Innovative Strategies for Skyrocketing Healthcare Costs

Tonya Mallory
U.S. Chamber of Commerce - Innovations in Workplace and Community Wellness: Navigating the New Terrain
April 7, 2014
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

- 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
Experience of Care  

Health of a Population  

Per Capita Cost  

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*

*Data from a 2014 survey conducted by the National Business Group on Health & Fidelity Investments
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**

*Centers for Disease Control and Prevention*
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

- $7,900 per person
  Average yearly medical cost of diabetes

- $202.30 per BMI point
  Average yearly medical cost of obesity

Employers pay the largest portion of healthcare costs.

*2013 Milliman Medical Index
Inability to Work Due to Disease-related Disability

$21.6 Billion
Reduced Productivity While at Work and Lost Productivity Due to Early Death

$39.3 Billion
Employee Wellness Programs: Evidence

2013 Workplace Wellness Programs Study\textsuperscript{1}
- Stratified random sample of almost 600,000 employees at 7 firms
- \textit{Lifestyle management led to significant health improvements} in exercise frequency, smoking, and obesity

2014 PepsiCo, Inc. Study\textsuperscript{2}
- PepsiCo, Inc. Healthy Living employee wellness program data over 7 years
- Disease management saved $3.78 for every $1 invested
- \textit{Lifestyle management did not result in significant savings}

\textsuperscript{1} Mattke, A., et al, 2013. Workplace Wellness Programs Study. Rand Corporation, Santa Monica, CA.
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*

*Estimated using the AON ROI tool
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

*Estimated using the AON ROI tool
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

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.**