



A Clarian Health Partner

## Health & Productivity Management Workforce Tip September 2008

### An Introduction to Health and Productivity Management

U.S. health care costs doubled between 1990 and 2001 and are expected to double again by the year 2012. While the direct cost of providing health care gets most of the headlines, many don't realize that the indirect cost of poor health choices/status may be 2-3 times higher than the direct costs. Indirect costs include such things as absenteeism, disability, and presenteeism.<sup>1</sup> Employee absenteeism and disability have long been part of the equation. However, "presenteeism" is a relatively new metric that is described by the American College of Occupational & Environmental Medicine (ACOEM) as "the degree to which an employee who is present and fully functioning while they are at work...and addresses the situation where an employee is present at work but limited in some aspect of job performance by health problems."<sup>2</sup> If you have employees who have problems with addiction, difficult situations at home, or diabetes, chances are that presenteeism is a problem for your organization.

Common sense says if employees are healthy and fit they will be more productive and will not have a negative impact on their employer's bottom line. This philosophy has been the driving force behind the movement to implement employee wellness programs over the past 30-40 years. However, the concept of a more integrated total health management approach called Health & Productivity Management" (HPM) is relatively new on the scene. The Benfield Group has defined HPM as *an integrated and strategic approach to the management of employee health and productivity rooted in the assumption that health is a requirement of human capital productivity and thus should be managed as a strategic asset to yield employees who are healthy, at work, and able to perform their best.*

Whose responsibility is it to assure employees are healthy, productive and on the job; the employee or the employer? In an ideal world, the employee is self-motivated to take care of themselves. In the real world, however, that is probably not the case. It has become evident that employers should be investing in HPM because keeping employees working and healthy beats paying for them when they're out and sick. For example, a diabetic who is managing their disease might cost \$5,000 per year while a diabetic whose disease is not being managed may cost as much as \$45,000 annually.<sup>3</sup> In other words, "it's better to put a fence at the top of a cliff than an ambulance at the bottom"!

If you are considering investing in the health of your most valuable (and costly) asset through HPM, your program should include:

- Full integration with proven results and a positive return-on-investment
- Strategic marketing campaign with significant incentives to maximize participation and results
- Health screenings and on-line health risk assessments
- Integration of risk and claims data with stratification of employees into risk categories with targeted interventions.
- Disease management, 24-hour nurse line, and health coaching/education
- Employee Assistance Program to address family, work, life issues
- Aggregate reporting to the employer with feedback to continually improve the program each year
- Assurance of total confidentiality and HIPAA compliance

For more information regarding how you can manage the health and productivity of your workforce, please contact Dan Todd at 219-851-3827 or [d.todd@lph.org](mailto:d.todd@lph.org).

<sup>1</sup>Leading By Example, Partnership for Prevention, 2005

<sup>2</sup>ACOEM, Health and Productivity Management Center, [www.acoem.org](http://www.acoem.org)

<sup>3</sup>HealthPartners. Beyond Benefits, January 2006