



Corporate Marketplace Perspectives on Health and Productivity Management, Disease Management and Wellness

by Marc Pierce

Health and productivity management (HPM), disease management (DM) and wellness programs continue to gain traction in the corporate marketplace. As employers and vendors address gaps and these programs continue to evolve, they will become fundamental elements in employer efforts to contain health benefit costs, better manage benefit utilization, and achieve transparency across a broad spectrum of employee data.

Background

These findings are the result of a 2007 research study by Stonegate Strategic Advisors into corporate marketplace perspectives on HPM, DM and wellness programs. To gather perspectives from key markets, Stonegate interviewed individuals representing three target groups: current DM users; prospective HPM, DM and wellness users; and large group benefit consultancies. Study participants noted current strengths and gaps requiring attention.

On the positive side:

- There is growing interest in and utilization of HPM, DM and wellness programs.
- Employers perceive HPM as an “evolution” and ideal future state beyond wellness and DM.

Still requiring attention:

- HPM is not well understood as a concept.
- Employers still view “standard” DM and wellness efforts skeptically from a financial and business management perspective.

- Firms continue to struggle with the data integration, impact measurement, and analysis and coordination efforts required for effective program implementation.
- A gap remains between business goals and the perceived ability of HPM, DM and wellness to deliver solid measurable impact.

When employees are actively engaged in these programs, measurable improvements in healthy behaviors can be achieved. Yet, employers and their vendors still face data management and coordination challenges, unclear health and financial impacts, and softly defined abilities to manage cost and benefit utilization.

HPM Perspectives

Employers view HPM as an intriguing concept and a desirable “future state.” One critical factor for HPM is acceptance among C-level executives. HPM has surfaced as a “topic of interest” in the C suite; however, interest has been mitigated by the lack of hard data on HPM’s true business impact.



Concerns exist regarding organizational structure constraints, investment ROI, and reporting requirements and capabilities. Plus, employers see HPM as an “evolution” beyond wellness and DM efforts – initiatives that have yet to be fully embraced or implemented or to have achieved significant returns. These impediments have kept HPM from wide implementation.

One particular concern is the difficulty of connecting elements required for HPM execution and success. Organizational structure, benefit management responsibilities, data availability, and communication channels represent daunting obstacles to HPM implementation. In many cases, adding to these obstacles is the task of integrating multiple vendors – each with individual or proprietary workflows.

Leaping forward to coordinated HPM seems daunting, given constraints in today’s employer environment, especially in regard to data integration. Stepping beyond the conceptual benefits of HPM to focus on how to get the “arms and legs” to work together will be the task of any successful implementation. Gaining confidence that benefit information can be accurately analyzed and coordinated is another important challenge that organizations face

DM and Wellness Perspectives

Employers often view DM and wellness programs as discrete initiatives, as well as with some skepticism, even though DM and wellness represent foundational elements of the HPM continuum.

The impact of wellness programs remains poorly defined, and DM is associated with soft ROI. The core issues lie in the “science” of measurement and analytics, not in the programs’ perceived benefits. The variability of measurement approaches, impact “interpretation,” and “cost avoidance” calculation adds to marketplace confusion about how to benchmark these efforts.

Organizations implementing DM and wellness programs do so under the guise of cost containment, without any real consensus on how to define expected performance. While accepting the benefits of DM and wellness programs on the surface, organizations are looking for ways to link DM and wellness initiatives directly to tangible financial performance.

DM and Wellness Differentiators

Core DM programs are fairly standard from organization to organization, with little differentiation in program “basics.” However, implementation and “scope and scale” can be highly customized to meet the objectives of individual firms.

Employers appreciate and recognize DM specialization and capabilities. However, because successful DM efforts require highly developed integration and data-sharing – the ability to plug and play with multiple partners – employers have concerns about DM’s ability to integrate and leverage. That said, the marketplace overall has not established a clear preference for integrated offerings vs. specialist carve-outs.

DM programs and wellness initiatives can differentiate themselves within the key area of “reach and engagement” activities. Employers judge these initiatives by their ability to establish a connection with employees and engage them in redefining health-related behaviors. Delivering the right incentives to drive engagement and participation has become a vital part of the DM and wellness landscape. Employers perceive well-developed, targeted and executed incentive programs as effective levers in steering or curbing behavior.

Program effectiveness is another significant opportunity for differentiation, and most employers define their DM or wellness needs in one way or another by ROI. There is no single methodology or effectiveness yardstick in the marketplace, and employers are increasingly



demanding that any new programs provide a lever for tangible cost containment/avoidance. In most cases, employers perceive existing methodologies as having weak ROI linkages and have a critical view of cost avoidance calculations. Because confidence in linking DM and wellness programs to ROI is low, management often views them as moral or value initiatives rather than as investments that produce measurable return.

Lastly, firms see differentiation in the critical aspect of program reporting mechanisms. Employers often perceive DM programs in particular as lacking in proactive data, report generation, and opportunity analysis. With data formats and information streams lacking definition in the market, let alone from organization to organization, organizations perceive that information is being delivered in a format that suits the vendor rather than in a way that anticipates or conforms to their needs. In the same vein, employers consider program data analysis to be somewhat shallow and not fully in line with their focus on hard cost-avoidance or containment data. DM and wellness program providers can differentiate themselves by approaching reporting with a stronger focus on employer business needs.

Selecting DM and Wellness Partners

For organizations having instituted DM or wellness initiatives, selecting the right partner involves analyzing many variables. Chief among them is price – a default position due to perceived weaknesses in how program engagement and impact is measured.

Pricing models do not appear to be a polarizing element, but are critical to ease of budgeting and cost comparison. However, pricing variation is a critical element. To justify premium pricing of DM or wellness services, a program provider must measurably demonstrate greater employee impact and best-in-class ROI, both measurements that are extremely difficult to “prove out.”

Beyond cost, the marketplace is defined by perceptions of fit and ability to partner with

other service providers, as well as to integrate services. Organizations seek partners that will effectively impact employee’s lives while engaging well with the benefits staff.

Conclusion

Employers view HPM as an intriguing concept but continue to struggle with fundamentals like data integration and analysis. Leaping forward to coordinated HPM seems somewhat daunting, given organizational and infrastructure constraints. As the market takes measured steps forward, employers will continue to push for greater accountability, integration and coordination in the DM and wellness space. Additionally, while difficulties in measurement and analysis remain, acceptance of wellness as a business lever and strategic tool is gaining, with prevention principles becoming more deeply embedded in the landscape.

Increased competition in the DM and wellness marketplace will push providers to address both real and perceived issues and redefine their value propositions. The rationale for considering broader and more sweeping strategies such as HPM will gain traction as these more fundamental programs gain acceptance and demonstrate impact.