

# The Stressed-Out Corporation

**A sputtering economy. Medical costs spiraling out of control. Plummeting workplace productivity. It's time for companies to come up with an action plan.**



In partnership with:



# In

the midst of the current global economic crisis, when companies can't control the fact that credit is tight, or that demand for their products and services is plummeting, there is one thing they actually can control: employee health. By investing in the well-being of their workers through programs that target weight loss, smoking cessation, exercise, and chronic disease, to name just a few, executives can slash medical care costs and, in the process, increase productivity.

It's no secret that corporations of all sizes are struggling with the rising cost of health care. As premiums have soared, many companies have shifted a greater portion of the expense to workers, or reduced benefits altogether. Today, the most progressive and enlightened business leaders are looking at the issue of employee health through a different lens. As a result, they are asking an important question: What is the value of health care to the business? "When a company can look at employee health and well-being as a value center rather than a cost center, it completely changes the conversation," says Dr. Thomas Parry, president of the

Integrated Benefits Institute (IBI), a San Francisco-based national nonprofit organization that provides employers and their supplier partners with the measurement tools, research, and related resources to establish the business value of health. "All of a sudden it's not just about cutting costs, but making investments in human capital that are going to pay off in a number of ways."

A new approach to the crisis in health care is likely to take hold in Washington, as well. During his campaign, President Barack Obama spoke less about giving all Americans access to the current health-care system (which many argue is a little like getting everyone a seat on the *Titanic*), and more about affordability, quality, and the notion of shared responsibility among employers, employees, and the medical community.

#### Hemorrhaging Red Ink

If there is any doubt that some fresh thinking is in order, a quick glance at the numbers is proof enough. In 2008, premiums for employer-sponsored

health insurance coverage increased about 5% from 2007 premiums, according to the Kaiser Family Foundation and the Health Research and Education Trust. While the actual rate of increases in premium costs has slowed since 2005, consider this: Since 1999, the amount of money that a worker pays for family coverage has more than doubled, to \$3,354. The employer's share has also skyrocketed: Nearly 75% of the average annual cost of family coverage in 2008—\$12,680—was paid by the employer, a 119% increase since 1999.

Clearly, cost-shifting has done little to slow the overall rise in health-care costs or improve the quality of care. "We actually pay for inferior care in this country." That is the candid assessment of Andrew Webber, president and CEO of the National Business Coalition on Health (NBCH), a Washington, D.C.-based nonprofit membership organization of employer-based health-care coalitions. "We continually pay doctors and hospitals for the treatment of an ailment whether there is a positive outcome or not. The incentives are all wrong."

Part of the reason for this dilemma, says IBI's Parry, is the inability to quantify the connection between productivity and the overall health of employees. "In many cases, the people with the purse strings inside the company understand that lost productivity is a bad thing," he says, "but they don't understand how investing in employee health will change that."

**"All of a sudden it's not just about cutting costs, but making investments in human capital that are going to pay off in a number of ways."**



# The Healthways Way to Better Health and Well-Being

**To keep America thriving, employers and policymakers must get out ahead of the illness curve.**

IN THE PREAMBLE TO ITS 1948 CONSTITUTION, the World Health Organization (WHO) defined health as "... a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity."

But in the decades that followed, the focus of the U.S. health-care system remained on the treatment of disease and infirmity rather than on prevention and the promotion of well-being.

## The Challenge

As a consequence, the U.S. has become a major producer and exporter of chronic disease. Americans, for example, are much more likely than Europeans to suffer from obesity, heart disease, cancer, diabetes, and chronic lung disease.

According to the Milken Institute, the treatment of the seven most common chronic diseases, coupled with productivity losses, costs the U.S. more than \$1 trillion annually. Even modest reductions in unhealthy behaviors, estimates Milken, could prevent or delay 40 million cases of chronic illness per year.

"We need to get ahead of the illness curve," says Ben R. Leedle, CEO of Healthways, a pioneering health and well-being services provider. "People are developing chronic disease earlier in life and living longer with diseases they need to manage. It's an enormous economic and business challenge. Unhealthy people cost more and do less work than healthy ones. In the current health-care debate, it's employers who stand to gain or lose the most."

Over the past quarter-century, Healthways has helped tens of millions of people take charge of their health, diminish the risks associated with unhealthy lifestyles, better manage existing chronic disease, and adhere to high standards of care. With a superior technology platform and an expansive portfolio of services that include chronic disease management, lifestyle coaching, the industry-standard SilverSneakers™

fitness program, and the QuitNet™ smoking-cessation community, Healthways has been in the forefront of organizations calling for a more holistic approach to well-being in the U.S.

## The Opportunity

Ranked as "One of the 100 Best Places to Work" by *Fortune* in 2007, Healthways has taken its own medicine and implemented a comprehensive well-being improvement program across its workforce.

Every employee must complete a comprehensive health risk assessment as a condition of receiving health-care benefits. Access to coaching and support services is universal across the company. The results have been increased work-

force engagement and reduced health-care costs.

Healthways found that well-being, as measured by a comprehensive assessment tool like the Gallup-Healthways Well-Being Index™, is positively correlated with healthy behaviors and negatively correlated with the onset of disease.

"Well-being is not a 'feel good' initiative for employers," says Leedle, "it's a business

imperative. The major employers with whom we work understand that. They are demanding specific, science-based, integrated solutions that fully engage employees, promote healthier lifestyle choices, lower costs, and create competitive advantage."

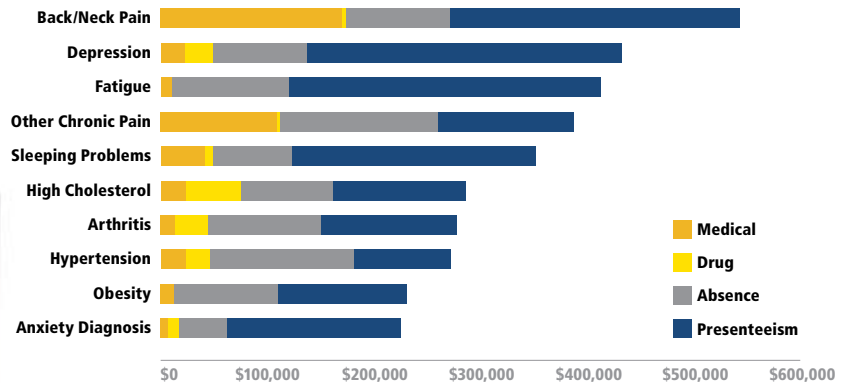
Leedle says a proven provider like Healthways can work with employers to develop a baseline and set realistic one-, three-, and five-year performance targets, utilizing the sophisticated Gallup-Healthways Well-Being Index to meticulously measure progress every step of the way. With the right targets and programs in place, cost savings and productivity gains can be quickly achieved. ●

**For more information, go to [healthways.com](http://healthways.com).**



## What's Ailing Corporate America

The most costly conditions afflicting employees come with a hefty price tag. Here's a look at total medical, pharmacy, and productivity costs.\*



\*Per 1,000 full-time equivalent employees

Source: *Journal of Occupational and Environmental Medicine*, July 2007

Indeed, a 2006 survey by IBI of 343 CFOs showed that these finance executives seldom get information on the financial impact of worker absenteeism or presenteeism (the inability to perform at full capacity at work because of a health condition). The good news, Parry says, is that, if presented with the information, more than two-thirds of the CFOs surveyed would consider absenteeism and presenteeism costs when evaluating investments in health-care initiatives.

### Gaining a Healthy ROI

In the 25 years that Ben Leedle has been working in the health and wellness industry, he has never seen the critical confluence of factors that he's witnessing right now. "We have more people with chronic diseases and those illnesses are starting at a younger age," says the CEO of Healthways Inc., a Nashville-based provider of specialized health and wellness programs. "When you combine that with medical technologies that extend life, it's clear that our health-care demands are going to outstrip our ability to meet them."

Healthways works with employers and health insurance providers to design solutions that enable workers to be healthy and productive on the job.

"I continually hear from companies that they want to see better energy, focus, and engagement among their workers," explains Leedle. "These are the folks who understand that good health plays a huge part in that outcome and that healthier people are typically more engaged in their jobs."

That's certainly been the experience at GlaxoSmithKline (GSK), the global research-based pharmaceutical and health-care company. Ann Kuhnen, vice president of employee health and performance at GSK, says the company never loses sight of the fact that its 110,000 employees operate in dozens of countries and across multiple time zones. "We're looking for resilience and sustainability for our employees," she says. "We want them to be able to produce for the company but to do so in a way that they're not burning out."

In 2001, GSK implemented a Team Resilience program that looked at the kinds of stress that occur most frequently in a team setting. Through an online confidential survey, the initiative asked employees to talk about work demands, relationships, management practices, and work culture. The survey, explains Kuhnen, also sought to determine how stress impacts work

engagement and motivation, and how often employees felt drained at the end of the day.

For some team members, it was late meetings that caused the most stress. For others, it was what they viewed as artificial deadlines that caused the most angst. By empowering teams to assess their issues and experiment with new ways of working, however, GSK has been able to reduce work-related mental illness by 66%, and has seen a 29% drop in the number of days employees called in sick due to work-related mental health issues, since 2002. So far, Kuhnen says 21,000 employees worldwide have participated in the program, and the goal is to have all employees take part by the end of 2009.

As companies maneuver through these tough economic times, they continue to have the most to gain from a healthy workforce—and the most to lose when the issue goes unaddressed. Fortunately, more and more companies are realizing that keeping employees healthy in the first place is the best form of medicine they can offer. —Susan Caminiti

To advertise in our Health-care sections, contact Laurie Evans at 212.522.0767. For reprints, call Jo Mattern at 212.522.2582.

4TH LAW OF HEALTHONOMICS:

Investing to keep  
employees  
working and healthy  
beats paying for  
them when they're  
out and sick.

More employers are rethinking their responses to escalating health-care costs. Why? They recognize chronic diseases are the root problem. Example: An employee managing his diabetes might cost \$5,000 per year.<sup>1</sup> An employee not managing his diabetes could cost up to \$45,000.<sup>1</sup> The win-win here is that by providing employees incentives to lead healthier lives and helping them manage their chronic diseases, you reduce your healthcare costs. And you'll have healthier employees. Sure beats the alternative.

Learn about lowering costs now at [www.CenterVBHM.com](http://www.CenterVBHM.com)

