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Building a Comprehensive Healthy Workforce Program: How Workers' Comp and Wellness Programs Go Together

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Introduction

Most successful businesses are beginning to understand that the reactive approach to employee health—providing group health insurance for when employees get sick—is far less effective than one that combines preventive efforts with transparent/reactive medical services. Adding a traditional wellness program to group health benefits is the first step for employers that want to proactively reign in their increasing group healthcare costs. This approach is slow, sometimes ineffective, and difficult to measure success. More importantly, this philosophy is becoming obsolete.

By adding new programs—programs not traditionally considered "wellness" programs—employers can take their program to a whole new level. Employers will look to the new comprehensive healthy workforce programs to address not only nutrition, cessation education, exercise and disease management, but also disease prevention, functional employment testing, job analysis, ergonomic assessment, and injury prevention. By looking at the *total health* of our workforce, employers can impact *all healthcare costs, including*:

- Group health insurance premiums
- Workers' compensation insurance premiums and claims
- Absenteeism
- Presenteeism (workers who come to work but underperform due to illness or stress)
- Morale
- Worker satisfaction
- Recruitment and retention

The cost of rehiring and retraining workers to replace hires that cannot perform the essential functions of a job and, therefore, become injured and make workers' compensation claims is a major one.

Many of these programs will be introduced within the format of the workers' compensation and safety rather than the traditional benefits market. Instead of being an outsider to the process, workers' compensation philosophies will be the foundation of implementation and the mechanism of measuring the success of the program and an employers' return on investment.

With regard to "physical interventions," the next generation of wellness programs will continue to utilize benchmark programs like biometrics and health risk assessments, but will analyze that data beyond the traditional interventions and factor in relevant co-morbidity and other useful data. Most importantly, by analyzing this "expanded" data set, employers can establish new benchmarks that will drive programs *specific to their workforce needs*, programs around hiring, ergonomics, physical development, provider choice and analysis, functional testing, incentive management, and much more. All of these formerly disparate efforts will revolve around the nucleus concept of the Comprehensive Healthy Workforce Program.

Additionally, Comprehensive Healthy Workforce Programs provide employers with more direct opportunities to educate employees about how their lifestyle choices impact aggregate healthcare costs.

The world of employer wellness is about to evolve. Those early adopters on the front end of this shift will win in the open market by doing what their competitors fail to do–EFFECTIVELY manage the health and productivity of their workforce.

Understanding the Problem: The Startling Statistics

The financial impact of an employee's health is measured both in terms of healthcare costs and productivity losses. Generally, direct and indirect healthcare costs are commonly considered when evaluating workplace wellness needs. Productivity numbers are sometimes more difficult to identify, but we are truly beginning to understand their impact on the greater economic realities of wellness.

General Workforce Health Costs

The Center for Disease Control and Prevention (CDC) estimates, "if tobacco use, poor diet and physical inactivity were eliminated, 80 percent of heart disease and stroke, 80 percent of Type 2 diabetes and 40 percent of cancer would be prevented."[1] An achievement of that magnitude would result in over a half a trillion dollars in savings each year, which would go primarily in the pockets of employers since employers cover nearly 62% of the population not eligible for Medicare.[2]

General productivity losses related to personal and family health problems cost U.S. employers $1,685 per employee per year, or $225.8 billion annually. [3]

Workforce Smoking Costs

The CDC estimates that smoking alone costs employers a least $96 billion per year in direct medical costs.[4] Workers' compensation healthcare costs related to employee smokers cost employers $2189 annually per employee, compared to $176 for non-smoking employees.[5] Much of this increased cost is due to the fact that smokers visit healthcare professionals up to six times more than non- smokers,[6] are admitted to the hospital almost twice as often as non-smokers,[7] and average 1.4 additional days in the hospital per admission.[8]

Productivity costs related to smoking cost employers just under 97 billion per year,[9] and smokers average almost twice the absences each year due to illness compared to nonsmokers (6.2 versus 3.9) and have twice the lost productivity per year when compared to non-smokers, costing employers and estimated $27 billion.[10] These hidden and exposed costs simply cannot be avoided in our existing business environment.

Workforce Obesity Costs

Then, there is obesity. Obesity rates in the United States since 1985 have risen at epidemic levels.[11] When correlated to the rise in healthcare costs as a percentage of gross domestic product over this same time period, it is clear that obesity alone has had a tremendous impact on overall healthcare costs for our country.[12]

Obesity and related chronic diseases cost employers almost $93 billion per year in health insurance claims.[13] Averaged out, the cost specifically related to obesity (including medical expenditures and absenteeism) for a company with 1000 employees is estimated to be $277,000 per year.[14]

With regard to obesity and productivity, men with a BMI of 25-35 miss 56% more work days due to illness or injury then men of normal weight.[15] Similarly, women with a BMI greater than 30 miss 53% more work days due to illness or injury than women of normal weight. Furthermore, women with a BMI of 40 or more miss 141% more days due to injury or illness than those of normal weight.[16]

Clearly, employers' rights to request that employees become personally accountable for their lifestyle choices *can and should* be tied more directly to the level the employee shares in the cost of their healthcare insurance.

Understanding the Path Ahead

While often forgotten, perhaps the best opportunity for an early return on investment for a Comprehensive Healthy Workforce Program is not seen within the group health insurance spectrum but rather, within the workers' compensation spectrum. Conveniently enough, it is also this same scope of workers' compensation that allows some of the most innovative mechanisms for identifying health risk factors, implementing interventions, tracking and measuring success.

The Health Insurance Portability and Accountability Act (HIPAA) made tracking and reporting of relevant co-morbidity impacts difficult to implement through the traditional group health model. However, HIPAA specifically allows an exemption for workers' compensation related matters:

1. If the disclosure is "[a]s authorized and to the extent necessary to comply with laws relating to workers' compensation or similar programs established by law that provide benefits for work-related injuries or illness without regard to fault" (45 C.F.R. § 164.512(l)).

2. If the disclosure is required by state or other law, in which case the disclosure is limited to whatever the law requires (45 C.F.R. § 164.512(a)).

3. If the disclosure is for the purpose of obtaining payment for any health care provided to an injured or ill employee (45 C.F.R. § 164.502(a)(1)(ii)).

Learning from Workers' Compensation Data

As a result (and because they *can get the data they need*), several organizations have implemented studies to analyze the impact of lifestyle choices on the cost of workers' compensation healthcare services. Perhaps the most significant of these studies is Duke University's "Obesity Increases Workers' Compensation Costs" from 2007.[17]

In Duke's study, researchers examined the records of 11,728 employees of Duke University who received health risk appraisals between 1997 and 2004, to analyze the relationship between body mass index (BMI) and the rate of workers' compensation claims. They found that workers with a BMI over 40 had 11.65 injury claims per 100 workers, compared with 5.8 injury claims per 100 for workers within the recommended BMI range. Obese employees averaged 183.63 lost work days per 100 employees,

compared to just 14.19 lost work days per 100 employees of who had a BMI in the recommended range. Last but not least, the average medical claim cost per 100 employees was $51,019 for the obese, compared to $7,503 for those employees with a BMI in the recommended range. These cost and productivity disparities between people with high versus average BMI are unlikely to be limited to the workers' compensation segment; they are simply more easily benchmarked.

The Patient Protection and Affordable Care Act (PPACA) not only set the legislative stage for the importance of workplace wellness, it also set the debate stage for our legislators on the absolute necessity to approach this problem comprehensively. PPACA provides $200 million in grant funds to assist small employers with the implementation of wellness programs. By putting its money where its mouth is in such a large way, it is clear legislators are beginning to understand both the need for comprehensive employer wellness programming, as well as the need to incorporate occupational health issues into the equation. The preamble to the first Workplace Wellness initiative states:

> Workplace health promotion programs are more likely to be successful if *occupational safety and health* is considered in their design and execution. In fact, a growing body of evidence indicates that workplace-based interventions that take coordinated, planned, or integrated approaches to reducing health threats to workers both in and out of work are more effective than traditional isolated programs. Integrating or coordinating *occupational safety and health* with health promotion may increase program participation and effectiveness and may also benefit the broader context of work organization and environment.[18]

At the core of this new initiative, employers and their chosen healthcare providers will replicate many of the service offering structure of the Accountable Care Organization model of PPACA and develop "medical homes" that are rooted in managing the employee's health as related to the essential functions of the job. That means providers will have their functional return to work outcomes framed by the specifics of the job, the functional outcome of the claim, and the relevant co-morbidity factors impacting the efficiency and/or effectiveness of the rehabilitating employee, such as smoking, obesity, and so on.

Furthermore, by outlining the essential functions of the jobs, employers will secure the legal anchor for valid post-offer employment testing, fit-for-duty testing, and wellness programs. These types of programs need to not only be coordinated among the provider continuum, they need to be communicated through each step of employee continuum, from hire to injury management to wellness interventions. Each will be associated with worksite requirements, as defined by the essential functions. Thus, these programs, once considered separate from wellness programs, will become integral parts of successful programs in the future.

Similarly, medical provider partnerships will be considered a part of the wellness paradigm. Providers will be cognizant of the employer's specific programming around health and consider those programs in their recommendations for return to work. Employers will no longer be limited to choosing providers based on subjective information. In a new generation of wellness programs, employers will decide (when allowed by state law), to choose providers based on a value proposition that goes beyond price, reputation, and/or percentage discount. This new value proposition will include overview of injury types, utilization, days in treatment, functional improvement, and functional outcome. In other words, what is the total cost to treat this patient and return the employee to work safely? And it will be housed within the context of a Comprehensive Healthy Workforce Program.

Understanding the Physical, Financial, and Cultural Return

While employers are beginning to see the financial and cultural benefits from incorporating effective Comprehensive Wellness Programs, it is equally clear that there is a significant legislative trend aimed at further incenting aggressive employer strategies on health and wellness. A provision within PPACA increases the discounts an employer can extend to employees to incent participation in wellness programs from the current rate of 20% of the cost to 30% and, in some circumstances, up to 50%. Other relevant legislative initiatives include *S. 803/H.R 1897: Healthy Workforce Act, H. Con. Res 40: Resolution Recognizes the First Full Week of April as "Workplace Wellness Week,"S. Res. 673: Resolution Recognizes the Importance of Workplace Wellness as a Strategy to Help Maximize Employee's Health and Well Being.*

In addition to the physical, financial, and legislative benefits of engaging in effective Comprehensive Healthy Workforce programming, the reality is that the competitive marketplace itself will inevitably move Comprehensive Healthy Workforce Programs from an ancillary program/benefit to a core strategic initiative. As more companies learn they can increase their margins by controlling ALL their healthcare costs, group health, workers' compensation, productivity, and so on, they will be able to reinvest those saved dollars to make similar or higher quality services or goods and sell them at the same or lower prices with higher margins. In this way, the wellness evolution is destined to grow as companies that employ and manage effective healthy workforce programs will end up dominating those that do not.

Endnotes

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