

## The Health Care Crisis: Can Wellness Solve It?

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Employers with 2-50 employees have been greatly affected by the dilemma of our current health care crisis. The direction of the health care debate and its potential for failure is something many of us focus on daily. However, an area we have neglected to focus on is the past. What has led us to this point? We should spend time analyzing the factors that have led to our crisis, how has this molded our current market conditions and what solutions have been applied to date. When we get a solid grasp on those facts, we can determine where the opportunity is and take it from there.

### Avoid the mirror at all costs

As humans, we have perfected the art of recognizing problems when we see them. Where we tend to fall short is taking responsibility for the role we play in helping create these problems. Who finds it pleasing to admit that one's personal lifestyle choices since 1985 have led us right to the front door of today's current health care debate?

The number one driver in increased health care costs is the consumer. It is you and me. Some factors are beyond our control and some factors we choose not to control. Either way,

this is what has led to the current crisis.

The first factor is beyond our control, *we are getting old*. A report published by John W. Rowe, MD in 2008 indicates that the number of Americans over 65 years of age is expected to nearly double by 2030. At the same time the number of doctors specializing in geriatrics has been falling and rests around 7,000 now.

Second, some of us, actually most of us according to studies, are overweight. Nearly one-third (31%) of us are clinically obese with a body mass index (BMI) of 30% or more. You don't have to be in the medical profession to understand the impact this has on health care. Obesity leads to a legion of ills, from heart attacks and strokes to gut cancer and diabetes. A number which is sure to grow is the annual cost for treating diabetes. Today this number alone exceeds \$200 billion. Obesity is the cause for more than 300,000 deaths every year according to the U.S. Surgeon General.

**Population 65 and over: 1900 to 2050**

Census Year	Number 65 and older - both sexes
1900	3,080,498
1910	3,949,524
1920	4,933,215
1930	6,633,805
1940	9,019,314
1950	12,269,537
1960	16,559,580
1970	20,065,502
1980	25,549,427
1990	31,241,831
2000	34,991,753
2010	40,228,712
2020	54,804,470
2030	72,091,915
2040	81,238,391
2050	88,546,973

**Sources:**

Figures for projections from 2010 through 2050 are from:  
The data for 1900 through 2000 is from Appendix Table  
Note: Due to Census

This table was compiled by the U.S. Administration on Aging using the Census data noted.

This leads us to our third factor. Exercise. It almost hurts just to say that word. We are a lazy nation. While 62% of adults had some physical activity in their leisure time, only 3 out of 10 had a regular exercise regimen. It has been proven time and time again that just 30 minutes of walking a day, five days a week, can significantly improve your health. Many

experts agree that lack of physical activity contributes to more than 300,000 deaths each year in the U.S. caused by heart disease, stroke, diabetes and other conditions.

The fourth factor is smoking. The CDC reported that 43.4 million U.S. adults were current smokers in 2007. This is 19.8% of all adults - or 1 out of 5 people. A 1982 Surgeon General's report stated that "Cigarette smoking is the major single cause of cancer mortality (death) in the United States." This statement is as true today as it was in 1982.

### What are we to do?

Do you ever wonder what would happen to the cost of health care if we just stopped smoking and started exercising? Those two simple steps alone would be a driving force in lowering the cost of our health care. As a part of the problem, what are we to do?

This takes us back to the expectations we have placed on our consumers, aka: members. Would it make sense to lower our expectations or create a new approach with tools which could help our members live a healthier lifestyle, reduce absenteeism and lower the cost of healthcare? If we were to simply lower our expectations, the financial impact on the employer will be higher plan cost and will continue to cost more until the employer demands more accountability.

It is a proven fact that employees respond well to incentives. We have incentives for salary, production, performance and attendance...what about adding an incentive based on health?

The best way to add a health incentive is to utilize an HRA (Health Reimbursement Arrangement). The HRA market is one which is quickly gaining in popularity and confidence. We are seeing carriers design products specifically for HRA plans and we are seeing more and more employers gravitating towards this concept for many reasons to include:

- HRA premiums are beginning to stabilize which is reflected in lower premium increases
- Employers are reducing their overall plan cost by as much as 40% with HRA plans
- Healthy employees are seeing their contributions to plans reduced
- Unhealthy employees are seeing benefits improve
- Providers are getting paid
- Education; employers, employees and agents are growing comfortable with the benefits and results of the plan

Let's take it a step further. What if you could take the HRA and implement an integrated wellness program that would benefit employees for changing their behavior?

You could easily identify areas for improvement that would significantly lower health care costs and through annual health assessments designate rewards in the form of benefits. For instance, an overweight employee could lose 10% of his/her body weight in order to gain an additional 10% in coinsurance. Smoking cessation could take an employee from 60% to 70% coverage. Reaching a healthy cholesterol level could reward 5% more in coinsurance. You could take this all the way to a 100% benefit level.

Through identifying the desired employee effort and placing a benefit reward, you are now putting the responsibility and accountability back in the hands of those who need it the most. The kicker is that those employees who benefit from 100% coverage are those who have made healthy lifestyle changes so the employer will rarely pay claims out on behalf of these employees. What would this look like?



As lifestyles change, benefits increase. As benefits increased, costs would decrease. One can clearly see how this integrated wellness plan can reverse the health care crisis we face today.

There are many major corporations which institute wellness programs such as I have mentioned and have seen positive results. Coca-Cola's physical fitness program recouped

\$500 per year per employee, despite the fact that only 60% of their staff was enrolled.

Coors Brewing Company released a statement that their worksite wellness plan statistics reveal a savings of \$5.50 per \$1 spent on physical fitness, with a positive side-effect of member absenteeism dropping by 18%. Large employers give proof that it is the right direction, but it also applies to small employers with fewer than 50 employees.

### Think outside of the box

Agents need to put serious consideration into how wellness can be incorporated into the small group market. Programs such as this should create the perfect partnership between the employer, carrier, agent and third party administrator (TPA). A wise insurance carrier could limit an employer's funding to 50%, then help the employer implement a wellness program, with measured results, which would increase co-insurance levels and lower co-pays for employees thus resulting in healthier lifestyles and improved results overall.

Simply stated, almost every factor I mentioned in the opening of this article is directly related to us as consumers. Our need to accept responsibility and make better choices. We must rethink our benefit plans and the role employers play in its delivery if we want to bring about change.

These lifestyle habits have been ingrained in consumers for over a quarter of a century. Retraining consumers to take responsibility for negotiating their way through the access and financing of their health care in a short period of time is unreasonable. Expecting consumers to exercise and stop smoking because we have proven facts stating it is not good for them, is unreasonable.

What is reasonable is to identify the efforts needed and the parties involved in order to create the solution. This will set into motion a way of re-educating employees on how to evaluate their own health care needs, ultimately helping to further control the cost of health care. Lowering cost, improving benefits, re-education, and accountability are powerful reasons to work with our employers to implement new concepts into a stagnant market plagued with increasing rates, decreasing benefits and uninformed consumers.

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