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***The Business Sector's Role in Supporting  
Employment: Understanding the Value  
Proposition for a Healthy and Productive  
Workforce***

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# **Business Sector Perspectives & Evidence**

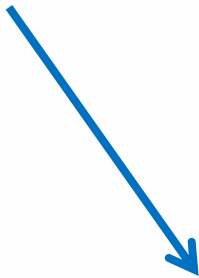
- **The old vs. the new model of health**
- **What's really at risk for employers?**
- **What's the evidence say?**

# New Employer Realities

- **Show the C-suite the value of improved workforce health**
- **Healthcare reform: the value of a healthy workforce or the cost of healthcare?**
- **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**
- **Limited data, time and dollars**

# The Old Model of Health

Plan Design

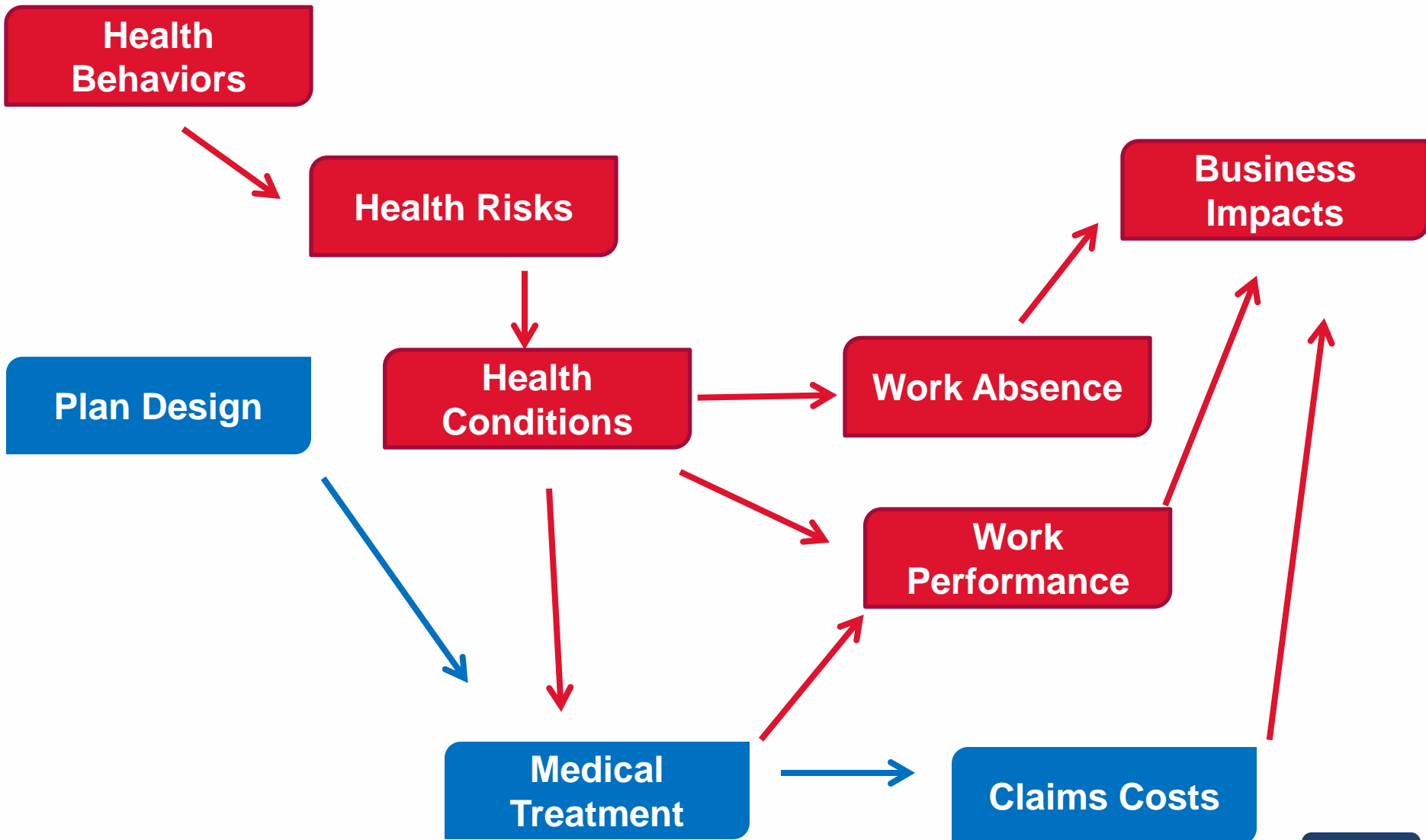


Medical  
Treatment



Claims Costs

# The New Model of Health

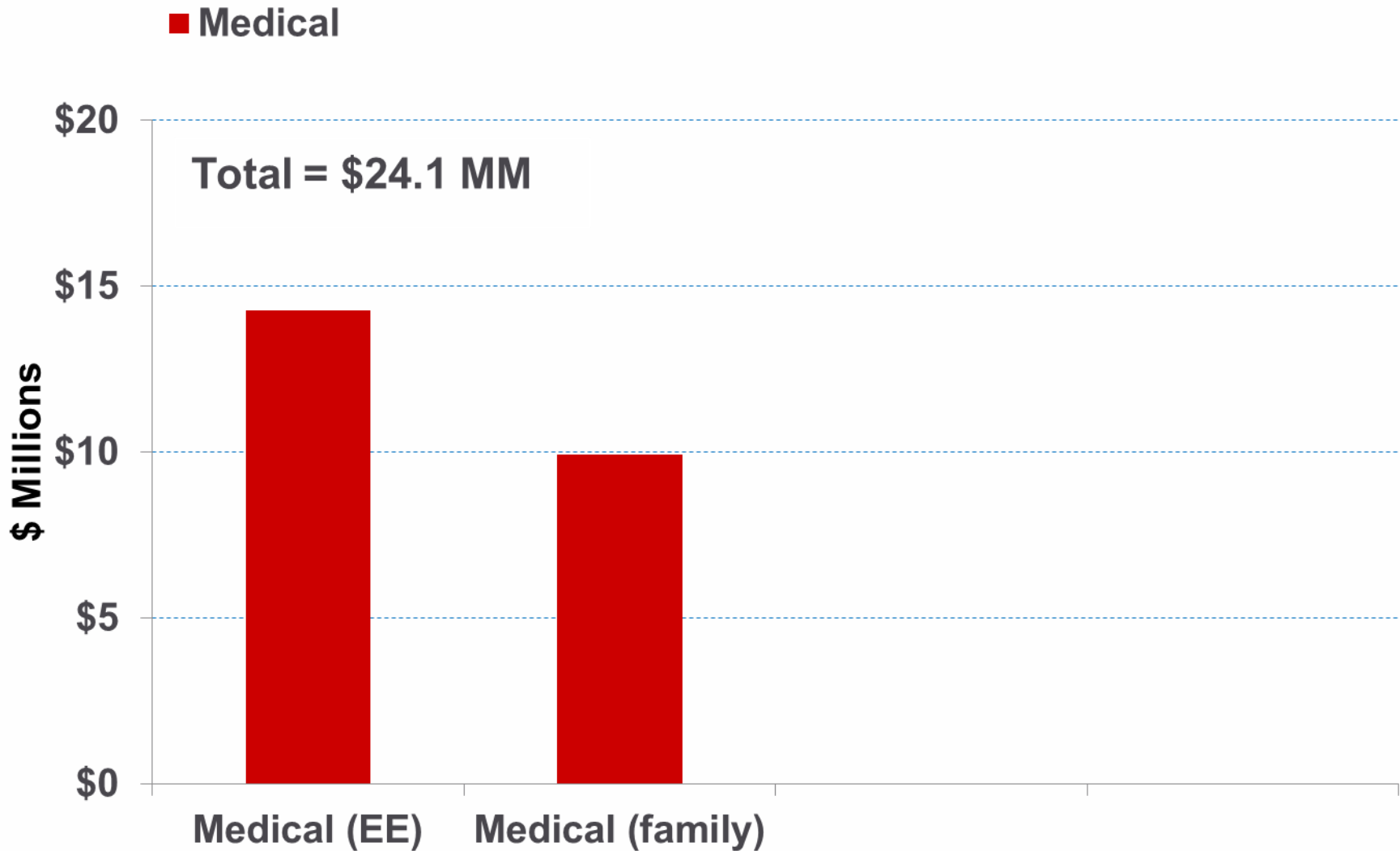


# *What's at Risk for Employers?*

# The True Costs of Health

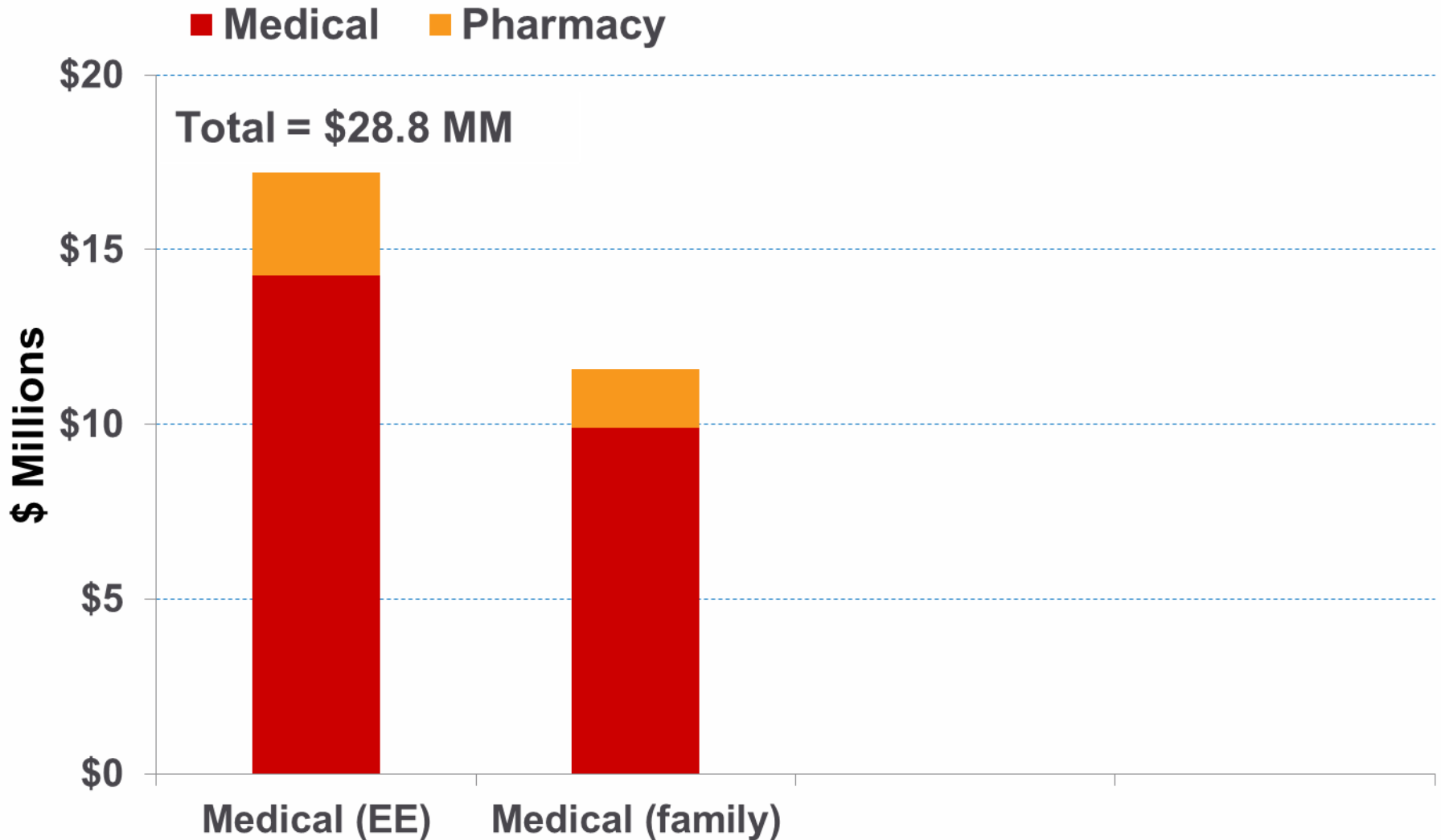
- **10,000 life manufacturing company**
- **70% male**
- **25% of employees 55 years or older**
- **62% skilled/semi-skilled laborers**

# Health Costs – The “Traditional” View

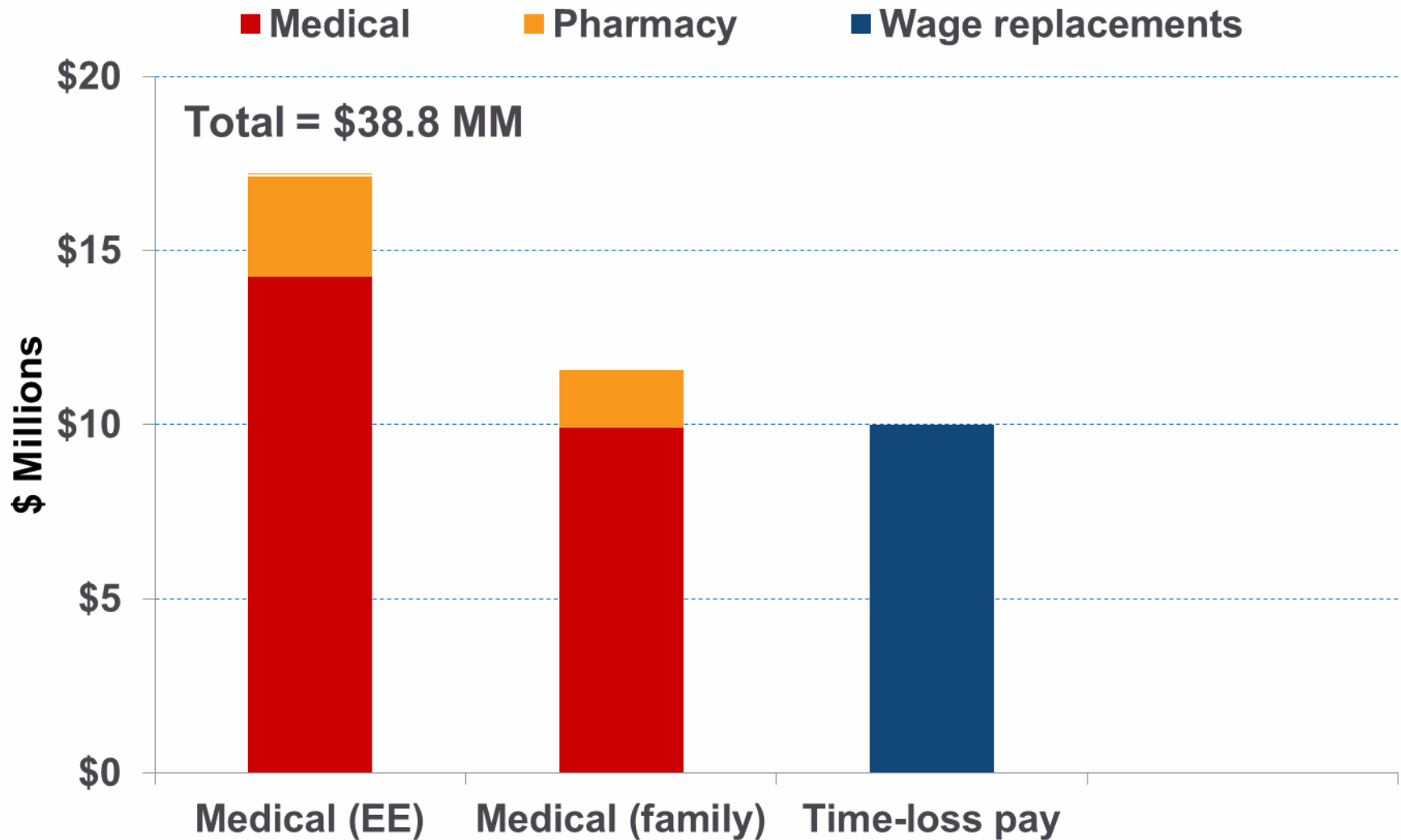




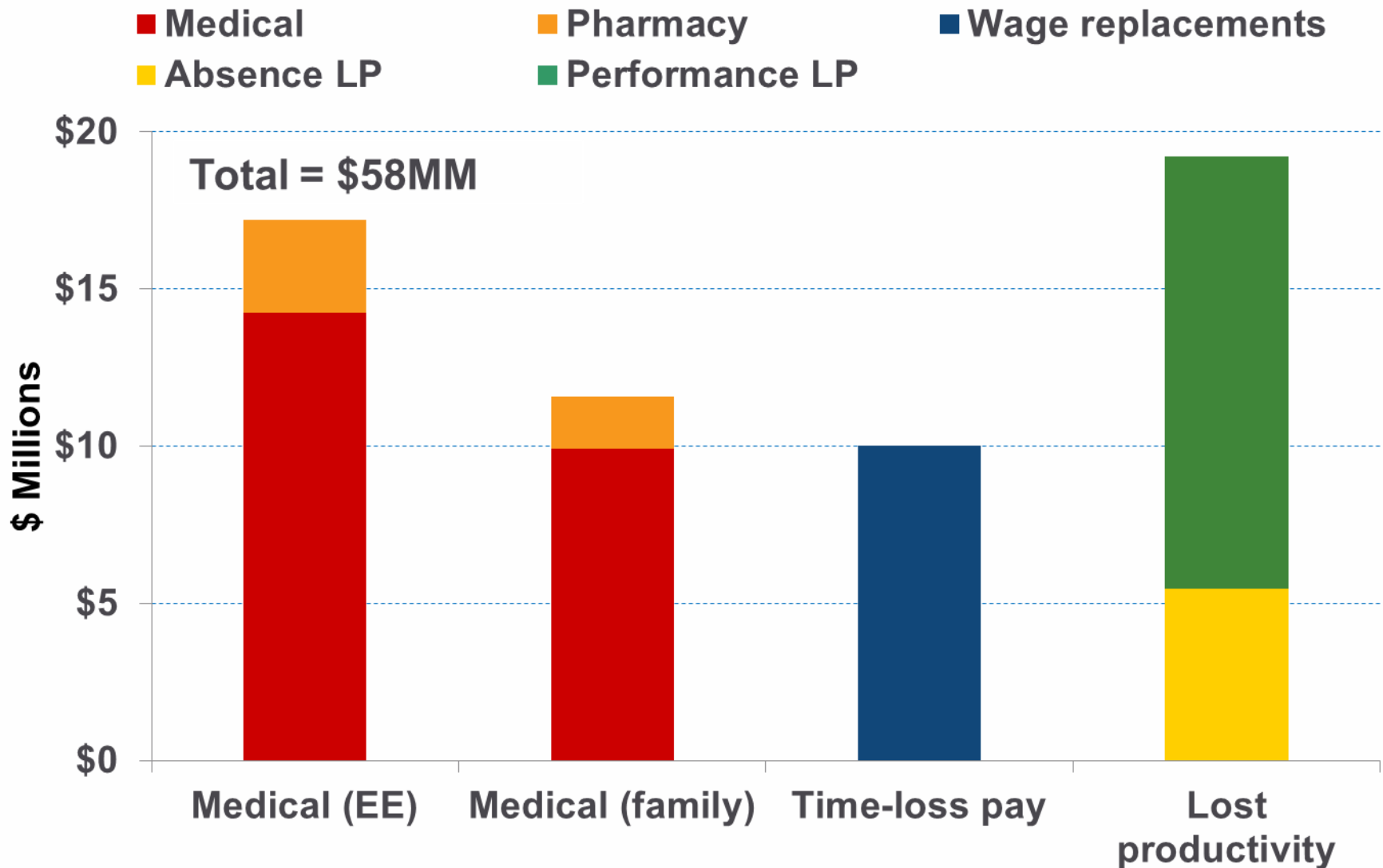
# Health Costs – The “Integrated” View



# Health Costs – Adding Absence



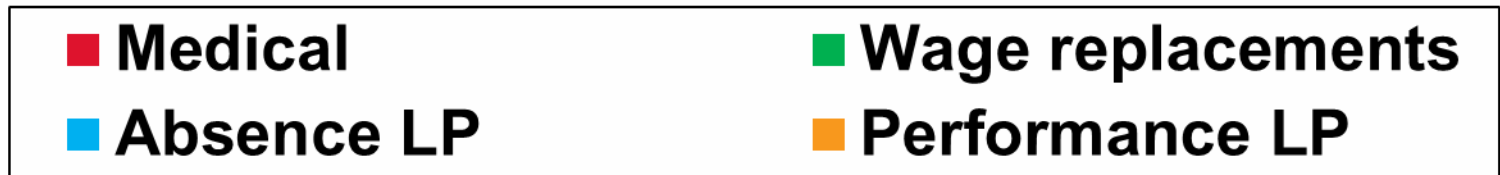
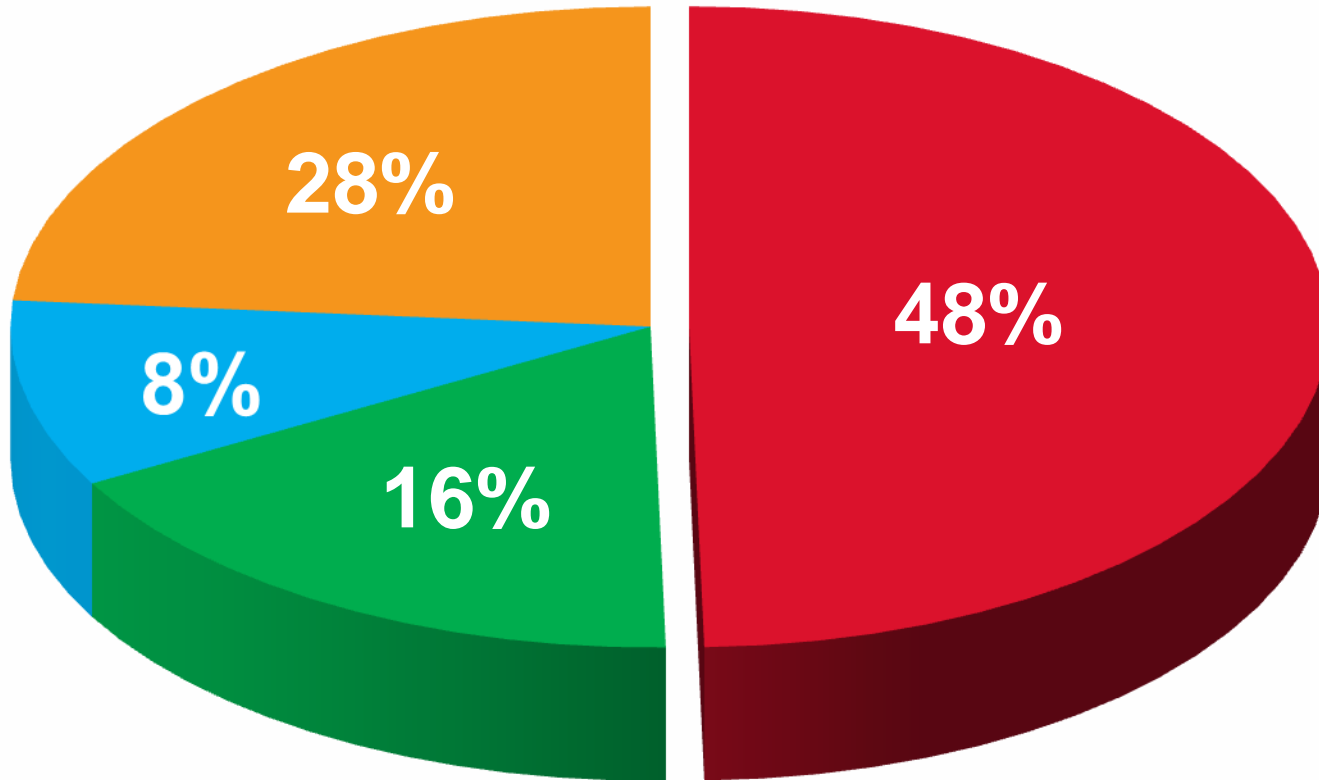
# Health Costs – Adding Lost Productivity



# 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**

# Full Cost Components



# POOR HEALTH COSTS U.S. ECONOMY

\$576 BILLION



39%

DUE TO LOST PRODUCTIVITY

\$2332

The estimated costs are categorized into the following three major areas

*In billions of dollars*

\$2227

\$117



**Wage Replacement** (incidental absence due to illness, workers' comp, short-term disability, long-term disability)



**Medical and Pharmacy** (employee group health and workers' comp medical treatments, employee group health pharmacy treatments)



**Lost Productivity** (absence due to illness, reduced performance)

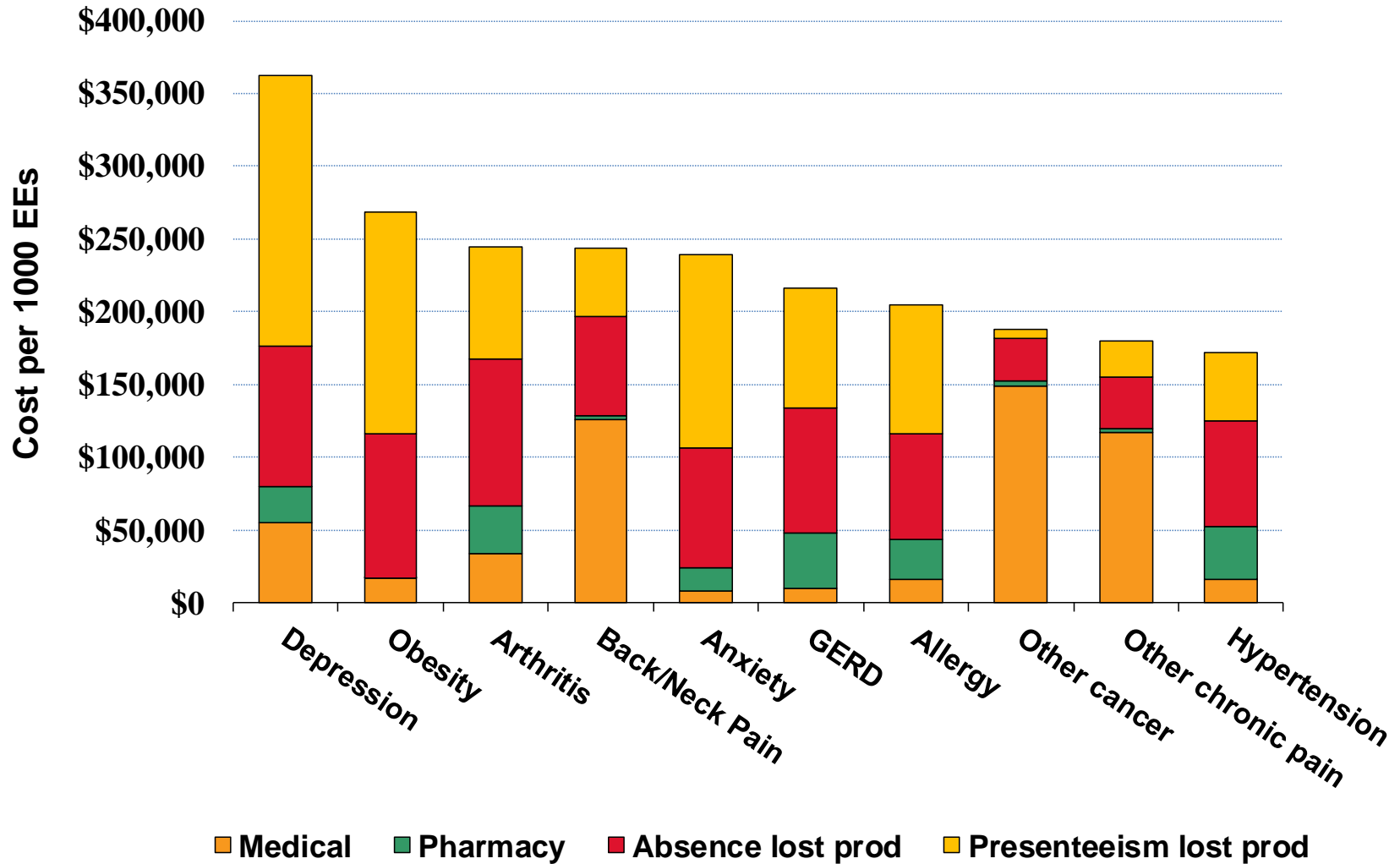
Published in:

- Forbes
- Kaiser Health News
- Washington Post

Source: Integrated Benefits Institute

# *Linking Healthcare to Productivity Outcomes*

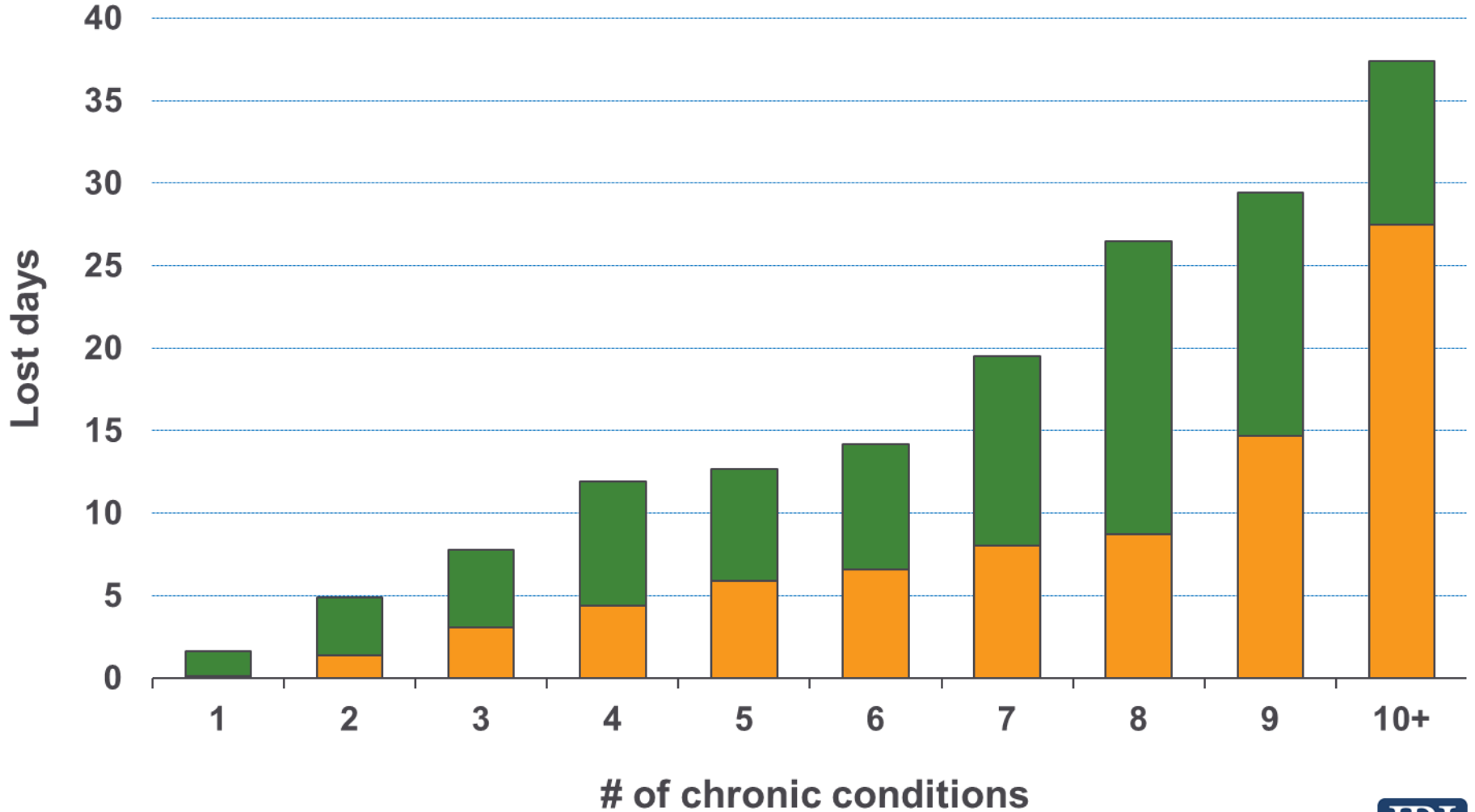
# Going Beyond Medical & Pharmacy to Absence and Presenteeism





# Co-Morbidity and Lost Time

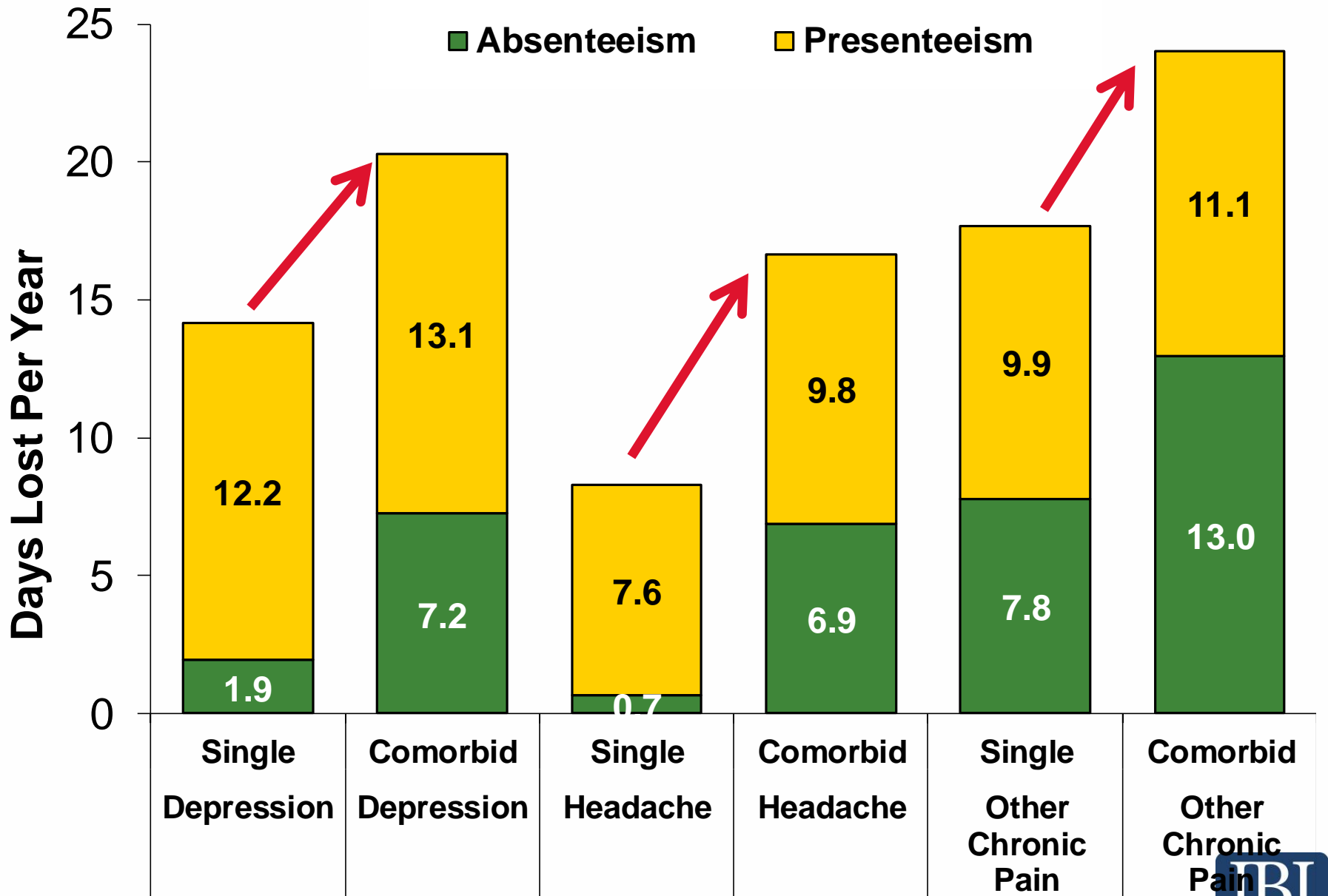
■ Absence lost time   ■ Presenteeism lost time



# Top 10 Health Conditions by Category

	<b>Medical</b>	<b>Pharmacy</b>	<b>Medical &amp; Pharmacy</b>	<b>Productivity</b>	<b>Total Cost</b>
1	Other Cancer	GERD	Other Cancer	Depression	Depression
2	Back/Neck Pain	Diabetes	Back/Neck Pain	Obesity	Obesity
3	Other Chronic Pain	Hypertension	Other Chronic Pain	Anxiety	Arthritis
4	Coronary Heart Disease	Arthritis	Depression	Arthritis	Back/Neck Pain
5	Depression	Allergy	Coronary Heart Disease	GERD	Anxiety
6	Sleeping Problem	Depression	Arthritis	Allergy	GERD
7	Arthritis	Asthma	Diabetes	Hypertension	Allergy
8	Skin Cancer	Anxiety	Hypertension	Back/Neck Pain	Other Cancer
9	Diabetes	Migraine	GERD	Sleeping Problem	Other Chronic Pain
10	Obesity	Osteoporosis	Sleeping Problem	Fatigue	Hypertension

# Impact of Co-Morbid Conditions on Lost Time



# 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

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