

Let's TALK.

Answers to your most urgent employee benefits questions from a no-nonsense expert.
BY SCOTT HEIDBRINK

The Power of a Healthy Workforce

Value of being proactive vs. reactive

HOT TOPICS:

- ✓ Why the cost of healthcare continues to climb
- ✓ The cost of an unhealthy employee goes beyond the health plan
- ✓ Shifting focus from treatment to prevention
- ✓ Why 95% of corporate well programs fail

Skyrocketing

Healthcare costs have captured headlines for the last two decades. This real and pressing challenge affects businesses of all sizes. The primary focus has been on treating employees through a company health plan...but should this be the only way to address the challenge? Today, more companies are embracing the concept of "wellness" to help their employees stay fit and healthy.

One of the innovators in this field is Nixon Benefits. In a recent interview, Ms. Karen Nixon shared her expertise on setting a measurable course of action to attain and maintain a healthier workforce.



WHAT IS THE REALITY TODAY IN REGARD TO THE COST OF HEALTHCARE?

Nixon: Americans are enormous consumers of medical treatment – 20% of adults are on four or more medications per day. The majority of these medications are for high cholesterol, Type II Diabetes and high blood pressure. According to the Centers for Disease Control, $\frac{2}{3}$ of American adults are overweight or obese and the

percentage of Americans with Type II Diabetes has *doubled* since 1994. An overwhelming number of evidence-based medical studies conclusively link over 80% of all heart disease and diabetes to poor lifestyle choices. Insurance just reflects the cost of repair, whether it covers a car, a house, or a body. The reality is we are riding up a "*health care escalator*" with no end in sight.

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80%

Over 80% of heart disease and diabetes is due to poor lifestyle choices

For additional answers to critical questions in the areas of healthcare and employee benefits, Karen Nixon can be reached at 800.458.2186 or knixon@nixon-benefits.com

IS THERE A WAY FOR EMPLOYERS TO STEP OFF THIS “HEALTH CARE ESCALATOR”?

Nixon: I believe the solution is to focus on prevention – in other words, focusing on the employees who are *healthy* and strive to keep them healthy as they age. The company health plan is there to diagnose and treat employees who already have a condition or are border line. There is a standard of measure in underwriting: 80% of employees are “well” and don’t use the health plan – that 80% pays for the 20% who are sick and use the health plan. My focus is to *bend the trend*: move from an 80% / 20% model to 90% / 10%. When an employer accomplishes this, they realize savings far beyond the cost of their health plan.

CAN YOU ELABORATE?

Nixon: When an employer focuses on prevention, they take important steps to dramatically reduce ALL costs associated with an unhealthy employee, such as: absenteeism, disability claims, workers compensation claims, low productivity and, of course, claims and utilization of the health plan. In addition, research shows that 60% – 80% of all workers compensation

claims are stress-related. The average cost of unplanned and unscheduled absences is about 9% of base payroll. Financially, this is *more than half* of what employers are spending on their health plan.

SHOULD AN EMPLOYER HIRE A WELLNESS VENDOR TO FOCUS ON PREVENTION?

Nixon: An employer who chooses to pay a wellness vendor right off the bat is wasting their money because 95% of corporate wellness programs fail, either through lack of participation or failure to achieve objectives. There are several vital steps an employer must take before considering paying for a wellness program – one example is changing the type of food and drink served at company meetings and events. In addition, the wellness campaign must be the responsibility of an Employee Wellness Committee, not Human Resources. Upper management must encourage employees to participate on the Wellness Committee through recognition and accolades. There are many free activities and programs that the Wellness Committee can introduce slowly, over time

– behavior change requires baby steps. Finally, the health plan must be designed to support the wellness effort. Traditional health plans encourage reckless behavior. Based on facts from the Centers for Disease Control, people find their \$15 co-payment for cholesterol medication a much easier course of action than changing their diet and increasing their exercise.

SHOULD THE BENEFITS BROKER PLAY A ROLE?

Nixon: I can only speak to what our firm has been doing for our clients since 2001 – long before “wellness” became vogue. Our role is to provide the employer and their employees with solutions, resources and support. We guide our clients through those initial vital internal changes. Only after these changes are successfully implemented should a wellness vendor be considered. When that time comes, we find the program that best fits with the client’s culture, scope and budget – afterwards, we analyze the Value of Investment, VOI, by measuring available data such as engagement rates, productivity, and claims data. Our goal is to create a sustainable solution for our clients.