

Obama talks to business leaders on health costs

Political Intelligence, May 12, 2009

Highlighting healthcare for the second day in a row, President Obama is meeting today with business leaders to discuss ways to cut health costs. "All over the country, innovative ideas are being implemented in the workplace to improve the health of workers and reduce the rising rate of health care spending. Skyrocketing health care costs are crushing families and companies, impeding businesses' ability to expand and compete, and stunting the country's economic growth. Some employers and unions – spanning industries, firm size, and workforce demographics – are using creative approaches to reverse that trend in their workplaces," the White House said in a statement.

"Examples of innovative health care programs in the workplace are everywhere. As a result of many successful programs at businesses across the country, workers have become more engaged in their own health care, productivity is increasing, absenteeism is dropping, and employers are passing some of their health care savings to their workers. Employers are discovering that improving quality of care can reduce health care costs. Small actions in the workplace can generate large benefits."

On Monday, Obama huddled with health industry leaders, who pledged to cut the rate of spending increases to the tune of \$2 trillion over 10 years. The full White House fact sheet on today's meeting is below:

Today, the President will meet with some employers and unions whose innovations have produced promising results. He will hear firsthand about the best practices that are spreading in workplaces around America. Many in this group have reduced disease risk factors; several have onsite clinics; and all have programs to reduce obesity and improve activity levels. And the President will direct the Office of Personnel Management to work with the Office of Health Reform, the National Economic Council, the Department of Labor, and the Office of Management and Budget to examine successful employer wellness and prevention practices that lower health care costs and improve employees' health and to explore the feasibility of developing such a plan for federal employees and their workplaces.

The President hopes that by encouraging more employers to adopt similar programs, we can improve the productivity of our workforce, delay or avoid many of the complications of chronic diseases, and slow medical cost growth.

Below is a list of the workforce innovators who will meet with the President to discuss their best practices today.

§ H.E.R.E.I.U. Welfare Fund (Dr. Jerry Reeves, Chief Medical Officer): The Hotel Employees and Restaurant Employees International Union (H.E.R.E.I.U.) Welfare Fund offers multi-employer health insurance coverage for 90,000 eligible employees and their family members. It redesigned its health benefits and health plan administration and implemented wellness and chronic disease management programs to generate millions of dollars in overall savings. The H.E.R.E.I.U. Welfare Fund has also aligned incentives with desired behaviors by informing patients which physicians were high-performing, providing performance bonuses to high-performing doctors, and giving pregnant patients incentives to receive prenatal care. These initiatives have effectively engaged workers to improve their health through widespread use of employee risk assessments, risk-based interventions, and behavior change programs. The H.E.R.E.I.U. Welfare Fund also has worksite pharmacies that give out free generic drugs for chronic conditions and provide special care centers for workers and family members who have high cost and complex chronic conditions.

§ Johnson & Johnson (Bill Weldon, Chairman of the Board and CEO): Johnson & Johnson has one of the longest-running workplace health programs in the United States. The company has a sophisticated set of disease management and prevention interventions, risk-based incentives, pedometers/exercise goals, treadmills available for offices, and other health related programs. According to its recent employee health scorecard for United States employees, at the end of 2007, Johnson & Johnson continued to make health improvement progress and its health initiatives avoided an estimated \$15.9 million in health care costs in 2007. As well, from the late 1990s to 2006 in the United States, smoking declined from 12 percent of its workforce to four percent, high blood pressure dropped from 14 percent to six percent, and high cholesterol went from 19 percent to six percent. A 2002 Rand study found that Johnson & Johnson's initiatives had improved employee health and employees had saved an average of \$225 per year because of a reduced need for doctor visits.

§ **Microsoft** (Cecily Hall, Director of US Benefits): Microsoft creates personalized health goals and has a staff of doctors that makes house calls to avoid emergency room visits. Its obesity program assigns employees to a primary care doctor, behavior health specialist, and nutritionist, and Microsoft provides free meals consistent with diet recommendations to eat on site or to take home. The result of its initiatives has been very low premium growth and a healthier workforce than other companies with workers of similar age. Microsoft has been continually recognized as one of Fortune's 100 Best Places to Work.

§ Ohio Department of Health (Dr. Alvin Jackson, Director of Ohio Department of Health): The State of Ohio created a "Take Charge! Live Well!" program to reduce health risk factors for state workers, with more than 50 percent of eligible workers participating. Until 2005, health care programs for state employees in Ohio focused on disease management and improving the health of high-risk groups. After reviewing data, the state discovered that while 27 percent of total health care costs were related to high-risk employees, 44 percent of costs were associated with preventable conditions. Ohio's "Take Charge! Live Well!" comprehensive health management program includes online and telephone health assessments, health coaching, online health improvement program,

on-site employee health screenings (offered at about 40 locations), preventive care, chronic condition management, and monetary incentives of up to \$100 in incentive payments, or \$200 when spouses are enrolled, if employees complete a health assessment and participate in a health improvement program.

§ Pitney Bowes (Murray Martin, Chairman of the Board, President, and CEO): Pitney Bowes offers onsite comprehensive health clinics and fitness centers, redesigned food merchandizing and prices in their cafeterias, incentives management for the health of their employees, and low cost drugs for chronic diseases. The company has also adopted infection control practices and offers low-cost or no-cost preventive screenings and immunizations on-site and off-site. The company's initiatives and its commitment to increase employee participation in managing their own health have resulted in \$40 million in savings over the last nine years.

§ **REI** (Sally Jewell, President and CEO): REI offers health benefits to all of its full and part-time workers and has been continually recognized as one of Fortune's 100 Best Places to Work. The company offers employees support for outdoor activities ranging from outdoor gear and apparel discounts, free rentals, and outdoor challenge grants. REI employees can earn extra healthy lifestyle dollars to put toward the cost of coverage by engaging in specific "good behaviors," such as getting regular aerobic exercise. REI also supports personal health goals and provides equipment support, discounts, and time off so employees can achieve their goals.

§ Safeway (Steve Burd, President and CEO): Safeway has innovated in benefit design to reward employees' healthy behaviors and improve adherence to recommended treatments for chronic diseases. Over 74 percent of Safeway's 30,000 nonunion workers have signed up for its "Healthy Measures" program. Under this program, participants undergo screening tests (including cholesterol, blood pressure, and weight control), and employees who score well pay lower health premiums. Safeway has saved millions by making employees accountable for their weight, smoking, cholesterol, and blood pressure. The company also has a free fitness center at its headquarters, offers gym membership discounts, and provides a 24-hour nurse health hotline. In 2006, Safeway's efforts reduced their total health care spending by 13 percent, and employees who signed up have saved more than 20 percent on their premiums.