

# The Time Is Now: Willing Wellness in the Workplace



Thomas J. Van Gilder Market Vice President October 5, 2012





#### Health, wellness and your business

## Health, wellness and your business:

- Definition of health and well-being.
- The business of health today
- Financial impact on business
- Challenges
- New paradigm
- Workplace scenarios
- Results
- Next steps



Our vision: Helping people achieve lifelong well-being at all stages of life and health.

#### Humana's well-being definition and model

The Full Spectrum of Well-being

- Living happily with a balanced sense

of purpose, belonging, security and health





### The business of health today: the reality

Projected annual cost of heart disease to exceed \$475 billion.<sup>1</sup>

Presenteeism, absenteeism and health and disability benefits cost employers \$160 billion in lost productivity.<sup>2</sup>

Productivity losses due to illness may be roughly 10 percent of payroll.<sup>3</sup>

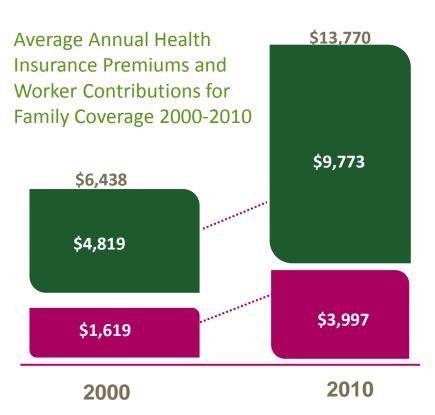
Higher premiums and greater direct healthcare costs for employers and employees.

Source: <sup>1</sup> Centers for Disease Control and Prevention, 2009

- <sup>2</sup> Kalorama Information Study, 2008
- <sup>3</sup> Institute for Health and Productivity Studies, Cornell University



#### The business of health today: financial impact



Healthcare costs continue to rise for both employees and employers

- 114% premium increase
- 147% contribution increase

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits 2000-2010



#### Rising health care costs

 According to the Centers for Disease Control and Prevention (CDC), more than 75% of an employer's health care costs and productivity losses are related to employee lifestyle choices



#### The business of health today: cost drivers

Consider the impact from common health-related conditions. For example, XYZ Financial has <u>5,000 employees</u>.

More than \$4.2MM annually Obesity costs on in medical costs for 3,150 employees average **\$1,351** XYZ Financial are obese annually/employee because of obesityfor XYZ Financial related complications More than \$470,000 annually Diabetes costs on in medical costs for 400 employees average **\$1,176** XYZ Financial have diabetes annually/employee because of for XYZ Financial diabetes-related complications

Obesity
More than
\$4.2MM
annually in
medical costs

Diabetes
More than
\$470,000
annually in
medical costs

Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, Promoting Employee Wellbeing



#### The business of health today: cost drivers

Consider the impact from common health-related conditions. For example, ABC Manufacturing has <u>500 employees</u>.

**112** employees have high cholesterol

High Cholesterol costs on average \$892 annually/employee for ABC Manufacturing

More than \$99,000 annually in medical costs for ABC
Manufacturing because of cholesterol-related complications

Cholesterol
More than
\$99,000
annually in
medical costs

**215** employees have high stress

High stress costs on average \$764 annually/employee for ABC Manufacturing More than
\$164,000 annually
in medical costs for
ABC Manufacturing
because of high
stress-related
complications

High Stress
More than
\$164,000
annually in
medical costs

Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, Promoting Employee Wellbeing



#### The business of health today: cost drivers

Consider the impact from common health-related conditions. For example, 123 Auto Services has <u>50 employees</u>.

Results in more **Diabetes** Diabetes on than 3%in More than 3% average **\$1,176** 4 employees have diabetes-related annually/employee annually in diabetes claims costs for 123 Auto annually for 123 claims costs Services **Auto Services** Results in more **Obesity** Obesity costs on than 29% in More than 29% average **\$1,351** 32 employees obesity-related annually/employee annually in are obese claims costs for for 123 Auto claims costs 123 Auto Services Services

Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, Promoting Employee Wellbeing

#### Humana

#### Reduce health care costs

"Good companies know that their employees are their most valuable asset. Great companies adopt policies that support employees' efforts to reduce health risks and are bold about motivating them through bold strategies, programs and tactics. Great companies know that by improving their employees' health, they can reduce health care costs."\*

David Hunnicutt President of WELCOA

\*emphasis added



#### The business of health today

- Many health improvement programs have historically lacked employee engagement and sustainability, resulting in undesired outcomes. Common challenges include:
  - Low participation
  - Unclear and disjointed wellness program objectives
  - Employees with risk factors may not be identified
  - Lack of solutions that align with a company's culture
  - Reluctance to invest due to lack of proven ROI
  - Changing healthcare environment
  - Lack of interventions to address the entire person – physical, mental and emotional needs



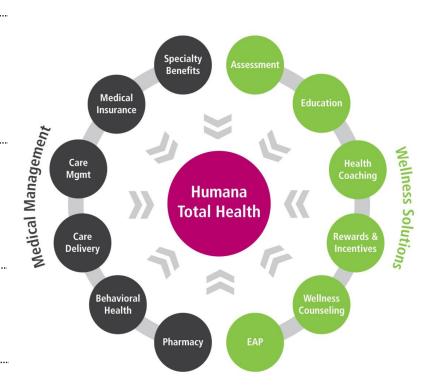
HR and wellness professionals are well aware that little, if any, lasting value including health status improvements, can be achieved without a supportive cultural environment<sup>1</sup>

Source: 2011 SHRM Foundation's Effective Practice Guidelines Series, Promoting Employee Wellbeing



#### The future of health: a new paradigm

- An integrated health and wellness model that assesses all employees to create a personalized pathway for health improvement
- 2 Interventions to address the entire person physically, mentally, and emotionally through a variety of contact points
- Scientific data engine to identify the unique health needs of each of your employees
- Sustainable programs, driven by incentives and rewards, to inspire action today, tomorrow, and into the future



A model for success: Medical and Wellness

#### Opportunity: expanded wellness discounts?

#### Wellness is the Solution:

Employee wellness program discounts might be increased

An effective wellness program is the strongest remaining lever.

Source: "Nondiscrimination and Wellness Programs in Health Coverage in the Group Market, Final rule" Federal Register 71:239 (December 13, 2006) p. 75014. Section 2705





The Time Is Now: Willing Wellness in the Workplace



Thomas J. Van Gilder Market Vice President

October 5, 2012



