

Sutter Health Joins in Employee Health Management Trend

by Scott MacStravic, PhD

Sutter Health's history goes back to the mid-1800s, when some of its earliest members began operating hospitals in the San Francisco area. The first Sutter hospital, per se, opened in 1923 in Sacramento, CA, after the 1918-19 flu epidemic led to demands for more hospital beds. Since then, the system has kept growing, replacing old facilities, partnering with existing hospitals, and opening new ones to meet changing and new areas of need. It combines centralized strategy with regional strategies and local boards for its operations in the greater San Francisco Bay Area and in the inland Sacramento and San Joaquin Valley regions.

The organization is frequently held up as a model of high quality and efficient health care. The Dartmouth Atlas notes Sutter Health's ability to deliver necessary care at dramatically lower costs than hospitals in the Los Angeles area, for example. Although Sutter is a fairly traditional hospital and physician integrated system, it has also ventured into newer markets. Its Sutter Express Care retail clinics, for example, provide low-cost, convenient care in local drugstore chain locations.

'Live Well for Life'

But perhaps Sutter Health's most adventurous investment has been in employee health management for its own 41,000 employees and, beginning in 2006, other employers in the markets it serves. Sutter Health Partners (www.sutterhealthpartners.com) advertises itself as "Your Wellness Solution" to employers, offering its "Live Well for Life" coaching program to improve employee health, productivity, and retention by promoting and sustaining healthier lifestyles and habits throughout the workforce.

The program focuses on reducing the incidence of chronic diseases and risk conditions, such as diabetes, heart disease, obesity, hypertension, and high cholesterol, by empowering employees to set and achieve personal health goals. Sutter emphasizes on-site delivery of most of the program's services, taking them to where employees work, rather than relying on employees going elsewhere or on remote communications.

Live Well for Life begins with an online health risk survey and an on-site biometric screening. Based on the risks identified in the assessment, employees are invited to on-site classes on subjects such as stress and weight management and offered on-site coaching for

more individual support. Workers may be offered incentives of up to \$500 per year if they meet a full set of requirements for achieving and maintaining measurable health goals toward improving their health status.

As is increasingly the case with employee health management companies and their employer clients, Sutter focuses on the total economic impact of employee health, particularly productivity and retention, and not just on medical care, workers' compensation, and disability expenditures. It relies on a proven correlation between employee risk status and performance and on gains in productivity derived from risk reduction, based on metrics developed by Towers Perrin (www.towersperrin.com).

However, unlike others in the field, Sutter Health Partners uses biometric screenings to validate changes in employee health risk to make sure workers qualify for rewards and have reached a status where higher productivity as well as lower health care costs are known to occur. According to Margaret Sabin, CEO of Sutter Health Partners and vice president for new product development at Sutter Health, while employees say incentives are important, they are more likely to cite coaching as the reason for their behavior changes.

Coaching includes six on-site meetings during the year, and meetings are supplemented with e-mail and phone communications. Employees are encouraged to set their own realistic and sustainable goals and design, with their coach's help, a personal health improvement plan. Sabin is convinced that the use of on-site coaching, a far more personal approach than the more common phone or online coaching methods, is what makes the Sutter program more successful. Participants who have experienced other forms of coaching, such as e-mail or Web site interactions, say those methods aren't nearly as effective or beneficial.

Mary Anna Weklar, director of business development for Sutter Health Partners, notes that Sutter Health has been working with employers since 2001 in designing customized work-site wellness programs, where worker participation is typically 60 percent to 80 percent. This participation rate is much higher than other employee health management programs. Since 2002, Sutter has offered the same type of customized wellness programs to its own employees at a number of affiliated hospitals and medical groups.

continued, page 12

New plans and heightened motivation

Consumer-directed health plans and health reimbursement or savings accounts fit perfectly with employee health management. Their growing popularity gives employees a new source of motivation to participate in health management and a "scorecard" in the case of health savings accounts to gauge the personal financial benefits gained by improving or maintaining health. Sutter customizes Live Well for Life for clients and makes it easy for each employer to implement the program. The program is integrated with employers' employee assistance programs and makes use of available community resources, in addition to Sutter support.

Kris Baldwin, director of operations at Sutter Health Partners, helped develop the Live Well for Life program in 2001. Drawing on six years of data, she cites the following results:

- Twenty-five percent of workers moved from high-risk to low-risk status with respect to blood pressure readings. Towers Perrin estimates a cost saving of \$706 for each affected employee.
- Twenty-seven percent of workers moved from high-risk to low-risk for cholesterol levels. The estimated savings were \$492 per worker.
- The risk from a sedentary lifestyle dropped by 16 percent, with an estimated saving of \$738 per affected worker.
- The risk from a high body mass index decreased 11 percent, with estimated savings of \$1,295 per affected worker.

Based on Towers Perrin modeling, savings from the Sutter program have been projected to increase over 10 years, from a total of nearly \$1,000 per participating employee in the first year to more than \$1,700 in the 10th year. Cumulative savings over that period in medical care costs alone were estimated to be more than \$3,500. Savings because of reduced absenteeism, presenteeism, and disability were projected to be almost three times that amount. (Towers Perrin data was based on an average annual compensation of \$40,000 and assumed a 10 percent annual inflation rate in medical costs and 5 percent yearly increase in compensation.) Participant satisfaction rates, with both the program and how it affects employees personally, consistently rank in the 90th percentile.

Employee health management companies traditionally charge clients on the basis of either their workforce size or number of participating employees. Sutter combines the two measures, by charging for health risk assessments and biometric screenings based on the workforce size and coaching and support services based on the number of participants. While charging on the basis of workforce population simplifies the prediction of and accounting for costs, the method automatically increases the cost per participant. Under the workforce population formula, low participation rates can easily threaten the achievement of a positive return on investment for the employer. By achieving both high participation rates and charging on the basis of each participant for the major element of its program (coaching), Sutter avoids the cost multiplication effect of the population approach.

According to Sabin, Sutter's clients typically achieve a return of investment of about 3 to 1, equivalent to a 200 percent interest per year on their investment. Sutter enjoys a similar return from its investments with its own workforce.

Scott MacStravic is a consultant based in Port Ludlow, WA. ■