

## Lowering Costs by Encouraging Healthy Behaviors

The value of having healthy employees is indisputable. Healthy people use less medical care, disability benefits and worker's compensation. They have increased productivity and decreased absenteeism. For many health plans, it is estimated that a staggering 60 to 70 percent of costs are due to conditions related to modifiable personal health behaviors, such as physical inactivity, poor diets, smoking and problem drinking. This *FYI* spotlights the impact of these risk factors and creative ways that health care purchasers are encouraging healthier behaviors.

### Physical Inactivity, Poor Diets

National data indicate that the prevalence of obesity in the United States is increasing in children and adults. Furthermore, research has shown that health care utilization and costs increase as body mass increases. For instance, a U.S. Department of Health and Human Services (DHHS) report – "Prevention Makes Common 'Cents'" – indicates that obese individuals not only use more hospital and physician services, but also pay up to 77 percent more each year for prescription drugs. Additionally, a 2004 *Journal of Occupational and Environmental Medicine* study found that employees who are moderately fit and engage in more physical activity perform better on the job.

### Smoking

Although obesity is gaining ground, tobacco use remained the leading preventable cause of death in the U.S. last year. The CDC reports that more than 440,000 people die each year due to smoking, and that nearly 10 percent of these deaths are from exposure to second-hand smoke. Nationally, the direct and indirect costs of smoking-related illnesses exceed \$157 billion annually. Action on Smoking and Health, a national anti-smoking organization, says smoking impacts employers through increased absenteeism, decreased productivity and higher

insurance costs. The average smoker is absent 50 percent more often than the average nonsmoker, and can cost employers more for health, fire, accident and disability coverage.

### Problem Drinking

Untreated alcohol problems can increase business costs through greater use of worker's compensation and disability benefits, accidents, increased turnover, diverted supervisory time, co-worker friction, increased liability and theft/fraud. Each year, 17 million adults suffer from a serious drinking problem, but only three million seek treatment, according to Ensuring Solutions to Alcohol Problems, a research project based at the George Washington University Medical Center. The project also found that colleagues of problem drinkers are greatly impacted: 20 percent of workers have suffered injuries, have covered for a co-worker, or needed to work harder due to a co-worker's drinking. Another result is decreased productivity. For example, a DHHS survey found that problem drinkers call off work 30 percent more, and go to the emergency room 33 percent more than people without drinking problems.

### Examples of Creative Solutions

- Mack Trucks, Inc. says most employees stay 20 to 30 years, and wellness investments improve employee health. Mack hired StayWell, a provider of comprehensive health management services, to administer its program. In order to assess and reduce risk factors and encourage healthy behaviors, Mack offers its employees an annual health risk assessment (HRA) and cash prize incentives.
- Minitab, a State College, PA-based software company, promotes wellness among its 212 employees by offering yoga classes, nutritional seminars, a company gym and copies of "Super Size Me," an Academy Award-

*Continued on next page*

---

nominated, anti-fast food documentary. A \$5 co-pay is the price tag for most wellness initiatives.

- At Isaac's Restaurant & Deli locations in PA, all employees who work at least 25 hours a week are eligible for health insurance if they attend an annual wellness meeting designed to help them manage their personal health. Isaac's offers financial incentives: employees can earn \$20 a month by going to the gym, Weight Watcher meetings or smoking-cessation classes.
- SMC Business Councils, a non-profit trade association run by its member companies, offers a group-discounted Employee Assistance Program (EAP) through the University of Pittsburgh Medical Center (UPMC). Working together, SMC and UPMC offer small employers an affordable, comprehensive, confidential EAP that helps employees and their families to deal with life problems. In addition to helping employees, this strategy gives small business supervisors access to professional consultants who can assist them in managing workplace problems.
- The Building Trades Union's Ignite Less Tobacco (BUILT) Project was established by the State Building and Construction Trades Council in California to help its members quit smoking. The program delivers accurate information about tobacco to union families by reaching out through locals, joint apprenticeship training committees, labor-management committees and health and welfare trust funds.
- In 1985, DaimlerChrysler and the United Auto Workers (UAW) began a voluntary National Wellness Program. This negotiated benefit is offered at all U.S. job sites with 500 or more employees. Key components include annual HRAs, cholesterol management, smoking cessation, weight management and fitness programs.
- Last September, the Lancaster County Business Group on Health (LCBGH) launched a pilot project to help diabetic employees manage their health care. The pilot will be based on the highly successful Asheville (NC) Project, a diabetes disease management program that uses specially trained pharmacists to counsel patients. The self-insured City of Asheville did it alone; the LCBGH pilot will be a multi-employer effort.

- Sprint, in Kansas City, KS, banned cars in most of its 200-acre campus. Many campus buildings are half-mile walks from each other, and contain intentionally slow elevators to encourage workers to take the stairs.
- At Pitney Bowes' headquarters in Stamford, CT, employees can enroll in "Health Care University" and receive credits toward lowering their health insurance premiums. Health care costs for participating workers run 10 percent below non-participants' costs.
- In 2002, American Cast Iron Pipe Co., located in Birmingham, AL, began offering in-house physical therapy services at the company's on-site clinic and gym for employees injured on or off the job. This move doubled the number of participants, while cutting costs in half.
- California-based Dole Food Company Inc. created a "Model Cafeteria," in which foods high in saturated fat, sugary sodas and other choices were eliminated, while fish, vegetarian and "healthy dessert" options were expanded. Dole, a producer and marketer of fruits, vegetables and flowers, gives free fruit and vegetable snacks to its employees every morning and afternoon.
- This year, PHC4 sponsored a 13-week "Weight Loss Challenge," and 15 employees volunteered. Each chose a weight loss method and contributed personal money to a pool, supplemented by a donation from the agency's Executive Director. The "Big Losers" (who lost the largest *percentage* of their weight) split the pot. Participants lost a total of 294 pounds, and several lowered triglyceride and cholesterol levels.

The preceding examples are just the tip of the iceberg. A recent national survey conducted by Hewitt Associates, a human resources consulting firm, reveals that employees could be looking for additional guidance; 93 percent of the 39,000 polled said they were willing to take on greater responsibility for their health, but were not sure how to begin. Employees need information from employers and their unions about how modifiable behaviors impact their health, as well as advice about available support options. While there are countless online resources about modifiable health risks, purchasers should also ask their insurers for help. Many have well-designed initiatives already in place.

---

## PA Health Care Cost Containment Council (PHC4)

Marc P. Volavka, Executive Director

Editor: Michael L. Berney, Manager, Purchaser and Community Relations • email: [mberney@phc4.org](mailto:mberney@phc4.org)

225 Market Street, Suite 400, Harrisburg, PA 17101 • Phone: 717-232-6787 • Fax: 717-232-3821 • Web site: [www.phc4.org](http://www.phc4.org)