

CFOCUS



GRIZZAFFI DARBY
BEYOND BENEFITS

Wellness Programs & Chronic Claims Management

Insurance companies (remember the names New York Life, MetLife, Transamerica to name a few) did a great job for many, many years paying health insurance claims and providing medical coverage for employees. What insurance companies did not, however, do a great job of was helping companies control claims. With that oversight came unprofitable lines of business, and a general exiting of the medical insurance market by traditional insurance companies.



Trey Darby

The promise of HMOs and other managed care organizations was not only to pay the claims, but to help us avoid claims by getting involved before a claim was incurred. While the theory was good, in reality, the costs to employer groups continued to climb and medical inflation ran rampant. Employers lost faith in the promises of HMOs and employees tired of the perceived intrusive nature of their cost prevention programs.

The market evolved and merged to give us our current assortment of healthcare providers. Through aggressive negotiations with hospitals, most managed care companies have done an excellent job of negotiating large, catastrophic claims. Many have done a good job of negotiating some smaller hospital, doctor and lab claims as well.

However, few are moving to the new phase of cost control - the identification and management of chronic claims.

Chronic conditions (such as diabetes, depression, asthma, and high blood pressure) are typically very inexpensive claims when a patient is well managed and in compliance with treatment protocols. However, when not well managed, the cost for complications of these conditions, or conditions that move from chronic to acute, can be catastrophic. And we are not just talking about medical claims. When you consider absenteeism, presenteeism, productivity costs, FMLA and disability claims, the costs skyrocket. And this does not take into consideration the cost and toll it takes on the affected member.



The riddle has been, "How do we identify these individuals *before* they incur claims?" And once identified, "How do we get these people into compliance?"

The answer for many progressive companies is the implementation of a wellness plan.

As benefit consultants, we often balance the immediate needs of cost reductions, with the longer-term cost control needs of our clients. A perfect example of this balancing act is the recommendation of a wellness plan.

While most HR professionals believe, sometimes empirically, that there is a positive impact in cost reductions, many CFOs and other financial officers charged with managing the costs of benefit plans, look for an immediate Return on Investment, or ROI, from such programs.

This is where it gets sticky. How do you attach a verifiable ROI to a program that may take years to show results? How do you quantify events that may or may not have happened with or without a wellness plan? How does an organization measure the reduction in presenteeism or increased productivity as the result of a wellness program?

The quantification can become even more difficult if the different programs (EAP, Disease Management, Workers Compensation, Health Plan Provider) are carved up and awarded to disparate entities that not only have little common ground, but often compete for other lines of business against one another.

Two distinct avenues are gathering strength: biometric measurement and integrated solutions.

Biometric measurement allows outside vendors, typically through the collection of a small blood sample, the ability to identify "markers" in an individual that may predispose the individual to adverse health conditions. One of our biometric partners can literally assess over 250 different biophysical systems with a tiny amount of blood.

The programs, especially when coupled with wellness coaching, are proving to be very effective at identifying and gaining compliance among identified individuals. Participation in these programs can be driven using either the carrot (increased benefits or lower costs to individuals who participate) or the stick (reduced employee benefits or increased premiums to those employees that don't participate). Generally, we recommend a combination approach to maximize the value of the program.

Integrated programs look to integrate the disease management, workers compensation, and



company leave and wellness programs - basically any program that administers benefits for employees who are not working because of a health condition. The results can be staggering as a company finally gets to view their entire employee health population from a single, integrated solution.

While both solutions are promising, generating a positive ROI for the executive board room is difficult in the first year. It requires a true leap of faith and a commitment to fostering a work environment where a healthy work population is valued and encouraged. At the end of the day, promoting wellness with a well planned, comprehensive strategy is not just the right message to send...it is the right business decision.

If you are considering a wellness program, or if it is time to examine the results of your current program, then I encourage you to attend our upcoming seminar on wellness. The benefit experts of Grizzaffi Darby will be discussing the newest technology, and techniques, to maximize the wellness program your company offers.

As always, we look forward and appreciate your feedback. Feel free to contact us at: aleason@grizzaffidarby.com or at 866-380-1245.

