



The High Cost of Unhealthy Employees

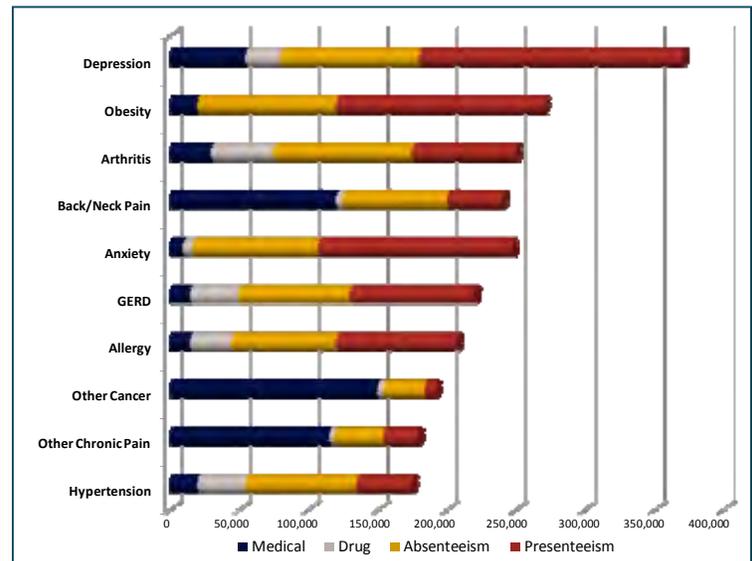
New Study Reveals Impact on Productivity

Unhealthy employees cost employers a great deal more than just increased health plan expenditures. A study¹ published in the April 2009 issue of the *Journal of Occupational and Environmental Medicine* reveals how much.

In the study, health-related productivity loss was measured among 10 employers with a combined total of over 150,000 employees. While the concept that there is a correlation between good health and productivity is not a new one, the study's results may surprise some employers.

**For every \$1
employers spend
on medical or
pharmacy costs –
\$2.30 is lost on
productivity costs**

The study examined the impact of health conditions on absenteeism and presenteeism (employees who are at work but not performing to capacity).



Top 10 health conditions by annual medical, drug, absenteeism and presenteeism costs per 1000 FTE's for phase 2 companies. *Journal of Occupational and Environmental Medicine*, Volume 51, Number 4, April 2009

Note: GERD is Gastroesophageal Reflux Disease

Results showed for conditions like anxiety, employers lost up to an astounding \$20 in productivity for every dollar they spent on medical and pharmacy costs.

Top Health Conditions

Including costs for absenteeism and presenteeism put a new light on important data. When looking at medical and pharmacy costs only, the top five health conditions were: 1) cancer, 2) back/neck pain, 3) coronary heart disease, 4) chronic pain and 5) anxiety. Results changed when absenteeism and presenteeism costs were factored in.

The graph illustrates the top 10 health conditions by total cost by combining all costs. The top five conditions now show: 1) depression, 2) obesity, 3) arthritis, 4) back/neck pain and 5) anxiety.

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Survey Methods

To compile results, the "Health and Productivity as a Business Strategy: A Multiemployer Study," used medical and pharmacy claims with self-reported data from a health assessment questionnaire.²

The survey was conducted in two phases. The second phase refined the methods used and increased the number of participating employers. Analysis was based on respondent gender, age and occupation. Occupation was divided into eight self-reported categories.

Other Findings

Interestingly, the survey showed that health-related productivity loss affected executives and managers as much or more as it did front-line employees.

The more health conditions an employee had, the greater the impact was on work-related productivity.

In reviewing the two phases of the survey, some notable consistencies were found, including the following:

Chronic Obstructive Pulmonary Disease (COPD) and Coronary Heart Disease (CHD)

- ✓ COPD and CHD were among the strongest predictors of absenteeism
- ✓ These conditions were NOT among the strongest predictors of presenteeism

Depression and Fatigue

- ✓ Depression and fatigue were NOT among the strongest predictors of absenteeism
- ✓ These conditions were among the strongest predictors of presenteeism

Other Chronic Pain

- ✓ Other chronic pain was among the strongest predictors of BOTH absenteeism and presenteeism

"Employees that have multiple health conditions have much greater days of productivity loss per year."³

***Ronald Loeppke, MD, MPH
A Principal Author of the Study***

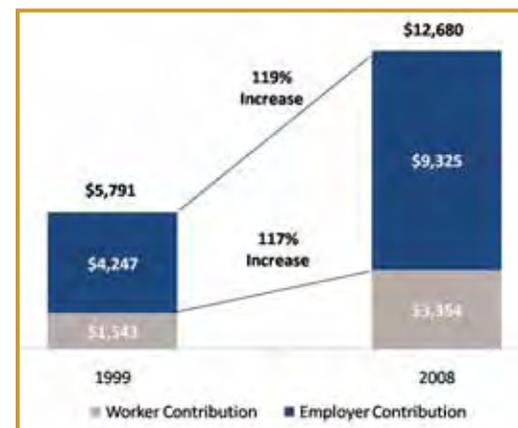
The Study's Relevance

Much of the health care reform discussion has been centered on the uninsured and proposed changes to Medicare and Medicaid. Employer-sponsored health plans are (at least at this point) still pretty much on their own. No matter what happens on the political front, employers continue to look for solutions to the high cost of health care.

A recent study showed employers are paying almost 30% more in health care costs than they did just five years ago.⁴ The study found, on average, the total annual cost was \$9,552 per employee.

Since 1999, employer-sponsored health insurance premiums have increased 119%. During this same period, cumulative inflation grew 44% while wage growth grew 29%.⁵

Average Health Insurance Premium and Worker Contributions for Family Coverage, 1999-2008



Note: The average worker contribution and the average employer contribution do not add to the average total premium due to rounding

Source: Kaiser/HRET Survey of Employer-Sponsored Health benefits, 1999-2008

75% OF MEDICAL CARE COSTS ARE SPENT ON PEOPLE WITH CHRONIC DISEASES⁶

Many employers recognize the value of healthy employees. Fifty-four percent of employers offering health benefits, offer at least one wellness program.⁷ However, much of the focus has been on medical and pharmacy costs.

The impact of absenteeism and presenteeism costs has been ill-defined. The *Health and Productivity as a Business Strategy: A Multiemployer Study* supports the link between poor health and reduced productivity. It provides human resource professionals with data that is bound to get the attention of the C-suite.

The “most compelling cost issue is the link between poor health and reduced productivity.”

Health and Productivity as a Business Strategy: A Multiemployer Study

The Total Effect

To make a difference, employers are learning that anything that touches on employee health must be evaluated. This would include:

- Plan design
- Employee Assistance Program
- Workers’ Compensation
- Employee Communication

With almost 50% of Americans having at least one chronic health condition,⁸ managing health is critical. And managing begins with data.

If you don’t measure it, you can’t manage it. Employers need to integrate claims data, employee surveys and health appraisals and screenings.

Claims data provides a “rear view mirror” perspective on what has happened in the past and offers an ongoing measurement for comparison.

Employee surveys will tell you what people are focused on today. The data offers guidance into what is important to employees.

Health appraisals and health screenings are the foundation to data analysis. They tell a great deal about employees’ current health and what they should be doing.

So while the health care reform debate rages on, employers still must tackle the challenge of rising health care costs. But, with this study, it is clear that there is much more at stake. The impact of poor health on productivity can blow the bottom line sky-high.

¹Loeppke, Ronald, MD, MPH, Michael Taitel, PhD, Vince Haufle, MPH, Thomas Parry, PhD, Ronald C. Kessler, PhD, Kimberly Jinnett, PhD “Health and Productivity as a Business Strategy: A Multiemployer Study,” *Journal of Occupational and Environmental Medicine* Volume 51, Number 4 (April 2009): 411-428.

²Health assessment questionnaire used was Health and Work Performance Questionnaire, developed by Harvard University researcher, Ronald Kessler and World Health Organization, available at <http://www.hcp.med.harvard.edu/hpg/>.

³Joanne Wojcik, “Unhealthy Employees Cut Productivity, Study Finds,” *Workforce*, available at <http://www.workforce.com/section/02/feature/26/39/50/index.html> (accessed June 12, 2009).

⁴Towers Perrin, “2009 Health Care Cost Survey: Capturing the Value of Employee Health” Please refer to page 6 .

⁵Facts on the Cost of Health Insurance and Health Care,” *National Coalition on Health Care*, available at <http://www.nchc.org/facts/cost.shtml> (accessed on June 17, 2009).

⁶CDC, “Chronic Disease Overview: Costs of Chronic Disease,” available at <http://www.cdc.gov/nccdphp/overview.htm>, accessed June 17, 2009.

⁷The Kaiser Family Foundation and Health Research & Educational Trust, “Employer Health Benefits: 2008 Summary of Findings,” available at <http://ehbs.kff.org/> (accessed June 17, 2009).

⁸Wu S-Y, Green A, “Projection of Chronic Illness Prevalence and Cost Inflation,” *RAND Corporation*, October 2000.