

Wellness and Disease Management: Unique or integrated?



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Employers and health care managers are increasingly asking the question: Wouldn't it be more realistic and cost effective to combine wellness and disease management programs into a single program? This question is being examined more and more closely by employers and health care professionals.

Patient behavior is cited as the primary component of both wellness and disease management programs. That

behavioral change by the employee is the key factor in successfully achieving desirable health management results, whether from the wellness perspective which tries to prevent illness, or from a disease management perspective which tries to slow, neutralize or decrease already existing health conditions.

When high incidence medical conditions (e.g., diabetes, high cholesterol, high blood pressure) are compared to lifestyle influences (e.g., weight management, nutrition, smoking, physical activity, stress) a direct correlation can be observed. Both result in lower productivity and absenteeism from the work place. It is, therefore, believed by many that disease is persistently related to wellness behaviors and life style.

Wellness (Continued on page 2)

'Premium Management' goes beyond Wellness and DM

The ever increasing cost of health care has become a significant expense for both employer and employee. How to deal with it has been on the front burner of most employers for many years. The term "Premium Management" is beginning to be associated with this issue.

Premium Management encompasses many aspects of health care cost containment. To best understand it, one needs to understand its components and how they contribute to cost. Two significant components of Premium Management are Wellness programs and Disease Management programs.

Corporate Health Systems invited the four major health plan carriers in Minnesota to explain Premium Management in a seminar with business, human resource and benefits managers from both the private and public sector. The carriers were asked to focus on their Wellness and Disease Management programs.

All of the carriers—PreferredOne, Medica, HealthPartners and Blue Cross Blue Shield—accepted the invitation. The seminar was held on April 28, 2006 at the Hopkins Center for the Arts in downtown Hopkins.

Dr. John Frederick, Executive Vice President and Chief Medical Officer at PreferredOne began the seminar by pointing out the significance of the health care issue in the U.S., where "it comprises 16% of the U.S. gross national product. And yet," Frederick continued, "America is not the healthiest nation in the world."

The "out-of-pocket" trend is increasing.

...utilization accounts for a significantly larger share ...

Controlling cost from the health plan perspective, Frederick emphasized that consumer involvement is critical. It includes such things as Disease Management for members with chronic diseases, Wellness and Prevention to avoid chronic disease, and Consumerism for when care is needed. It's a matter of how members can get the best care at the best price.

Seventy percent (70%) of PreferredOne's business on January 1, 2006 was in high deductible plans, according to Frederick. He said the "out-of-pocket" trend is increasing, and that more consumer awareness will lead to better purchasing decisions.

Dr. Charlie Fazio, Senior Vice President and Chief Medical Officer at Medica, used a graphic to illustrate the point of how utilization will increase cost over the next nine years. It showed single-person health spending going from around \$8,000 today to a little over \$12,000 by 2015, and family spending going from around \$28,000 to \$49,000, respectively. Fazio pointed to three principle reasons for healthcare cost increases: General inflation of medical costs (27%), healthcare price increases in excess of inflation (30%), and increased utilization—accounting for a significantly larger share (43%) of the increasing costs.

Fazio emphasized reasons why utilization is increasing. "Basically," he said, "it's because more people are getting treated for more things." Some examples include lifestyle factors such as obesity, lack of exercise, smoking

PREMIUM MANAGEMENT Continued on page 2

WELLNESS *(Continued from page 1)*

Reduction in health care costs... coincide with healthier employees.

When considering the relationship between wellness and disease management, there is ever stronger attention being given to reducing the onset of debilitating and more costly diseases. That investing in early lifestyle and behavioral changes will later pay off with fewer absentees and healthier employees, which leads to higher production from a higher functioning workforce.

Besides a higher functioning workforce achieving higher production, there is the reduction in health care costs that coincide with healthier employees. And, these are savings that “keep on paying” because better attention to wellness

may help to eliminate, or at least delay, some diseases. Where family and genetic circumstances come into play, deferring disease onset or slowing its emergence will reduce health care costs as well.

Consolidation and integration of wellness and disease management under one provider appears to bring about a more consistent application of both programs. This, in turn, provides enhanced coordination in achieving positive health management outcomes. It also helps to identify earlier potential health risks that, in turn, would potentially reduce current and future health care expenses, and would result in a more satisfied and productive employee.

PREMIUM MANAGEMENT *Continued from page 1*

20% of people generate 80% of cost.

and stress; advanced technology and new drugs making more things treatable; and changing (increased) thresholds for diagnosing and treating diseases.

Fazio illustrated health risk factors in today’s employees. For every 100 employees - some with multiple conditions - not quite half (43%) are overweight by more than 20%. High blood pressure accounts for almost a third (29%), with stress just slightly below that (28%), followed by not enough exercise (21%), smoking (15%), high cholesterol (15%), and not using a seat belt (12%).

Dr. Nico Pronk, Vice President and Executive Director of Health Behavior at HealthPartners spoke of claims cost distribution, where 20% of people generate 80% of cost, or conversely, where 80% of people generate only 20% of cost. The graphic he used illustrated how early and consistent intervention practices can substantially delay or minimize disease onset, which results in sizeable savings in health care cost. In short, “Why invest in health?” he asked, and then answered his own question: “because disease costs, prevention saves.”

“Do incentives drive participation in Wellness and Disease Management programs?,” asked Pronk. Using charts and graphs, he explained how employees were interviewed using various interview techniques and incentives. The results associated with each technique and incentive was significant.

For example, when measured against an IVR interview (Interactive Voice Response), where recorded questions are asked to a person and to which the person responds by voice, numeric button (e.g., telephone), or keypad (e.g., Internet site), and which also included one or two mailings to employees, the resulting response rate was about one-quarter of those interviewed. This was compared to an in-person telephone interviewer which yielded a response rate of slightly over half of those interviewed, and to an in-person interviewer that included a monetary incentive to which more than two-thirds responded.

A quarter of all health costs are preventable.

The best performing companies avoided sole reliance on cost shifting.

In another demonstration, Pronk showed results of a study of physical activity and how it influences health care cost. In older adults, increased physical activity lowered health care cost within two years. With those who started from no physical activity but increased it to one to three days per week, health care costs declined by well over \$2,000 per year, which, the study concluded, easily justifies investing in physical activity programs.

Dr. David Plocher, Senior Vice President of Business Intelligence and Informatics at Blue Cross Blue Shield added perspective by asking the question, “What are we trying to fix?” He proceeded to answer his question by stating that a quarter of all health costs are preventable, that only a little better than half of all people receive recommended care, and that half of all patients do not take prescribed medications as ordered by their doctor.

Plocher also said that the “best performing companies avoided sole reliance on cost shifting.” He gave evidence that such things as Disease Management programs, integration of health care and disability, HRSs (and HSAs), nurse lines, health coaches, price transparency, and premium discounts and other incentives to employees participating in health management programs were significant contributors to reducing health care cost.

Plocher continued by discussing how other employee incentives could include information on provider quality with consumer accountability (resulting in a significant trend advantage), hard dollar ROI calculations, and explanations of how health care cost impinge on business earnings. An example showed an organization achieving a 3% trend over two years versus poor performers at 11.5%.

Note to readers: Future articles on Premium Management techniques will be included in this newsletter. The market needs to be more fully researched for proven program models. Then a process template needs to be developed that will assimilate each step of premium management, so employers can thoroughly and accurately communicate the process to their employees.

Spotlight's on...



The Spotlight's on Nardini Fire Equipment Company of Saint Paul, Minnesota. This issue's featured company provides, designs, installs and services all types of fire protection, detection and suppression equipment and systems.

"My dad, Ralph Nardini, started the company in 1949," said Tom Nardini, its current president. "I have literally learned the business from the ground up. My first job in the company was sweeping the floors as an eleven year old kid." Nardini has grown the company to include four service centers around the state. It employs about 90 people with business operations primarily in the upper five-state area.

Tom Nardini pointed to the company being both an installer and distributor of fire protection and suppression equipment. But it also offers hands-on fire training in accordance with O.S.H.A. regulations. "We are small enough to provide personal service," Nardini said, "yet large enough to professionally handle all of our clients' needs."

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Limelight's on...



Patty Kivi
Benefits Administrator

Patty Kivi has been a Benefit Administrator at Corporate Health Systems for more than four years. She spent eight years in the insurance industry before joining CHS.

Patty currently administers benefits for a number of client groups. The best part about her job, she says, is helping people understand their benefits...that the personal contact is the most satisfying. Her typical workday involves numerous tasks and responsibilities, but administering Flexible Spending Plan accounts takes up the greatest part of her day.

Patty lives in Elk River with her husband, Marc, fifteen year old daughter, Ellie and new puppy, Daytona. Patty is involved in her daughter's high school band-parent activities. One of those activities will take both mom and daughter to Italy this summer where the band will perform. In her leisure time, Patty enjoys watching sports, particularly the Twins, Vikings and NASCAR.

Floodlight's on...

What Happened? What's ahead!



March 15, 2006 Mailer

Maximizing Benefits by Promoting Flexible Spending Accounts to Employees

April 21, 2006 1:00-3:00 PM Seminar

Disease Management

Presentations by PreferredOne, Medica, Health Partners and Blue Cross Blue Shield, followed by panel discussion. Hopkins Center for the Arts, Hopkins

June 2, 2006 9:00-11:00 AM Seminar

Legislative Update legislation effecting employee benefits

Mary Gilbert, Legislative Lobbyist

Hazard Planning: Epidemiology of the Avian Flu Pandemic

Michael Olesen, Abbott-Northwestern Hospital
TIES Conference & Technical Center, St. Paul

July 13, 2006 7:30-9:30 AM Manufacturers Alliance

Lessons Learned in China

Educational presentations by/for manufacturers
Hennepin Tech College, Plymouth

Register at www.mfrall.com > Train&Ed > MA Ed Programs

Highlight's on...



Benefits Enrollment

Benefits enrollment by Corporate Health Systems, whether through postal mail or Web based, has three primary objectives: To save employer money by freeing management from enrollments details; to make enrollment easy and trouble free for the employee; and to ensure accuracy at every step along the way. Here are a few key elements:

Value -

Fraction of the cost of employer's "do-it-yourself."
Proven routines for accuracy and efficiency.
Eliminates hiring, training, supervision.
Consistent procedures that are detail focused.
Employee telephone support; no employer distractions.

Process -

Direct mail to employee's home and family.
Enrollment booklet summaries of all benefits.
Single enrollment form for all benefits.
Monthly individual and group status reports.
Monthly billing reconciliation.

NARDINI (Continued from page 3)

Nardini Fire Equipment Company installs and services fire suppression systems for commercial, industrial and multi-residential facilities. They include hand portable fire extinguishers to aircraft hangars and computer centers to restaurant cooking exhaust hoods. They also provide high sensitivity detection and evacuation alarms for any size facility.

The company's newest product is NOVEC, a next generation 3M clean fire suppression agent that is used in high value areas like data centers, document storage and telecommunication sites that require protection beyond just water. "But our most successful product," Tom Nardini went on to say, "Is our employees - the best team in the market."

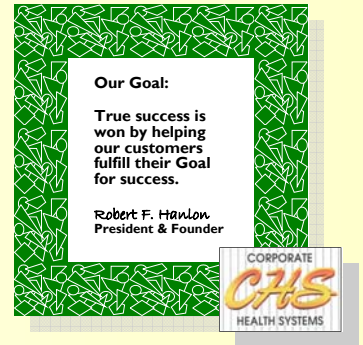
Nardini Fire Equipment Company's relationship with Corporate Health Systems spans nearly ten years. "As our company grew, healthcare issues became so demanding that we considered adding a dedicated employee to handle that part of our business. When we found CHS, we eliminated the need for the additional employee. They take significant time and effort to research our healthcare options and with their contacts and expertise have gotten us the best program possible for the best rate. We enjoy our relationship with CHS and would highly recommend them to anyone," concluded Tom Nardini.

Nardini: (651)483-6631 or www.nardinifire.com

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