



# Health Matters

*to Your Employees, to Your Bottom Line, to the Health of Your Company*

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## Problem

### Rising Health Plan Costs and Undetected Health Issues are Continuously Escalating to High Cost Claims

It happens every year, like taxes and birthdays; it's health plan renewal time. And every year HR and benefits managers wrestle with the same issues—annual cost increases of five to ten percent, how to break the news to the CFO, and then to the employee population.

*“Employers spend more on health benefits each year, but are their employees any healthier?”*

HR executives, CFOs, and CEOs must continually find new ways to manage health plan costs to keep up with increasingly competitive markets. They are forced to do more with less while offering dynamic benefit packages to attract and keep the best industry talent. What's next? Is a large claims crystal ball the new tool required for successful HR and Benefits leaders? Even if we could predict the future, how would we change it?

If employers continue to do things the way they always have, they should expect the same results. New outcomes require new solutions. A changing landscape requires traveling new roads. It may even require a new vehicle with an extra wide windshield to maximize vision of the terrain ahead. A map would certainly be helpful.





## ***What Can Employers Do?***

Every year employers analyze the previous year's cost data and find that five percent of the insured population drove 50% of plan costs. Often, one percent of insureds are responsible for 25% of total costs! What is driving their need for medical services? What can be done to manage their medical costs, while maintaining or even improving their treatment and outcomes?

Typically, the top five percent of health plan costs can be attributed to catastrophic accidents and new cancer diagnoses. While measures can be taken to manage the cost of continuing treatment for these hardships, initial costs have already been incurred. Future interventions will have limited impact. The money has been spent. Plus, in a given year, it's not unusual for more than 50% of high-cost claimants to turn over.

Identifying large claimants from the previous year is a standard practice in the healthcare industry. Case managers from traditional case management and condition management programs reach out to members with high-cost claims and health conditions to coordinate care or to manage an existing condition.

Do these practices have a significant impact on managing future costs? Rarely. They are reactive, like looking through the rearview mirror to assess the size of the pothole you just hit. Wouldn't it be more productive to keep an ardent eye on the windshield to avoid the next rut up the road? But how can employers possibly foresee large claims?



## ***Solution***

### **Preventive Health Screenings & Incentivizing Employees**

One rearview hindsight that can inform our future path is this: How many individuals with a new cancer diagnosis were compliant with their age-gender HEDIS preventive screening guidelines for that type of cancer? Would early detection have improved their outcomes and cost? You bet it would have! Detecting and treating cancer at an early stage can and does save lives, as well as money.<sup>1</sup>

How many costly claims are the result of advanced stage health conditions that could have been identified earlier through routine tests typically conducted as part of a biometric screening or annual preventive exam?

***“Most adults in the United States have at least one elevated health risk and around half of them don’t know it.”<sup>2</sup>***

**Employers need programs to help employees identify unknown and emerging health risks and direct them to the right care at the right time—*early*. Ideally, before a health risk becomes a health condition.**

One key component of a successful risk identification strategy is to cast a wide net for participation in a health screening campaign, one that includes a majority of the insured population. This can be accomplished by offering meaningful incentives associated with employee health benefit plans. Health plan incentives greater than \$550 per year per employee consistently yield the highest participation rates. For each \$50 increase in value, health assessment completion rates increase by 4.2%. Including dependent spouses as part of the incentive requirement increases participation by 7.6%.<sup>3</sup>

While an employee's specific referral, diagnosis, or care plan are confidential, supporting the health and productivity of our most valuable asset—our employees—is at the heart of the success of any business. Employer-sponsored health screenings, targeted communications and interventions, and relevant health plan incentives will increase adherence to preventive health guidelines and improve early detection and outcomes of previously undiagnosed health conditions.<sup>4</sup> Individuals who fail to practice preventive care may be unaware of existing or developing health conditions that, left untreated, have a high probability of adversely impacting their health and productivity.

***Influencing healthy employees without obvious symptoms to practice preventive care is our next challenge as good stewards of health plan dollars.***

The next challenge employers face is this: how can they influence insured employees to seek preventive care when they are otherwise healthy and without noticeable symptoms? Employers can provide preventive benefits but can't force employees to go to the doctor. They can encourage healthy habits through worksite wellness programs, but lifestyle behaviors are a personal choice.

The Partners Group, an employee benefits consulting firm based in Portland, Oregon, can share some experiences from the employer's and the employee's perspective for guidance.



## Success Story: Not Last Year's Large Claimant

Wendy Workhard is a single mother and full-time employee. Motivated to save for college for her two boys, Wendy values opportunities to advance at her company and puts in extra time when she can. Hers is the family's only income, and she struggles to balance advancing her career with her role as chief caregiver, cook, chauffeur, and cheerleader at her sons' sporting events.

Each year when Open Enrollment rolls around, Wendy loathes finding the time to complete the enrollment forms. For her, it's another "to do" on her seemingly endless to-do list—a tedious task, like filling out school forms, soccer registration, and paying the bills. Still, she's grateful for the health and dental benefits for the kids; they're the ones who use it. As a healthy 45-year-old woman, Wendy hasn't needed to see a doctor in years. Good thing—she hasn't had time.

As in previous years, Wendy reviews the new premium contribution rates, mumbles about the increases, and then slogs through the forms to re-enroll in this valuable benefit for her family. But this year, *this* year, Wendy learns that employees are required to complete a biometric screening and a health risk questionnaire in order to enroll in health benefits. What's that about? No wait, it's optional; employees willing to accept the new, increased premium contribution rate can skip the screening and health assessment. There is a significant incentive for choosing to participate though, especially for Wendy's family plan.

Wendy opts to participate. She is assured that her personal health information will remain confidential, but Wendy isn't concerned—she has nothing to hide since she's in good health. It's the inconvenience that irks her. Increasing demands with work and family schedules have left Wendy with no personal time, waning energy, and behind on work projects. She also questions the motive for adding another activity to her over-packed schedule.

“Cost savings,” she muses. After years at her current employer, Wendy knows the familiar HR mantra: healthier employees are more productive<sup>5,6</sup> “So why don’t they just ask the unhealthy people to complete a health screening?” Wendy thinks to herself. “Why inconvenience healthy people like me?”

As it turned out, the onsite biometric screening and online health assessment were not that inconvenient. But what happened next *was*. Wendy received a letter from her health plan advising her to consult with her physician about an out-of-range blood glucose. The health coach at the biometric screening had also informed her that her blood sugar was in the high-risk range and that she should have it re-tested. After two recommendations to see a doctor, Wendy picked up the phone and made the call. It was her first encounter with a physician in more than five years.

Wendy’s blood sugar was over 300 mg/dl. She was diagnosed with Type 2 diabetes. She had been experiencing some symptoms from her diabetes but had dismissed them. Sure, she was tired most of the time, but what 45-year-old woman wouldn’t be with the schedule she kept? Without the biometric screening, Wendy may not have known about her condition for quite some time.

*“Wendy’s story illustrates an individual who discovered she had a health condition and learned to manage it.”*

7.2 million Americans, or 24% of people who have diabetes, remain undiagnosed. Most are age 45 or older.<sup>7</sup> When not managed, diabetes can cause fatigue, extreme thirst, increased hunger and frequent trips to the restroom. Over time, it can result in catastrophic health conditions like cardiovascular disease or kidney failure and lead to disability leave, which means less income for the employee and loss of productivity for the employer.

For self-funded employers, covering the employee’s medical claims is an additional burden. These serious conditions can generate hundreds of thousands in claims. Kidney disease, for example, was responsible for \$365 million in claims for self-funded employers between 2013 and 2016.<sup>8</sup>

Testing blood sugar levels, just one of the values commonly assessed in biometric screenings, can help identify individuals who are at risk for diabetes. As a result, Wendy’s energy returned. Her focus at work increased, as well as her work productivity and her quality of life at home.

Many screening participants discover emerging risks and, through behavior changes and lifestyle modifications, can avoid a fully developed condition such as diabetes, hypertension, hyperlipidemia, or worse, a heart attack or stroke caused by one of these conditions.



## Success Story: Screening Leads to Saving

Ben InDenial also received a letter from his health plan. His letter, however, was not related to his biometric screening. Instead, the letter informed him that, based on his age and gender, he may be overdue for his colorectal cancer screening, and advised him to make an appointment to complete it. It also reminded him he could earn points in the health incentive program for completing the exam.

“Seriously?” he thought, “What business is it of my health plan or my employer to tell me when to see a doctor? Can’t I use my health benefits the way I choose?”

At 57, Ben played softball with the guys on weekends and thought of himself as the picture of perfect health. But Ben was compelled by the incentives his employer was offering, so he scheduled the screening. When he received a call from his doctor with the results, Ben was in disbelief—

he learned he was one of the one in 22 men who develop colon cancer, and one of the 97,220 cases of colon cancer diagnoses estimated for 2018 in the United States. Ben’s early detection and diagnosis can save his life. The American Cancer Society estimates 50,630 deaths will be attributed to colon cancer in 2018.<sup>9</sup>

***“Because Ben’s cancer was detected early, his 5-year survival rate for Stage 1 colon cancer was about 92% as compared to 63% for Stage II.”***

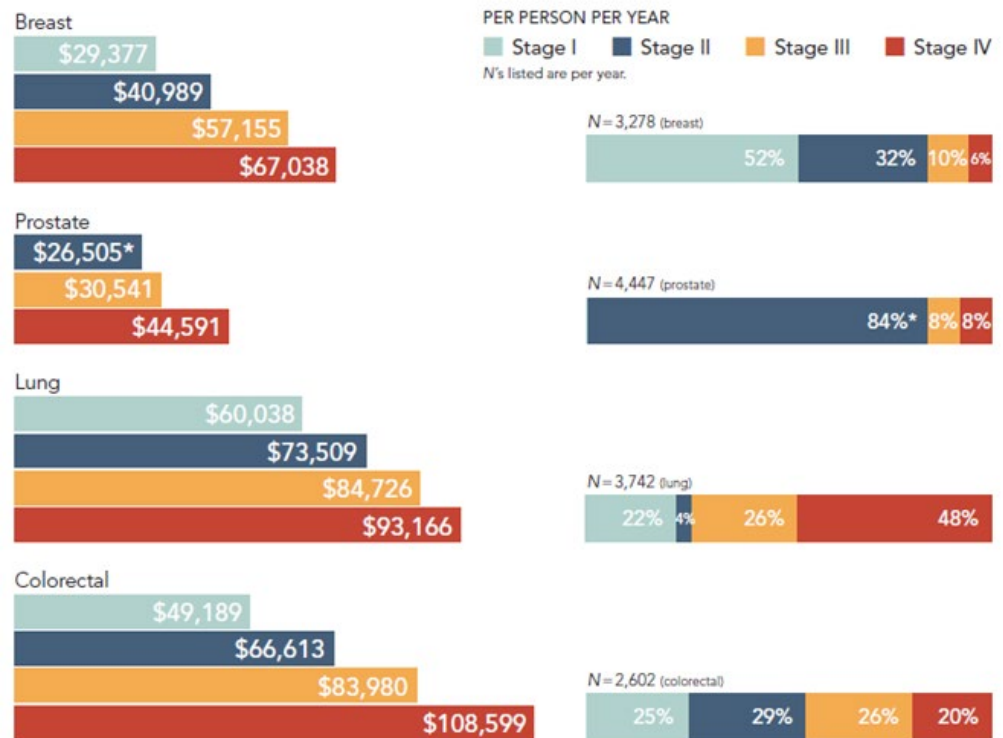
Survival rates are as low as 53% for some Stage III colon cancers and only 11% for metastatic Stage IV.<sup>10</sup> Mean per-patient cost in the first year after diagnosis for Stage I is less than half the first-year cost of colon cancer diagnosed at Stage IV, a savings of almost \$60,000.<sup>11</sup>

Considering that one in 22 men in the U.S. will develop colon cancer this year, the cost savings of early detection are significant for any health plan budget. Cost savings for early diagnosis and treatment for breast, prostate, and lung cancers follow the same pattern. These, along with colorectal cancer, were the most frequently occurring cancers in 2017.<sup>12</sup>

## Stay Ahead of the Curve

Do the preceding scenarios sound familiar? Employers repeatedly grapple with health plan cost increases, discover new high-cost claimants each year, and have fewer resources to manage these mounting challenges. Employees, too, are working hard to meet more demands—personal and professional—with what seems like fewer hours in a day. Who among the over-scheduled and exhausted feels the need to schedule a preventive exam when they don't perceive a problem? While Wendy and Ben represent a fraction of individuals who will discover an unknown or emerging health issue, *they are exactly the fraction employers need to find* to stay ahead of the curve of rising health costs.

## Mean Medicare Spending in First Year of Diagnosis by Cancer Site and Stage, California, Dx 2007 to 2011



Deborah Schrag, "Cancer Care Spending in California: What Medicare Data Say," *California Health Care Foundation*, (August 17, 2015): 15, <https://www.chcf.org/publication/cancer-care-spending-in-california-what-medicare-data-say/>.

## Results of Biometric Screenings

### *The Partners Group Health Care Data Analytics Results*

How many Wendys or Bens can an employer expect to find through an annual biometric screening? The Partners Group analyzed data from more than 150,000 biometric screenings over a five-year period, together with medical and prescription drug data, to answer the following question: How many individuals screened at an employer-sponsored screening learned they have high blood pressure, high cholesterol, and/or diabetes *and* began treatment as a result of their screening?

TPG's data analytics reveals that, in any given year, 25-30% of individuals who complete a screening will be in the high-risk range for blood pressure, total cholesterol, or glucose levels. Many of these individuals are aware of and are already being treated for these conditions. There are some, however, who are unaware and thus are not being treated for their condition—like Wendy Workhard.

*TPG's analysis confirms that one to one-and-a-half percent of individuals in the high-risk range will discover the need to begin new treatment for hypertension, hyperlipidemia, or diabetes as a direct result of their biometric screening.<sup>13</sup>*

These individuals will enjoy the benefits of managing their condition, like improved well-being and productivity, as will their employer. Targeted follow up after screening campaigns and incentive programs will increase this number.

Participation rates in the ninetieth percentile mean that at-risk employees, as well as healthy employees, are engaging in health screenings and learning they have out-of-range biometric values, plus what they can do to improve their health.



*Clients of The Partners Group have consistently achieved participation in health screening rates above 90%, even with first-year programs, by using benefit-integrated incentives coupled with clear communications about the personal benefits of participation to employees and their families. This is well above the 2017 median rate of 54% participation in a traditional wellness program.<sup>14</sup> Organizational culture and communications also have a significant impact on program participation.<sup>15</sup>*

Figure 2 illustrates year-over-year improvement rates for employees who discovered they had at-risk biometric values and improved their values the subsequent year. Many improved enough to move out of the “at-risk” category! These health improvements began as a result of participation in a biometric screening.

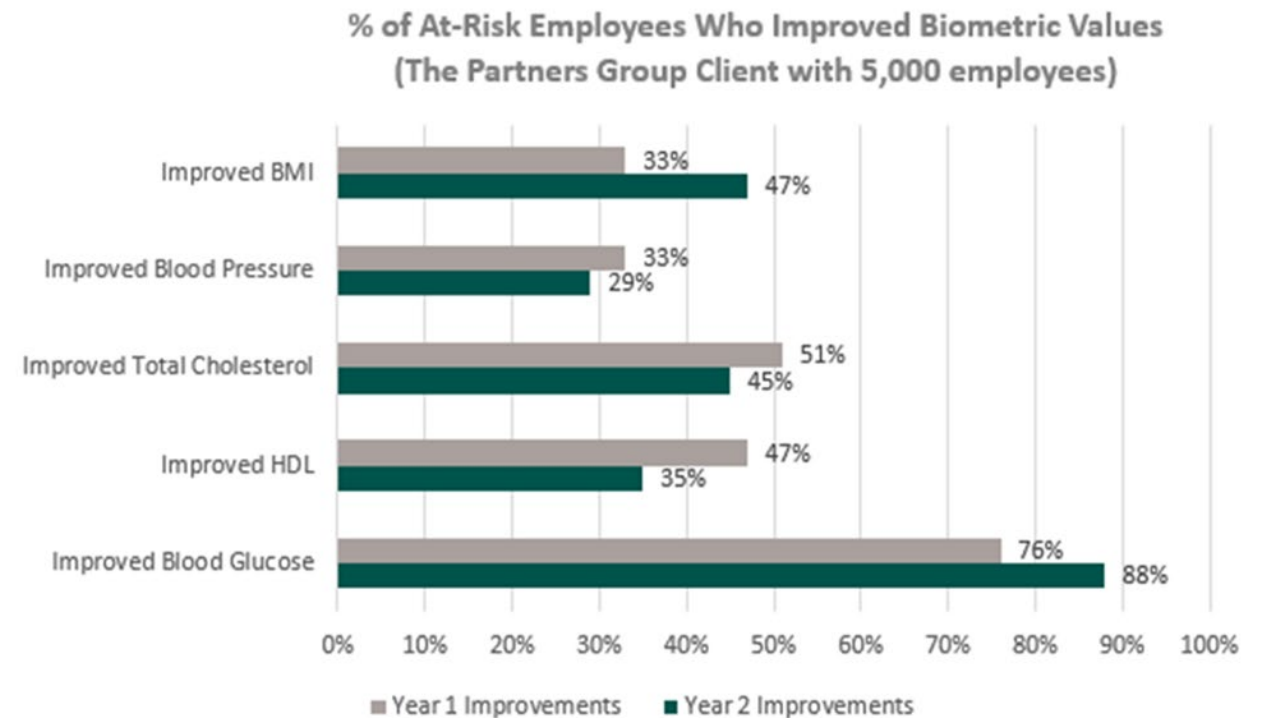


Figure 2

## Productivity Benefits

Towers Watson and the National Business Group on Health attest that companies with the most effective health and productivity programs experienced superior human capital and financial outcomes: 11 percent higher revenue per employee, lower medical trends by 1.2 percentage points, 1.8 fewer days absent per employee and 28 percent higher shareholder returns.<sup>16</sup> The American Journal of Managed Care reports that for every \$1000 reduction in healthcare costs, output increases by \$2000.<sup>17</sup>

## Employers Need Partners

Can employers do all of this without violating HIPAA Privacy rules? Certainly not alone. They need partners: partners who can provide screening, data management, outreach, and clinical services beyond the employer's purview, though not beyond the employer's purpose. They need the *right* partners; ones who not only have experience in the service areas needed but who also have experience in providing these services as part of a benefit-integrated health incentive and population health management strategy.

The Partners Group has provided consulting, strategy development, and implementation support for population health management since 2011. Our experience in this field can help you find the service partners that fit your organization's health and well-being strategy. Our partnership with you provides the expertise, project management, data management, and communications to make your strategy work.

Competitive companies maximize their resources—dollars, time, and people—which is exactly why investments in human capital make so much sense: healthy employees have good attendance records, work effectively, and contribute more to your organization. Health matters—prevention matters—to your employees, to your bottom line, and to the health of your organization.

### Employer Services Division

The Partners Group provides a highly-consultative approach coupled with problem solving wellness analytics. Driven by an unyielding dedication to your success, we are armed with the kind of expertise only 35 years of experience can bring. We use our depth, breadth, and resources to enhance value, control costs, and take work off your plate instead of heaping it on.

### Bottom Line

We create strategies that benefit your financial position as well as your employees' well-being. Our clients call this client-centered approach exceptional. We call it being a good partner.





Founded in 1981, The Partners Group has been serving the financial and insurance needs of employers, medical professionals, and successful individuals for over 35 years. We are an independent consulting firm with over 160 employees and services including employee benefits, retirement plan consulting, wealth management, commercial and individual insurance. The Partners Group has offices in Bellevue, WA; Portland, OR; Lake Oswego, OR; Bend, OR; and Bozeman, MT.

Please [contact us](#) if we can be of further assistance to you.

For more information, please visit: [www.thepartnersgroup.com/wellness-consulting](http://www.thepartnersgroup.com/wellness-consulting)

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