

A hand is shown from the bottom, with the index finger pointing upwards. Balanced on the tip of the finger is a stack of five items: a red and white capsule, a copper penny, a green and yellow capsule, a silver dime, and a yellow pill. The background is a solid light blue.

Perfect Balance

By keeping employees healthy, companies can keep their medical costs steady so they don't spiral out of control. Industry experts speak out on ways to align benefits with productivity goals.



A man with short brown hair and a dark polo shirt is standing in a school cafeteria. He is holding a white prescription slip. In the background, there are round tables, chairs, and an American flag. The man has a name tag on his left chest that says "Bill".

What can we do about
AMERICA'S DIABETES EPIDEMIC
besides treating it?

Rx

Keep people from getting it.

Bill, Scientist,
Diabetes Program leader

"I'M NOT just a scientist; I'm a diabetic, too," says Bill. "You might not think a drug company would want to prevent disease. But GSK wants to help people from ever developing diabetes. That's why we support programs that reward schools for replacing junk food with healthier food choices – all because childhood obesity can lead to adult diabetes."

Health Care Can Be Cured:

There are few conversations with corporate leaders these days that do not touch on one of the most vexing issues they face: health-care costs. Employer-sponsored health insurance premiums increased 9% last year, and since 2000 have risen an astounding 73%. It's no wonder, then, that companies are looking for new and innovative ways to rein in health-care costs and get better value from the dollars they are spending.

To gain insight into the ways in which smart companies are tackling this issue we gathered some of the most forward-thinking minds in the health-care arena. In a 90-minute wide-ranging discussion from our offices in New York City, FORTUNE Custom Projects writer Susan Caminiti spoke with Christopher A. Viehbacher, president of U.S. pharmaceuticals at GlaxoSmithKline; Dr. Reed V. Tuckson, senior vice president of consumer health and medical care advancement at UnitedHealth Group; F. Randy Vogenberg, senior vice president of Aon Consulting, an insurance and risk management firm; Dr. Francis J. Crosson, executive director of the Permanente Federation, the organization that includes the physicians of Kaiser Permanente; and Sean Sullivan, CEO of the Institute for Health and Productivity Management, a nonprofit that promotes the connection between employee health and productivity. Some excerpts from the roundtable:



What are the trends fueling the rising cost of health care?

Viehbacher: The health-care system was originally designed to help people with acute issues, like a broken leg, or the birth of a baby. Now 75% to 80% of this country's health-care spending is going to treat people with chronic diseases such as Type-2 diabetes and cardiovascular disease, and so many of the other conditions that are coming about from an aging population and obesity epidemic. The system wasn't really designed to do that.

Sullivan: There are a lot of people in this country who are not as healthy as they could be because of lifestyle and diet, or because they do not properly or consistently treat a medical condition they have. These numbers are increasing, making the overall health of the population probably the biggest reason for high health-care costs. To be sure, dysfunctions

in the financing and the delivery of health care are driving costs, as well, but health-care costs would certainly be lower if people stayed healthy.

Tuckson: It's important to understand that we have an increasing array of new and more expensive interventions to treat illness and disease—everything from artificial hips to innovations in genetics and diagnostic technologies. Those things are in demand. If a patient believes that an artificial hip is going to result in a better quality of life, increasingly the patient is going to want it. And the physician is going to be under pressure to provide it.

Crosson: I agree. The things that can be done for people now were not available 30 years ago. Technological breakthroughs like artificial joints and laser surgery for the eyes do make a positive impact on people's lives, but they are very expensive solutions. So when you mix these expensive treatments into the picture, they are certainly going to be responsible for driving up health-care costs.

What are the innovative ways in which companies are responding to these challenges?

Tuckson: There are five important things companies are doing. First, they are creating new health benefit designs that increasingly move costs to the employee. Second, they are expecting health plans to differentiate their networks based on quality and efficiency and drive patients to better-performing providers of care. Third, they are providing their employees with tools for better decision-making, whether it is in the area of wellness and prevention, or in making better and more cost-effective medical-care decisions. Fourth, companies are placing a real focus on disease management

Industry experts tell how



From left: Christopher A. Viehbacher, Dr. Reed V. Tuckson, F. Randy Vogenberg, Dr. Francis J. Crosson, and Sean Sullivan.

and coordination of care. And lastly, which is interesting to me, is the advent of corporations working in coalitions with other employers. The purpose is to exert accumulated clout to stimulate changes in the delivery system so that consumers get better-quality, safer, and more cost-effective care.

Viehbacher: I think the companies that are making a difference are those that actually manage health-care costs themselves rather than outsource the whole issue to benefit managers and other third parties. What we're doing with our 25,000 employees in the U.S. is spending a lot of time on wellness and trying to keep people healthy. If they are sick and have ongoing medical issues, we're really trying to manage those chronic conditions through lifestyle changes and medication so that they don't get worse.

What programs work best?

Crosson: We have an initiative in place, actually, for our employees, members, and the communities we serve called HEAL. It stands for Healthy Eating, Active Living. So we stress the things that you would imagine: diet and exercise. Diet related to not just the amount of food, but also healthy food, and we have been involved in trying to follow through with that in all of our internal policies. So, for example, we have removed soft drinks and other unhealthy foods from our institutions; our cafeterias now feature fresh vegetables, no

saturated fats when possible, and fruits. We've also been engaged with the community. We support local farmers, who set up farmers' markets at our facilities to sell locally grown produce. We now have 32 farmers' markets at facilities in six of the states in which we operate. We try to use the impact of our organization on the community to stress healthy eating and active living.

Tuckson: I'd like to underscore the importance of this point of community. Companies should understand that their employees arise from a community of people, and it is therefore very important for employers to be engaged and involved in the health of the community in which they live. Prevention and wellness programs that are community-based have a very direct relationship to the overall healthiness of the employees in the local labor pool.

Viehbacher: At GSK we have fitness centers, healthy foods in the cafeteria, full-cost coverage for physicals and well-child visits, and health risk assessments that are used to identify health problems early on so they can be corrected. In addition, we've made our entire campus at headquarters smoke-

free and will pay 100% of the cost of smoking-cessation programs, prescriptions, and over-the-counter medicines. The health-care costs associated just with smoking are staggering, so anything we can do to eliminate that health risk is good for the company and, of course, good for the people who work here. We hear a lot of complaining by companies about health-care costs, but actually see a whole lot less management of this area than you do of other cost areas on the P&L.

Is it possible for a company to really alter the lifestyle and eating habits of its employees?

Viehbacher: Yes, but what we have found is that you've got to educate people. Somehow you've got to present this as a benefit to employees rather than simply a cost-reduction effort. So, for example, you start to put information out in the cafeteria about healthy eating options. You start reducing some of the really unhealthy things, like the sugared sodas. If you can start providing educational materials that go home with employees, then you can have an impact on the family, as well. It doesn't make much sense for people to eat healthy at lunch, but then have fried food for dinner. So it's not a matter of being intrusive as much as recognizing that human behavior is very difficult to change.

Vogenberg: How far a company can go is one of the biggest concerns that we hear from employers. Companies do not want to cross the line and go too far. That's why they look to the health-care-provider community—the insurers—to come up with those kinds

“Companies that are making a difference are those that manage health-care costs themselves rather than outsource the issue.”

—Viehbacher

of strategies and to collaborate with them to make the change happen.

Tuckson: I think it's important to have a more sophisticated understanding of how consumers think, how they make choices and decisions, and then provide them with better, individually specific information that helps them to make appropriate choices. That information will give us a much better chance to be successful than if we approach this in a punitive way.

Sullivan: There are three factors here. One is what the legal environment allows you to do to provide incentives to change unhealthy behaviors. The second is the culture of the organization. Some companies simply have a culture of health that is relentlessly promoted and it does catch on after awhile. But the third point is all about financial incentives. As a labor economist, I would say that you should have a candid conversation with your employees and say, "Look, there's so much available for total compensation. The more it costs us to pay for your health problems, the less you get in your paycheck." That's an easy argument to make if you can do it within the boundaries of the legal environment and the company culture.

Crosson: But it still comes down to motivation. The people who are self-motivated are not the individuals who have the problem. It's the folks who require some external motivation. So I think the ability to create incentives at the individual level will be a lever.

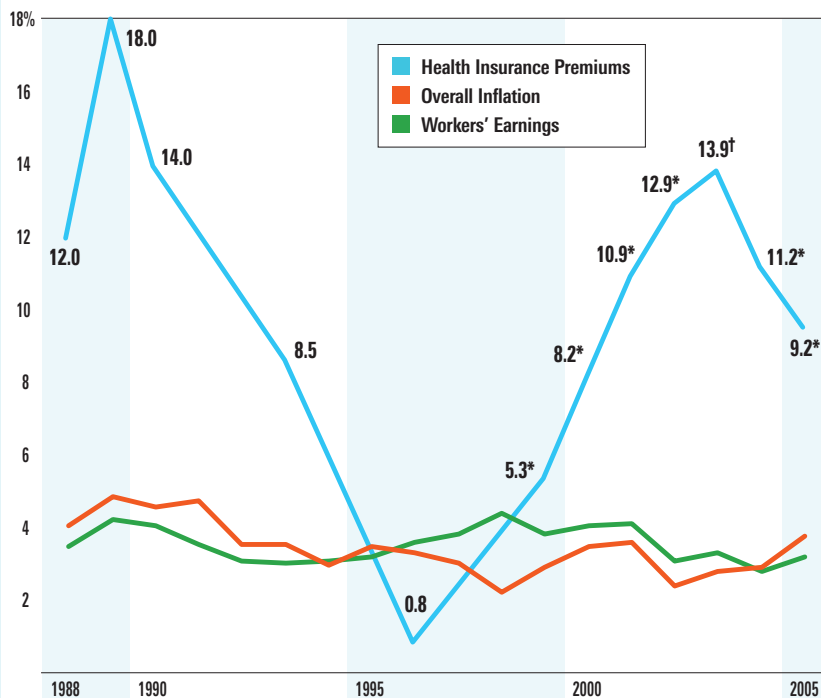
How big a factor will consumer-driven health care be in driving down costs?

Viehbacher: Consumer-driven health care is really a euphemism for making the consumer pay more. And when they pay more out of pocket they are less likely to seek the kind of preventive care that actually prevents some of the

www.fortune.com/sections

Spending Spiral

Increases in health insurance premiums compared to other indicators, 1988–2005



* Estimate is statistically different from the previous year shown at $p < .05$. No statistical tests were conducted for years prior to 1999.

† Estimate is statistically different from the previous year shown at $p < .10$.

Note: Data on premium increases reflect total health insurance premiums for a family of four. Historical estimates of workers' earnings have been updated to reflect new industry classifications (NAICS).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999–2005; KPMG Survey of Employer-Sponsored Health Benefits: 1993, 1996; The Health Insurance Association of America (HIAA): 1988, 1989, 1990; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1988–2005; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April), 1988–2005.

big costs and chronic diseases from coming later.

Tuckson: Benefit-design issues are important and they will have some impact on lowering costs. But I'm pretty convinced that we have to go beyond just benefit design. It will take the combination of consumer support tools—such as online sites to get medical guidance, information on what particular procedures cost and their efficacy, along with health-care coaches and coordinators—for this to work. I don't think there can be much argument that this is going to be extremely significant,

in helping to not only control costs, but also to improve the quality of care delivery.

Should companies in the health-care arena feel a greater responsibility to be innovative when it comes to behavior-modification programs for their own employees?

Vogenberg: I think that it makes a lot of sense that, if you're in the health business—a pharmaceutical company, a medical devices company—that you first demonstrate why employee health is a

priority and how it benefits the employee community as well as the bottom line. If you're a company in the health industry you don't have a lot of reasons for not knowing why behavior-modification programs and healthy living options aren't important.

Viehbacher: Our business is totally driven by the people who discover new drugs to help others, so, yes, we absolutely have a responsibility to go the steps beyond in terms of keeping our own people healthy. For instance, GSK is one of the first companies to be accredited by the CEO Roundtable on Cancer for introducing steps for cancer risk reduction, early diagnosis, and access to treatments. We do that not only because we have huge emotional attachments to everyone we work with. We do it because it's smart business.

Crosson: The vast majority of our approximately 150,000 employees are engaged in the delivery of health care. So they come in contact on a day-to-day basis with our members and our patients, and in order to be an honest broker of our brand direction right now—which is about healthy eating, active living, and managing one's own health care—we have to have our employees representing what it is that we believe in.

Where do you think the biggest strides are going to be over the next decade in health care?

Sullivan: I believe that more employers are really going to view people as their best assets and invest in their health as an unrealized source of competitive advantage. The idea of connecting health to work performance is rapidly becoming a global phenomenon; China and Japan, for example, are both beginning to address the link between employee health and workplace productivity. Japan reportedly has the most depressed

workforce in the world, and Japanese companies are starting to see that helping workers manage stress will ultimately be a good thing for business. And China, with its centralized control, is considering a health and productivity model for its entire economy.

Viehbacher: I think there is going to be a whole lot more of a push to actually understand the connection between a specific health-care intervention and the outcome. In other words, what treatments work and which ones are physicians performing just because they can? The health-care industry has been driven by volume up to now; the more health-care services provided, the more money to be made. I think there's going to be a greater accountability

“The idea of connecting health to work performance is rapidly becoming a global phenomenon; China and Japan, for example, are both beginning to address the link.”

—Sullivan

required from doctors to make the case for why a particular treatment or medicine is being selected, and then that information has to be shared with consumers.

Tuckson: We're going to see greater transparency of quality and costs that allow us to better target appropriate care. We'll be able to meet the specific needs of individuals, whether it is disease management for a chronic illness or a wellness program that helps healthy people stay healthy. The success will come in coordinating everything—and having the consumer at the center of it all. ■



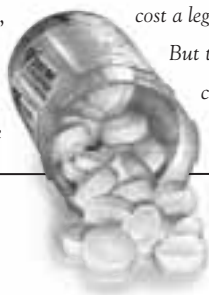
GlaxoSmithKline

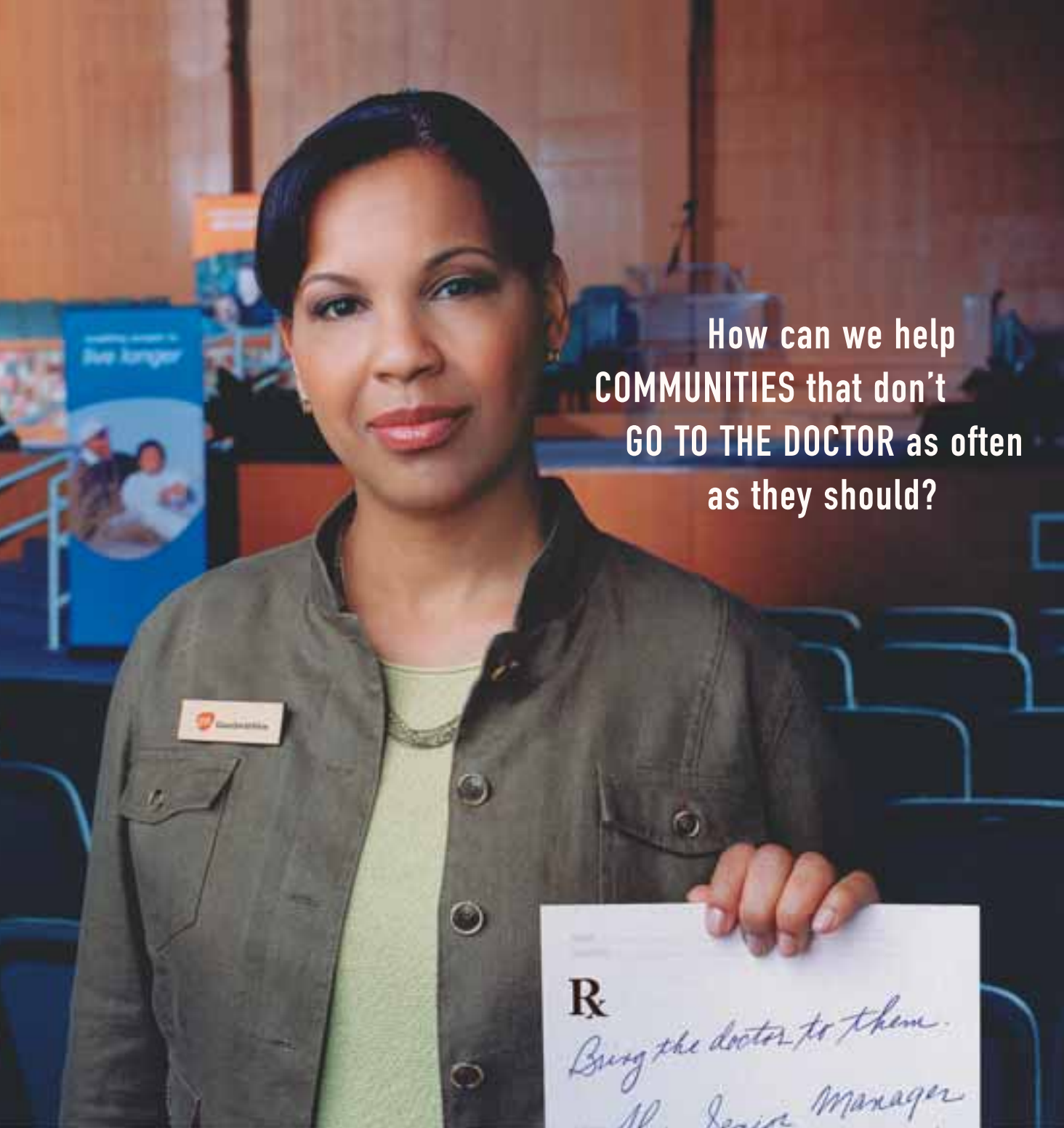


You've heard how much they cost. Do you know how much they save?

*F*act is, money spent on prescription medicines represents only about a dime out of every U.S. healthcare dollar. Yet, that money can save much, much more in other healthcare expenses. It's the cost of disease itself—doctor visits, tests, hospital stays, surgeries—that takes up the lion's share of the healthcare

costs. Take diabetes, for example. The average diabetic spends about \$1,200/year on medicine. Untreated, diabetes could cost a leg. The average cost to amputate a leg is \$32,300. But the real costs, of course, go beyond dollars and cents. The point is, an ounce of prescription prevention can be worth a ton of healthcare.





How can we help
COMMUNITIES that don't
GO TO THE DOCTOR as often
as they should?

Rx

Bring the doctor to them.

*Thais, Senior Manager
GSK Healthy Communities*

"I SEE real health problems in our communities. Asthma, diabetes, heart disease," says Thais. "And too many folks don't see a doctor in time. So GSK is working with community groups to offer free health screenings and connect local doctors with the people that really need help. That does my heart good, too." To find out more visit www.gsk-healthycommunities.com



A new movement is underway in the ongoing battle to reign in health-care costs for our nation's workers. At its core is this simple, yet powerful premise: Health is an asset that both companies and employees need to invest in, and work together, to achieve. If companies are to stay competitive in the global marketplace, the logic goes, they need healthy organizations. What is the best way to garner and maintain that strength? Healthy employees.

A quick rundown of the numbers explains why corporations are in the midst of such a paradigm shift. Employer-sponsored health insurance premiums increased an average of about 9% last year, according to the Kaiser Family Foundation and Health Research and Education Trust. It now costs a family of four an average of almost \$11,000 a year for health insurance premiums, about the same as the annual salary of a minimum-wage worker. While the jump in insurance premiums is less than increases in prior years, it's still three times greater than the growth in workers' earnings. In fact, since 2000, health-care premiums have increased a stunning 73%; wage growth over the same period was 15%.

To be sure, many companies have passed along a portion of these premium hikes to workers in the form of higher co-pays for doctors' visits and prescription drugs, and higher deductibles for out-of-network services. But even with that short-term easing of the financial burden for companies, the core issues driving the nation's increasingly expensive health-care system remain unchecked.

"There's a big difference between cost-shifting and cost-sharing," says Sean Sullivan, CEO of the Institute for Health and Productivity Management (IHPM), a nonprofit group headquartered in Scottsdale, Ariz. "Asking employees to

continually pay more—known as cost-shifting—is not a long-term solution. A better approach is to ask them to share the cost while providing workplace programs and tools to actually keep them healthy in the first place." Adds Robert Ingram, vice chairman of pharmaceuticals at GlaxoSmithKline and founder of the CEO Roundtable on Cancer: "It's a lot cheaper to keep people healthy in the first place than to treat them when they are sick." (See "Fighting Cancer" on page S16.)

A Healthier Balance Sheet

As a result, an increasing number of companies are looking at preventive care and wellness programs not as expenses to be incurred, but rather

as smart investments in their most valuable asset: their people. "Health is a performance driver," says John Clymer, president of the Partnership for Prevention, a Washington, D.C.-based nonprofit that promotes employee health. "Investing in health not only controls expenses, but also protects, supports, and enhances human capital. It is fundamental to a healthier bottom line." Indeed, according to a study done by the *Journal of Occupational and Environmental Medicine*, reducing just one health risk increases a person's productivity on the job by 9% and reduces absenteeism by 2%.

The efforts corporations are now making to create a healthier workforce take many forms. Some





Investing in a Corporate Health Culture

Helping employees stay healthy
helps them stay on the job.

Facing ongoing double-digit increases in medical costs, American Standard (ASD) teamed up with Health Dialog in 2004 to imbed healthy living into the corporate culture. The Next Generation Healthcare (NGHC) program was launched to improve health outcomes, reduce costs, and establish a competitive advantage by increasing employee loyalty and productivity. To reach these goals, ASD offers a broad range of health-management resources to employees and their families. These include Personal Health Scorecard incentives, on-site biometric screenings and education, chronic and medical/surgical condition-management programs, and acute and catastrophic case administration.

ASD believes each business site presents distinct opportunities, and uses a localized strategy to bolster success. For example, ASD and Health Dialog are launching an expanded back-pain program tailored by site to eliminate unwarranted medical utilization and disability days. Also, site-specific Six Sigma projects involving local physicians are reducing emergency room visits and pharmacy costs.

ASD is on track to achieve the 6 percentage point decrease in total medical cost growth trends budgeted for 2006, with almost 3% of this decrease coming from NGHC programs. With one large early-adopter site on track to achieve a 10% decrease this year, ASD expects the future to bring comparable reductions in medical cost growth, plus significant savings in the indirect costs of poor health company-wide. ■

companies start simply with re-designing the menus in their cafeterias, replacing fried and sugar-laden dishes with healthier fare. For example, SAS Institute, the business intelligence software and services company based in Cary, N.C., has two lines in the cafeteria at its headquarters. One features traditional fare. The other serves what the



company calls its healthy choice options, including food that is grilled, not fried, lots of fruit, and fresh vegetables. To really encourage folks to try the healthy choice selections, the lunch is free. Says Ingram, vice chairman of the CEO Roundtable on Cancer, of which SAS Institute is a member: "You have to start people down a path to healthier living, and this is one way to do it. It sends a very strong and tangible message to their workers that the company views them as valuable."

Other companies are stepping in, offering employees health-risk assessment screenings that detect early signs of some of the most common and chronic conditions, such as Type-2 diabetes and high cholesterol. Such screenings are seen as a sound investment. Indeed, Steelcase, the office furniture company based in Grand Rapids, Mich., tracked its health-care costs over ten years. It found that employees

who never participated in a health-risk assessment, or only did it once, had a 12.6% increase in health-care costs over that time frame. But workers who participated in two or more health-risk assessments over the same period saw only a 4.2% increase in their health-care costs.

"If these diseases are addressed early, and then treated with the

proper diet or medication, the chances that a more expensive, more complicated condition will develop down the road is reduced," says Robert Fritzky, president of Med MatRx, a health-care management company in Moraga, Calif. "For a long time, companies spent more time and money figuring out the ROI on a photocopier than they did on their employees."


This more hands-on, proactive approach to employee health reflects a growing belief that

there is a strong connection between healthy workers and better productivity. "The direct and indirect costs of poor employee health—absenteeism, leaving work early, and not performing to full capacity—are huge," says Sullivan of the IHPM. According to the *Journal of Occupational and Environmental Medicine*, productivity losses related to personal and family health problems in 2003 cost U.S. employers \$1,685 per employee, or about \$226 billion annually.

The Global Paradigm Shift

The U.S. ignores this issue at its own peril. Sullivan says he recently has been invited to speak before government and business leaders in both China and Japan about the importance of investing in employee health. "Some of our strongest competitors are taking this issue seriously and looking for ways to use it as an advantage when doing business

Your healthcare costs are
growing at a rate of 12% per year.

In a matter of months,
we can help you
cut that growth rate in half. 

(No, that isn't an asterisk.)



solutions@healthdialog.com

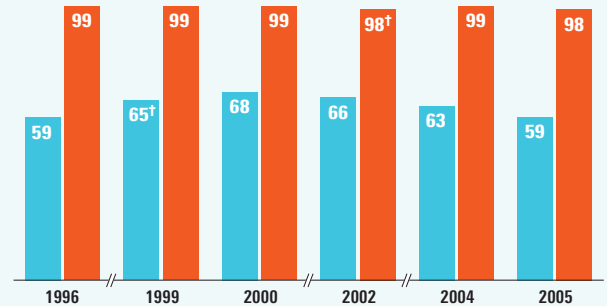


around the globe," he says. "For U.S. companies to think that this isn't an issue they need to deal with today is just wrong." Adds Robert Greif, vice president of managed-care sales for global pharmaceutical company Boehringer Ingelheim: "Whether you're a first-world or a third-world country, a healthy workforce is a productive workforce, and that's what drives economic growth."

The companies involved in bringing about change in the cost of our nation's health care are tackling the issue on many fronts. GlaxoSmithKline, the pharmaceutical giant, covers the entire cost of routine physicals and well-child visits for its 25,000 employees in the U.S., says Ann Kuhnen, vice president of employee health management. The company also provides employees with on-site fitness centers, healthy foods in its cafeterias, a health-risk assessment, and screenings for its workers.

A big part of the commitment to a healthy workplace is seen in GSK's policy on smoking. Simply put, the company doesn't allow it indoors or outdoors at any of its facilities. But Kuhnen says it's not enough to simply prohibit the use of tobacco. The company goes one step further: It pays 100% of the cost of evidence-based tobacco-cessation counseling, and prescription and over-the-counter medications that help employees quit. "We truly believe that health-care costs are a reflection of the health status of our workers," Kuhnen explains. "If you improve the

Percentage of Firms Offering Health Benefits, by Firm Size, 1996-2005



† Estimate is statistically different from the previous year shown at p < .10.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits: 1999-2005; KPMG Survey of Employer-Sponsored Health Benefits: 1996.

health of your workers, you get better productivity and lower medical costs." Christopher Viehbacher, president of U.S. pharmaceuticals for GSK, concurs, and claims that, as a result,

Personal Rx Inventory

Fill out this form and keep a copy for your records. In the event of an emergency—or even if you're on vacation and lose your medication—you'll have all your prescription information handy.

Medication Inventory

Name _____

Medications I am allergic to _____

Pharmacy phone number _____

Emergency Contact Information

Name _____

Relationship _____

Phone number(s) _____

I Take the Following Prescription Medications

Name of Medication _____	
Dosage _____	How Often _____
Name of Medication _____	
Dosage _____	How Often _____
Name of Medication _____	
Dosage _____	How Often _____
Name of Medication _____	
Dosage _____	How Often _____
Name of Medication _____	
Dosage _____	How Often _____

A DISTINGUISHED HISTORY

...AND A CONTINUING COMMITMENT

To address the serious chronic diseases that impact you and your employees

Boehringer Ingelheim Pharmaceuticals, Inc.

Your partner in enhancing the quality of chronic care
in COPD,* BPH,[†] and cardiovascular disease

A tradition of leadership in the pharmaceutical industry

- Developing quality therapies for serious diseases for 120 years¹
- Ranked #2 in growth among the top 20 pharmaceutical companies (2004)²
- Collaborating with employers and the healthcare community to solve the clinical and financial challenges of acute and chronic illness

Maximizing outcomes in costly, debilitating diseases

- A robust portfolio of therapies to address the acute and chronic diseases that raise US healthcare costs
- Practical initiatives for disease screening and cost-effective programs for educating and empowering employees, physicians, and the community



A healthy collaboration to enhance quality of care

*Chronic obstructive pulmonary disease. [†]Benign prostatic hyperplasia.

References: 1. Boehringer Ingelheim Worldwide. Vision and leadership. 2004. Available at: <http://us.boehringer-ingelheim.com/about/biworldwide/biworldwide.html>
2. Boehringer Ingelheim Annual Press Conference. Banchi A. (oral communication) 2005. Available at: www.boehringer-ingelheim.com/corporate/news/press_kit/2005drbanchi.htm



the company has been able to reduce its health-care costs.

One of the most powerful tools employees can use to bring down their health-care costs is education. Boehringer Ingelheim Pharmaceuticals Inc., headquartered in Ridgefield, Conn., sees its role as helping companies, managed-care plans, and medical groups gather the best health-care information, practices, and appropriate treatment options for a host of chronic diseases. Going forward, Chris Barrett, senior vice president of managed markets, says he envisions that in addition to chronic obstructive pulmonary

disease (COPD), Boehringer may look to add cardiovascular disease, and women's and men's specific health issues, as areas where they can provide extensive educational resources.

An area of expertise for the company is chronic respiratory ailments such as COPD, which includes both chronic bronchitis and emphysema. "These diseases are very expensive for companies to treat if they are left undiagnosed or misdiagnosed," says David Armstrong, Ph.D., associate director of health management resources at the company. Boehringer's mission, he explains, is to package the best resources available to help

companies and medical plans educate their workers about appropriate treatment options and the lifestyle changes that could impact disease.

Like others in the field, Armstrong cites a growing body of evidence that links prevention with a decrease in overall health-care costs. "Healthier employees cost less and are more productive, and that affects many other outcomes," he says.

An Ounce of Prevention

Health Dialog Services Corp., a Boston-based health-care support services company, helps organizations figure out the most effective ways to address employee health. George Bennett, CEO of Health Dialog, describes why health-care costs are rising: "Most companies aren't doing enough in the preventive arena to keep workers healthy, and, paradoxically, when an employee needs medical attention, the lack of coordination among caregivers often results in more care than is required. Both areas are worth addressing."

Recently, the company was asked to help coordinate the health and wellness efforts for a FORTUNE 500 company. This company, explains Bennett, had experienced several years of 13% to 14% increases in their health-care costs, and needed to stem that growth. With a multifaceted health-care cost-management program—that includes significant care support services—employees are able to get guidance on cost-effective physicians and hospitals as well as information and advice on all of their health-care concerns. Over the two years that Health Dialog has worked with this company, the firm's health-care cost





“If you improve the health of your workers you get better productivity and lower medical costs.”

increases have dropped from 13.5% a year to an annualized rate of about 5.5% a year in the most recent quarter, Bennett says. “Simply saying you care about employee health is not enough,” he adds. “You must integrate it into the culture by giving people the kind of services that make them better health-care consumers.”

One of the most effective ways to help keep employees healthy is early detection of disease. Med MatRx works with major corporations, looking at the makeup of each workforce, to decide what conditions and diseases to screen for. “By focusing

on the demographics at a particular corporate site or office, we can better tailor the health-risk assessments we do,” says president Robert Fritzky.

For example, the machinists who work at American Airlines’ Tulsa, Okla. facility are predominantly male and in their 40s. The conditions they are screened for—diabetes, Hepatitis C—are not the same conditions for which Med MatRx would screen the workers at Cingular. “The workers at the cellular phone company’s headquarters are younger and predominantly female,” Fritzky says. In this instance, the demographics dictate that Med MatRx focus on OB-GYN-related conditions, or migraines. “We try to explain to companies that, yes, there are some inherent costs involved when screening workers,” Fritzky says. “But how do those costs compare with the costs of having

workers develop these conditions down the road? These are proactive health-care programs.”

Keith Fenhaus, president of Hallmark Insights, an incentive solutions company (and part of the greeting card giant) based in Minneapolis, approaches health-risk assessments from a slightly different perspective. “What good are health and wellness programs if no one at the company uses them?” he asks. According to the work Hallmark Insights does with its corporate clients, companies need at least 40% employee participation, but the employee participation rate among employees for some health-risk assessments or other wellness programs is a disappointing 2% to 5%. “And the people who do respond are usually the health-conscious ones, not the folks that are costing the company the most in medical costs in the first place,” Fenhaus says.

**WHEN YOU’RE A PART OF
HALLMARK, YOU KNOW
WHAT MOVES PEOPLE.**



LOWERING CORPORATE HEALTH COSTS THROUGH TARGETED INCENTIVES. Incentive solutions from Hallmark Insights can dramatically increase the number of employees who complete programs such as health risk assessments, lifestyle management programs and disease management programs. Higher participation can mean lower health risks for your employees — and lower costs for your business. No one else offers the same combination of incentive solutions and incomparable marketing expertise. We work with more than 8,200 clients, including more than half of the Fortune 100. As members of IHPM, we know the importance of a healthy workforce. To give your wellness incentive program the Hallmark touch, call **800.765.4438** or visit **HallmarkInsights.com**.

HALLMARK *Insights*
BUSINESS INCENTIVE SOLUTIONS

MEANINGFUL. MEMORABLE. MEASURABLE.



Fighting Cancer

CEOs band together to address a health-care problem that costs corporate America billions of dollars annually.

In early 2001, Robert Ingram—then CEO of Glaxo Wellcome, now Glaxo-SmithKline (GSK)—received a call from former President George H.W. Bush. “When the former President of the United States is on the line, you take the call,” Ingram recalls with a laugh. The President got right to the point. He wanted Ingram to assemble a group of CEOs who

could do something about the nation’s fight against cancer. The cause was near to the hearts of both the former President and former First Lady Barbara Bush: In 1952 their daughter Robin was diagnosed with leukemia and died the following year. Acknowledging the huge challenge just put before him, Ingram asked the President what he wanted done. “He didn’t go into specifics,” says Ingram. “But he did tell me, ‘Bob, do something bold.’”

And so was born the CEO Roundtable on Cancer, a nonprofit corporation comprising chief executives of 24 major U.S. companies as well as academic and medical institutions, including Bristol-Myers Squibb, GSK, Johnson & Johnson, Pfizer, State Farm, and Wachovia, to name a few. Ingram explains that the mission of the roundtable is “to make continual progress toward the elimination of cancer as a personal disease and a public-health problem.”

The challenge is formidable. According to the Centers for Disease Control and Prevention, cancer is the leading cause of death among people age 35 to 65, the largest

segment of corporate employees. In 2005 overall business costs associated with cancer were nearly \$210 billion, including lost productivity due to cancer-related illness and premature death. The medical costs for employees with cancer are five times higher than for employees without the disease. Addressing cancer also enables companies to



tackle other ailments such as diabetes and heart disease, conditions that have common risk factors.

When Ingram was looking to get the roundtable off

To combat the disease, corporations have to excel in five critical areas: diet and nutrition, physical activity, screening and early detection, elimination of tobacco use and access to quality treatment and clinical trials.

the ground, he naturally turned to the leaders he knew best: health-care CEOs. “There were 15 of us back then, and we started by asking what we were doing with our own employees,” he recalls. “The answer was, Not enough.” To really move the needle on cancer, Ingram realized, the founding companies

had to make prevention, detection, and treatment priorities within their own organizations. “The numbers make a compelling business case for really dealing with this issue,” he says. “It is clearly a case of business doing well by doing good.”

As the CEOs gathered each year to share best practices, the idea of an accreditation process began to emerge, Ingram says. Called the CEO Cancer Gold Standard, the initiative boldly recognizes companies that are making a profound commitment to the health of employees and their families. To earn accreditation as a Gold Standard company, Ingram explains, corporations have to excel in critical areas known as the five pillars: diet and nutrition, physical activity, screening and early detection, elimination of tobacco use, and access to quality treatment and clinical trials. The accreditation committee reviews every application submitted with an eye toward how each company is addressing the five pillars.

Six roundtable member companies have earned the Gold Standard so far, and together their policies reach over 270,000 employees and their families. While Ingram is heartened by the progress that the roundtable is making, he remains realistic.

“It’s still going to take a lot of drum-beating to get more companies to put in place the programs and resources needed to prevent cancer,” he says. “That’s why we have to start with young people. If we can get the good habits started early, we have a fighting chance.”

—Susan Caminiti

www.fortune.com/sections



Worker Incentives

To get employees to take the time to participate in health screenings, a company needs to “make it worth their while,” he says. That’s where Hallmark Insights steps in. It provides companies incentives in the form of gift cards and gift certificates to encourage workers to participate in health and wellness programs at their companies. Fenhaus says the cards typically range in value from \$10 to \$100, can be used at hundreds of retailers and restaurants around the country, and are targeted to the particular demographics the company is trying to reach. “When it comes to addressing health-care costs, companies have tried denial, then cost-shifting, and now they’re looking for something that is manageable and will have a long-term impact,” Fenhaus says.

For example, the company worked with a major industrial company with over 100,000 employees worldwide. The organization was frustrated, says Fenhaus, with how few of its workers were participating in its health-management program. Hallmark Insights recommended a \$10 incentive for those employees who agreed to sign on. After one year, the participation rate in the company’s health-risk assessments increased a stunning 220%. Fenhaus says the client was so impressed with the results that it increased the incentive to \$25 in the second and third years of the screenings. Not only did the response rates double again, but employee spouses began to sign on, as well. “One of the things that continually stymies companies is the question of whether employees will actually utilize the health and wellness programs that they put in place,” Fenhaus says. “It’s along the lines of, ‘If I build it, will they come?’” he asks, referencing Kevin Costner’s famous line from the movie *Field of Dreams*. “I can say that these incentive programs do work.”

The companies that are seeing results from their efforts to reign
www.fortune.com/sections

in health-care costs are methodical and patient. They realize that foisting more of the cost onto the shoulders of already burdened workers will not provide long-term relief from what ails our health-care system. “People don’t get healthy overnight,” says GSK’s Bob Ingram. “It might take a year or two for a company to see the results of a healthier workforce on the bottom line.” In a world where companies are judged on a quarterly (if not daily) basis, that time frame might seem like an eternity. But most health-care experts rightly ask: What’s the alternative? “At the end of the day, a company is only as strong as the people who work there,” says Sean Sullivan of IHPM. “If a company can help make those employees healthy, what a strong competitive advantage that gives them.”

—Susan Caminiti

Total Value/Total Return™: Seven Rules for Optimizing Employee Health Benefits for a Healthier and More Productive Workforce, recounts the innovative approach to value-based health benefit design at Pitney Bowes. This rule-based guide challenges executives to position employee health as an investment rather than as a cost center. To receive a free copy call the GSK Response Center at: 1-888-825-5249.

The Institute for Health and Productivity Management is a global enterprise dedicated to establishing the value of employee health as an investment in business success—through measurement, field research, communications and education.
www.ihpm.org



Enhancing employer’s
 strategic, competitive edge
 through demographic-specific
Well@Work™ programs.

www.medmatrx.com

For more information,
 please contact:

ROBERT FRITZKY
(925) 247-0171

“When companies invest in the health of their workforce, they have the opportunity to reduce healthcare costs and increase productivity. No company should pass up that kind of leverage.”

– Sean Sullivan, President and CEO of the Institute for Health and Productivity Management, *FORTUNE Magazine*, December 12, 2005

FORTUNE is a trademark of the FORTUNE magazine division of Time Inc.

Is your company totally invested in its employees?

HEALTH AS HUMAN CAPITAL

At the Institute for Health and Productivity Management, we can help you discover how a healthier workforce can be a more productive workforce.

We are the premier resource for health and productivity—helping employers get the greatest return on their investment in the health of employees as HUMAN CAPITAL, which can lead to measurable gains in overall productivity.

Employee health has become the largest unrealized source of competitive advantage for employers willing to INVEST in improving health, rather than just trying to spend fewer dollars on it. The shift in employer focus is moving from treating health as a benefit expense to a capital investment STRATEGY.

Unhealthy employees are less productive and detrimental to the health of your bottom line. Find out how INVESTING in your employees' HEALTH will increase productivity and give you an advantage in today's competitive marketplace. At IHPM we will provide the tools and information today to help you succeed tomorrow.

START TO INVEST TODAY

To learn more about how healthy human capital can contribute to your company's bottom line—changing employee health from a cost to an investment—request your copy of “Healthy Human Capital: An Essential—and Appreciable—Asset Captures the Eye of the C-Suite” by contacting Bonnie Love at bonnie.love@ihpm.org or call 480-607-2660.



INSTITUTE FOR HEALTH
AND PRODUCTIVITY MANAGEMENT

7702 E. Doubletree Ranch Rd., Suite 300, Scottsdale, Arizona 85258