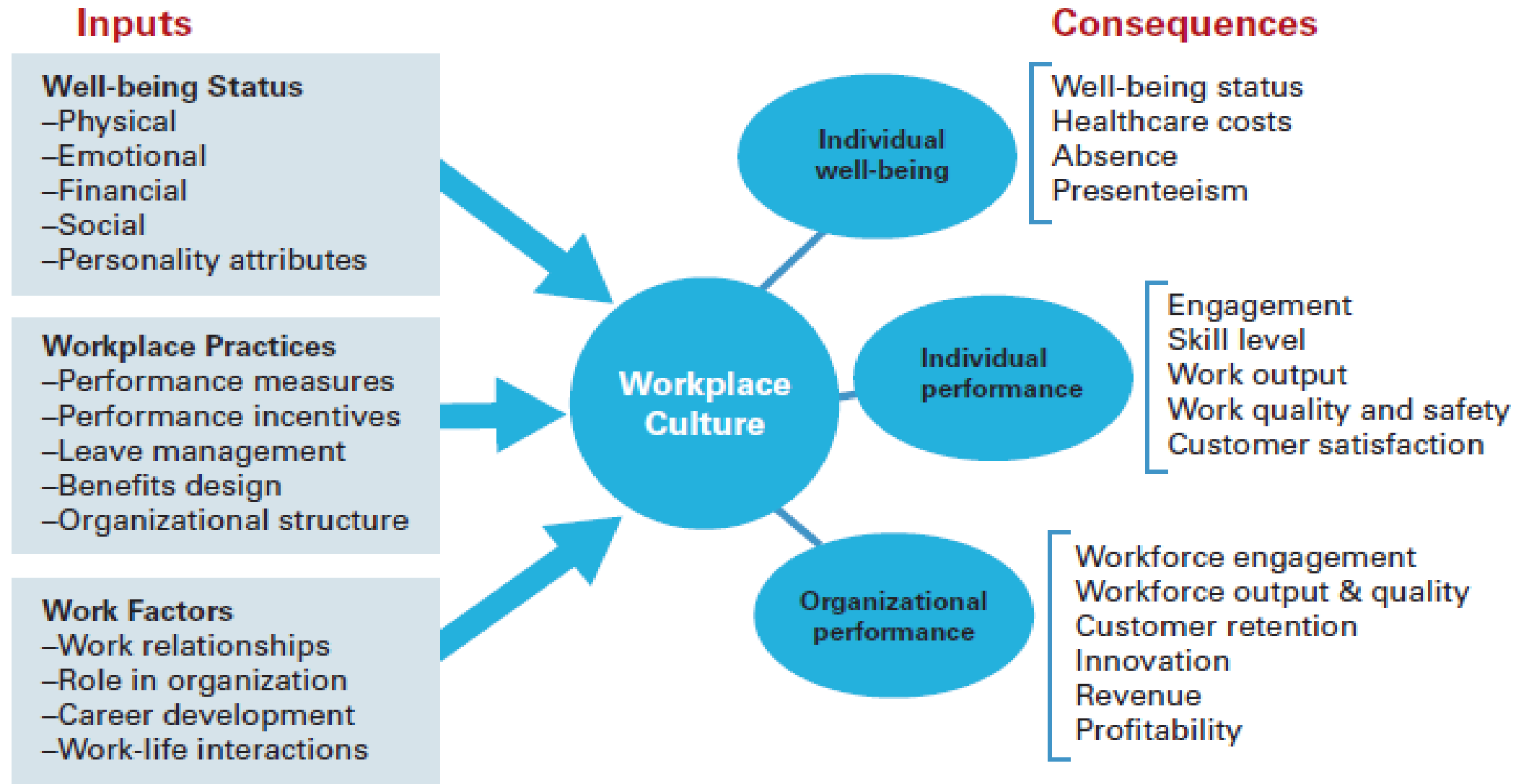
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Does anyone not believe that a healthier workforce is associated with improved business performance?

What are the barriers to transforming workforce health from a line-item cost to a source of business value?

# A working model for human capital management



# Representative opportunities/focus areas for analysis

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## **Analysis of the business value of human capital investments**

- How is the current HR strategy (and specific components) impacting workforce engagement and business performance?

## **Correlation of well-being program engagement and work engagement**

- Do employees that 'tune out' at work do so for all related employer offerings?

## **Evaluation of total rewards practices**

- What are the factors that promote engagement and retention?
- What is the optimal approach to allocation of resources between comp and benefits?

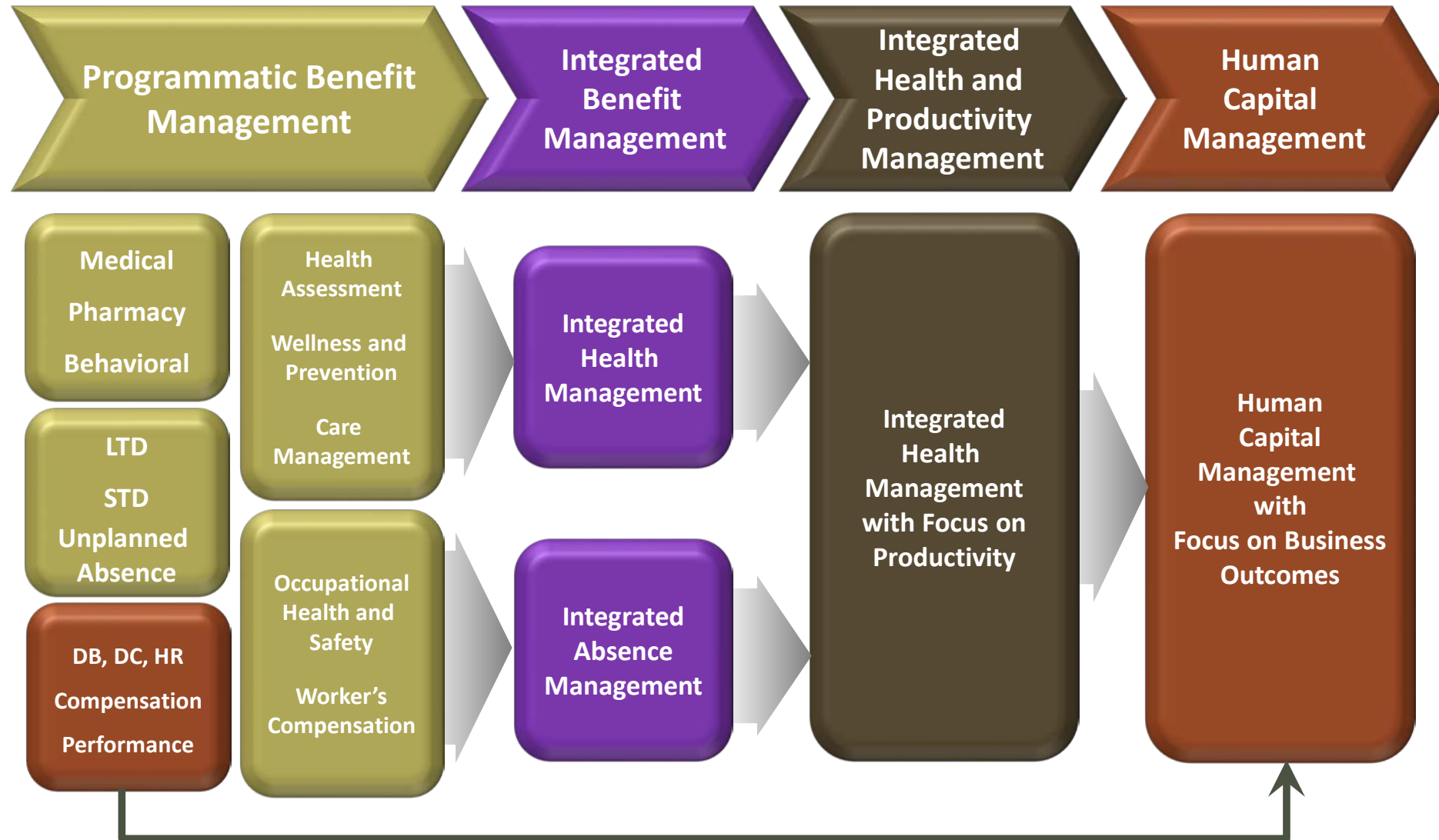
## **Assessment of link between recruitment/hiring and well-being culture**

- Do improvements in well-being contribute to employer-of-choice status?

## **Measurement of the relationship between well-being, engagement and business performance**

- How do different generations in the workforce respond to HR strategies/tactics?

# Use of data evolves with management approach

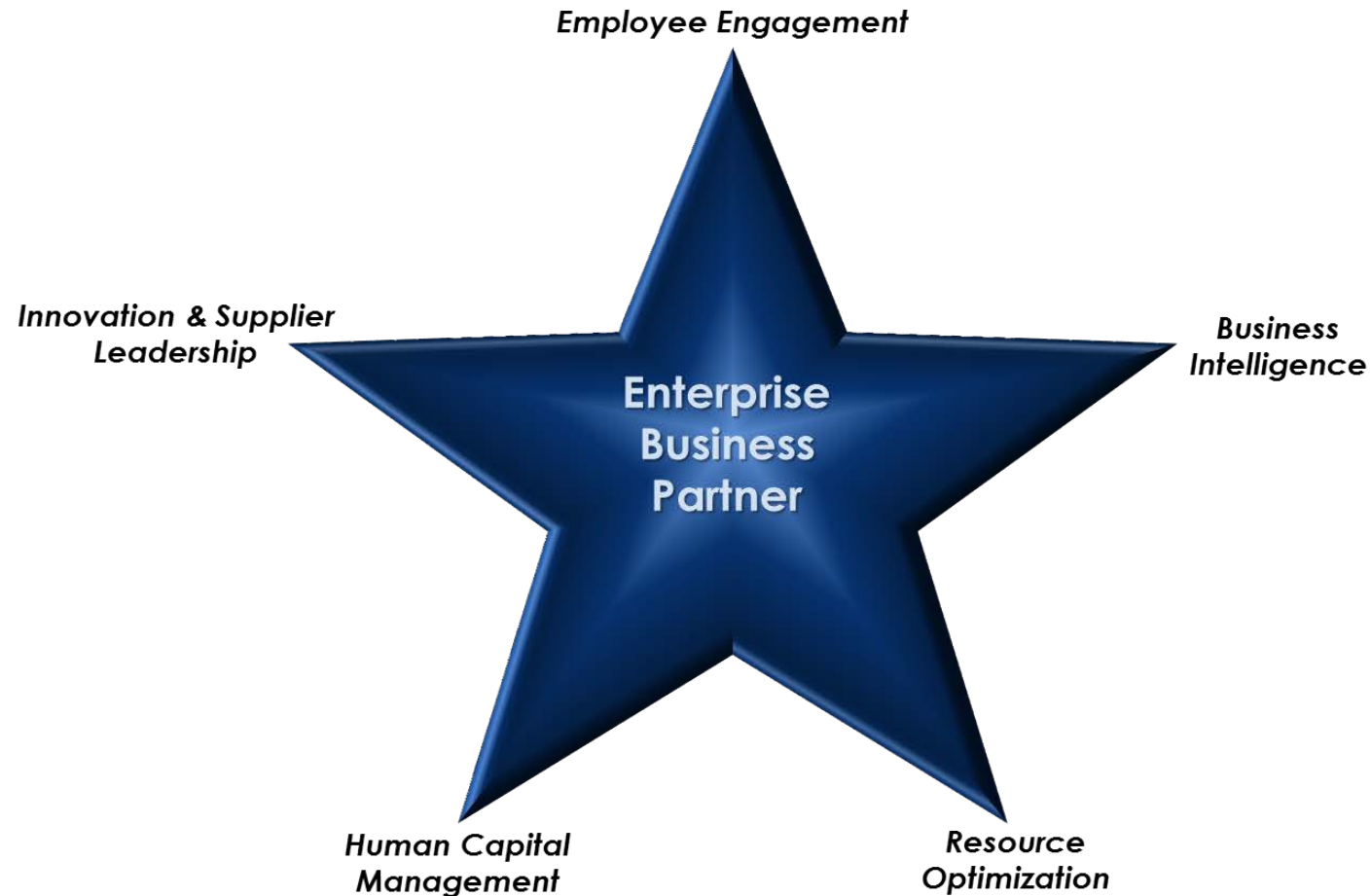


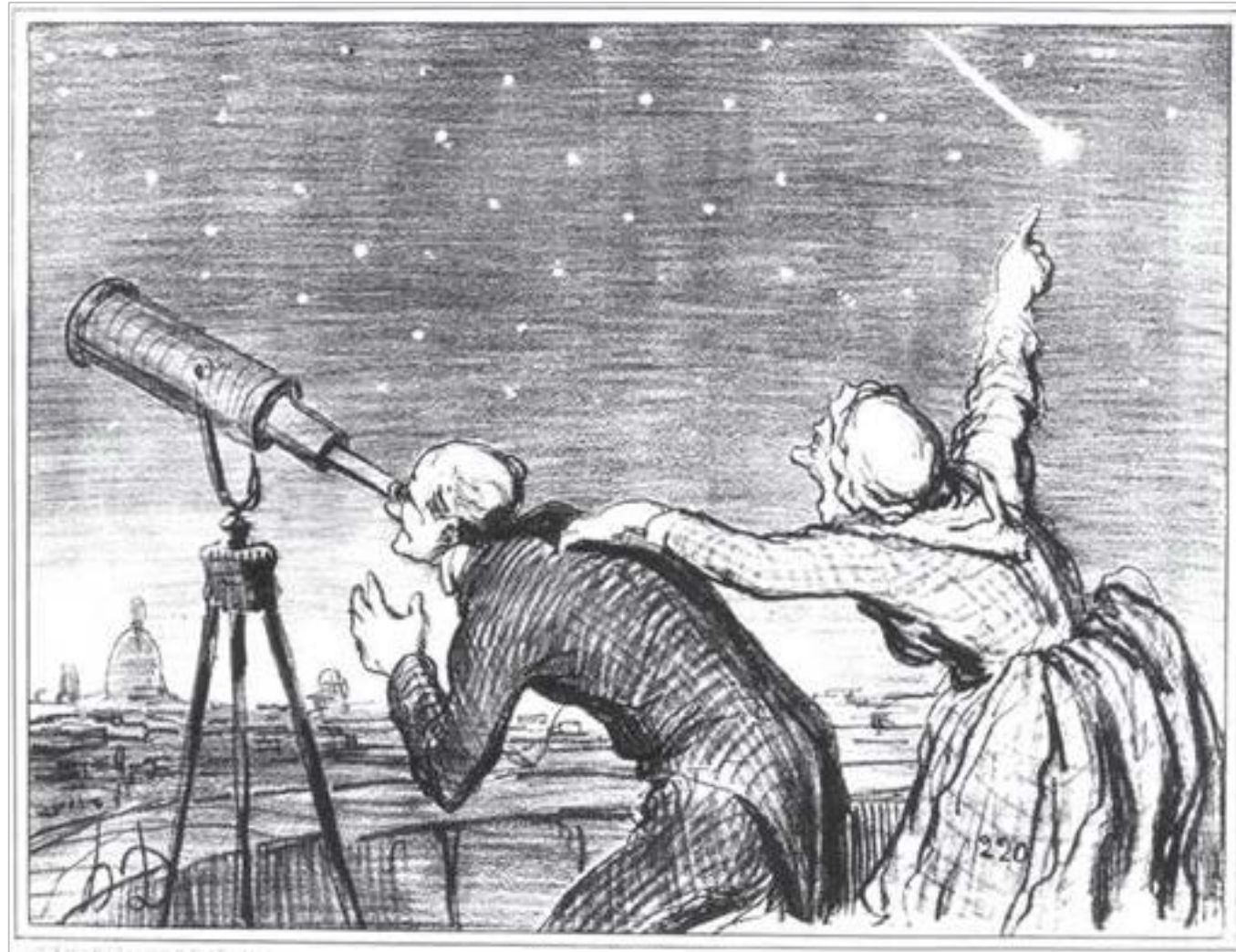
# To make the workforce the competitive advantage, strategic HR requires a different approach

1. A comprehensive, **data-driven view** across **ALL** investments in human capital
2. Productive and **valued experience for employees** using all HR systems and process
3. **Proactive strategic role** for HR to drive success around business goals

# A guiding North Star for best-in-class human resources

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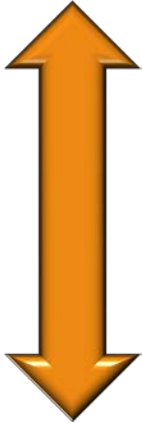




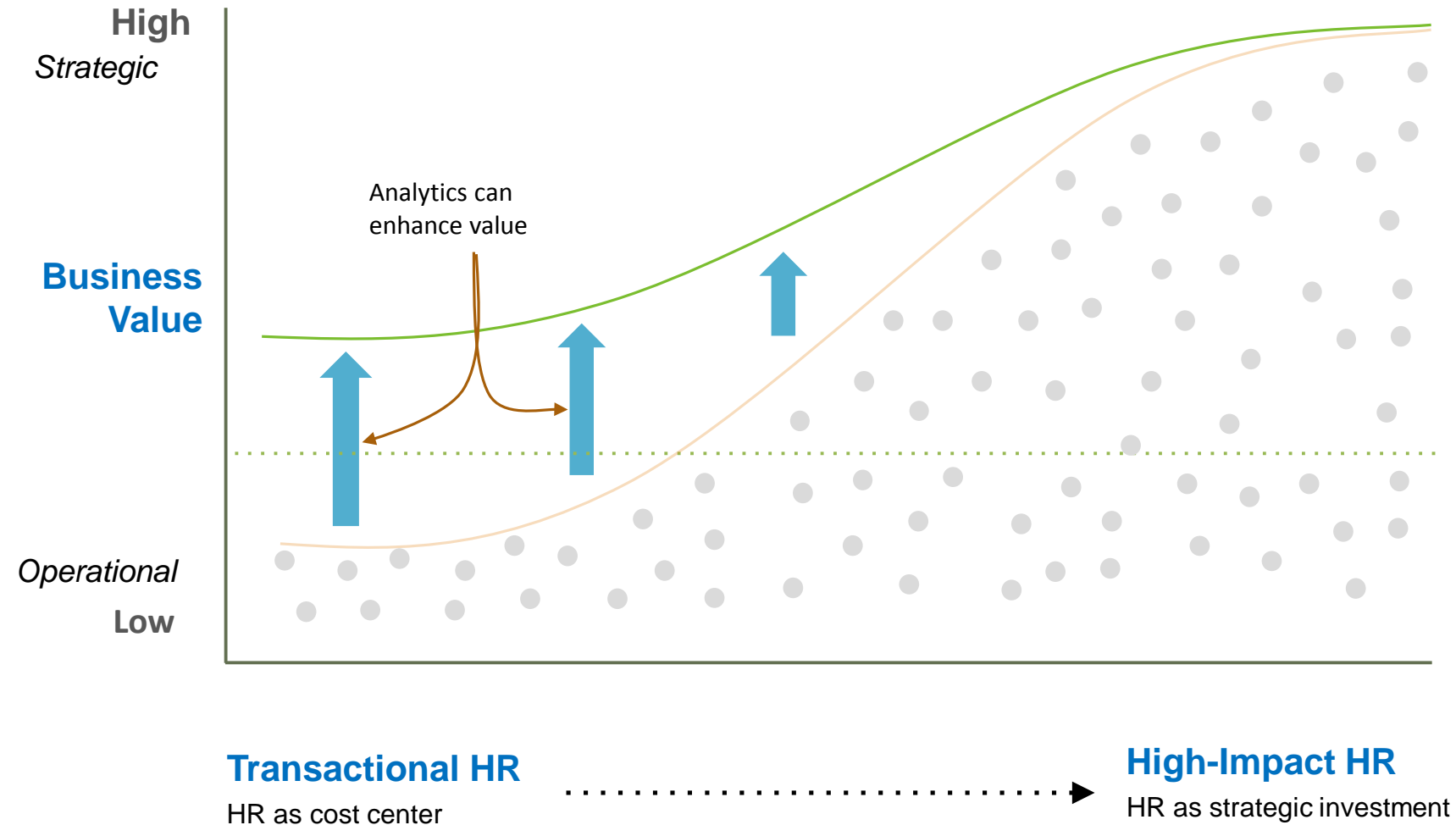
**Honoré Daumier, French, 1808–1879. *Monsieur Babinet informed by his porter of the arrival of the comet. Actualités* 22 September 1858.**



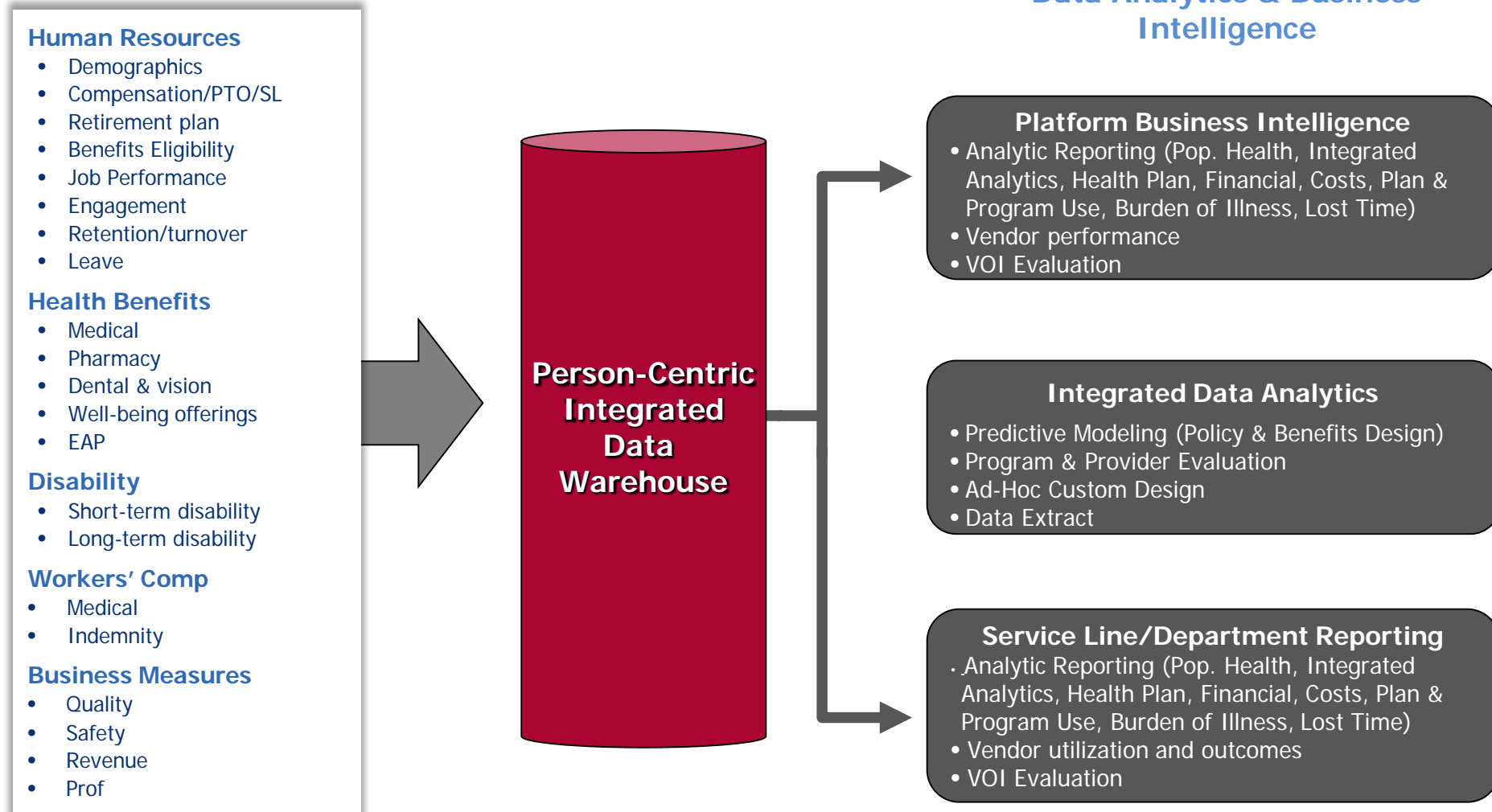
# Evolution of health as a business imperative

	Organizational Tactics	Measurement Approach
<div>Health as employee responsibility</div>  <div>Health as business imperative (culture of health)</div>	Informal offerings	Not monitored
	Program-based offerings (health impacts medical costs)	Program-specific metrics (ROI)
	Integrated health and productivity programs (health impacts productivity)	Health & productivity metrics integration (total cost/value)
	Organizational policies and practices influencing health (health impacts revenue)	Comprehensive integration and reporting (business/shareholder value)

# Evolution of HR as business partner



# Integrated data service model



Theme #1:

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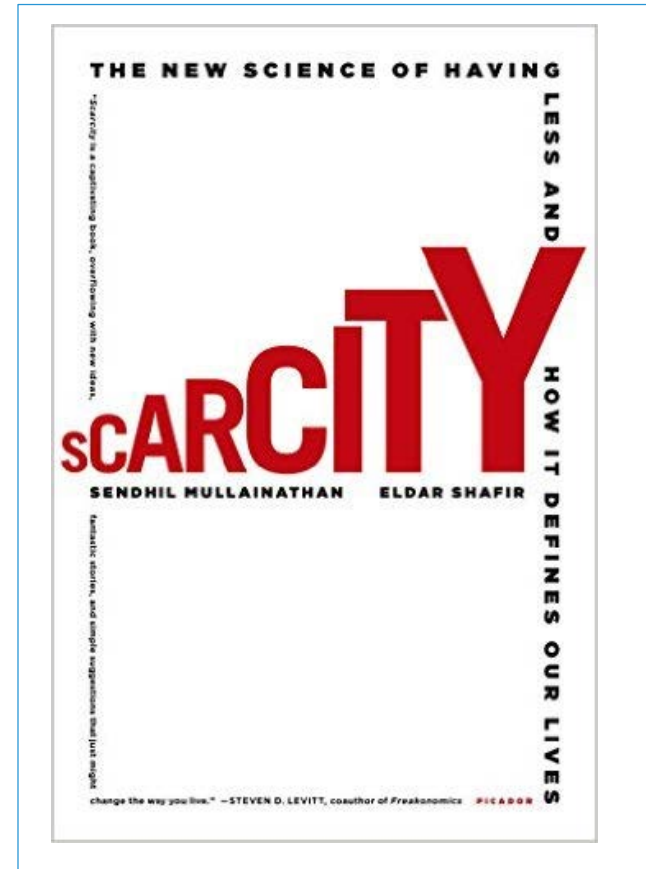
**DO WE REALLY UNDERSTAND EMPLOYEES'  
USE OF HEALTH BENEFITS?**

# Understanding human behaviors

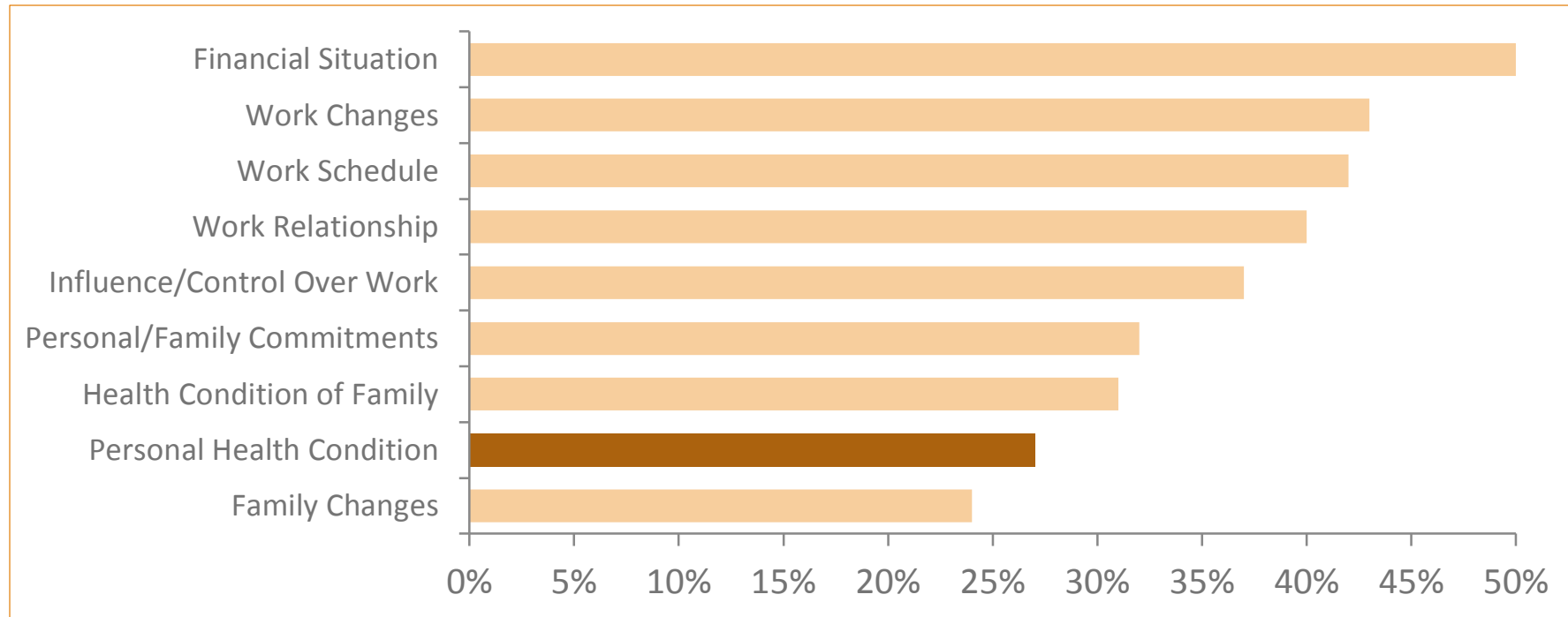
## A new vocabulary:

- **Tunneling:** focus on immediate priorities to the exclusion of other concerns
- **Bandwidth tax:** a consequence of tunneling, manifested by neglect for other concerns
- **Slack:** lack of concern when scarcity is not an issue

<http://scholar.harvard.edu/sendhil/scarcity>

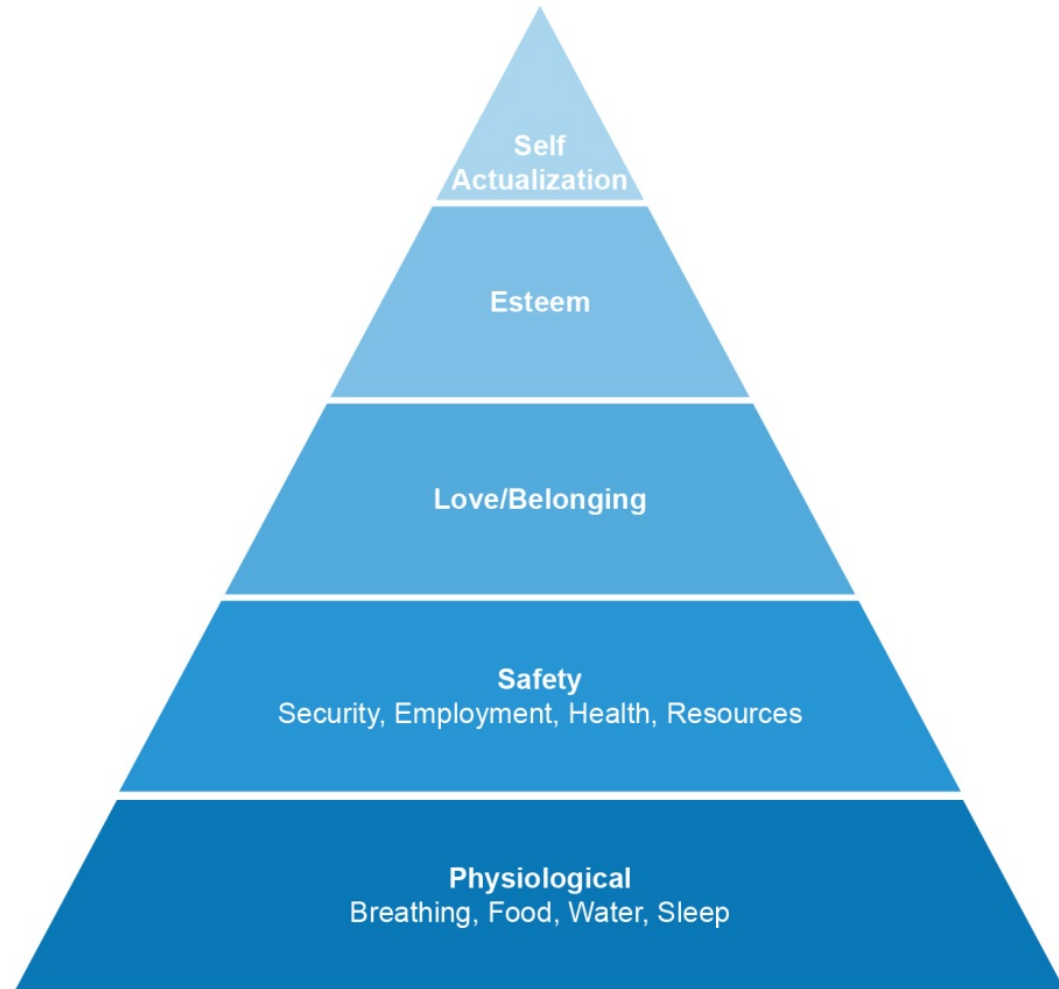


# Factors that stress people most intensely

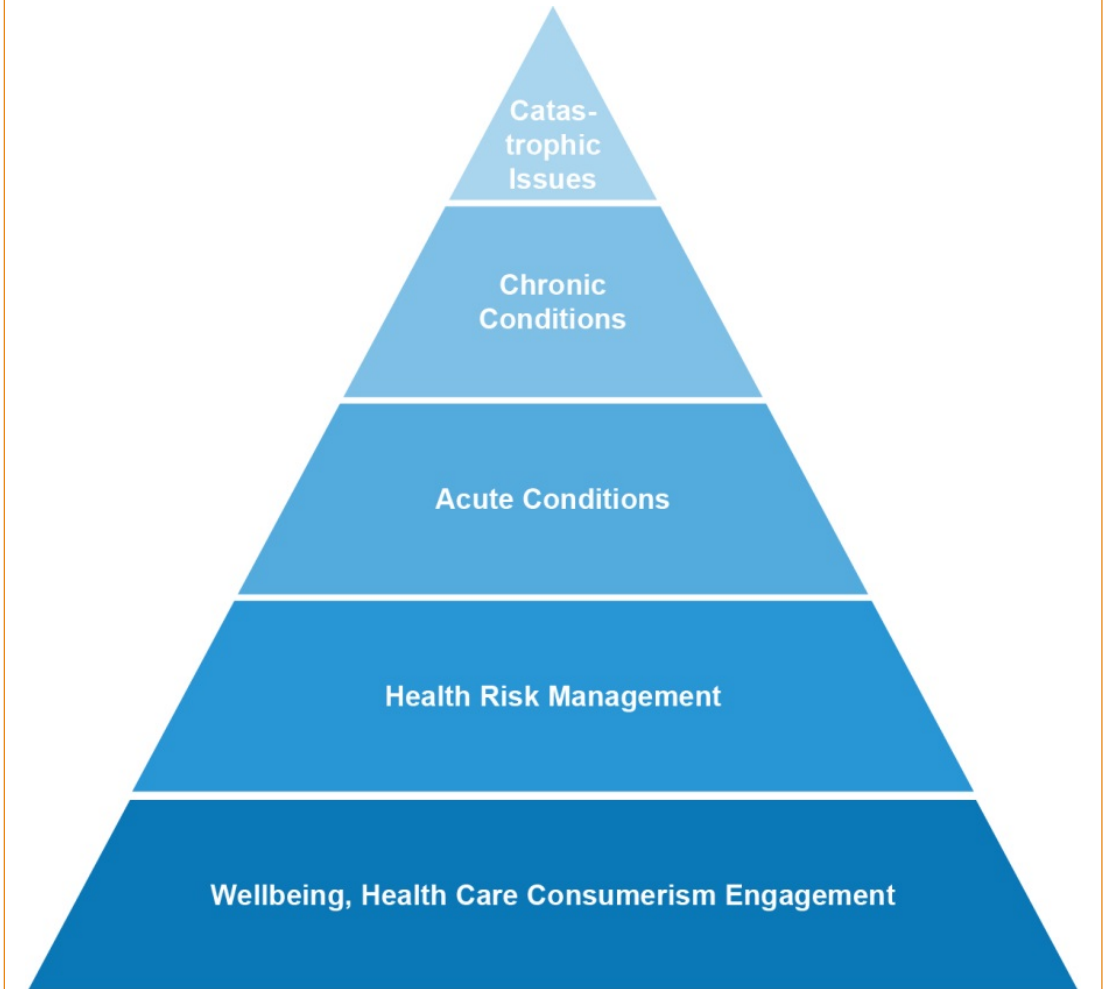


What does this mean for prioritization of personal health issues?

## Maslow's hierarchy of needs...



## ... applied to health benefits



# Analysis of low-wage worker healthcare use

## Objective

To determine whether (and to what extent) health care utilization patterns varies based on wage status

## Subjects

Employees continuously enrolled in RightOpt (2014)

## Data Evaluated

- Demographics, including wage status
- Out-of-pocket costs as a percentage of wage
- Non-use of healthcare services
- Healthcare utilization patterns and costs

## Analytics Approach

Rigorous statistical methodology

Wage quartiles by total counts, with lowest quartile subdivided for greater detail

## Our findings...

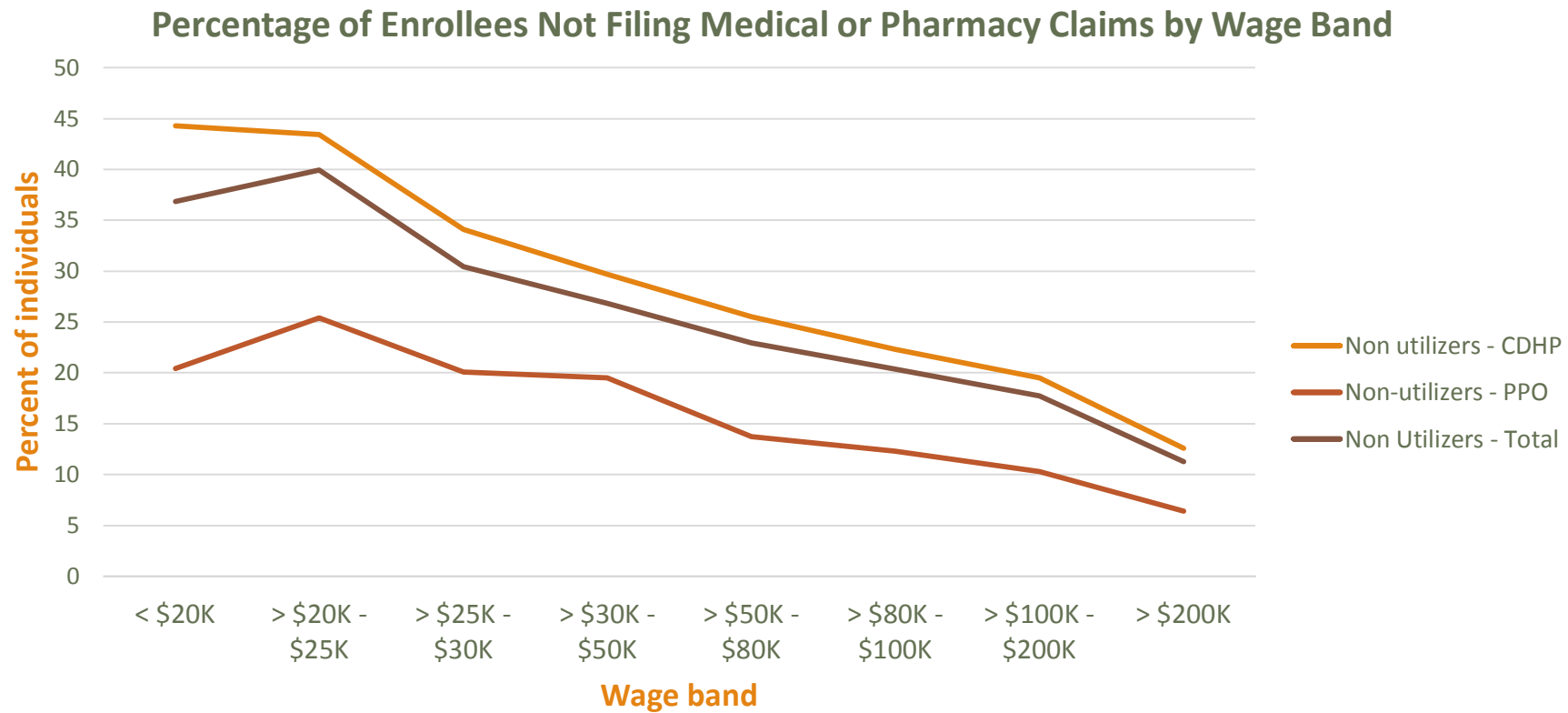
- Have implications on both benefit design and engagement
- Set the stage for evaluating the human capital impact on business outcomes



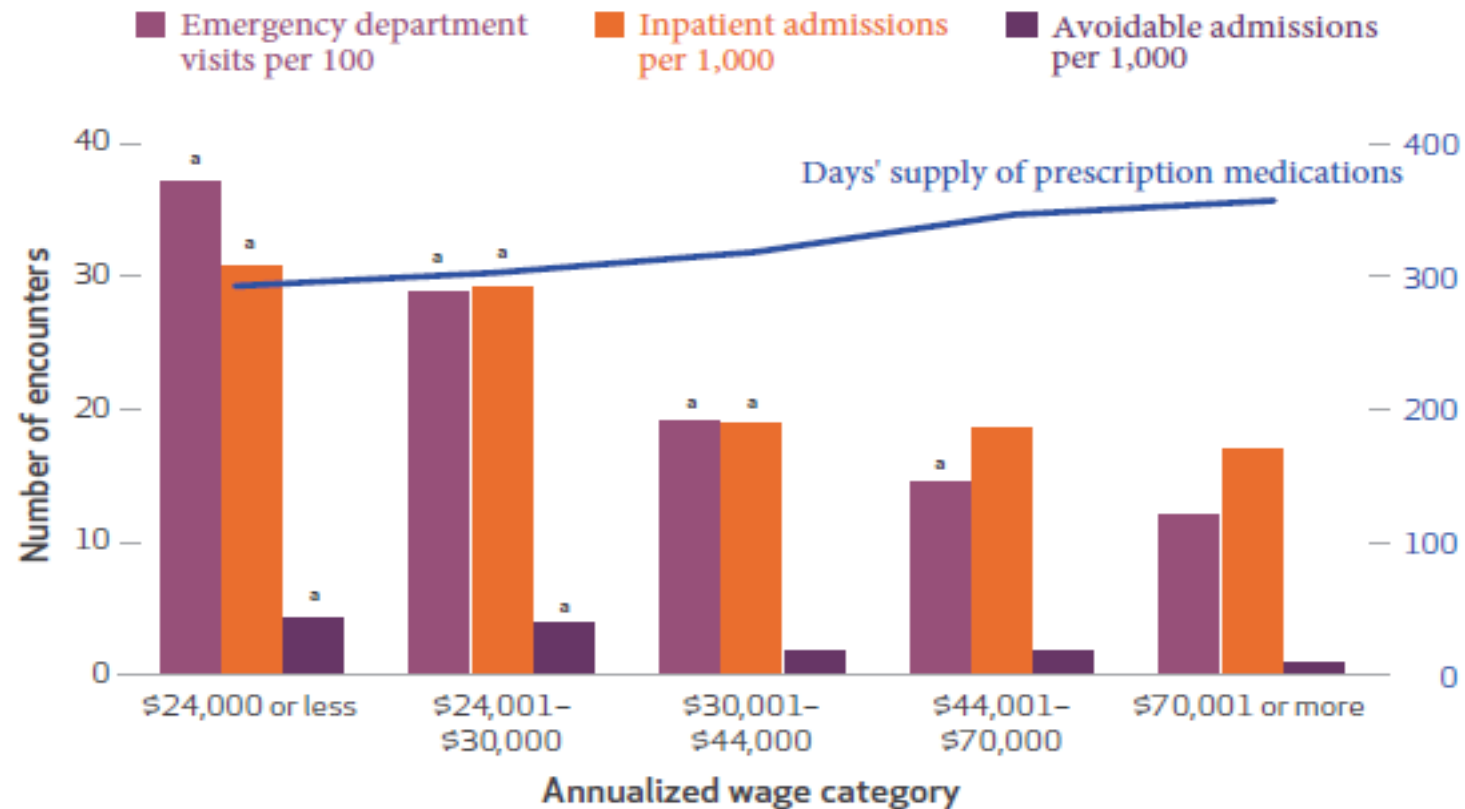
Sherman BW, Gibson TB, Lynch WD, Addy C. Health Care Use And Spending Patterns Vary By Wage Level In Employer-Sponsored Plans. Health Affairs (Millwood). 2017 Feb 1;36(2):250-257.



# Low-wage workers use less healthcare – despite higher risk scores

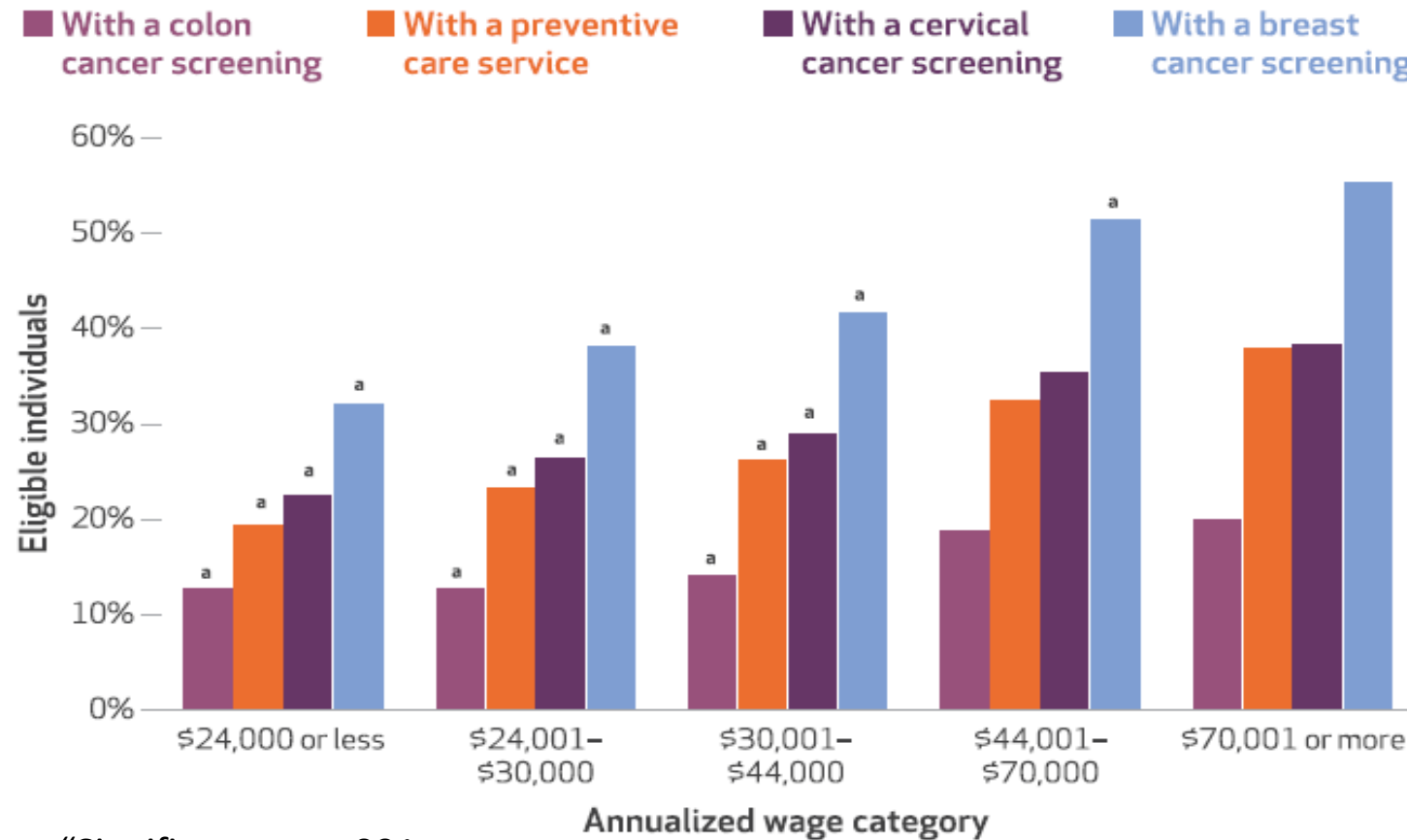


# Low wage workers use more ER and inpatient services



“Significant at  $p < .001$ ”

# High wage workers use the most preventive care services



Theme #2:

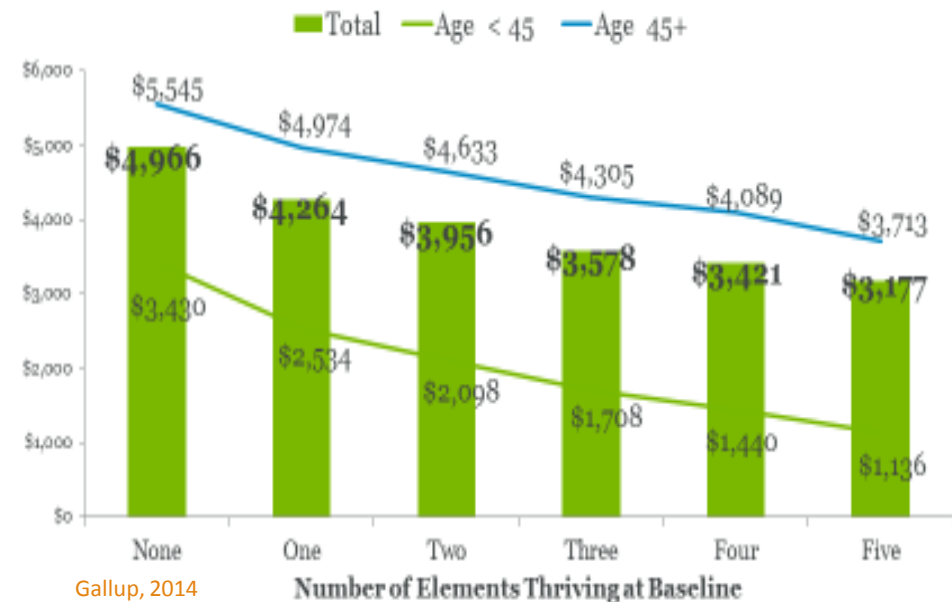
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**HOW CAN DATA BE USED TO BETTER INFORM  
EMPLOYER HR/BENEFITS STRATEGY IN RELATION  
TO BUSINESS PERFORMANCE?**

# Workforce well-being has significant business implications beyond physical health

Working Population	Thriving in Physical Only (n=386)	Thriving in All 5 Elements (n=839)	Compared to Adults Thriving in just Physical, Those Thriving in all 5 Elements:
Average unhealthy days per month	0.81	0.48	▪ Have 41% less absenteeism
Involved in accident resulting in WC claim	1.4%	0.5%	▪ Are 65% less likely to be involved in workplace accident
If job market improves, intent to look for new job	39.2%	7.3%	▪ Are 81% less likely to move when the job market improves

Employees Thriving in Multiple Well-Being Elements Have Lower Health-Related Costs One Year Later



# Healthier employees have significantly higher job performance ratings

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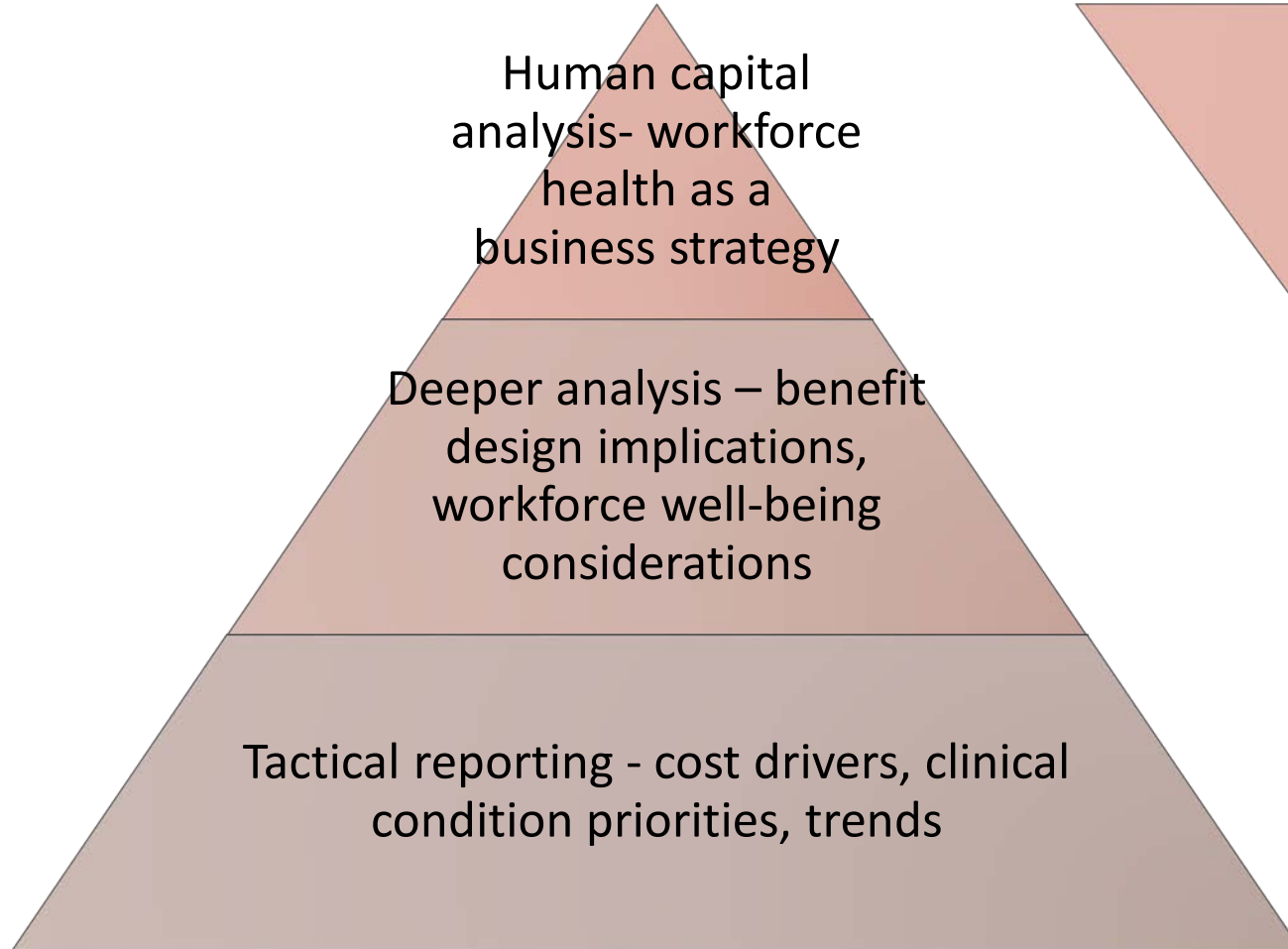
Club/Health Index	Number (2012-14)	Avg. Rating (scale 1-4; higher=better)
Platinum	172	3.68
Gold	681	3.54*
Silver	286	3.47*
Bronze	14	3.37*

\*significant at  $p < .05$  relative to Platinum group

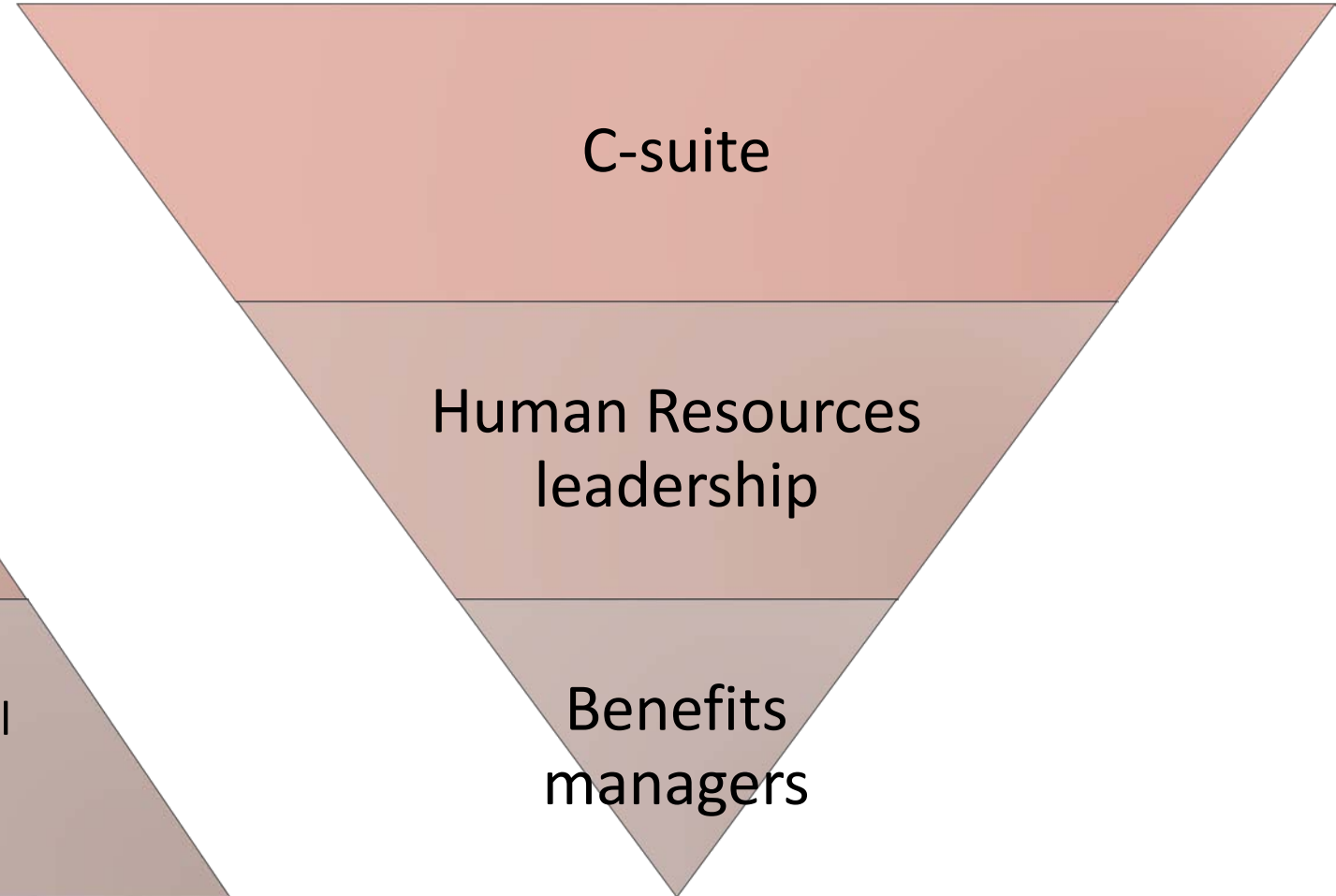
What should be the employer's responsibility for workforce well-being – and overall health status?

# Reporting challenges

## Level of analytics



## Audience for reporting





# Summary

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Using data analytics to guide human capital management approach can:

- help to identify unrecognized cost drivers/patterns (social determinants of health)
- lead to innovative solutions
- More closely align health benefits to yield greater business value

Expanded integration of data sources can facilitate the process, by:

- revealing previously unrecognized links
- better identifying cost drivers
- providing a way to monitor impact of interventions