

HELP FOR HEALTH CARE



Progressive Businesses Pursue a Variety of Solutions to Decrease Employee Health Care Costs

By Ron Brochu

Mention health care and most business owners feel a knot form in their stomach. Everybody wants good care, but it's often an expensive proposition for both companies and their employees.

But by every measure, a healthy workforce is essential. Statistics suggest American businesses lose \$1 trillion in productivity each year due to chronic illnesses suffered by employees. Making matters worse, "many chronic illnesses are preventable," said Mimi Stender, executive director of Fit City Duluth. Habits such as smoking, overeating and avoiding physical activity can trigger or worsen health problems.



"Overall, \$2.2 trillion is annually spent on health care, and 75 percent of that is to address chronic illness," she said.

With health care demand exploding in tandem with expensive treatments, a growing number of firms are struggling to pay the cost of insurance premiums. Meanwhile, reimbursements are dwindling for government-funded care, forcing hospitals and physicians to shift a growing portion of costs to patients insured by private carriers, further accelerating premium costs.

In reaction, millions of people have called upon Washington to formulate a solution, but the response has been slow. Business owners, however, have not waited for government intervention. Instead, they've pursued a variety of solutions – ranging from better records management to wellness initiatives. Minnesota Power, for example, has promoted fitness initiatives for more than a decade.

national level, competes against many firms that have lower cost structures because they offer no insurance at all. One way to offset that handicap, the Duluth firm has learned, is to promote wellness.

"We suggest offering a variety of programs – as many as possible," Torvinen said. For example, the company promotes a walk at 2 p.m. every day. "A bunch of employees are doing that," he said.

ZMC and other employers also contribute toward the cost of smoking cessation programs, lessening the chance that workers will suffer from cancer, heart and lung illnesses.

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Todd Torvinen, ZMC Hotels

"We certainly recognize that having healthy employees leads to having a happy, productive workforce," said Pat Mullen, vice president of marketing and public affairs.

Creative software can help organizations improve how existing health care allocations are spent, according to Scott Risdal, vice president of business development at Saturn Systems, Inc. Using the "rural outsourcing" model, existing medical software is customized and improved by IT professionals in Duluth, where the work can be completed more economically than in major metros. Saturn also designs health care software from scratch in its Duluth office. Customized software allows companies to cut their costs through initiatives including electronic health records and telemedicine, Risdal said.

On another level, companies are leveraging economic realities to help convince employees of the advantages of staying well. Setting deductibles and co-pays at a level that encourages healthier lifestyles is one example. In addition, insurers are encouraging customers to more carefully select their medications. With pharmaceutical drugs responsible for 20 to 25 percent of health plan costs, it's increasingly important for patients, when possible, to select generic or formulary medicines rather than brand name products.

"People must be responsible for their own destiny to a certain extent," said Todd Torvinen, president and chief financial officer of Duluth-based ZMC Hotels, Inc. Progressive employers are prepared to help them, because benefits far outweigh costs, he said.

That's particularly important for ZMC, which, on the



ZMC executives who work in stressful positions, including motel general managers, are reimbursed for health club memberships. The program works on the honor system. Participants are expected to work out at least three times a week. On a lighter note, the hotel management company sponsors “greatest loser”-type contests to encourage weight loss among employees. It also promotes physical therapy initiatives and offers a 24-hour nurse line.

“We want our people healthy, not fatigued,” Torvinen said.

Programs can serve everyone from aggressive athletic persons to those who prefer less rigorous exercise – or both, Mullen said. Minnesota Power’s running club, which annually fires up in late March, prepares participants

to participate in Grandma’s Marathon events – some in the full marathon, some in the half-marathon and others in the 5K race. On a milder scale, the company has “Strider” teams for in-line skating, cross-country skiing and ice skating.

“We also have walking programs for people who aren’t as athletic,” Mullen said.

Keeping physically fit can be especially challenging for workers who remain relatively stationary while on the job. Among them are bus drivers, so the Duluth Transit Authority launched an exercise program last August that raises the pulse and encourages muscular flexibility.

“We’ve developed an arrangement with personal trainers ... They come into our office for one hour a week to lead

a full body workout” that uses resistance bands, explained DTA Administrative Secretary Christy Hills. “Trainers also discuss healthy food choices and nutrition.”

Drivers are taught about low-impact hand and stretching exercises they can do while on break.

“The program has been well received. We have a core group of participants and others who participate occasionally,” said Hills, who pens a health-oriented story for the DTA’s quarterly newsletter. Aimed at employees and their families, the publication was launched a year ago. “If nothing else, it has made employees more knowledgeable about nutrition and more aware of the benefits of exercise,” she said.

Competition can enhance participation in wellness efforts, said Jodi Nelson, chief operating officer at Sisu Medical Solutions. For example, Sisu has sponsored a “steps” contest in which participants walk, climb stairs, swim or exercise in other ways. The prize: a one-hour massage.

“It wasn’t a big prize, but it’s the competition angle that makes this successful,” Nelson said. “People love it. About a third of our employees signed up. It gets them up and going. It also gets them talking about nutrition.”

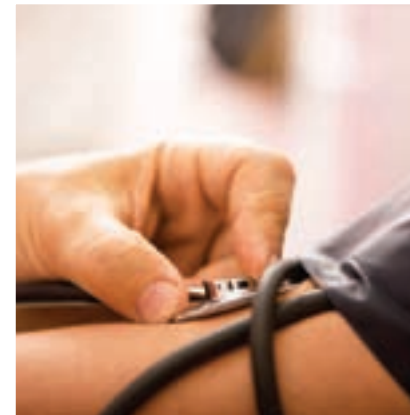
Using online software offered by Sisu’s HMO simplifies administration of the program. The HMO’s web site also offers a health assessment questionnaire and nutritional information, and addresses weight issues, sleep management and tobacco use. Nelson said it’s too early to evaluate the results.

“In the long term, we hope it will reduce our health insurance premium,” she said.

Small companies typically have fewer resources than larger ones to sponsor wellness programs. Fit City Duluth, which grew out of a local health care task force, has launched an initiative to help small firms get on the bandwagon. Research has identified many affordable efforts that typically prove successful, Stender said, including the formation

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Mimi Stender, Fit City Duluth



of walking groups, the use of stairways instead of elevators, stretching breaks, access to free drinking water and the availability of workplace refrigerators and microwave ovens to encourage better nutrition.

Other no-cost or low-cost efforts include “walk and talk” business meetings and the promotion of public transit.

“Every transit rider is a walker first because they have to walk to the bus stop,” Stender noted.

There’s no single program that works for every company, she said; it’s more a matter of considering the options and creating opportunities for workers to participate.

The benefits are considerable. For every dollar annually spent on programs that promote better health, there’s a \$6 return, according to a Minnesota Health Department study.

“Because of the large amount of time people spend at work, these programs are important,” Stender said.

And they offer side benefits, Mullen said.

“It allows employees in different parts of the company to get to know each other. It has gone a long way

toward team-building,” he said. “It also leads people to become more loyal and dedicated employees because they know the company cares about them.” **D**

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Jodi Nelson, Sisu Medical Solutions



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*Chapman, 2005 Update Art of Health Promotion

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