



# “Benefit Briefs”

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“Newsbrief concerning employee benefits”



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## Wellness

Studies have shown that businesses that implement health and wellness programs see improvements in productivity, recruiting efforts and workplace morale, as well as decreases in absenteeism, insurance costs and internal conflicts. [Studies typically demonstrate a \\$4 to \\$5 saving for every one dollar invested in health promotion.](#) Every workforce has a different profile when it comes to the health of employees and the health of the business as a whole. It is essential to identify the specific issues that are affecting the workforce and the company's bottom line. Simply put, employers must conduct a diagnostic to assess the wellness of their employees and their organizations. A wellness diagnostic must provide an organization-wide measurement of the health and wellness of employees and determine those employees' needs. Employers must also assess the wellness of the organization itself, by analyzing communication efforts, job satisfaction, workload balance and the causes of stress in the workplace. Most large companies rely on a health risk assessment (HRA) to diagnose the health of their employees. While this type of diagnostic has advantages, HRAs do have some shortcomings. For instance, employees cannot participate anonymously, because they each take part in a one-on-one health assessment. The upside of this is that each employee is provided with an individualized health report, but their responses are likely to be censored if they know their employer can review them. What's more, it can be difficult to incite healthy habits among employees when they are each working off of an individual report. It should be made up of at least three different sections that correspond to the three essential components of health and wellness: lifestyle choices, physical health and psychological health.

Any diagnostic must include a focus on lifestyle aspects that strongly correlate with wellness, such as nutrition, exercise, sleep and tobacco, alcohol and drug use. Lifestyle choices have a huge impact on health costs; in fact, [preventable illness makes up approximately 70% of the burden of illness and the associated costs.](#) Unfortunately, most people do not prevent these illnesses simply because they are making the wrong lifestyle choices. The next critical section of a good corporate wellness diagnostic is an assessment of the psychological wellbeing of employees. Stress has a huge impact on productivity and insurance claims, and the current trends of layoffs and increased workload are only serving to further increase stress levels.

A common problem with unsuccessful wellness programs: there is a narrow focus on individuals' health-related attitudes and behavior, often to the exclusion of job, organization and management factors that affect employee health and wellbeing. A thorough employee wellness diagnostic is an essential tool; every successful wellness program is based around the results of a diagnostic. By analyzing potential problems in the workplace, the lifestyle choices of employees and their physical and emotional wellness, employers can determine which problems are directly impacting the organization. Building their program to focus on these problems maximizes the potential return on investment.

## Chronic Disease

The global economic impact of the five leading chronic diseases (CD)— cancer, diabetes, mental illness, heart disease, and respiratory disease – could reach \$47 trillion over the next 20 years, according to a study by the World Economic Forum (WEF). While often thought of as diseases of the rich world – often linked to living on fatty, sugary foods, little exercise and too much alcohol and tobacco – CD now disproportionately affect those in poorer nations. More than 80 percent of CD deaths are among people in low and middle income countries.

The WEF study, which was conducted with Harvard School of Public Health, found the cumulative costs of heart diseases, chronic respiratory diseases, cancer and diabetes in these poorer countries are expected to top \$7 trillion in 2011-2025, an average of nearly \$500 billion a year.

Mental health, which is typically left off lists and will account for \$16 trillion – a third of the overall \$47 trillion anticipated costs. The WEF study used three modeling methods - the WHO's EPIC model, the Value of Statistical Life (VSL) approach and the Cost-Of-Illness (COI) approach. It found mental illness and heart diseases alone account for almost 70 percent of lost output.



*Best wishes for the Holidays  
from the staff  
at Lappan Agency*



## Funding

With the passage of the Patient Protection and Affordable Care Act, small and middle-market employers will likely find less flexibility in the benefits market and limited plan options available to them. Health insurance premiums have been rising and new regulations are coming to light, some employers are beginning to see that one of the ways they can control their costs and scope of benefits in a post Healthcare Reform environment is to consider self-funded healthcare. There are significant differences between a fully-insured and self-funded program, least of which is the type of employer that is best suited to self-fund. The ideal employer profile should include:

1. Views This Program as a Long-term Strategy—Not a quick fix; three- to-five-year process
2. Sees the Need to Engage Employees—Wellness and care management programs
3. Willingness to Make Investment—Employees are its most important asset
4. Not Looking to Shop Rates—Rather looking to manage costs
5. Understands Trend—Inflation and utilization
6. Successful—Strong financials

## Pharmacy Waste & Compliance

Pharmacy-related wasteful spending topped \$403 billion in 2010. The chief source of this wasteful spending is not what most would think, namely higher-priced brand-name medications or higher costs associated with retail rather than home delivery. Express Scripts estimates that more than half of the pharmacy-related waste - a staggering \$258.3 billion - is from patients who do not take their medications as prescribed. Experts point to a range of causes behind medication non-adherence, from financial pressures to behavioral issues. One study conducted for the National Community Pharmacists Association showed that while 90% of respondents think non-adherence is a serious problem, 31% of those same respondents reported not filling prescriptions, 49% said they had forgotten to take their medications, and 29% stopped taking medications early. Experts largely agree that the impact of co-pay structures on compliance can't be ignored. People often don't budget for prescriptions, which means that higher co-pays are eating into funds that would normally go toward other things. Designing the co-pay appropriately for the level of income of the employee base is a major struggle. Home delivery program addresses many of the common hurdles by reducing the over-all co-pay and frequency of filling. Educating employees on the importance of therapy adherence is a key component of boosting compliance. Disease management programs also present opportunities to introduce educational material to employees. Increased compliance programs can increase overall medication costs, but increased pharmacy costs could be offset by decreased expenses on the medical side as a result of the reduced need for care.

## Chronic Pain

Chronic pain is one of the most common causes of disability, and it can have serious implications for both employees and employers. For example, following are the results of a few American studies published in *JAMA* and the American Psychological Association's *Psychological Bulletin*.

- The prevalence of chronic pain in the general population has been estimated at about 30%.
- One in eight workers loses five hours per week of productive time (excluding missed days) from pain.
- Reduced productivity while at work, combined with lost workdays, equated to \$61.2 billion in estimated lost productivity for the U.S. in 2001/02.
- Early intervention can prevent disability and contain costs by helping people get and feel better.

Chronic pain is long term (persisting more than three months). When individuals sustain an injury, they worry about the cause of the pain and future consequences. Fearful of making the injury worse, they avoid movement and activities, such as work and hobbies. This inactivity can quickly lead to de-conditioning (decreased strength and flexibility and/or increased weight). Psychologically, individuals become fixated on the pain, which can increase feelings of anxiety, depression, learned helplessness or anger. Eventually, individuals may become stuck in "the sick role," in which their whole life revolves around pain and helplessness. Certain risk factors increase the likelihood that an individual will transition from acute pain to chronic pain and long-term disability. These include fear-avoidance, lack of social support, job dissatisfaction, substance abuse and compensation status. Interestingly, physical factors, including the severity of the injury and the physical demands of the job, do not appear to contribute as much to the move to chronic disability.

Early intervention is critical to prevent the downward spiral. The longer people are out of work, the less likely they are to return. Studies indicate that 50% of patients with more than three months of disability will not return to work at 12 months. The individual needs to take an active role as part of the treatment process. The goal of treatment should be to restore function and get people to a point at which their life does not revolve around pain, so they can return to work and other activities without fear of harming themselves.



*Happy Holidays !*