

CASE IN POINT

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Ingenuity Drives Neighborhood Cultures of Health, Enables Purchasers to Bend Health Care Cost Curve

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Ingenuity Drives Neighborhood Cultures of Health, Enables Purchasers to Bend Health Care Cost Curve

BY R. DIXON THAYER, LES C. MEYER, MBA AND JOEL R. BENDER PHD, MD, FACOEM

The American workforce, long admired worldwide for setting the gold standard on productivity, is coming apart at the seams. The chief culprit: Mounting health care costs related to employee lifestyle choices, which have undermined models of efficiency. But employers that create neighborhood cultures of health namely strategic adaptation business alliances based on benchmark practices will not only “bend” the health care cost curve, but also achieve a sustainable competitive advantage.

Even before the Affordable Care Act, there were already multiple, growing challenges to the unfocused, unsafe, unfriendly, inefficient and inequitable business models of health care delivery in America. Back to the future: Minding the gap of the quality chasm is essential. Crossing the value chasm is imperative.

Population health improvement for purchasers, employers and their trusted employees is built around value creation through meaningful productive interactions and the personalized experiences of consumers, providers, purchasers and payers. Informed opinion leaders firmly believe that it is important to get the message out that maintaining the status quo is no longer enough, and that the business and moral imperative is to reinvent the way things are done.

U.S. health care will soon begin transitioning to a health and performance improvement continuous value enhancement reimbursement (HPI/CVE) model. Under this approach, groups of hospitals, physicians, trusted clinicians, practitioners and plans will share in the savings that result from the right care at the right time, as well as meaningful prevention and treatment strategies that work and cost less.

This pioneering value-based purchaser arrangement incentivizes meaningful and productive interactions between clinicians and patients. It also forges inextricable links to neighborhood group practices and community hospitals and guided, personal care transition teams that sustain positive behaviors, resulting in better overall family health to sustain

lifelong cultures of wellness.

As the architects of public policy and transitions-of-care providers on the front lines continue to reshape the nation’s ailing health care system, one promising path to healthier communities will be through HPI/CVE tools, techniques and best practices that power community cultures of health.

Neighborhood [community] health assurance collaboratives and strategic business adaptation alliances are emerging with innovative hospital and clinic employers and integrated medical and behavioral guided-care providers focused on fixing health care on the front lines to improve the economic wellbeing and quality of life of all stakeholders.

It’s time for purchasers to help consumers focus on meaningful productive interactions with their family physicians to achieve their personal health best in order for everyone to “bend” the cost curve. It’s nice to achieve one’s personal health best, but there’s an even bigger need to help neighbors do the same.

Quality assurance in a neighborhood near you

The quality assurance approach to HPI/CVE focuses on demands based on what consumers need [and expect] at any given time. Innovative purchasers and savvy employers have found that the creative and intensive use of “culture of health” programs and other tools to establish and foster a “culture of health” can help prevent many chronic conditions and delay the onslaught of mortality, as well as

improve outcomes and quality of life. A “neighborhood culture of health” occurs when a proactive population or community of covered lives bands together to make the right lifestyle, health and wellness choices as a result of a convergence of interests and support systems, structures and processes. The end result: consumer access options to interconnected neighborhood resources that converge on the centrality of the individual [and the family] and continuously engage the consumer’s experience and interactions to ensure lifelong personalized neighborhood health assurance achievement.

“The capacity to serve individual customers - that is personalization and co-creation of value - will demand capabilities to work with customers to anticipate and predict their preferences on a continuous basis”, state University of Michigan’s Ross School of Business informed opinion leaders C.K. Prahalad and M.S. Krishnan.

Much of the problem has to do with aligned consumer incentives, relevant information and distinct choices. The typical American consumer will not spend much of his or her disposable income on the area of prevention. According to employee engagement and consumer behavior change experts, most working Americans are not interested in actively improving their health via lifestyle change. Change is difficult and requires some sacrifices that many don’t want to deal with until it reaches a crisis stage. Pogo nailed it on the head: “We have met the enemy, and he is us.”

Recent surveys confirm that fewer than 20% of employees take advantage of free preventive services, with men being the worst offenders. For example, the

number of males who receive a prostate exam and the prostate-specific antigens can be as low as 30%, while 40% of them do not even have a trusted primary care physician. About 80% of women, on the other hand, receive well-baby care, mammograms and pap smears.

Employers are no better in this area. Only about 5% of the corporate health care spending is devoted to prevention – a figure that should be about 7% to 10% in order to make a meaningful difference. These statistics are disturbing for a nation that is capable of doing so much better. Imagine the possibilities [untapped potential] if more employees were willing to shoulder greater responsibility for their health and more employers created neighborhood cultures of health. Corporate America would be far better able to compete in a global economy with a healthier, re-engaged and more productive workforce.

Unsustainable cost increases

After years of double-digit health care cost increases that have moderated in recent years, industry observers predict health care cost increases will be about 9% to 10.7% in 2011. With each employee costing about \$7,800 a year, such an increase would add about \$702 to that growing tab. Soaring medical inflation is unsustainable and clearly can make or break a business. Add in the fact that absenteeism can run as high as 12% in some organizations and the cost equation becomes even more complicated.

“As employers start to fully understand the long-term cost impact of health reform, many are looking to redesign their health plans,” according to John Zern,

Aon Consulting’, U.S. Health & Benefits practice director.

A positive change that purchasers can make to combat rising costs is to develop a comprehensive, neighborhood-based employer culture of health and wellbeing program. In 2011, smaller employers will be eligible for grants to help kick off culture-of-health programs. In 2014, purchasers will be allowed to offer new total rewards programs to employees up to 30% of the cost of coverage for participating in a total wellbeing program. Current neighborhood cultures-of-health and population-wellbeing regulations call for up to 20%.

At the heart of this issue on the front lines is that an employer’s ability to offer affordable health care coverage that is deeply exacerbated when employees make poor lifestyle choices and, as a corollary, the most excessive costs are due to chronic disease, catastrophic illnesses and end-of-life care.

With regard to that final point, only about 25% of Americans take advantage of hospice care, which is a tremendously efficient and compassionate business model, and in the corporate world the figure declines to 10% to 12%. Most organizations probably are fearful about tackling some of the cultural nuances associated with confronting this issue and, as such, choose not to integrate this issue into their overall health plan management. But it would behoove them to identify appropriate community resources and not hide from hospice.

In order to bend the health care cost curve, employers must establish and continuously foster a workplace culture of health, which becomes a self-perpetuating competitive advantage by bending

the curve of cost while improving the health and productivity of its covered lives.

A recent HealthNEXT survey of the top 80 North American executives of a large global manufacturer showed that the majority of executives were:

- In large part unaware of the direct cost of health care to their business.
- Unaware there were benchmark companies that not only have reduced the increase in health care costs, but have started to reduce the overall cost by creating self-perpetuating workforce cultures of health.

The key to achieving a workforce culture of health starts with executive awareness that there is a problem, followed by an understanding that executives must take a more active role in their workforce's health and wellness by creating the proper environment, and support infrastructure in the workplace.

It's critical for the senior management team to actively engage, commit and champion health promotion in the workforce, convincing peers and serving as a role model to others to adopt healthier lifestyles. It's not enough to just talk about it from the C-suite. One must deeply assess and modify the work environment to be conducive and to reinforce the message.

It's remarkable to see what happens when the CEO or other members of the C-suite can be seen exercising in corporate health and fitness facilities alongside their employees. The fact is that participation in health and wellness programs will improve if

an organization's leadership takes ownership of this issue.

What's also compelling is to see how health promotion has taken shape in the Information Age, with peer-to-peer contact based on the traditional Weight Watchers model being zealously applied to social networking groups that are brimming with support and encouragement, and proving to be tremendous motivators. Other technology applications include the use of the smart phones, Podcasts and pedometers to track health care objectives and outcomes.

Getting started

Pursuing a neighborhood culture of health strategy may at first seem daunting. However, most organizations already have unconsciously pursued and achieved effective beachheads for creating this culture shift. For example, most manufacturing enterprises have successfully installed a "culture of safety" in their plants. There are active safety committees, signage, continuous improvement processes, etc. Many have prominently displayed measures (i.e., number of days without injury) with management incentives tied to them. This is an extremely effective beachhead for a culture-of-health program. "Safety" directly correlates with health and disability. Now one only needs to grow that focus to realize that poor health correlates with poor safety.

Key metrics

Another key to success is an ability to measure anything related to improving health and well being and productivity, and be able to compare the results to regional or national best practices. This evidence-based emphasis is rooted in comprehensive data warehouses that analyze medical claims, lost

time, workers' comp and safety data and product metrics – all of which help employers visualize changes and integrate programs to improve processes. Incentives and rewards, which will vary with demographics and other factors, also help motivate employees to adopt healthier lifestyles. Never underestimate the potential for greater employee engagement in the health care improvement movement and the dividends that will be paid by this human capital investment.

There are several key ingredients that help shape and perpetuate a culture of health. They include a strategic road map for improving employee health and well being, along with an integrated population health management model that reinforces the importance of staying well. But beyond this high level of analysis lies a basic need to provide aggressive educational support for employees with serious health-risk factors and those who have suffered catastrophic events so they can make better choices. Another component includes early return-to-work programs that maximize the efficiency of acute care. These efforts must not only educate, but also track and reward employees and their covered dependents for becoming smarter health care consumers.

So much of the outcome rides on the sanctity of the doctor-patient relationship, which is why it's critical to work directly with the best possible slate of community providers. It certainly helps to have an empowered, dedicated physician executive on staff to assist in program design, vendor management, balancing costs and benefits and providing the necessary clinical insights and expertise to a corporation. Employers that cannot afford the luxury of having such an individual

work full time should explore the option of contracting out those services to fit their budgetary constraints.

More importantly, a behaviorist and team of health care specialist can plan major roles in conducting individual health opportunity assessments that are much more focused and intensive than typical health-risk appraisals. Other parts of this approach include one-on-one contact with employees and follow-up visits.

When seeking to measure the trajectory of such efforts, it's necessary to use an employer health-opportunity assessment involving the most comprehensive evaluation tool for assessing and tracking the pursuit of a culture of health, objectively measuring progress on more than 250 elements across an 11-point scale that's weighted by five thresholds of program effectiveness and efficiency and determines the degree of program penetration. Issues will include the percentage of employees who know about these efforts and whether the outreach involves spouses or key executives beyond the benefits manager who are deciding which key elements to emphasize based on a sensitivity analysis. This information can be used to assign a numerical value that measures program preparation and status relative to what others are doing as part of a balanced scorecard approach. For instance, a typical employer that's just starting out in a 200-point range on a scale of zero to 1,000 will be able to develop a culture of health that bends the cost curve when that number reaches at least a 600 threshold. Not surprisingly, a handful of blue-chip companies that have established some of the most well known cultures of health,

such as Dow Chemical, General Mills and Pitney Bowes, tend to score in the neighborhood of 850.

Beyond the numbers

What should employers that create a culture of health expect in terms of their return on this investment? Truth be told, ROI can be elusive – just as it can be for many other moving parts of the complex health care cost equation – largely because there isn't a standard approach to measuring it.

The best evidence, however, comes from individual disease management across the group health care market. For example, a recent diabetic health education program that was carefully branded in a manufacturing setting paid for itself within just six months, but the impressive 1:9 dollars saved-dollars spent ratio required incredible engagement on the part of organized labor, plant managers and community providers and trusted clinicians.

One of the toughest areas to manage is related to the nation's alarming obesity epidemic. Body mass index (BMI) is the primary indicator of an employee's progress, or lack thereof. When medical costs caused by two of the leading disease states are adjusted, they increase by about \$6 per BMI unit for diabetes and \$20 per BMI unit for heart disease. And the likelihood of filing a medical claim increased about 12% for each BMI unit for diabetes and about 5% for heart disease. What the research suggests is that reducing weight will lower health care costs and claims, as well as improve the health care status of individuals with diabetes and heart disease.

Beyond the numbers, what tends to happen in organizations that have successfully created and

sustained a culture of health is that they become a preferred place of employment among both dedicated employees, who become more loyal, and prospective new hires. Their workforces become more productive not only from the standpoint of better health care outcomes, but also because the employees recognize that they're more appreciated and valued.

A culture of health is synonymous with a culture of caring, which results in corporate goodwill, higher morale and improved employee relations. It's human nature to aspire to good health and financial security. And considering that people are a corporation's most valuable asset, helping employees achieve a combination of health and wealth to fulfill their personal and professional objectives is a prudent business practice that will result in a sustainable competitive advantage for organizations that succeed in creating and maintaining a culture of health.

Workforce wellness and work life balance achievement can become a sustaining competitive advantage. Creating such an environment starts with C-suite awareness, commitment and sound execution, followed by a clear assessment and multi-generation strategic human capital roadmap. Some benchmark companies are now bending the curve of cost downward while improving productivity and overall well being.

R. Dixon Thayer is co-founder of HealthNEXT and senior fellow, Jefferson School of Population Health (rdthayer@healthnext.com), Les C. Meyer, MBA, is the firm's vice president and chairman, Informed Opinion Leadership Action Group, senior fellow, Jefferson School of Population Health, member Patient Advocacy Institute and founder Taos Brain Injury Transitions: Culture of Health Institute, (Les.Meyer@HealthAndPerformance.info) and Joel R. Bender, Ph.D., M.D., FACOEM, is former corporate medical director of General Motors and an independent trusted advisor to purchasers. (jbender@twmi.rr.com).