



## ***Population Health, Population Health Management and Building Cultures of Wellbeing***

**Presentation by:**

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&  
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### **Executive Summary**

Representatives from employers, providers, brokers and other stakeholders gathered on April 26 at Briggs & Stratton to hear from Dr. Ray Fabius, co-founder and president of HealthNEXT. Dr. Fabius has held physician executive positions across a wide variety of organizations in the health care industry and co-authored *Population Health: Creating Cultures of Wellness*, one of the leading textbooks in the field. The following are key takeaways from Dr. Fabius' presentation.

#### **Population Health, Population Health Management and Building Cultures of Wellbeing – Part 1**

- We will not be able to solve the country's health care crisis by simply changing benefit designs. This does not mean benefit design plays no part in changing behavior, but if we continue to focus on benefit design, we will not alter the trend of significant health care cost escalation.
- Compared with other developed countries, we spend about the same percentage of GDP on health care plus social services. However, the U. S. spends much more on health care and much less on social services than other countries. With so much of health dependent on social determinants and with social services being shortchanged to

fund health care, we are in a situation where we are “most interested in putting humpty dumpty back together again, rather than keeping humpty dumpty from falling off the wall in the first place.”

- While 15 percent of an employer’s workforce consumes 85 percent of the health care dollars spent, the healthy 85 percent are doing almost 100 percent of the work, so it makes sense to keep that 85 percent healthy.
- Population health is about:
  - Keeping healthy people healthy
  - Reducing health risks
  - Assuring appropriate care for those who are sick (acute, chronic and catastrophic care).
- Dire statistics:
  - For the first time life expectancy in the U. S. is actually going down
  - The U. S. spends approximately three percent of health care dollars on prevention.
- Many companies particularly in manufacturing have successfully built a culture of safety. This should give all employers the courage to build cultures of health. Like cultures of safety which track potential problems and fix them before people get hurt (near misses) cultures of health need to track risk factors and reduce them before chronic illness occurs.
- Presently only 55 percent of people who can benefit from a known diagnostic or treatment are getting that test or treatment.
- Research Dr. Fabius did while at Walgreen’s indicated that 40 percent of people (98 percent of which were commercially insured) who visited Walgreen’s for an urgent care issue had no primary care physician – they were “medically homeless.”
- The last time health care costs were essentially flat was during the “HMO era.” It is not unreasonable for employers to require employees to designate a primary care physician. Employers should foster the idea that every employee should have a trusted relationship with a clinician.
- Employers need to use all of the following tools to address the health care cost escalation problem:
  - Prevention
  - Health education
  - Financial incentives
  - Health risk assessments
  - Disease management programs
  - And many others.

When employers do all of these and more they create a culture of health -

- In a manufacturing environment the number one cause of health and productivity problems is musculoskeletal issues followed by behavioral health issues. If you are focused on value-driven population health, you would attack musculoskeletal and behavioral health issues first. In the white collar world these conditions are reversed with behavioral health being one and musculoskeletal issues being two.

- You cannot ignore the very sickest in your population. They are immediately the most costly and when managed well can give you a rapid return on your management investment. Some of the money saved on successfully managing the super utilizers should be re-invested upstream in risk reduction.
- Only eight percent of an average workforce has zero or only one risk factor. Only 8-13 percent of a workforce eat right, exercise, drink alcohol in moderation and don't use tobacco products.
- The real challenge is engagement. Good programs exist, but how do we get people more engaged? Most importantly – encourage them to establish a trusted relationship with a clinician.
- Creating a culture of health is critical; making incentives, penalties, recognition and awards less necessary, although you may need to use these tools initially to ultimately get to a culture of health you desire.
- Using the proven principles of behavioral economics can help in structuring rewards and penalties:
  - Loss aversion is three times more powerful than gaining a reward.
  - Use the power of the opt-out: People don't want to be outliers; they want to go with the flow. Make the desired behavior the default, -requiring people to be an outlier if they choose the less desirable behavior.

## **Population Health, Population Health Management and Building Cultures of Wellbeing – Part 2**

- One out of every three dollars spent on health care today is wasted.
- The solution to this waste Dr. Fabius suggested, in a Truven Health Analytics™ white paper, is population health management including:
  - Consumer activism and transparency
  - Systems improvements and care coordination
  - The medical home and a culture of health
- One of the reasons we have not made more progress in promoting population health is because we haven't taken the time to market the concept. We should be focusing 80 percent of our time on marketing and 20 percent on communication.
- The longer you take care of yourself, the shorter the time you will suffer before death, as demonstrated by- the powerful [video](#) from the Canadian health service.
- The American health care system prolongs the period of suffering before you die. It waits until you are sick to treat you.
- The goal, to use a sports analogy, should be sudden death in overtime.
- Health literacy is a significant problem in the U. S. At least half of the American adult population has trouble assimilating written information. Materials need to be written at a 5<sup>th</sup> grade level.
- Health benefit literacy is also a significant issue. A recent study found that only four percent of the population can accurately predict what they would pay out-of-pocket for a significant procedure.

- To create a culture of health, you need employee accountability, employer responsibility and clinical ability. Employers need to encourage employees to see high value providers. Employers need to convey to their employees that every provider does not do everything well.
- There are five ways an employer receives value for elevating the health status of their workforce:
  - Medical cost reductions
  - Productivity gains – health care costs are only the tip of the iceberg; we also need to factor in loss productivity costs. For every dollar spent on health care, two-three dollars are lost in productivity
  - Employee engagement – top performers are healthier
  - Employer of choice – being an employer of choice has significant benefits, including reduced turnover. Replacing an employee costs approximately one and a half times their annual salary
  - Return to investors – publicly traded employers recognized with the Corporate Health Achievement Award from the American College of Environmental Medicine outperformed the marketplace when Dr. Fabius tracked and analyzed their stock price.
- There are other connections between health and wealth:
  - The greatest risk to your wealth in retirement is your health
  - Medical bills are the largest cause of bankruptcies in the U. S.
  - Out-of-pocket health care costs in retirement for a couple in average health rose to \$260,000 in 2016
  - If you make a community healthier you're going to make it more prosperous and likewise, if you make a workforce healthier you will get a better return on investment for your investors.

Slides from part 2 of Dr. Fabius' presentation are available for [review](#).