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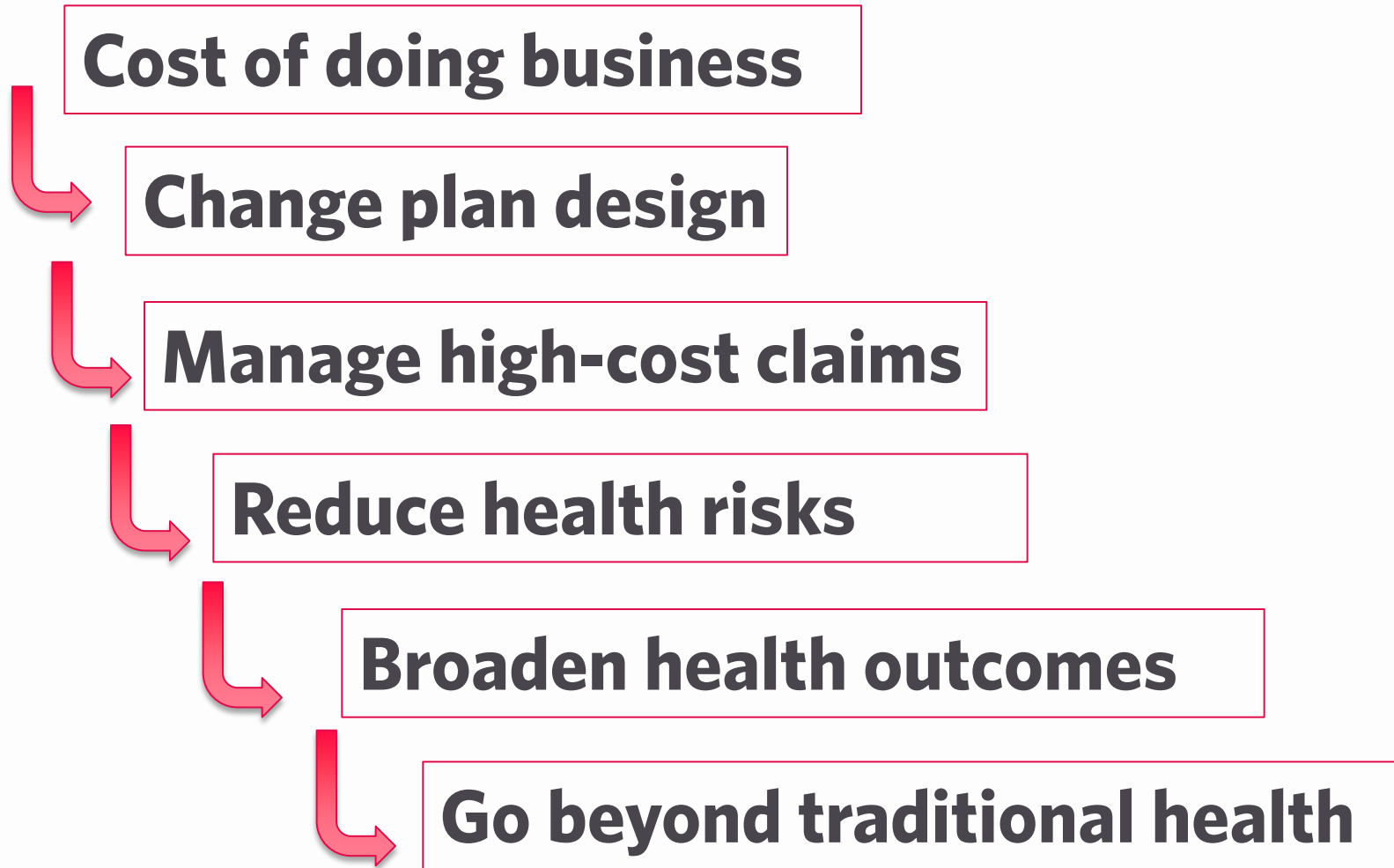
The Health of Your Employees is the Foundation of Your Business

Thomas Parry, Ph.D.
President
Integrated Benefits Institute

New Employer Realities

- **ACA: from implementation tactics to healthcare strategy**
- **Show the C-suite the value of improved workforce health**
- **Dead end: attempting to control claims costs in separate program silos**
- **Looking for best strategies to improve workforce health, reduce lost time and enhance productivity and impact business**
- **Limited data, time and dollars**

The Employer Path to Health

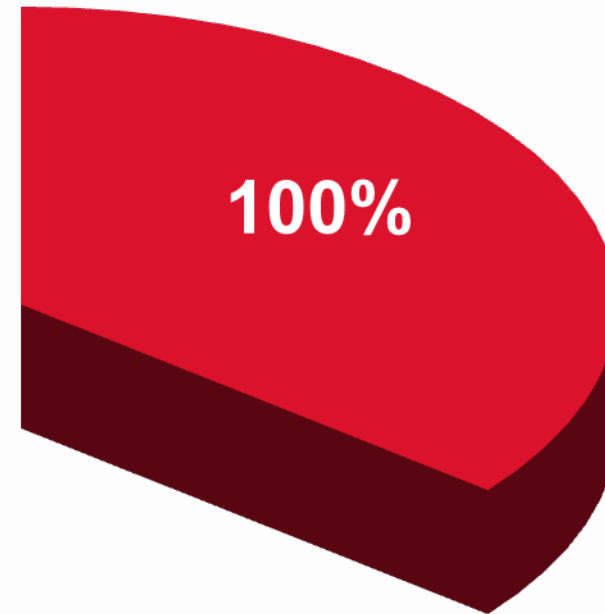


What's at Risk for Employers?

Case profile

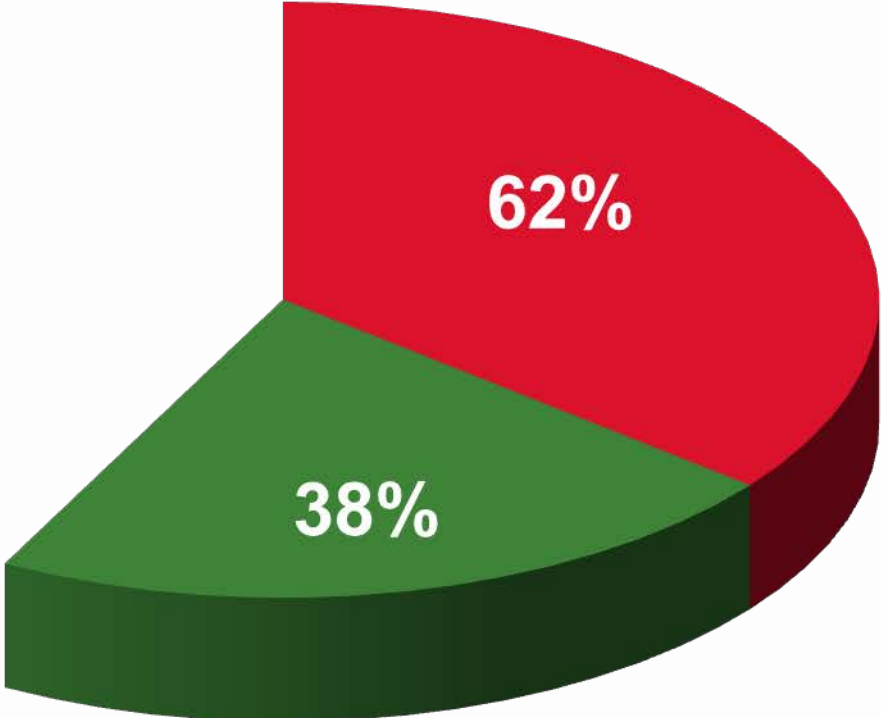
- **10,000 life hospital system**
- **Workforce**
 - **81% female**
 - **46% between 35-54**
 - **44% professionals, 20% service workers**

Distribution of costs for employees: healthcare as silo



■ Medical/pharmacy

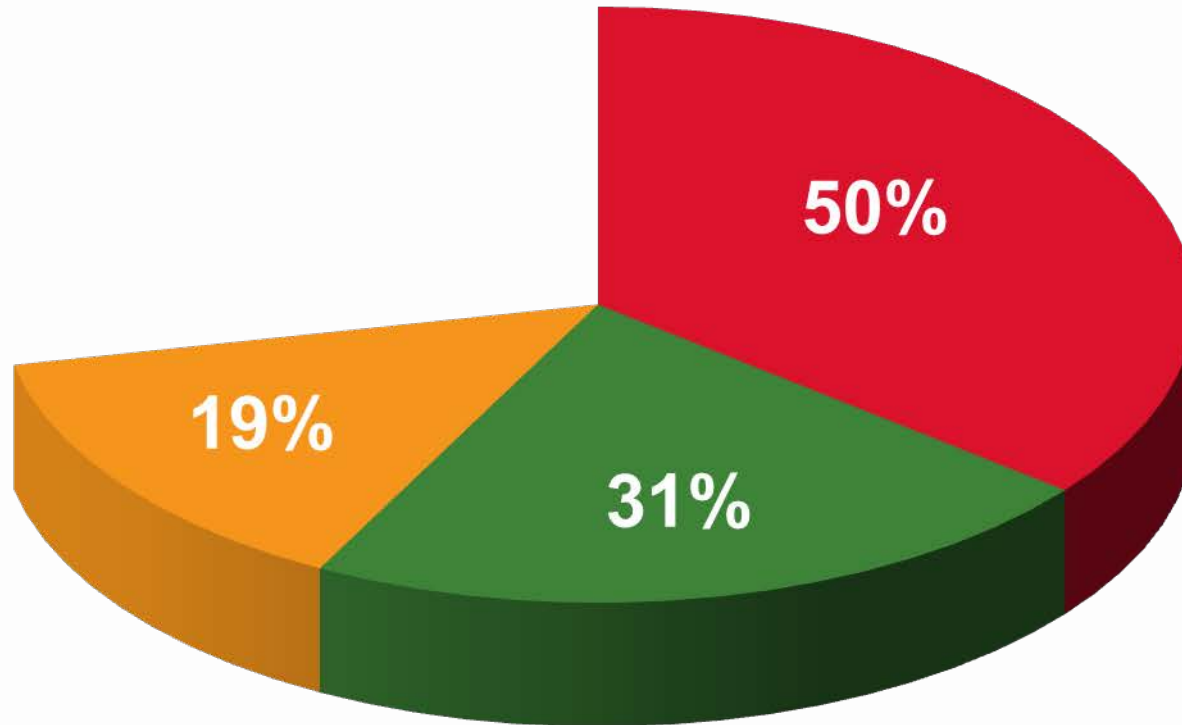
Distribution of costs for employees: adding payments to absent workers



■ Medical/pharmacy

■ Wage replacements

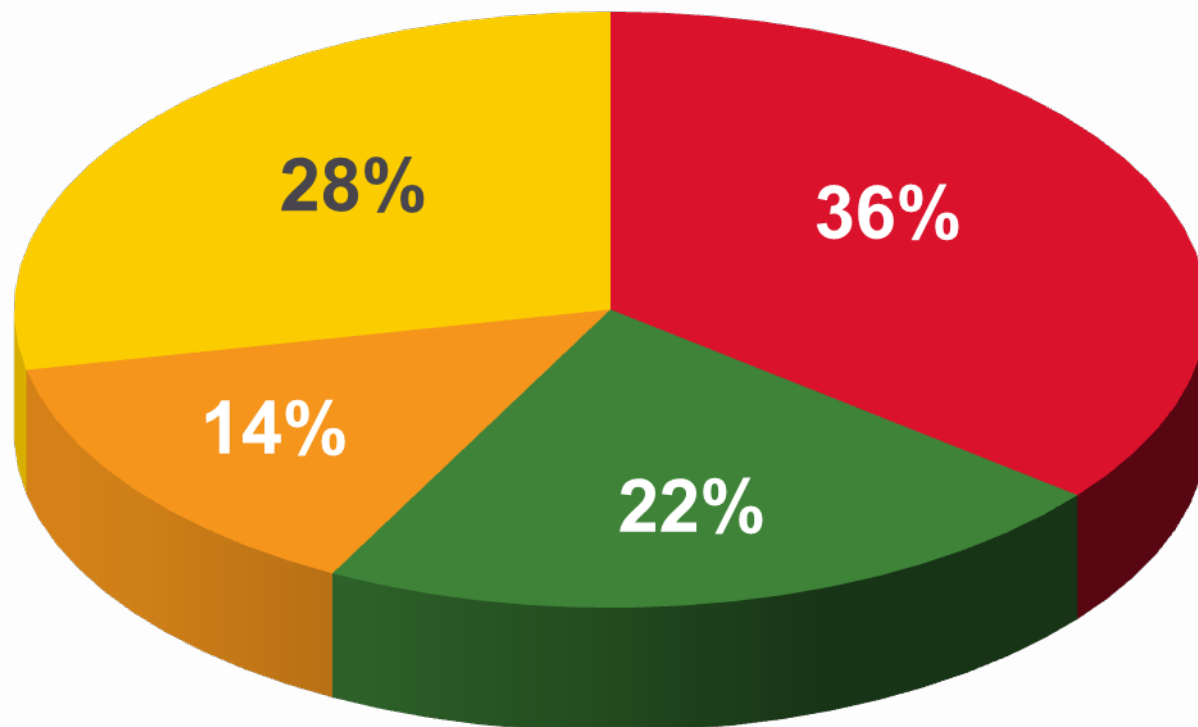
Distribution of costs for employees: adding absence lost productivity



■ Medical/pharmacy
■ Lost productivity: absence

■ Wage replacements

Distribution of costs for employees: including reduced performance



■ Medical/pharmacy

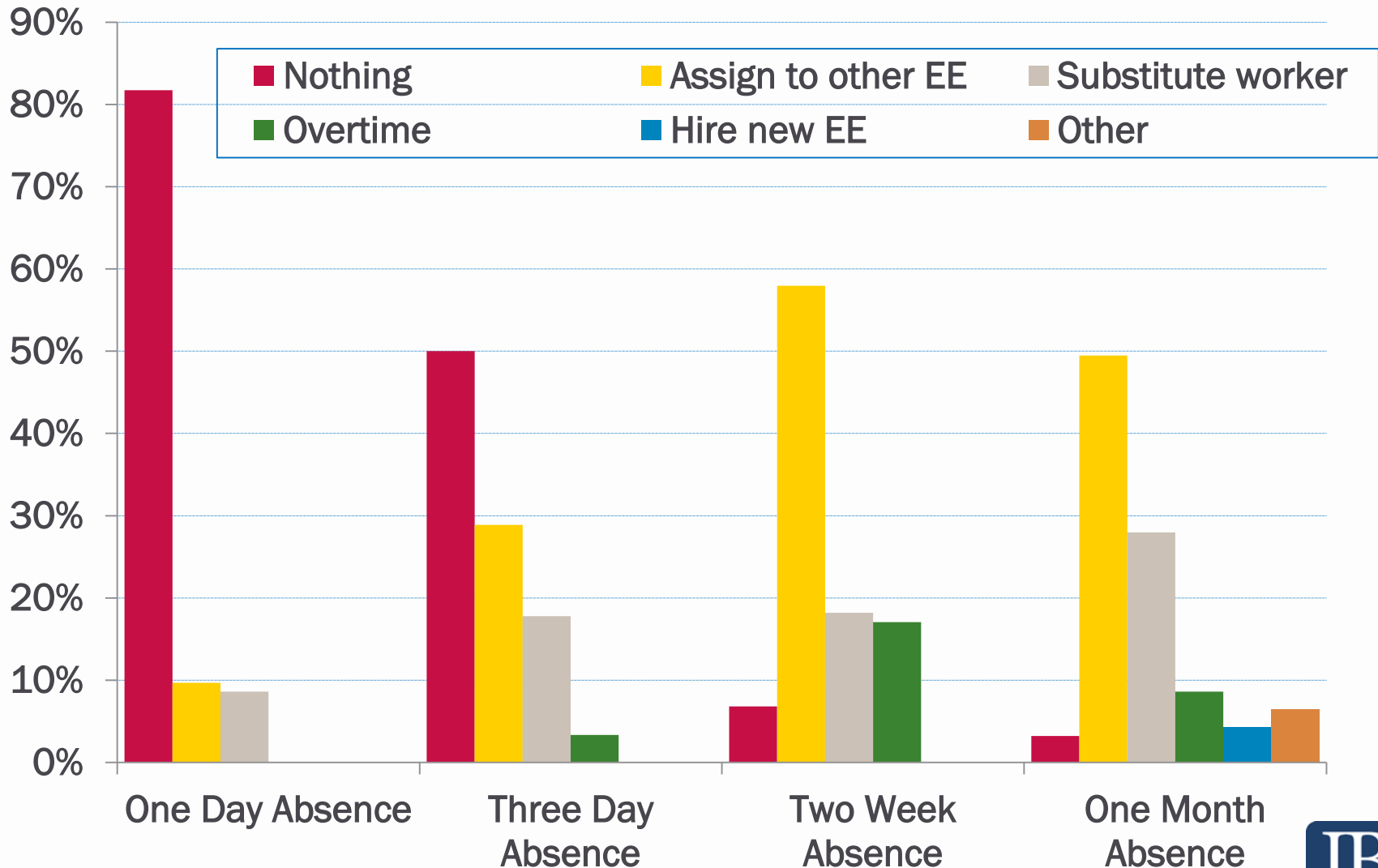
■ Absence lost productivity

■ Wage replacements

■ Performance lost productivity

The Opportunity Costs of Absence

Most likely response by management to length of absence
(13 managers, 93 employees)

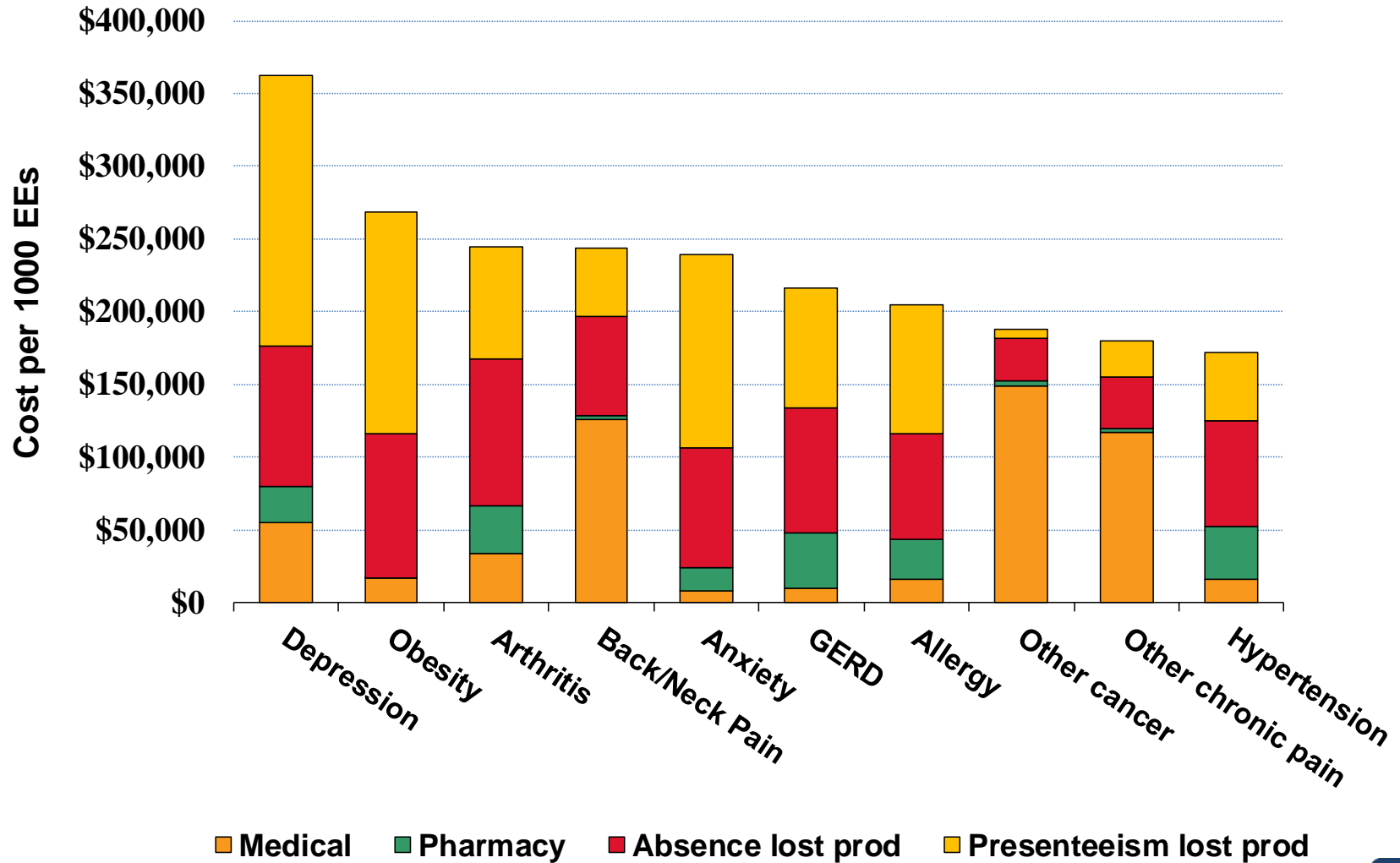


Quantifying Financial Lost Productivity*

- *Lost productivity – “the financial impact on a company when employees are not at work and fully functioning”*
- **Two components: absence and decrements in job performance (“presenteeism”)**
- **The Financial Impact of Absence**
 - Wage replacement payments
 - “Opportunity costs” of ER’s response
- **The Financial Impact of Presenteeism**
 - Wage and benefit “overpayments”
 - Opportunity costs of resulting lost time

Linking Healthcare to Productivity Outcomes

Going Beyond Medical & Pharmacy to Absence and Presenteeism

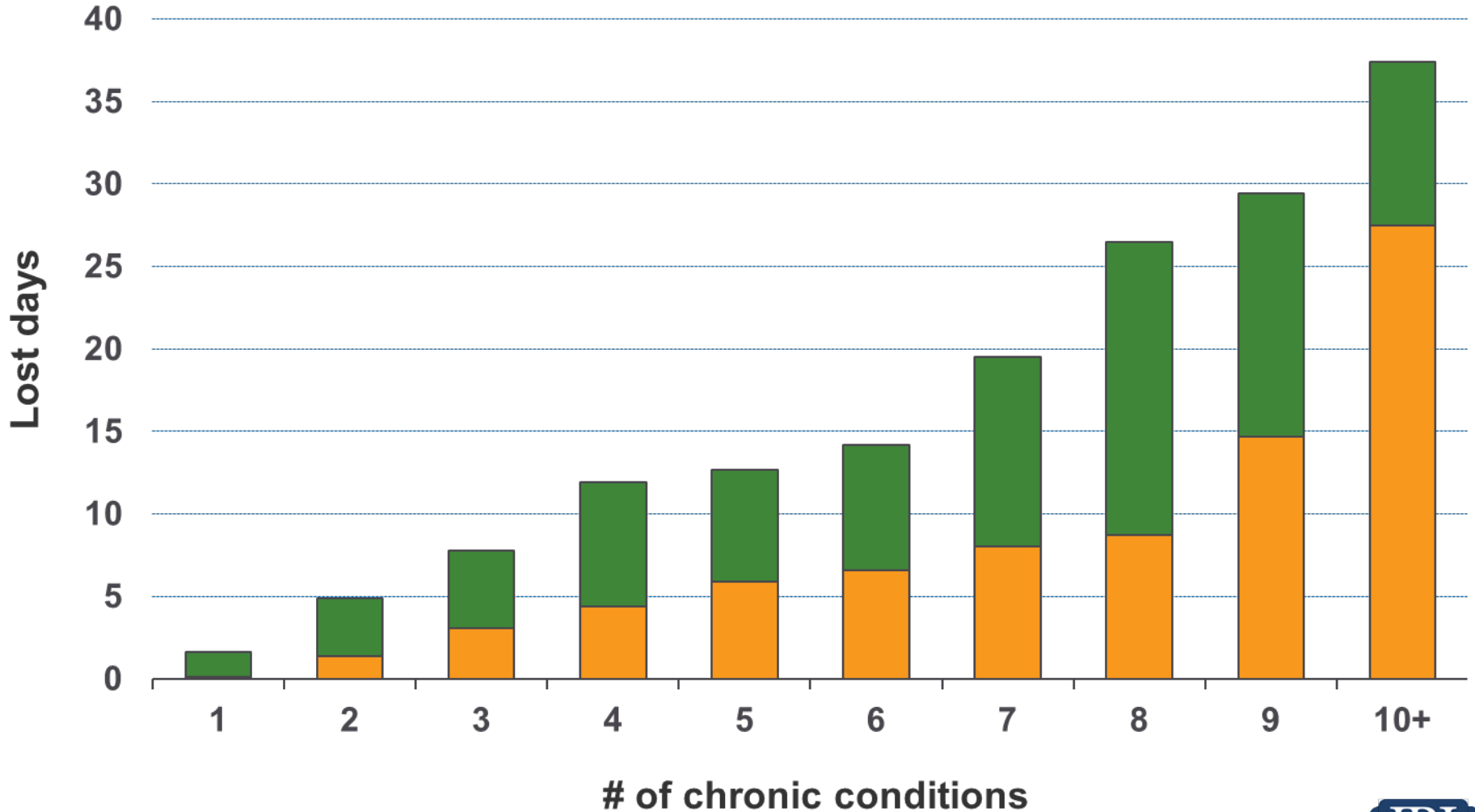


■ Medical
 ■ Pharmacy
 ■ Absence lost prod
 ■ Presenteeism lost prod



Co-Morbidity and Lost Time

■ Absence lost time ■ Presenteeism lost time





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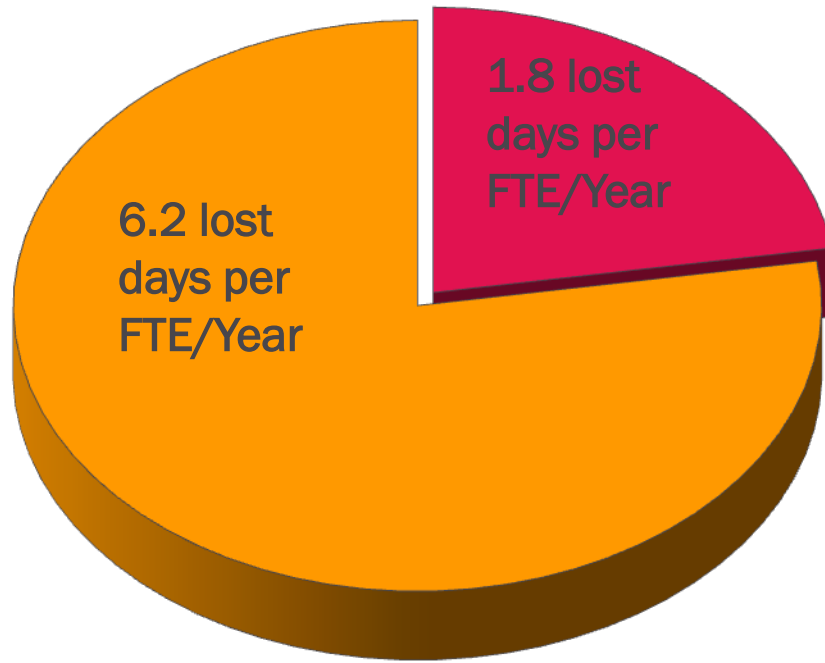
The CFO's View of Health



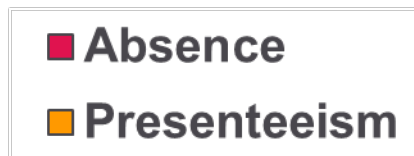
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MGM Mirage Case Study

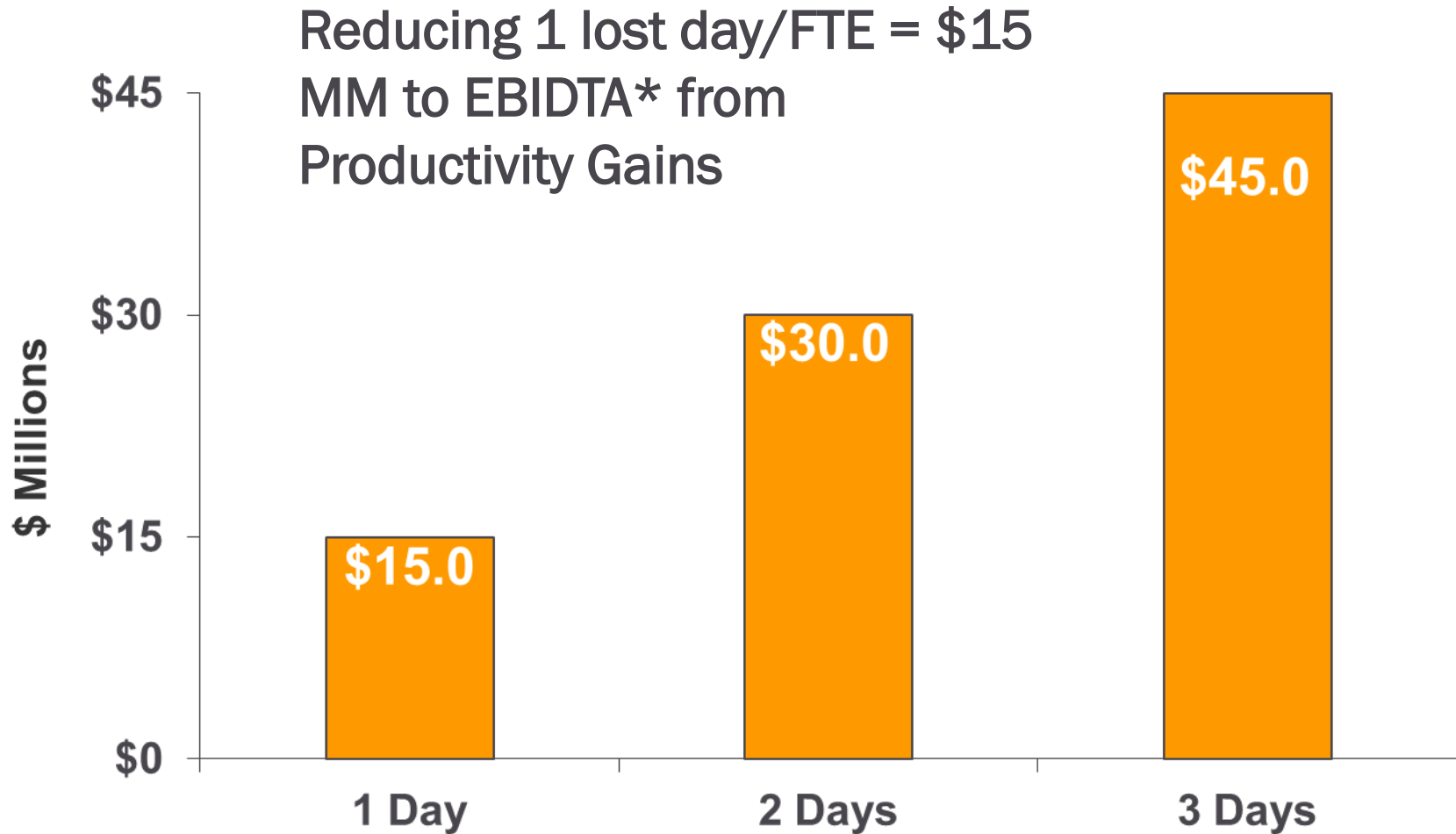
IBI Health & Productivity Snapshot Results



Lost worktime = 8 days per FTE/Year or \$2,598 per FTE/Year in Lost Productivity



Lost-Time Improvement's Impact on EBIDTA



*Earnings before Interest, Depreciation, Taxes and Amortization



The Bottom Line

One Day of Productivity Improvement

Savings	\$15.0 MM
Wall-Street Multiple	10.7X
Outstanding Shares	284.3 M
Gain in Stock Price	\$.56/share
Principal Owner (56%)	\$90 MM

IBI Research: Making Health the CFO's Business

2012



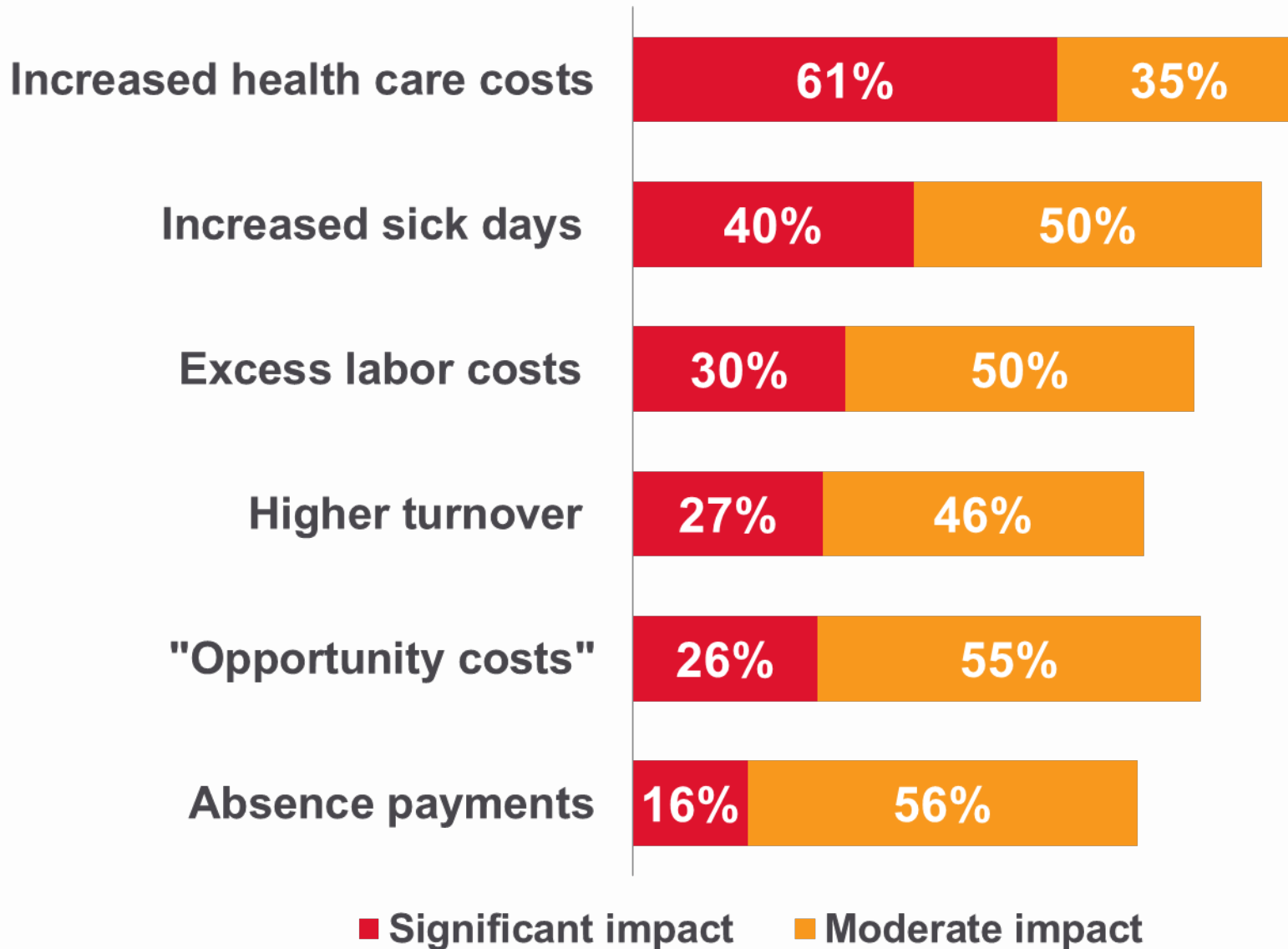
Making Health the CFO's Business

FINDINGS FROM THE INTEGRATED BENEFITS INSTITUTE'S 2011 CFO SURVEY

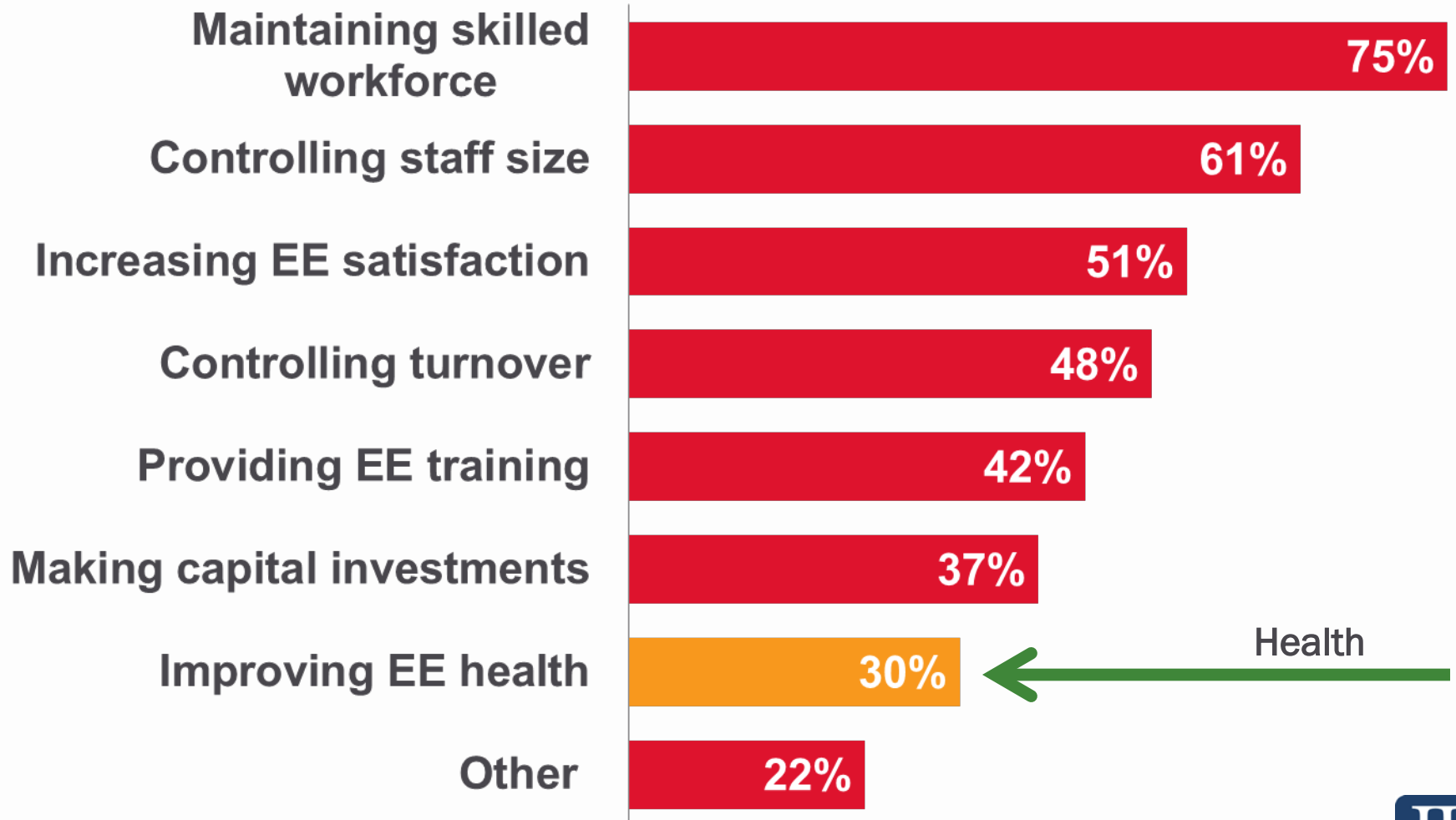
Key Findings

- CFOs are key participants in benefits decision making
- Health is an organizational priority
- Productivity is critical to bottom line but the role of health is less clear
- CFOs understand health impacts financial performance
- Internal information is most credible but critical information is lacking
- CFOs suggest ways to measure productivity

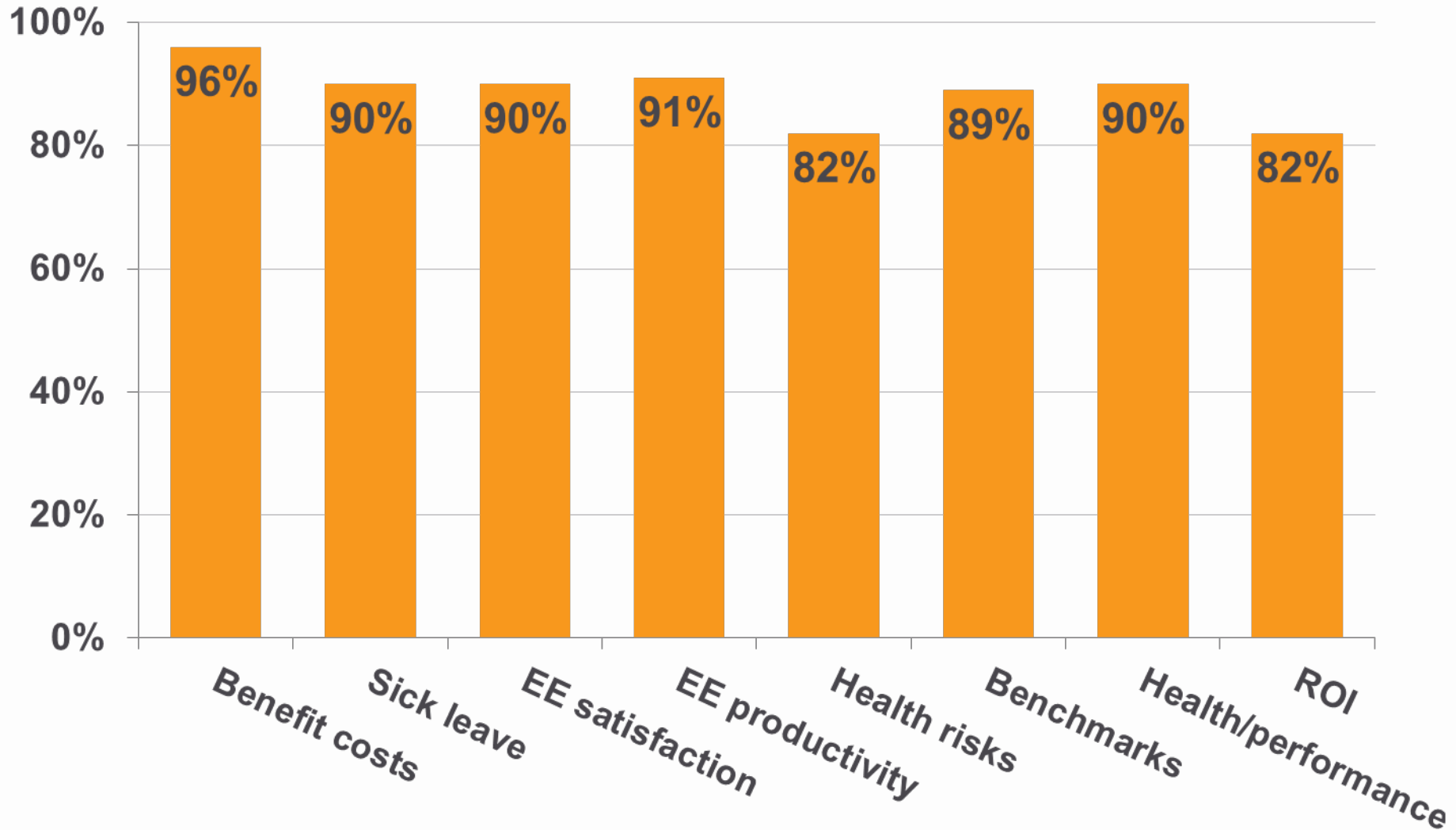
Health's Link to Financial Performance



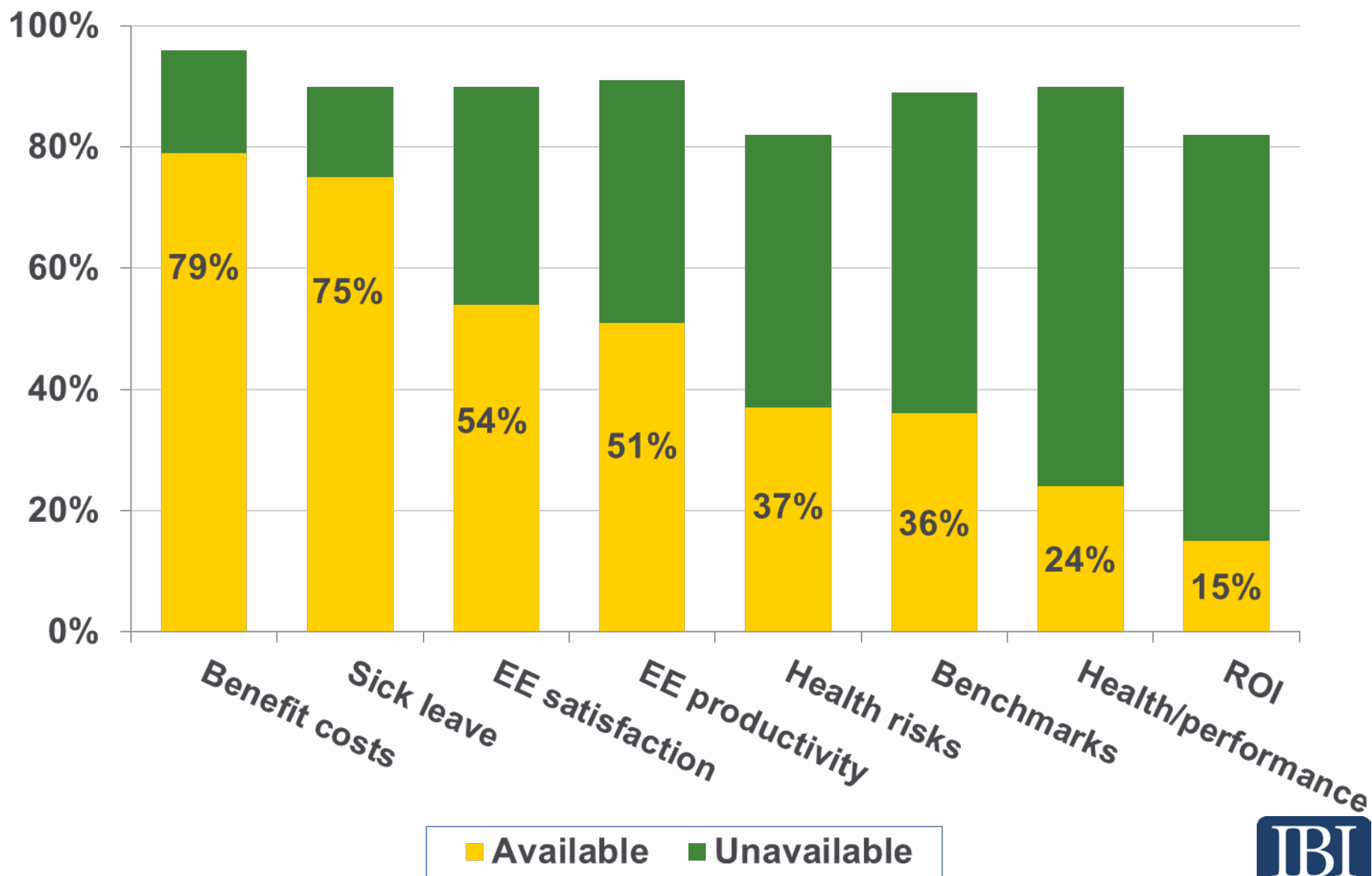
What's "Very Important" to Workforce Productivity



Information Desired for Health Investment Decisions



... But Not Very Available



IBI's Upcoming CFO Research

- CFOs are deeply involved in health benefits strategy and decisions
- Cost sharing with enrollees is on the rise
- ERs are committed to programs that focus on improving workforce health
- Controlling costs is only one goal of the provision of healthcare benefits
- Link from health to productivity key in CFO perspectives going forward

The Move to Consumerism in Healthcare

- **Evaluated 68 peer-reviewed journal articles**
- **CDHP enrollees cut back on care: both unnecessary and beneficial**
- **Avoid screenings and preventive care**
- **Forego or delay prescriptions**
- **Limited price shopping: office visits**
- **Reduce adherence to prescription drugs and medical care adversely affects absence, disability and productivity**

The Challenge of “Big Data” to Employers

Workforce Key Health Dimensions*

- Financial (cost)
- Program participation
- Biometric screening
- Health risks
- Utilization
- Preventive care
- Chronic conditions
- Lost worktime
- Lost productivity
- Employee engagement

* Thomas Parry and Bruce Sherman, *A Pragmatic Approach for Employers to Improve Measurement in Workforce Health and Productivity*, Population Health Management, Vol. 15, No. 2, 2012

Dimensions & Dashboard Metrics

Dimension	Summary Metric
Financial	Program cost/EE
Program participation	EEs participating/All EEs
Biometrics	EEs reaching target/All EEs
Health risks	# of health risks/EE
Utilization	# EEs getting care/All EEs
Preventive care	# EEs getting screened/All EEs
Chronic conditions	# EEs w/ chronic conditions/All EEs
Lost worktime	# of lost workdays/EE
Lost productivity	Lost productivity \$/EE
Employee engagement	Engagement score/EE

The Temporal Dimension

Leading indicators

- ✓ Health risks
- ✓ Biometrics
- ✓ Chronic condition prevalence

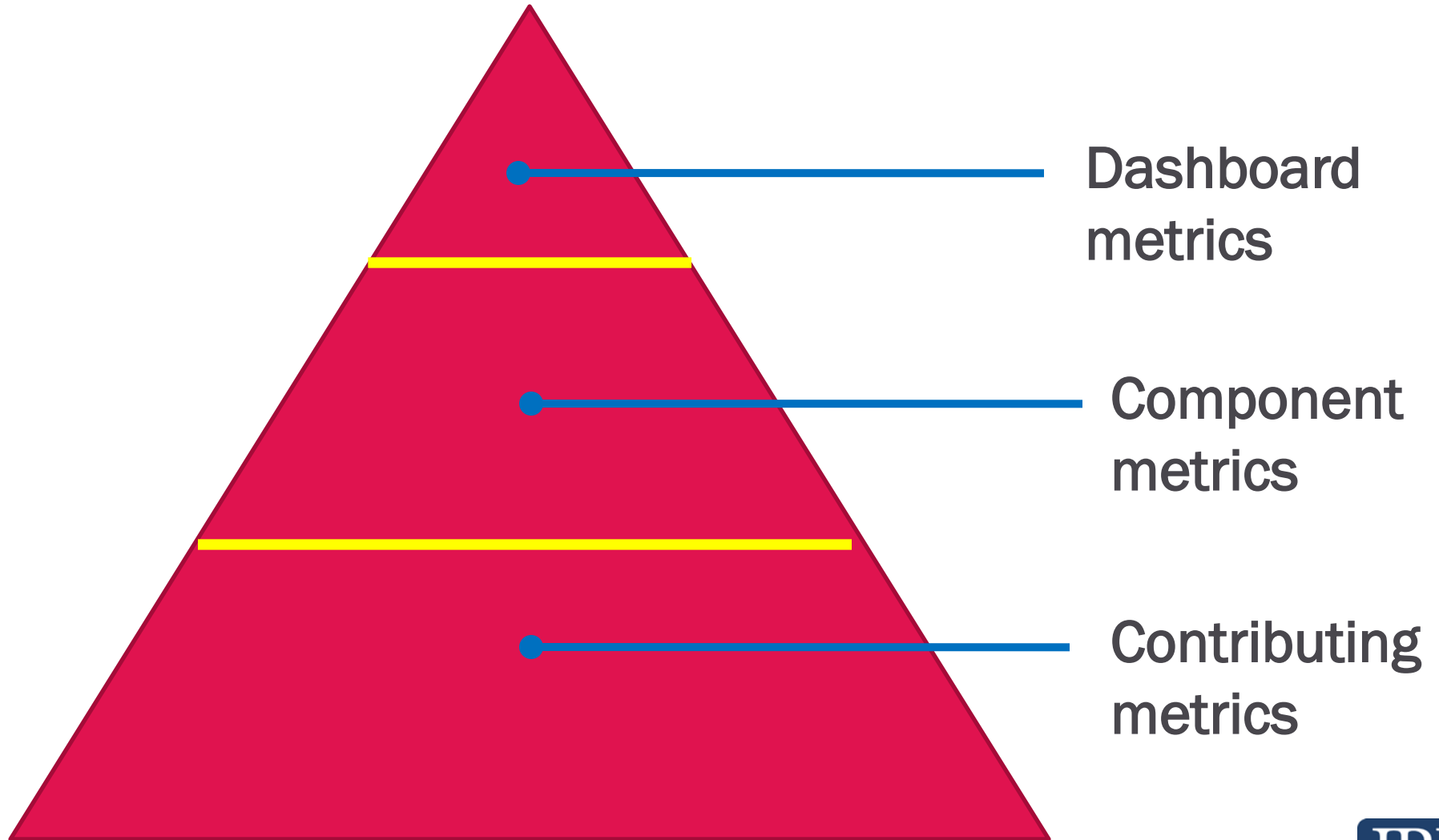
Treatment indicators

- ✓ Preventive care
- ✓ EE engagement
- ✓ Health services utilization
- ✓ Program participation

Lagging indicators

- ✓ Financial
- ✓ Lost worktime
- ✓ Lost productivity

Thinking about Metrics as Hierarchies



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