

Assessing the Future of Employee Health Benefits



21st Century Benefit Planning

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BayPoint Benefits

**The Waterfront Plaza
1750 Montgomery Street
San Francisco, CA 94111**

T: +1 415 773 5360

F: +1 415 723 7109

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BayPoint Benefits tailors its innovative benefit and human resource solutions specifically for each client. We specialize in structuring, implementing, and administering turnkey-benefit programs for companies in the U.S. and abroad.

Whether the client is an aggressively growing, high-tech start-up or a multinational manufacturing company, we create custom benefit programs to match specific client needs and growth projections.

We understand that as companies grow, the diversification of employee needs becomes overwhelming – a substantial management challenge. Therefore, it's important to begin with a creative road map that will anticipate these needs and establish solutions before problems or challenges arise.

We believe there is no “one size fits all” solution for any of our clients. Personalized attention and support, and, above all, the ability of each and every client to derive something unique from their experience with BayPoint are the foundations for our client relationship model.



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Brian Patrick Hassan

Managing Director

Introduction

There is ample evidence of how effective the designing of employee health benefits are so that each employee has an opportunity to tailor programs to their specific needs (Lump, 34, 35). Empirically-derived studies of employee health benefit programs also have quantified the Return on Investment (ROI) possible from structured health benefits so they lead to long-term lifestyle changes on the part of employees (White, 22). Miles White, CEO of Abbott Laboratories, advocates taking a multi-initiative approach to employee benefits that concentrate on preventative measures in addition to sharing the savings to a corporation of having healthy employees (White, 22).

The future of healthcare is more focused on preventative healthcare and the treatment of the entire person, a more holistic approach (Sharon, Donahue, 20, 21) than concentrating on specific treatment programs for illnesses after they have discovered. The orientation towards preventative healthcare that encompasses employees' total lifestyles (White, 22, 23) shows consistently more effectiveness over alternative approaches. For any organization to create a holistic view of employees and their health from a social, mental and physical standpoint, its culture needs to be centered on the needs and welfare of employees.

In successfully managed health benefits programs, new initiatives are based on the unmet needs of employees and as a result over time HMO costs significantly decrease (Robbins, 1). The future of employee health benefits depends on the culture of an organization and its commitment to create

programs that holistically treat employees. Giving employees incentive to better themselves and their lifestyles has significant implications on reducing the costs of healthcare (Alavi, Yasin, 133 – 145). Involving employees in the process of keeping themselves healthy pays dividends and reduces HMO cost significantly over time (Sharon, Donahue, 21, 22).

Changing Cultures to Support Health Benefit Initiatives

The greatest challenge to many organizations is to modify their cultures to be more focused on making healthy living part of the daily lives of their employees. Getting ownership on the part of employees in health programs, from weight loss to reducing cholesterol for example, require fundamental shifts in the organizations' values. One of the major impediments to companies being able to shift away from incident-based and highly reactive approaches to managing health benefit strategies, versus creating a culture that concentrates on lifestyles is lack of accountability. Companies who take a process-based view first to their approaches of defining health benefit programs and strategies from the employee's view change their cultures the most rapidly (Alavi, Yasin, 134, 135).

The use of Business Process Re-engineering (BPR) and Business Process Management (BPM) ensure that health benefit programs and strategies, and the critical information they contain, align to the needs of employees (Kelley, Attridge, 28, 29). This is the foundation of successful change within company cultures. Changing processes to ensure that health benefits are more precisely aligned to employee's unmet needs, interests, wants, and preferences has significant impact

on becoming preventative, not prescriptive, in scope. From the studies of how health benefits designed based on the foundation of BPM and BPR-based approaches to aligning information to employees who need it most, significant cultural change happens (Kelley, Attridge, 34, 35). These cultural changes in organizations include more efficient use of preventative health benefits information and programs, making these strategies more effective (Alavi, Yasin, 140) in reducing illness and long-term negative health conditions.

When holistic and preventative healthcare strategies are effective, organizations also find there is a higher level of accountability in results achieved (Bath, 501). Benchmarking and score-carding the periodic review the results of more employee-focused health benefit programs further reinforces accountability into organizations' cultures. Over years of measuring and rewarding results of designing health benefits to the specific needs of employees, relying on BPM approaches makes health benefits very effective in reducing premium costs as well (Robbins, 1). All of these factors taken together must be coordinated and developed as part of a broader healthcare benefit strategy if the culture of any organization is going to change. The reliance on accountability and measurable results is the foundation of effective cultural change in organizations as they move from be prescriptive and reactionary to health benefits and embrace a more holistic, participatory approach with employees.

The Future of Strategic Planning For Health Benefits Programs

The development of long-term or strategic plans for health benefits needs to have the factors of accountability, flexibility, the ability

to scale to meet increasing breadth of needs, and the customizing of specific service definitions so that individualized programs can be effectively created for employees. The factors of accountability, flexibility, scalability and customization all are critical in the development of a strategic plan that guides health benefit strategies across an organization. Accountability or the ability to measure, monitor and modify results of health benefits programs is crucial if organizations' goals are to be attained. While many organizations center on costs first (Robbins, 1) the better measure is the percentage of employees actually taking part in lifestyle and preventative maintenance programs (Lump, 37).

Employee involvement is the catalyst behind using BPR and BPM approaches to re-align benefits to their unique needs and lifestyle considerations. Accountability of how effective a strategic plan is based on the extent to which employees participate and gain measurable results from their participation in the program. Benchmarking health results to the employee level has been done and shows significant potential as a means to motivate employees themselves to gain greater insights into their health and improve it (Lump, 34). The concept of employees taking greater responsibility for their health, nurtured by greater accountability, also is a major factor in cultures changing as well.

The second factor of successful health benefit strategic planning is designing in flexibility and agility of response. The lack of flexibility of a health benefits program has in the past been one of the most common complaints from employees and organizations. HMOs with processes and rules that are completely out of touch with the needs of those they serve has stifled many organizations' strategic plans for promoting more holistic approaches to providing benefits. While HMOs have taken a thorough approach to redesigning their processes through BPR and BPM strategies, flexibility is still a challenge

given the many regulations and requirements these organizations have. It is the responsibility of an organization to challenge their healthcare providers to deliver a series of programs that have greater flexibility in their use, costs, and aligning to the needs of employees. Further, HMOs need to develop more preventative healthcare services and also create entire divisions that concentrate more on the total person, not just focus on the triage of illness or injury across their entire customer base.

For any health benefits strategic plan to be effective there must be a strong focus on bringing the largest healthcare providers they rely on along with them on the path to providing greater flexibility of benefits. Scalability of healthcare strategies is also critical, and this scalability must encompass both demographic as well as health condition segments of any organizations' employees. To scale health benefits is to provide the same depth and quality of coverage regardless of one or one hundred employees decide to take advantage of the program. An example of scalability is the development of programs to assist employees to stop smoking.

While there are coaches and specialists who can diagnose the extent of nicotine dependency, the need for personalized counseling requires a healthcare provider to have efficient and expert-level processes in place to manage the number of employees who choose to take advantage of this program. To have scalability is to be able to treat all one hundred employees at a low cost and with a very high level of effectiveness; to not have scalability is to have this service fail to serve those who most need it. As a result of how critical the aspect of scalability is in any health benefits strategic plan, its importance must also be included at the systemic and process level (Alavi, Yasin, 135, 6).

The ability to tailor health benefits to the specific and unique needs of employees at

little or no incremental cost is the goal of many health benefits strategic plans. This ability to customize benefits and preventative healthcare programs is critical to ensuring a long-term cultural shift in any organization as well (Bath, 501). The need for tailoring individualized programs to the unique and special needs of employees is also increasingly being relied on as part of the score-carding and benchmarking process of organizations who are defining best practices in health design benefits (Sharon, Donahue18, 19). Ultimately the success or failure of any health benefits strategic plan in the 21st century is going to be directly linked to best practices of customizing benefits to the unique lifestyle needs, wants, and preferences of employees.

What gets Measured Stays Healthy

Designing health benefit programs as strategies to serve employees is already the catalyst of significant change in many organizations. Making these changes part of an ongoing cultural shift in any organization towards nurturing and increasing the overall level of employee health and wellness, with measurable results achieved (White, 22, 23). The integration of information systems with these processes aimed at supporting holistic health (Kelley, Attridge, 31, 33) is the most rapidly expanding area of capital investment by organizations looking to transform their health benefit strategies. It is essential for information systems to support these underlying processes if individualized health benefit programs are to be created and tracked over time.

The integration of processes, systems and the roles of benefit planners and administrators are crucial if measurability is going to be possible with any health benefit program.

Bringing informatics to the individualized tracking of health programs for employees is an evolving best practice that serves as a knowledge foundation (Bath, 501) for fine-tuning programs even further. Putting the employee, not the process, at the center of the analytics and measurement of health care strategy performance is crucial if results are to be consistently achieved.

The challenge is that in many organizational cultures, the tendency is to focus first on measuring processes or mitigating loss from healthcare costs (White, 22, 23) versus the measurement of gain from greater health being achieved by employees (Lump, 34). Individualized metrics or measures of improvement in specific health conditions are also being tailored to the specific needs of employees, often with significant results in their improvement of potentially debilitating diseases and conditions. Cultures of organizations that are based on measurable results have the greatest potential for achieve lasting change (Alavi, Yasin, 140, 141).

At the individualized level, the use of informatics gives positive feedback to employees as to their progress towards health related objectives. At the division and organizational level, these same Telematics and metrics of performance give organizations feedback as to how effective their strategic plans for health benefits are performing. This approach to measuring and modifying strategies based on results is emerging as the catalyst of change in 21st century health benefits strategies and will serve as the catalyst for organizations to more rapidly change their cultures.

Summary

There is a fundamental shift occurring in health benefits planning, deployment and measurement strategies in the 21st century.

Away from inflexible and often costly healthcare providers to more flexible, scalable programs that allow for individualized self-care, preventative and life-style based health benefits programs, organizations are achieving significant cost reductions in their healthcare programs. The catalyst of these cost reductions is the ownership employees are taking for their health care. Relying on informatics to provide employees with feedback on their progress towards health goals they set on their own is the essence of how organizations change their cultures from reacting to healthcare costs and contingences to planning for them, increasing service to employees while cutting costs at the same time. The 21st century will be marked by greater levels of accountability and immediacy of results for preventative healthcare programs, treating employees from a holistic standpoint. Gone are the days of triage and cost reduction through a one-size-fits-all mentality; now health benefits are going to be tailored to individual needs and preferences, resulting in more effective preventative programs overall.

For Further Contact

If you would like to discuss our findings in greater detail, please contact the author.

Brian P. Hassan
Managing Director
BayPoint Benefits
+1 415 773 5360
brian.hassan@baypointbenefits.com

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