The number of people enrolled in consumer-directed health plans continues to grow, and satisfaction with these plans remains high, according to several recent surveys. Furthermore, many of those covered by consumer-directed plans say they wouldn’t have health insurance coverage otherwise, indicating that consumer-directed plans should be considered a key element of any health care reform proposals.

The Kaiser Family Foundation/Health Research & Educational Trust reports that 13% of firms that offered health benefits in 2008 had a consumer-directed option—a high deductible health plan (HDHP) paired with either a health reimbursement arrangement (HRA) or a health savings account (HSA). This is up from the 10% of employers that offered a consumer-directed plan in the previous year. Enrollment in these plans grew from 5% in 2007 to 8% in 2008, with most of the increase occurring among workers in small firms (three to 99 employees), where 13% of eligible employees now were enrolled in consumer-directed plans.

An annual census of health insurance carriers conducted by the industry trade group America’s Health Insurance Plans shows similar growth. The survey, which focused on HDHP/HSA arrangements only, reported enrollment in these plans in the group market rose to over 4.6 million in 2008, up from 3.4 million in 2007. Almost a third—31%—of new coverage issued in the small group market was for HDHP/HSA products.

The growing number of employees covered by consumer-directed health insurance products report that they are, by and large, satisfied with their coverage…

OptumHealth of individuals enrolled in HSAs found that 82% were satisfied with their accounts. Most of these individuals—80%—had set up HSAs in order to be able to save for future health care expenses, and 70% had an annual income of $75,000 or less. Also, 30% said they would not have health insurance if it weren’t for their consumer-directed plan coverage.

Both the respondents to the OptumHealth survey and those to a survey by HSA Bank reported behaviors indicative of engaged health care consumers. For example, 64% of the OptumHealth survey respondents said they inquired about generic options for medications and 47% said they asked their health care provider about charges for services. Furthermore, a large majority—83%—agreed people should approach purchasing health care services as they do other major consumer purchases, and research their options in an effort to try to get the best price. Among the respondents to the HSA Bank survey who were in a consumer-directed product:

- 26.2% of those who had visited a doctor in the past 12 months had inquired about the cost of the visit prior to making the appointment.
- 32.9% of those who had visited a doctor in the past 12 months had asked about lower cost alternatives for recommended treatments.
- 79.5% of those who were prescribed a prescription drug asked for a generic instead of a brand name product.

With continued growth of consumer-directed plan enrollment, and cost-conscious consumer habits, these types of plans hold great potential for effectively controlling a company’s health plan cost growth.
**Wellness on a Budget:**
**Finding No- and Low-Cost Ways to Build a Wellness Program**

Most people and businesses probably accept the logic that companies implementing wellness initiatives must be saving some money as a result. If employees lose weight, stop smoking, become more active, and have tools to detect and begin to manage potentially serious conditions at an earlier, more treatable stage—all of which can result from wellness program initiatives—it seems reasonable to assume that a company’s health care costs should be favorably affected. Yet, data on wellness initiatives’ return on investment (ROI) remains elusive, which can spell trouble for these programs when economic conditions call for justification of every dollar a department spends.

In times of scrutinized budgets and spending cutbacks, wellness programs that require little or no expense outlay, yet address either (or both) disease prevention or early detection—the dual focus of wellness initiatives—may be the best (or only) option for cash-strapped businesses. Here are some ways to bring wellness programs into the workplace without making a significant capital outlay:

- **Use premium incentives and surcharges to motivate employees to engage in healthy behaviors or abandon unhealthy ones.** For example, offer employees a credit they can use to offset their required health plan premium contribution in exchange for participating in a health risk appraisal, or charge a lower health plan premium contribution for nonsmokers than for smokers.

- **Take advantage of wellness features that are included in your company’s health care plan and promote them as part of your wellness program.** Consult with the health plan carrier to determine what offerings are available. Check to see if the carrier offers additional wellness-related services outside of your health plan and, if so, consider adding some of these to your plan. This may raise the health plan premium somewhat, but remember that employees will help to pay for the cost of the additional wellness efforts through their share of the premium payment.

- **Look for free resources in the community that can be made available to employees as part of a wellness initiative.** For example, a local health department may have individuals who could speak to employee groups on seasonal health issues such as the flu or about resources the community makes available to residents, such as immunization clinics.

- **Explore offerings that may be available through nonprofit organizations that focus on a specific disease.** A Calendar of National Health Observances (available at www.healthfinder.gov/nho) lists contact information for hundreds of such organizations, and some of these may be sponsoring activities in your area with a wellness focus (for example, National HIV Testing Day, Melanoma/Skin Cancer Screening and Detection Month).

- **Check to see whether hospitals in your area offer free blood pressure and/or cholesterol screenings.**

- **Try to develop partner-type relationships with local hospitals, clinics, and other organizations (for example, the YMCA) to make free or low-cost wellness activities available to employees.**

According to the Alliance for Wellness ROI, an intercompany cooperative formed to standardize the terminology and measurement of wellness return on investment, published ROI resulting from wellness programs ranges from $1 to $20 for every dollar spent on wellness initiatives. Unfortunately, since this is such a dramatic range, questions arise as to what exactly is being measured. Arguably, measurement of wellness ROI should include not only reductions in health care costs, but also workers’ compensation cost savings, reduced absenteeism and disability, productivity gains, and improvements in employee morale and retention. However, until reliable measures of wellness ROI become standardized—enabling benefits departments to clearly justify program costs—no- and low-cost wellness opportunities are likely to be necessary staples of corporate wellness initiatives.
Empower Employees to Avoid Being on the Receiving End of a Medical Mistake

The cost of preventable medical errors exceeds $17 billion annually, with nearly half of these expenditures representing direct health care costs. Medical errors, by some estimates, are the eighth leading cause of death in the United States. In addition to health care expenses and the costs associated with untimely mortality, the cost of medical mistakes includes lowered workplace productivity, unnecessary absences, and an increased incidence of disability.

The scope of “medical errors” is broad. According to a report from the Institute of Medicine (IOM), medical errors fall into these categories:

- **Diagnostic errors**—mistaken or delayed diagnosis; failure to use an indicated diagnostic test; use of an outmoded test or therapy; failure to take action as a result of patient monitoring or test results.

- **Treatment errors**—mistakes made during an operation, procedure or test; mistakes in administering a treatment; incorrect prescribing or dosing of medication; delaying treatment in response to an abnormal test result; providing care that is not indicated.

- **Preventive errors**—failing to provide prophylactic treatment; inadequately monitoring or following up.

- **Other errors**—failing to communicate; equipment failure; other system failure.

Most data on medical mistakes centers on errors that occur in the hospital setting. For example, the IOM estimates that 44,000 to 98,000 people die each year in hospitals as a result of medical mistakes, and a report from HealthGrades found that Medicare patient safety events and deaths resulting from hospital errors cost approximately $2.0 billion from 2005 through 2007. In contrast, little data exists on the extent of medical mistakes made in physicians’ offices, nursing homes, pharmacies and urgent care centers, and in the course of home health care.

Though much of the cause of medical errors is systemic, employers can play a role in reducing the incidence of such errors. According to the IOM report, by raising expectations for improvements in safety and for health care providers’ performance, purchasers of health care—including employers—can positively impact patient safety and thereby lessen the chances of errors occurring. One way employers can do this is by making safety a primary factor in the contracting decision process.

Employers can also contribute toward lowering the rate of medical errors by actively communicating the importance of the issue to employees. With employer group health plans being a major purchaser of health care in the United States, this puts employees and dependents who use this care on the front lines of battling medical mistakes. The IOM notes that, for example, in the case of errors involving medications, patients can provide a major safety check in hospitals, clinics and physicians’ offices. Patients should know which medications they’re taking, what their medications look like, what their usual dose is, and what possible side effects can result, and notify their doctor immediately if they notice anything seemingly wrong with their prescription or any side effects. Resources on patient safety are available on the Web site of the Agency for Healthcare Research and Quality, www.ahrq.gov/qual/errorsix.htm.

Talking to employees about the role they can play in this regard—in a company newsletter article, in benefits communications materials, or during a lunchtime presentation—can impress on them that by being an active participant in their health care, they can lessen the chance that they will be a victim of a medical mistake. Reducing the incidence of mistakes can help to control costs for both an employer and employees, and can improve employee patient safety substantially.

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**continued from page 4... Employees’ Health Risks Linked to Lower Productivity, Financial Cost**

Greater productivity loss also was observed among individuals who had multiple health risks. Individuals in the study had an average of 2.4 health risks each, and each additional risk increased productivity loss by 2.4%. An individual with all eight risk factors experienced a productivity loss of 24%.

How do these estimates of productivity loss impact an employer’s bottom line? The researchers calculated that an employee with low health risks experiences an average of $1,472 per year in lost productivity, while a “more typical” employee with three health risks averages $5,952. The study estimates that if 100 people with three health risks were to eliminate just one health risk, this could mean productivity gains worth $149,400 for an employer.

For employers, a study such as this one provides ample financial justification for investments in wellness initiatives. Looking at the dollar cost of productivity losses brought about by employees’ health risks, it’s easy to see that targeted interventions aimed at reducing employees’ health risks for identified conditions or behaviors can readily result in a return that exceeds the investment made in such initiatives.
While logic tells us that healthier workers are likely to be more productive than those with health risks, a recent study confirms this, finding that individuals with a number of health risks have seven times more lost productivity than those with no identified health risks. Health risks most strongly associated with on-the-job productivity loss were back pain, mental well-being (depression) and stress. Also, the chances of productivity loss rose as the number of health risks increased.

The study, published in the Journal of Occupational and Environmental Medicine and conducted by StayWell Health Management researchers and John Riedel, a health and productivity expert, included data from 106 companies in five industry sectors, representing responses from nearly a quarter of a million individual employees. Questions on health and work performance were incorporated into the companies’ health risk assessments to collect the data. Employees considered to be at low risk were classified as a NIF (Normal Impairment Factor) group. According to the study, “NIF captures the amount of productivity loss experienced by individuals who are at low risk...thus representing the level of productivity loss that health improvement initiatives targeting these risks will not affect.” Thus, the NIF essentially serves as a benchmark to gauge the amount of productivity loss that could be eliminated through various health risk reduction strategies.

The study included eight health risk areas: alcohol use, back pain, driving, physical activity, stress, tobacco use, weight and mental well-being (depression). Productivity loss was consistently associated with “at risk” health status for all of these factors, with the greatest productivity loss observed for those at risk for back pain, stress and mental well-being. Individuals at elevated risk for back pain reported 13% more productivity loss than those at low risk; those at risk for depression reported 7.4% greater productivity loss; and those at risk for stress reported 4.8% greater productivity loss. When measured as lost time, ongoing back pain was responsible for 5.7 weeks of lost productivity each year, depression for 2.4 weeks, and stress for 1.1 weeks. Thus, according to the study, these three areas present the greatest potential for productivity improvement through intervention, such as targeted wellness initiatives.

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