

Health Management as a Serious Business Strategy

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HEALTH MANAGEMENT RESEARCH CENTER**





Agenda

Health Management as a Serious Business Strategy

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Summary

Slides available via e-mail attachment



Introductory Comments

Objective

Key Thoughts

Shareholder value from creative and innovative products from healthy and productive people

Strategy

Next Generation Program to drive Objective

Partners: health plans; benefit consultants; primary care physicians; pharmaceutical companies; health enhancement companies

Outcomes to get to Zero Trend

90%-95% participation and 75% to 85% low-risk

Keep the healthy people healthy

Don't get worse

- ✓ US Steel
- ✓ Steelcase
- ✓ We Energies
- ✓ General Motors
- ✓ Cleveland Clinic
- ✓ Crown Equipment
- ✓ Foote Health System
- ✓ Medical Mutual of Ohio
- ✓ St Luke's Health System
- ✓ Cuyahoga Community College
- ✓ International Truck and Engine
- ✓ United Auto Workers-General Motors
- ✓ Wisconsin Education Association Trust
- ✓ Southwest Michigan Healthcare Coalition
- ✓ Australian Health Management Corporation

UM-HMRC Corporate Consortium

- ✓ Kellogg
- ✓ JPM Chase
- ✓ Progressive
- ✓ Brush Wellman
- ✓ Delphi Automotive
- ✓ Affinity Health Plan
- ✓ Southern Company
- ✓ Florida Power & Light

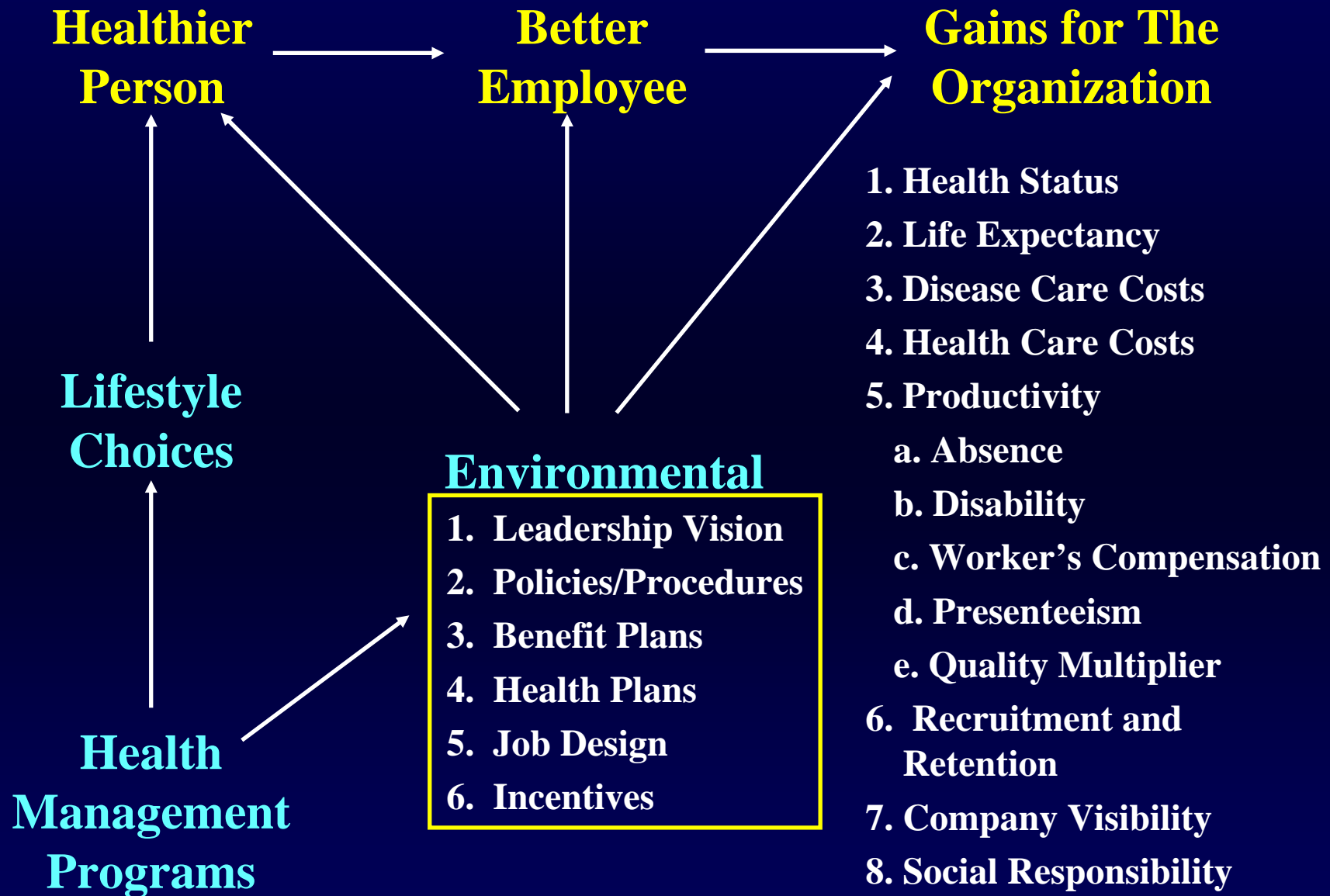
*The consortium members provide health care insurance for over two million Americans. Data are available from eight to 18 years.

Meet on First
Wednesday of each
December in Ann
Arbor

Health Management as a Serious Business Strategy

- 1. Building an Integrated, Sustainable Business Strategy
(Next Generation Programs,
Champion Companies, Zero Trends) Six Hours**
- 2. Complete Strategy and Next Generation Four Hours**
- 3. Fundamental Strategy and Next Generation Two Hours**
- 4. Business Strategy and Next Generation 90 minutes**
- 5. Short Business Strategy and Next Generation 75 minutes**
- 6. Executive Summary of the Business Strategy 60 minutes**
- 7. Executive Summary of Executive Summary 20 minutes**

Health Management in the Workplace



Moving the Paradigm From

“The Cost of Healthcare”

(Treating disease) **To**

“The Total Value of Health”

(Managing health status) **To**

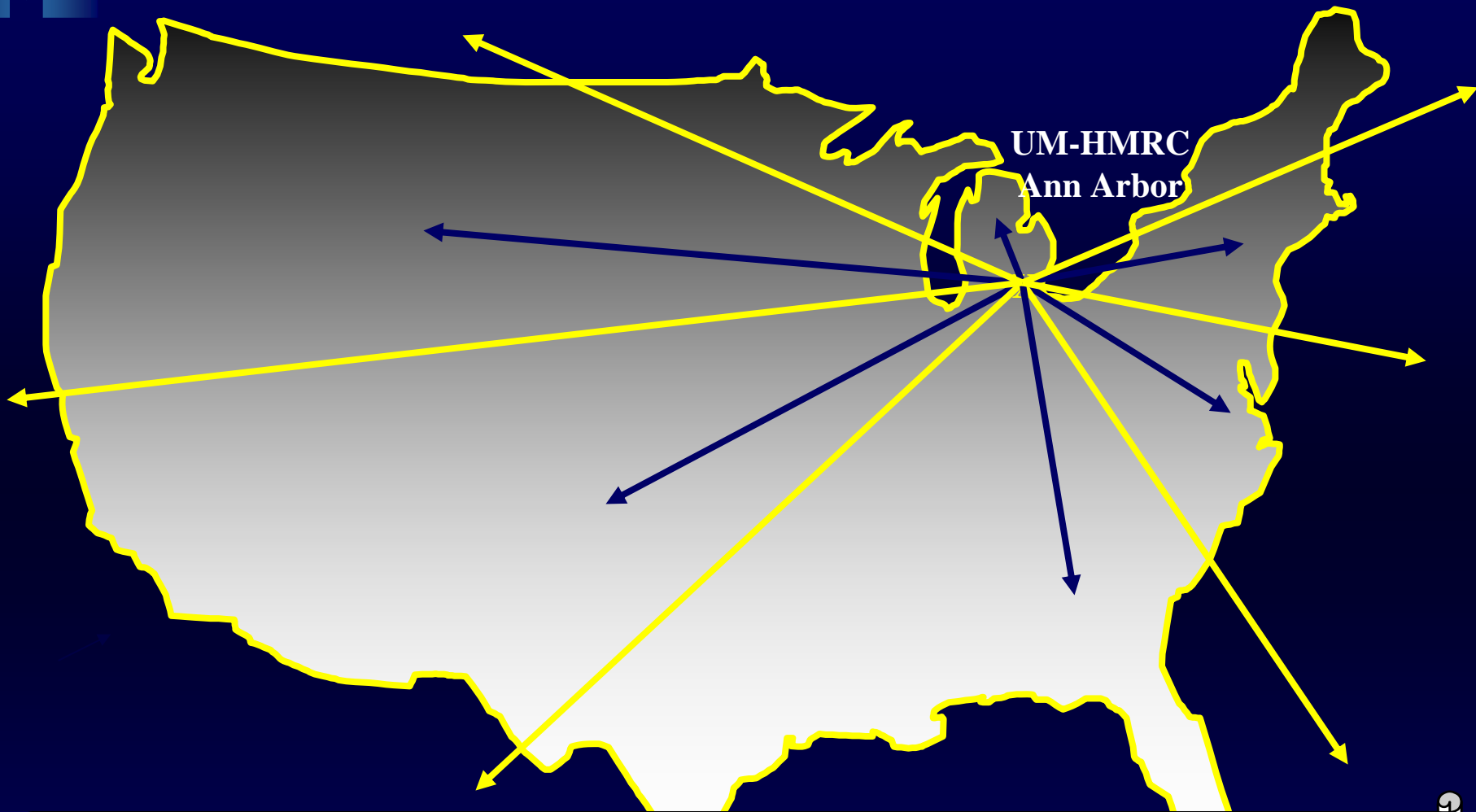
“Health is Free”

(Healthcare Costs < Total Benefits) **By**

Adopting the “Quality” Strategy

(Fix the Systems that Lead to the Defects)





**New way to do Health Management
In the United States and Throughout the World**



Section I

The Do-Nothing Strategy



Business Case

The Natural Flow of Health Risks and Costs

Health Risks and Behaviors

Health Risk Measure	High Risk Criteria
Alcohol	More than 14 drinks/week
Blood Pressure	Systolic >139 or Diastolic >89 mmHg
Body Weight	BMI ≥ 27.5
Cholesterol	Greater than 239 mg/dl
Existing Medical Problem	Heart, Cancer, Diabetes, Stroke
HDL	Less than 35 mg/dl
Smoking	Current smoker
Physical Activity	Less than one time/week
Safety Belt Usage	Using safety belt less than 100% of time
Illness Days	Greater than 5 days last year
Life Satisfaction	Partly or not satisfied
Job Satisfaction	Partly or not satisfied
Perception of Health	Fair or poor
Stress	High

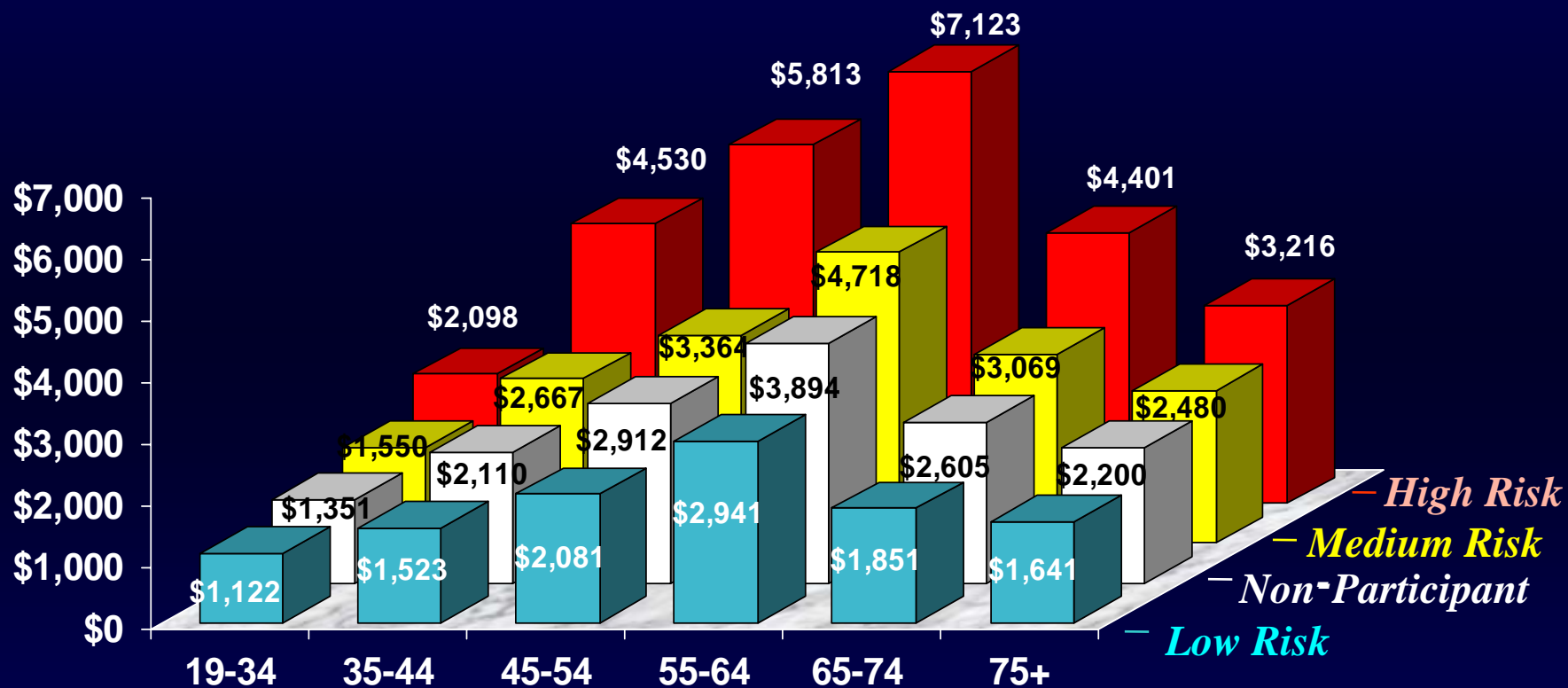
OVERALL RISK LEVELS

Low Risk	0 to 2 high risks
Medium Risk	3 to 4 high risk
High Risk	5 or more high risks

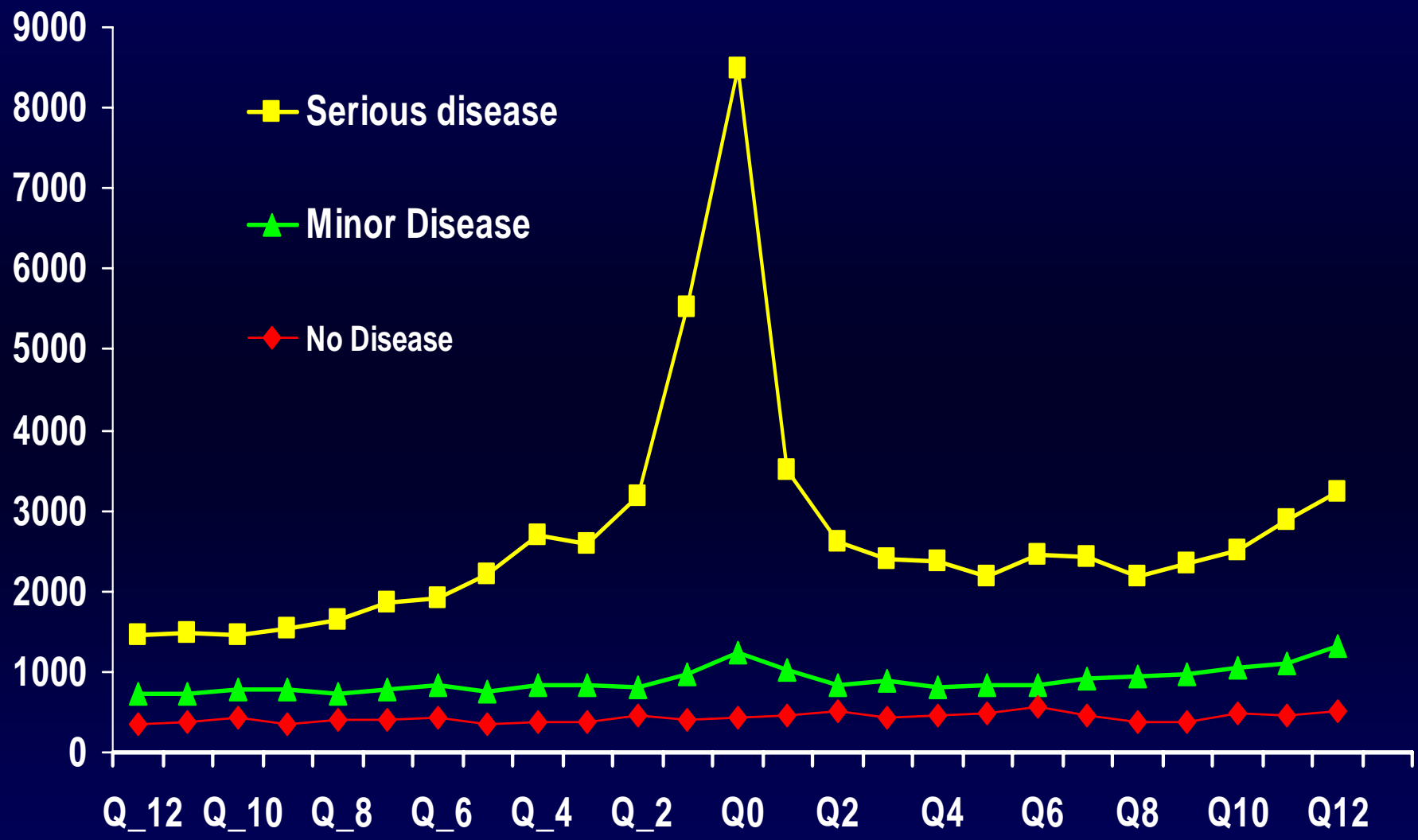


Costs Associated with Risks

Medical Paid Amount x Age x Risk



Total Medical and Pharmacy Costs Paid by Quarter for Three Groups





**This is the Way Americans Have
been Living their Lives for 60
Years**

**Can You Afford the
Economic Consequences of the
Do-Nothing Strategy?**



Section II

Key Business Concepts

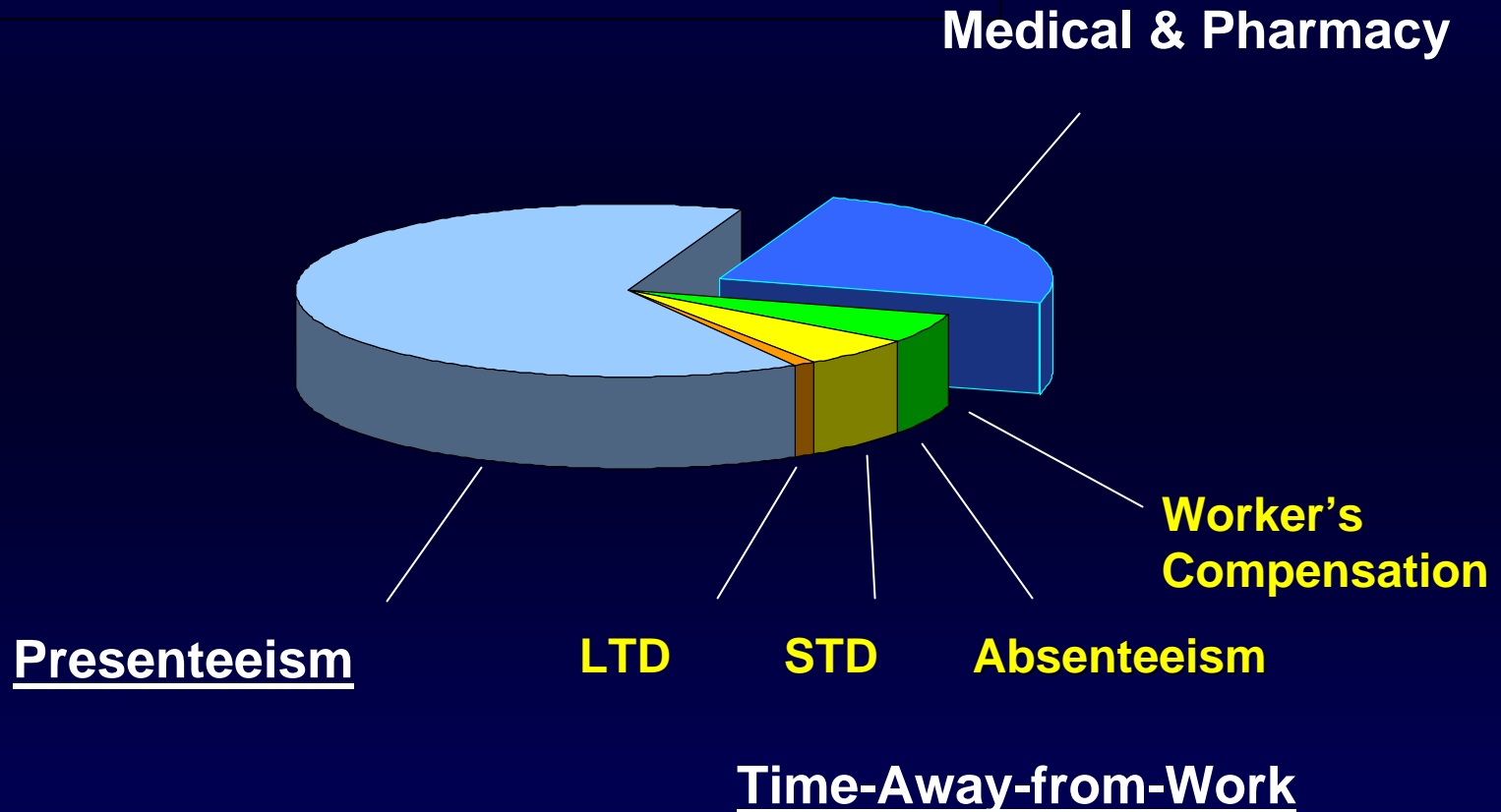
To Build the Business Case



Business Concept

Eliminate “Silo” Thinking
Consider the
Total Value of Health

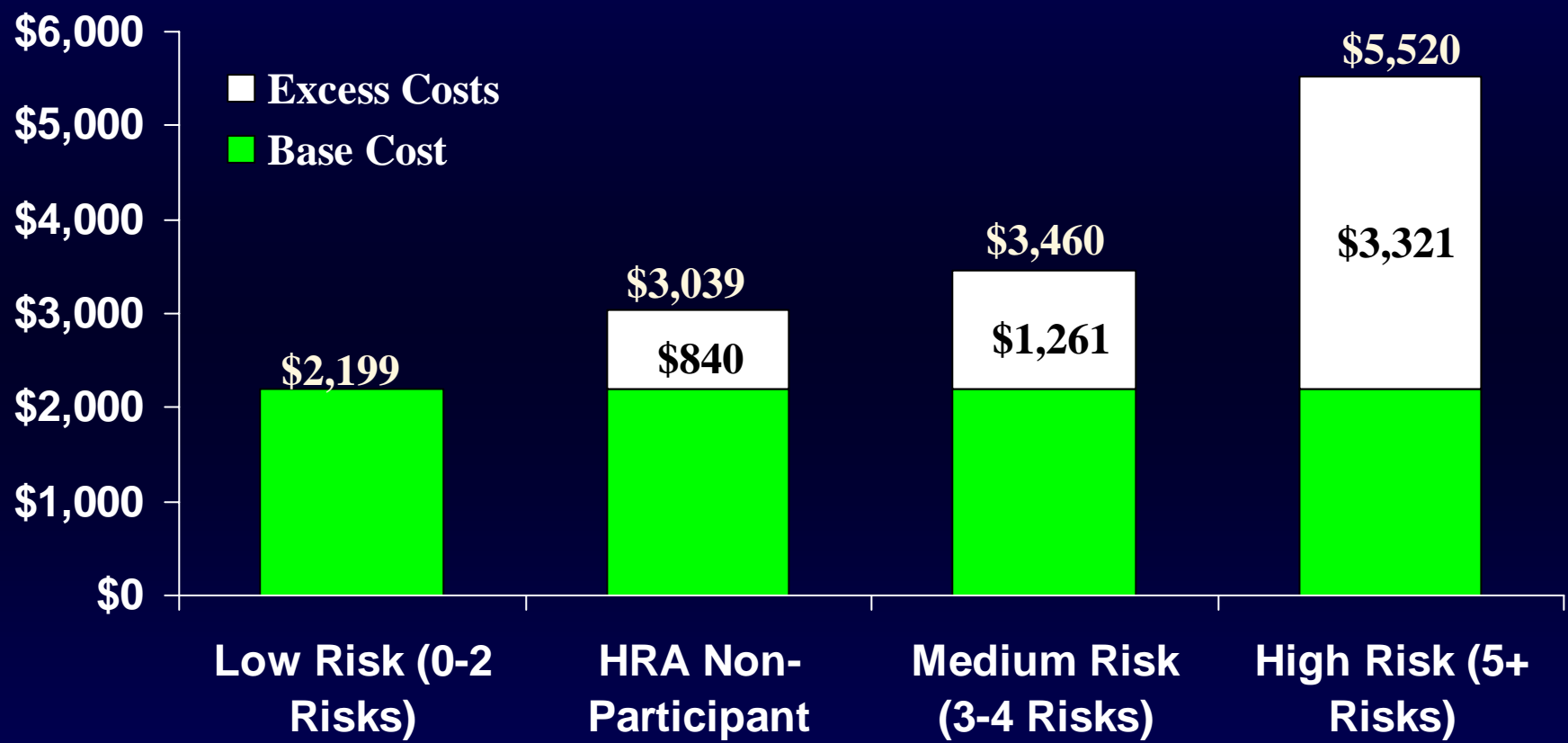
Relative Value of Health to the Organization: Total Value of Health



Edington, Burton. A Practical Approach to Occupational and Environmental Medicine (McCunney). 140-152. 2003



Excess Medical Costs due to Excess Risks



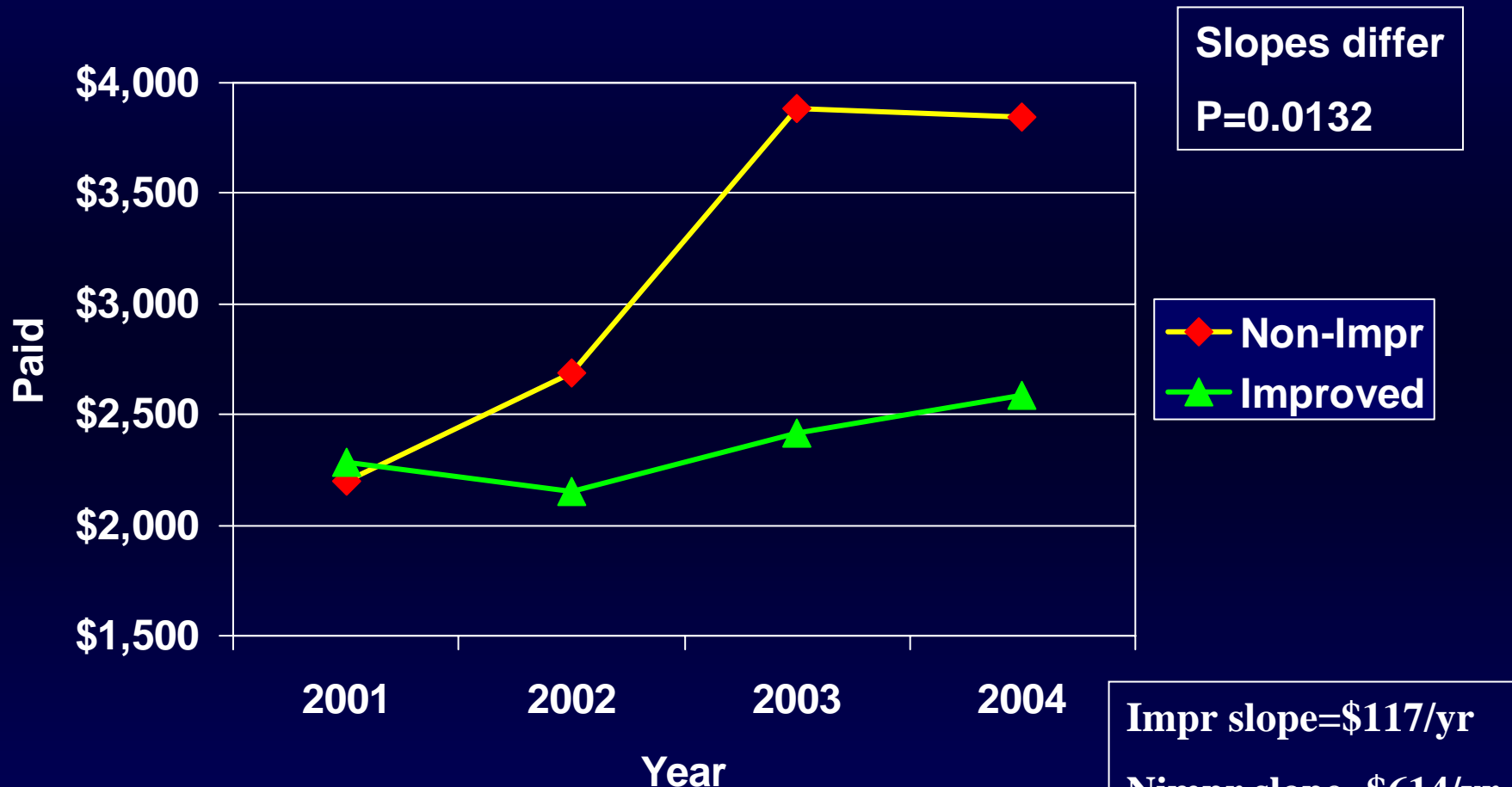
Edington, AJHP. 15(5):341-349, 2001

Association of Risk Levels with Corporate Cost Measures

Outcome Measure	Low-Risk (N=671)	Medium-Risk (N=504)	High-Risk (N=396)	Excess Cost Percentage
Short-term Disability	\$ 120	\$ 216	\$ 333	41%
Worker's Compensation	\$ 228	\$ 244	\$ 496	24%
Absence	\$ 245	\$ 341	\$ 527	29%
Medical & Pharmacy	\$1,158	\$1,487	\$3,696	38%
Total	\$1,751	\$2,288	\$5,052	36%

Wright, Beard, Edington. JOEM. 44(12):1126-1134, 2002

Medical and Drug Cost (Paid)*



*per employee , Improved=374, Non-Improv=103
HRA in 2002 and 2004

Improved=Same or lowered risks

*Medical and Drug, not adjusted for inflation



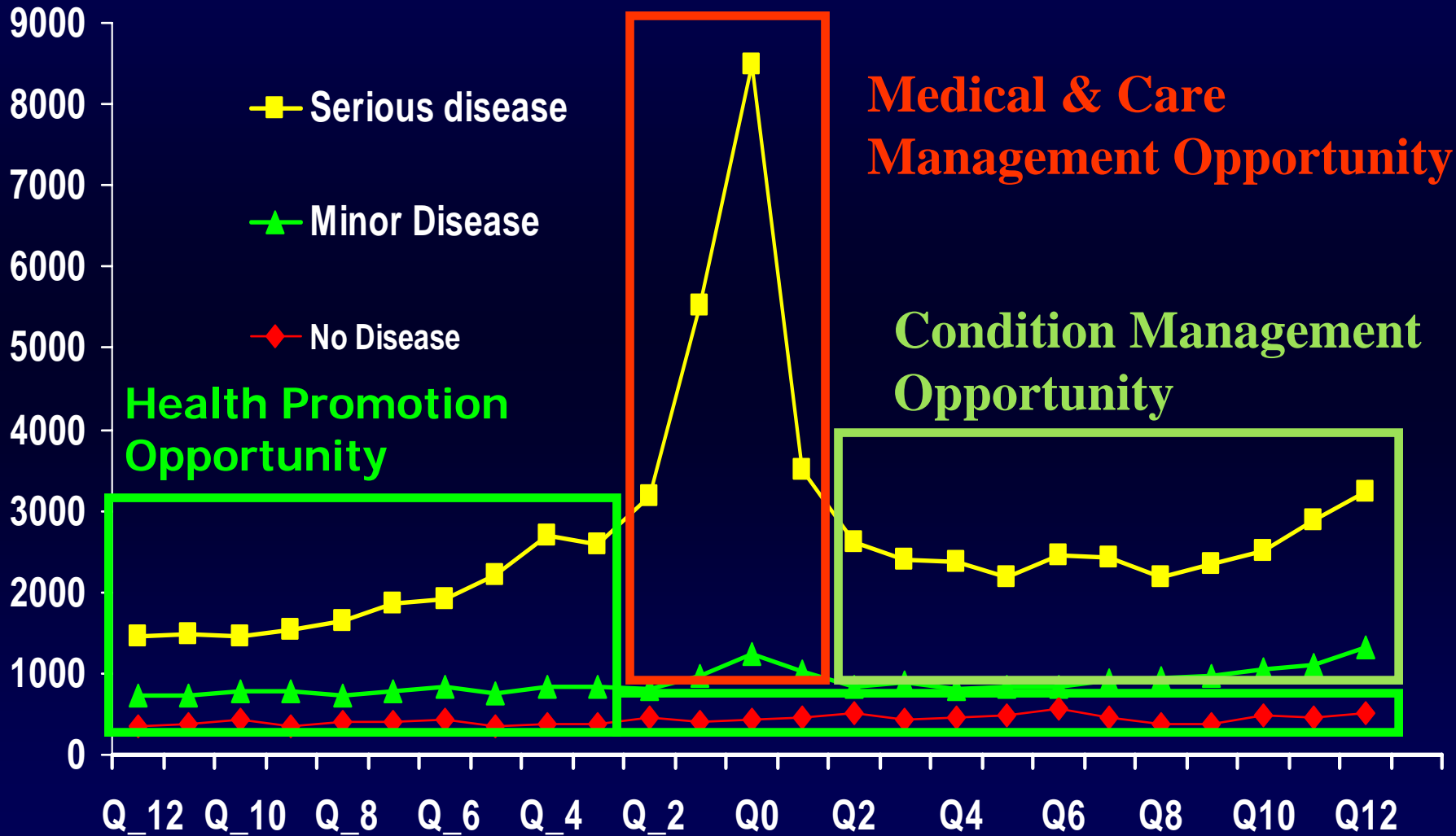
Section III

Health Management:

Next Generation Programming
Champion Companies
Zero Trend

The Question is: “How can we do it?”

Where are the Opportunities for Population Health Management?



Health Promotion Opportunity

Medical & Care Management Opportunity

Condition Management Opportunity

Next Generation Health Management Programs

1. Vision from Senior Leadership
2. Worksite Environment

4. Population Programs

Website
Low-Risk Maintenance
Know Your Numbers
Physical Activity
Nutrition Awareness
Wellness Modules

3a. Health Risk Appraisals

3b. Individual Stratification

Coaching Sessions
-unlimited contacts
Health Advocate
Triage to Resources
Develop Self-Leaders

5. Incentives

6. Measurement



Scorecard

Percent Participation: Over a rolling three years HRA + Three Coaching sessions + Two other sessions	80% to 95%
Percent Low-Risk: Percent of the eligible population	70% to 85%
Estimated Cost of Program: Dollars per Eligible employee Excluding major incentive	\$400
Estimated Savings: Dollars per Eligible Employee (Medical and Drugs only)	\$800



Summary



Sound Bites

1. The **“Do Nothing”** strategy is unsustainable.
2. Refocus the definition of health from **“Absence of Disease to High Level Vitality.”**
3. **“Total Population Management”** is the effective healthcare strategy and to capture the **“Total Value of Health”**
4. The business case for Health Management indicates that the critical strategy is to **“Keep the Healthy People Healthy”** (“keep the low-risk people low-risk”).
5. The first step is, **“Don’t Get Worse”** and then **“Let’s Create Winners, One Step at a Time.”**

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Thank you for your attention.

Please contact us if you have any questions.

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