



HealthDiagnosticLaboratoryInc.

Innovative Strategies for Skyrocketing Healthcare Costs

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U.S. Chamber of Commerce-

Innovations in Workplace and Community Wellness: Navigating the New Terrain

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Agenda

- ➔ Trends
 - Healthcare is moving toward prevention and cost-savings
- ➔ Challenges
 - Do employee wellness programs work?
- ➔ Opportunities
 - HDL, Inc. sees opportunities to improve health and reduce costs with innovative wellness programs
- ➔ Outcomes
 - Innovative wellness programs have proven health outcomes and demonstrated cost savings



TRENDS:
Moving Toward Prevention & Cost Savings

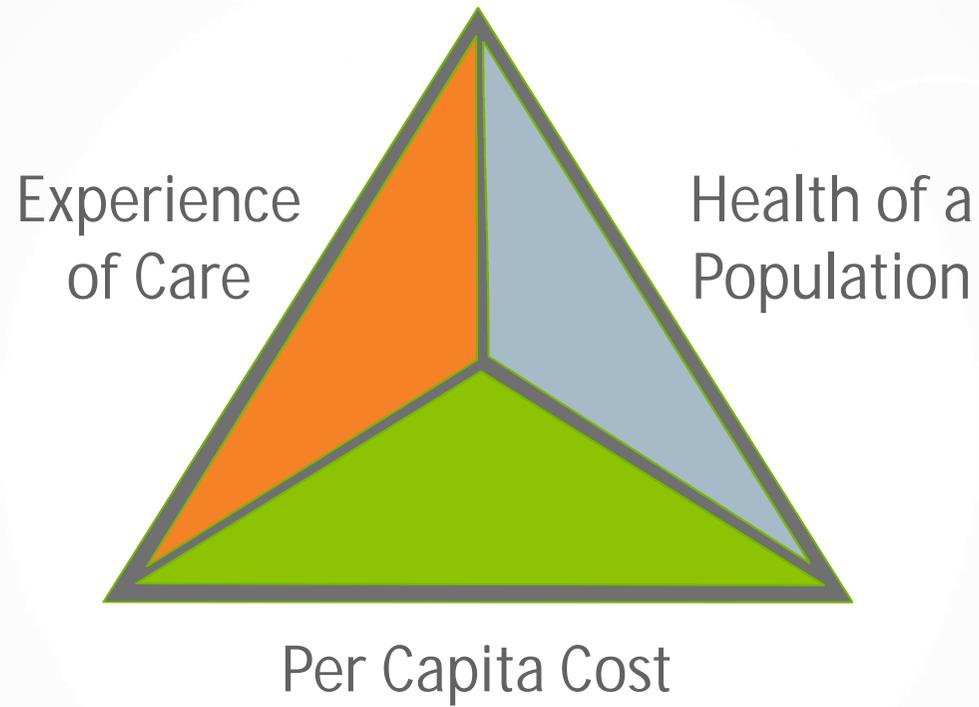
Healthcare Reform

- ➔ Focus on prevention and integration of care
- ➔ Value-based, integrated care models to share costs and savings
 - Accountable Care Organizations (ACO)
 - Patient-Centered Medical Homes (PCMH)
- ➔ Innovation in prevention, delivery of care, cost containment encouraged
 - Example: CMS grants up to \$1 billion for innovative healthcare projects through Healthcare Innovation Awards

Payment Reform

SICK CARE ► HEALTH CARE

- Shift from fee-for-service to fee-for-value, outcomes
- Penalties for re-admissions
 - Hospitals must improve quality and secondary prevention
- Medicare, Medicaid leading way with Triple Aim
 - Improve patient experience of care
 - Improve health of populations
 - Reduce per capita costs of healthcare



IHI Triple Aim

Health Systems

→ Consolidation in response to healthcare reform

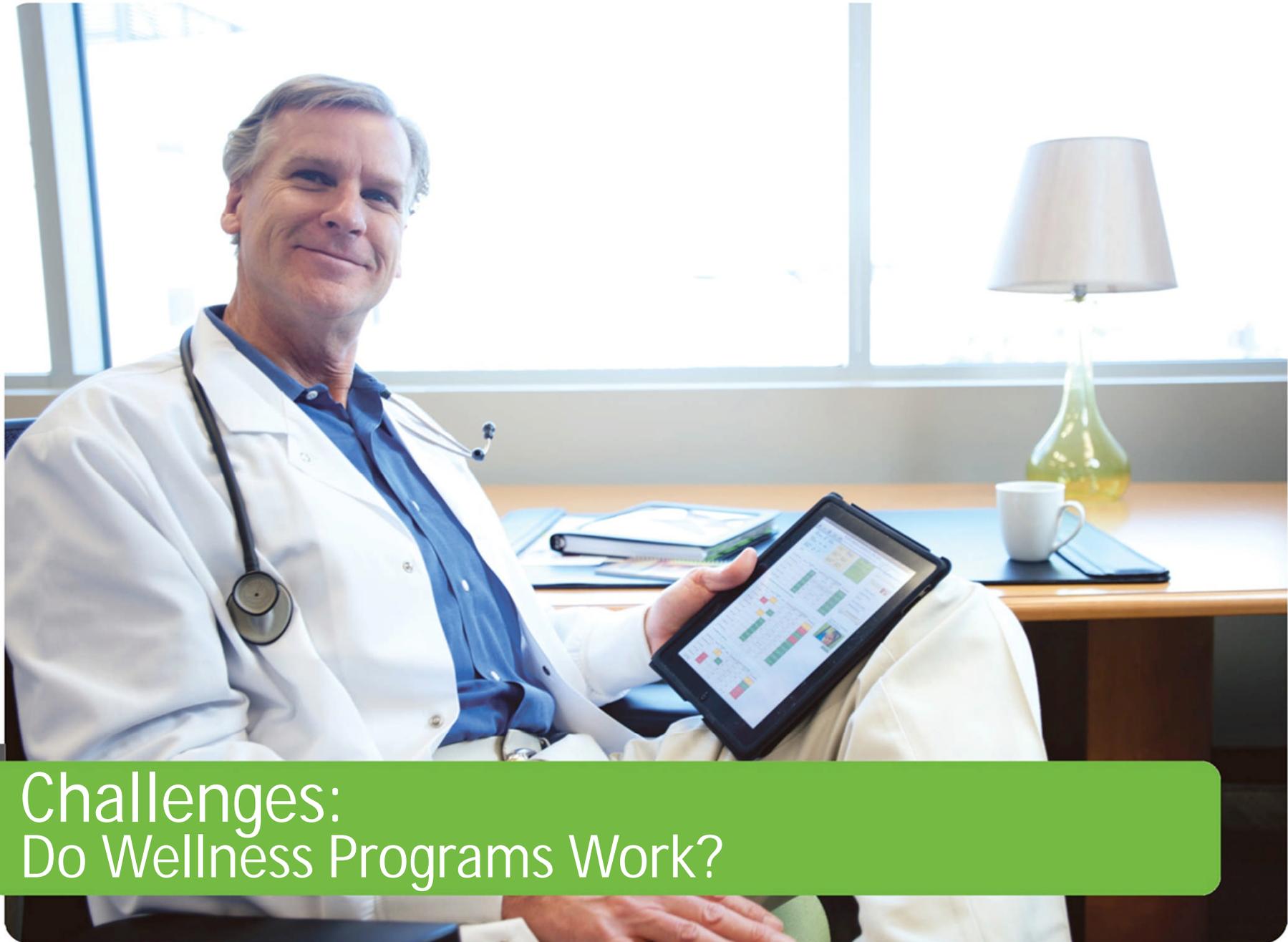
- Buying primary care physician practices
- 50% of primary care doctors now owned or employed by health systems

→ Changing marketplace for on-demand primary care

- Retail clinics
- Technology: digital and mobile healthcare, electronic medical records
- Urgent care

Employers

- ➔ More than 90% of large companies now invest in health improvement programs
- ➔ 2 out of 3 large employers are increasing wellness offerings
- ➔ Investment in wellness programs has increased double digits for the past 4 years
 - Investment in wellness incentives has more than doubled since 2009*



Challenges:
Do Wellness Programs Work?

Diabetes and heart disease are
preventable and **reversible**.



1 in 3 adults in the U.S.
has been diagnosed
with **heart disease***



1 in 10 adults in the U.S.
has been diagnosed
with **diabetes***

Diabetes and heart disease make up one third of U.S. healthcare costs each year: **\$606,000,000,000**



\$5,693
per person

Average yearly medical cost of **heart disease**¹



\$7,900
per person

Average yearly medical cost of **diabetes**²



\$202.30
per BMI point

Average yearly medical cost of **obesity**³

1. Wang, G., Pratt, M., Macera, C.A., Zheng, Z.J., & Heath, G. "Physical activity, cardiovascular disease, and medical expenditures in U.S. adults". Ann Behav Med, 2004; 28:88-94.

2. American Diabetes Association. "Economic Costs of Diabetes in the U.S. in 2012." Diabetes Care, 2013; 36 (4): 1033-46.

3. Wang, F. et al. "Association of healthcare costs with per unit body mass index increase". Journal of Occupational and Environmental Medicine, 2006; 48 (7), 668-674.



➔ Employers pay the largest portion of healthcare costs.

* 2013 Milliman Medical Index

Inability to Work Due to Disease-related Disability



Reduced Productivity While at Work and Lost Productivity Due to Early Death



Employee Wellness Programs: Evidence

- ➔ 2013 Workplace Wellness Programs Study¹
 - Stratified random sample of almost 600,000 employees at 7 firms
 - Lifestyle management led to significant health improvements in exercise frequency, smoking, and obesity

- ➔ 2014 PepsiCo, Inc. Study²
 - PepsiCo, Inc. Healthy Living employee wellness program data over 7 years
 - Disease management saved \$3.78 for every \$1 invested
 - Lifestyle management did not result in significant savings

1. Mattke, A., et al, 2013. Workplace Wellness Programs Study. Rand Corporation, Santa Monica, CA.

2. Caloyeras, J.P. et al, 2014. Managing Manifest Diseases, But Not health Risks, Saved PepsiCo Money Over Seven Years . *Health Affairs*, 33(1), 124-131.

Is your employee wellness program working?
How do you know?



Opportunities:
Innovative Wellness Strategies that Work

Diverse Populations

→ Innovative employee wellness programs can work across multiple populations

- Employers
- Health Systems
 - ACOs
 - Cardiac Rehab
 - PCMHs
 - Health System Employees
- State and Local Government Agencies
- First Responders



Innovation

- ➔ Move beyond “closet full of unused gym bags”
- ➔ Examples of innovative wellness strategies
 - Outcome-based incentives
 - Comprehensive lab testing to assess nontraditional biomarkers for chronic disease



Culture of Health, Engagement

➔ **Engage and motivate** employees to make healthy lifestyle choices

- Ongoing personal support, health coaching
- Online and offline health improvement resources, promote self-management
- Behavior change theories and strategies

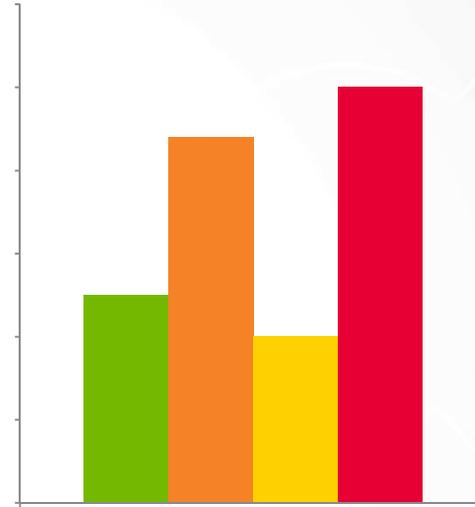
➔ **Reinforce and support** doctor/patient relationship

➔ HR, management—**allow and encourage** participation in wellness programs

- Incentives
- Policy that includes time off to participants in wellness activities

Quantitative Analysis

- Wellness programs are highly measurable:
- Registration in program
 - Level of engagement, participation
 - Health outcomes
 - Participant satisfaction



- Data-driven programs produce quantitative, measurable outcomes
- Outcomes tell you if your wellness program is working





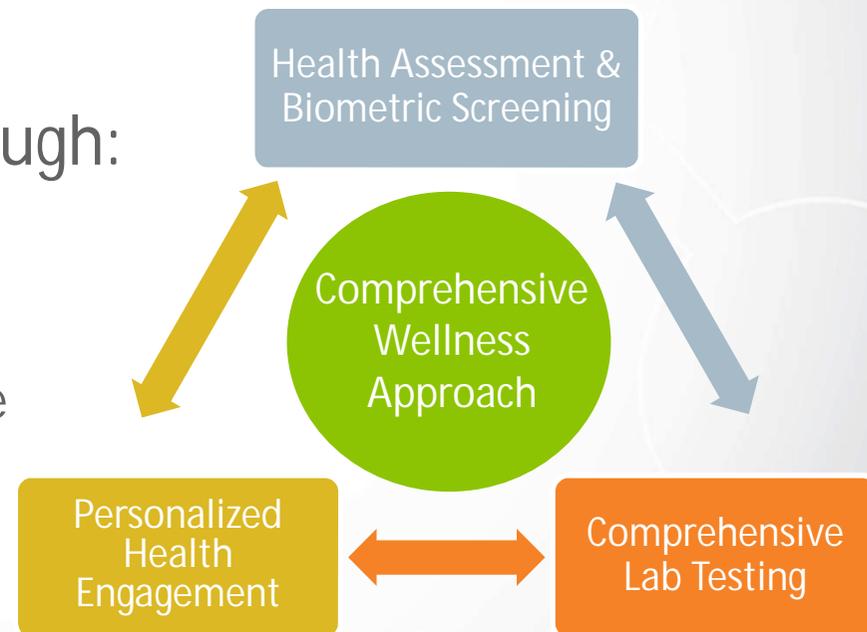
Outcomes

Success with Innovation: Example

➔ Health Diagnostic Laboratory, Inc. (HDL, Inc.) comprehensive wellness approach for employee populations

➔ Goal: improve health and increase productivity through:

- Innovation
- Creating a culture of health
- Engagement; behavior change theories and strategies
- Measuring outcomes



Case Examples

- ➔ Large Workplace
- ➔ State Government Agency
- ➔ HDL, Inc. Employee Population

Large Workplace

Oct 2011 – Nov 2012 (13 month follow-up), nationwide, 1,438 participants

Health Improvement



12%
of participants
reduced high risk
for heart disease



16%
of participants
reduced high risk
for diabetes



36%
of participants lost
a total of 1,021
BMI points



98%
Engaged with
Clinical Health
Consultants

Cost Avoidance



2:1
Estimated ROI based on
medical care costs and
lost productivity*



\$699,700
Estimated cost avoidance
for medical and lost
productivity costs*

*Chenoweth, D. "Integrating Biometric Screening, Comprehensive Laboratory Testing, and Personalized Health Engagement as a Population Health Management Strategy."

State Government Agency

June – November, 2013 (5 month follow-up), Virginia, 787 participants

Health Improvement



36%
of participants
improved risk for
heart disease



14%
of participants
improved risk for
diabetes



48%
of overweight or obese
participants lost weight,
avg. 5.7 pounds



84%
of participants discussed
lab results with Clinical
Health Consultant or
personal physician

Cost Avoidance



\$286,468

Estimated cost avoidance for
medical and productivity costs
associated with diabetes alone*

HDL, Inc. Employee Population

January – October 2013 (6 month follow-up), Virginia, 516 participants

Health Improvement



13%
of participants
improved risk for
heart disease



2%
of participants
improved risk for
diabetes



70%
Showed weight loss,
with an average loss
of 2.5 pounds

Cost Avoidance



\$74,820
Estimated cost avoidance for
medical and productivity costs
associated with diabetes alone*



3%
Employee turnover rate

Independent Study:

Innovative wellness program reduces costs, improves ROI*

- ➔ Analysis of actual medical claims data for 229 HDL, Inc. patients over 3 years
 - Matched control group followed for comparison
- ➔ Average monthly cost of care was **23% lower** for HDL, Inc. participants than for the control group
 - Decrease in costs of both inpatient and ambulatory care

Independent Study:

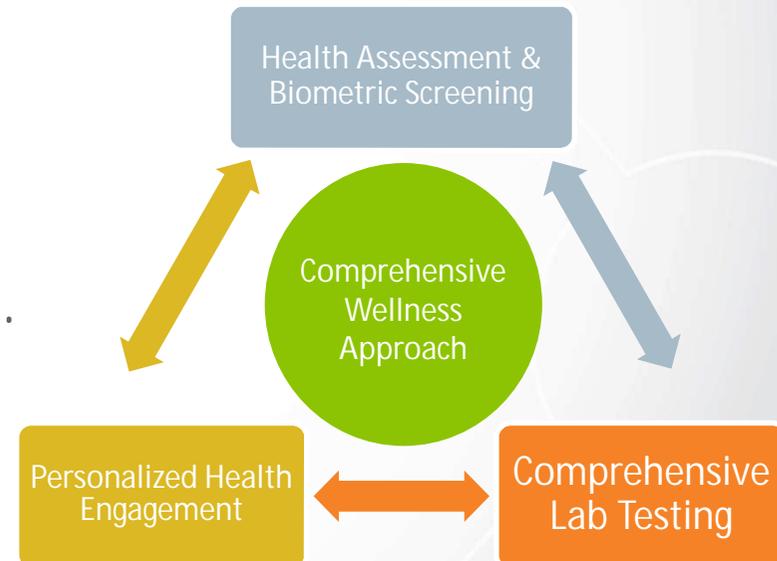
Comprehensive approach an economical population health strategy*

➔ Cost analysis of HDL, Inc. population health outcomes data based on median costs of medical care and lost productivity

- Cost estimates based on a cross-section of published costs of medical care, absenteeism, and presenteeism

➔ Estimated total annual cost avoidance of **\$699,700** for approx. 1500 participants

➔ Estimated ROI of **2:1**



*Chenoweth, D. "Integrating Biometric Screening, Comprehensive Laboratory Testing, and Personalized Health Engagement as a Population Health Management Strategy."

Conclusion

Healthcare costs continue to rise and evidence shows that *traditional* employee wellness programs have limited results, but **innovative wellness programs work.**