

2015 Health Care Value Forecast: Payers, purchasers and providers



Doing wellness is no longer enough: Successful employee-health efforts demand an integrated approach to well-being



FEATURING

Michael Thompson
Principal, PwC

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Employee benefit design and the delivery of primary care services are both moving toward a broader notion of health, one that encompasses emotional and social well-being. And both are re-integrating once-siloed elements to put a greater focus on relationship and collaboration.

It's a tough journey, though. Primary care in the fee-for-service model shifted its focus to treating sickness rather than supporting health. As a result, employers were forced to plug the gaps with carve-outs—wellness and prevention programs, EAP services and nurse call centers. Strategies in the last decade largely focused on how to change health behaviors and health care consumption, with the goal of cutting costs. But these approaches have led to more fragmentation and, at times, lack of coordination, says Michael Thompson, principal, PwC.

In addition, their impact has been inconsistent. It's not for a lack of commitment, he says. "Employers are committed to supporting the health of their workforce, and they've hired a lot of vendors to do so, but the results have been mixed." Not only is employee engagement inconsistent, but even when they are engaged there hasn't always been follow through and sustained behavior changes.

Moreover, a larger problem with this approach to wellness is the mindset that holds "Employees have an *obligation* to take care of themselves because if they don't, they incur medical expenses that cost the company." By asking—or requiring—employees to take action, employers hope to bend the cost curve by reducing demand for health care services. "The problem with that mindset is that many view it as doing wellness to people, not *for* people." Employers, he says, need

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to do it not just because of the potential to save health care dollars but because it's the right thing to do. Actually supporting the health and well-being of employees is where the return on investment lies.

Beyond the cost curve: a new way of thinking

When a business case has been built on bending the cost curve rather than focusing on the employee relationship, the return on investment (ROI) is less sustainable, he says. And that erodes commitment to the wellness programs. "Certainly as more studies come out challenging the results of existing wellness programs, concerns over ROI become more of an issue," he says. Employers who pin everything on short-term ROI have often been disappointed and, ultimately, less committed. In fact, employers cite low employee engagement as the biggest obstacle to changing workers' health risk behavior.¹

¹ Levin-Scherz, J, Mason, R, Wood, M. *Boost Employee Health and Wellness with Behavioral Economics* Towers Watson Viewpoints. 2011

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The laser-like focus on cost savings was where the workplace wellness movement started and gained its foothold. And, perhaps ironically—or perhaps appropriately—it’s now the source of the current backlash, he says. It’s time to reframe workplace wellness in terms of supporting the workers.

What has become increasingly evident is that health and well-being involve far more than physical health. The Centers for Disease Control and Prevention cites general agreement in public health circles that well-being includes, at a minimum, positive emotions, satisfaction with life, fulfillment and positive functioning. Physical well-being (e.g., feeling healthy and full of energy) is also viewed as critical to overall well-being.² The World Health Organization defines health as “a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”³

Employers are coming to understand this, and this understanding is reflected in PwC’s 2015 Health and Well-Being Touchstone Survey. Most employers currently address physical and mental dimensions of health through their worksite wellness programs, and interest in addressing other dimensions is increasing. For example, 63 percent are targeting financial well-being (vs. 55 in 2014), and 44 percent (vs. 38 percent) are targeting social dimensions of health.⁴

Don’t outsource culture

That approach—creating a culture of health and well-being by recognizing all the dimensions that impact on wellness—starts at the top and

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permeates the organization. It’s akin to efforts underway in most workforces around creating a culture of safety.

No longer can these programs be about merely reducing workers’ weight and increasing their minutes of exercise. We are expanding the definitions to align with the current understanding of health and well-being. “Health isn’t a one-day siloed event around a rash here or a cut there, but something more holistic,” Thompson says. “It’s not that different from what you do with your financial advisors. If all they do is advise you only on the assets you have with them, then they aren’t really helping you with your overall financial well-being. They need to understand the totality of your picture.”

² Well-being concepts. Centers for Disease Control and Prevention (2013)

³ World Health Organization’s definition of health

⁴ *Health and Well-being Touchstone Survey results* PwC, June 2015

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The trend, Thompson says, is for companies to take this expanded view of wellness—total well-being—and help their employees become what they are seeking to become, rather than imposing what the employer would like the employee to do.

Companies that take this more holistic approach have been more successful getting employees engaged in their wellness programs, he says. It moves the focus away from immediate impact on health care costs to a more holistic view of the impact to the bottom line: Ideally, it ties the success of the business to employees' personal success and satisfaction.

“If we look at wellness programs with a mindset to help employees improve their physical, emotional, physical, spiritual, career and financial well-being, we are likely to find more sponsorship at senior levels. It's such a positive message.”

And it pays off. The connection between health and well-being and overall productivity and profitability is backed by research.^{5,6,7,8} Companies where employees are more engaged in their health and well-being have lower employee health costs, and are more effective and productive.⁹

He cites stress as a case in point: No other risk factor has more of an immediate impact on health and productivity.^{10,11} In contrast, research suggests high levels of psychological well-being and employee engagement are associated with successful, high-performing organizations. In particular, psychological well-being is directly correlated with performance and may be a stronger predictor of job

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⁵ Lerner, Debra, Benjamin Amick, et al. “Relationship of Employee-Reported Work Limitations to Work Productivity,” *Medical Care*. 41.5 (2003): 649-659

⁶ Coopman, Cheryl, Kenneth Pelletier, et al. “Stanford Presenteeism Scale: Health Status and Employee Productivity,” *Journal of Occupational and Environmental Medicine*. 44.1 (2002): 14-20. Print

⁷ Lerner, Debra, David Adler, et al. “Impact of a Work-Focused Intervention on the Productivity and Symptoms of Employees With Depression,” *Journal of Occupational and Environmental Medicine*. 54.2 (2012): 128-135

⁸ 2013 Aflac WorkForces Report conducted by Research Now

⁹ 2013/2014 Towers Watson/National Business Group on Health Staying@Work Survey announcement, Sept. 26, 2013

¹⁰ Vanitallie TB. “Stress: a risk factor for serious illness.” *Metabolism* (2002) 51:40-5.10.1053/meta.2002.33191

¹¹ Greenwood BN, Thompson RS, Opp MR, Fleshner M. “Repeated Exposure to Conditioned Fear Stress Increases Anxiety and Delays Sleep Recovery Following Exposure to an Acute Traumatic Stressor.” *Frontiers in Psychiatry*. 2014;5:146. doi:10.3389/fpsy.2014.00146

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performance than job satisfaction.¹² Conversely, chronic, excessive stress can negatively affect productivity and job performance.^{13,14,15}

In partnership with the delivery system

Until recently, employers haven't been that focused on the delivery system, but now they are paying attention to how care is delivered to employees—and to the value of that care. Nevertheless, the culture of well-being starts with the employer, says Thompson. "You cannot delegate culture to the delivery system."

An employer organization can, however, *align* with the delivery system. It can integrate workplace efforts with broader population health strategies, and encourage and support the delivery of primary care services—and a relationship with a primary care provider. "What we're seeing now is a real upsurge in looking at the supply side of the health care system." That means looking at the efficiencies and improvements in the delivery system—and how to integrate them more effectively into overall well-being efforts.

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The workplace culture should reinforce the importance of primary care, and the primary care provider's message should reinforce the workplace culture. That healthy workplace component is essential. "The reality is, you do not see a doctor more than a few times a year, but you go to work every day." Creating an environment that supports the importance of prevention, management of chronic conditions and the workforce's health and well-being can be central to better health over the long term.

The relationship between better access to primary care and improved outcomes and lower costs has been well established.^{16,17,18,19} It's clear, then, that access to a robust primary

¹² Robertson, I. Cooper, R. "Full engagement: the integration of employee engagement and psychological well-being," *Leadership & Organization Development Journal*, vol. 31, no. 4, pp. 324-336, 2010

¹³ Gilboa, S, Shiron, A, Fried, Y, and Cooper, C. "A meta-analysis of stress and performance at work: examining the moderating effects of gender, age and tenure," Working Paper No. 6/2005. Henry Crown Institute of Business Research. January 2005

¹⁴ "Stressed-Out at Work: Health, Stress and Job Performance," Integrated Benefits Institute, October 2011

¹⁵ Aon Hewitt 2013 Consumer Health Mindset Survey

¹⁶ *How is a Shortage of Primary Care Physicians Affecting the Quality and Cost of Medical Care*. American College of Physicians (evidence review) 2008

¹⁷ Starfield B., et al. "Contribution of Primary Care to Health Systems and Health," *Milbank Quarterly*, Sept. 2005

¹⁸ Starfield B., and Shi L. "The Medical Home, Access to Care, and Insurance: A Review of Evidence," *Pediatrics*, vol. 113, no. 5, 2004

¹⁹ "Access Is the Answer: Community Health Centers, Primary Care & the Future of American Health Care," National Association of Community Health Centers, March 2014

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care delivery system is a crucial part of any discussion of health of populations and assurance of workforce well-being. Rather than supporting isolated health efforts at the workplace, at home and at the medical office, the goal is to show employees how to pull it all together.

For example, encouraging people to get a physical helps cultivate the patient/clinician relationship. It fosters self-management, and an ongoing, trusted relationship with a primary care provider builds context and the patient history. It becomes the employee's foundation for good health. Research supports the importance of an ongoing relationship with a regular primary care provider.²⁰

Employers will have higher expectations of the delivery system vis-à-vis prevention and wellness. And, in fact, they will have higher expectations of employees: "We are empowering employees to take health into their own hands in partnership with their primary care

provider. Employers, employees and clinicians are partners in building a culture of health and well-being."

Aligning interests

It's a symbiotic relationship.

"That's the virtuous cycle we're trying to get to," Thompson explains. That's what consumers—and employers—are demanding. And it aligns with the vision—if not always the practice—of primary care practice, as articulated by the American Academy of Family Physicians:

A primary care practice serves as the patient's first point of entry into the health care system and as the continuing focal point for all needed health care services. [...] Primary care practices provide health promotion, disease prevention, health maintenance, counseling, patient education, diagnosis and treatment of acute and chronic illnesses in a variety of health care settings (e.g., office, inpatient, critical care, long-term care, home care, day care, etc.).²¹

It's about an integrated, whole-person approach—one that fosters a culture of health and promotes well-being at work, at home and, yes, at the clinician's office. "That's what we're looking for—a delivery system that is a partner in supporting the current and future health and well-being of our workforce." 

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²⁰ Pourat N., Davis AC., Chen X., Vrungos S., Kominski GF. "In California, Primary Care Continuity Was Associated With Reduced Emergency Department Use And Fewer Hospitalizations." *Health Aff (Millwood)*. 2015 Jul 1;34(7)

²¹ www.aafp.org/about/policies/all/primary-care.html#2

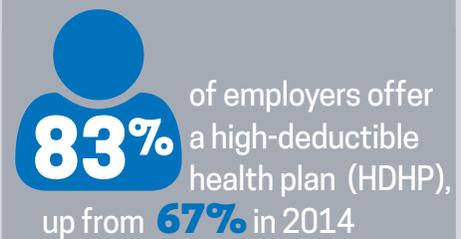
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Cost sharing and consumers

No doubt, says Thompson, we're going to see continued growth in high-deductible health plans, largely because they have had an impact on reducing use of the care delivery system: Consumers are being held more directly responsible for the cost of the care they seek through cost-sharing. The number of employers offering high-deductible health plans (HDHPs) has increased almost 300 percent since 2009.^[a] The impending "Cadillac tax" on high-priced plans is accelerating cost-shifting strategies.

PwC research^[b] released in June 2015 finds that 83 percent of employers offer an HDHP, up from 67 percent in 2014; HDHPs are now the most prevalent option for 31 percent of employers, up from 26 percent last year. Overall, they are second in popularity only to preferred provider organizations. Perhaps more significantly, 38 percent of employers are considering offering only HDHPs—that's on top of the 25 percent who already offer those plans as the sole option.

Nineteen percent of all privately insured adults said in a 2014 survey that they didn't visit a doctor because of costs. Among those with high-deductible plans, the figure jumps to 29 percent.^[c] High deductibles slow consumer use of health services.^[d] But they can also inhibit early diagnosis and result in more costly chronic care management.^[e]



^a "Behind the Numbers, 2016: A 10-year perspective" PwC Health Research Institute

^b *Health and Well-being Touchstone Survey* results PwC, June 2015

^c Associated Press-NORC Center for Public Affairs Research Survey, Associated Press, Oct. 13, 2014

^d "Behind the Numbers, 2016: PwC Health Research Institute op. cit

^e *Ibid*

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Michael Thompson is a principal at PwC. Thompson has more than 30 years' experience in health care and employee benefits strategy development and implementation. He consults with major employers and other stakeholders on sustainable cost reduction, integrated health, wellness and consumerism, retiree health, private health exchanges and health reform. He also serves as one of PwC's national thought leaders for health strategies for the health industries practice and has participated on the steering board of the World Economic Forum "Working for Wellness" initiative. In addition, he chairs the AAA Quality Initiatives Work Group and serves on the board of the Northeast Business Group on Health.

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