Health Risk Management in the Workplace

WHITE PAPER

A White Paper for Organizations Determined to Lower Their Health Care Costs in the Workplace

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WHAT IS RISK MANAGEMENT

Risk management is the process of identifying and assessing risk and developing strategies to manage that risk. Strategies include:

- **Risk Transfer**
- **Risk Avoidance**
- **Reducing the negative effect of the risk**
- **Accepting the consequences of the risk**

Health Risk Management involves the employer examining the risks that normally arise in the workplace and implementing cost-effective health and safety measures to control them.

Risk management in the workplace extends beyond the prevention of lawsuits and the reduction of health insurance costs. By making workplace health and safety risk management a priority, you emphatically demonstrate to current and prospective employees that you are a responsible, compassionate employer who is concerned about the health and well-being of your workers.
Health care costs have been rising for several years, and are likely to continue to increase in the foreseeable future. The cost of providing health care to employees is putting a huge strain on the ability of U.S. companies to remain competitive. Expenditures in the United States on health care surpassed $2.5 trillion in 2009, more than three and a half times the $714 billion spent in 1990, and over nine times the $253 billion spent in 1980.

Stopping this growth has become a major objective of employers and has led to the development and implementation of health risk management in the workplace to contain health care costs. Existing medical programs such as HMOs and PPOs simply do not provide the kind of health care tools that employees need to practice preventive medicine and to take ongoing responsibility for their health and well being.

For the past few years, a number of new approaches have emerged which are gaining prominence and popularity among employers and employees. The first is increased employee involvement and engagement. Second is the active management of chronic conditions, and third is improved health and wellness. The main goal of these new approaches is to reduce health care benefit program costs and improve the overall productivity of the workforce.
The combination of employee engagement, managing chronic conditions and instituting health and wellness programs offers the best solution for health risk management and health care cost containment for U.S. firms. Popular programs such as PPOs and HMOs only serve to further illustrate the erroneous perception that employees can remain passive, uninformed health care users whose lifestyle can include smoking, obesity and lack of exercise with no individual accountability. The ongoing ability of the U.S. workforce to remain productive is at risk because of the increasing pervasiveness of health risk factors which not only lead to chronic disease, but also the dynamic increase of presenteeism, medical costs, disability, and absenteeism.

The solution is clear. Top-level executives need to make employees health care program costs a key initiative with full CEO support as well as the endorsement of other business leaders. Employee engagement involves any technique which has the immediate objective of making employees more aware of the cost and quality of health care. For most employees, actual health care costs never come to the forefront of their health care program use and purchasing decisions, because they have been insulated from them.

What happens in an employee-based healthcare model is the member is given more financial incentives to consider the cost and quality of healthcare services, and is encouraged to become an informed, active participant in his or her health care choices.
The active management of chronic conditions is a critical component of the solution for U.S. employers as it can lead to presenteeism, or lack of productivity among afflicted workers. The hidden costs that these health problems generate can have a serious negative impact on productivity. Chronic condition management programs help employees manage their disorders or conditions using education and coaching to increase compliance with proven treatment guidelines.

Another effective form of health risk management that helps lead to an overall solution of reducing health care costs is the introduction and refinement of workplace wellness programs with a major emphasis on preventing chronic disease. Employers who purchase healthcare for their employees have come to embrace disease prevention programs aimed at reducing obesity, smoking, and other lifestyle risk factors.

The shift from treatment management to prevention illuminates the crucial roles that early identification and employee engagement play in improving health and reducing health care costs.
Consumer-driven healthcare (CDH) represents a new and fundamentally different direction in the design and delivery of group medical coverage. The idea behind a CDH plan is that employees will spend their own money more wisely and judiciously if they are knowledgeable and informed.

In the United States, CDHs are largely accomplished through the Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA). For about the last 10 years, the United States has been experimenting with consumer driven health care plans. CDH plans typically combine a high-deductible insurance policy with an HSA or HRA. Consumer-driven health plans now cover well over 8 million individuals, up considerably from 4.5 million in 2007 and these types of plans continue to grow rapidly.

The American Academy of Actuaries has recently produced a review of high quality research on these plans. The primary indications are that properly designed CDH plans can produce significant (even substantial) savings without adversely affecting member health status. To the knowledge of the work group, no databased study has emerged that presents a contrary view.

Cost-savings in the first year of instituting a CDH plan relative to a traditional plan ranged from 12% to 21%, remarkably large figures. Moreover, costs appear to grow more slowly under CDH plans than under traditional plans.
Employee health management and wellness can be a real cost-cutting tool, and health management is an integral part of any cost-cutting program. Using measurable wellness and health management tools, your health benefits consultants at USI Affinity work with firms to combat the rising cost of health insurance by incorporating accountable and measurable wellness and lifestyle-shifting strategies into the company. Small and mid-size firms can also benefit from employee wellness programs. Large companies have been enjoying the benefits of employee wellness programs for a number of years. Limiting sick days and injured worker leave times, dealing with presenteeism and absenteeism and reducing employee turnover rates are some of the significant benefits being realized. It’s time for mid-size and small businesses to enjoy these benefits. The goal of USI Affinity’s Benefits Solution Group is to create cost-effective, proactive, long-term health management plans to benefit companies in their ongoing efforts to lower health care costs.

Some of the tools our health risk management experts use to integrate employee wellness into a company’s overall CDH plan include:

- Communication Programs
- Health Risk Assessments
- Employee Training
- Teaching Injury Reduction Techniques
- Employee Health Education
- General Individual Employee Wellness
- Lifestyle Management
- Disease Management
- Nurse Case Management
- Stretching Programs
For over 75 years, the divisions of USI Affinity have developed, marketed and administered insurance and financial programs that offer affinity clients and their members unique advantages in coverage, price and service. Our programs offer clients, from associations and unions to financial institutions, the edge they need to both retain existing and attract new members and customers. As the endorsed provider of affinity groups representing over 20 million members, USI Affinity has the experience and know-how to navigate the marketplace and offer the most comprehensive and innovative insurance packages available.

The Benefit Solutions Group of USI Affinity specializes in providing comprehensive employee benefit programs to businesses and employers. Our employee benefit sales consultants have on average 20 years of experience in the marketplace.