

Health Management as a Serious Business Strategy

Dee Edington

**Health Management Research Center
University of Michigan**

Wayne Burton, MD

**Senior Vice President and Chief Medical Executive
JPMorgan Chase**

James Heap, MD

**Corporate Medical Director
Crown Equipment**



Agenda

Health Management as a Serious Business Strategy

Employer Joint Forum: October 24, 2007

Introductory & Summary Comments

- **Do-Nothing Strategy** 5
- **Business Concepts to Build the Strategy** 5
- **Next Generation Program Leading to Zero Trend and Champion Company** 5

Drs. Wayne Burton and James Heap 45



Introductory Comments

- ✓ Steelcase (H)
- ✓ Progressive (H)
- ✓ Crown Equipment
- ✓ Delphi Automotive
- ✓ Southern Company
- ✓ Foote Health System
- ✓ University of Missouri
- ✓ Medical Mutual of Ohio
- ✓ St Luke's Health System
- ✓ Cuyahoga Community College
- ✓ International Truck and Engine
- ✓ United Auto Workers-General Motors
- ✓ Wisconsin Education Association Trust
- ✓ Southwest Michigan Healthcare Coalition
- ✓ Australian Health Management Corporation

UM-HMRC Corporate Consortium

- ✓ Kellogg
- ✓ US Steel
- ✓ JPM Chase
- ✓ We Energies
- ✓ General Motors
- ✓ Affinity Health Plan
- ✓ Florida Power & Light

*The consortium members provide health care insurance for over two million Americans. Data are available from eight to 18 years.

Meet on First Wednesday of each December in Ann Arbor



Organizational Strategy

Objective

Shareholder value from creative and innovative products from healthy and productive people

Strategy

Next Generation Program to drive Objective

Total Population Management to get to the Total Value of Health

Outcomes to get to Zero Trend

90%-95% participation and 75% to 85% low-risk

Keep the healthy people healthy

Don't get worse



Section I

The Do-Nothing Strategy

**(...as American Business has done
for 60+ years)**

Health Risks and Behaviors

Health Risk Measure

High Risk Criteria

Alcohol

More than 14 drinks/week

Blood Pressure

Systolic >139 or Diastolic >89 mmHg

Body Weight

BMI \geq 27.5

Cholesterol

Greater than 239 mg/dl

Existing Medical Problem

Heart, Cancer, Diabetes, Stroke

HDL

Less than 35 mg/dl

Illness Days

>5 days last year

Life Satisfaction

Partly or not satisfied

Perception of Health

Fair or poor

Physical Activity

Less than one time/week

Safety Belt Usage

Using safety belt less than 100% of time

Smoking

Current smoker

Stress

High

OVERALL RISK LEVELS

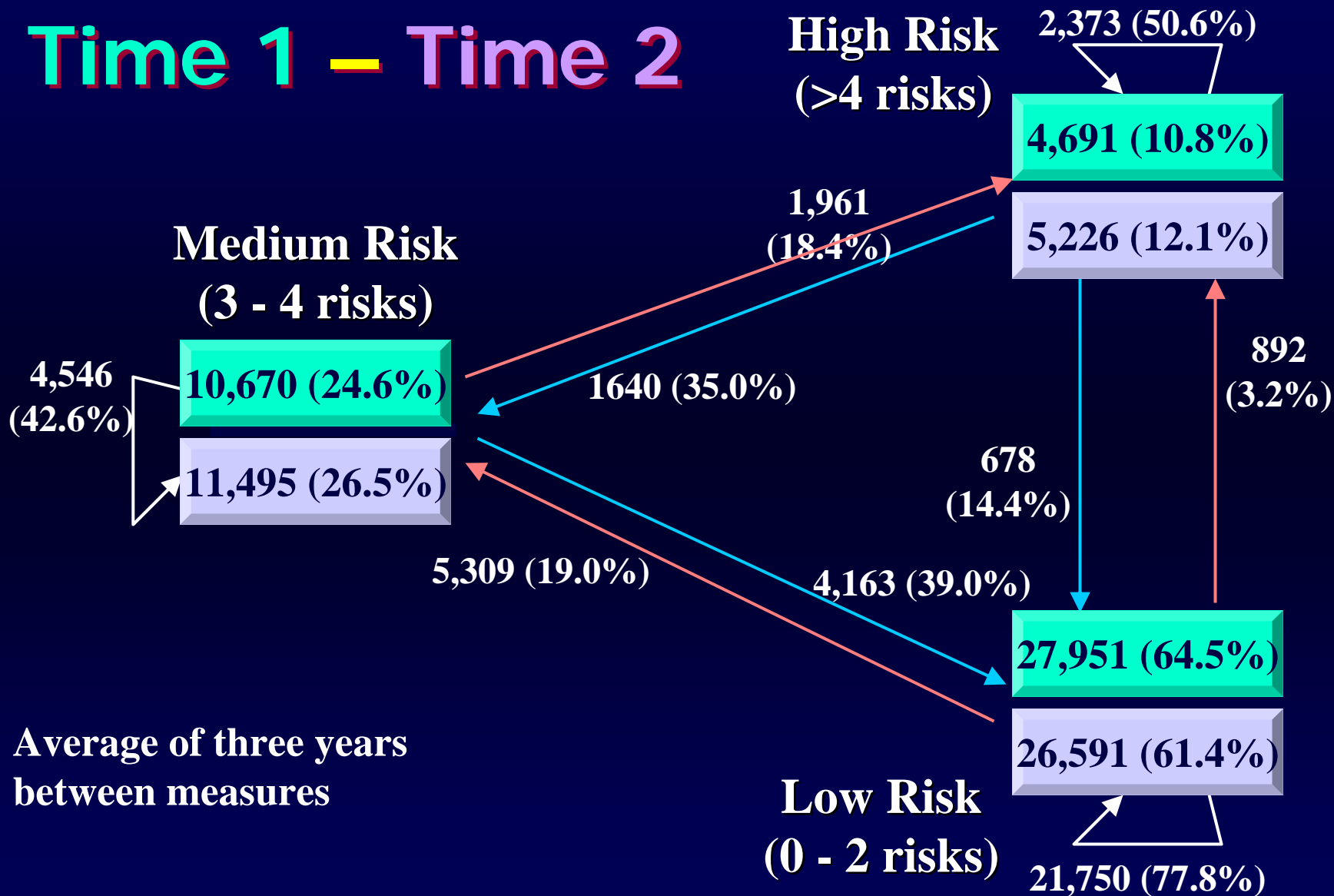
Low Risk **0 to 2 high risks**

Medium Risk **3 to 4 high risk**

High Risk **5 or more high risks**

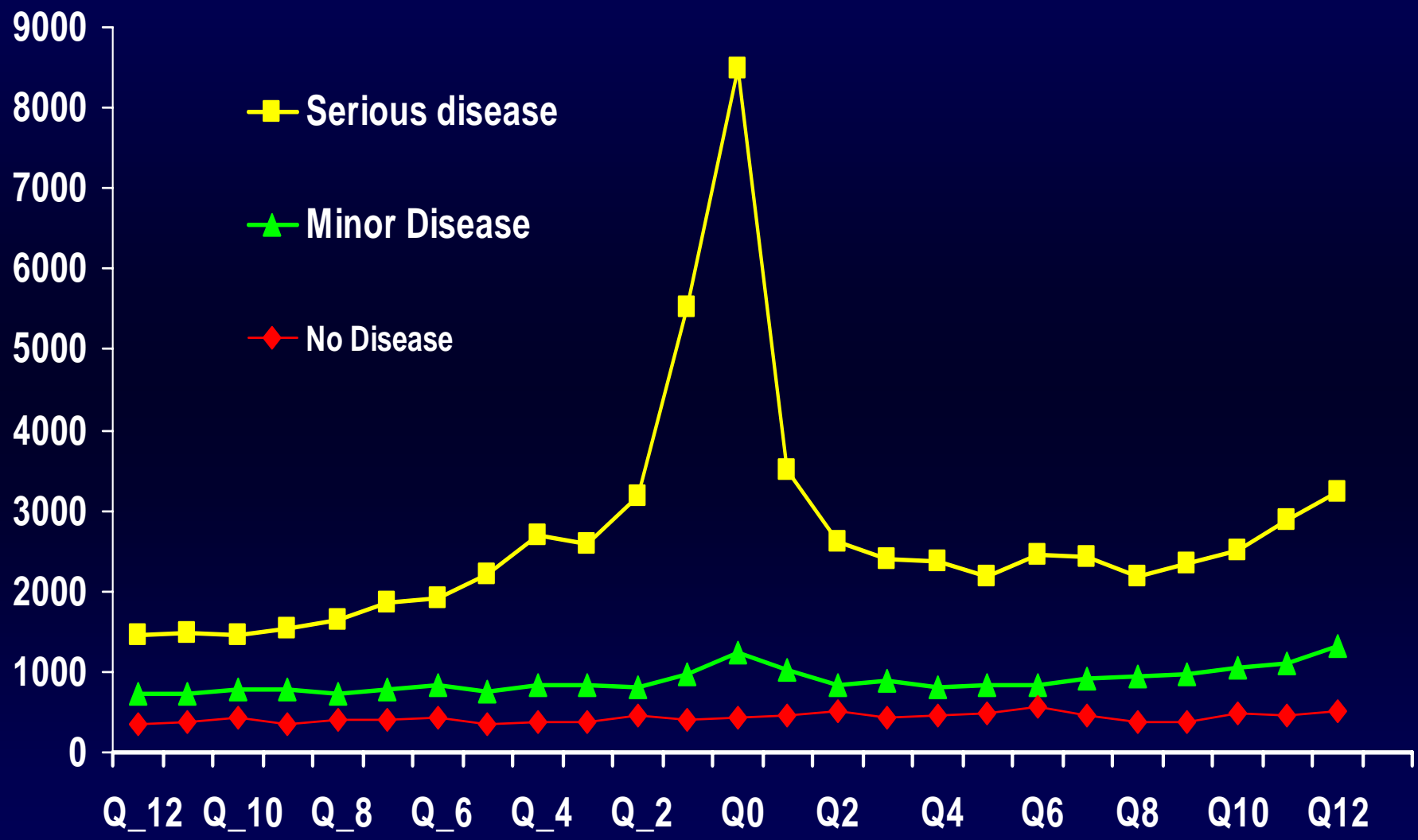
Risk Transitions

Time 1 – Time 2



Average of three years
between measures

Total Medical and Pharmacy Costs Paid by Quarter for Three Groups

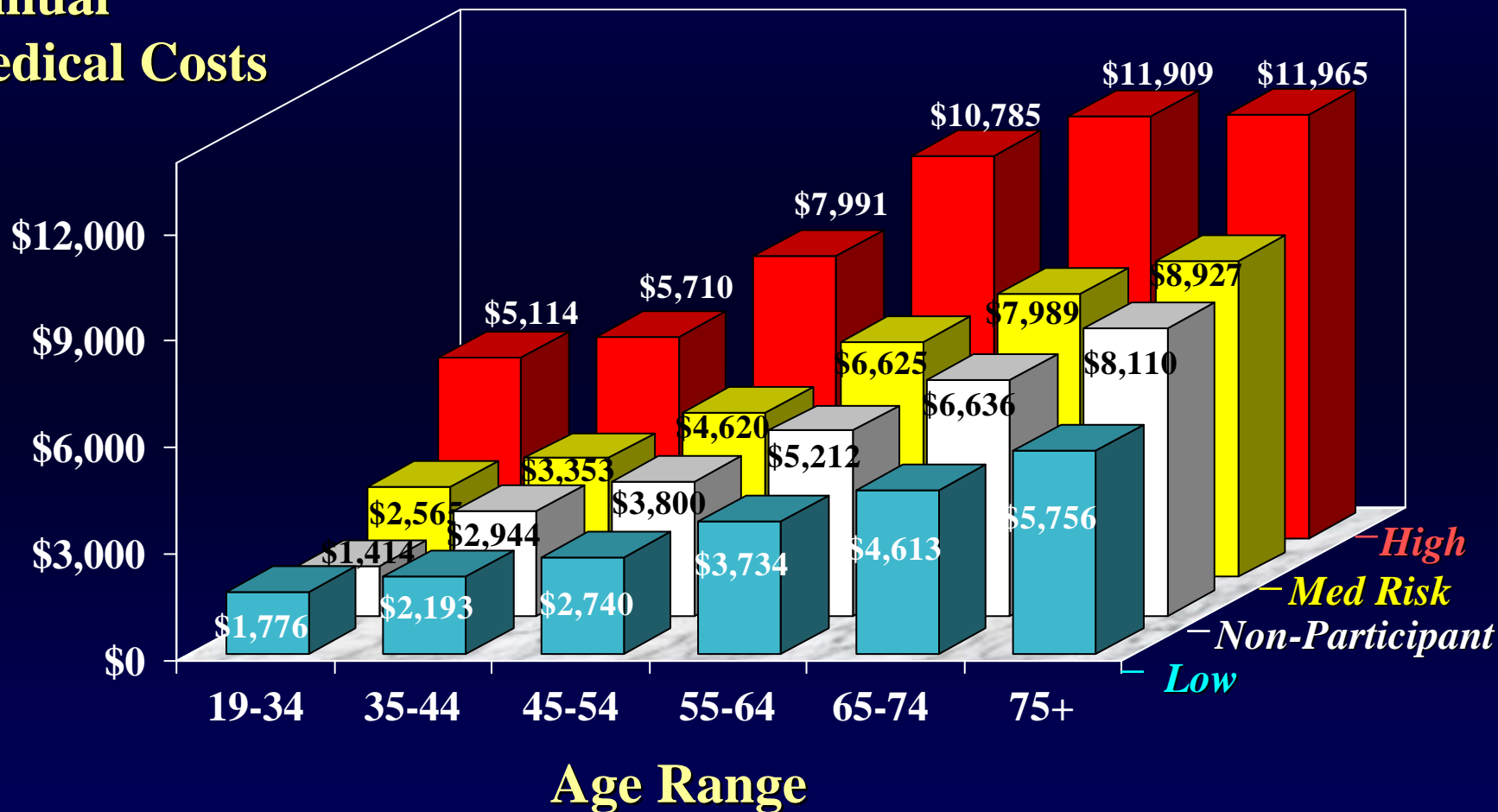




Costs Associated with Risks

Medical Paid Amount x Age x Risk

Annual
Medical Costs





Summary of “Do Nothing”

Natural Flow of Risks and Costs

The flow of Risks is to High-Risk

The flow of Costs is to High-Cost

Costs follow Risks and Age



Section III

Health Management:

**Next Generation Programming
Champion Companies
Zero Trend**

(Preview to Dr. Heap)

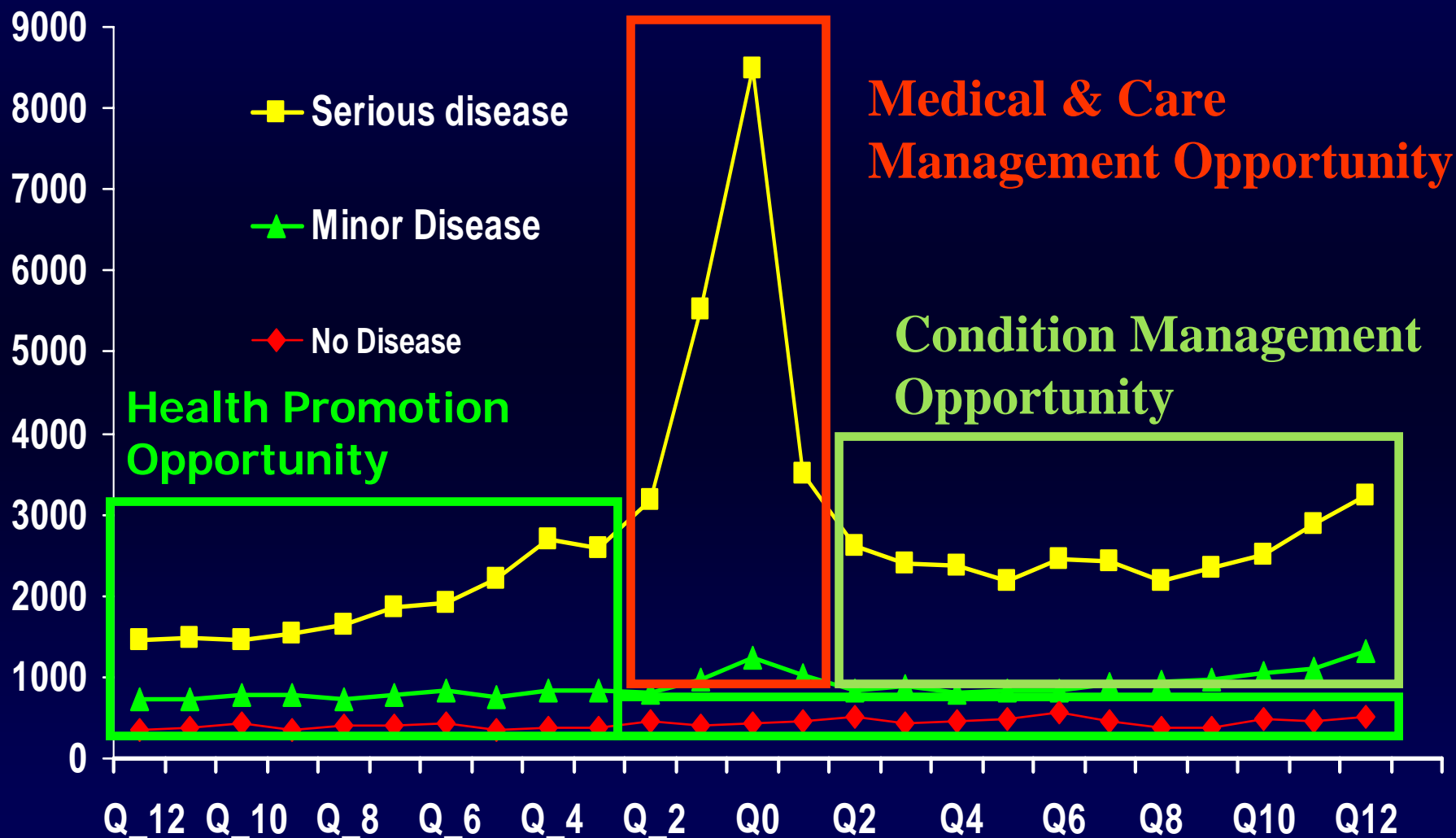


Business Concept

Population Management



Next Generation Health Management



Medical and Drug Costs only

Create an Integrated and Sustainable Approach



*Long Term Strategy—
Short Term Solutions*

Next Generation Health Management Program

1. Vision from Senior Leadership
2. Worksite Environment

Individual Stratification

3. Health Risk Appraisal System

Biometric Screening
Coaching Sessions
-unlimited contacts
Health Advocate
Triage to Resources
Develop Self-Leaders

5. Incentives

6. Measurement

4. Population Programs

Website
Low-Risk Maintenance
Know Your Numbers
Physical Activity
Nutrition Awareness
Wellness Modules



Summary

Sound Bites from the Presentation

1. The **“Do Nothing”** strategy is unsustainable.
2. **“Total Population Management”** is the effective healthcare strategy and to capture the **“Total Value of Health”**
3. We need to refocus the definition of health from **“Absence of Disease to High Level Vitality.”**
4. The business case for Health Management indicates that the critical strategy is to **“Keep the Healthy People Healthy”** (“keep the low-risk people low-risk”).
5. The first step is, **“Don’t Get Worse”** and **“Let’s Create Winners, One Step at a Time.”**

Thank you for your attention.

Please contact us if you have any questions.

Phone: (734) 763 – 2462

Fax: (734) 763 – 2206

Email: dwe@umich.edu

Website: www.hmrc.umich.edu

Dee W. Edington, Ph.D. , Director
Health Management Research Center
University of Michigan
1027 E. Huron St.
Ann Arbor MI 48104-1688