



NEWS RELEASE

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Most Employers Underestimate Full Costs of Employee Health on Productivity

Large multi-employer study indicates that the costs of poor health are much greater for employers than medical and pharmaceutical spending alone

(Elk Grove Village, Ill. April 13, 2009) – 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 major study published this week in the *Journal of Occupational and Environmental Medicine* (JOEM).

The multi-year study of ten 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 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. Research was conducted via the Alere Center for Health Intelligence and funding was provided by the National Pharmaceutical Council.

“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 Ronald Loeppke, MD, MPH,

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®, Dr. 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, PhD, president of the Integrated Benefits Institute. “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 ten corporations that participated ranged from an industrial chemical manufacturer and a computer hardware manufacturer to telecommunications and technology companies.

To fully gauge health-related productivity costs, researchers measured medical and pharmacy spending along with lost-productivity costs related to absence and presenteeism. The study notes that employers have not historically assessed costs in this way, limiting themselves instead to a “siloeed” approach that seeks to manage single health-cost categories, such as medical visits or pharmaceuticals, through benefit-package design.

Researchers compared pharmacy and medical claims data to employee self-reported absence, presenteeism and health information collected through the Health and Work Performance Questionnaire (HPQ), developed by Harvard University researcher Ronald Kessler, PhD, and the World Health Organization. Information collected on employer business measures was combined with this database in modeling health-related lost productivity.

The analysis employed by the research team breaks down the silos typically used when examining the cost of health care for a company. “When medical costs are viewed in a silo, or without the broader context of the full health-related costs, the full impact of a given health condition may be seriously underestimated without accurately assessing the accompanying costs of lost productivity,” Dr. Loeppke said.

“A healthy workforce is critical to an employer’s ability to compete in today’s economy,” said Dan Leonard, president of the National Pharmaceutical Council. “This landmark study can help employers understand the importance of balancing health care costs with quality of care and wellness and prevention initiatives when designing benefits. By recognizing these issues, employers can take steps toward improving employee health, productivity, and retention, as well as spend their health care dollars more effectively.”

“The transformational opportunity for employers is to look beyond healthcare benefits as a cost to be managed and rather to the benefits of good health as an investment to be leveraged. Ultimately, a healthier, more productive workforce can help drive a healthier economy for our nation,” Dr. Loeppke said.

ACOEM, IBI and Alere® have all launched efforts that encourage employers to embrace the full-cost view of workplace health. ACOEM’s Health and Productivity Management (HPM) Center, located at www.acoem.org/HealthandProductivity.aspx, offers resources to help assess full costs, as does IBI’s HPQ-Select and other tools located at www.ibiweb.org, and Alere®, which is located at www.alere.com.

Study authors include Ronald Loeppke, MD, MPH; Michael Taitel, PhD.; Vince Haufle, MPH; Thomas Parry, PhD.; Ronald C. Kessler, PhD.; and Kimberly Jinnett, PhD.

About ACOEM

The American College of Occupational and Environmental Medicine (ACOEM) represents nearly 5,000 physicians specializing in occupational and environmental medicine. Founded in 1916, ACOEM is the nation’s largest medical society dedicated to promoting the health of workers through preventive medicine, clinical care, disability management, research, and education. For more information, visit www.acoem.org.

About Alere®

Alere, a member of the Inverness Medical Innovations (www.invernessmedical.com) family of companies, is a leading provider of health management services to health plans and employers. In collaboration with industry and academic thought leaders, the Alere Center for Health Intelligence is at the epicenter of leading, ground-breaking research on important healthcare issues, conducting research and analysis on business initiatives and strategies and publishing findings in leading peer-reviewed health publications. For more information, email alereinfo@alere.com or visit www.alere.com

About IBI

The Integrated Benefits Institute provides employers and their supplier partners with resources for proving the business value of health. A nonprofit supplier of health and productivity research, measurement and benchmarking, IBI’s programs, resources, measurement tools and expert networks advance understanding about the link between – and the impact of – health-related productivity on corporate profitability. For more information, visit www.ibiweb.org.

About NPC

The National Pharmaceutical Council’s overarching mission is to sponsor, participate in, and promote the scientific analyses of the appropriate use of pharmaceuticals and the clinical and economic value of improved health outcomes through pharmaceutical innovation. Supported by research-based pharmaceutical member companies, NPC sponsors and conducts research and education projects showing how the appropriate use of pharmaceuticals improves both patient treatment and cost outcomes in the overall health care environment. For more information, visit www.npcnow.org.

SOURCE: American College of Occupational and Environmental Medicine, Alere®, Integrated Benefits Institute, National Pharmaceutical Council