A Strategy to Create Jobs and Cut the Deficit by Improving Health

Webinar
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Webinar Host

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Featured Speaker

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Format

- Congressional Budget Office (CBO) Long Term Budget Projections
- Health Related Causes of Federal Spending
  - Medical Care, Medicaid, other Health Spending
  - Social Security
- Strategy to Improve Health
- Some of the numbers
- Help us figure this out

This is a work in progress and we need your help refining it!

Key Points

- This idea gets health promotion back in the national policy conversation: jobs and deficit
- Improving employee health pays for itself for employers
- We need better ways to improve health outside the workplace
- Proposed strategy may pay for itself in the short term
  - Employers
  - Health insurance providers
  - Medicare, Medicaid, SCHIP
- Investment in efforts to improve health…
  - Will create jobs
  - Should improve health
  - May reduce the federal debt and make Social Security, Medicare and Medicaid solvent.

This is a work in progress and we need your help refining it!
Primary Federal Spending and Revenues, by Category, Under CBO’s Long-Term Budget Scenarios Through 2085

Federal Debt Held by the Public Under CBO’s Long-Term Budget Scenarios Through 2085

Congressional Budget Office; 2011 & 2013 Long Term Budget Outlook
Current Annual Budget Deficit is Not the Problem

Each American’s Share of National Debt Is Growing
As Washington continues to spend more than it can afford, future generations of taxpayers will be on the hook for increasing levels of debt. The amount of debt per citizen will skyrocket.

INFLATION-ADJUSTED DOLLARS (2010)

Source: U.S. Census Bureau and Congressional Budget Office (Alternative Fiscal Scenario).

Debt and Deficits Chart 2 • 2011 Budget Chart Book • heritage.org
A crisis that will cause our nation’s economy to implode

What are the root health related causes?
Underlying health related causes

- Lifestyle
- Chronic Disease
- Aging Society
- Poverty & Inequality

Yikes!

Medicaid Costs
Medicare Costs
Social Security Costs
Low Tax Revenue


Risk Factors (positive) 2005-2010
1. Not smoke 77.4%
2. Physically active 45.2%
3. BMI ≤ 25 32.5%
4. Nutritious diet 22.2%
5. Cholesterol ≤200 46.0%
6. BP <120/80 42.8%
7. Glucose < 100 59.2%

% of population meeting
7 of 7: 1.2%
6 of 7: 7.5%
5 of 7: 16.6%
4 of 7: 22.4%
3 of 7: 25.5%
2 of 7: 18.0%
1 of 7: 7.3%
0 of 7: 1.4%

Yang, O. et al. JAMA 2012;307:1273-1283
Top 10 Causes of Death in US, 2013 Final. 73.56% of all deaths

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Heart disease</td>
<td>611,105</td>
<td>23.53%</td>
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<tr>
<td>Cancer</td>
<td>584,881</td>
<td>22.52%</td>
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<tr>
<td>COPH</td>
<td>149,205</td>
<td>5.75%</td>
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<tr>
<td>Accidents</td>
<td>130,557</td>
<td>5.03%</td>
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<tr>
<td>Stroke</td>
<td>128,978</td>
<td>4.97%</td>
</tr>
<tr>
<td>Alzheimer’s</td>
<td>84,767</td>
<td>3.26%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>75,578</td>
<td>2.91%</td>
</tr>
<tr>
<td>Flu &amp; pneumonia</td>
<td>56,979</td>
<td>2.19%</td>
</tr>
<tr>
<td>Nephritis and related</td>
<td>47,112</td>
<td>1.81%</td>
</tr>
<tr>
<td>Suicide</td>
<td>41,149</td>
<td>1.58%</td>
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</table>

Most Medical Spending is Tied to Chronic Diseases

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>All spending…</td>
<td>75%</td>
<td>96%</td>
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</table>

The Population Age 65 or Older as a Percentage of the Population Ages 20 to 64

Percent


Actual  Projected
Can We Create Jobs and Reduce Our Federal Deficit and by Improving Health?

Back of the Spreadsheet Calculations

If improving health of the population can…

- expand years of working life 5 months, it will reduce the federal debt 1.6%
- expand years of working life 4.5 years, it will reduce federal debt 16%
- expand years of working life 9 years, it will reduce federal debt 32%
- reduce annual rate of increase of Medicare .1 percentage point, it will reduce the federal debt 1.5%
- reduce annual rate of increase of Medicare 1 percentage point, it will reduce the federal debt 15%
- reduce annual rate of increase of Medicare 2 percentage point, it will reduce the federal debt 30%

and, oh yea, improve the wellbeing and quality of life of millions of people

How Many Good Jobs Will We Create?

$60.4 billion in new revenue for health promotion vendors
$21.1 billion in new wages (35% of revenues)

280,000 new health promotion jobs at $75,000/job including benefits

Is This Possible?
To Extend the Years of Working Life?
By 10%?
To Reduce the Annual Rate of Increase in Medicare
By 1 percentage point?
Progression of Disability by Age
University of Pennsylvania Study 1986-2005


Compression of Morbidity
Not extension of life
Reduction of the length of disability at end of life

ADJUSTED MEDICAL AND DRUG COSTS VS.

Johnson & Johnson Adjusted Medical And Drug Costs Versus Johnson & Johnson Expected Medical And Drug Costs With Comparison-Group Trend

Average Savings 2002-2008 = $565/employee/year
Estimated ROI: $1.88-$3.92 to $1.00

Henke et al Health Affairs 2011,30,3,490-499
Costs Associated with Risks (2001-2002)
Medical Paid Amount x Age x Risk
Active & Retired Employees Covered by Employer Health Benefits as of July, 2001: N=458,376

Annual Medical Costs

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Low</th>
<th>19-34</th>
<th>35-44</th>
<th>45-54</th>
<th>55-64</th>
<th>65-74</th>
<th>75+</th>
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<tbody>
<tr>
<td>Low</td>
<td>$0</td>
<td>$1,776</td>
<td>$2,193</td>
<td>$2,740</td>
<td>$3,796</td>
<td>$4,623</td>
<td>$5,716</td>
</tr>
<tr>
<td>Med</td>
<td>$1,075</td>
<td>$2,944</td>
<td>$3,800</td>
<td>$5,212</td>
<td>$6,636</td>
<td>$8,110</td>
<td>$8,927</td>
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<tr>
<td>High</td>
<td>$4,114</td>
<td>$6,826</td>
<td>$8,666</td>
<td>$10,785</td>
<td>$11,909</td>
<td>$11,965</td>
<td>$13,965</td>
</tr>
</tbody>
</table>


The Relationship Between Return on Investment and Quality of Study Methodology in Workplace Health Promotion Programs: Systematic Review of the Literature

Inclusion and exclusion criteria
- Studies published in English or German between 1984 and 2012 with health programs in work settings, clear description of methodology, sufficient data to extract or calculate program costs and medical savings.

Data extraction
- study design, sample size, program length, economic perspective, authors’ home organization type, organization size and industry type, target group, as well as program scope and focus. Additional economic metrics catalogued included time perspective and study duration, discount rate, method of measuring costs and benefits, and method of calculating ROI.

Synthesis and analysis
- Critiqued study methodology
- Calculated/reported ROI
  - Economists Method: \( \text{ROI} = \frac{(\text{Benefits} - \text{Costs})}{\text{Costs}} \)
  - Business Method: \( \text{ROI} = \frac{\text{Benefits}}{\text{Costs}} \)

- Reported mean ROI’s 68 different ways
  - weighting or unweighting of the sample, methodology quality rating, study design, location of the employer, year of publication, sample size, intervention focus, scope of the program, method to measure differences, source of the ROI calculation, direct or indirect measure of savings and costs, and method used to determine costs.

Baxter, et al, AJHP, 28,6, 2014
Results (partial)

- 51 studies with 61 intervention arms, with 261,901 participants and 122,242 controls from 9 industry types in 12 nations from studies published between 1984 and 2012.

- 14 interventions of clinical and dental and programs in worksites

- 47 interventions of traditional health promotion programs
  - 46 of 47 programs saved money
  - 41 of 47 saved more than program costs, i.e., positive ROI = Benefits ÷ costs
  - Medical costs measured directly (n=25): 3.74 mean ROI
  - Randomized Control Trials (n=12): 1.79 mean ROI
  - Quasi-experimental design (n=30): 4.16 mean ROI
  - Non-experimental design (n = 10): 2.61 mean ROI
  - Modeled (n=7): 2.83 mean ROI

Baxter, et al, AJHP, 28,6, 2014

If we agree that improving health provides the best strategy to preserve the fiscal solvency of our nation, how do we improve health?
Weave a web of support that reaches people several times each day with the most effective strategies where they work... also where they shop, study, worship and relax.

Increase Awareness
Enhance Motivation
Build Skills
Create Supportive Environments
Private Sector Takes the Lead, State and Federal Governments Do Their Share

- Employers support their employees at work
- Employers support families of employees at home, in school, at college, in church, in the park, at the club, in community organizations…where ever they are…
- Insurance companies reach customers at work, in the doctor’s office, in school, in college…where ever they are…
- Medicare and Medicaid reach members at home, in the doctor’s office, at church, in community organizations…where ever they are…

Funding from Organizations that Benefit to Organizations that Can Engage People in Effective Programs

- Employers
- US Treasury
- Insurers
- CMS
- State Medicaid
- Work places
- K-12 Schools
- Parks
- Colleges
- Clubs
- Faith Groups
- Child care
- Hospitals & Clinics
- Health promotion providers
- Restaurants & grocers

Michael P. O'Donnell, PhD, MBA, MPH, 2012
Budget

- Budget: $200/person year x 310,973,329 million ≈ $62,394,665,883 billion/year
- Federal spending for public health in 2012
  - $251/person in 2012^ 82%
- Existing workplace health promotion industry
  - $2 billion 3200%
- Spending in medical care in United States
  - $2.9 trillion 2.15%
- Liquid assets on non-farm, non-financial balance sheets
  - $19.4 trillion* .32%
  - But short term savings may cover all short term costs, in addition to reducing the federal deficit long term


Funding from Organizations that Benefit to Organizations that Can Engage People in Effective Programs

- Employers
  - $34.4 billion
- US Treasury
  - $2.36 billion
- Insurers
  - $4.9 billion
- CMS
  - $16.1 billion
- State Medicaid
  - $4.5 billion
- Work places
  - $24.1 billion
- $10.8 billion
- K-12 Schools
- Parks
- Colleges
- $3.95 billion
- Clubs
- Faith Groups
- Child care
- Hospitals & Clinics
- $20.7 billion
- $4.3 billion
- Restaurants & grocers
- Health promotion providers

Michael P. O’Donnell, PhD, MBA, MPH, 2012
How Much New Tax Revenue Will New Jobs Create?

$60.4 billion in new revenue for health promotion vendors

$21.1 billion in new wages (35% of revenues)

280,000 new health promotion jobs at $75,000/job including benefits

$4,540,118,975 in new state income tax revenues

$22,530,806,666 in new federal income tax revenues

Sources of Funding

- Employers:
  - Self insured: $27,172,849,956 for 135,864,250 employees and dependents
  - Small w/insurance: $4,944,074,084 for 50% of the cost for 49,440,741 employees and dependents
  - Small w/no insurance: $2,326,623,180 for 50% of the cost for 23,266,232 employees and dependents

- Insurance companies
  - Small employers w/insurance $4,944,074,084 for 50% of the cost for 49,440,741 employees and dependents

- State governments:
  - Medicaid: $4,532,268,000 for 39% of the cost for 58,106,000 recipients

- Federal government
  - Small employers w/no insurance $2,326,623,180 for 50% of the cost for 23,266,232 employees and dependents
  - SCHIP: $1,017,021,400 for 5,085,107 children enrolled
  - Medicaid: $7,088,932,000 for 61% of the cost for 58,106,000 recipients
  - Medicare: $8,042,200,000 for 40,211,000 recipients
Next Steps

Your Role?
Employers
- $27,172,849,956 for 135,864,250 employees and dependents
- Confidence in the basic ROI findings & self funding assumptions
- Reaction to supporting dependents through the community
- Energize major employer groups: US Chamber, NBGH, NBCH, Local business groups

Health insurance providers
- $4,944,074,084 50% for 49,440,741 employees and dependents
- Confidence in self funding component
- Readiness to build into cost structure
- AHIP, BSBSA, major individual companies
Vetting continued

- Public health community, especially health promotion providers
  - Priority within advocacy efforts
  - Strategies to reach dependents in the community
- **Health economists, think tanks**
  - Develop more sophisticated models and analyses
  - Refine the message
- Develop broad societal support
- Engage Medicare, Medicaid, Congress

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**A Strategy to Create Jobs and Cut the Deficit by Improving Health**
Who Needs to Decide What?

# 1. Employers:
- Enhance programs to be effective & expand to reach dependents

# 2. Health insurance providers:
- Integrate health promotion in health plans; OK to include cost in fees

# 3. Society:
- Embrace health as core value
- Commit to better serve the underserved (for selfish reasons)

# 4. State and Federal governments: Align efforts to improve health

A Strategy to Create Jobs and Cut the Deficit by Improving Health

www.healthpromotionadvocates.org