

HEART HEALTHY WAUKESHA COUNTY

Presents

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“RETURN ON INVESTMENT IN
EMPLOYEE HEALTH
IMPROVEMENT”



February 18, 2005

The “Real” Health Care Issues

Environmentally driven:

- Drug prescription fees
- New medical advances
- Aging employee population

Behavior driven:

- Unwise medical consumerism
- Overuse of medical plans
- Unhealthy employees

The “Real” Health Care Issues

Health Care System	10%
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Environment	20%
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Genetics	20%
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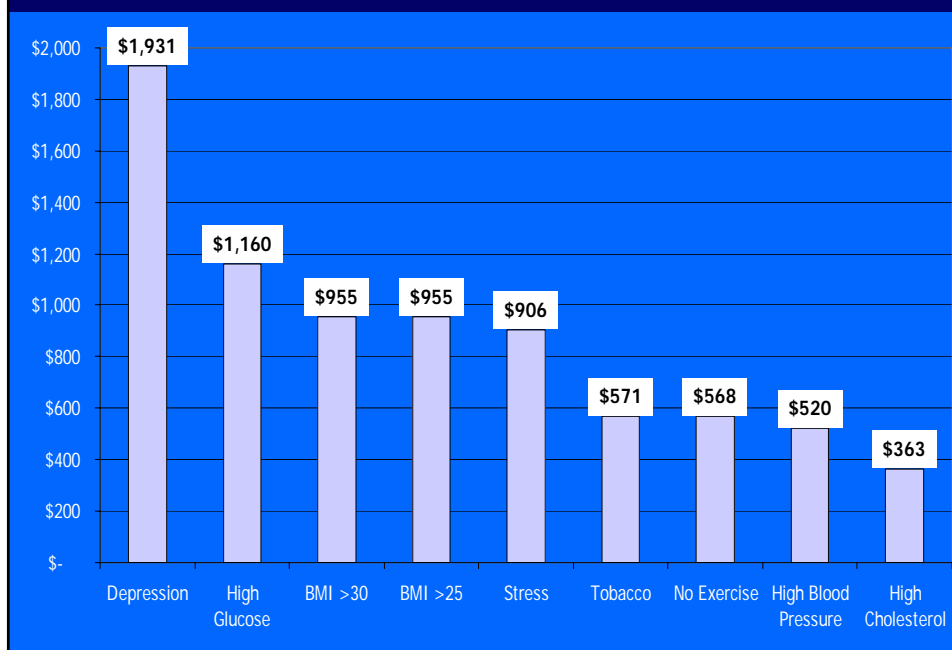
Lifestyle	50%
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Centers for Disease Control & Prevention

The “Real” Health Care Issues

- 6% of population accounts for 57% of health care spending
- 85% of health care cost is claims
- 50% of all mortality in the US has preventable lifestyle-related causes

The Cost Per Risk Factor



Focus on Obesity

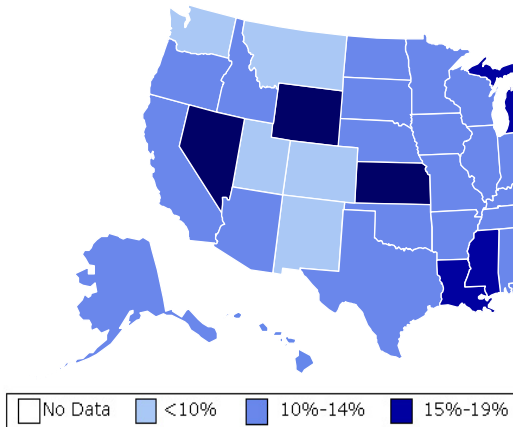
- Costs of obesity-related illnesses near smoking - \$93 billion annually

Centers for Disease Control & Prevention

- Increased risk of:

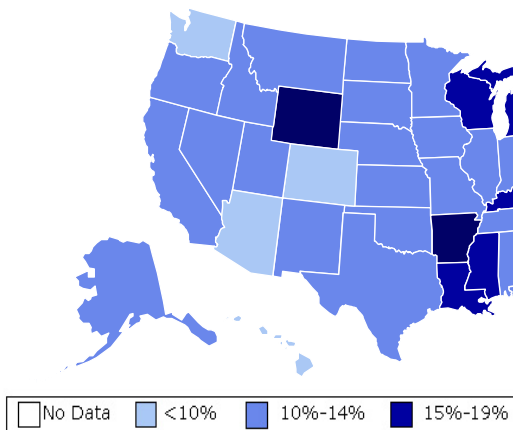
Hypertension	Stroke
Type Two Diabetes	Osteoarthritis
Coronary Heart Disease	Sleep Apnea
Gallbladder Disease	Certain Cancers

Obesity Trends* Among U.S. Adults BRFSS, 1991



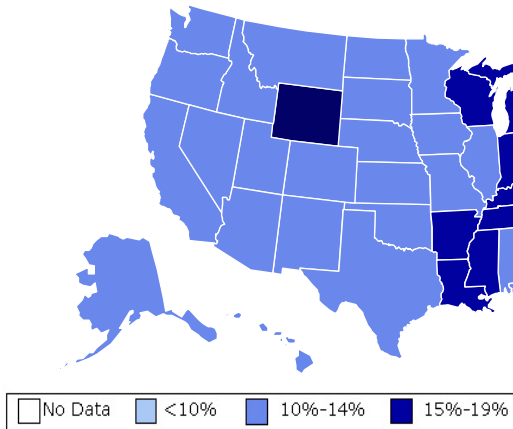
Source: Mokdad A H, et al. *J Am Med Assoc* 1999;282:16, 2001;286:10.

Obesity Trends* Among U.S. Adults BRFSS, 1992



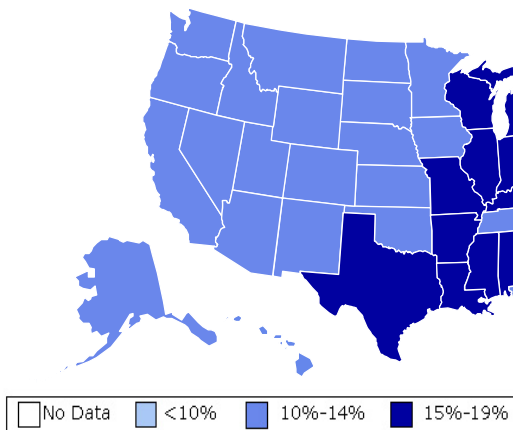
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Obesity Trends* Among U.S. Adults BRFSS, 1993



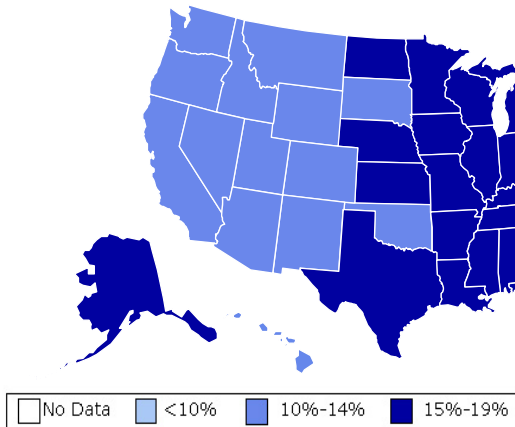
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Obesity Trends* Among U.S. Adults BRFSS, 1994



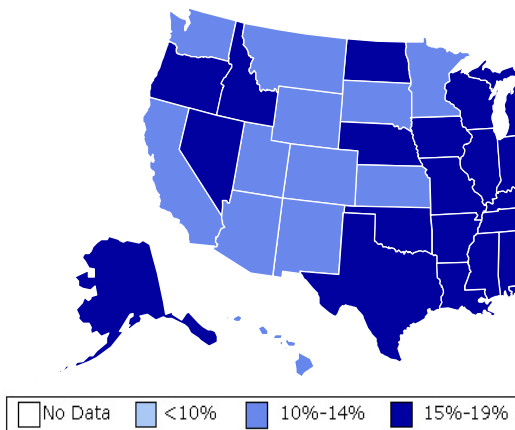
Source: Mokdad A H, et al. *J Am Med Assoc* 1999;282:16, 2001;286:10.

Obesity Trends* Among U.S. Adults BRFSS, 1995



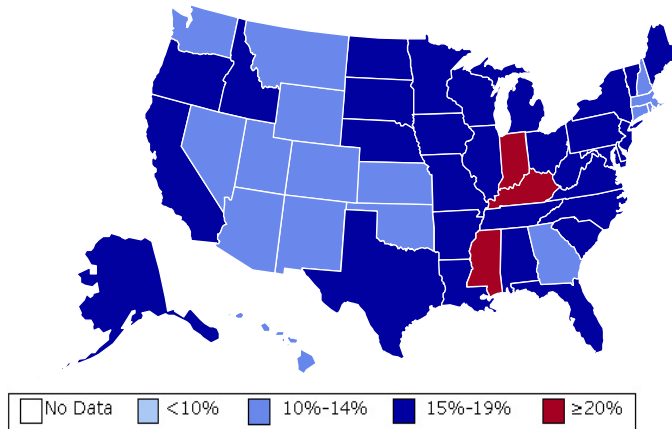
Source: Mokdad A H, et al. *J Am Med Assoc* 1999;282:16, 2001;286:10.

Obesity Trends* Among U.S. Adults BRFSS, 1996



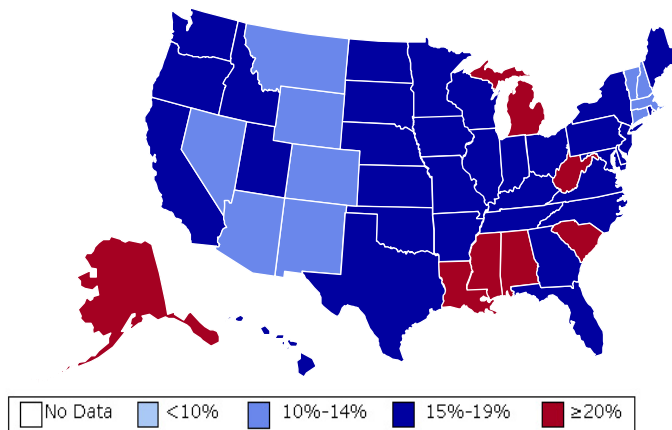
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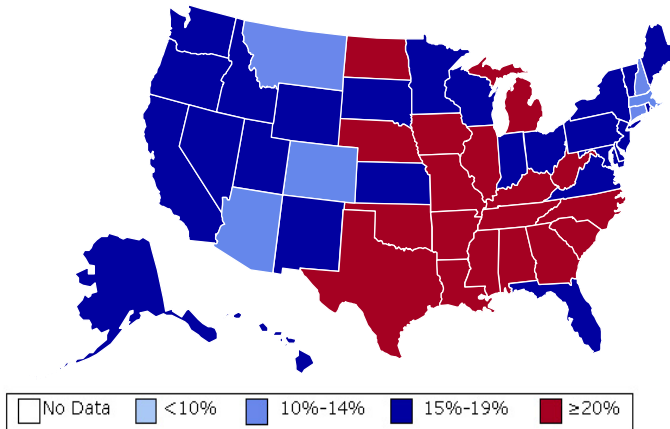
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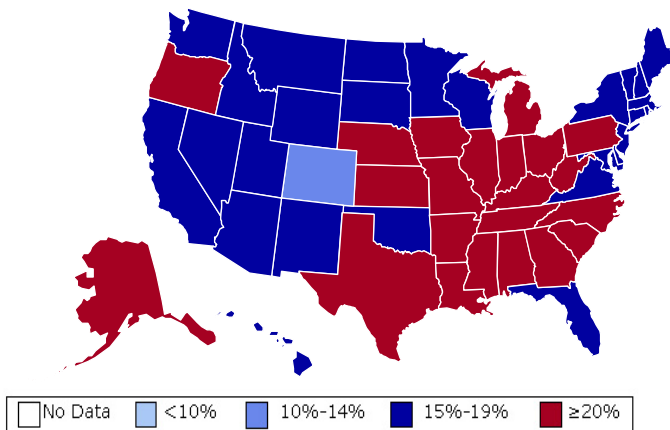
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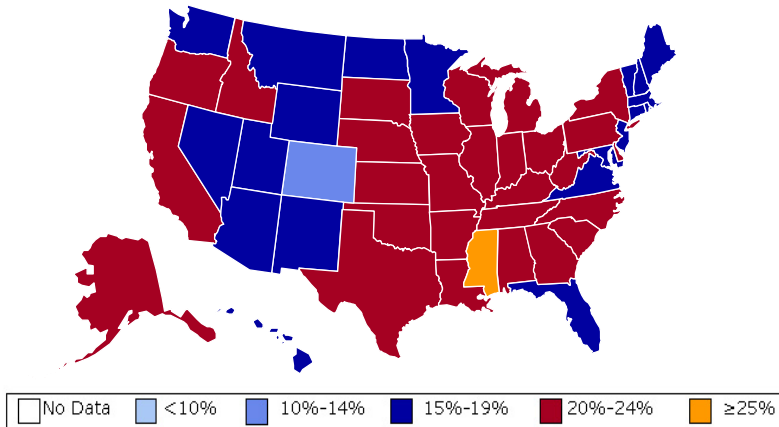
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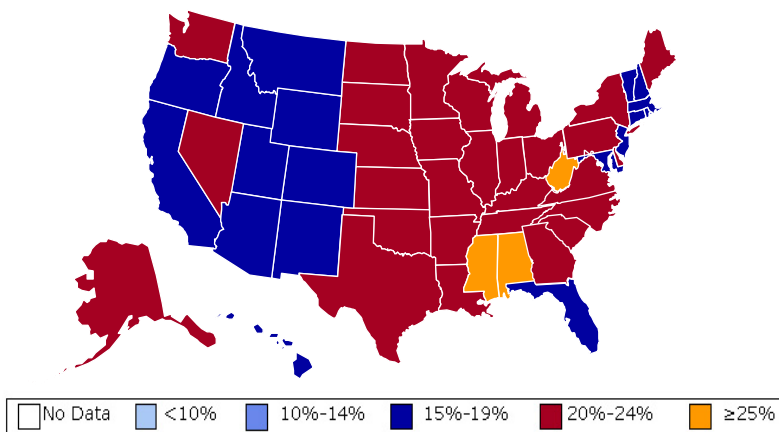
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Obesity Trends* Among U.S. Adults BRFSS, 2001



Source: Mokdad A H, et al. *J Am Med Assoc* 1999; 282: 16, 2001; 286: 10.

BRFSS, 2002



Source: Behavioral Risk Factor Surveillance System, CDC

Food Industry Goes on Diet



Healthy Lifestyle Programs

Lifestyle Programs also known as:

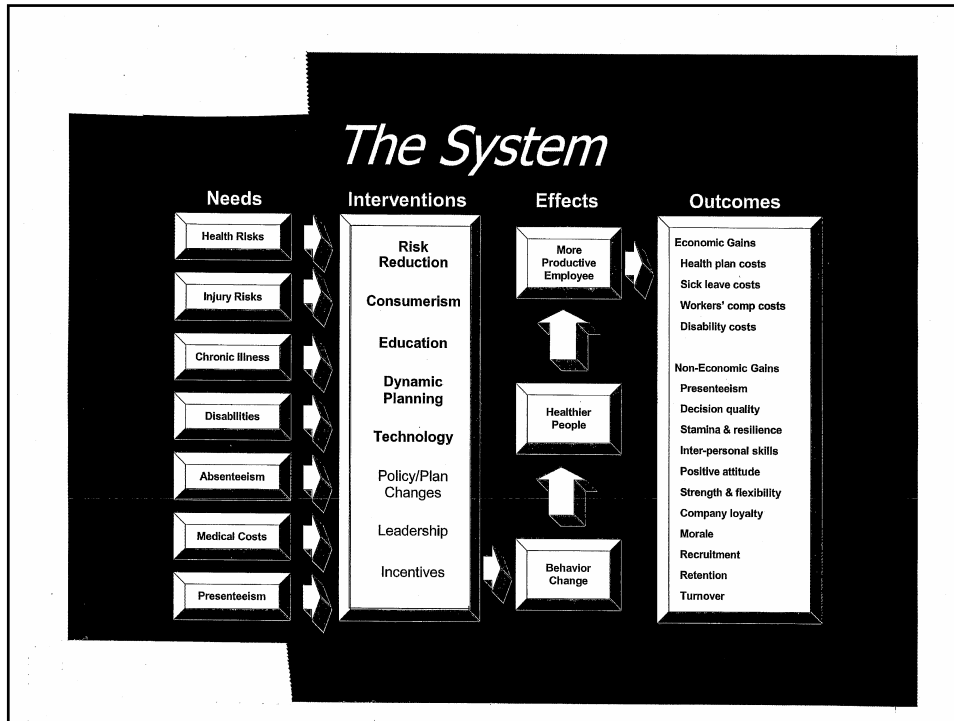
Health Maintenance

Disease Prevention

Health Promotion

Workplace Wellness





Benefits for Employers

- Reduced utilization and health care claims
- High levels of participant/employee satisfaction
- Increased consumer sense of responsibility

Benefits for Employers

- Increased productivity/presenteeism
- Decreased absenteeism
- Decreased disability and workers compensation claims
- Increased employee retention – decreased training costs
- Company loyalty

Lifestyle Programs: Employee Benefits

- Incentives for participation
- Improved health
- Support and coaching
- Sense of hope and taking control

The Investment

- Cash is King
- Mandatory is most effective
- Tailor to benefit plan
- Opportunity to draw down contribution with healthy behaviors

Reduced Health Care Costs

- General Electric health care costs over 18 months
 - Fitness program members: -38%
 - Non-member(s): +21%
- Tenneco – Average annual medical claim was at least 50% lower for fitness program participants

Presenteeism

- Improved Decision-Making

Purdue University study - Executives who worked out were better decision makers by 70% over non-participants

- Improved Efficiency

NASA - Exercisers worked at full efficiency all day vs. 40% decrease in efficiency typical of the last two hours of the working day

Return on Investment

Reduced Mental Errors

A 1983 Study - Fit workers committed 27% fewer errors on tasks involving concentration and short-term memory as compared to unfit workers

Decreased Absenteeism & Disability Time

Dupont	14%
General Mills	19%
Dallas Police	29%
Mutual Benefit Life	40%
General Electric	45%
Northern Gas	80%

Return on Investment

Reduced Employee Turnover/Improved Staff Quality

- A. Canada Life – 32.4%
- B. Tenneco – 13%
- C. Toronto Life Assurance
 - 1.5% for participants
 - 15% for non-participants

Return on Investment

(all are per dollar invested)

Citibank **\$4.56**

UNUM Life **1.81**

PepsiCo **3.00**

Motorola **3.15**

General Mills **3.90**

Return on Investment

(all are per dollar invested)

Equitable Life **\$5.52**

Kennecott **5.78**

Coors **6.15**

Travelers **3.40**

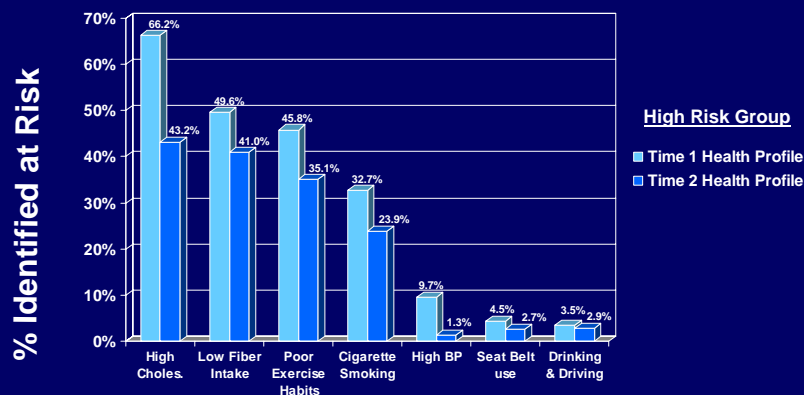
(Over 15 years-saved \$146 million)

Evaluation of One Company's Long-Term Health and Wellness Program

Johnson & Johnson

1990 - 1999

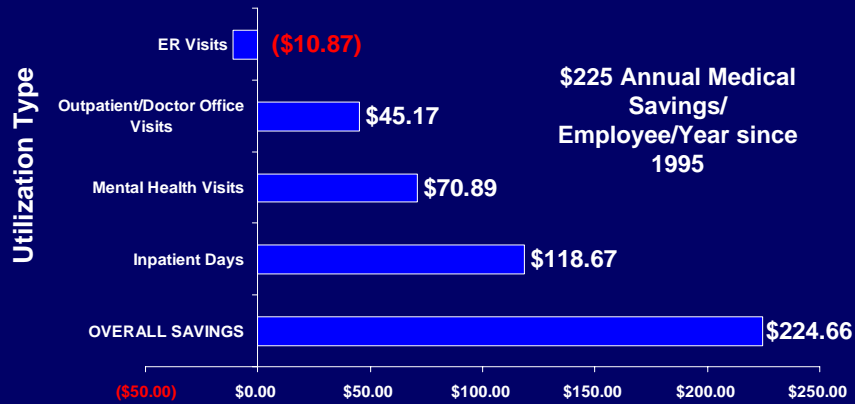
Johnson & Johnson Health & Wellness Program Impact on Employee Health Risks (N=4,586, Goetzel et al., 2002)



After an average of 2 3/4 years, risks were reduced in eight categories but increased in four related categories: body weight, dietary fat consumption, risk for diabetes, and cigar use.

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Johnson & Johnson (N=18,331 - Ozminkowski et al, 2002)
 Health & Wellness Program Impact on Medical Costs
 Annual Savings for Johnson & Johnson -- \$8.6 - \$8.8
 Million



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Summary of Findings

Overall, the Health and Wellness Program resulted in annual savings of about \$8.55 - \$8.77 million for Johnson & Johnson

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R.O.I. Validation

See: “Prevention Makes Common Sense”

U.S. Department of Health & Human Services Report

<http://aspe.hhs.gov/health/prevention>

Savings of Local Employers

We Energies	\$1.98 to 1	Overall Program
Fortis	\$62,000	Flu Vaccination Program
Private Employer	11%	Reduction in Health Care Costs

Most Expensive Employee

**ABSENT
OR
NOT PRODUCTIVE**

	2003	2004	2005	2009	2010
Current State-Status Quo					
Disease Burden	1.0	1.0	1.0	1.0	1.0
Costs @ current disease burden	\$5,000,000	\$5,500,000	\$6,050,000	\$8,857,805	\$9,743,586
Adm Costs	\$500,000	\$520,000	\$540,800	\$632,660	\$657,966
Total Costs	\$5,500,000	\$6,020,000	\$6,590,800	\$9,490,465	\$10,401,551
New State-Implement Program					
Disease Burden	1.00	1.00	1.00	0.80	0.75
Costs @ current disease burden	\$5,000,000	\$5,500,000	\$6,050,000	\$7,637,986	\$8,096,265
Adm Costs	\$500,000	\$520,000	\$770,000	\$900,791	\$936,823
Total Costs	\$5,500,000	\$6,020,000	\$6,820,000	\$8,538,777	\$9,033,087
New-Current	\$0	\$0	\$229,200	-\$951,688	-\$1,368,464
Net present value of annual cost decreases		(\$1,766,850)			
Cumulative Savings	\$0	\$0	\$229,200	(\$1,590,021)	(\$2,958,485)

*The danger only
increases with
denial*

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