

Sentara Healthcare and its Mission: Health

A Case Study in Improving Employee Health and Reducing Employer Healthcare Costs



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Introduction

National trends

Today rising healthcare costs are being discussed in boardrooms, union halls, office lunchrooms and family kitchens. How to address this issue was central to the 2008 presidential election. Most agree that something must be done to control costs with little agreement as to how to tackle the problem. One thing is for certain – business and consumers have much at stake.

PricewaterhouseCoopers predicts employer healthcare costs will rise 9.5 percent in 2010 and 9 percent in 2011. In 2005, GM spent \$5.3 billion on medical costs, 40 percent more than the company's profits the previous year. According to a 2007 study by the Kaiser Family Foundation, premiums have increased by 78 percent since 2001, while wages and inflation have risen 19 and 17 percent, respectively.

While burgeoning healthcare costs are attributed to an aging population, demand for high-tech diagnostic and treatment options, expensive pharmaceuticals and astronomical damages paid in medical

lawsuits, employers have little control over these factors. What they can influence is a single factor that has the greatest impact on overall cost: employee behavior.

According to the Department of Health and Human Services, more than 75 percent of healthcare dollars are spent on chronic conditions such as diabetes, obesity, cardiovascular disease and asthma, most of which are preventable through positive health habits, such as those encouraged through employee wellness programs.¹ Researchers at Harvard University found that medical costs fall about \$3.27 for every dollar spent on wellness programs, and absentee costs fall by \$2.73 for every dollar spent.²

Today about 86 percent of U.S. businesses have some form of wellness program in place, and those numbers are likely to rise.³ PricewaterhouseCoopers' June 2010 Health and Well-Being Touchstone Survey shows two-thirds of companies intend to expand or improve wellness programs.

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The purpose of this paper is to demonstrate the significant healthcare cost savings that can be achieved while improving employee health. Companies that partner with an innovative health insurance plan to create a custom wellness program can reap significant dividends.

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Optima Health

Optima Health, a Virginia-based health insurance plan with more than 430,000 members, has made employee wellness a priority for more than 25 years.

Optima Health's suite of wellness programs is called MyLife, MyPlan. Designed with clinical experts, these programs are flexible so they can be adapted to any size employer wanting to help employees manage their health.

Employers can build their own wellness plan from a variety of award-winning programs addressing common—and costly—health issues such as cardiovascular disease, diabetes, asthma, and obstructive pulmonary disease. To help curb behaviors, employees are offered healthy eating classes, tobacco cessation, exercise programs such as yoga and walking, and health screenings. Other components include personal health profiles, lifestyle coaching, case management and after-hours nurse advice lines, among others.



Solution

Incentive-based wellness and disease management

While many companies have had wellness programs in place for years, often these programs achieve only modest success. Typically they are designed to appeal to healthy employees who are already committed to their health. Significant healthcare savings can only be achieved once employees who have the greatest negative impact on healthcare costs have been motivated to make healthy choices.

Studies suggest it's the “carrot” approach of rewarding employees – often in the form of reduced insurance premiums – that successfully changes lifestyles. In 2007, Johnson & Johnson avoided \$15.9 million in costs through its healthcare initiatives, and Pitney Bowes saved \$40 million in the past decade through incentive-based wellness programs.⁴

Program Details

Mission: Health

Sentara Healthcare, the parent organization of Optima Health, has experienced the rising cost of providing healthcare to its 20,000 employees throughout Virginia and North Carolina. Sentara Healthcare partnered with Optima Health, its insurance carrier, to manage employee health costs.

“We didn’t want to continue increasing co-pays and premiums to our employees, so in 2006 we decided to try another approach,” says Director, Benefits/Compensation/HRIS (Human Resources Information Services) Jennifer Jones.

“We learned 20 percent of our employees were producing 80 percent of our healthcare costs,” says Sentara Senior Vice President for Human Resources Michael Taylor. He says Sentara knew it could realize cost savings if employees were encouraged to better manage their diseases by adopting healthy behaviors. “Healthcare workers are notorious for taking care of others, but not themselves.”

Optima Health used its existing, award-winning wellness promotion programs as the basis for Sentara Healthcare’s new program. While the old wellness program offered nominal rewards to employees, it was obvious more generous incentives were needed to engage employees whose health was most at risk.

The Incentive

The biggest challenge is keeping people engaged, says Vice President of Clinical Care Services Karen Bray, PhD, RN, who was central in the program design. “Some people know what they should do but think drastic changes are necessary to be successful. Our incentive-based program encourages small but consistent changes to help them reach their goals.”

Mission: Health launched to all 11,200 benefits-eligible employees in 2008. Employees were asked to complete a personal health profile (PHP) including information such as recent blood pressure, total cholesterol values and HDL (“good” cholesterol), height and weight, tobacco use in the past three months and exercise frequency. Onsite screenings were offered for employees to obtain current vital sign measurements.

The information was used to determine health risk factors. Employees with no or low health risks were immediately eligible for reduced premiums or earned credits to offset other benefit offerings. Those with several

health risks who agreed to quarterly telephone conversations with health coaches were also immediately eligible for reduced premiums or credits. Employees who declined to participate in the program forfeited premium discounts totaling \$500+ annually.

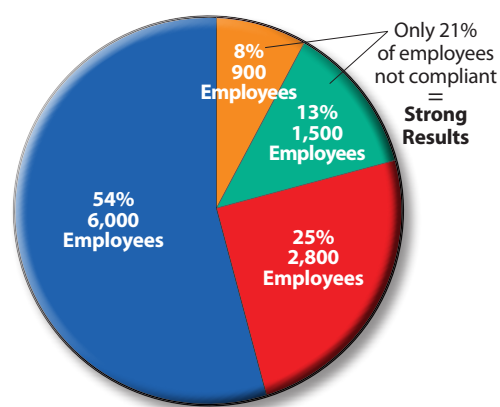
Employees with targeted chronic diseases – diabetes, coronary artery disease or congestive heart failure – or who were pregnant at the time, were eligible for additional incentives worth \$460 per year. By more actively managing their disease through healthy choices, such as taking prescribed medications as scheduled, everyone wins.

Business Benefits

Results: First Year

In 2008, 92 percent of benefits-eligible employees took the voluntary PHP. By year’s end, 79 percent of Sentara employees were participating in Mission: Health, including 53 percent of the disease management-eligible employees – particularly significant since, as Dr. Bray says, “the sickest employees tend to be the most reluctant to participate because they are afraid they will fail.” Only 21 percent of employees elected not to participate.

Phase One Snapshot



- Did not take personal health profile
- Took personal health profile: 2+ risks/ not working with coach
- Took personal health profile: healthy (0-1 risks)
- Took personal health profile: 2+ risks/ working with coach

During the first year, overall employee medical claims increased by 13 percent, largely due to an overall 18 percent increase in pharmacy costs as employees were treated for underlying conditions such as hypertension and high cholesterol. This led to an unexpected 5.7 percent increase in Mission: Health costs.

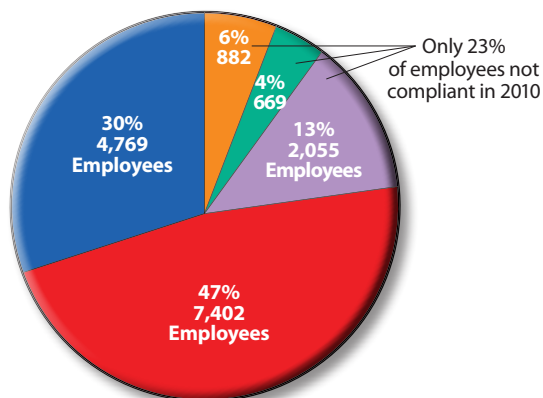
“We swallowed hard when we saw the data,” Dr. Bray says. “But when we analyzed the data, it made sense that costs would increase initially as employees went to the doctor and started on medication for previously untreated conditions.”

“This program matches our mission of improving health every day,” Taylor says. “And as an integrated healthcare system, we see the whole picture. We believed we had the right components in this program, and we were committed to the long-term success.”

Results: Second Year

By the second year, a greater number of employees were demonstrating healthy behaviors. Still, 23 percent of employees remained uninvolved in Mission: Health.

2010 Personal Health Profile Screening Results Employees Covered by Medical Plan



- Did not take personal health profile
- Took personal health profile: 2+ risks/never agreed to work with coach
- Took personal health profile: 2+ risks/agreed but did not work with coach
- Took personal health profile: healthy (0-1 risks)
- Took personal health profile: 2+ risks/working with coach

Outcomes were extremely positive. During 2010, Mission: Health demonstrated significant clinical improvements in total cholesterol, blood pressure, body mass index (BMI), exercise and tobacco use. In the diabetes program, significant improvements were made in members completing recommended testing, such as eye exams. Ninety-two percent of employees in the diabetes program were compliant with eye exams compared with an industry standard of 51 percent.

The overall healthcare costs for 2009 were a stunning turnaround from the previous year's figures.

Total costs, including medical claims, incentives, wellness claims and program costs, totaled \$27.6 million, representing a \$3.4 million savings over 2008.

The most dramatic results were realized in the disease management group. Costs for the 530 members of the group, who were enrolled all three years, were controlled significantly better as modifiable risks and behaviors improved. Except for pharmacy costs, all healthcare costs for this group decreased, leading to an average decrease of 37 percent per employee.

This was a 12.3 percent decrease against the expected trend as employees improved their risk factors. Costs were expected to rise from 8 to 10 percent annually (at least a \$4.2 million increase over two years), instead costs rose only \$1,286,000 over the two years. For every dollar spent to incentivize employees to improve their health through Mission: Health, Sentara Healthcare saved a whopping \$6.

Mission: Health Program Costs

	Mission: Health Actual 2007	Mission: Health Actual 2008	Mission: Health Actual 2009
Disease Management Claims	\$2,877,414	\$3,400,223	\$2,144,630
Disease Management Incentives	\$0	\$206,120	\$217,780
Wellness Claims	\$24,146,530	\$27,579,924	\$25,485,003
Program Ops	\$0	\$528,500	\$463,396
Total	\$27,023,944	\$31,714,767	\$28,310,809
Net Variance 08 - 09: Favorable / (Unfavorable)			\$3,403,958

Optima Health President/CEO Michael M. Dudley says leadership wasn't surprised that Mission: Health was successful but was surprised at the magnitude of the success. "It was even more positive than we hoped, especially regarding savings from disease management," he says. "But the most important outcome is the difference it has made in people's lives. Employees have lost weight, stopped smoking, started exercising and feel better about themselves. That's the real story."

Bray says the savings are likely to continue. "We would expect that Mission: Health will continue to see cost savings for the next three to five years, and after that we'll reach a plateau where the costs will remain relatively flat," Bray says. "When you reach that point with a program like this, it's tempting sometimes to stop the program, but if you do that, you will immediately see costs rise."

Optima Health has not yet factored in savings from Mission: Health due to a reduction in absenteeism and "presenteeism," a term for employees showing up for work, but who are not as productive as they could be. When that is quantified, savings are likely to be much higher than those reported above. Discontinuing a program such as Mission: Health would also negate those savings, Bray points out.

AonHewitt Validation

To verify the results from the Mission: Health program, Sentara provided the data to AonHewitt for independent review. The actuaries and clinicians at AonHewitt reviewed the data and methodology used to track the outcomes and determined that the analysis had appropriately taken into account the following considerations:

- The disease management program analysis was based on a longitudinal review of 544 members tracked across the full three-year period from 2008 through 2010. While developing such a cohort analysis is time-consuming, Sentara has established the correct basis for directly measuring the impact of the disease management program outcomes.
- The study also broke the disease management group into additional cohorts based on the presence of the risk factors associated with each participant. This allowed Sentara to more fully assess the impact of the program for individuals across a range of health risks.

- The impact of high cost individuals (defined as individuals with more than \$70,000 in claims for any single year) was tracked separately so that results for the program were not skewed by the volatility of claims on a small minority of individuals who experienced catastrophic expenses.

After a review of the data, the AonHewitt consultants concluded that the results reported by Sentara are based on an appropriate methodology and can be regarded as an unbiased assessment of the outcomes.

The Employee Perspective

Director of Health and Preventive Services Terrina Thomas says when Mission: Health began in 2008 there was considerable employee pushback. But today, employees rave about Mission: Health, she says. "They talk about how much it has changed their lives."

Freeman Pauling, a tractor-trailer driver in Sentara Healthcare's warehouse, has been assigned a health coach since 2008 and has watched his blood pressure, blood sugar and weight steadily go down. "They push me to exercise and eat properly," says Pauling, who either goes to the gym or enjoys walking three times a week.

Optima Health Network Educator Sherrie Harris has always fought a weight problem. Over the years, the pounds crept up along with her cholesterol, blood sugar and blood pressure.

Harris began Weight Watchers at Work, partially funded by Sentara, and within two years lost 156 pounds, taking her body mass index (BMI) from a morbidly obese 47 to a slim 22. "I got tears in my eyes when I reached my goal," says Harris, whose blood pressure, cholesterol and blood sugar numbers are all normal now.

Sentara Healthcare Vice President of Pharmacy Tim Jennings says he thinks the program works because it includes a variety of incentives. "What works for me may not work for someone else. I'm very goal-oriented, so for me, it was about using the health coach as motivation to get my risk factors under control."

Conclusion

Mission: Health combines essential components of a well-designed health improvement program to support both disease management and wellness. Incentives are significant enough to motivate employees, and measurable data are used to segment employees so those with chronic conditions can get the care they need. With organizational commitment to employee health, safety nets and support systems are built into the program. And finally, clear and consistent communications provide direction for everyone involved.

Dudley says other large employers have attempted incentive-based programs in the workplace with limited results because they don't

provide large enough incentives. "To motivate the majority of your workforce, the incentives need to be above \$450 per year," he says.

Through MyLife, MyPlan, Optima Health's suite of health prevention programs, any employers can implement a successful incentive-based wellness program and, if implemented in a similar manner as Mission: Health, should realize significant, ongoing savings in absenteeism, presenteeism and employee healthcare costs.

The MyLife, MyPlan basic program is free and available to the entire membership. Some options (such as added coaching sessions) are available for an additional fee.

About Sentara Healthcare and Optima Health

Sentara Healthcare, based in Norfolk, Virginia, is a leading not-for-profit system in Virginia and North Carolina and one of the most highly-integrated healthcare companies in the nation. Sentara offers an award-winning safety culture and a commitment to customer satisfaction and community service. Sentara operates more than 100 sites of care, including eight hospitals, and offers a 380-member Sentara Medical Group and Optima Health, an award-winning health plan with 430,000 members. To learn more, visit www.sentara.com.

Optima Health offers a suite of commercial products including consumer directed, employee-owned and employer-sponsored plans; individual health plans; employee assistance programs; and plans serving Medicare and Medicaid enrollees and features a provider network of 21,000 providers. Optima offers integrated clinical and behavioral health services, pharmacy management and customized wellness programs. To learn more about Optima Health, visit www.optimahealth.com.

ABOUT THE CONTRIBUTORS:

MICHAEL M. DUDLEY

Under the leadership of Optima Health President and CEO/Sentara Healthcare Senior Vice President Michael M. Dudley, Optima Health has doubled its membership to 430,000 members since 1996 when he assumed this role. Dudley holds a master's degree in health administration from the University of Colorado in Denver, CO, and completed the Executive Management Program at Stanford University in Stanford, CA.

MICHAEL V. TAYLOR

Sentara Healthcare Senior Vice President of Human Resources Michael Taylor joined Sentara in 2003 and has more than 25 years of healthcare experience. In 2008 Sentara Healthcare received the Employer of Choice Award, recognizing companies for exceptional leadership, best practices, quality employee care and growth opportunities. Taylor earned a master's degree in business education with a concentration in human resources and education in 1993 from the University of North Carolina in Greensboro, NC.

KAREN J. BRAY

Optima Health Vice President of Clinical Care Services Karen Bray, PhD, RN, joined Sentara Healthcare in 1995. She has fully integrated Optima Health's clinical management programs into member-centric teams that provide case management, disease management, behavioral health, pharmacy, and health and prevention services. Optima Health has received numerous awards of excellence for its programs since she assumed this role. Dr. Bray earned her doctorate in healthcare administration in 2006 and has been a registered nurse for 32 years.

JENNIFER JONES

Sentara Healthcare Director, Benefits/Compensation/HRIS Jennifer Jones has been with Sentara since 1992. In her current role, Jones oversees benefits, compensation and human resource information systems. She received the Senior Professional in Human Resources (SPHR) designation in 1998. She is a member of numerous human resource and employee benefit plan associations.

Executive Summary

In 2008 Sentara Healthcare implemented an incentive-based health and wellness program for employees designed to improve health and reduce healthcare costs. Called Mission: Health, the program is facilitated by Optima Health.

Mission: Health engages employees to maintain healthy lifestyles, ultimately resulting in improved health. Participants work with either health coaches if they have several risk factors or with disease managers if they have certain chronic diseases, such as diabetes and heart disease. By participating, employees earn lower health insurance premiums and other generous



incentives. In addition to maintaining a healthier workforce, Sentara Healthcare benefits by reducing health costs while maintaining a comprehensive, affordable health insurance plan.

Over the past two years, employee health indicators for participating employees have improved significantly. Mission: Health demonstrated clinical improvement in the categories of total cholesterol, blood pressure, body mass index (BMI), exercise habits and reduction in tobacco use. In addition, Sentara Healthcare realized a net \$3.4 million savings in healthcare costs attributable to the program.

Mission: Health is an excellent model of how a health insurance plan and employer can partner to offer an effective incentive-based wellness program and achieve dramatic results. Optima Health's health and wellness programs provide both the structure and flexibility for success.

Footnotes

¹ Testimony by Principal Deputy Assistant Secretary for Health OPHS Don Wright, MD, MPH, www.hhs.gov/asl/testify/2008/12/t20081210a.html.

² "Workplace Wellness Programs Can Generate Savings," K. Baicker, School of Public Health, Harvard University, Health Affairs, February 2010.

³ "Wellness Program Can Improve Productivity," Cathy

Bonnstetter, The State Journal, Charleston, WVA, September 23, 2010.

⁴ The White House news release, Innovative Workplace Practices: A Discussion with President Obama, Innovators in Workplace Wellness - Bill Weldon, Chairman of the Board and CEO, Johnson & Johnson and Murray Martin, Chairman of the Board, President and CEO, Pitney Bowes, May 12, 2009.

For more information about incentive-based wellness programs, call **1-866-380-9668** or email wellnesspayoff@sentara.com.

Optima Health 

www.optimahealth.com/wellness