

Total Medical Cost

Why Culture Matters Most!

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Improved quality



Lower cost



Higher satisfaction

Agenda

1. The impact on health in the workplace
2. The employer's role: Creating a culture of health
3. Stakeholder experience: From studies to the real world
4. Questions



Workplace Wellness

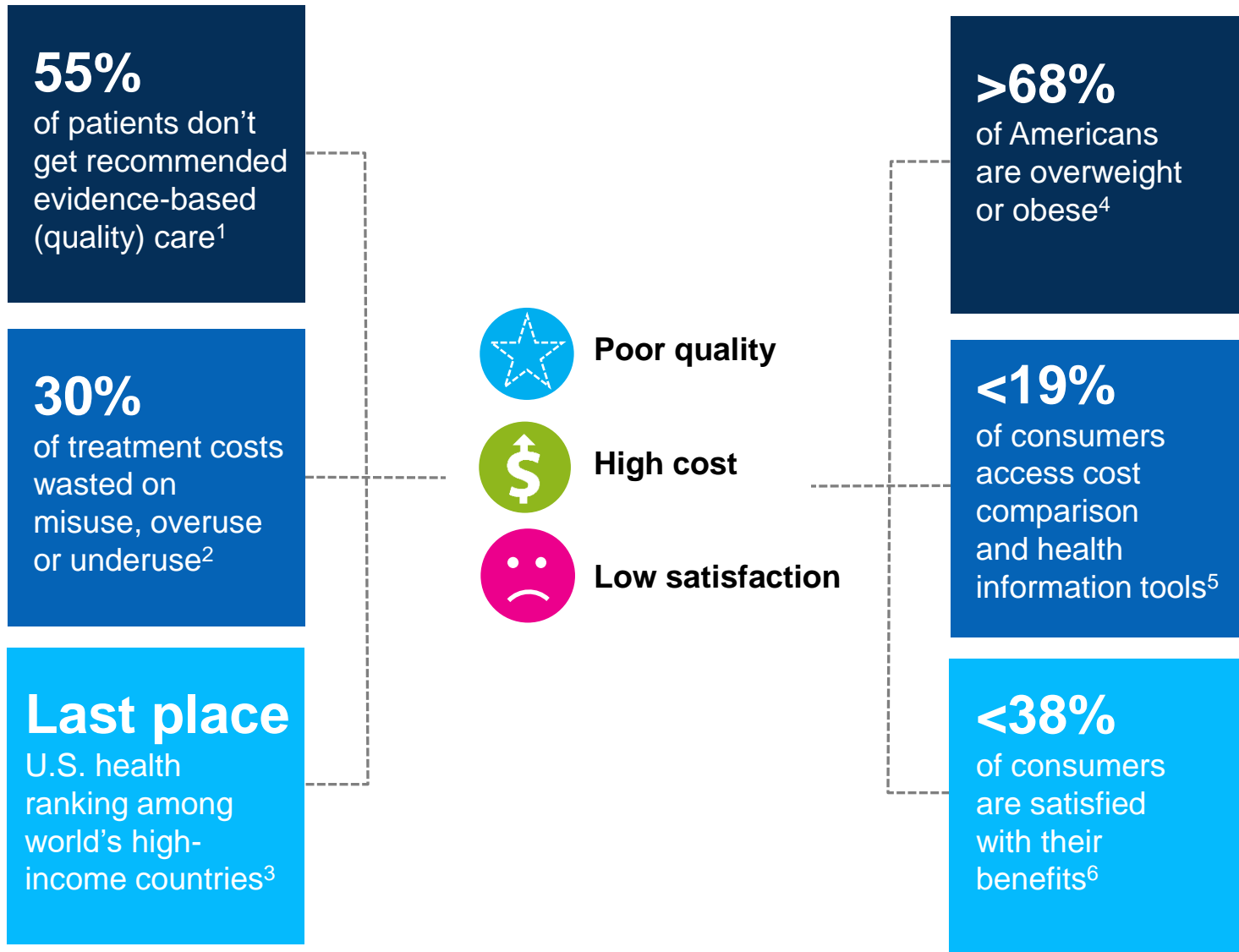


Work is good for health.
Health is necessary for effective work.

Are employers realizing outcomes for their efforts
around wellness for their employees?

If not, why not?

The state of U.S. Health today



Evidence-based care gaps Pervasive, Research Says, Health Leaders Media, January 28, 2011 2. Results-driven HealthCare: Addressing the Staggering Cost of Poor Performance, American Health & Drug Benefits, 2012. 3. National Academy of Sciences, U.S. Health in International Perspective, 2013 4. CDC/National Center for Health Statistics, reviewed November 21, 2013. 5. Deloitte Center for Health Solutions, 2011 Survey of Health Care Consumer in the United States: Key Findings, Strategic Implications. 6. Deloitte, 2011.

Employees are diverse. Health and Healthcare is complicated

Because every component of health is connected

75% of adults are affected by gum disease, which may elevate medical complication risks and costs

60% of workplace absences are due to psychological issues and job stress

Heart disease, stroke, cancer, diabetes, and arthritis – are among the most costly, and **preventable** of all U.S. health problems

80% taking specialty medication have at least one other chronic condition



80% of health care costs come from unhealthy behaviors

Nearly **one in three** workers will be disabled for three months or more in their working career

One in six adults take three or more prescription drugs

59% of next year's high-risk come from this year's healthy employees

Current drivers of cost

- Negative trend drivers:
 - Cost shifting to employees to avoid “Cadillac Tax” in 2018
 - Virtual care/telehealth
 - Advisory services to “make better choices”
 - Alternative payment models
- Positive trend drivers
 - Specialty drugs
 - Cyber security
- 42% of employers adding wellness programs
 - Excise tax reducer
 - “Believe” in ROI

Average health benefit cost per employee projected to rise by less than 5% for the fifth straight year



* The actual cost increase for 2015 will be available later this year. **Projected
 Source: Mercer's National Survey of Employer-Sponsored Health Plans; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April) 1990-2015; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April) 1990-2015.

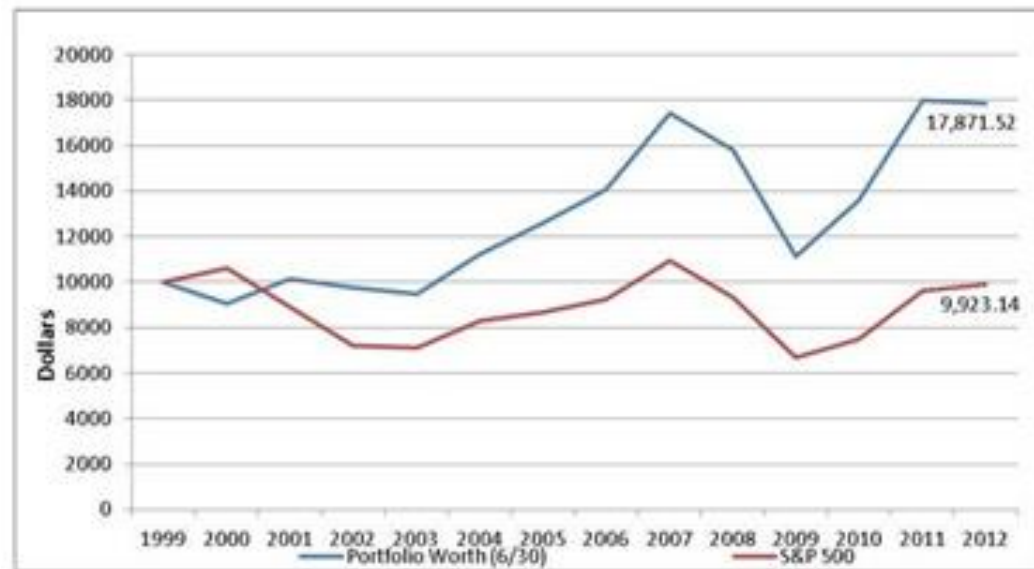


The value of health in the workplace

- Organizations that build a culture of health by focusing on the well-being and safety of their workforce yield greater value
- Increasing focus on financial, social and emotional wellness (holistic view)
- As of 2015, average incentive for wellness participation = \$700/yr
- Positive ROI but measures of return vary depending on organizational goals

Corporate Health Achievement Award companies vs. the S&P500 tracked by stock value with initial theoretical \$10K investment.

CHAA vs. S&P 500 Performance Comparison 1999-2012



Fabiue R, Thayer RD, Konicki DL, et al. "The link between workforce health and safety and the health of the bottom line: tracking market performance of companies that nurture a "culture of health". J Occup Environ Med. 2013;55 (9): 993-1000.

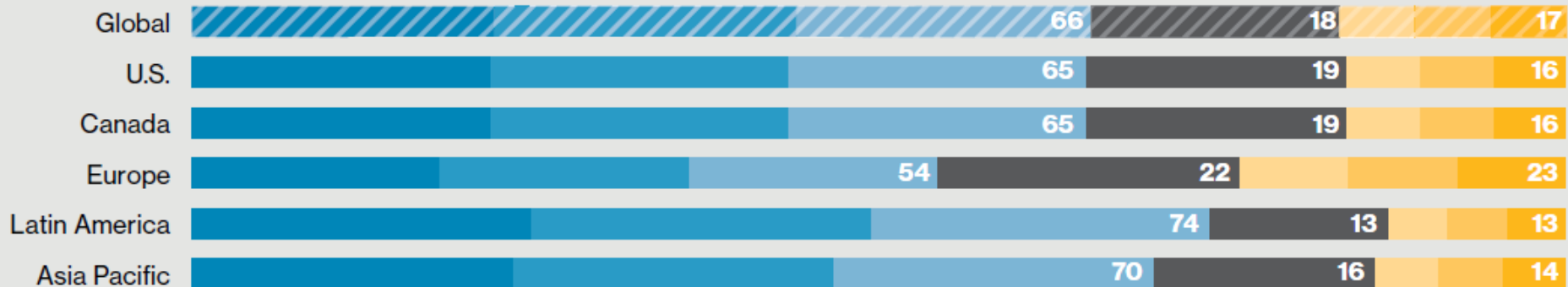
Shifting view of the employer's role in health improvement

Most employees feel that their employer has a role in encouraging healthy lifestyles yet only one in five employers has a defined measurement strategy to evaluate their efforts.

Option A: Employers should take an active role in encouraging their employees to live healthy lifestyles

Option B: It is not the role of an employer to encourage their employees to live healthy lifestyles

Strongly prefer Prefer Slightly prefer Neutral Slightly prefer Prefer Strongly prefer



Source: 2015/2016 Global Benefits Attitudes Survey

Sample: U.S., Canada – full-time employees with employer-based health care; other countries – all respondents



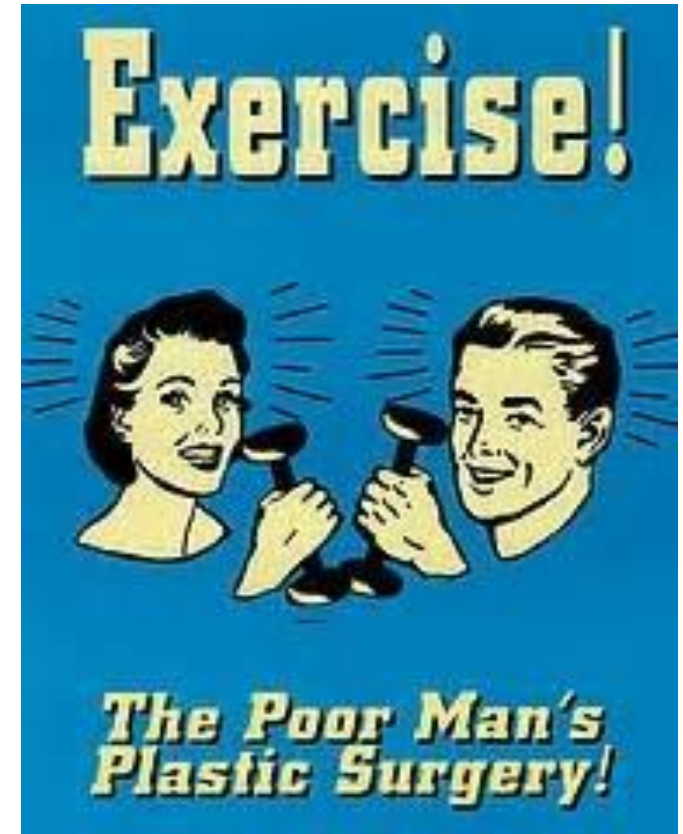
What is workplace wellness?

World Health Organization:

- To be successful, workplace health promotion has to involve the participation of employees, management and other stakeholders in the implementation of jointly agreed initiatives and should help employers and employees at all levels to increase control over and improve their health.
- Workforce health promotion initiatives have moved toward a more comprehensive approach, which acknowledges the combined influence of personal, environmental, organizational, community and societal factors on employee well-being.
- It is an ongoing process.

The employer's role in creating a culture of health

- Focus has been on understanding risk and reducing disease cost
- Shifting focus to health, productivity and reduced absence (outcomes)
- 7/10 employers offer incentives to drive this change—average of \$700/year
- Integrated data is necessary to identify opportunities and evaluate success
- Stakeholder partner engagement (effective collaboration/common goals)



The majority of employers do not link wellness to a defined health strategy

	No strategy		Adopt strategy		Communicate and deliver		Differentiate health and productivity strategy		Reduce emphasis	
	Today	In 2018	Today	In 2018	Today	In 2018	Today	In 2018	Today	In 2018
	Offered various programs but have not articulated a health and productivity strategy		Articulated a health and productivity strategy with stated objectives and goals for each program		Effectively communicated the value proposition behind the health and well-being program and delivered on its promises		Customized the strategy for critical workforce segments and used organizational analytics to test program effectiveness		Reducing our focus on health and productivity	
Global	56%	8%	11%	16%	16%	29%	10%	43%	7%	4%
U.S.	51%	4%	10%	7%	22%	29%	12%	54%	5%	5%
Canada	60%	8%	16%	18%	17%	23%	4%	48%	3%	3%
Europe	60%	6%	9%	19%	17%	30%	10%	42%	4%	2%
Latin America	51%	5%	10%	19%	14%	25%	13%	46%	13%	6%
Asia Pacific	57%	13%	14%	20%	12%	28%	7%	35%	10%	4%

Culture: current state

31% of employees are engaged at work.

The average employee gives their organization a C+ (3.1/5) when asked whether they would recommend their company to a friend.

As unemployment falls, employees have more bargaining power as well as more options

Culture: we know it when we FEEL it

“Culture is what happens when no one is looking”

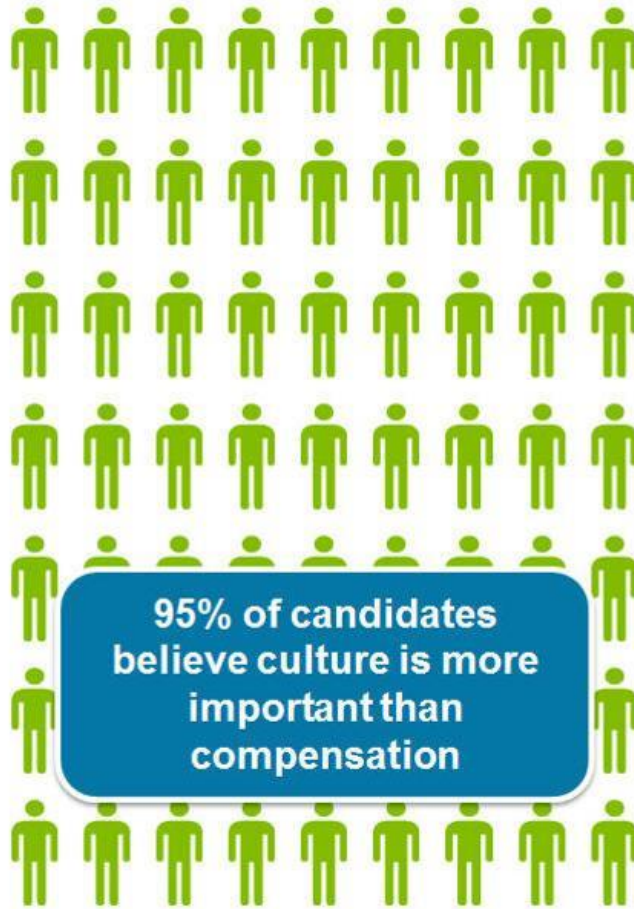
- 90% of executives cite culture as important but only 15% said that their culture is where it should be.
- Components of Culture
 - Vision
 - Values
 - Practices
 - People
 - Place



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The importance of Culture



Bersin by Deloitte



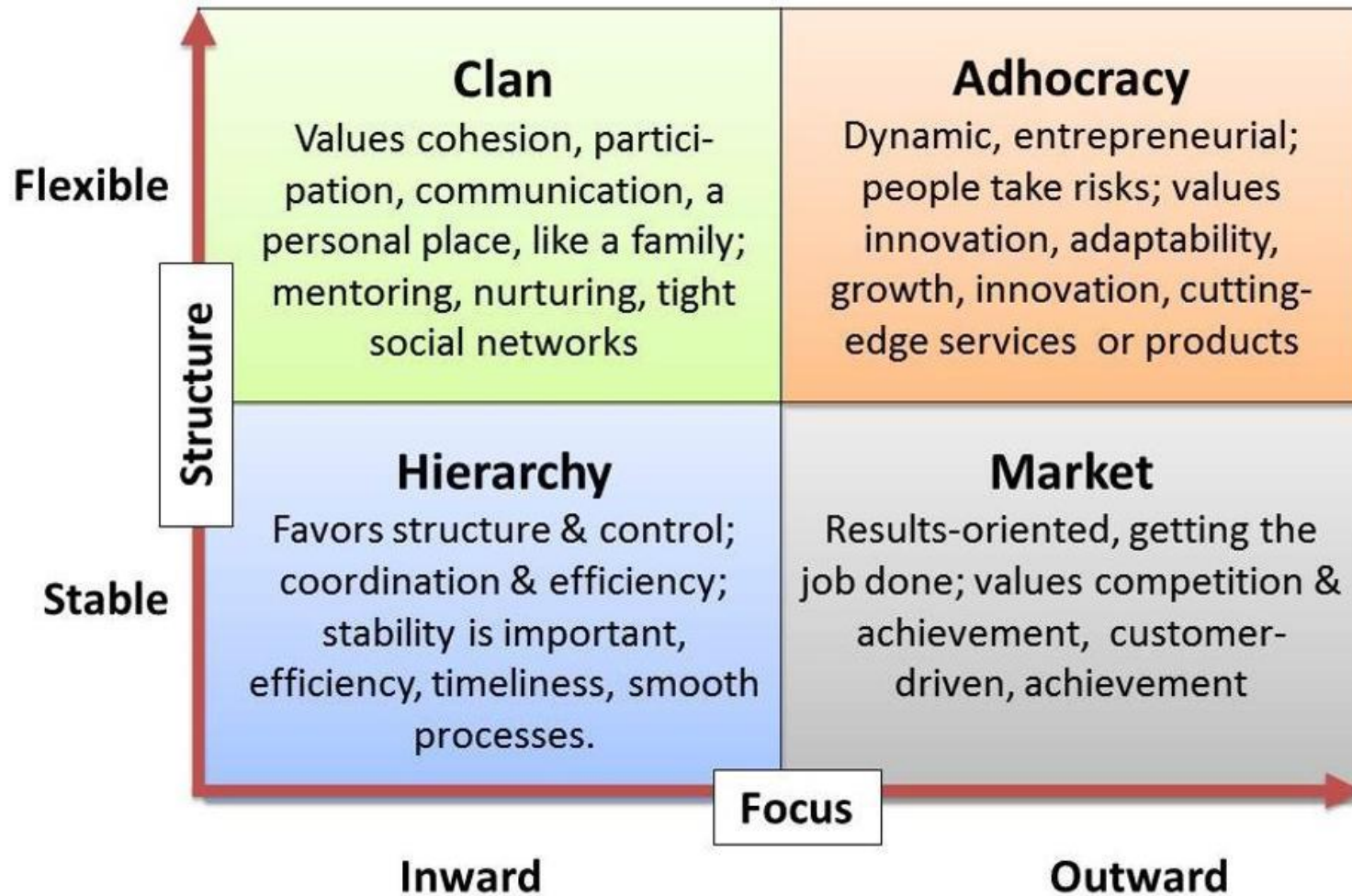
Factors that drive culture and engagement

 Meaningful work	 Hands-on management	 Positive work environment	 Growth opportunity	 Trust in leadership
Autonomy	Clear, transparent goals	Flexible work environment	Training and support on the job	Mission and purpose
Select to fit	Coaching	Humanistic workplace	Facilitated talent mobility	Continuous investment in people
Small, empowered teams	Invest in management development	Culture of recognition	Self-directed, dynamic learning	Transparency and honesty
Time for slack	Modern performance management	Inclusive, diverse work environment	High-impact learning culture	Inspiration
A focus on simplicity				

The Simply Irresistible model for employee engagement, Josh Bersin in Forbes 2015.



Culture Types: there are no wrong types



The Competing Values Framework, by Cameron and Quinn

Healthy cultures are unique

“If you only copy what other people or organizations do, the best you can be is a perfect imitation.”^①

1. “Evidence-Based Management”, Jeffrey Pfeffer, Robert Sutton, Harvard Business Review, 2006

Suggested strategies

- Have a strategy for health linked to organizational goals
- Evolve your internal culture to be successful—each organization has unique needs and challenges
- Align rewards/penalties to defined, measurable objectives.
- Consider how individual choice and preferences can be incorporated into your overall program
- Continue to evaluate plan designs that help to drive your defined goals. Quality network configuration? Value-based plan design?
- Understand how each stakeholder is adding value. Understand success. Share risk?
- Track success based on health outcomes and total medical cost, not % of billed charges “saved”.
- Consider your “onboarding” process as part of your strategy.

Panel Discussion

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Questions?

Thank you!

Please complete your survey!

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