

HEALTH WEALTH CAREER

GETTING THE VALUE OUT OF TOTAL HEALTH MANAGEMENT



MAKE TOMORROW, TODAY



TOTAL HEALTH MANAGEMENT FOR ALL EMPLOYERS

Human resource and benefits staff are facing the challenge of improving their populations' health while keeping costs down. Managing cost increases, complying with regulations, and improving employee retention and attraction are just a few of the areas on which HR staffs are being asked to deliver.

Total Health Management (THM) — the sum total of all the actions an employer can take to support the health, productivity, and well-being of its employees — is one way employers are approaching this challenge. THM may focus on clinical programs such as disease or case management, consumerism strategies, value-based care, or other areas, but wellness is particularly high on many benefits leaders' radars. Employers of all sizes are increasingly implementing wellness programs.

One of the main reasons is that illness is expensive. Chronic diseases like diabetes cost more and more to treat due to rising drug costs. In addition to the absolute costs, these conditions also impact productivity. Luckily, many chronic diseases are preventable. Employers now realize wellness programs can help curtail health conditions that affect people's ability to be present and productive at work.

DID YOU KNOW

1. Chronic diseases are responsible for 7 out of 10 deaths each year, and treating people with chronic diseases accounts for 86% of our nation's health care costs.¹
2. As of 2012, about half of all adults — 117 million people — had at least one chronic health condition. One in four adults had two or more chronic health conditions.²
3. Obesity is a serious health concern. During 2011–2014, more than one-third of adults, or about 84 million people, were obese. Nearly one in six youths aged 2–19 years were obese.³
4. Smokers cost employers \$6,000 more annually than nonsmokers.⁴

Wellness programs have traditionally focused on physical wellness. Now, however, wellness programs are broadening to look at each person as a whole. This more holistic approach, known as “well-being,” encompasses:

- **Physical health:** screenings, risk identification, education, and the incorporation of health-promoting activities such as exercise, nutrition, and tobacco cessation.
- **Emotional health:** stress reduction and mindfulness; building resilience.
- **Financial health:** education and tools to help employees manage their finances and proactively plan for a fiscally sound retirement.

¹ Center for Disease Control, available at <http://www.cdc.gov/chronicdisease/overview/>

² Center for Disease Control, “Chronic Disease Overview,” available at <http://www.cdc.gov/chronicdisease/overview>, accessed August 8, 2017.

³ Center for Disease Control, “Adult Obesity Facts” and “Childhood Obesity Facts,” available at <http://www.cdc.gov/obesity/data/adult.html> and <http://www.cdc.gov/obesity/data/childhood.html>, accessed August 8, 2017.

⁴ Dallas ME. “Smokers Cost Employers More Than Nonsmokers,” available at <http://www.webmd.com/smoking-cessation/news/20130604/smokers-cost-employers-thousands-more-than-nonsmokers>.

Our physical health is tied up with all aspects of our lives, from how much stress we feel to the quality of our social interactions. Identifying sources of stress both at work and at home, and building community support, can help organizations create a healthier workforce and improve productivity.

FIVE TIPS FOR EMPLOYERS TO ACHIEVE A HEALTHIER WORKFORCE

1. **Choose a wellness champion.** It doesn't have to be the healthiest person at the office; it just needs to be an enthusiastic social leader who can encourage employees to participate in wellness programs.
2. **Encourage informal peer groups,** such as bicycle or walking groups, that combine social interaction with fitness.
3. **Engage leadership** (the CEO, director, site manager) to lead walking meetings, healthy habit challenges, or other fitness initiatives.
4. **Partner with your local CSA,** or Community Supported Agriculture initiative, to bring in fresh, local produce on a weekly basis, letting people sample unusual fruits and vegetables, and share cooking ideas.
5. **Consider financial wellness,** from credit counseling to budgeting tips (often included with your employee assistance program).



WHAT IS A CULTURE OF HEALTH?

A “culture of health” is as yet undefined – it’s up to you to define this culture within your company. Not all employers approach wellness in the same way. Some favor a more heavy-handed, paternalistic approach, whereas others prefer a gentler, more encouraging touch. This is specific to each organization, and has to fit within its overall culture. The key is to create conditions that make it easier to practice healthy habits – in other words, to set people up for success.

For example, one company we work with is particularly focused on safety. After a perfect safety record for the month, the CEO walks around and hands out \$20 bills from his own wallet. Not the right approach for everyone, but it works for his small business.

Another employer we work with has founders who are very religious. The company has a meditation room in its office so employees of all denominations can take a peaceful moment to themselves during the day. The organization is located in a competitive market, but its employees are extremely loyal and focused on supporting one other, due in no small part to this culture that was created.

Some employers are quite upfront about expectations for healthy living. As part of wellness onboarding, new hires are expected to do a health assessment and biometric screening. Others are moving away from such rigid structures. Initiatives like fruit and vegetable tastings, biking and walking groups, peer support groups for quitting tobacco or losing weight, and engaging employees to be “wellness ambassadors” are all ways to actively encourage workforce wellness.

Across the board, one of the best ways to encourage a healthier workforce is for leadership to set an example. Actually showing how you encourage a healthy lifestyle is much more effective than another “eat your vegetables” mandate from above.



WELLNESS PAYOFF: FROM ROI TO VOI (VALUE ON INVESTMENT)

Not every company needs to mimic a trendy start-up, with juice bar, onsite dry-cleaning, and yoga classes. But taking steps to create a healthier working environment that makes it easier for people to make healthy lifestyle choices is now seen as a no-brainer for many of today's employers.

How do you measure the return on your wellness investment? Smaller or fully insured employers have the added challenge of procuring ample health and claims data about their employee populations. And measuring ROI on wellness is a complicated endeavor. After all, you can't put a price on illness that didn't happen due to your preventive and wellness measures. What you can assess is productivity, morale, and presenteeism — factors that can be challenging to measure, but translate into great value from your wellness investment. You can also simply look at whether you're beating regional or national health care cost trends.

Looking beyond health care costs and productivity, a healthier workforce allows organizations to attract better talent. Who wouldn't want to work for a company filled with enthusiastic, healthy, engaged employees? And under the principle that "like attracts like," employers that are upfront about their health and wellness emphasis are more likely to attract employees with the same mindset who improve the company's overall wellness culture.

Employers who include financial goals in their strategic health management plans (such as decreasing unnecessary emergency room use, reducing out-of-network claims, and decreasing inpatient readmissions) are 76% more likely to reduce year-over-year health care cost increases.⁵

WEARABLES: FITNESS HACK OR HYPE?

Inspiring true behavioral change means more than handing someone a Fitbit®.

There are a number of ways to incorporate wearables into a wellness program. Employees can earn an activity tracker as a reward for health onboarding or for earning a certain number of points in a wellness challenge. Employers can also choose to subsidize the tracker without a rewards program, or to incorporate the wearables that employees already own as well as free apps available on smart phones.

The key to success is to make sure employees have a stake in the program. Simply giving them a new gadget is likely to inspire an enthusiastic response that will quickly wane as the novelty wears off. Ongoing programming — such as tying fitness tracking to a points system or rewards program — can ensure wearables contribute to true behavioral change.

⁵ HERO, Mercer. *HERO Employee Health Management Best Practices Scorecard in Collaboration With Mercer*, 2014.

FINANCE FOCUS

More and more organizations are recognizing that financial wellness is a cornerstone of overall wellness. Those programs have expanded beyond 401(k) and retirement planning to day-to-day budgeting, debt management, and more. After all, money is the leading cause of stress in people's lives. Poor financial planning can lead to monetary distress, putting productivity and engagement at work on a steep decline.

To ease this stress, employers can give employees access to education and training, often simply by bringing visibility to existing services like EAP-provided budget and credit counseling support. By helping employees take care of their credit and feel more comfortable paying their bills, employers can then progress to having a conversation about retirement savings.

It should also be noted that although lower-paid wage earners are often struggling to pay their bills every month, financial stress isn't just tied to low wages; it's pervasive across levels of income. According to a 2016 Federal Reserve study on the well-being of US households, 44% of those surveyed across income levels couldn't cover a surprise \$400 bill without borrowing or selling something.³

LOOKING FORWARD

There are many steps proactive employers of all sizes can take to provide a holistic THM framework to manage health care costs, boost productivity, and attract and retain better talent. But data, compliance expertise, and knowledge of current innovations in the health and wellness field are all needed for THM to be successful. Mercer's Total Health Management advisory starts with a review of proposed and legacy strategies to make sure everything is in compliance, and continues with an assessment of your employee population and business goals. We help you create a healthier, more vibrant workforce with results you can see and changes you can feel good about.



³ Federal Reserve Board. *Report on the Economic Well-Being of U.S. Households in 2016*, May 2017.

MORE INFORMATION

Drawing from our deep experience in working with clients of all sizes, and working with the wellness vendor community, we have assembled a panel of THM Value Service Providers that have all agreed to a common set of criteria to simplify the selection and contracting process while also providing enhanced value to Mercer clients – a unique innovation to the marketplace.

To learn more about Mercer's Total Health Management solutions for your firm, contact your local Mercer THM representative today.

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CONTACTS

Kristin Parker, PhD, MPH
THM Specialty Practice Leader
kristin.parker@mercer.com
802 220 6243

Jonathan Pas
East THM Market Leader
jonathan.pas@mercer.com
404 442 3207

Tre' McCalister, Ed.D.
Central THM Market Leader
tre.mccalister@mercer.com
214 220 6243

D'Ann Whitehead, Psy.D
West THM Market Leader
d'ann.whitehead@mercer.com
415 743 8811

David Keyt, MS, GBA
Worksite Clinic Consulting Group
Leader
david.keyt@mercer.com
973 401 5088

Sandra Kuhn, MSW
Behavioral Health Consulting
Group Leader
sandra.kuhn@mercer.com
312 917 0807

Aamir Rehman, MD
US Clinical Services Leader
aamir.rehman@mercer.com
312 917 9359

