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Optimizing Health and Productivity

Houston Business Coalition on Health

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The Transformation of Workforce Health ***-- From Cost to Business Value --***

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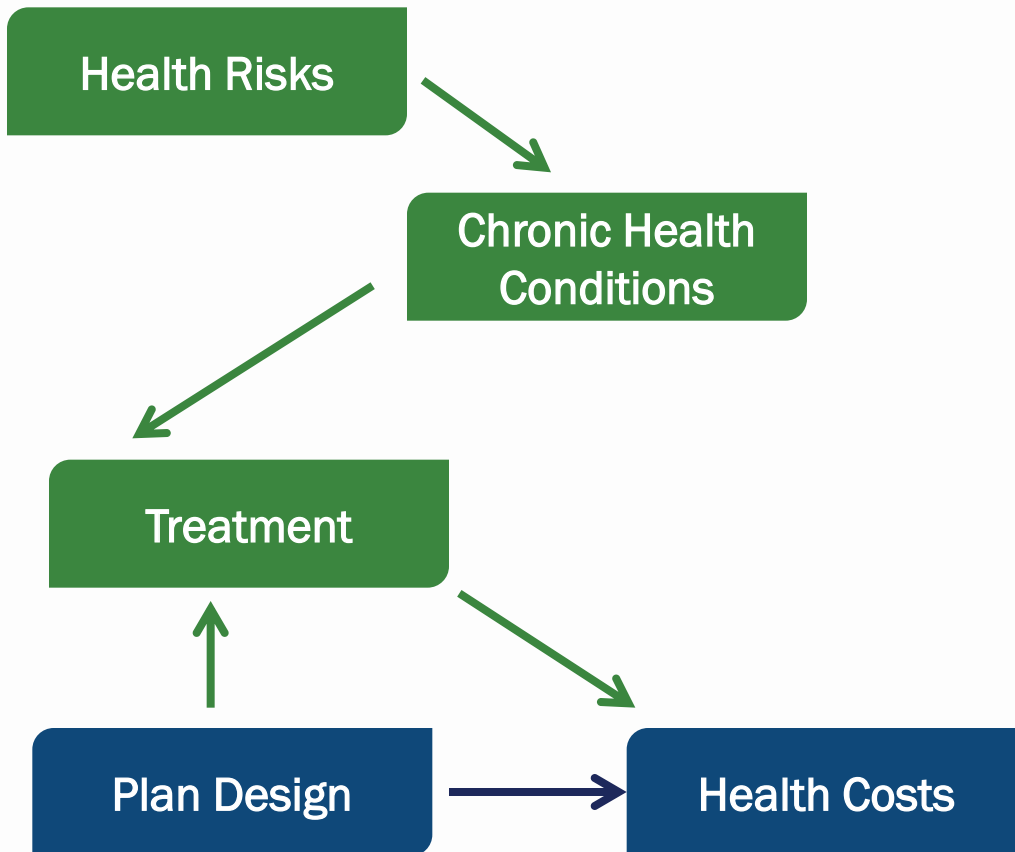
A New Employer Setting

- Transition from tactics in responding to healthcare reform to strategies for managing health and business-relevant outcomes
- Show the C-suite the value of improved workforce health
- Dead end: attempting to control claims costs in separate program silos
- Looking for best strategies to improve workforce health, reduce lost time, enhance productivity and impact business
- Limited data, time and dollars

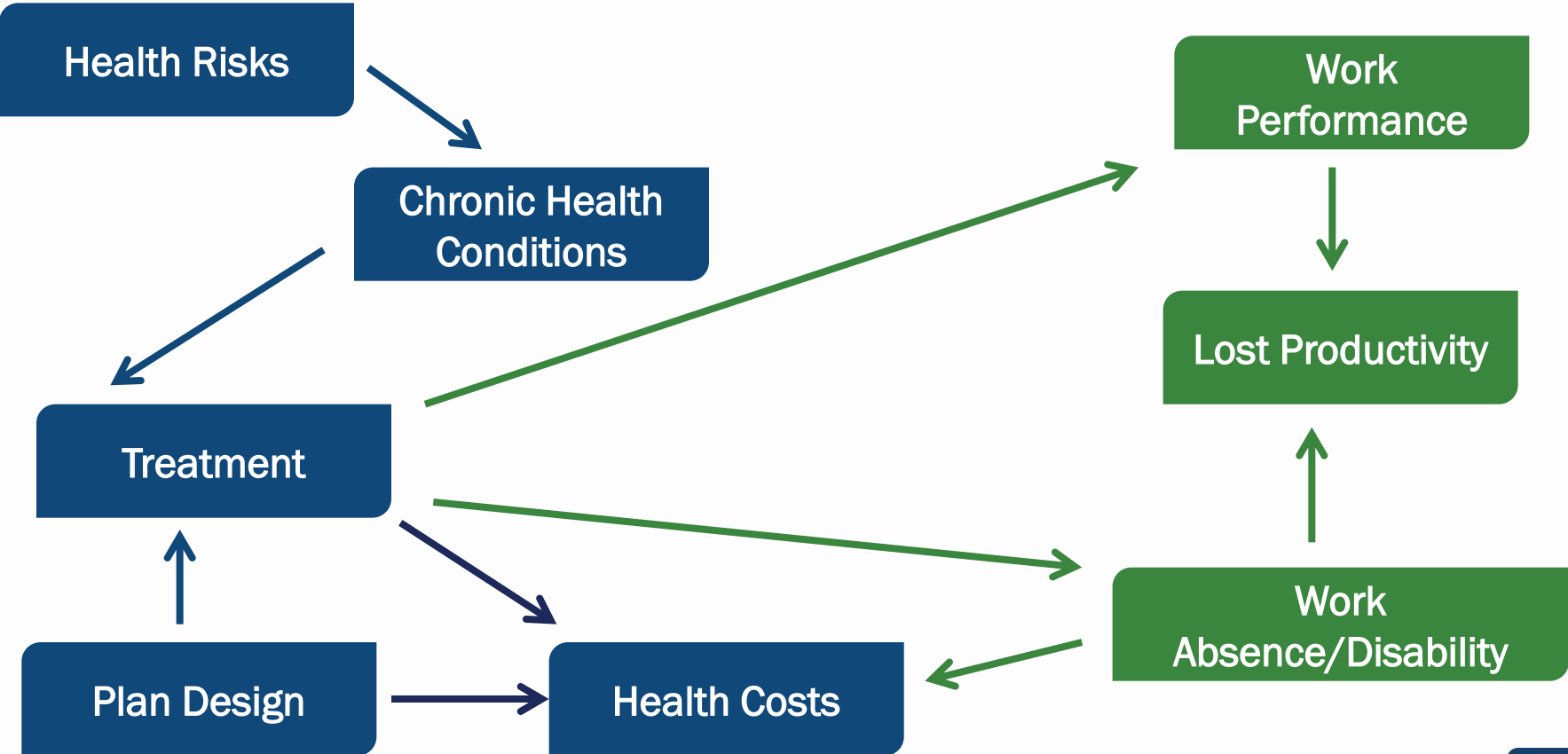
Where Employers Started: Cost Shifting



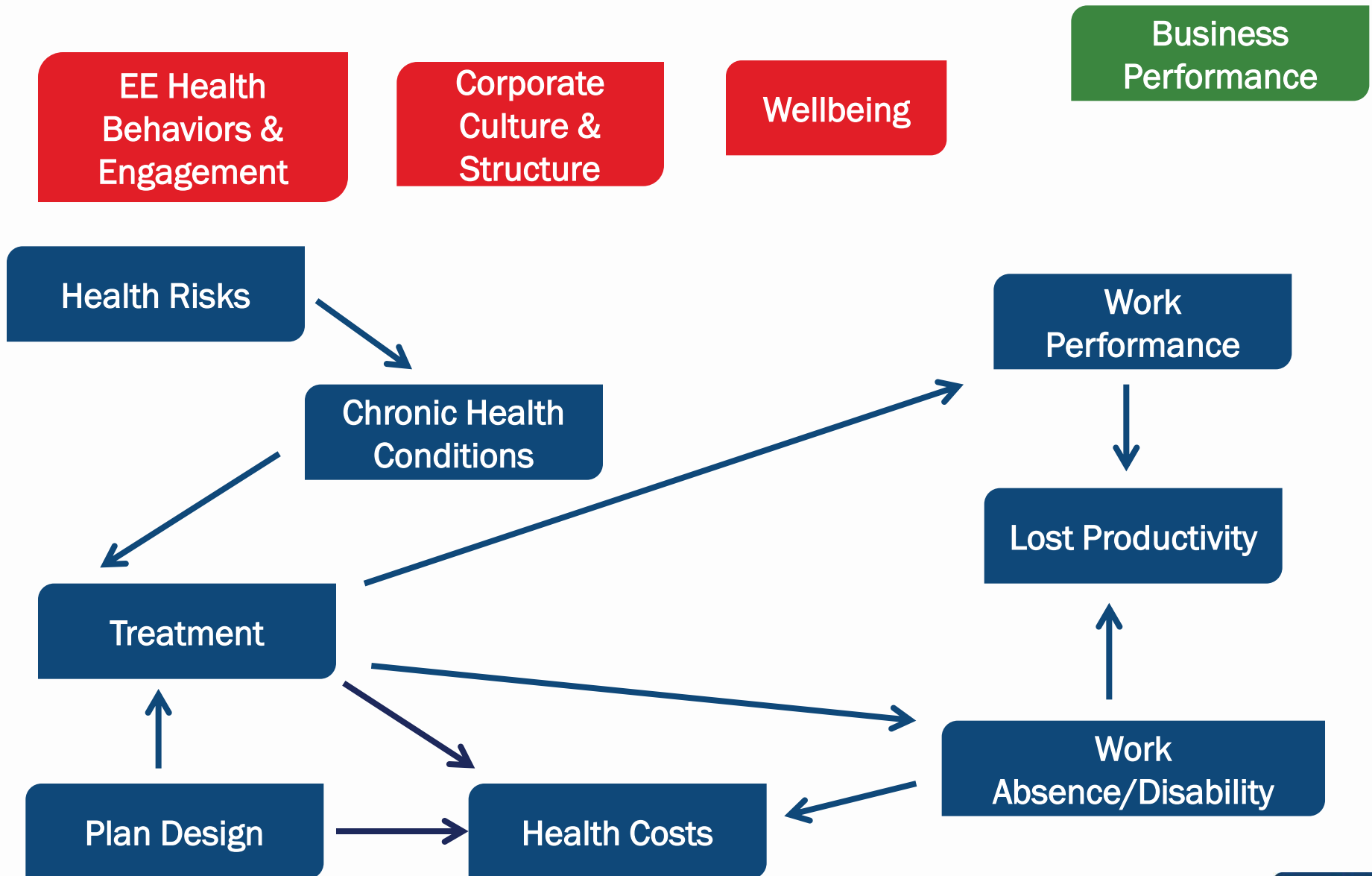
Trying to Get on the Front End of Cost



Understanding Outcomes



Next: Encompassing a Broader View

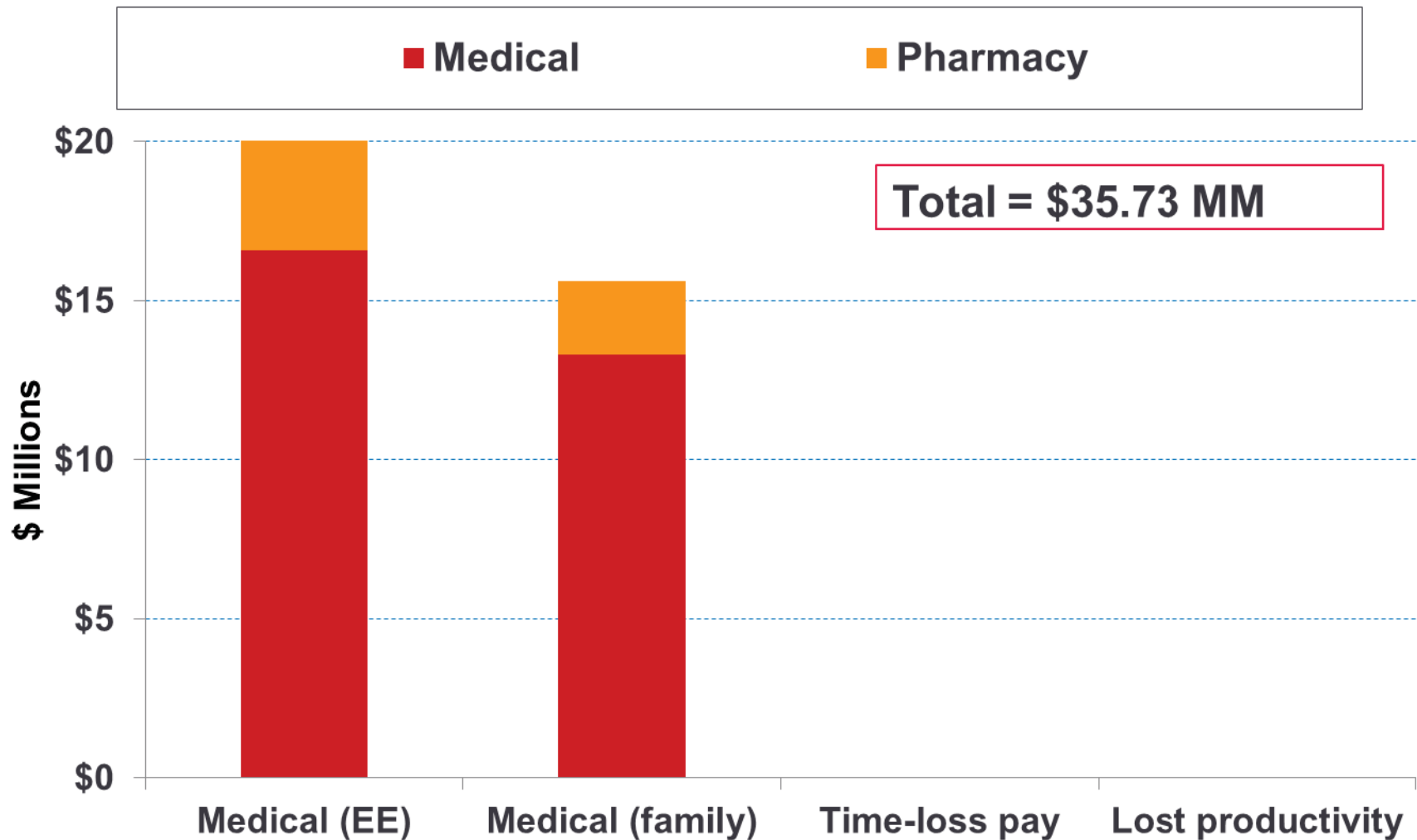


What's at Risk for Employers?

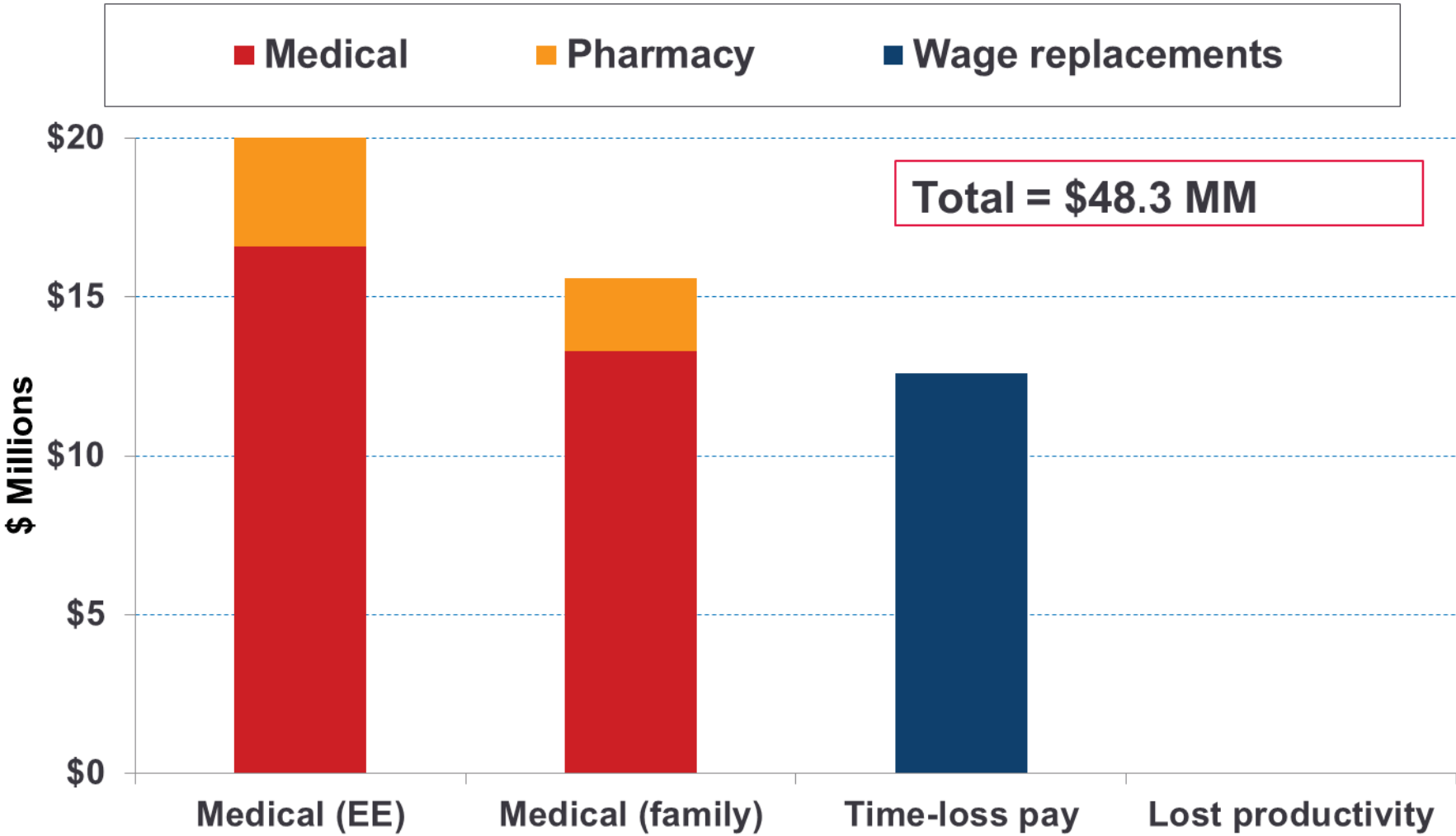
The True Costs of Health

- **10,000 life manufacturing company**
- **71% male**
- **19% of employees 55 years or older**
- **61% skilled/semi-skilled laborers**

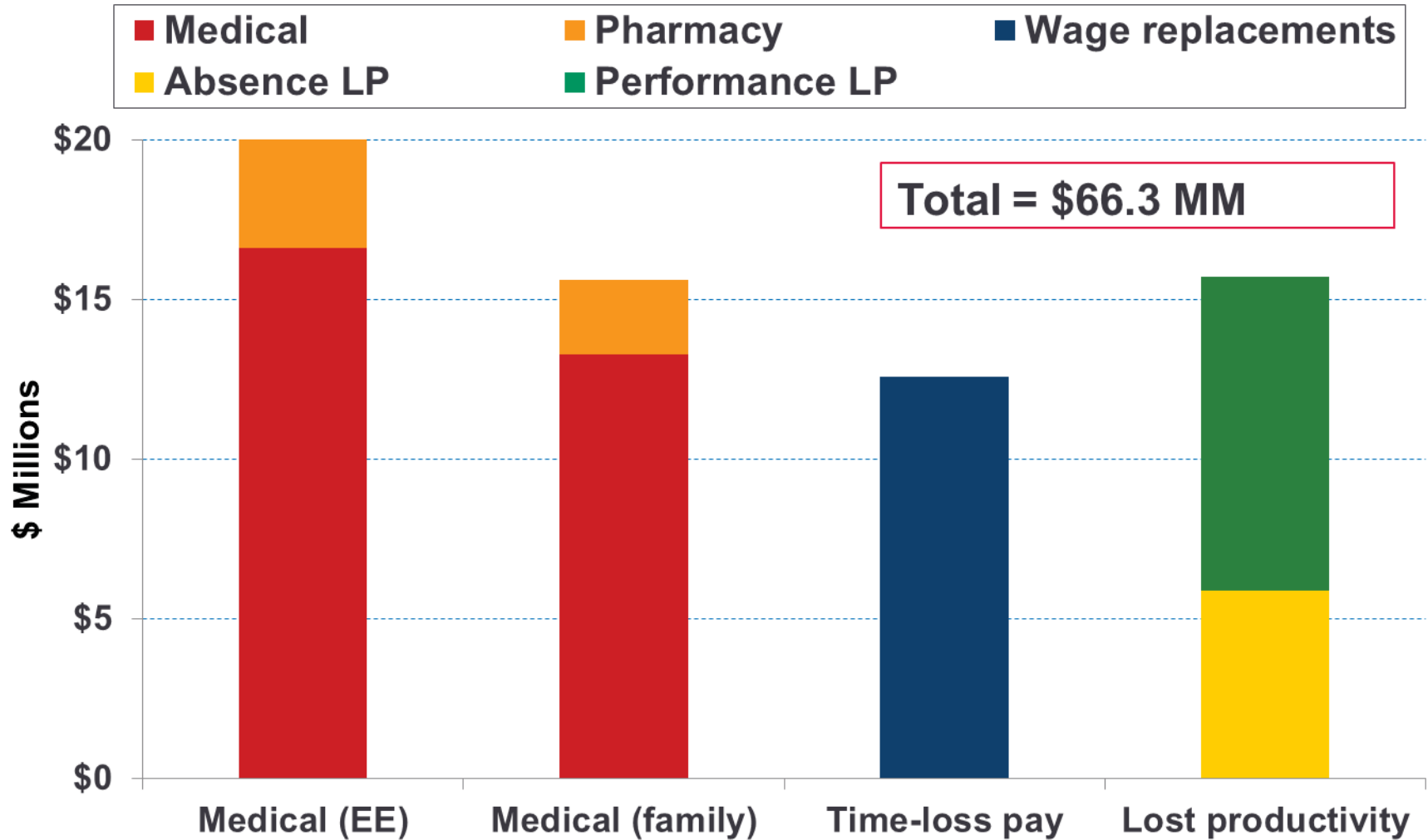
Healthcare Costs – The Traditional View



Health Costs – Adding Lost Time Costs

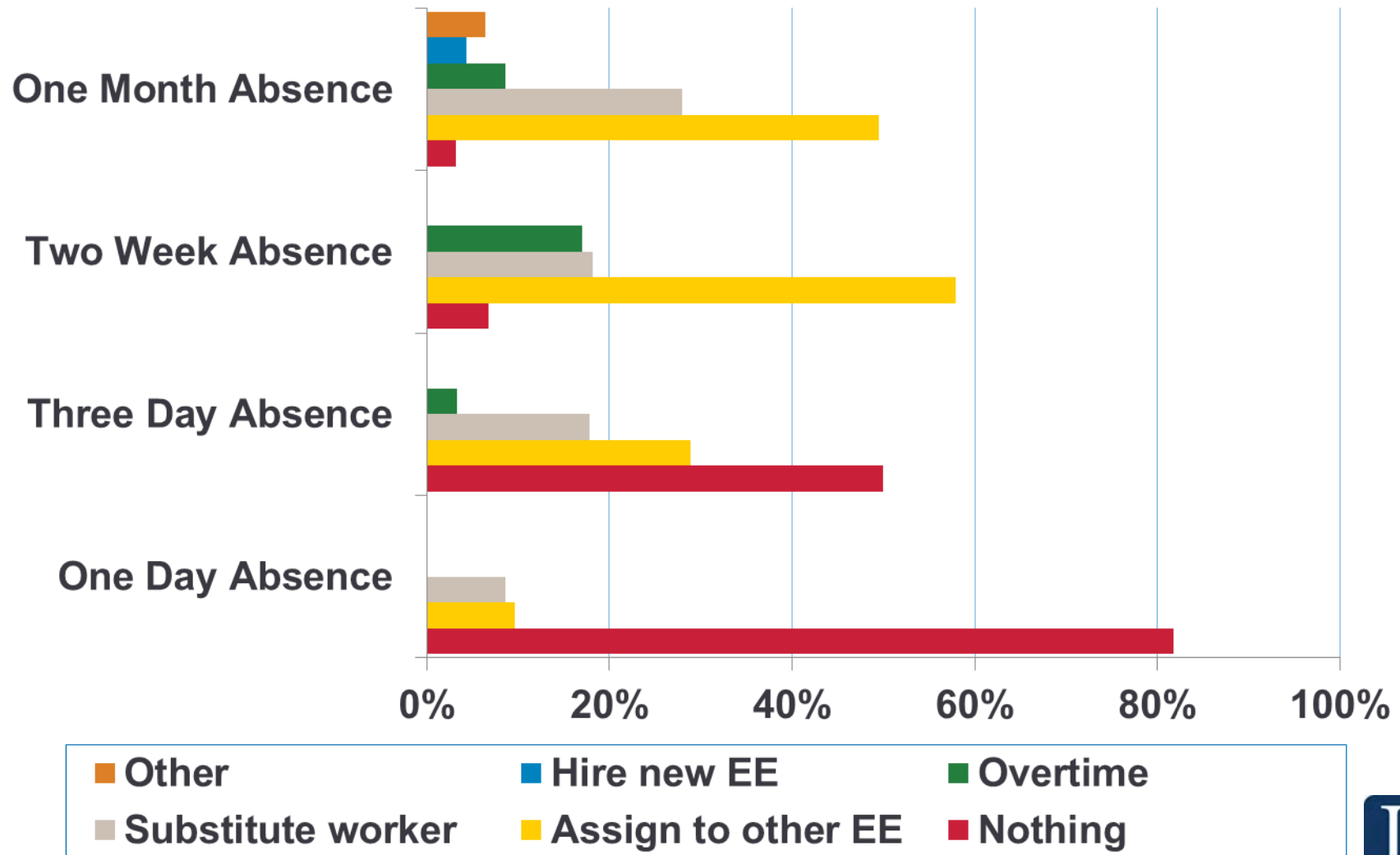


The Total Costs of Health



The “Other” Costs of Absence

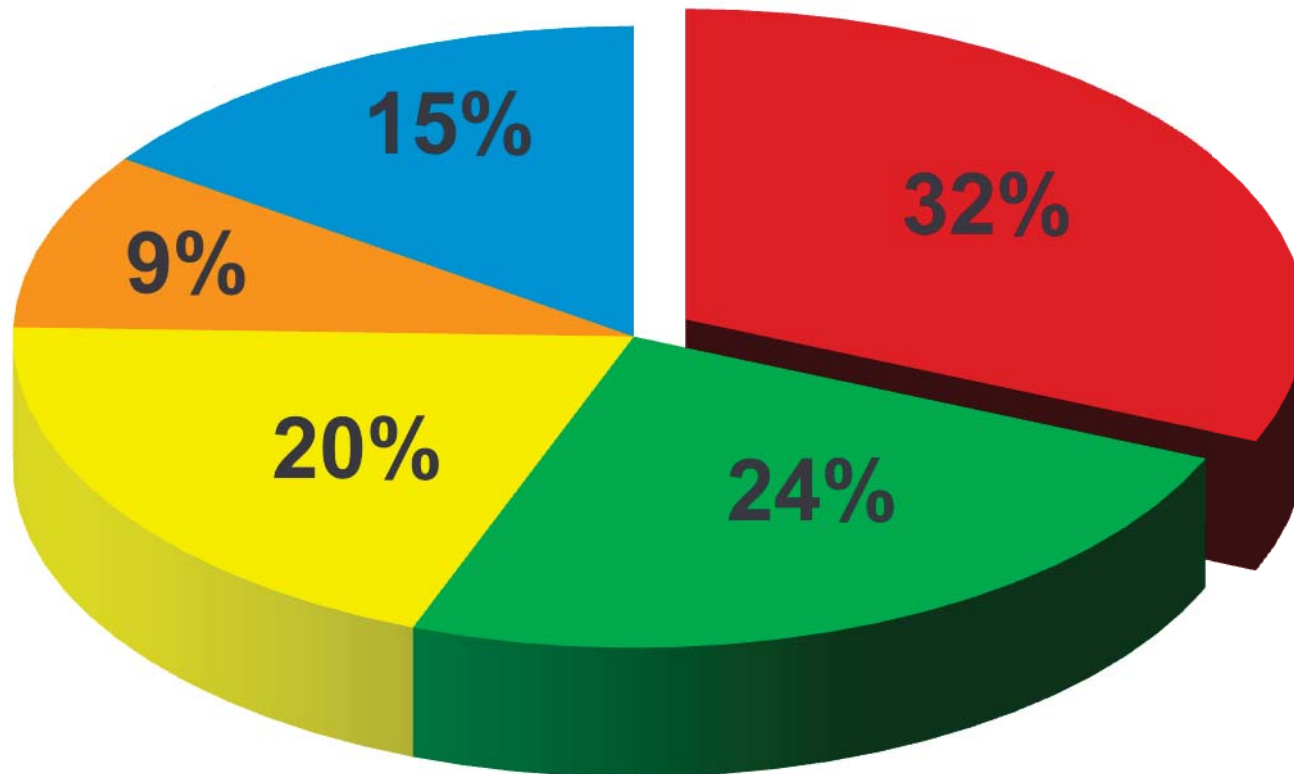
Most likely response by management to length of absence
(13 managers, 93 employees)



Quantifying Financial Lost Productivity*

- *Lost productivity – “the financial impact on a company when employees are not at work and fully functioning”*
- **Two components: absence and decrements in job performance (“presenteeism”)**
- **The Financial Impact of Absence**
 - Wage replacement payments
 - “Opportunity costs” of ER’s response
- **The Financial Impact of Presenteeism**
 - Wage and benefit “overpayments”
 - Opportunity costs of resulting lost time

Full Cost Components



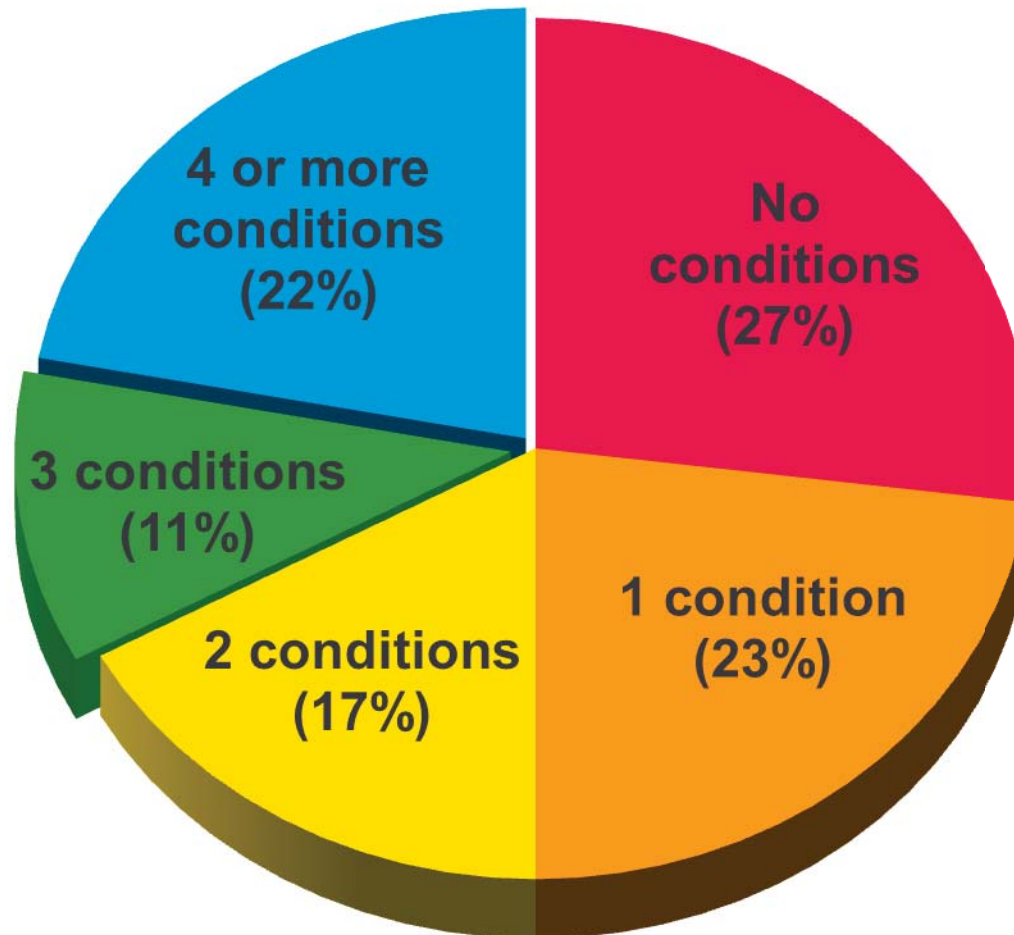
■ EE medical

■ Family medical

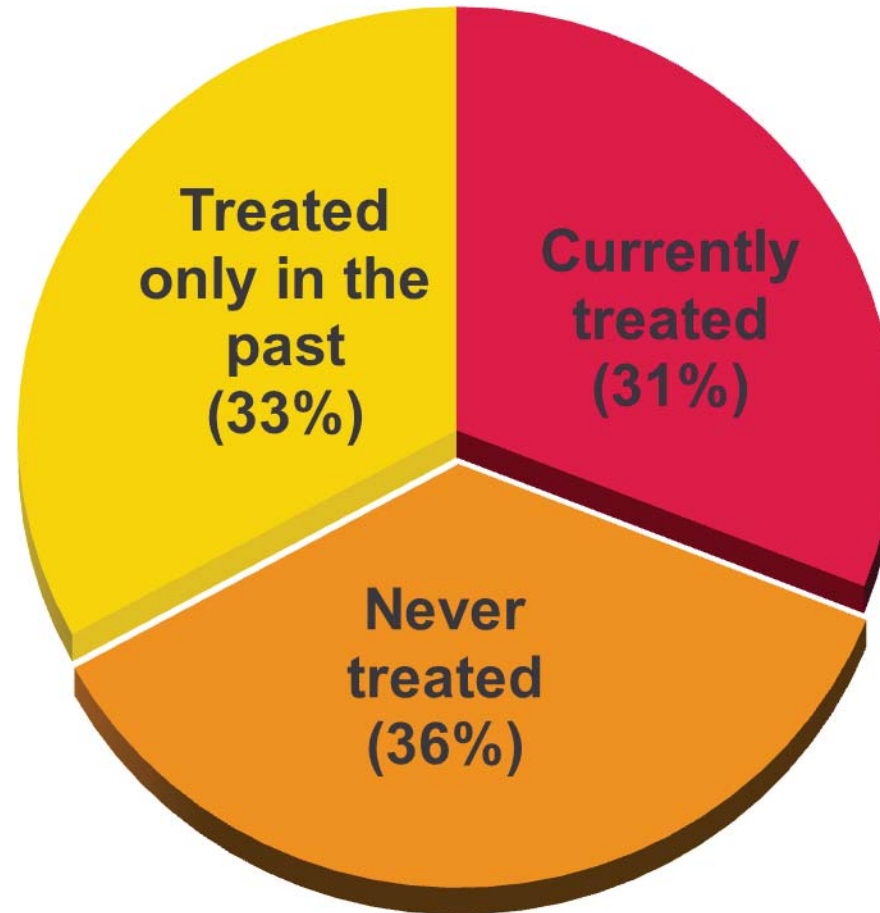
■ Wage replacements

■ Absence LP

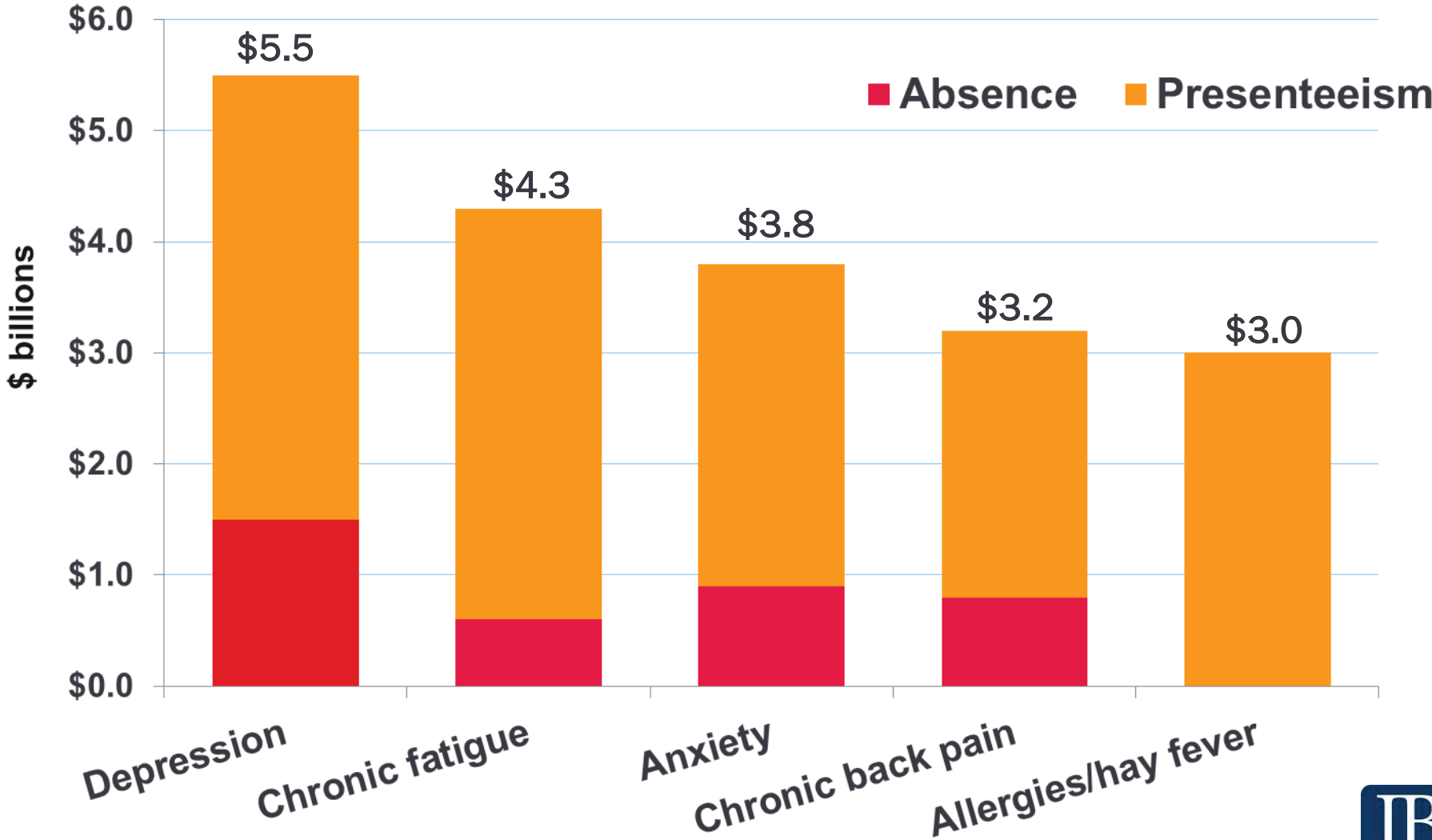
Number of Chronic Conditions



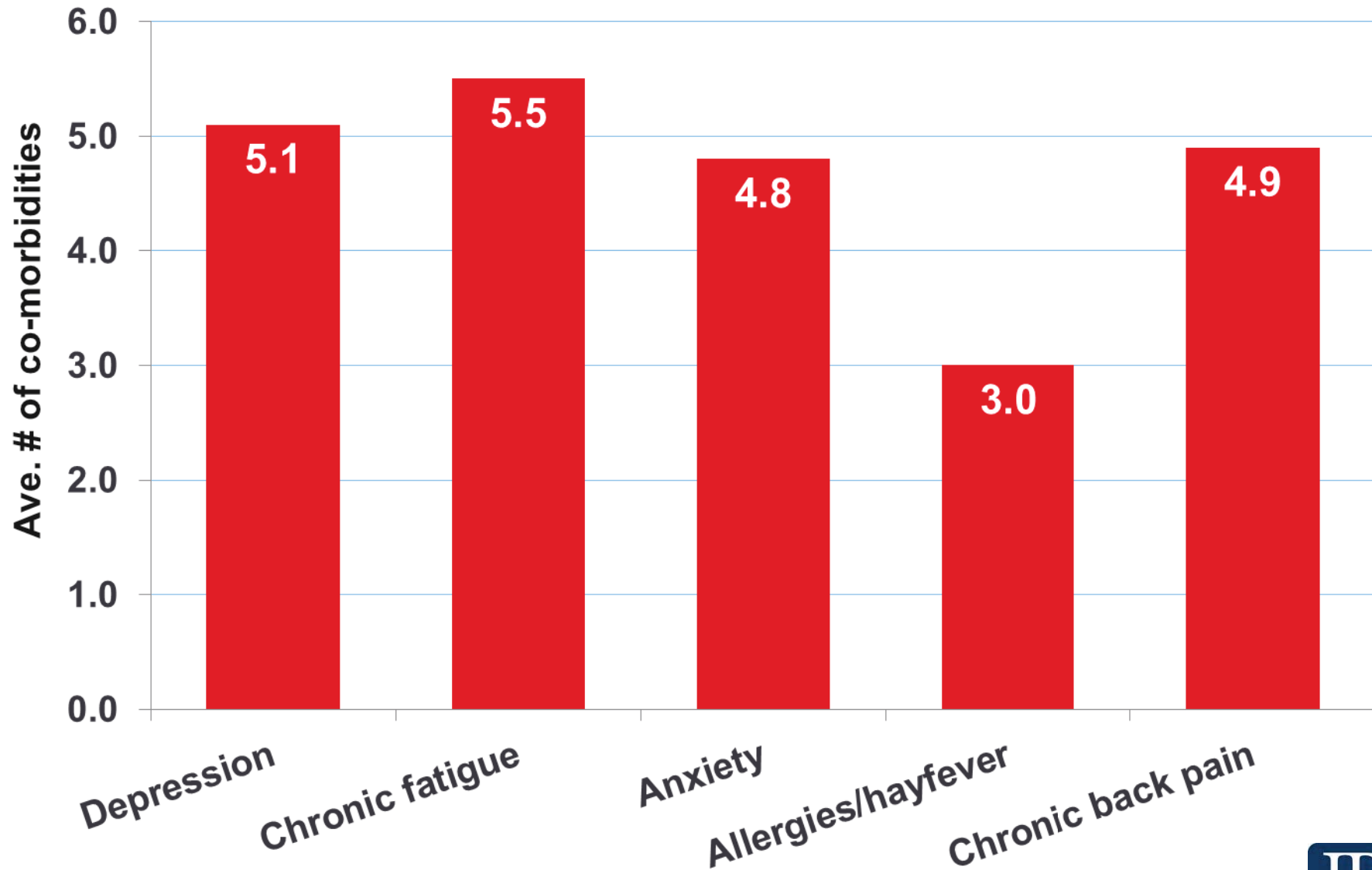
Chronic Conditions & Treatment



Lost Productivity Costs: Top 5 Chronic Conditions

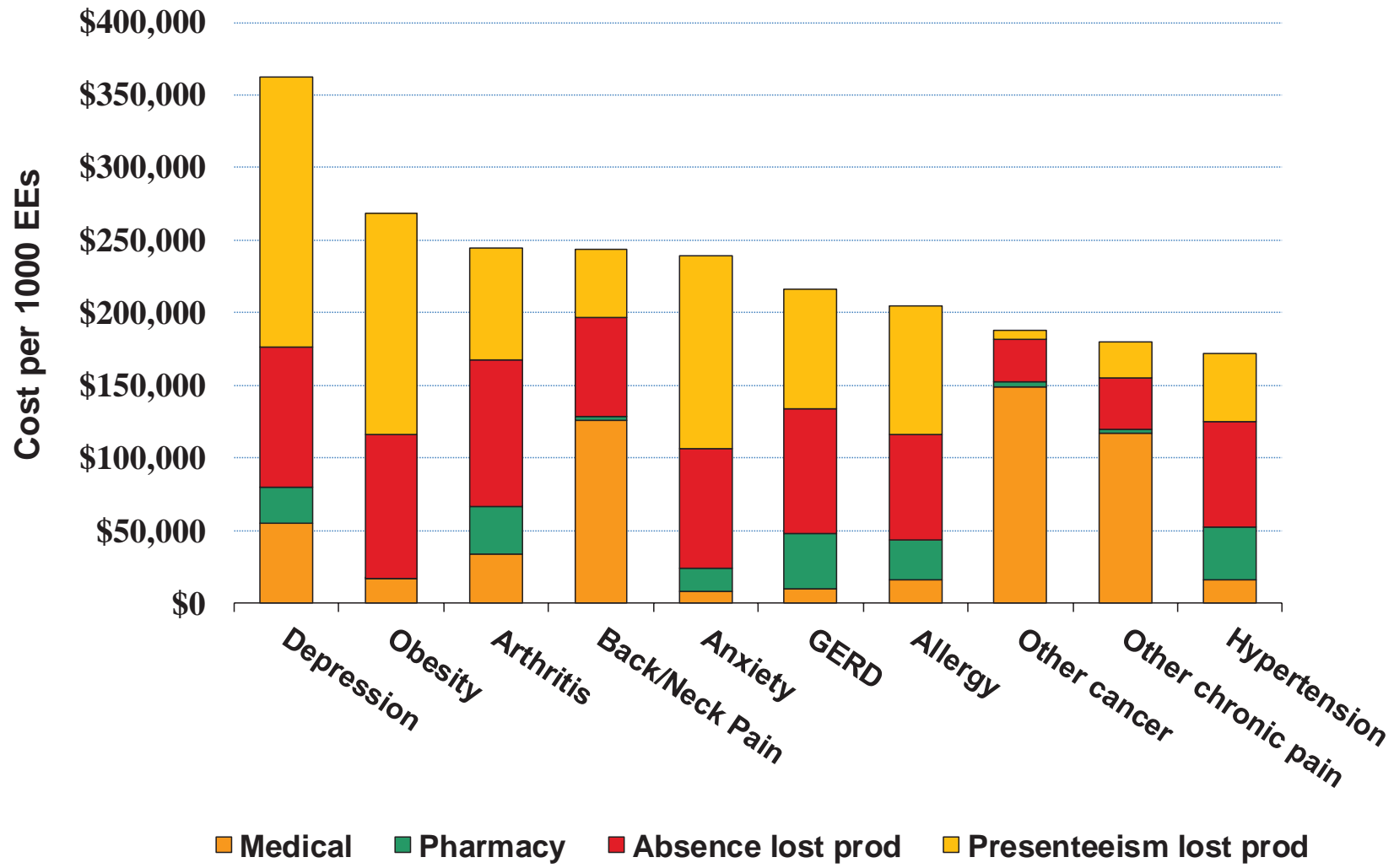


Chronic Conditions & Co-Morbidities

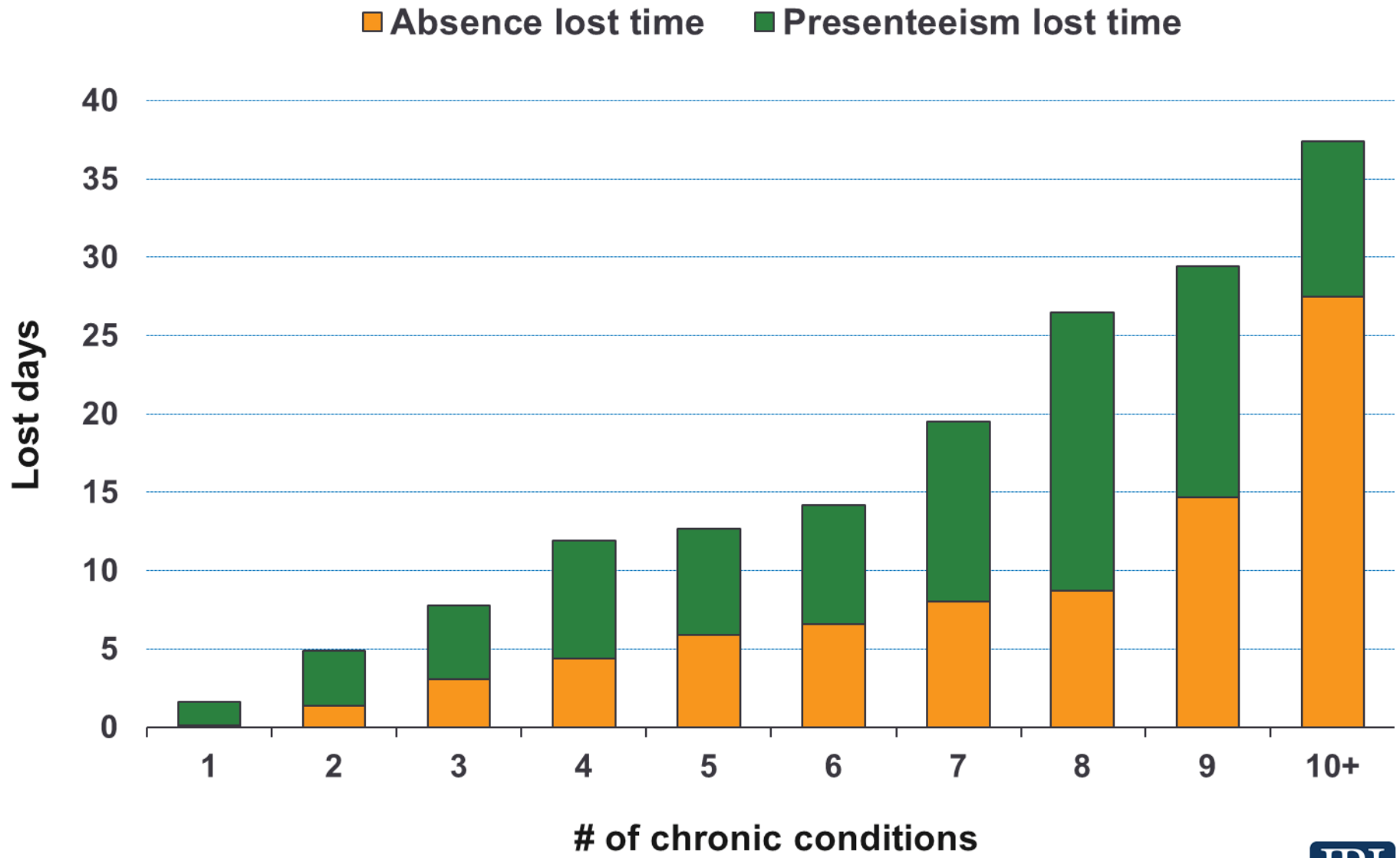


Linking Healthcare to Productivity Outcomes

Going Beyond Medical & Pharmacy to Absence and Presenteeism



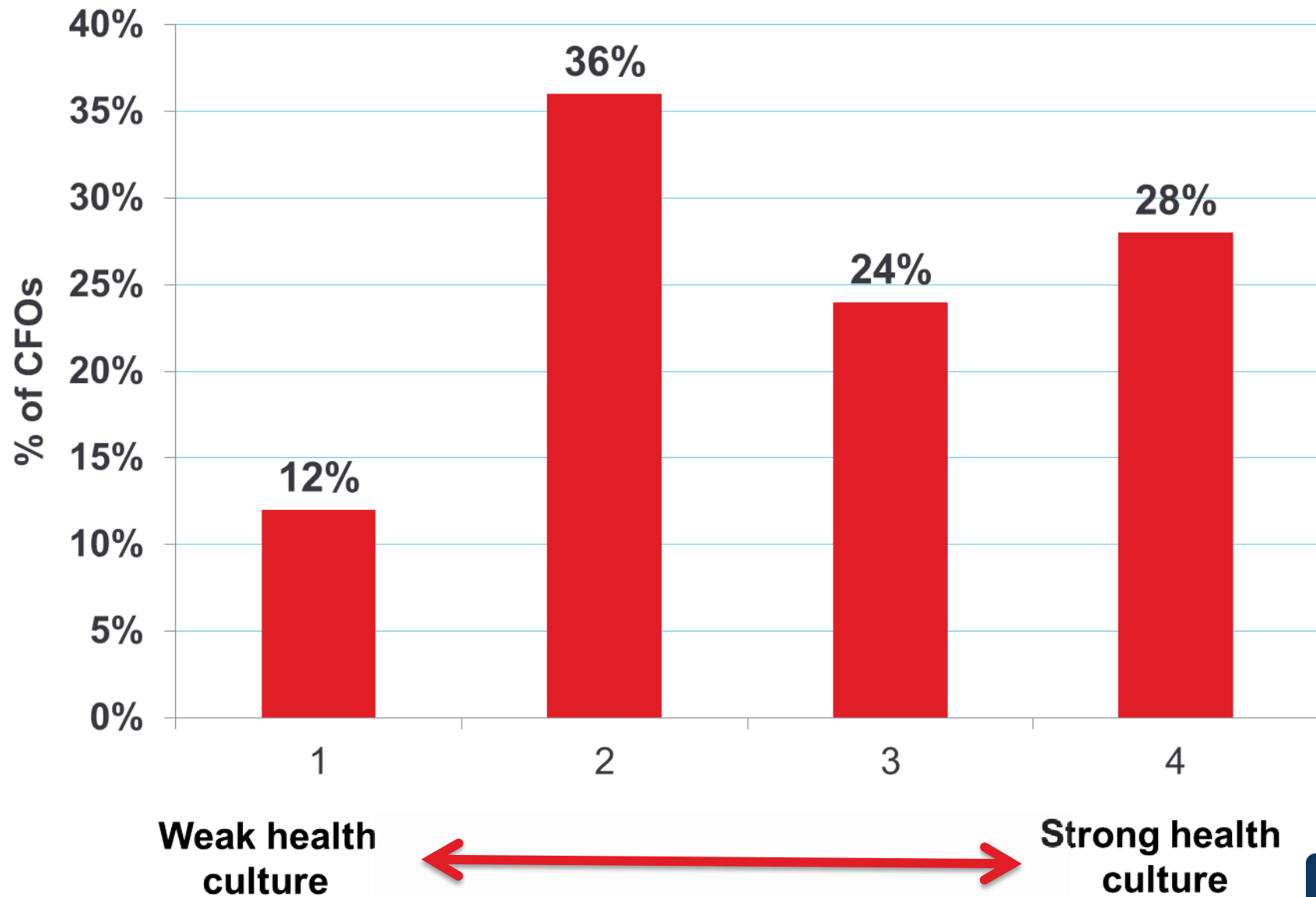
Co-Morbidity and Lost Time



IBI Research: Making Health the CFO's Business



Strength of Health Culture



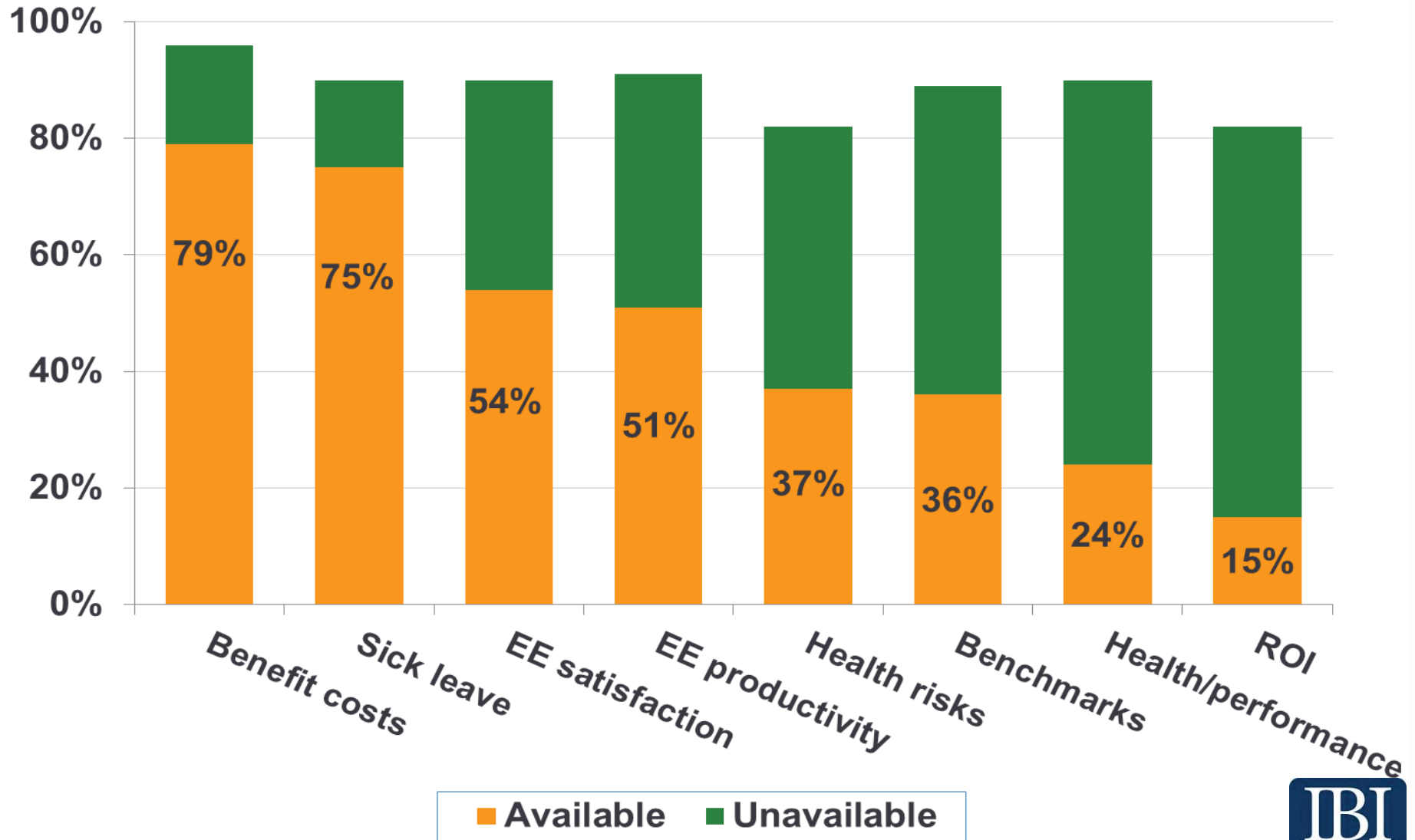
The Impact of a Health-Focused Culture

- Improving health is seen as very important to productivity
- Health's impact on business goes beyond healthcare costs and includes sick leave, “opportunity costs” of health, turnover, and absence payments
- Broader information available to make investment decisions: EE satisfaction, health risks, performance impact, ROI

Linking Health & Financial Performance: Putting Results in the CFO's Terms

- **Healthcare costs**
- **Sick days**
- **Turnover**
- **“Opportunity costs”**
- **Absence payments**

Broad Information is Useful ... But Not Very Available

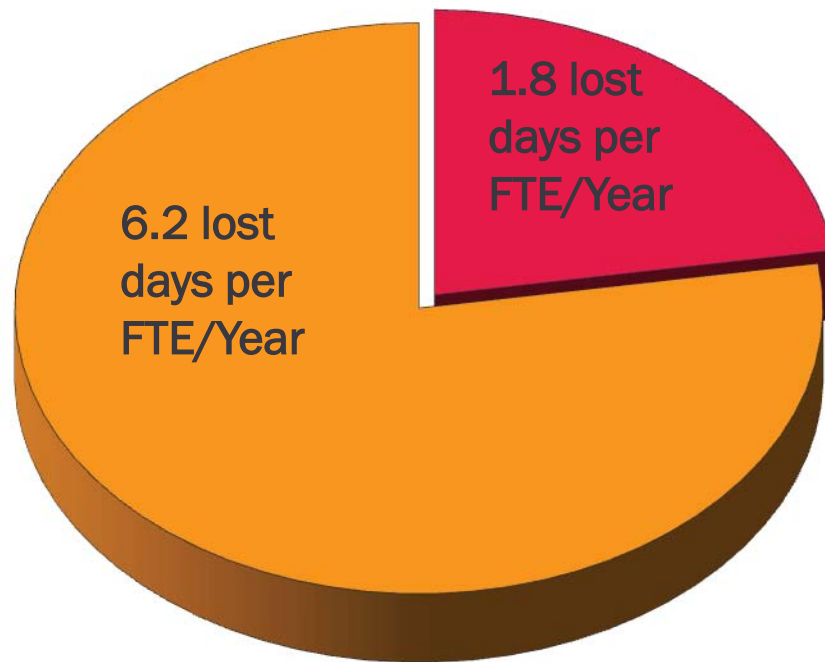




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MGM Mirage Case Study

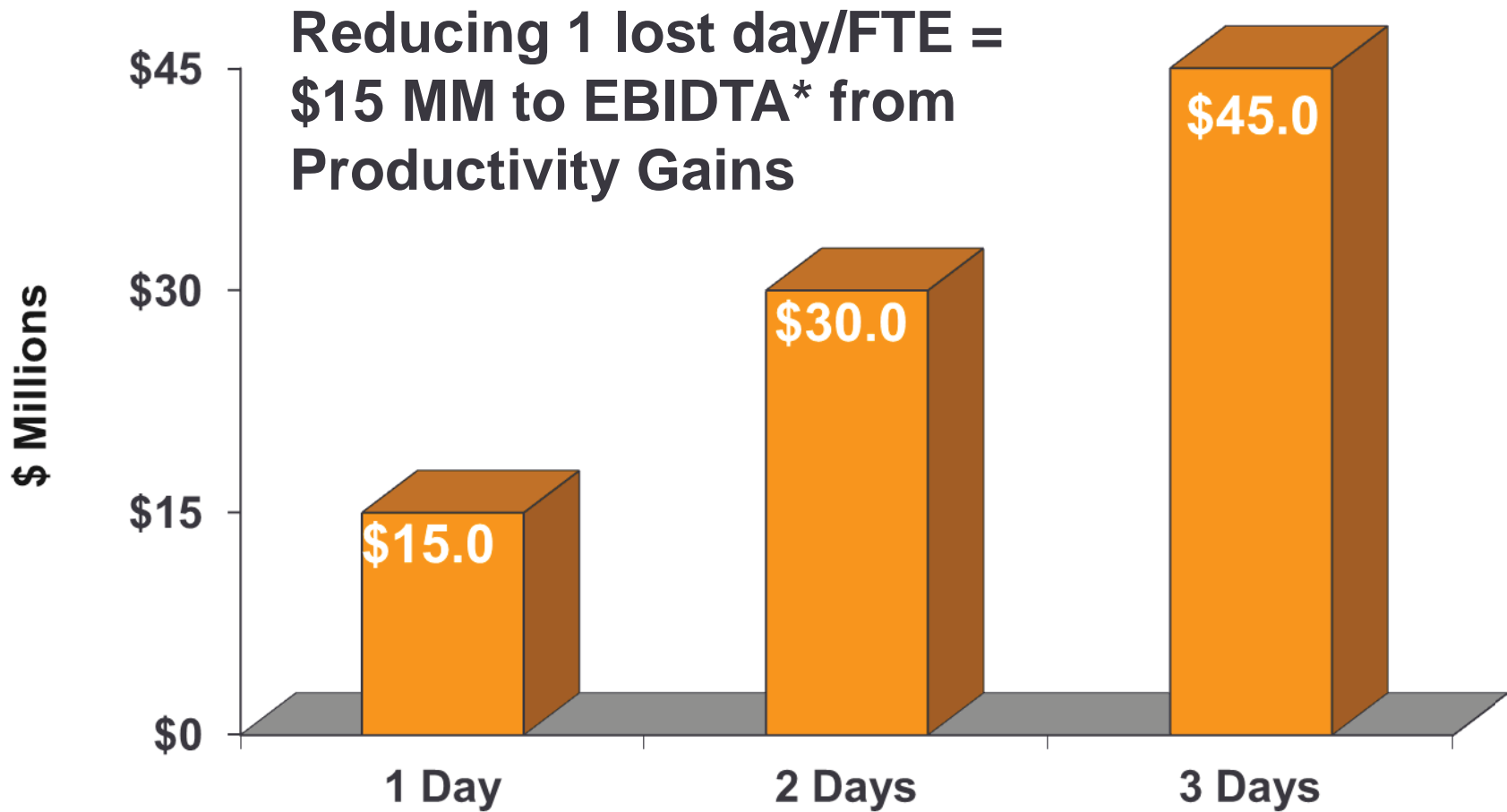
IBI Health & Productivity Snapshot Results



Lost worktime = 8 days per FTE/Year or \$2,598 per FTE/Year in Lost Productivity

- Absence
- Presenteeism

Lost-Time Improvement's Impact on EBIDTA



*Earnings before Interest, Depreciation, Taxes and Amortization

The Bottom Line

One Day of Productivity Improvement

Savings	\$15.0 MM
Wall-Street Multiple	10.7X
Outstanding Shares	284.3 M
Gain in Stock Price	\$.56/share
Principal Owner (56%)	\$90 MM

The Challenge of “Big Data” to Employers

Workforce Key Health Dimensions*

- Financial (cost)
- Program participation
- Biometric screening
- Health risks
- Utilization
- Preventive care
- Chronic conditions
- Lost worktime
- Lost productivity
- Employee engagement

* Thomas Parry and Bruce Sherman, *A Pragmatic Approach for Employers to Improve Measurement in Workforce Health and Productivity*, Population Health Management, Vol. 15, No. 2, 2012



The Temporal Dimension

Leading indicators

- ✓ Health risks
- ✓ Biometrics
- ✓ Chronic condition prevalence

Treatment indicators

- ✓ Preventive care
- ✓ EE engagement
- ✓ Health services utilization
- ✓ Program participation

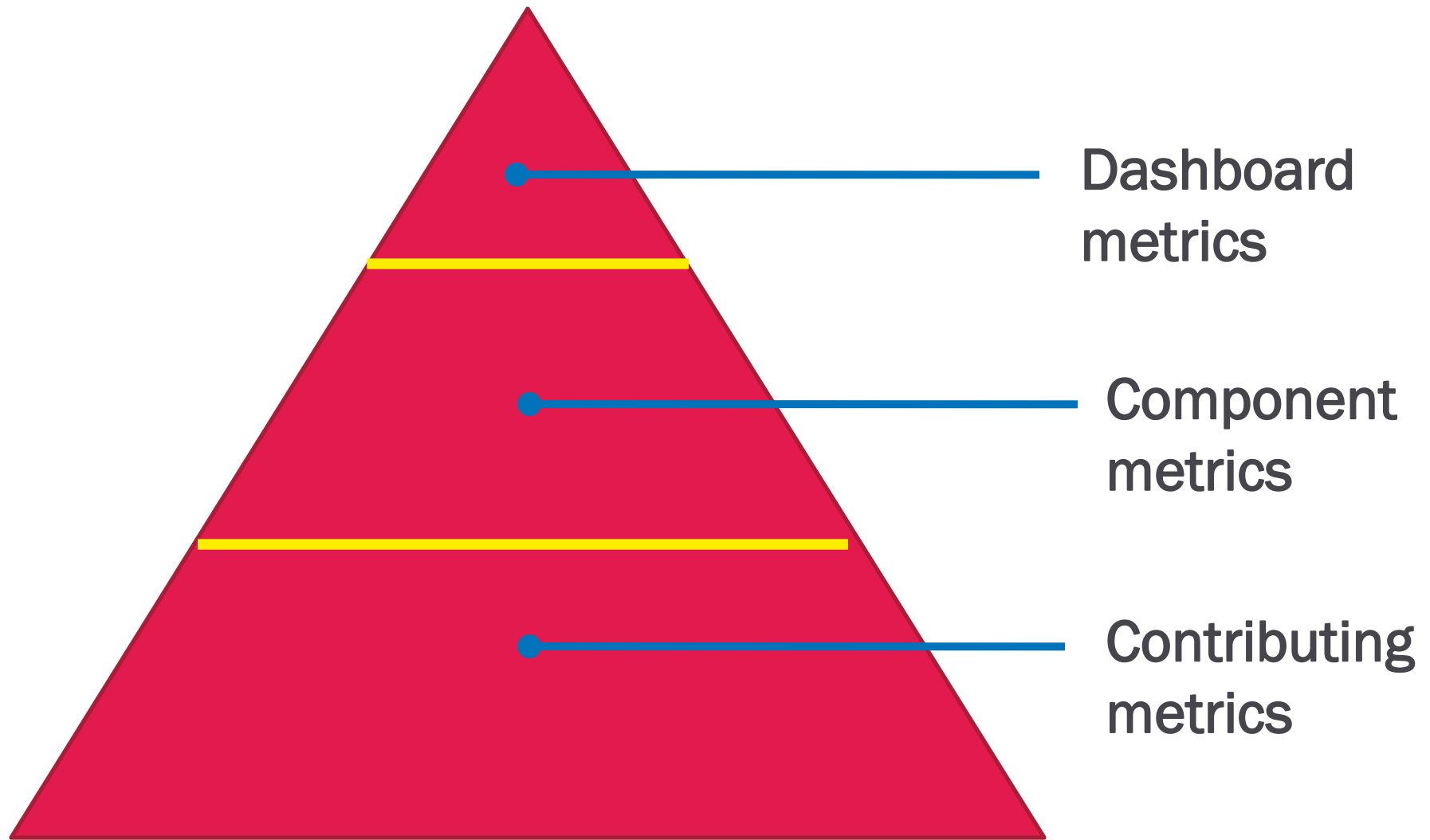
Lagging indicators

- ✓ Financial
- ✓ Lost worktime
- ✓ Lost productivity

Dimensions & Dashboard Metrics

Dimension	Summary Metric
Financial	Program cost/EE
Program participation	EEs participating/All EEs
Biometrics	EEs reaching target/All EEs
Health risks	# of health risks/EE
Utilization	# EEs getting care/All EEs
Preventive care	# EEs getting screened/All EEs
Chronic conditions	# EEs w/ chronic conditions/All EEs
Lost worktime	# of lost workdays/EE
Lost productivity	Lost productivity \$/EE
Employee engagement	Engagement score/EE

Thinking about Metrics as Hierarchies



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