

How To Reduce Health Insurance Costs for Corporations

U.S. Health Care Costs Are Astronomical—And They Are On The Rise

--The direct medical cost of physical inactivity was nearly \$76.6 billion in 2000, according to the U.S. Centers for Disease Control.

--U.S. health care cost is forecasted to grow to \$2.8 trillion (or \$9,216 per person) by 2011 (The National Health Statistics Group, Centers for Medicare and Medicaid Services).

Health and Wellness, Including Proper Diet and Exercise, Can Make A Difference

--Inactive adults have significantly higher direct medical costs than active adults (Centers for Disease Control and Merck Institute of Aging & Health).

--According to the California Nutrition Network, unhealthy eating and a lack of physical activity cost the U.S. economy \$117 billion.

--Care for people with chronic diseases accounted for more than 75% of the \$1.4 trillion medical care costs in the U.S., according to the Centers for Disease Control, which notes that "engaging in regular physical activity is associated with taking less medication and having fewer hospitalizations and physician visits."

--Studies show that obesity costs companies \$12.7 billion per year, the largest share of which – \$7.7 billion – was in the form of higher insurance costs, and is associated with 63 million additional doctor's visits annually. It adds \$395 a year to a person's health care costs--more than problem drinking, smoking and aging. A balanced diet reduces the potential of a wide range of illnesses, too, including type 2 diabetes, hypertension and heart disease. Health insurance costs rise as your weight to height ratio (or Body Mass Index, BMI) increases.

Health Care Costs Affect Corporations' Bottom Line

--Rising health care costs are indirectly borne to employers in the form of increased health insurance costs and workers' compensation premiums, coupled with the problem that a workers' productivity declines when he or she is in poor health.

--Companies with a long-term commitment to employee wellness and disease management confirm that it reduces costs. Union Pacific's health promotion program, which has won numerous national awards, was started at a time when the company's medical costs were about twice the national average. The initial self-care initiative cost about \$50 per employee and saved the company an estimated \$1.26 million. The number of smokers in its workforce has gone from 40% to 28% in the last 10 years, which has a big impact because smoking is one of the most expensive unhealthy habits.

Almost All of the Largest Companies Already Have Wellness Programs

The U.S. Dept. of Health & Human Services says that almost all companies with more than 750 employees now offer some kind of health improvement programs, although the scope of those programs vary considerably. The agency reviewed health promotion and disease prevention programs of nine large employers and estimated that the companies saved anywhere from \$1.50 to almost \$5 in health-related expenses for every dollar spent. The average savings was \$3 for every \$1 spent.

--When looking at data from the past, it is evident that health insurance costs will continue to rise for those companies that don't promote claims prevention and/or disease management for diseases such as diabetes, asthma and hypertension. While these diseases can lead to expensive complications when they're not taken care of, if those same diseases are properly managed, related costs remain relatively low.

The Financial Cost Every Time An Employee Does Not Exercise Is Real

--The return your company will receive from employees who are currently sedentary and change their lifestyle in healthful ways is significant. Fit employees have more energy and suffer less from stress related problems.

--With a fit employee population, there are many benefits to any company's bottom line. The Surgeon General determined that 70% of all illnesses are due to lifestyle related causes. One half of all medical costs are attributed to illnesses that could be prevented.

--Frequent exercisers were absent from work only 2.11 days per year, compared to 3.06 days for inactive individuals according to American Sports Data research. Studies show that employees who exercise incur health care costs 31% lower than those who don't.

--Motorola's wellness program was calculated to have saved \$3.93 for every \$1 invested.

--Northwest Utilities' well-aware program reduced lifestyle and behavioral claims by 1 million 400 thousand dollars in 24 months.

--When Catapillar launched their healthy balance program for their employees, they projected that it would save the company \$700 million by the year 2015.

--Johnson and Johnson's wellness program reduced annual health care savings by \$224.26 per employee.

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