



RESOURCE CENTER FOR HEALTH & WELLBEING

Winter 2013

## Driving Value in Employee Health eBook: The Case for Health Management





## The Case for Health Management

**Employers today understand** that proactive health management can keep their employees healthy—thereby increasing productivity and improving their bottom line. In fact, 88 percent of employers who participated in the Optum “Wellness in the Workplace 2012” survey said wellness solutions are important for promoting a healthier, more productive workforce (see page 5). Health management programs are also becoming a strategic differentiator in the eyes of human resources professionals and senior managers who seek a competitive advantage in the job market.

Despite understanding the benefits of health management programs, many employers have a tough time demonstrating value. In a 2011 survey conducted by GfK Custom Research, 52 percent of employers and benefits decision-makers surveyed said they do not receive ROI estimates for health management programs, or do not know if they do (see page 8). If they are unable to demonstrate value, employers could discontinue these programs in the future.

At Optum, we understand the importance of health management programs for improved health outcomes and the need for tools to help measure and report progress. This eBook summarizes select research from Optum into the current state of health management programs as well as the challenges employers face in demonstrating value.

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Despite understanding the benefits of health-related programs, many employers have a tough time demonstrating program value.

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Read “Wellness in the Workplace” (page 5) to find out how small and large companies regard and administer wellness offerings. Turn to “Demonstrating Program Value” (page 8) to learn about the challenges of measuring and reporting the results of health management programs. Then read “Treating Complex Conditions with Specialized Expertise” (page 10) to find out what makes care for employees or members with complex conditions so important.

Ready to build the business case for your health management programs? Read “Healthy Employees, Healthy Profits” (page 12) to learn how business performance metrics can help convey the success of health management programs. “Driving Value: Estimating the Economic Impact of Health Management Programs.” (page 14) discusses the benefits of “value drivers,” or gaps in care that have been monetized to reflect their potential value as a solution for reporting the effectiveness of health management programs.

The bottom line? It is possible to understand the value delivered by health management programs. Read on to find out how you can make the case for employee health management.



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### **Driving Value: Estimating the Economic Impact of Health Management Programs**

Historically, employers have been challenged with determining health management program value. Find out how "value drivers" can help purchasers monetize program results.



We know how tough it can be to stay on top of the latest health care research, trends and industry news. The research that appears in this eBook was originally published as part of the Optum 5-Minutes Program, a series of quick easy-to-read research summaries designed to keep you informed and help you improve the health and wellbeing of your organization.

Let us arm you with the information you need today. Access the 5-Minutes Program and other featured content in the Resource Center for Health & Wellbeing: [www.optumhealth.com/resourcecenter](http://www.optumhealth.com/resourcecenter). For additional information on these topics, contact Optum at [resourcecenter@optum.com](mailto:resourcecenter@optum.com) or (866) 386-3408.

# Wellness in the Workplace

## Wellness programs and incentives are business imperatives for U.S. companies

As America's political leaders wrangle over health care reform, U.S. businesses (which cover the health care costs of more than half of Americans) are doing something about the situation. Corporate initiatives to improve employee health and prevent chronic disease represent a growing trend among employers. Those employers are implementing wellness programs—from biometric screenings and flu shots to nutrition coaching and fitness challenges—to produce healthier, more-productive employees and, in turn, stem long-term costs.

In a third annual tracking study, "Wellness in the Workplace 2012," Optum surveyed small and large companies regarding their current wellness offerings. The study found significant shifts in the types of programs offered, the ways offerings are administered, and the methods companies are using to improve employee participation.

### Survey Takeaways

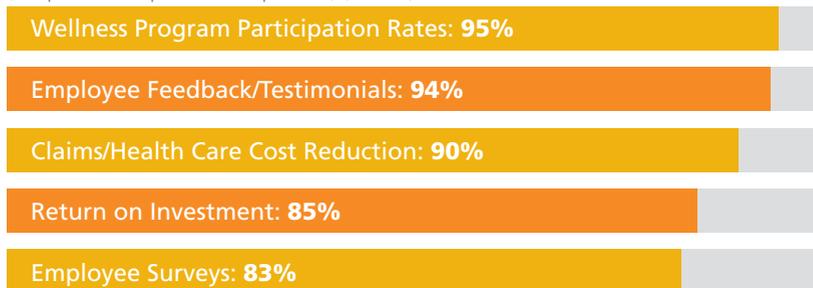
#### Responding companies are starting to measure and track hard-line cost reductions and return on investment

Most of the companies surveyed gauge success by decreases in health care claims and increases in program participation. Based on that, at least two-thirds of respondents said their wellness efforts are successful.

#### Importance of Success Metrics

Question: How important is each of the following in how you determine the success of your wellness programs?

("important" reported as Top 2 Box) (n=400)



### Key Findings

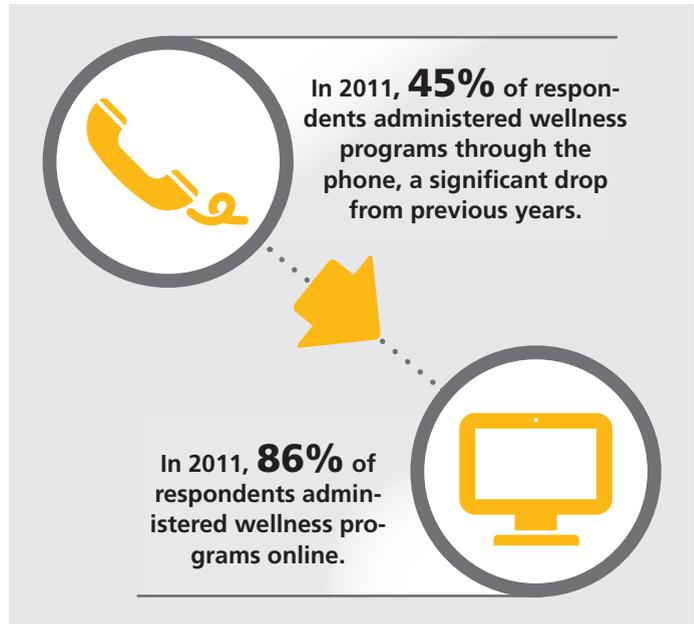
- More than ever before, organizations are positioning wellness as a strategic priority, demonstrated by such factors as a marked increase in senior management's support of wellness and proactive communication of wellness offerings.
- Most companies surveyed (88%) consider wellness solutions important parts of the benefits mix, with some even viewing wellness in the workplace as a strategic differentiator.
- Over the past three years, employee participation in wellness programs has increased, with nearly half of employees taking part in wellness programs, an increase of 16% over prior years.

## Survey Takeaways

### Wellness programs are more likely to be administered online, instead of via other methods

The primary method of administration of wellness coaching is now online, surpassing the telephone, which was the most commonly used method in 2009 and 2010.

Most respondents administer wellness programs online (86%). Onsite events are also very popular with 83% of respondents administering programs this way. Onsite clinics, a new question added in 2011, are leveraged by 46% of respondents. Such clinics are more prevalent at larger companies (35%) versus small ones (7%), and those with older workforces are significantly more likely to offer preventive care through on-site clinics (52%) than are those with younger workers (29%).



### Program access extended to families, retirees

More than half of companies surveyed (52%) offer wellness programs to family members. The number of companies offering wellness to retirees has increased by nearly 40% over the past few years, from 18% in 2009 to 25% in 2011.

### Administration of Wellness Programs More Strategic

More than half of respondents (56%) said they have formal, written strategic plans for wellness. Organizations with strategic plans and/or an employee dedicated to promotion of wellness generate more participation among employees than do organizations that have neither.

### Participation Rates for Organizations With and Without Formal Wellness Programs



## Survey Takeaways

### Rationale for wellness holding steady

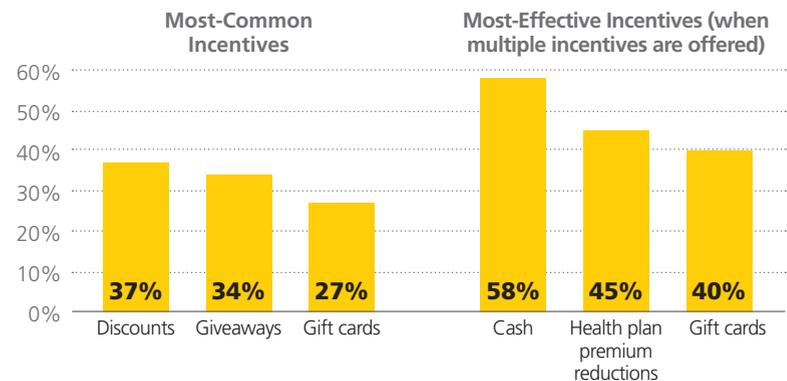
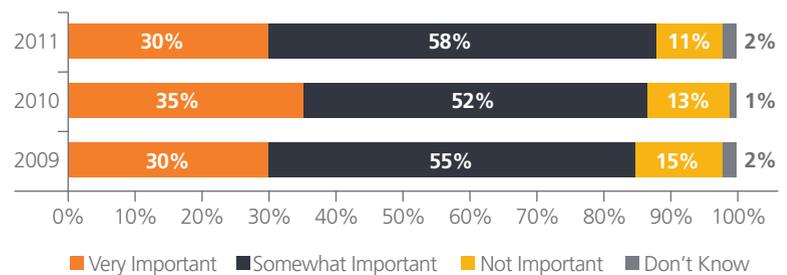
Over the past three years of the survey, most companies consistently found it important to offer wellness programs to promote a healthier, more productive workforce (83%) or to affect their claims profiles for costs to be reduced (78%). Although offering competitive benefits packages to attract and retain talent remains at the bottom of the list of reasons to offer wellness, competitive benefits packages are steadily increasing in importance, from 56% in 2009 to 64% in 2011 (an increase of 14%).

### Use of “behavior change incentives” continues to evolve

Lack of time and/or energy was the number one barrier to employee participation from 2009 to 2011. At least two-thirds of the companies surveyed said they use various methods to boost program participation, with discounts (37%) and giveaways (34%) representing the top two most frequently-used incentives. Among companies that offer multiple incentives, cash (58%), premium reductions (45%), and gift cards (40%) proved the most effective.

### Importance of Wellness Solutions to the Benefits Mix

Question: How important are wellness solutions to your benefits mix? (n=400)



For an in-depth look at the state of health and wellness programs within organizations, read the full report, **“Wellness in the Workplace 2012: An Optum Research Update”**: [www.optumhealth.com/resourcecenter](http://www.optumhealth.com/resourcecenter)



# Demonstrating Program Value

A recent survey by Optum found that the biggest challenges employers experience with health and wellness programs are timely measurement of the programs' impact on improving productivity, controlling health costs and improving employee health.

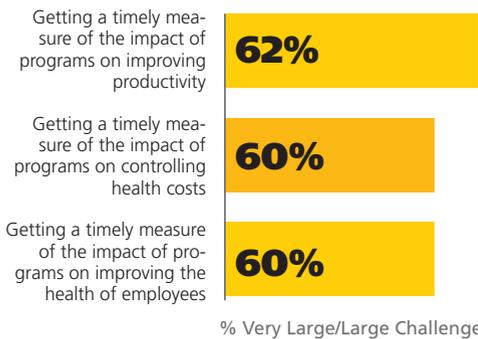
## High-Level Findings

- 93% of employers intend to either increase or maintain investments in health and wellness programs over the next year.
- Many employers do not receive or do not know if they receive claims-based savings estimates today from vendors.
- 73% of employers are interested in real-time performance management capabilities.

## Challenges of Health and Wellness Programs

### Timely Reporting

Reporting is often not timely or frequent enough for employers to measure the impact of their health and wellness programs.



### Measuring Costs



### Three out of four employers

agree vendors need to demonstrate how programs affect costs, rather than just measuring program engagement

### ROI and Productivity Estimates



**52%** indicate they do not receive ROI estimates or do not know



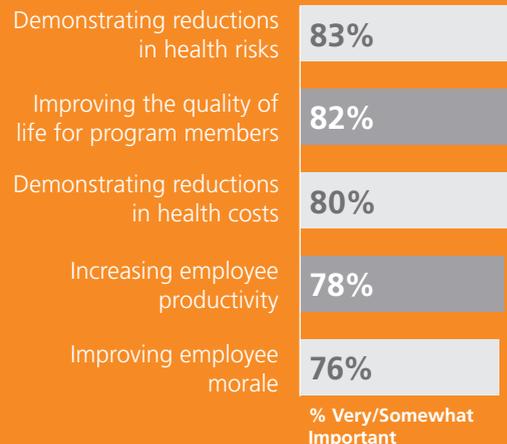
**49%** state they do not receive productivity savings estimates or do not know

## Study Design

- August - September 2011 survey conducted by GfK Custom Research
- 403 benefits decision makers and influencers included in the study
- Only employers with 3,000 or more employees were surveyed

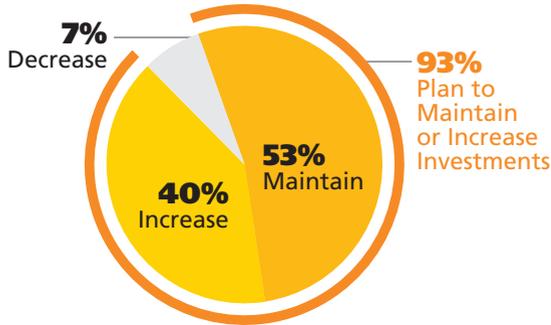
## Employer-Perceived Benefits

Overall, employers find value in employee health and wellness programs.



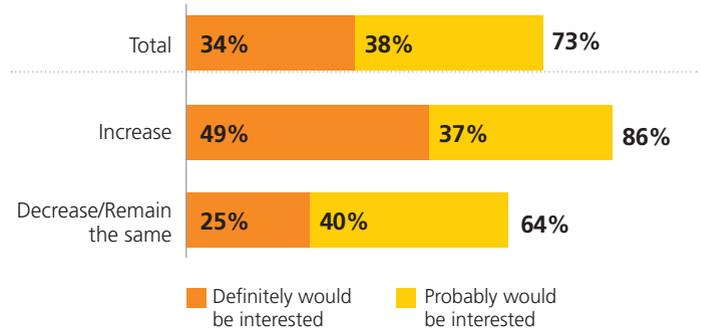
### Investment In Health and Wellness Programs

Most employers plan to increase or maintain investments in health management programs.



### Strong Interest in Real-Time Performance Management

73% of employers are interested in Real-Time Performance Management capabilities. Those intending to increase investments see even greater value.



### The Bottom Line

Best-in-class reporting for health and wellness programs should be timely, accurate, credible, user-friendly and clearly demonstrate the value of the service provided. Employers indicated that the following vendor services are especially important:

- Employers want vendors to go beyond measuring participation for evaluating program success.
- Vendors should quantify the amount of health savings from activities.
- Reporting should be in real-time and should show cost savings as well as gaps in care closed.

Read the white paper **“An Employer Challenge: Demonstrating Program Value”** for more information about the implications of the survey results: [www.optumhealth.com/resourcecenter](http://www.optumhealth.com/resourcecenter)



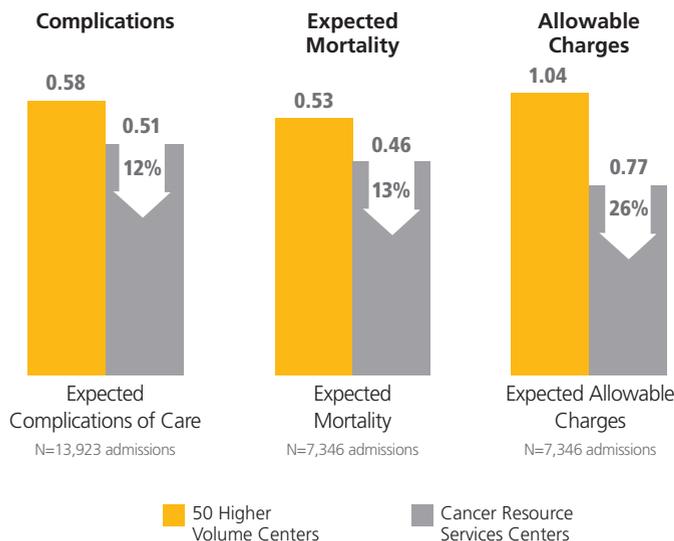
# Treating Complex Conditions with Specialized Expertise

The clinical success and cost of treating complex medical conditions often varies widely. Although complex conditions are relatively infrequent, they account for a disproportionate share of unsatisfactory and costly outcomes.

Specialized Network Management programs seek to reduce costs and improve outcomes by guiding patients to quality providers and treatment centers. The impact that Specialized Network Management has on cost and outcomes is quite measurable, as demonstrated by our Transplantation and Cancer Services programs.

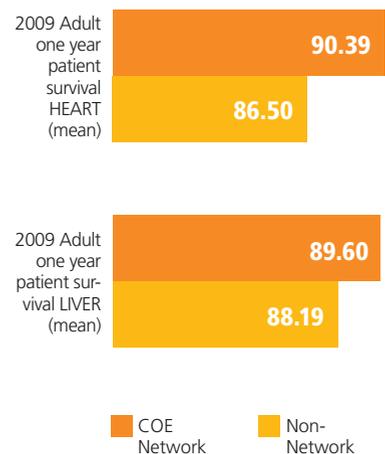
## Cancer Services

Complications, mortality and costs are all lower for cancer patients treated at Optum Cancer COE facilities.



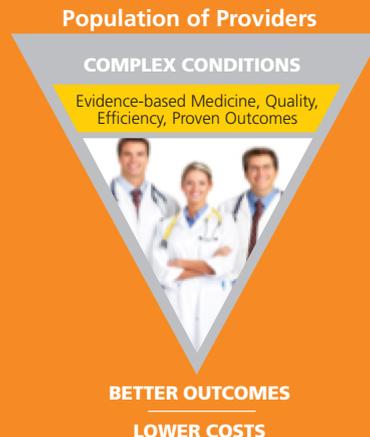
## Transplantation Services

One-year survival rates for heart and liver transplant patients are significantly higher at COE facilities than non-COE.



## Specialized Network Management

- Subset of quality providers with expertise and better patient outcomes
- Rigorously evaluated and credentialed treatment centers
- Specialized case management leveraging nurses who provide patient engagement, guidance, and support
- Rooted in analytics that reduce risk and encourage evidence-based medical practices



**Without Specialized Network Management, patients risk:**

	Low incidence rates that lead to varied experience levels
	Inaccessibility to quality specialists
	Unsuccessful or absent consumer engagement and support
	Treatments not based on clinical evidence
	Plan managers unfamiliar with specialist practices

**A narrow, specialized network alternative can correct these problems. Optum's Centers of Excellence (COE) networks ensure:**

- Consistent and accessible care
- Appropriate care and treatment selection for improved outcomes
- Continual patient engagement
- Reduce variability of spend and incidence
- Better contracted rates
- Manage financial risk



**The Bottom Line**

Complex conditions are best managed by experienced providers in qualified facilities. A specialized network alternative delivered as a managed service connects patients with the best care possible while promoting provider excellence and beneficial pricing.

Read the white paper **“Controlling Cost and Quality through Specialized Care Management”** to learn more about the advantages of specialized networks for members with complex conditions: [www.optumhealth.com/resourcecenter](http://www.optumhealth.com/resourcecenter)



# Healthy Employees, Healthy Profits

## A Stronger Business Case for Employee Health Management Programs

**It's a simple but potentially paradigm-shifting reality for senior business leaders: Healthy employees lead to healthy business metrics.** For decades, the health management industry has focused primarily on building a value story only around medical cost savings. The reality is that for many business line management leaders, such as chief operating officers, VPs of sales or business unit general managers, medical cost savings may not be a priority. It's time to look beyond these traditional metrics and start focusing on metrics that can capture the attention of business line management leaders who can champion the case for employee well-being.

### A Paradigm Shift

Next-generation health and wellness research will focus on business performance metrics.



### 3 Key Insights



The health management industry and their partners in human resources have spent decades building a value story for health management that focuses on a medical cost savings model.



Medical cost savings may not be a priority for line management leaders within organizations. As a result, human resource leaders may have difficulty gaining support for their health management programs.



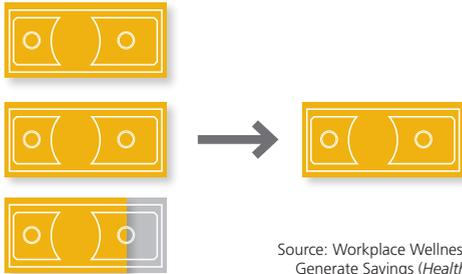
It's time to re-focus our value story on key business performance metrics, which are a priority for line management leaders. In doing so, health management programs will gain additional support and attention within organizations.

## How We Demonstrate Value Today

### Medical Cost Savings Paradigm

In a key meta-analysis of the literature, researchers from Harvard University found that **medical costs fall by about \$2.73** for every dollar spent on health management programs.

# \$2.73 : \$1 ROI

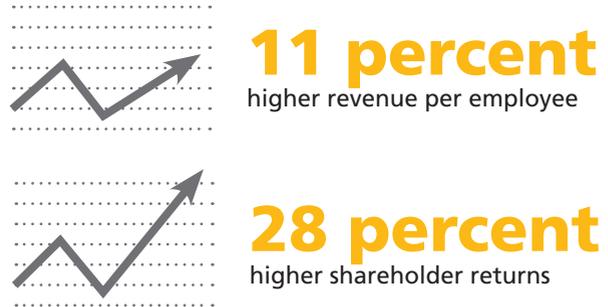


Source: Workplace Wellness Programs Can Generate Savings (*Health Affairs*, 2010).

## How We Should Demonstrate Value Tomorrow

### Business Performance Metrics Paradigm

Companies with the most effective health and productivity programs experienced **11 percent higher revenue per employee and 28 percent higher shareholder returns.**



Source: The Health and Productivity Advantage: Staying@Work, Towers/Watson & National Business Group on Health, 2009/2010.

### The Bottom Line

“Showing that health management programs have a direct impact on a business’s performance metrics not only holds the promise of creating more demand for these programs but also more acceptance of these programs by line management, a key constituent within organizations that can make health and wellness a priority.”

—Erin Carnish, SVP, Optum

Read the position paper **“Healthy Employees, Healthy Profits: A Stronger Business Case for Employee Health Management Programs”**

for a fresh perspective on how organizations can make health and wellness programs a priority: [www.optumhealth.com/resourcecenter](http://www.optumhealth.com/resourcecenter)



# Driving Value: Estimating the Economic Impact of Health Management Programs

## The Problem



Purchasers of health management services often have trouble determining their program's value. Challenges they face include:

- A lack of a single methodology or model for value assessment
- Years of outcomes and claims data required to analyze ROI prevent shorter-term evaluation
- Difficulty in evaluating the effect of programs outside of claims data

As a result, specific and accurate information on the effectiveness of health management programs can be difficult to obtain.

## The Solution

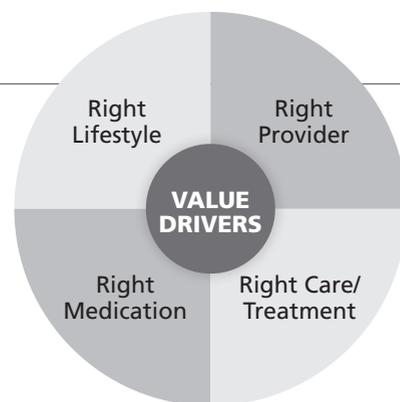


To address this problem, Optum developed a Real-Time Performance Management solution that identifies which actions drive clinical and financial value and determines how effectively an employer's health management program is addressing these potential gaps in care.

Value drivers provide a fact-based method for measuring and reporting indicators of value delivered by a health management service.

## Examples of Value Drivers

- Steering patients to conservative and evidence-based treatment options
- Helping a patient increase adherence to beta blocker medication after a heart attack
- Improving a diabetic patient's A1C levels



### What Is a Value Driver?

- Value drivers are gaps in care that have been monetized to reflect their potential value.
- A value driver can represent a clinical outcome or a milestone to achieving an outcome, which, when analyzed and applied to a population, estimates the clinical and financial value of an action.

### How Does It Work?

- The Optum approach prioritizes consumer interactions, maximizing health care value for consumers and employers.
- Value drivers also provide immediate, transparent performance monitoring.

### Why Does It Matter?

- Value drivers report leading indicators of program impact and increase efficiency of health management interventions.
- Nothing similar in the industry exists.

## Value Drivers Provide Timely and Transparent Reporting

Typically, disease and health management program results are reported to the employer after a 16-18-month delay in savings calculations. Using a solution with value driver methodology, however, allows an employer to immediately understand the value delivered by his or her health and wellness program.

### Real-Time Performance vs. Traditional Reporting

Traditional Approach	Optum Approach
<ul style="list-style-type: none"><li>• 16- to 18-month delay in savings calculations</li><li>• When data is reported, how value is created is often not clear</li><li>• Limited ability to modify approach mid-cycle</li></ul>	<ul style="list-style-type: none"><li>• Value drivers offer immediate understanding of how savings are generated</li><li>• Specific actions that create value are pinpointed</li><li>• Real-time reporting offers ability to modify operations to create best value</li></ul>

### The Bottom Line

The data provided by real-time performance management can lead to closing gaps in care across all types of interventions and health conditions.

Armed with this information, purchasers of health management programs can more easily and quickly determine what care services were provided to their members and, as a result, how best to engage their employees to better manage their health.

Read the white paper **“Driving Value: Estimating the Economic Impact of Health and Disease Management Services”** for an in-depth look at how Real-Time Performance Management measures and reports program success:  
[www.optumhealth.com/resourcecenter](http://www.optumhealth.com/resourcecenter)





**For more information about these topics, visit [www.optum.com](http://www.optum.com)**



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