Most Employers Underestimate Full Costs Of Employee Health On Productivity

Poor health among workers is far costlier to U.S. employers than they realize, impacting their profitability and undercutting the nation's overall productivity, according to a study by the Alere Center for Health Intelligence

The study, coordinated by the American College of Occupational and Environmental Medicine (ACOEM), the Integrated Benefits Institute (IBI), and Alere LLC (formerly Matria Healthcare Inc.) is one of the largest of its kind to date. Funding was provided by the National Pharmaceutical Council.

The multi-year study of 10 organizations employing more than 150,000 workers indicates that employers who focus only on medical and pharmacy costs in creating employee health strategies may misidentify the health conditions that most impact the productivity of their employees – while underestimating the impact of other factors.

One such factor, "presenteeism," occurs when employees with health conditions are present at their jobs but are unable to perform at full capacity. The study closely examined the effects of presenteeism, concluding that impaired employee-performance typically creates a greater drain on a company's productivity than employee absence – a finding which could come as a surprise to some employers.

The study also found that when considering medical and drug costs alone, the top five conditions driving costs are cancer (other than skin cancer), back/neck pain, coronary heart disease, chronic pain, and high cholesterol.

But when health-related productivity costs are measured along with medical and pharmacy costs, the top five chronic health conditions driving these overall health costs shift significantly, to depression, obesity, arthritis, back/neck pain and anxiety.

The study suggests that many employers miss an opportunity to improve productivity and their bottom-line results by failing to recognize and prioritize these health conditions when they develop integrated employee-health strategies and related interventions.

"The wake-up call for U.S. employers is that simply looking at the costs of specific medical conditions by adding up medical and pharmacy claims costs alone won't give a true picture of the full impact of poor health on the much greater costs of lost productivity in the workforce," said Dr. Ronald Loeppke, executive vice president of health and productivity strategy for Alere and one of the study's lead researchers. In addition to his role at Alere, Loeppke serves on the board of directors of both IBI and ACOEM.

"Employers need to move beyond solutions that focus only on specific medical conditions and toward the development of integrated personal health support strategies that deal with multiple health conditions and health risks by focusing on the

whole person as well as the whole population," said Thomas Parry, president of IBI. "This is especially important if American business is to remain competitive in the midst of a dire global economy."

Other highlights of the study:

- Health-related productivity costs are significantly greater than medical and pharmacy costs alone. On average, every $1 of medical and pharmacy costs is matched to $2.3 of health-related productivity costs –and that figure is much greater for some conditions.
- Co-morbidities – employees with multiple chronic health conditions – drive the largest effects on productivity loss. The study calls for further research to better evaluate the impacts of co-morbidities by conditions and combinations of conditions.
- The impact of poor health on productivity impacts all levels of an enterprise. Executives/managers seem to suffer high presenteeism productivity-loss related to specific health conditions along with those in non-managerial jobs.

Researchers analyzed more than 1.1 million medical and pharmacy claims during the study. The 10 corporations that participated ranged from an industrial chemical manufacturer and a computer hardware manufacturer to telecommunications and technology companies.

The study was published in the Journal of Occupational and Environmental Medicine (JOEM).