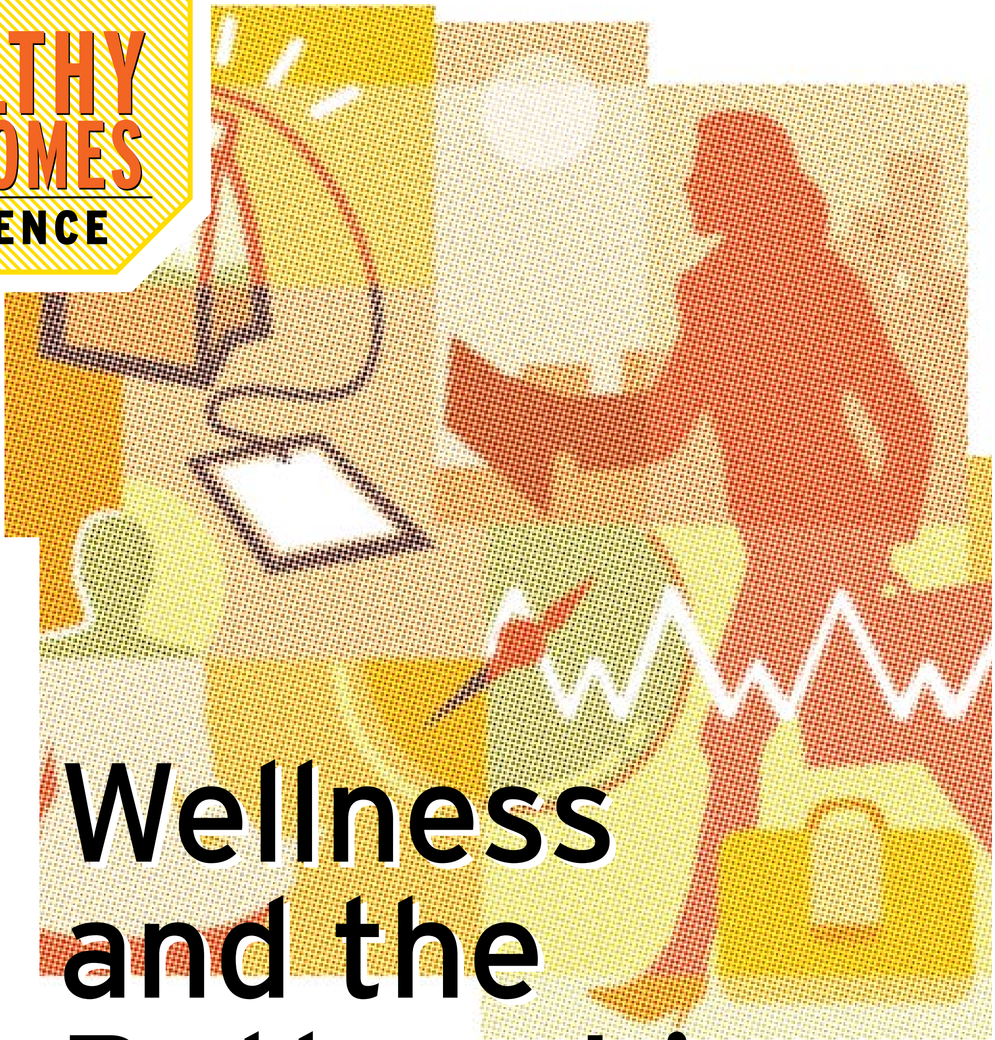
Working Well
2011 HEALTHY OUTCOMES CONFERENCE



# Wellness and the Bottom Line

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The Healthy Outcomes Conference took place from April 5 to 7, 2011, in Banff, Alta. The forum brought together senior-level decision-makers within public and private health payer groups to discuss the common challenges of managing workplace health and share solutions for improving employee wellness and productivity.

# RA and its Impact on the Workplace

**Dr. Diane Lacaille**

ASSOCIATE PROFESSOR

The Arthritis Research Centre, University of British Columbia

### How to lessen the cost burden of rheumatoid arthritis

Rheumatoid arthritis (RA) is a musculoskeletal condition that affects about 1% of Canadians. If RA is not diagnosed early and treated properly, it can place a heavy financial burden on plan sponsors.

RA is a chronic autoimmune disease characterized by inflammation in the lining of the joints. It is a systemic disease, which means it can cause severe fatigue and affect other parts of the body. It develops in about 1% of the world's population, and it tends to strike people when they are 35 to 50 years old, the prime working years.

There is no question that this disease can have significant negative consequences in the workplace. Whether through absenteeism, presenteeism or disability costs, there will be an impact on the company's bottom line on some level. In 2006, the American College of Occupational and Environmental Medicine reported that the average total costs for workers with RA were US$4,244 greater than for workers without RA.

Advances in technology have allowed for more targeted means of treating RA and can send people into remission and back to work sooner. Biologics, which are genetically engineered proteins derived from human genes, are designed to slow down certain areas of the immune system that stimulate inflammation, a primary characteristic of RA. In other words, they work by targeting specific components of the immune system instead of broadly affecting many areas of it.

Aggressive treatment of RA with disease modifying anti-rheumatic drugs (DMARDs) is effective at preventing joint damage and improving physical function, especially when they are used early, when the disease is more responsive to treatment. Although biologics are more expensive than traditional DMARDs, they are effective alternatives for people with moderate or severe RA who fail to respond to traditional DMARDs. Research has shown that biologics slow the progression of RA and prevent long-term disability. Studies have shown that employees who are treated with biologics not only take less time off work but are also more productive.

Plan sponsors should design their benefits plan to facilitate the best patient outcomes for the lowest cost; only in this way will they maximize productivity and minimize their costs. Employees with RA that's treated aggressively and efficiently have optimal chances of leading a relatively normal and fully productive life at home and at work.

> Advances in technology have allowed for more targeted means of treating RA

# Biologic Drugs: A delicate balance

**Suzanne Lepage**
PRIVATE HEALTH PLAN STRATEGIST
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## Dealing with biologics in a cost-conscious workplace

Private benefits plan managers can't deny the impact of biologic drugs on their drug plans. According to Telus Health Solutions 2010, biologic drugs represent 14% to 16% of drug spend and 60% of catastrophic claims. However, they account for less than 1% of the total number of claims, according to ESI Canada's 2009 *Drug Trend Report*. Biologic drug claims are growing by 14% per year (versus 4% for other drugs) and are expected to account for 33% of drug spend in 2014, according to ESI's 2010 *Drug Trend Report*.

On the flip side, biologic drugs provide significant improvement in health outcomes. Treatment with Rituxan cuts deaths in non-Hodgkin's lymphoma in half, according to a 2010 article in the *Journal of Clinical Oncology*. And recent studies in *Rheumatology* and the *International Journal of Advances in Rheumatology* have demonstrated that an early start with biologics for RA patients results in fewer lost workdays and increased productivity.

So how are biologics different from traditional medications? Biologic drugs are produced from living cells, whereas traditional drugs are produced from chemicals. A traditional drug can be created in any laboratory setting as long as you have the right ingredients and equipment. With biologic drugs, the product is the process. A small difference in the manufacturing process (such as duplicating a production facility in a different country) can significantly affect the nature of biologics and the way they function in the body.

Many plan managers hope that the cost of biologics will decrease when their patents expire and follow-on versions, called subsequent entry biologics (SEBs), enter the market. As a result of their manufacturing complexity, the regulatory approval process in Canada will be significantly different. In general, in order to substitute a generic drug for a brand name drug at the pharmacy counter, Health Canada must declare the drug bio-equivalent, and the provincial regulations must permit the pharmacist to interchange the drug without consulting the physician. With SEBs, the approval process will differ from that of traditional generic drugs. Whereas an application for a traditional generic drug can be abbreviated and requires demonstration of bio-equivalence, a SEB must be submitted as a new drug entity and requires clinical trials. Upon approval, Health Canada will not declare the drug bio-equivalent, and it is likely that pharmacists will not be able to interchange the SEB and the brand name drug.

Because of the complexity in the production process and the requirements for a full submission, clinical trials and review of the production process, it is likely that SEBs will not result in the significantly lower costs that we have seen with traditional generic drugs.

Biologic drugs represent 14% to 16% of drug spend and 60% of catastrophic claims

# Canadian Health Troubles

**Lori Casselman**

ASSISTANT VICE-PRESIDENT, HEALTH AND PRODUCTIVITY

Sun Life Financial

## Employers can help employees lead healthier lives through workplace wellness programs

The current state of healthcare in Canada is riddled with challenges: the population is aging rapidly; there is an increase in obesity, diabetes and heart disease; and healthcare costs are soaring. In late 2010, Sun Life Financial launched the *Canadian Health Index,* a landmark study conducted by Ipsos Reid. A nationally representative sample of 4,000 Canadians was surveyed to better understand their health-related attitudes, behaviours and perceptions. Results from 45 questions were analyzed to calculate an overall health index score of 68.5 out of 100—this mean that on a health report card, Canadians would assign themselves a C grade. Moreover, 81% of respondents believe that most diseases are preventable, which is in line with the World Health Organization's report that 80% of heart disease and diabetes—and 40% of most cancers—are preventable by reducing key risk factors. However, 63% of those surveyed indicated that they demonstrate three or more unhealthy behaviours on a regular basis, such as low levels of physical activity, use of tobacco and lower consumption of fruits and vegetables, all of which are disease risk factors.

What is preventing Canadians from adopting a healthier lifestyle? In the *Canadian Health Index,* 61% of Canadians surveyed rank a lack of willpower as the primary barrier, followed closely by a lack of time (46%) and a lack of money (39%).

With Canadians spending more than 36 hours a week at work, wellness programs could act as a support mechanism to help Canadians overcome these barriers and adopt healthy lifestyles. Workplace health solutions can provide employees with targeted health messages, more convenient access, a supportive environment or employer-subsidized programs in order to help change behaviour and reap the financial and productivity rewards of a healthy workforce.

There is a growing body of evidence to support the impact of employee wellness programs on the bottom line. According to a 2010 Harvard University study, for every dollar spent on wellness programs, medical costs fall by about $3.27 and absenteeism costs by $2.73. In addition, the Towers Watson 2009/10 *Staying@ Work* report shows that employers with highly effective wellness programs have performed more than 55% better than their industry peers, achieved higher average revenue per employee and seen less absence, disability and total turnover, as well as lower annual medical costs.

The Sun Life Wellness Institute, launched this past spring, aims to become the leading health and wellness knowledge exchange for Canadian employers by providing evidence and insight that will influence positive outcomes in the health and well-being of working Canadians. Sun Life will also partner with the Richard Ivey School of Business at The University of Western Ontario in a pioneering Canadian study on the return on investment and impact of workplace wellness programs.

**Employers with highly effective workplace wellness programs have performed more than 55% better than their industry peers**

# Evidence-based Corporate Health Management

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## Keep your health and safety programs from becoming simply a business expense

It is often said that people are an organization's most important asset or that the workforce is the engine that drives corporate success. In that sense, human capital is a vital strategic resource—a resource that increases in value as the health and productivity of the workforce increases. It follows that optimizing health and productivity should be a strategic objective of high-performance organizations. However, the conventional approach views health and safety as an obligatory business expense rather than a strategic corporate investment.

This perspective leads to a focus on regulatory compliance and cost containment and, often, a disproportionate emphasis on work-related illness and injury. The aging of the workforce and proliferation of chronic diseases—particularly the emergence of mental illness as a major cost driver for employers—demands a paradigm shift to a more rational, evidence-based approach that more effectively balances financial, health and productivity outcomes.

Cost-effective corporate health management is informed by the integration of multi-source data (administrative claims data, self-reported employee health information and relevant occupational health research findings). When subjected to both actuarial and medical analysis, these data provide a more concise employer-relevant (and, preferably, employer-specific) picture of both direct health-related costs, such as non-insured medical services, pharmaceuticals, health and safety and disability programs, and indirect costs, including productivity losses from presenteeism, absenteeism and turnover. Identification and prioritization of these cost drivers help inform corporate health policy and guide preferential investment in high-impact benefits and programs that contain costs, optimize workforce health and maximize productivity. These data also serve as a baseline for program evaluation and continuous quality improvement.

Based on the evidence, leaders in health and productivity management have made the following conclusions:

- the employer health burden is composed of both direct healthcare utilization costs and indirect costs from productivity losses;
- short-term cost-containment strategies (cost-sharing, cost minimization) derived from actuarial trend analysis of direct costs have been unsuccessful in stemming rising employer health costs;
- productivity losses (particularly presenteeism), and not medical treatment costs, account for the large majority of employer costs related to chronic diseases and mental illnesses;
- employer costs associated with chronic diseases far outweigh the costs of work-related illness and injury, and employers cannot rely on the primary care system to manage this problem in the short term;
- mental illness is a leading cause of impairment and disability (and the leading cost driver) in most organizations; and
- the most effective corporate health initiatives adopt a comprehensive, co-ordinated and evidence-based approach, which includes integrated health-risk assessment, health coaching, disease management, disability management, vocational rehabilitation and care co-ordination services.

**Optimizing health and productivity should be a strategic objective of high-performance organizations**

Progressive employers can use employee health surveys to generate actionable information on employee-reported environmental and behavioural health risks, health status (chronic disease profiles) and productivity implications. These findings—when integrated with existing administrative health claims data and relevant research findings—provide the evidence for more reliable corporate health interventions that will improve financial, health and productivity outcomes.

# Gold Panel: Win-win partnerships

## Key steps to developing and maintaining workplace wellness programs

The expert panelists from the Winning Wellness Partnerships Gold Panel at the **10th Annual Healthy Outcomes Conference** recommended four critical steps in developing and maintaining winning workplace wellness programs.

**1. Decide what you hope to accomplish with your program and ensure that everyone in your organization is working toward the same clear strategic objectives.** Workplace wellness programs can accomplish a wide variety of objectives; however, you cannot accomplish them all at once. Which ones will you focus on first? Improved employee health, greater productivity, reduced absenteeism and disability, better employee engagement, cost savings or employee attraction and retention?

**2. When defining wellness objectives, it is critical that your organization's culture supports your objectives.** "You have to start with your culture and build from there," said Leanne MacFarlane, senior director, business development, with MHCSI - Managed Health Care Services Inc. This is not just a program delivered by HR directly to employees. "Your people leaders and senior managers also need to walk the talk," added Chris MacDonald, assistant vice-president, health management services, with Manulife Financial.

**3. Once you have defined your objectives, determine what you will measure.** What does success look like? What outcomes or metrics will you evaluate before and after the implementation of your programs? This will help you to define how you will measure the program's success and how you will establish your return on investment. You might also want to consider benchmarking against others in a similar industry at the outset and after your programs are implemented to measure significant differences or improvements.

**4. When it comes to developing your program, you don't need a big budget to implement workplace wellness initiatives.** "We don't need huge innovation in workplace wellness; we have to use what we already have more appropriately," explained Karen Seward, executive vice-president, business development and marketing, with Morneau Shepell. If you take the time to inventory everything that you currently offer your staff, you might be surprised at how many different wellness initiatives you already have.
It is important to make your programs relevant and easily accessible for all staff in order to engage your team and achieve the desired behavioural change.

Expectations for workplace health are evolving, explains Judith Plotkin, vice-president, strategic growth, with Homewood Human Solutions. "We are seeing mental and physical health come together to look at the total health of the employee," she added. Seward concurred. "We need to link solutions to mental health, wherever possible."

When defining wellness objectives, it is critical that your organization's culture supports your objectives