

Managing productivity

How are you addressing the high cost of lost productivity?

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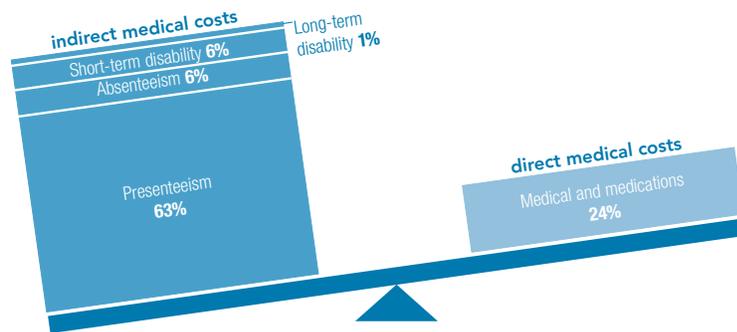
For years, employers have tried to contain health care spending by adjusting benefits and shifting costs to employees through higher copays or deductibles. Now forward-thinking businesses are implementing benefit strategies that incorporate an emphasis on prevention, chronic condition care, and workforce health programs to improve employee health. This approach not only addresses the largest source of their health care costs—lost productivity—it also helps employees lead healthier lives. Studies show that health-related productivity costs are up to three times greater than direct medical and pharmacy costs alone.¹

EMPLOYER FOCUS ON HEALTH AND PRODUCTIVITY RISING

According to MetLife’s 2010 study of employee benefits trends, 84 percent of employers cite improving employee productivity as a key benefits objective, up from 79 percent in 2008. The study also found that approximately 80 percent of employees believe their productivity would be favorably impacted by workforce health programs. Currently, 61 percent of large employers (500 or more employees) surveyed offer a wellness program.²

More than half of 1,200 employees at small to mid-size firms surveyed agree that having a wellness program encourages them to remain with their current employer, work harder, and perform better.³

THE HEAVY BURDEN OF PRESENTEEISM



Source: *Harvard Business Review*, October 2004.

LOST PRODUCTIVITY COSTS MORE THAN DIRECT MEDICAL EXPENSES

Up to 76 percent of an employer's total health care costs can be attributed to productivity losses from absenteeism, disability, and presenteeism.⁴

Absenteeism

A recent survey found that the total costs of employee absences average 35 percent of base payroll.⁵ Of these, unplanned absences result in the highest productivity losses—employers have to hire and train temporary workers, pay overtime to cover operational gaps, and absorb productivity losses. The disruption in labor can lead to lost sales, late deliveries, customer dissatisfaction, and loss of revenue. One study found unplanned absences decrease:⁶

- Productivity/output by 54%
- Sales/customer service by 39%

According to a 2009 study, depression, obesity, arthritis, and anxiety are the greatest sources of health-related absenteeism costs.⁷

Disability

Contrary to popular belief, the most common causes of long-term disability aren't accident-related—they're due to illnesses like cancer, cardiovascular disease, and diabetes. Chronic conditions such as back pain, arthritis, depression, and obesity are also significant contributors.

Taken together, workplace injuries, illnesses, and fatalities cost U.S. businesses an estimated \$1,300 per employee per year.⁸ Disability claims aren't limited to industrial workers, either. According to the U.S. Bureau of Labor Statistics, private industry white-collar workers—including executives, managers, computer specialists, and salespeople—accounted for one out of four injuries and illnesses with days away from work in 2008.⁹

Presenteeism

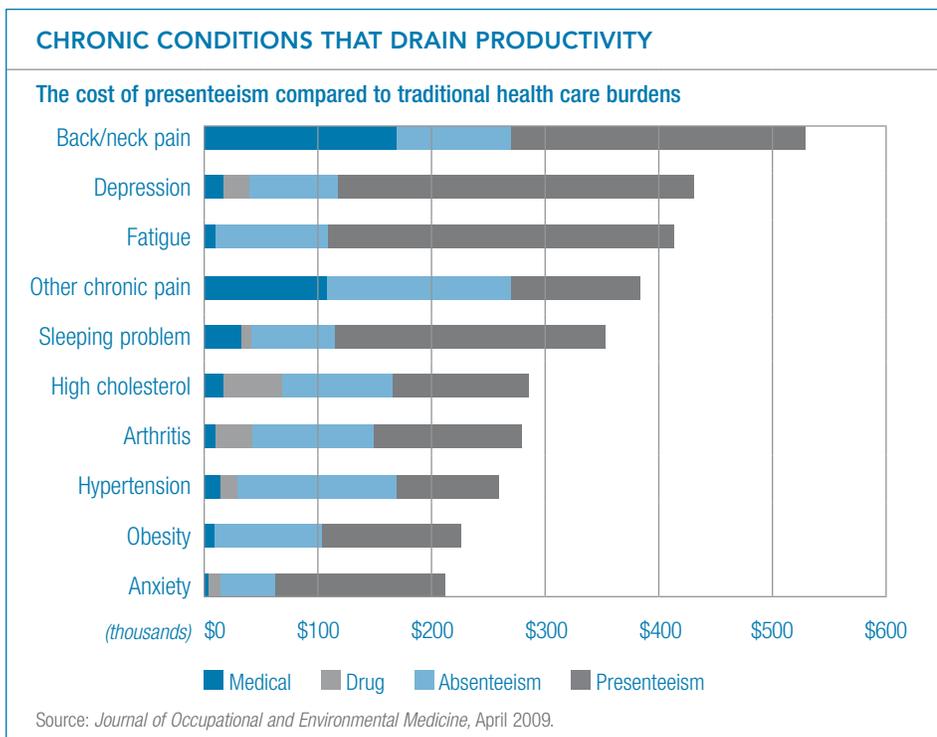
Studies show that presenteeism—when employees come to work but are too sick or distracted to perform at their best—accounts for a much larger

proportion of employer health-related costs than direct costs, absenteeism, and disability combined (see “The heavy burden of presenteeism” graphic). Because presenteeism is such a drain on productivity, it's important to take a closer look.

Causes of presenteeism

Presenteeism is especially costly to employers—particularly in a tight economy, when many organizations are relying on fewer employees to perform the same or more work. There are several reasons why workers choose to go to work when they're ill:

- **Fewer stay-at-home parents**—dual-earner families today will often go to work when ill in order to save their sick days for when their children are sick.
- **To meet job expectations**—some employees go to work when sick because they have a heavy backlog of work, don't want to miss deadlines, or fear appearing less committed to their jobs than other workers. According to a 2008 poll conducted by National Public Radio, the Kaiser Family Foundation, and the Harvard Public School of Health, many workers feel pressure from their employer to be on the job, even when sick.¹⁰
- **No paid sick leave**—according to the Bureau of Labor Statistics, 39% of all private-sector workers and 63% of the bottom 25% of wage earners do not receive paid sick days.¹¹



CHRONIC CONDITIONS AND PRESENTEEISM

According to the Centers for Disease Control and Prevention (CDC), chronic conditions such as diabetes, asthma, coronary artery disease, and depression account for 75 percent of total health care spending. Although employees often report to work with minor illnesses such as colds, studies show that chronic conditions such as back pain and depression are the major contributors to presenteeism. Employees who don't follow their treatment plans also experience worsened health and

work performance. According to the World Health Organization, only half of patients with chronic diseases in developed countries follow treatment recommendations.¹²

The good news for employers is that chronic conditions can be treated or managed through preventive care services, positive lifestyle changes, and improved medication adherence. It's estimated that behavior alone contributes 50 percent to an individual's health status—more than genetic and environmental factors combined.¹³ And

One study shows that firms with highly effective health and productivity management programs have 20% more revenue per employee, five times lower sick leave, and nearly four times lower medical costs.¹⁷

a study published in the *Archives of Internal Medicine* found that depressed patients with comorbid conditions who adhered to their antidepressant drug therapy incurred 20 percent lower total medical charges per year—approximately \$1,230 annually.¹⁴

The impact of presenteeism

Employees who come to work sick can end up costing businesses more than if they stayed home. The CDC estimates that employees who go to work ill with the flu can infect 1 in 10 coworkers.¹⁵ One study found that workplace productivity drops as much as 72 percent when employees come to work ill versus 28 percent when they take the day off.¹⁶ Plus, sick employees can pose a danger to workplace safety as their attention to detail and safety procedures becomes compromised.

This chart shows the effect job complexity has on presenteeism costs:

| Job type | Productivity loss |
|---|-------------------|
| Auto service technicians, hotel maids | 12% |
| Customer service reps | 16% |
| Waiters | 20% |
| Medical assistants, hotel desk clerks, construction workers, cooks, truck drivers | 25% |
| Nurses, retail sales | 37% |
| Carpenters | 55% |
| Paralegals, engineers | 75% |

Source: *Health Economics*, July 2007.

An integrated strategy for improving employee health and productivity

The best defense against lost productivity and lost profits begins with a strategic investment in employee health—one where your health care provider works with you to set goals and measure results. At Kaiser Permanente, members have a better chance of achieving optimal health with the support of integrated care delivery that emphasizes:

- Integrated preventive care
- Chronic condition care programs
- Self-care tools and resources
- Workforce health programs and occupational health services

Add to this mix a robust online personal health record that helps members manage their health on their own time and you've got a comprehensive strategy that helps keep employees healthy and productive at work.

GETTING CHRONIC CONDITIONS UNDER CONTROL

Kaiser Permanente Complete Care

Some employers turn to disease management vendors to help them manage chronic conditions. With our Complete Care programs, disease management is built right into coverage—there's no extra cost or opt-in required. Working

together with their personal physician and a health care team, members are given the knowledge, tools, and support to stay on top of their chronic conditions. Support includes but isn't limited to preventive care, integrated pharmacy protocols, and health improvement through health education classes, online health coaching programs, healthy lifestyle programs, and more.

Care begins when certain risk factors for or symptoms related to a chronic condition are flagged by our electronic health record system or the member's personal physician. Risk factors and symptoms are based on family history, preventive screenings, past office visits, hospitalization, lab tests, and past prescriptions. Once members are identified

STUDIES OF WORKPLACE WELLNESS PROGRAMS SHOWED AN AVERAGE REDUCTION IN:

- Sick leave absenteeism by 28%
- Health costs by 26%
- Workers' compensation and disability management claims costs by 30%¹⁹

and diagnosed with a chronic condition, they're automatically entered in the appropriate Complete Care program: allergies, asthma, cancer, cardiovascular disease (including coronary artery disease, stroke, hypertension, congestive heart failure), chronic pain, depression, diabetes, HIV/AIDS, or weight management. Our electronic medical record system supports the care team, automatically generating patient notices when recommended screenings and appointments are missed or prescriptions aren't filled. The system also helps monitor progress and follow-up care.

As proof of our program's effectiveness, take a look at some of our National Committee for Quality Assurance Quality Compass 2009 results:²⁰

Evidence shows that for every dollar spent on wellness programs, medical costs fall about \$3.27 and absentee costs fall about \$2.73.¹⁸

- Use of appropriate asthma medications increased to 95.3% on average across all Kaiser Permanente regions. Effective medication adherence is linked to fewer hospitalizations, fewer Emergency Department visits, and reduced absenteeism.
- The average breast cancer screening rate among women ages 42–69 across all Kaiser Permanente regions is higher than the national 90th percentile—in fact, our Hawaii Region set the national benchmark.
- Since 1996, control of blood sugar among members with diabetes has increased steadily across all Kaiser Permanente regions.
- More than 80% of members across all Kaiser Permanente regions continued their antidepressants for three months and more than 60% continued for six months—higher than the national 90th percentile.
- The number of members with coronary artery disease who lowered their LDL levels increased, on average, across all Kaiser Permanente regions over the previous year.

Encouraging positive lifestyle changes for better health

Positive lifestyle choices help members improve their health—and help you manage your health care costs.²¹ These four lifestyle choices increase members' health risks:

- Lack of physical activity
- Poor nutrition
- Tobacco use
- Excessive alcohol consumption

KAISER PERMANENTE HEALTHCONNECT®

The U.S. government has mandated that all Americans should have an electronic medical record by 2014. But according to the *New England Journal of Medicine*, only 4 percent of physicians report having an extensive, fully functional electronic medical record system.²²

In contrast, our nearly 8.6 million members are covered by KP HealthConnect, our electronic medical record system. All 13,000 Kaiser Permanente physicians have electronic access to patient medical records in all of our medical offices and clinics. Providing physicians with a large clinical database and powerful support tools enhances our integrated approach to care.

Boosting productivity with electronic personal health records

Powered by KP HealthConnect, My Health Manager—our industry-leading personal health record—enables members to take an active role in their health. They can conveniently see test results, send e-mails to their doctor's office, refill prescriptions, and more so they can stay focused and productive during the workday. These secure online features are provided to members at no additional cost.²³

Reducing the risk of heart attack—A 2009 Kaiser Permanente study shows that a simple, inexpensive combination of generic cholesterol-lowering and blood pressure-reducing drugs can decrease the risk of hospitalization for heart attack or stroke by more than 60%.²⁴

Here's how access to online health services improves employee productivity:

- A study by the University of California at Berkeley and Stanford University shows that patients who communicated with their doctors online were 50% less likely to miss work because of illness. In 2009, members sent more than 8 million e-mail messages to their doctors' offices.²⁵
- Office visits in one of our regions dropped by 26% after we implemented KP HealthConnect.²⁶

Almost 90% of registered kp.org members have recommended or would recommend Kaiser Permanente because of our extensive online services.²⁷

PARTNERING WITH YOU TO IMPROVE WORKFORCE HEALTH

Wellness at work—Kaiser Permanente HealthWorks

HealthWorks is a rich set of services, tools, and resources designed to support and motivate employees to adopt healthier lifestyles. Program elements are bundled to match different levels of expertise and financial commitment:

- **Online programs and resources**—convenient, effective tools include total health assessments, healthy lifestyle programs, and health education resources.
- **Onsite services**—promote wellness at work with health classes and workshops, screenings, and fresh produce delivery.
- **Communication tools**—encourage participation and engagement with posters and flyers you can post and distribute.
- **Rewards**—encourage healthier habits with discounts, gift cards, and prizes.
- **Measurement reports**—evaluate the program's success with insightful reporting. Availability of reports may depend upon group size and participation rates.

Occupational health—Kaiser On-the-Job®

Kaiser On-the-Job helps injured workers return to health in less time and at a lower cost, reducing absenteeism and increasing productivity. Kaiser On-the-Job is available as a stand-alone occupational health service or as a value-added component to coverage:

- Employee access to care 24 hours a day, 7 days a week, 365 days a year
- Dedicated occupational health services clinics
- Work injury status reports
- Employment physicals and medical surveillance examinations
- Regulated examinations such as Department of Transportation, respirator clearance, and hearing conservation
- Substance abuse testing services
- Immunization programs

In California, Kaiser On-the-Job had these impressive results compared to those in a control group.²⁸

- 30% lower medical treatment costs
- 30% lower attorney involvement
- 20% lower disability costs
- 11% fewer temporary disability days

HEALTHY LIVING RESOURCES

Online educational resources include a health encyclopedia, drug encyclopedia, and featured health topic overviews with links to related classes and community resources to help employees stay healthy. In-person classes at most of our facilities offer hands-on help for a wide variety of chronic conditions and healthy activities.

HEALTHY LIFESTYLE PROGRAMS

Members can improve their health and boost their productivity with these online programs available at kp.org/healthylifestyles. Here are some of the available programs:

Weight management

- **Outcomes:**
53% of participants reported weight loss
- **Predicted productivity savings:**
\$1,075 per participant per year

Smoking cessation

- **Outcomes:**
59% of participants reported they quit smoking
- **Predicted productivity savings:**
\$1,050 per participant per year

Diabetes management

- **Outcomes:**
70% of participants reported improved medication habits
- **Predicted productivity savings:**
\$4,055 per participant per year

Chronic conditions management

- **Outcomes:**
77% of participants said their health improved
- **Predicted productivity savings:**
\$3,840 per participant per year

Stress management

- **Outcomes:**
58% of participants reported reduced stress
- **Predicted productivity savings:**
\$4,510 per participant per year

Source: Kaiser Permanente Healthy Lifestyle Programs Outcomes, HealthMedia® December 31, 2009.

UTILIZATION REPORTS HELP YOU TARGET YOUR GREATEST COSTS

Employers can request utilization reports that track the health care services employees and their dependents use. According to the Hewitt Associates study *Challenges for Health Care in Uncertain Times 2009*, fewer than 47 percent of employers receive comprehensive reporting on each of their health and productivity programs.

- **Periodic Utilization Reports**—available two or three times a year, these reports provide a snapshot

of the medical and pharmacy services employees and their dependents are using and how much those services cost.

- **Partnership in Health report**—available annually, these proprietary reports offer clinical outcome and biometric data reporting, a capability no one else can provide. Sample metrics include average body mass indexes, hypertension rates, cholesterol levels, and tobacco use. Depending on your group size, these reports reveal the prevalence and

associated costs of preventive care and lifestyle risks, chronic conditions, and maternity care in your workforce, helping improve workforce health and productivity.

Using the results, we'll partner with employers to recommend appropriate health improvement strategies, including greater employee enrollment in our Complete Care programs and participation in Kaiser Permanente HealthWorks.

➔ A COMPREHENSIVE STRATEGY FOR WORKFORCE HEALTH

You have the tools and support you need to improve workforce health and manage productivity with Kaiser Permanente. Our integrated approach to care, electronic health record system, workforce health programs, and occupational health services provide you with a proven long-term strategy that delivers real results. Learn more by contacting your Kaiser Permanente representative.

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