



Translating Health into Performance

An initiative of IHPM



VBH™ Sponsors

- Aetna Inc.
- Aflac
- Johnson & Johnson
- Pfizer Inc.
- sanofi-aventis
- TowersWatson



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Mission - To Define and Establish "Value" -- Not Cost -- as the Basis for Health Benefit Design

- *Benefits* defined by Webster as "whatever enhances well being"
- Includes wellness and health promotion programs, preventive screenings, disease management and EAP/work-life balance programs
- *Value* defined as reductions in the total burden of illness -- including lost productivity -- as the result of investments in employee health



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~ Lost productivity at work for health reasons is more than double the cost of medical care and absenteeism

Value-Based Health (VBH)TM Employer-led Movement

~ but engaging other
key stakeholders -
Plans, Providers,
Consultants, Brokers
And Physicians



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Health and Productivity Model

- Value Path™
 - Value-Based Health Benefits include health insurance and health management programs.
 - The outcome is optimal functional health of the workforce.
 - This translates into improved productivity which:
 - Reduces the total burden of illness
 - Produces a positive return on investment

Value-Based Health Benefits → Optimal Functional Health → Productivity

↓ BOI = ROI ↑



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Value Path™

Value-Based Health Definitions

- **HUMAN CAPITAL**

- **Value** of the organization's human assets
 - Knowledge/Skills/Education
 - Attitude/Effort/Motivation
 - Tools/Equipment/Technology
- Functional health status
 - Multiplies value of the other components
- Employees willing and able to complete a task with a desired outcome or result
 - Functional health is critical



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Basing Health Benefit Design on Value Instead of Cost

- **Five fundamental elements of a value-based benefit plan design:**
 - Enabling engagement in health improvement behaviors – e.g., exercise, diet;
 - Doing preventive health screenings;
 - Easing access to appropriate best quality care (including prescribed drugs of choice);
 - Integrating disability with medical benefits in a person-centric rather than “siloes” approach;
 - Providing services (e.g., EAPs) and work arrangements to support employees’ total well being in a corporate culture of health.



Value-Based Health Definitions

- **HEALTH**
 - Optimum well-being -- physical, mental, emotional
 - Employee/family
 - Company/organization
 - Stakeholders/Shareholders
- **VALUE**
 - Usefulness, worth
 - Dimensions of value:
 - Time – short/long term
 - Satisfaction – quality
 - Availability – access
 - Outcome – functional
 - Result -- financial

Value Investment Opportunities

- Participation / Engagement
- Functionality / Attendance
- Clinical Outcomes
- Mitigation / Elimination of Risk
- Shareholder / Taxpayer Exposure
- Reduced Burden of Illness
- Community / Social Capital Impact



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Health and Productivity Model

- HPM Value Chain™
 - Benefits are just one link in the total value chain
 - Health benefits and programs should help induce employee behaviors that improve health
 - Risk reduction and health improvement are the intermediate outcomes sought
 - Which, in turn, impact medical and disability costs
 - But the ultimate desired outcome is functional health improvement to increase productivity

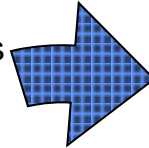


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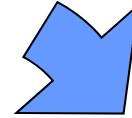
The HPM Value Chain™

OUTCOME
Improved corporate
financial
performance

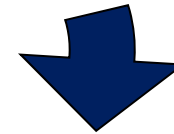
Which translates
into enhanced
worker
productivity



Design benefits
and programs



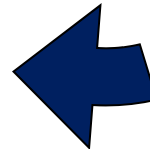
To provide incentives



To change behavior



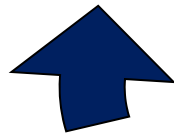
To reduce risks



To improve
health



Which will impact
medical costs and
disabilities



And improve
functionality

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Value-Based Health™ Employer-led Movement

Committed to Sharing Experiences and Providing Leadership to Others

- Impressive list and variety of employers by industry and size
- Agenda of communications activities and research projects
 - Webinars, published articles, conference presentations
 - Field research with employers (e.g., State of Washington)

Employer-Led Movement

- **ORGANIZATIONAL LEADERSHIP**
 - Culture of health
 - Executive management support
 - Communications strategy
 - Employee engagement

Employer-Led Movement

- **PROCESS LEADERSHIP**
 - Metrics for health and productivity
 - Data integration
 - Technology innovation
 - Cross-functional teams

Employer-Led Movement

- **PROGRAM LEADERSHIP**
 - Integrated Design of health- related programs
 - Risk assessments
 - Wellness and prevention
 - Incentives for behavior change
 - Chronic care management
 - Access to needed services

Employer-Led Movement

- **PROVIDER LEADERSHIP**
 - Coordinating vendor programs
 - Measuring employee satisfaction
 - Clear Definitions of Value
 - Measuring HPM outcomes

Success Factors for Value-Based Health

- Determine the burden of illness (BOI)
- Rank/Select opportunities by total value
- Implement changes to optimization of health
- Evaluate and measure effectiveness



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VBH Award Winners - 2007

- Intel
- Procter & Gamble
- Cerner
- Marriott International, Inc.
- Individual Leadership Award: Jack Mahoney, MD - Pitney Bowes



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VBH Award Winners - 2008

- Aetna Inc.
- BankPlus
- Deere & Company
- East Chemical
- Kansas Health Policy Authority
- Novartis
- Pfizer Health Solutions
- Saint Luke's Health System
- State of Washington
- University of Michigan
- Individual Leadership Award Randy Abbott – Watson Wyatt Worldwide



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VBH Award Winners – 2009-2010

- PPG Industries
- Johnson & Johnson
- The Dow Chemical Company
- Hannaford Bros.
- Mayo Clinic
- Cox Health Plans
- Manatee County (FL)



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In Sum.....

“Value-Based Health Benefit Design is about getting better health results for the benefit dollar expended.” (using Webster’s definition of “benefits” to include whatever enhances well-being)

Looking into the Heart of Value-Based Health Benefits

*Authored by: Randall K. Abbott (WatsonWyatt) and Steven E. Priddy (IHPM/IVB)
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