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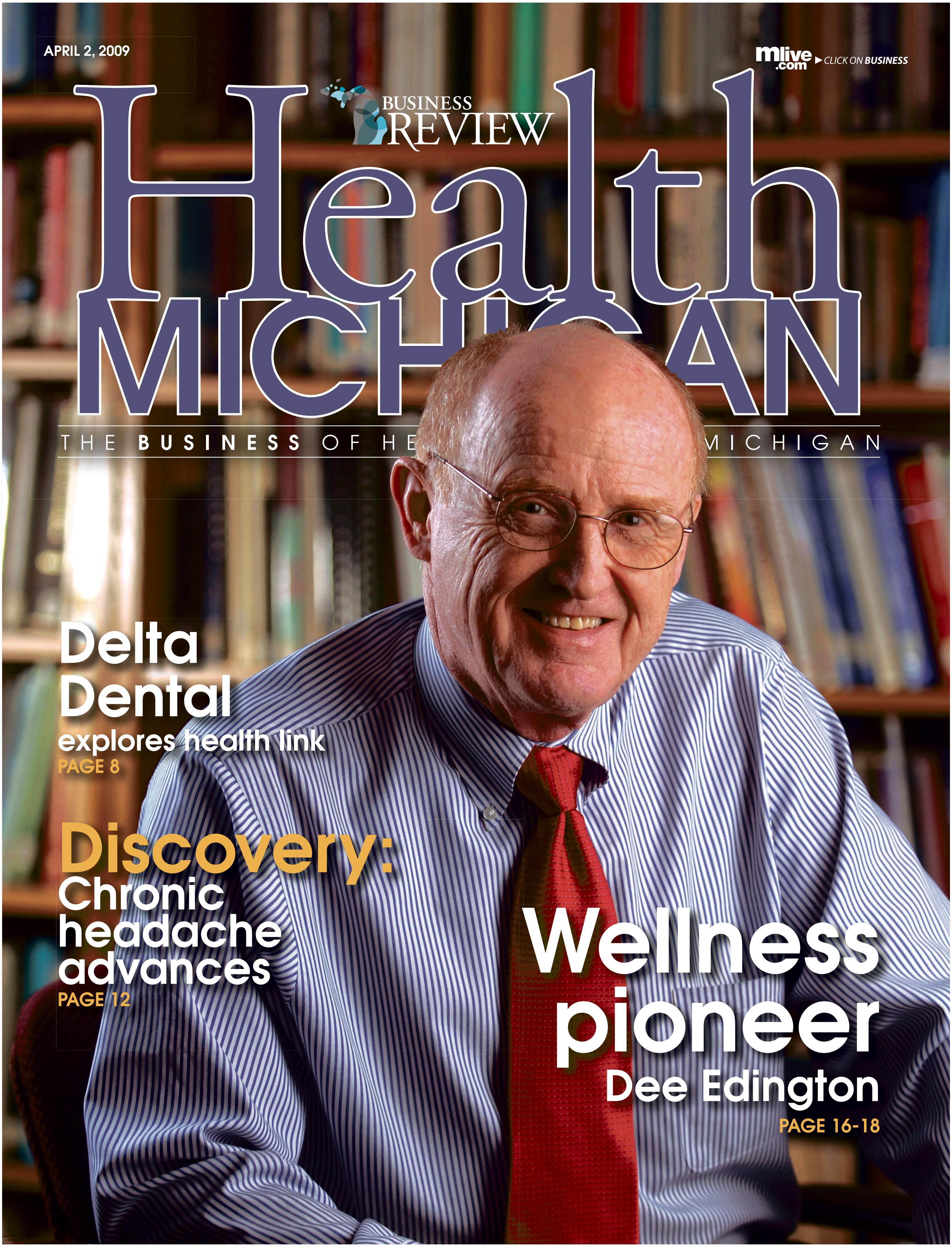

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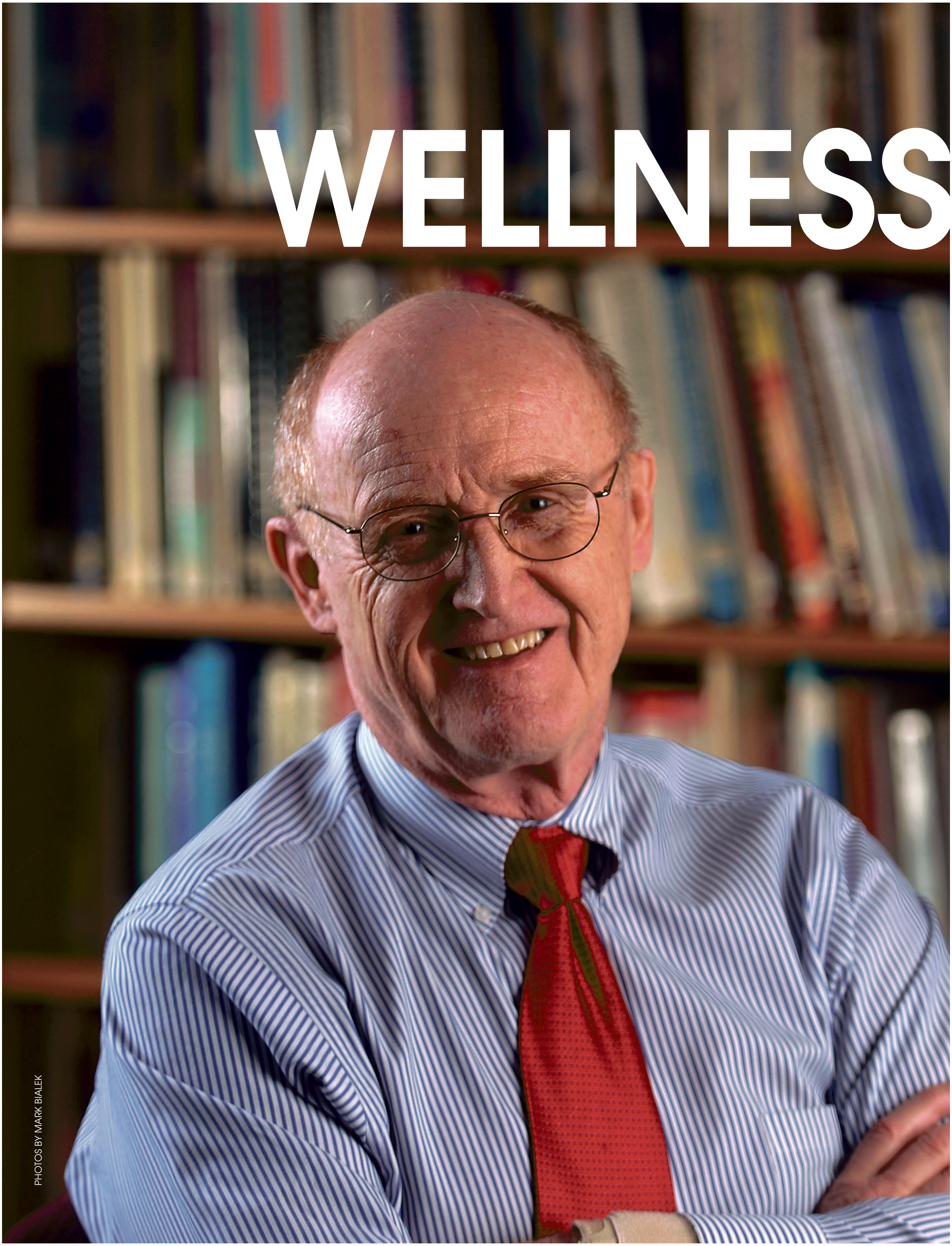

PHOTOS BY MARK BIALEK

PIONEER: Embrace quality systems to attack costs

BY SVEN GUSTAFSON

‹ Dee Edington, director, University of Michigan Health Management Research Center

- Professor, School of Kinesiology; research scientist, School of Public Health
- B.S. and PhD, Michigan State University
- M.S. Florida State University
- Books: "Frontiers of Exercise Biology," 1983; "The One Minute Manager Gets Fit," 1986 (co-authored with others); and "The Biology of Physical Activity," 1976.
- Personal: Former swim coach who "occasionally" runs and walks. "I don't do as much as I probably should," he said.

Employers struggling with the rising costs of providing health insurance for workers should think in terms of quality systems when looking for ways to lower the costs of providing benefits.

So says Dee Edington, a leading wellness researcher for more than three decades whose annual "Wellness in the Workplace" conferences draw hundreds of business leaders from across the country eager for new ideas to lower costs.

Premiums for employer-based private health insurance plans have climbed 120 percent over the past decade and averaged $12,700 in 2008 for a family of four, according to the Henry J. Kaiser Family Foundation. That escalation easily dwarfs the rates of inflation and wage growth over the same period.

Edington's new book, "Zero Trends: Health as a Serious Economic Strategy," examines ways employers can head off health insurance cost increases by targeting risk factors and overall systems instead of individual defects.

He spoke with reporter Sven Gustafson about the nation's upside-down health care model, why insurance companies are morphing into health plans and why buying employees walking shoes may trump gym memberships.

Sven Gustafson: How has the concept of wellness changed over the time you've been working on it?

Dee Edington: It's still changing. In the book, it's trying to change it more.

Traditionally since the '70s, when it really started, it was controlling cholesterol, controlling blood pressure – all the biometrics, all the precursors to disease, cardiovascular precursors. Now I think wellness is beyond that – it's vitality and energy. It's changed from a freedom-from-risk factor to energy. You have to have freedom from risk factors but you have to have energy as well.

Gustafson: To what degree do you think the business community is embracing or understanding wellness?

Edington: We have never seen it like it is now. The business community is what's driving all the change because they have to. They're the only ones in this country that benefit from people being well, healthy. Everyone else benefits from people being sick. Our whole health care system is, wait 'til people get sick and then try to treat 'em. So in terms of quality measures, which I use in the book, you wait 'til the defects happen and you fix the defects. We did that with safety, we did that with products, automobiles – just fix the defects. That's where they make money.

I say why don't we fix the systems that lead to the defects? That's what Six Sigma is and ISO 9000. How do we stop the defects? Well, you fix the system. And that's what wellness is: We're trying to avoid the defects.

Gustafson: So if the business community is driving wellness and you've got health care predicated on this model of treating people when they get sick, how well prepared is the health care field to embrace wellness and capitalize on it?

Edington: They're not, because they can't make any money on it. Maybe (Henry Ford's new West Bloomfield hospital) will find a way; that's why they're doing it. "Find another income stream and then capture the people when they get sick" is really the strategy in my opinion. They're doing the right thing for the wrong reason, in my opinion.

Gustafson: The wrong reason?

Edington: Because they're doing it as a marketing issue. Getting an income stream, that's OK, but I think they're doing it as a marketing (tool) so that when people do get sick they come back to Henry Ford hospital because they're used to it. I don't know if that's true or not.

Businesses have finally said to the insurance companies – and we should kill the insurance companies, I think – they've said, "We're tired of paying for sickness. Look where it's got us. Now we want to pay for › wellness because we know no company is going to be successful going forward in this competitive world without healthy and productive people." Because if you don't do it, someone else in the world is going to do it. They already have a salary advantage, now if they have a sickness advantage, we're going to be dead.

So companies are driving the insurance companies to stop being insurance companies and morph into health plans. When they put wellness in with sickness, now they've got a health plan. So it's total population management, and then businesses have to measure everything, not just health care costs and pharmacy, because that's only part of the outcome from health. The other thing is absent days, short-term disability, long-term disability, worker's comp, presenteeism, how effective are you when you are at work. So if you measure all of that, you get a different value than if you just measure sickness.

Gustafson: I have to ask: Kill the insurance companies?

Edington: Yeah, sure. They're just entitlement. All they were for years was a transaction company, and banks could've done a better job. They take some money from employers, keep some for themselves, pay to the providers. That was their model. And for them, the sicker the economy is, the more money they make because they have a percentage of the transaction. The bigger the transaction, the bigger their percentage.

Hospitals, their medical model is to fill the operating rooms and fill the beds, and hopefully fill the beds for one or two days. Because after they go three or four, then they start to lose money. They want first- and second-day beds. That's where all the tests go, then after that they don't make any money.

Gustafson: Do you think the hospital industry is fearful of rising wellness?

Edington: I think they may be headed like the railroads, they may be headed like the autos if they don't watch out. See all these big buildings going up over here (on the U-M medical campus)? I hope some day those are trashed. I think America's got to find a better deal. But they are not worried about it. There are going to be a lot of sick people.

Gustafson: Why do you think more companies aren't offering more wellness programs?

Edington: With the economic crash, the people who are left, you better take care of them. So wellness should be on top of the menu. It may not be because they're so focused on immediate survival.

The CEOs have to do this. HR people can't do it, benefit people can't do it, because they're so interested in what's the return on investment. CEOs get it right away: What's the value of your people and how are you going to take care of them?

It's more than just fitness centers and showers. In fact I think sometimes that is running negative, because if they buy you a membership in the Y, that teaches you you have to go to the Y to exercise. I think it's a better deal to buy people walking shoes because you can walk any place.

Gustafson: What are some of the upcoming trends or concepts that you're working on?

Edington: We'll continue on the same work we're doing. How do you make it sustainable? How do you create new programs every year? Because some companies do the same programs 10 years in a row. There's no progression to it.

So sustainable and culture, plus we look at next-generation health – what do we measure next?

Instead of just looking at precursors to disease, our focus now is turning America around from just looking at disease to looking at what are the precursors to wellness. What does a well person look like and who ends up being a well person and what are the ways to get there? ■

Dee Edington's five pillars of a successful workplace wellness program:

1. The CEO outlines a vision of a productive organization filled with healthy, energetic employees.
2. Operations leadership creates a workplace culture to support the CEO's vision. Examples: purchasing walking shoes for employees, revamping cafeteria menus or offering public speaking or other instruction to workers who lack skills or confidence.
3. Focus on individual employees by offering annual health risk appraisals, biometric screenings and coaching. "Everyone needs a coach," Edington says.
4. "The fourth pillar is reward, because what you reward is what's sustainable."
5. Measurement and quality assurance. "Fix the system or fix the defects, take your choice," Edington says. "It's cheaper to treat a well person than treat a sick person."

Estimated total cost per employee to adopt all: **$400**

Estimated average cost to provide health insurance per person in 2009: **$8,000.***

** Source: U.S. Department of Health and Human Services.*

0 Trends

Employers work to mitigate risk factors

BY SVEN GUSTAFSON

DEE EDINGTON, DIRECTOR OF THE UNIVERSITY OF MICHIGAN HEALTH MANAGEMENT RESEARCH CENTER.

The years-long trend of steadily mushrooming costs of providing health care benefits has made many employers complacent about the problem instead of proactively working to reverse it.

"We just accept it. And it can't be that way," said Dee Edington, a wellness researcher at the University of Michigan.

Edington, who runs the university's Health Management Research Center, has spent years lecturing about a concept called "zero trend." The concept holds that employers who manage to mitigate risk factors like smoking, poor nutrition and physical inactivity and control workplace environments can head off or minimize cost increases through healthier work forces.

"I think you don't even need to do behavior change directly," he said. "I think you change the culture and the people change."

An annual survey by benefits consulting firm Mercer found that the cost of providing health insurance rose 6.3 percent last year to an average of $8,482 per worker. Average annual deductibles for employees rose 17 percent to $1,001.

Some of the factors pushing the escalation in health care costs, such as consumer price index, can't be changed, Edington said.

"But if we control risk factors and control the systems that are leading to those defects, eventually we can either eliminate the defects or mitigate the impact of the defects," he said. "And by doing that, you control cost."

Troy-based group benefits consulting and brokerage firm McGraw Wentworth is conducting its sixth annual survey of companies that seek to beat the trends of health care cost inflation. Roger Edgren, a wellness specialist who works in the company's Grand Rapids office, said the most successful wellness programs combine biometric testing and health appraisals, coaching and incentives for healthy behavior.

"Many things go into those trend benders and what they are doing," he said. "But they are generally managing their plan more aggressively, they are introducing wellness plans and maintaining them and getting support each year, they are communicating with employees, making employees more accustomed to health through plan designs and contributions. But wellness is clearly one of the components that is helping those employers beat the trend."

A desire to see more tangible results led the city of Rochester Hills to seek a more proactive wellness plan.


BRYAN BARNETT

The city had long offered employees a $300 wellness benefit that reimbursed them for things like gym memberships or preventive medical services. But with an average worker age of 47 and low turnover, the municipality was seeing more and more prescription drugs push costs up between 10 percent and 22 percent annually, said Mayor Bryan Barnett.

The city recently hired Beaumont Hospitals to introduce more clinical elements to its wellness plan.

"I looked at it and saw that we had an incentive, but we weren't realizing any tangible results from the incentive," Barnett said. "I couldn't point to any impact to the bottom-line costs and prescriptions, and general health of the employees continue to go in the opposite direction." ■