



# Strategies To Reduce The Total Cost of Care

## In Search of The Holy Grail



# Opening Comments

## STRATEGIES TO REDUCE TOTAL COST OF CARE

In Search Of The Holy Grail





# Opening Comments – Today's Topics

TCoC Reduction Through  
Transparency

TCoC Reduction Through Obesity and  
Metabolic Syndrome Management

TCoC Reduction Through High  
Cost Claims Management

Opening Keynote Address  
– Avik Roy

TCoC Reduction Through  
Organizational Culture

TCoC Reduction Through  
Formulary Management

TCoC Reduction Through  
Advance Primary Care

TCoC Reduction Through  
Cancer Care Management

TCoC Reduction Through  
Legislative Policy

Closing Keynote  
– Ray Fabius, MD

STRATEGIES  
TO REDUCE TOTAL  
COST OF CARE

In Search Of The Holy Grail





# Opening Comments – Message from Dan Burke

## A Message from Dan Burke, HBCH Board Chair





# Keynote Address



## **Avik Roy**

Foundation for Research & Equal  
Opportunity,  
Co-Founder and President



FREOPP.org

# If You Don't Reduce Health Care Prices, The Government Will

**AVIK ROY / @AVIK**

THE FOUNDATION FOR RESEARCH ON EQUAL OPPORTUNITY

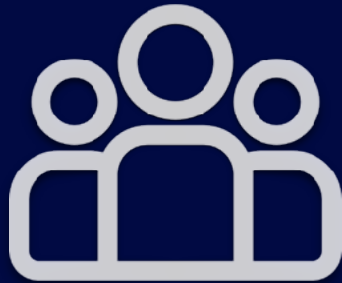
[AROY@FREOPP.ORG](mailto:AROY@FREOPP.ORG)

# FREOPP: A NEW MODEL FOR BIPARTISAN REFORM



## Our Mission

A non-partisan, non-profit think tank focused on expanding economic opportunity to those who least have it



## Our Values

We advance ideas that achieve progressive policy outcomes using the tools of free enterprise, individual liberty, technological innovation, and pluralism



## Our Focus

Market-based reforms that help the private sector meaningfully improve the lives of Americans whose incomes or wealth is below the U.S. median



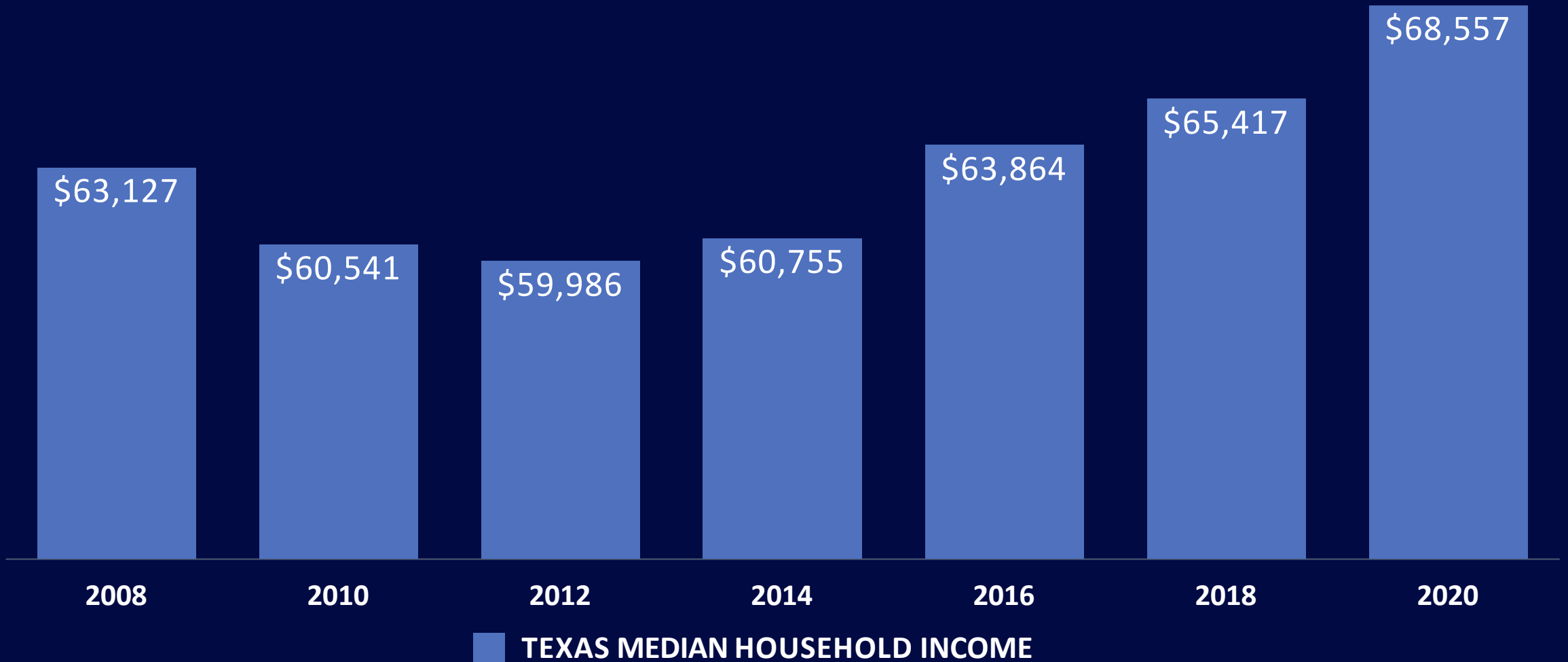
## Our Structure

Traditional 501(c)(3) think tank; funded exclusively by charitable donations from people like you



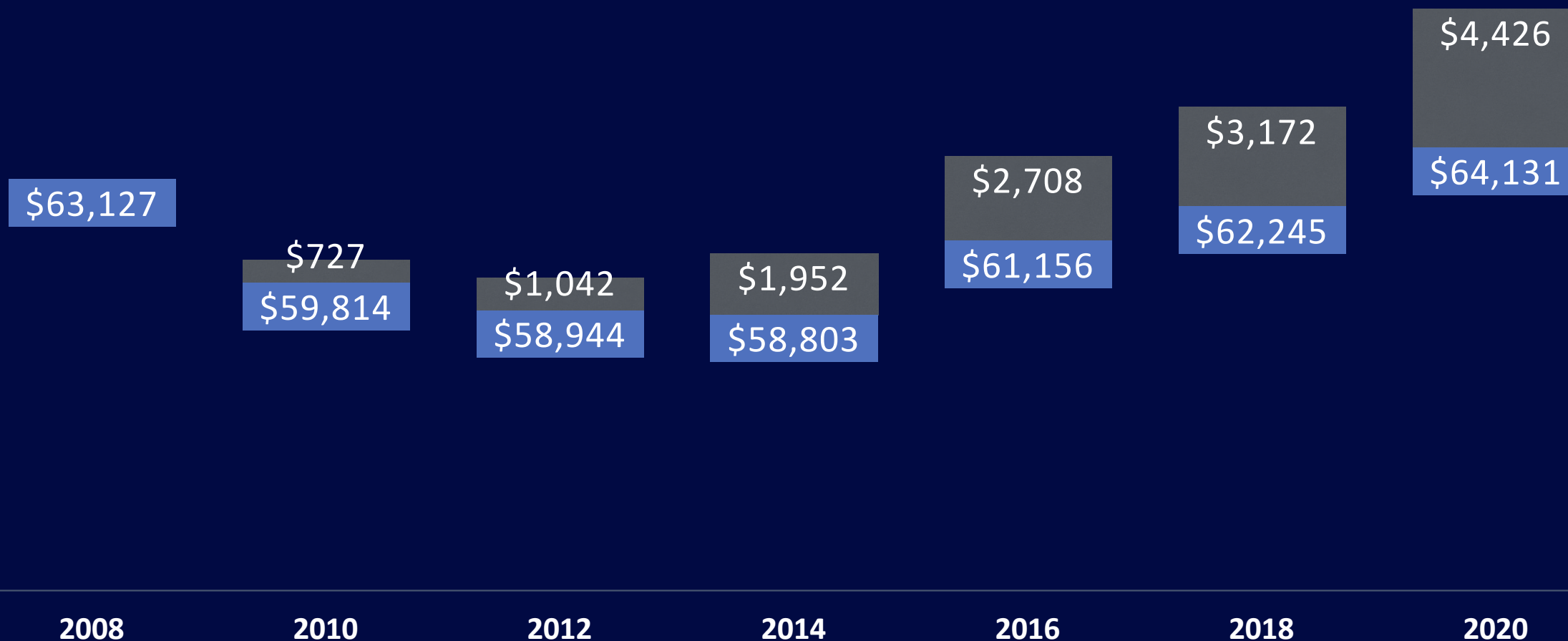
# TEXAS: AN ECONOMIC SUCCESS STORY?

Texas median household income, 2008–2020 (nominal dollars)



# HEALTH CARE IS ERODING TEXAS LIVING STANDARDS

Texas median household income, 2008–2020 (nominal dollars)

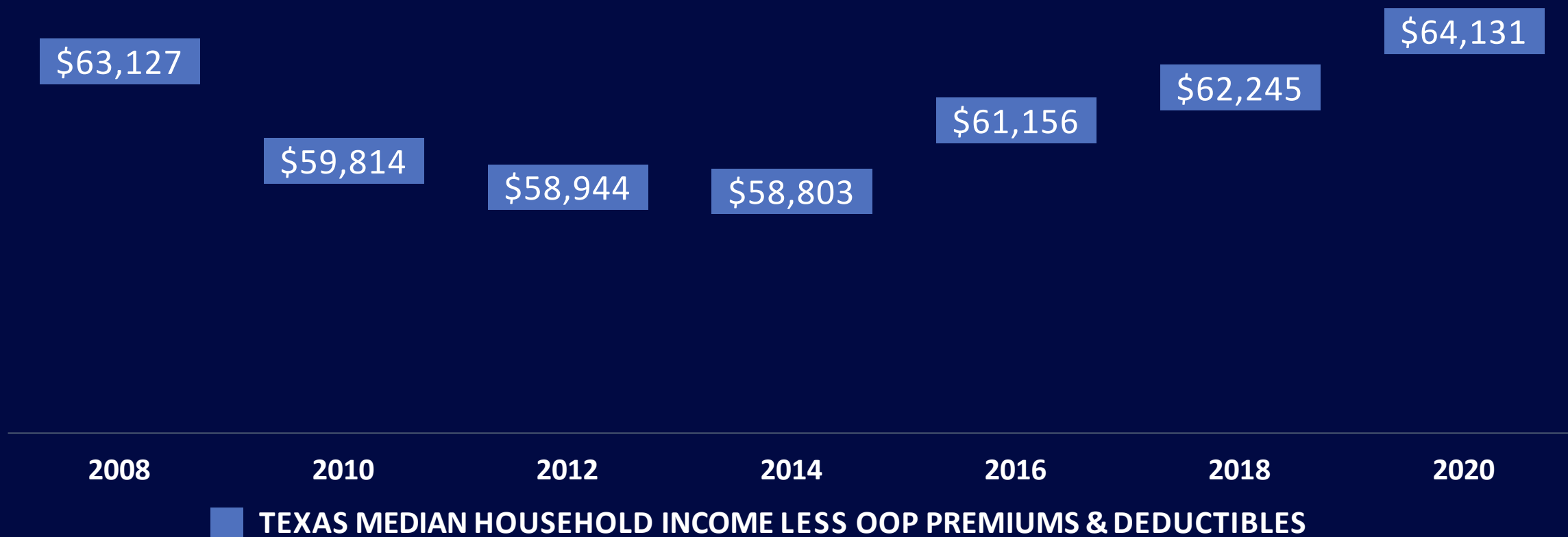


 EFFECT OF RISING OOP COSTS  
 TEXAS MEDIAN HOUSEHOLD INCOME LESS OOP PREMIUMS & DEDUCTIBLES



# HEALTH CARE IS ERODING TEXAS LIVING STANDARDS

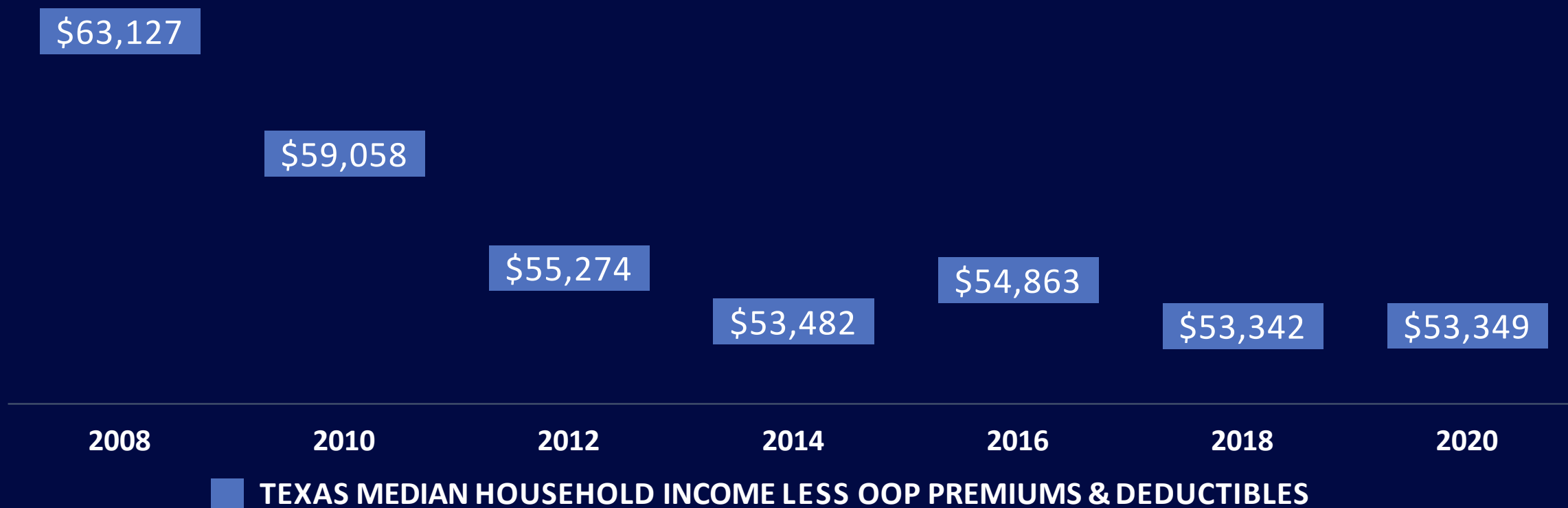
Texas median household income, 2008–2020 (nominal dollars)



# HEALTH CARE IS ERODING TEXAS LIVING STANDARDS

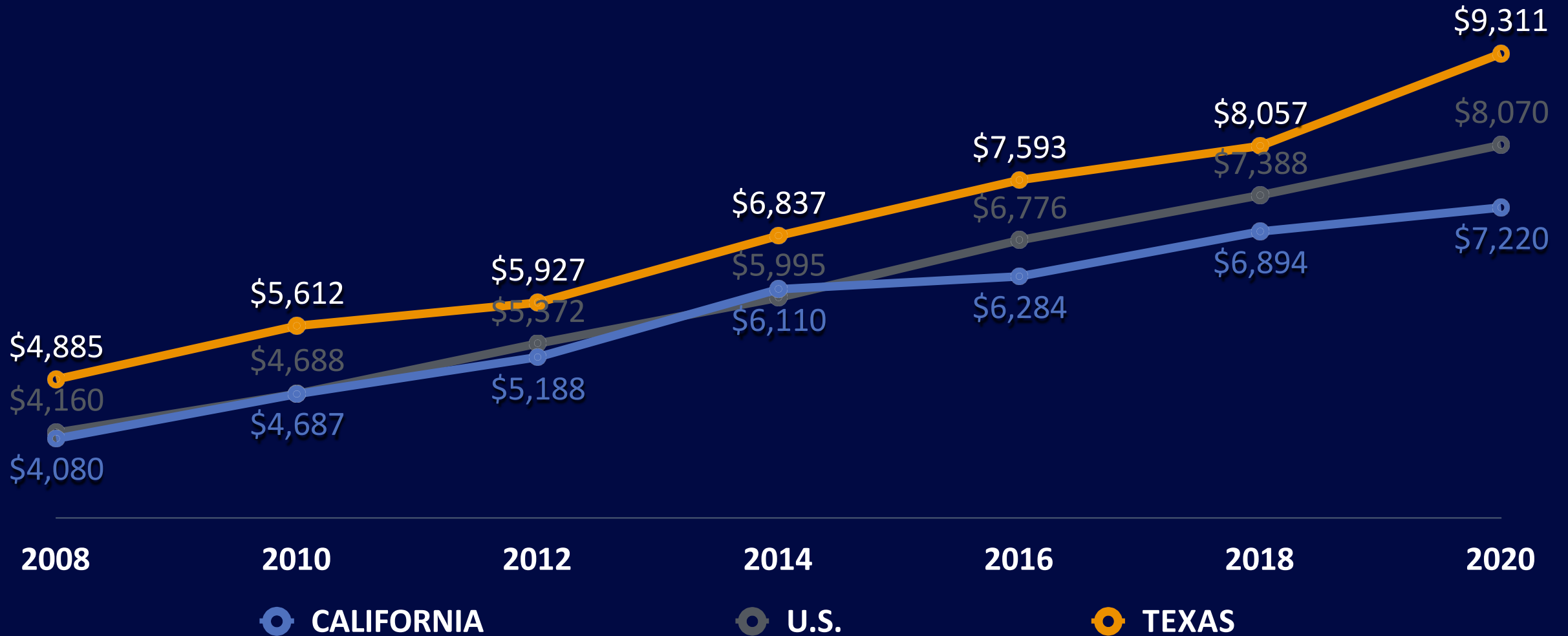
Texas median household income, 2008–2020 (inflation-adjusted dollars)

Inflation-adjusted income growth, net of OOP health insurance costs: **-15.5% (-1.4% per annum)**



# TEXANS ARE MORE EXPOSED TO RISING HEALTH COSTS

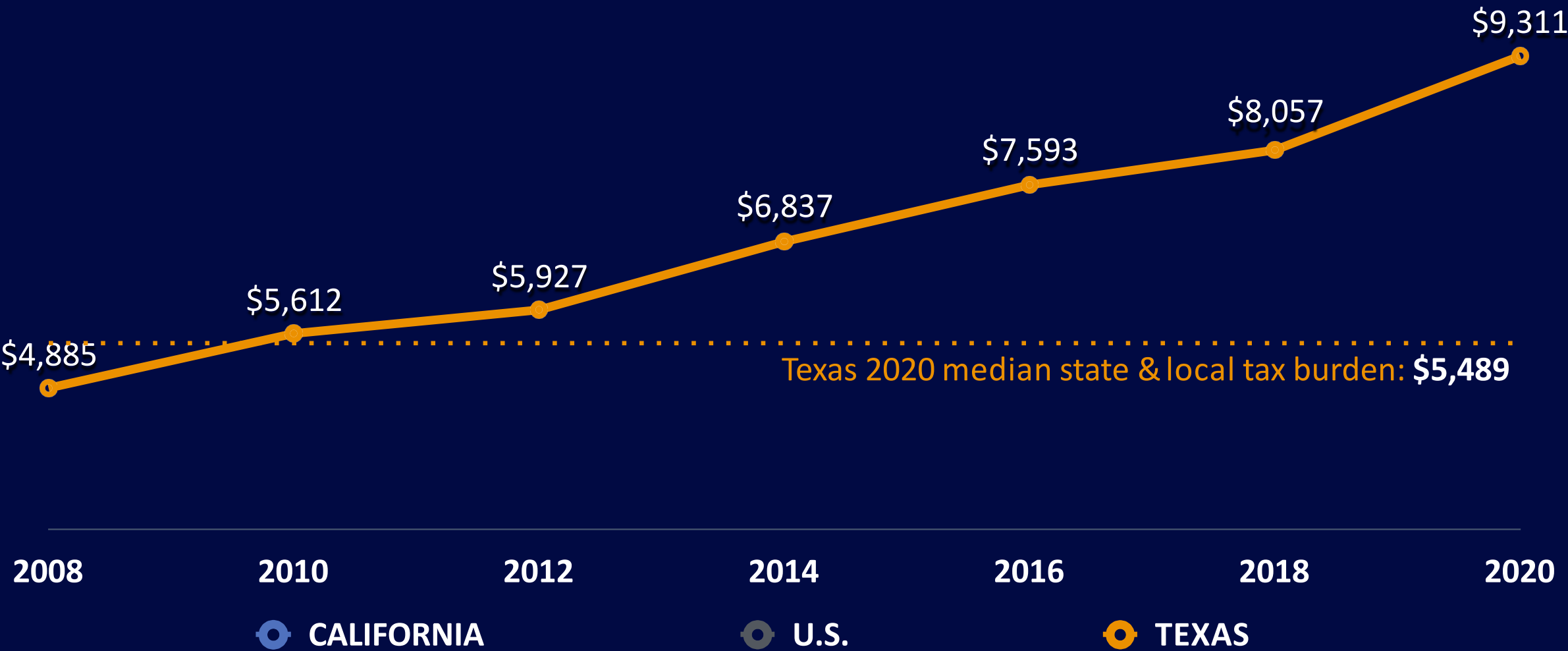
Average employee out-of-pocket premium contribution + deductible, family coverage



Source: Collins et al., Commonwealth Fund (analysis of Medical Expenditure Panel Survey data)

# TEXANS ARE MORE EXPOSED TO RISING HEALTH COSTS

Average employee out-of-pocket premium contribution + deductible, family coverage

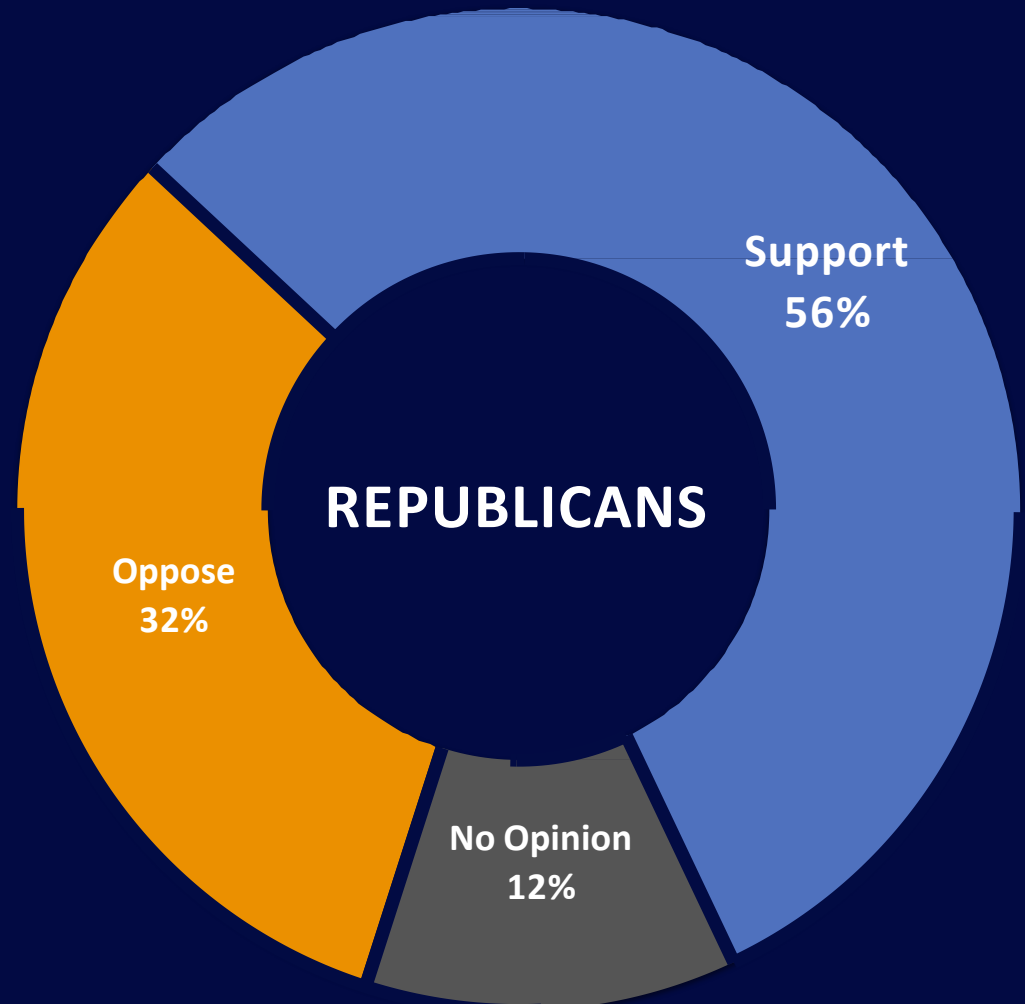
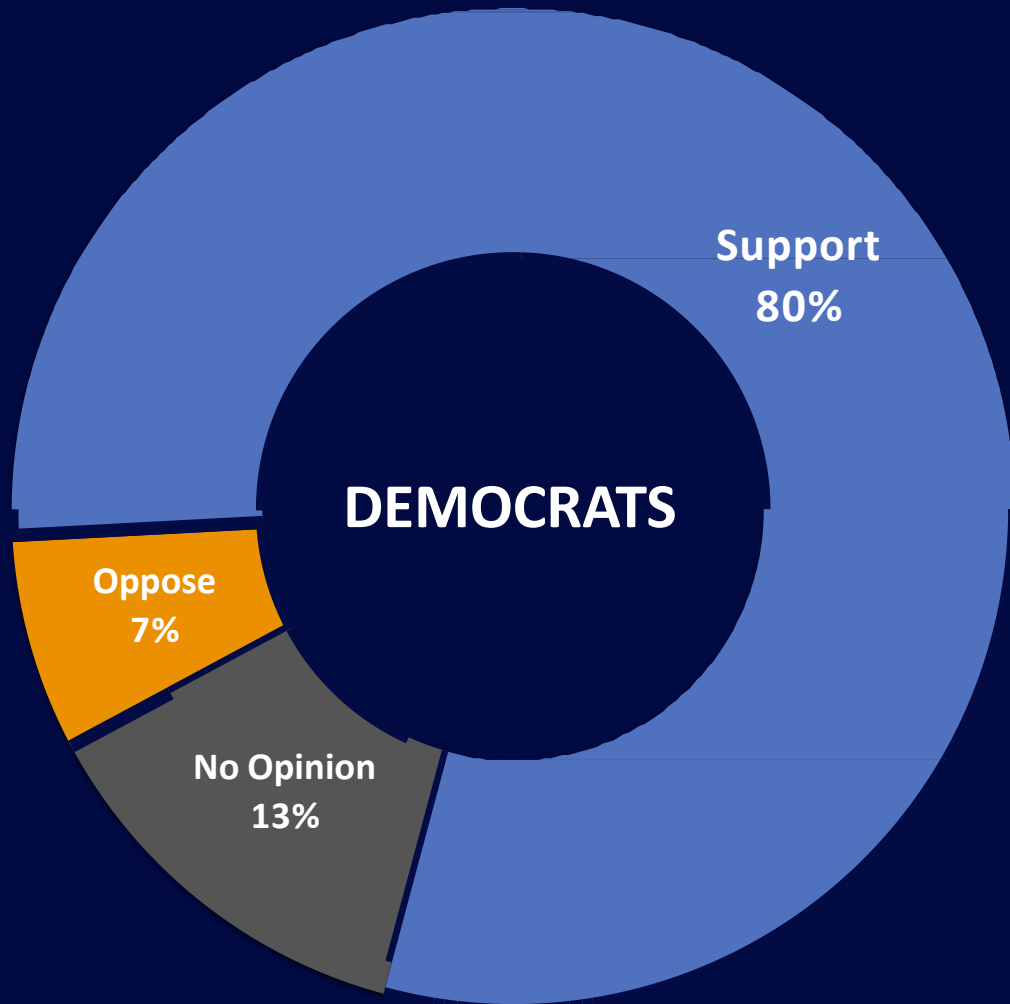


Source: Collins et al., Commonwealth Fund (analysis of Medical Expenditure Panel Survey data)

# 68% OF REGISTERED VOTERS SUPPORT A PUBLIC OPTION

Life Lessons

Support for a government-run health program to compete with private insurance

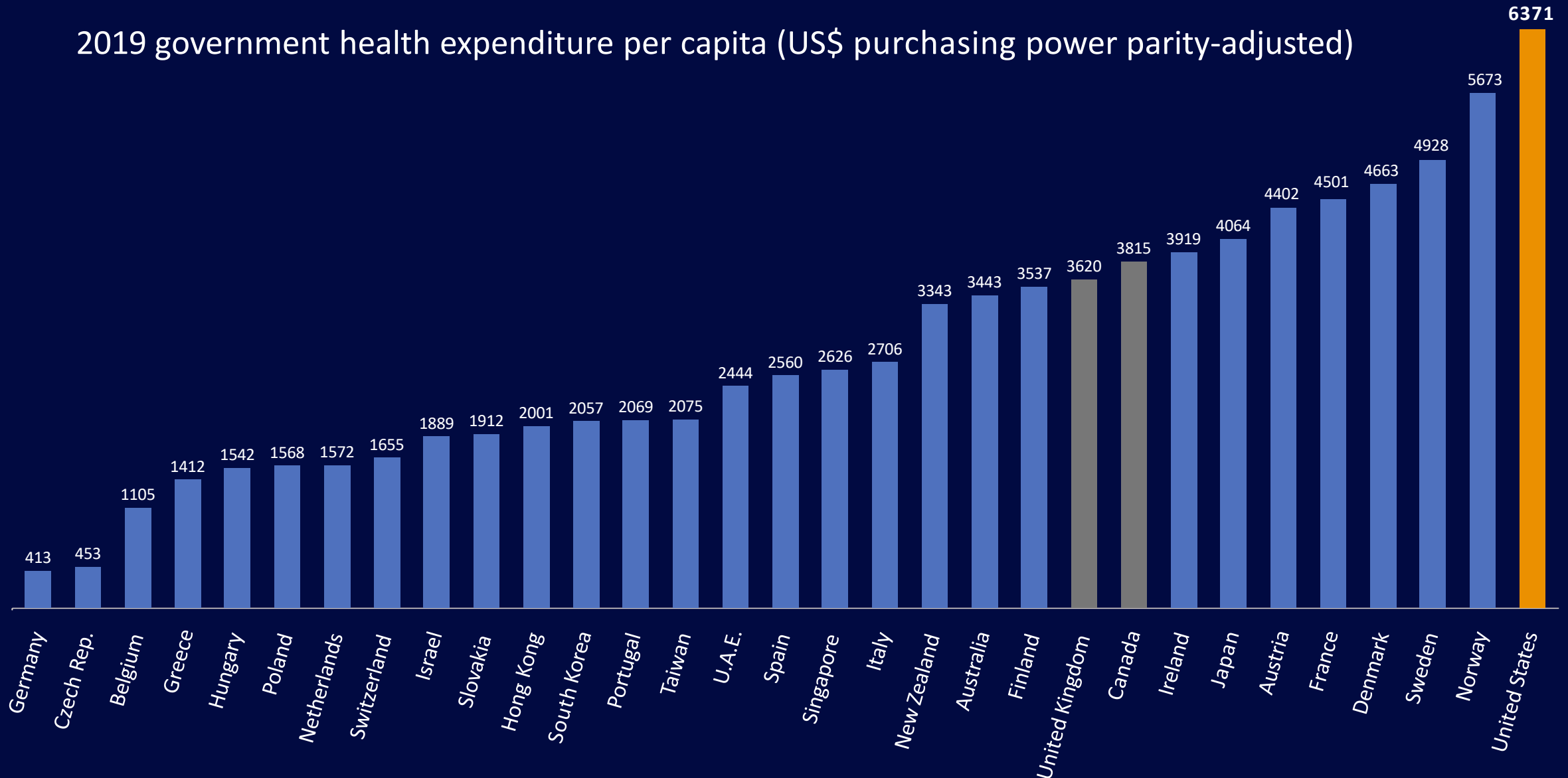


Source: Morning Consult; 1,994 registered voters surveyed March 19-22, 2021; margin of error  $\pm 2\%$



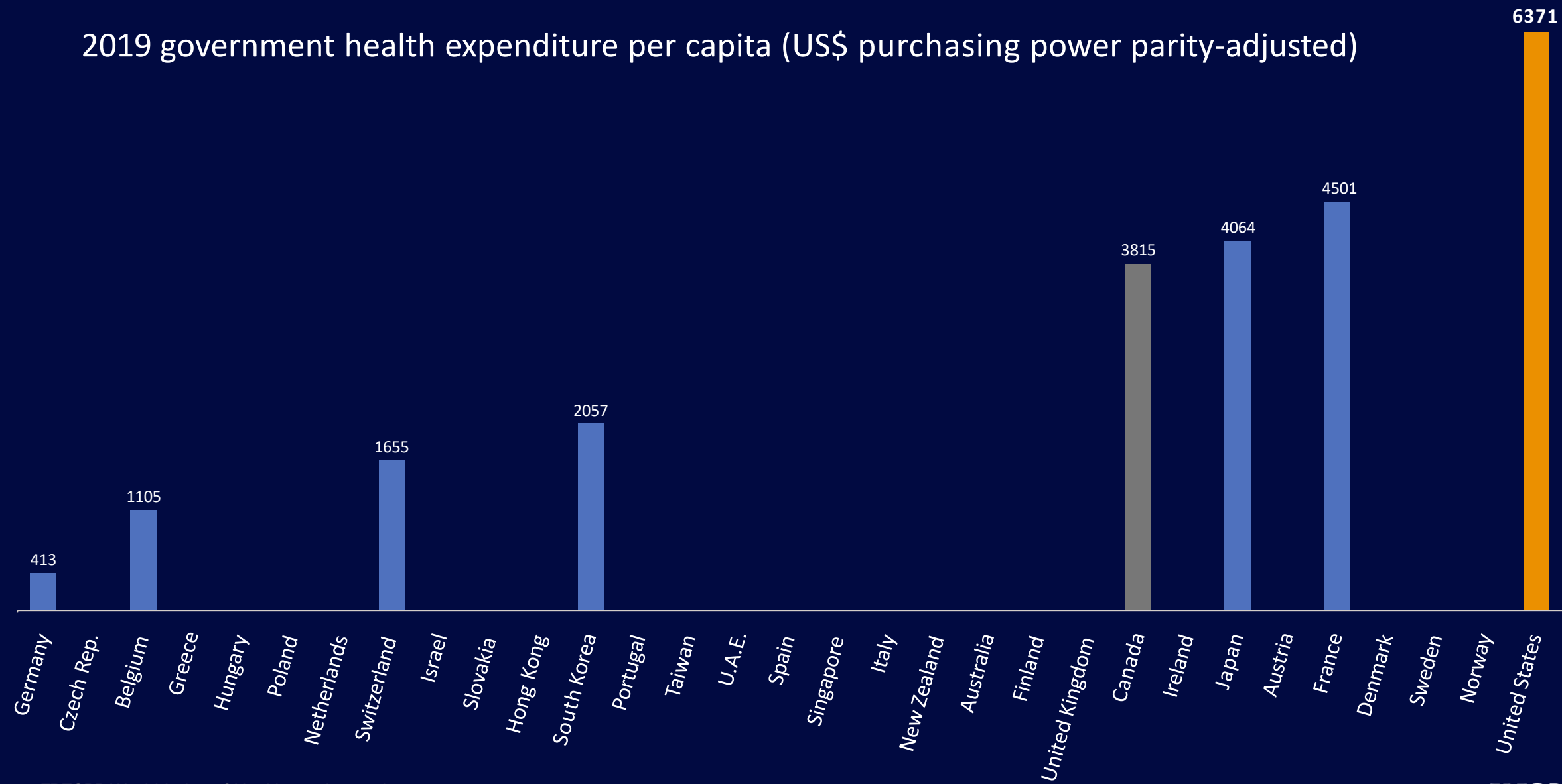
# THE MYTH OF 'FREE-MARKET' U.S. HEALTH CARE

2019 government health expenditure per capita (US\$ purchasing power parity-adjusted)



# FEE-FOR-SERVICE WORKS...JUST NOT IN THE U.S.

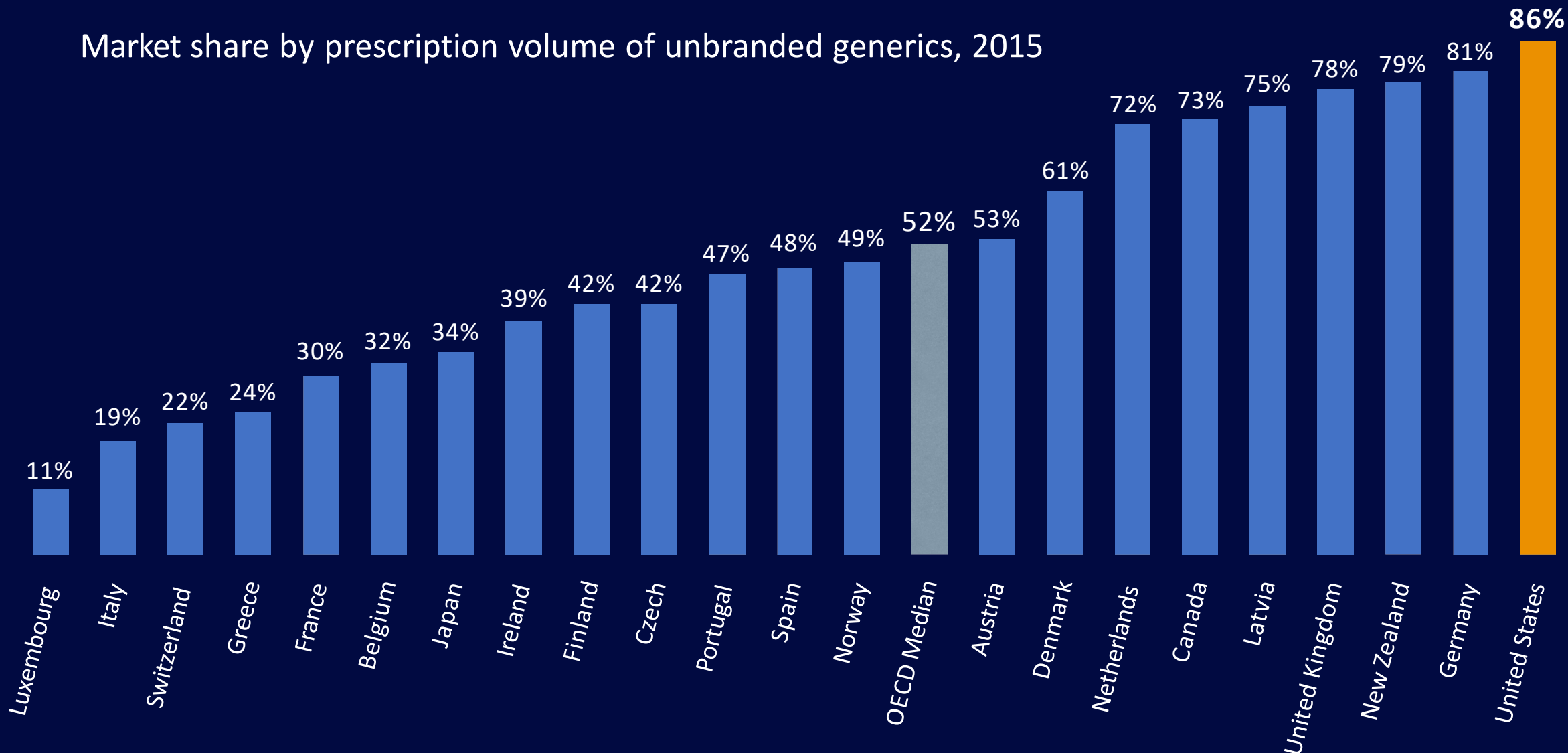
2019 government health expenditure per capita (US\$ purchasing power parity-adjusted)



Source: FREOPP World Index of Healthcare Innovation

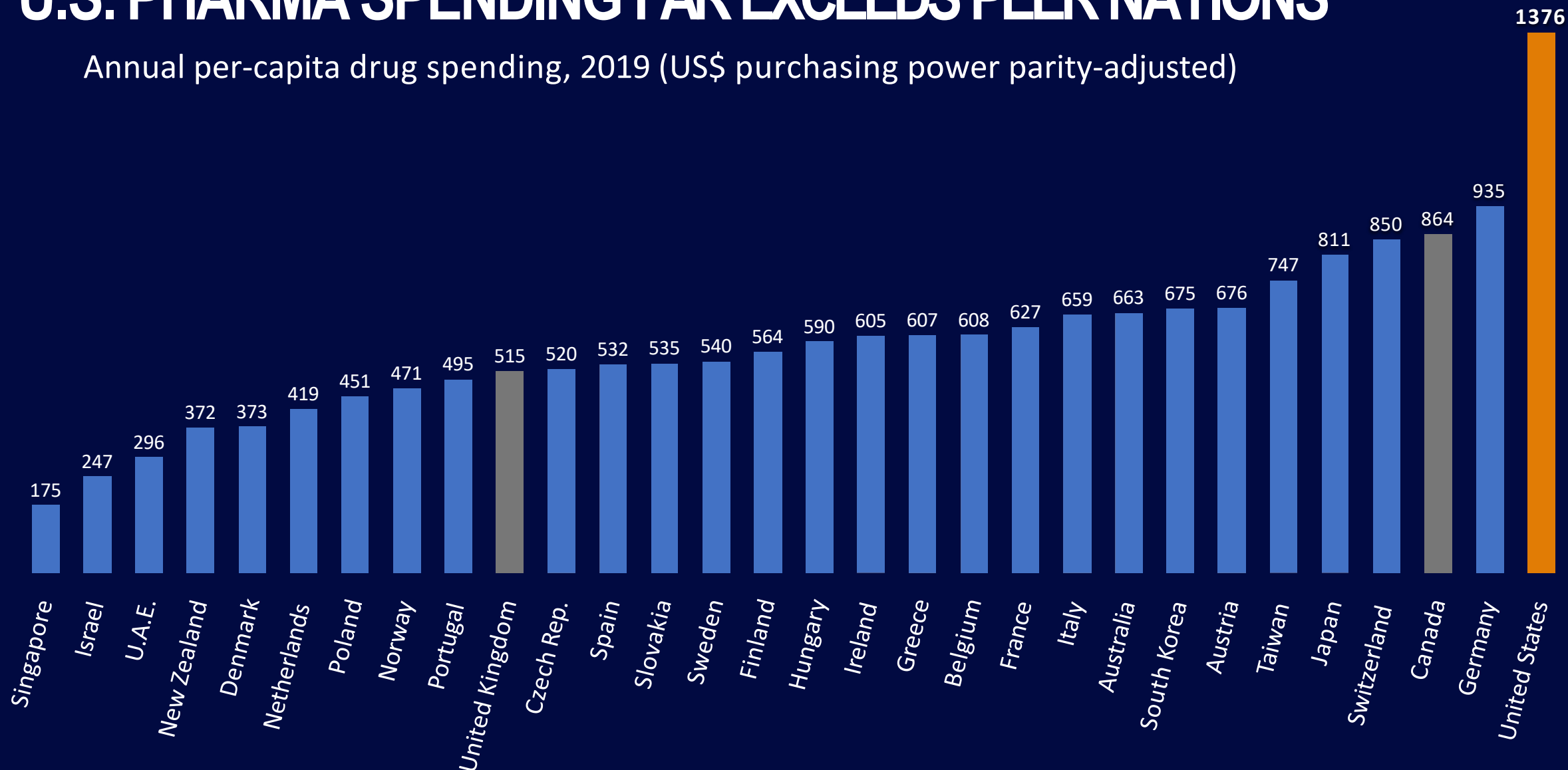
# U.S. LEADS THE WORLD IN GENERIC DRUG UTILIZATION

Market share by prescription volume of unbranded generics, 2015



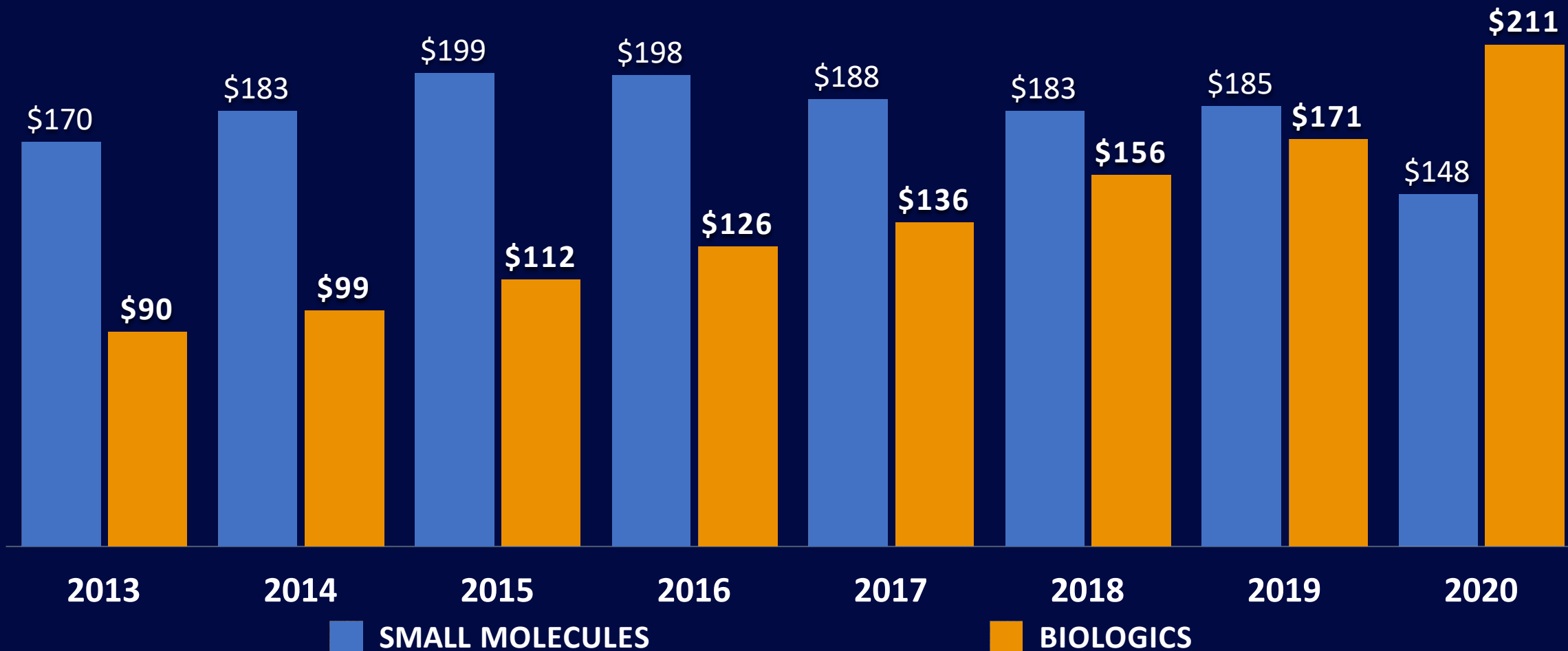
# U.S. PHARMA SPENDING FAR EXCEEDS PEER NATIONS

Annual per-capita drug spending, 2019 (US\$ purchasing power parity-adjusted)



# BIOLOGIC DRUGS: 59% OF NET DRUG SPENDING

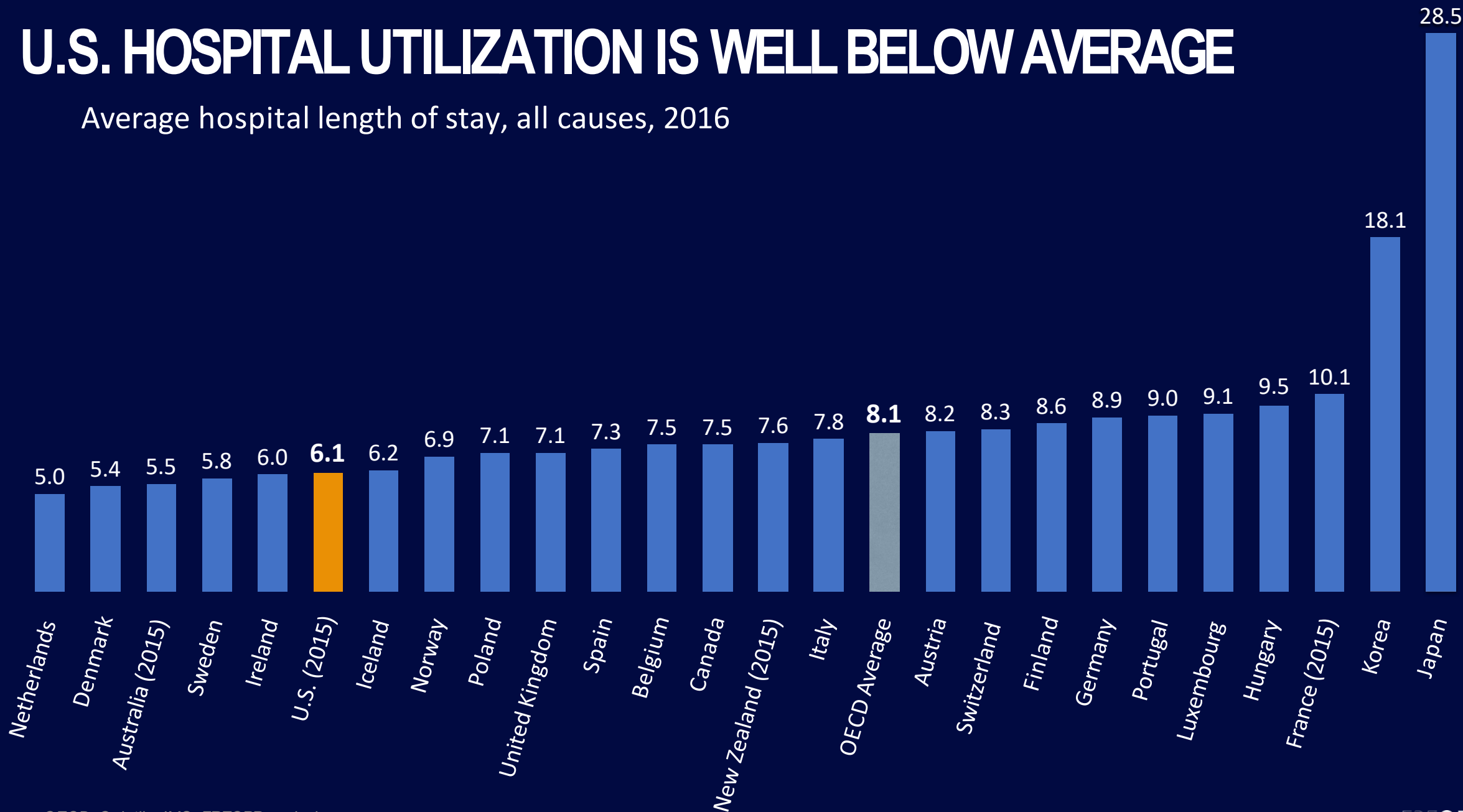
U.S. net drug spending, biologics vs. small molecules, 2013–2020 (billions)





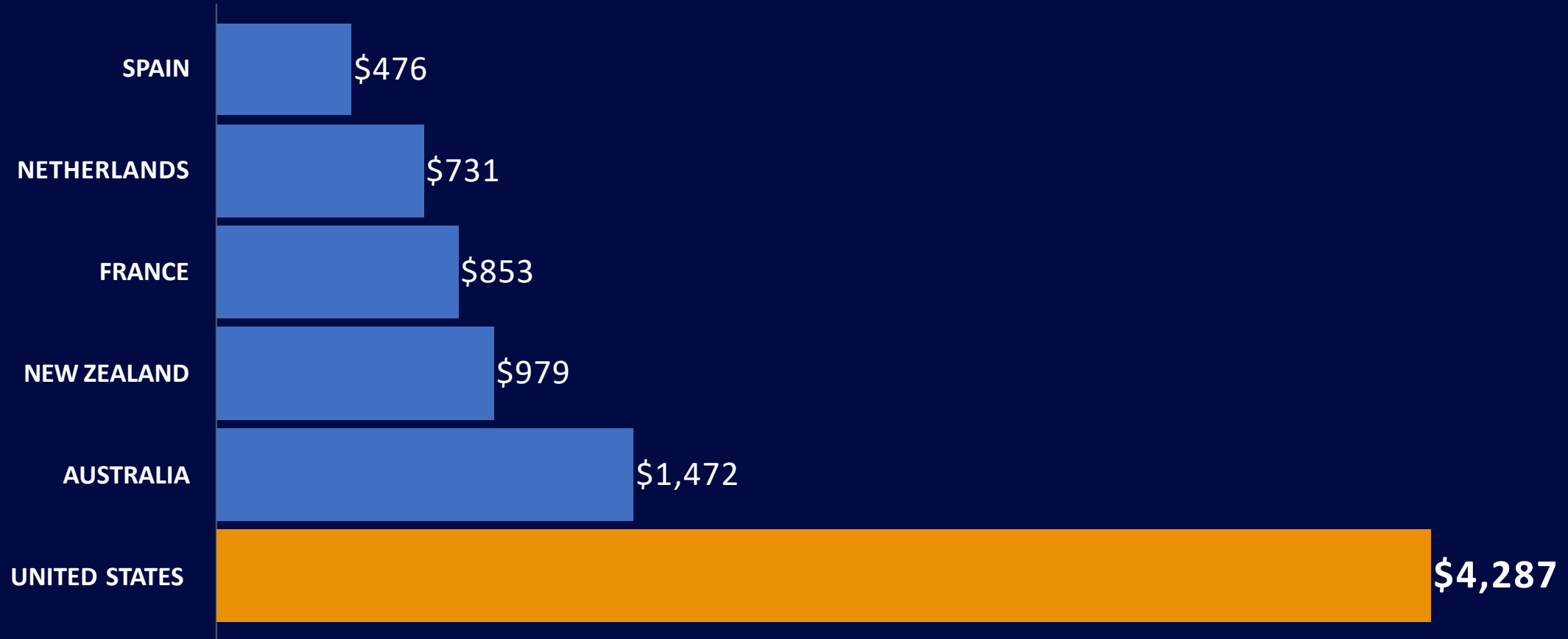
# U.S. HOSPITAL UTILIZATION IS WELL BELOW AVERAGE

Average hospital length of stay, all causes, 2016



# HIGHER FEES FOR THE SAME SERVICE

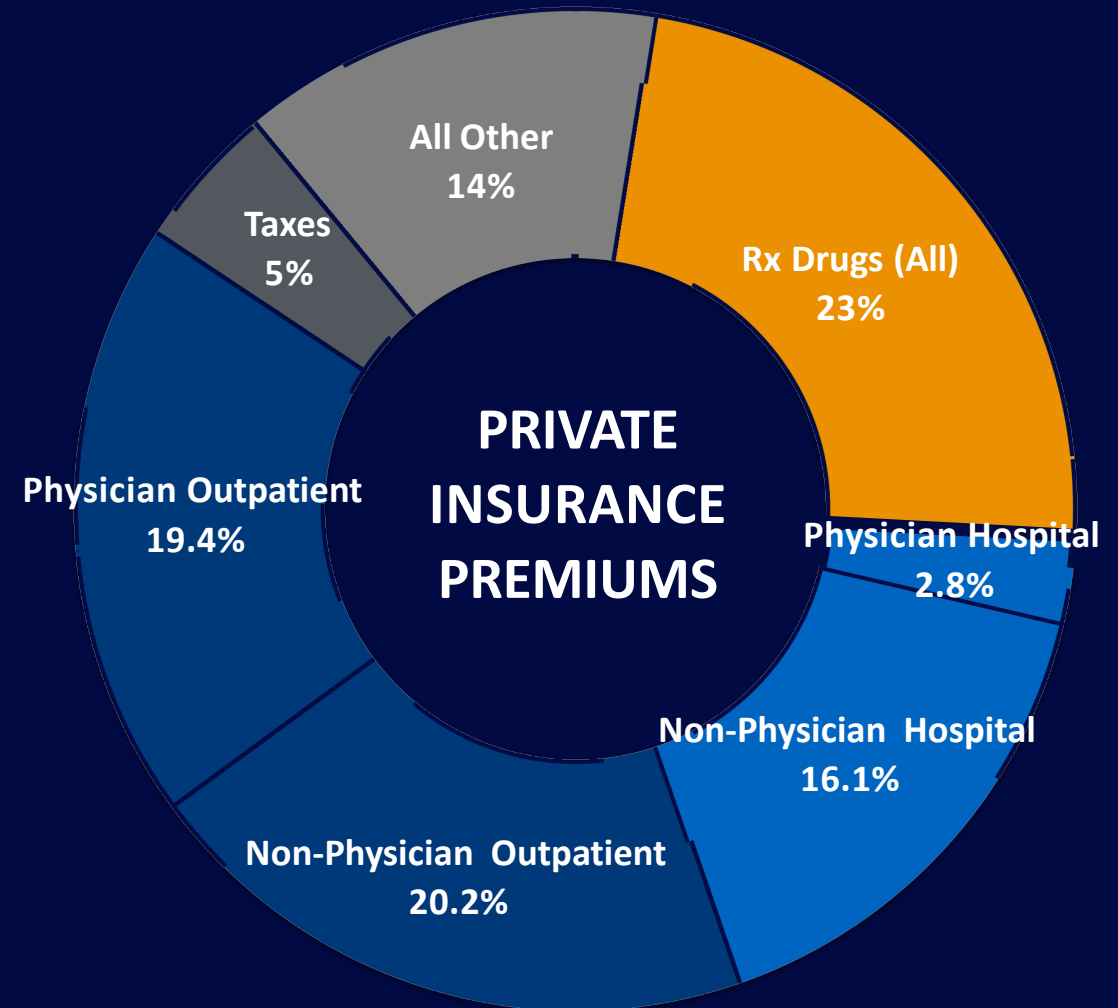
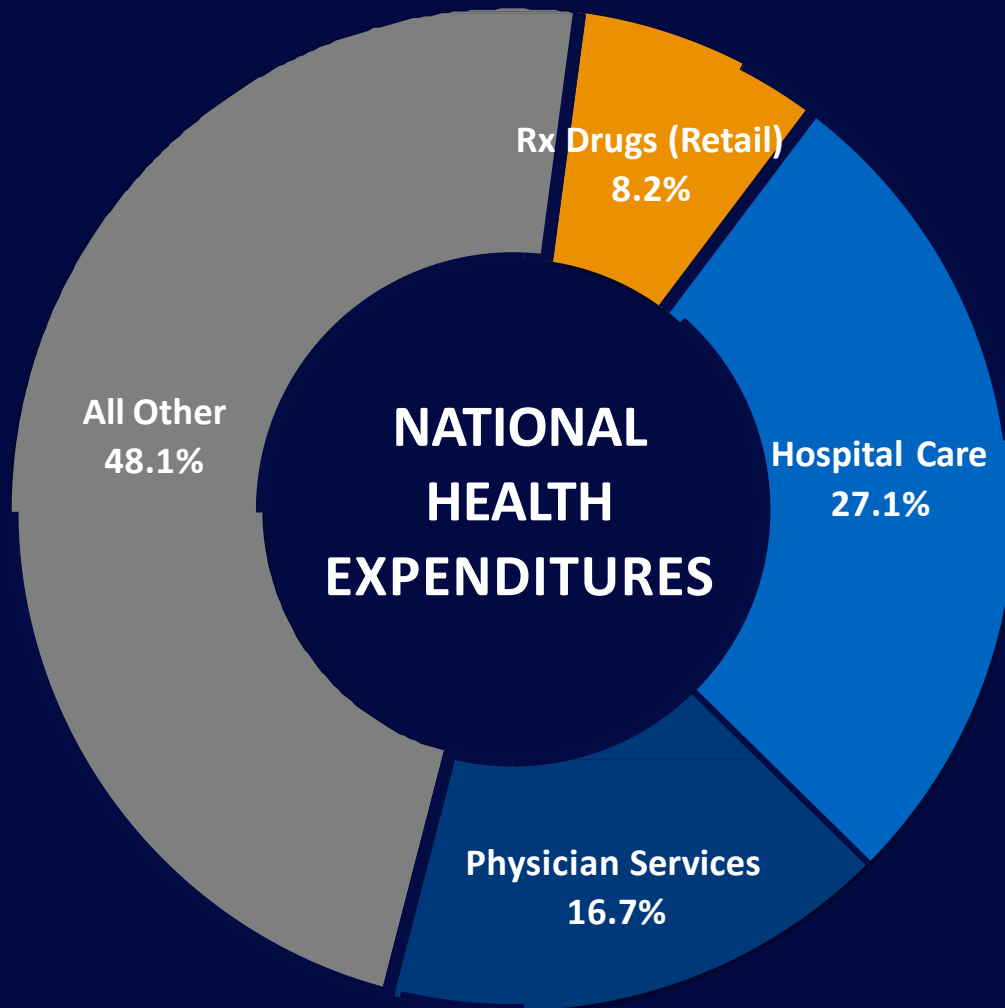
Despite lower avg. lengths of stay, U.S. per-diem hospital costs far exceed others



Median cost per hospital day, USD

# OUTPATIENT CARE: 40% OF PRIVATE INSURANCE PREMIUMS

Prescription drugs as a share of national health expenditures vs. private insurance claims



# BUT AT LEAST WE'RE INNOVATIVE?

In the 2021 FREOPP World Index of Healthcare Innovation, the U.S. dominated in Science & Technology, but ranked 29<sup>th</sup> out of 31 in Fiscal Sustainability, and only 20<sup>th</sup> on Choice

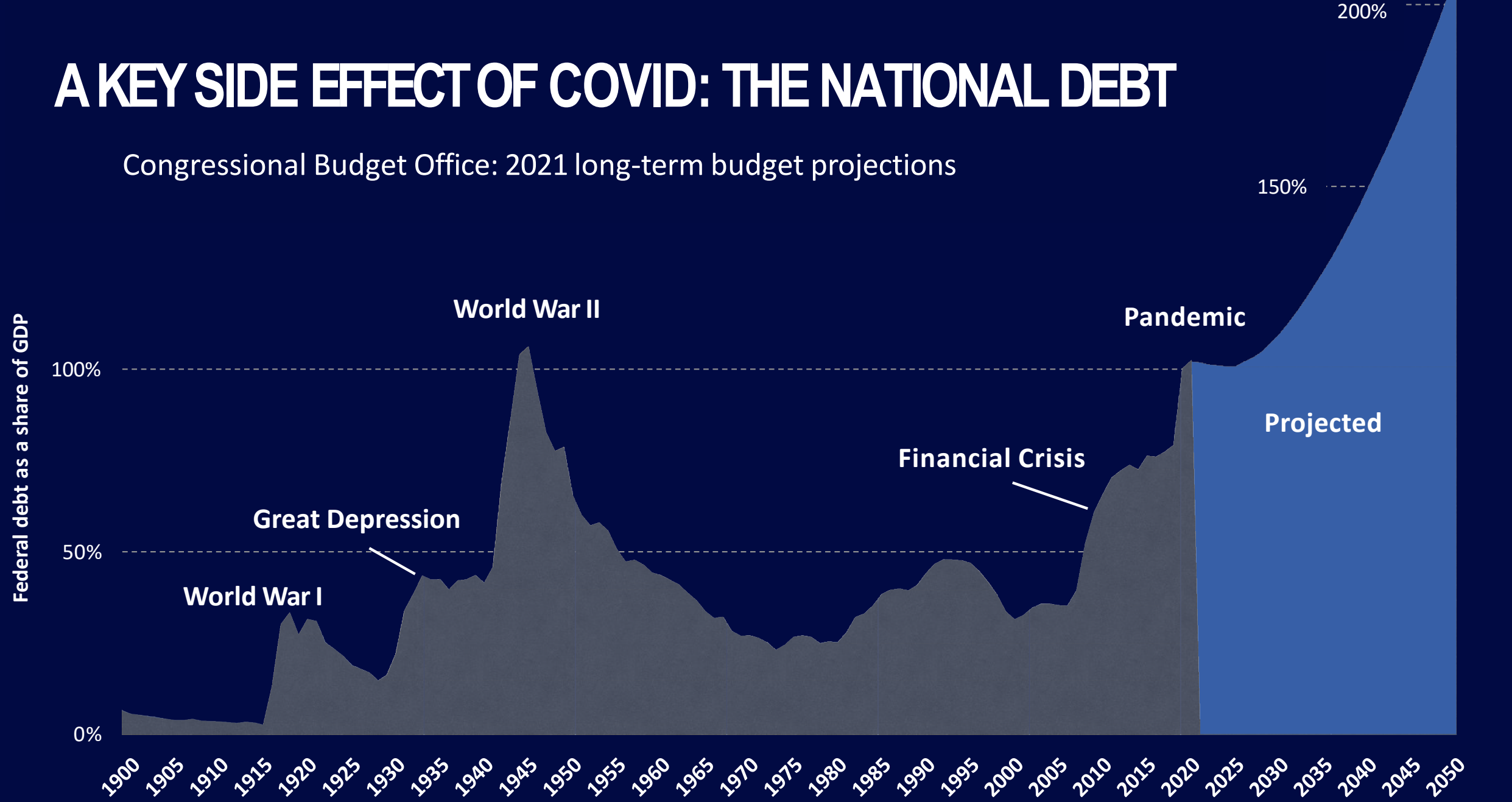
## Why?

- #2 in access to new treatments, but last (#31) in affordability of coverage

Overall Rank	Country	Overall Tier	Overall Score	Quality	Choice	Science & Technology	Fiscal Sustainability
1	Switzerland	Excellent	65.15	65.39	68.25	53.92	73.05
2	Netherlands	Excellent	62.99	62.65	73.31	42.56	73.43
3	Germany	Excellent	59.79	52.73	70.25	37.69	78.48
4	Ireland	Excellent	56.67	58.16	61.48	32.52	74.50
5	Israel	Excellent	55.72	63.21	59.67	38.38	61.62
6	United States	Excellent	54.78	56.33	54.53	73.93	34.35
7	Australia	Good	50.76	60.07	65.44	25.27	52.25
8	Hong Kong	Good	50.72	40.56	61.58	24.96	75.77
9	Belgium	Good	50.51	48.84	56.23	35.43	61.53
10	United Kingdom	Good	50.21	52.15	57.04	47.18	44.46
11	Denmark	Good	49.87	49.20	52.20	45.37	52.70
12	Singapore	Good	49.71	46.83	66.44	32.63	52.95
13	Taiwan	Good	49.26	50.22	60.10	17.75	68.95
14	South Korea	Good	48.36	51.81	63.35	18.14	60.16
15	New Zealand	Good	48.28	58.47	54.61	25.47	54.55
16	Czech Republic	Good	47.58	38.84	56.84	15.58	79.05
17	Portugal	Good	46.92	63.15	58.83	15.78	49.93
18	Sweden	Moderate	45.35	48.72	53.87	40.99	37.82
19	Austria	Moderate	45.33	50.86	55.45	29.84	45.16
20	United Arab Emirates	Moderate	45.19	46.72	45.86	22.41	65.79
21	Finland	Moderate	44.64	50.45	42.34	36.99	48.78
22	Spain	Moderate	44.53	47.13	56.85	23.52	50.63
23	Canada	Moderate	44.31	53.26	54.05	27.63	42.29
24	Norway	Moderate	44.17	57.10	48.59	33.76	37.22
25	France	Moderate	42.60	53.25	54.04	32.79	30.34
26	Greece	Moderate	41.55	38.72	58.67	19.66	49.14
27	Hungary	Moderate	40.31	32.34	48.82	17.72	62.34
28	Italy	Poor	37.90	44.22	44.21	19.37	43.80
29	Slovakia	Poor	37.70	28.75	48.66	14.32	59.05
30	Japan	Poor	37.52	57.20	56.09	36.76	0.04
31	Poland	Poor	35.52	25.23	44.01	8.40	64.45

# A KEY SIDE EFFECT OF COVID: THE NATIONAL DEBT

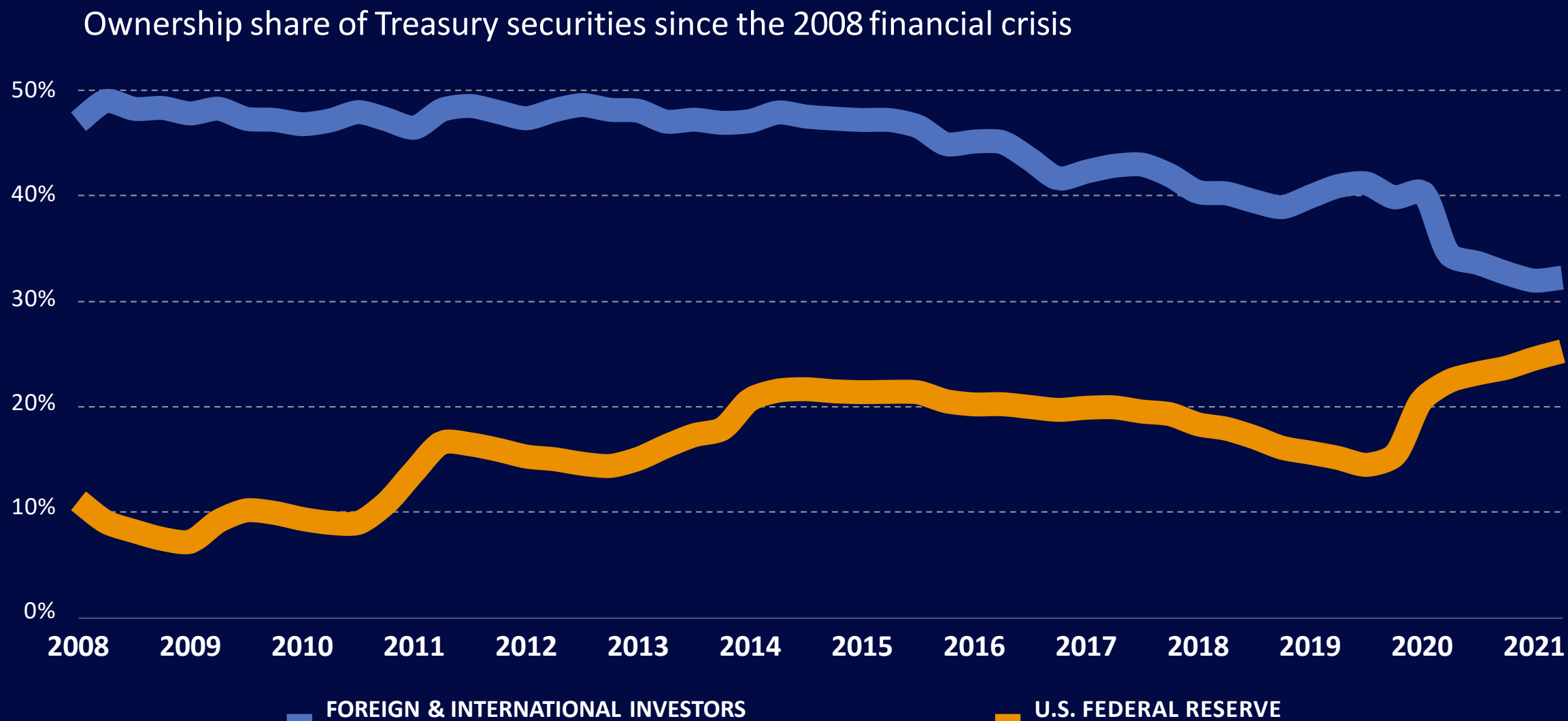
Congressional Budget Office: 2021 long-term budget projections



Source: Congressional Budget Office

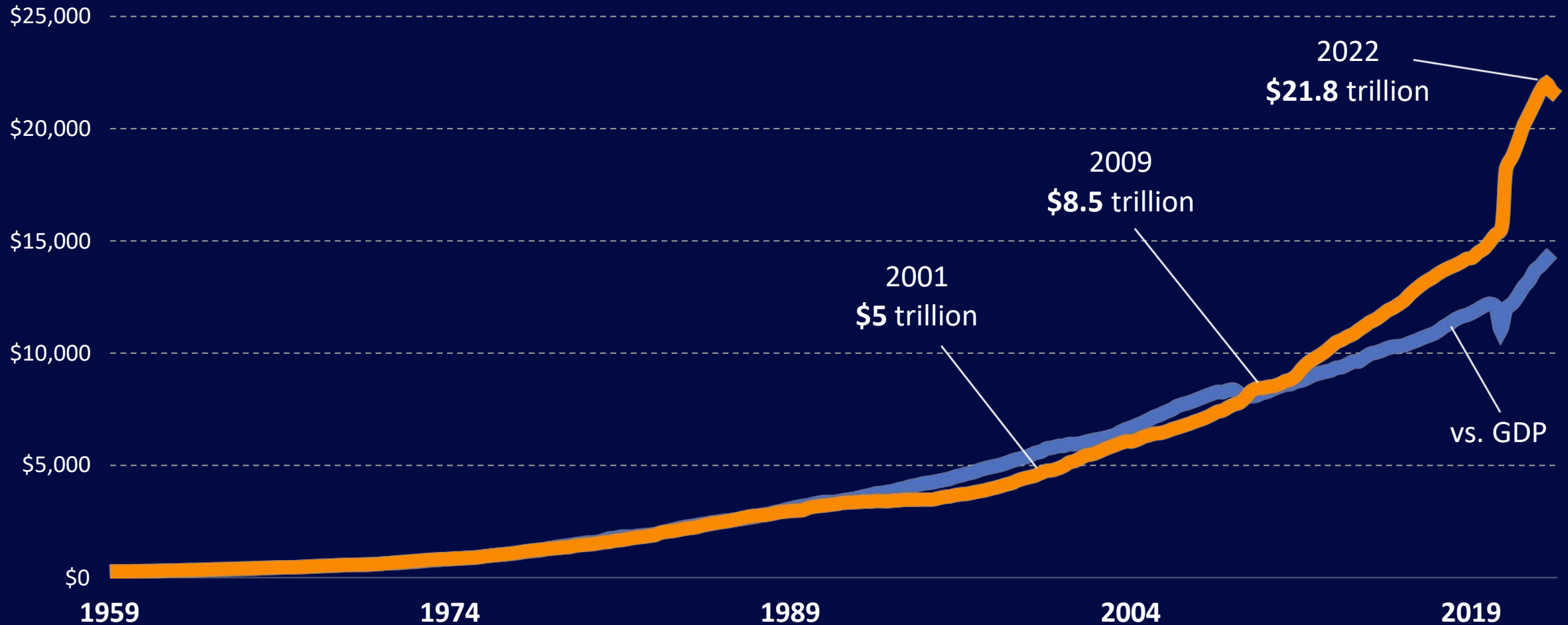


# FEDERAL DEBT INCREASINGLY OWNED BY...THE FED

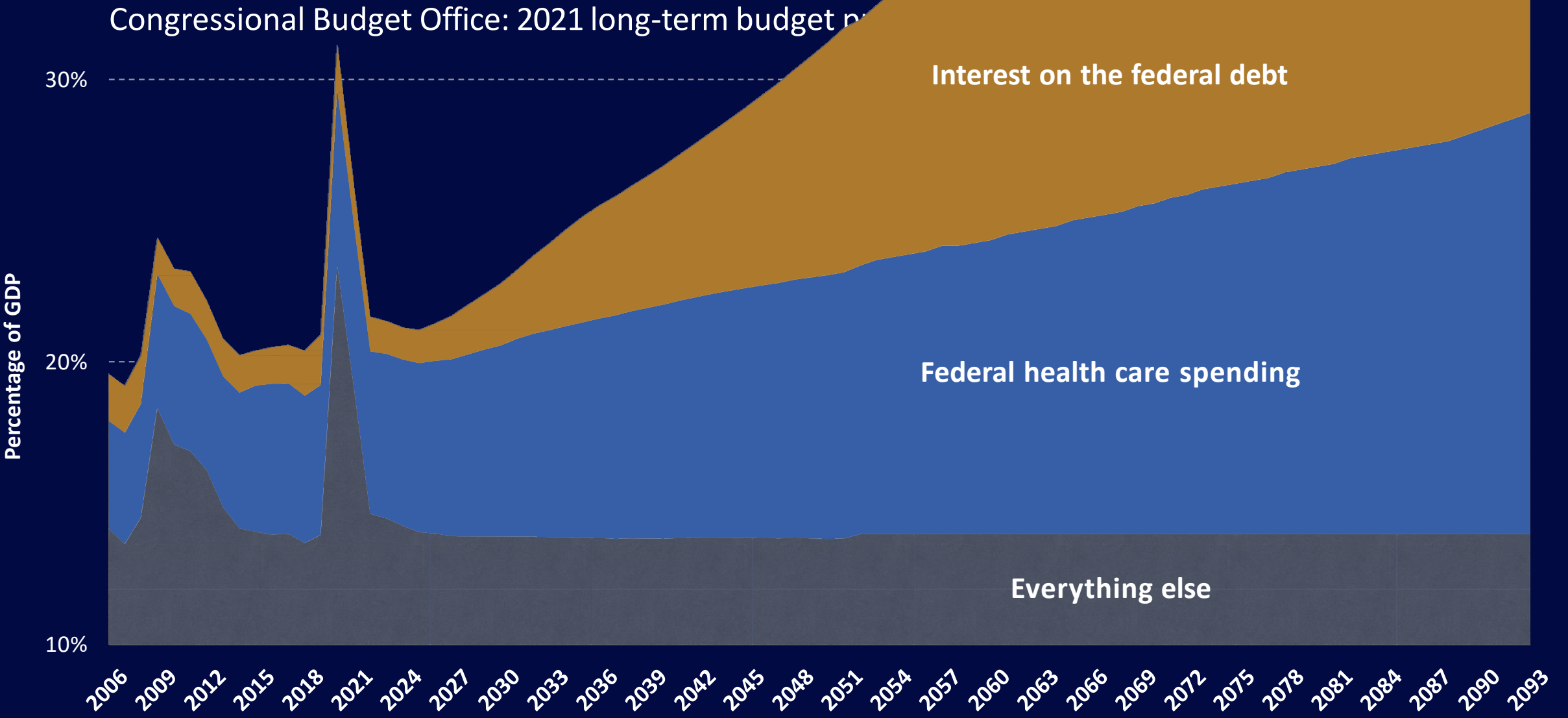


# THE FED PRINTS MONEY OUT OF THIN AIR TO LEND TO U.S.

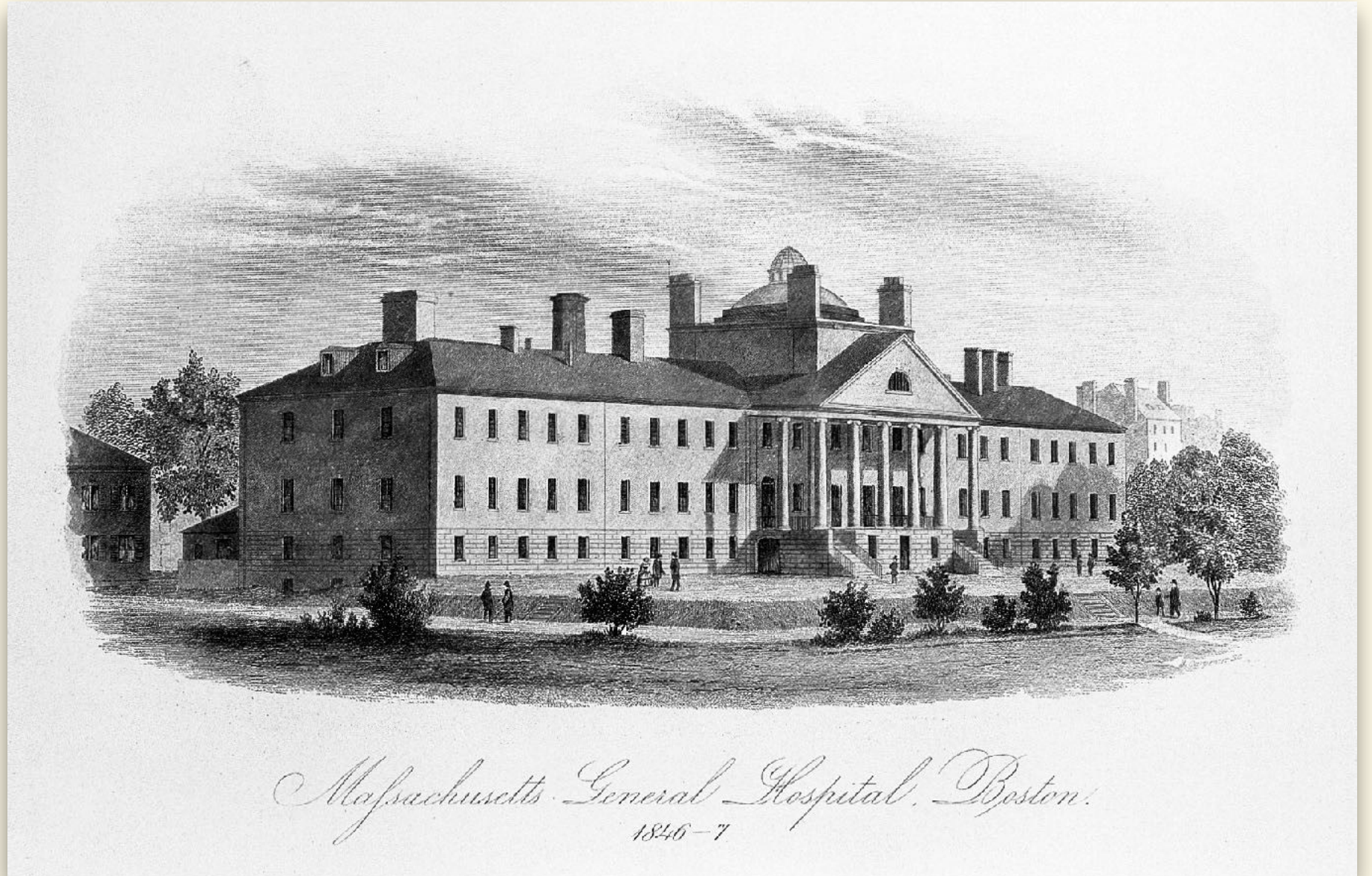
M2 money stock (savings deposits, money market funds deposits, etc.), billions



# FEDERAL HEALTH SPENDING DRIVES OUT



# HOW DID U.S. HEALTH CARE GO FROM HERE...

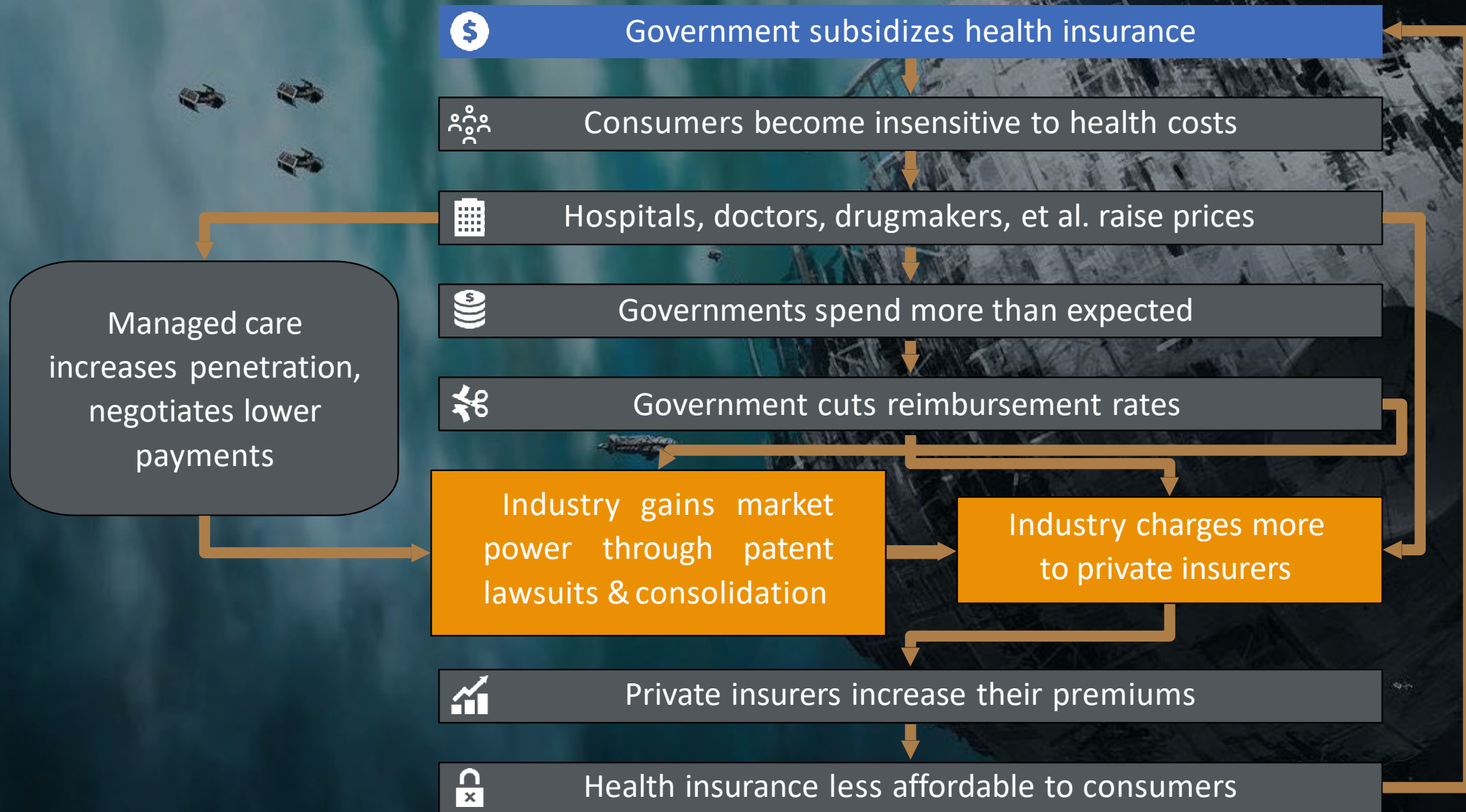




HOW DID U.S. HEALTH CARE GO FROM HERE...TO HERE?



# AMERICAN HEALTH CARE EXPLAINED—IN ONE CHART





A close-up portrait of Keanu Reeves as Neo from the movie The Matrix. He is wearing his signature black sunglasses and a black high-collared coat. The background is a dark, out-of-focus interior. The lighting is dramatic, highlighting his face and the texture of his hair.

**SUBSIDIES. WHAT YOU'RE SAYING IS IT'S THE SUBSIDIES.**



# HOW FAR CAN PRIVATE-SECTOR SOLUTIONS TAKE US?



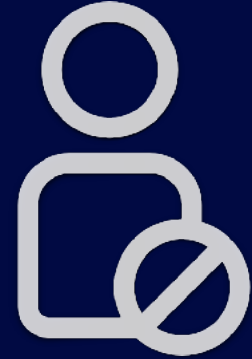
## Price transparency

Because 80-90% of health care is paid out by insurers, and because few people shop for their own insurance, consumers need **transparency and choice for insurance** more than for individual health care services



## Health insurance across state lines

It is nearly impossible for out-of-state insurers to build enough **market power** (covered lives) to negotiate better prices with monopoly providers or drug companies

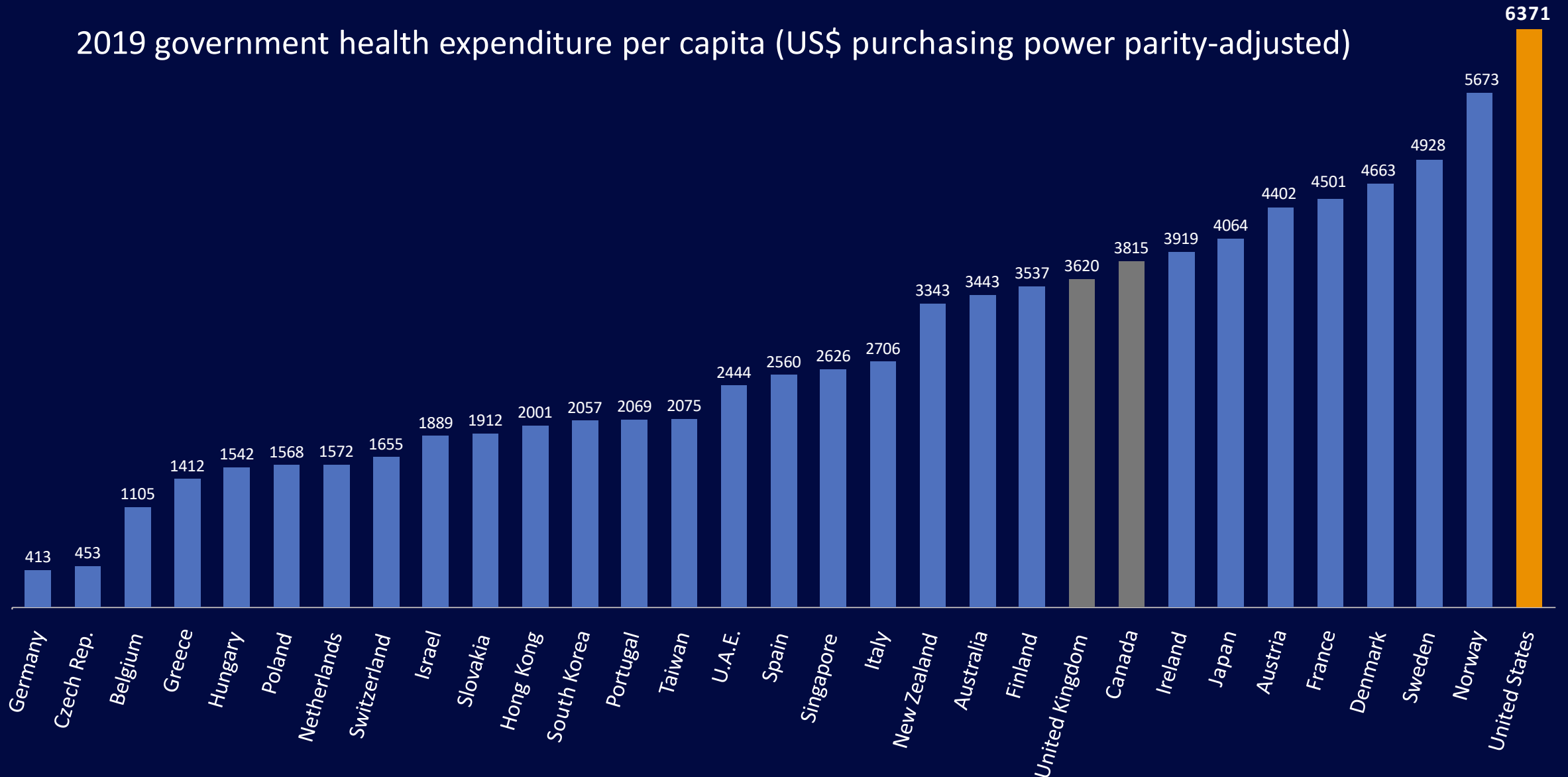


## Advanced primary care

Innovative primary care models can improve health outcomes and reduce costly utilization, the **high unit cost** of hospital care, prescription drugs, and specialty physician care drives health spending

# THE MYTH OF 'FREE-MARKET' U.S. HEALTH CARE

2019 government health expenditure per capita (US\$ purchasing power parity-adjusted)



# THE WIHI TOP 5: UNIVERSAL PRIVATE HEALTH INSURANCE



**#1**

## Switzerland

Maximum freedom of choice; #1 in producing medical advances

Quality: #1

Choice: #3

Science & Technology: #2

Fiscal Sustainability: #6



**#2**

## Netherlands

Highly competitive insurance market; #1 in patient-centered care

Quality: #4

Choice: #1

Science & Technology: #5

Fiscal Sustainability: #5



**#3**

## Germany

Perennial balanced budgets; #1 in access to new treatments

Quality: #13

Choice: #2

Science & Technology: #8

Fiscal Sustainability: #2



**#4**

## Ireland

#1 in measures of preventable disease; global pharma hub

Quality: #7

Choice: #8

Science & Technology: #13

Fiscal Sustainability: #4



**#5**

## Israel

#1 in Nobel prizes per capita; #2 in prevention & patient-centered care

Quality: #2

Choice: #10

Science & Technology: #7

Fiscal Sustainability: #11

# WHAT THE U.S. CAN LEARN FROM SWITZERLAND



**#1**

**Switzerland**

Maximum freedom of choice; #1 in producing medical advances

Quality: #1

Choice: #3

Science & Technology: #2

Fiscal Sustainability: #6

- **Universal coverage through private insurance**
  - Regulated, transparently priced insurance products similar to Medicare Parts C & D, ACA exchanges, & Paul Ryan Medicare proposals
- **Heavily means-tested financial assistance**
  - Subsidized coverage only for vulnerable populations
- **Significantly lower health care prices**
  - Insurers at the cantonal level are allowed to band together to jointly negotiate drug & hospital reimbursement rates
- **73% less per-capita subsidies than the U.S.**

# IN MEDICARE, PRIVATE INSURANCE WINS HEAD-TO-HEAD



#6

**United States**

Very strong in scientific innovation, but fiscally unsustainable & dead last in affordability

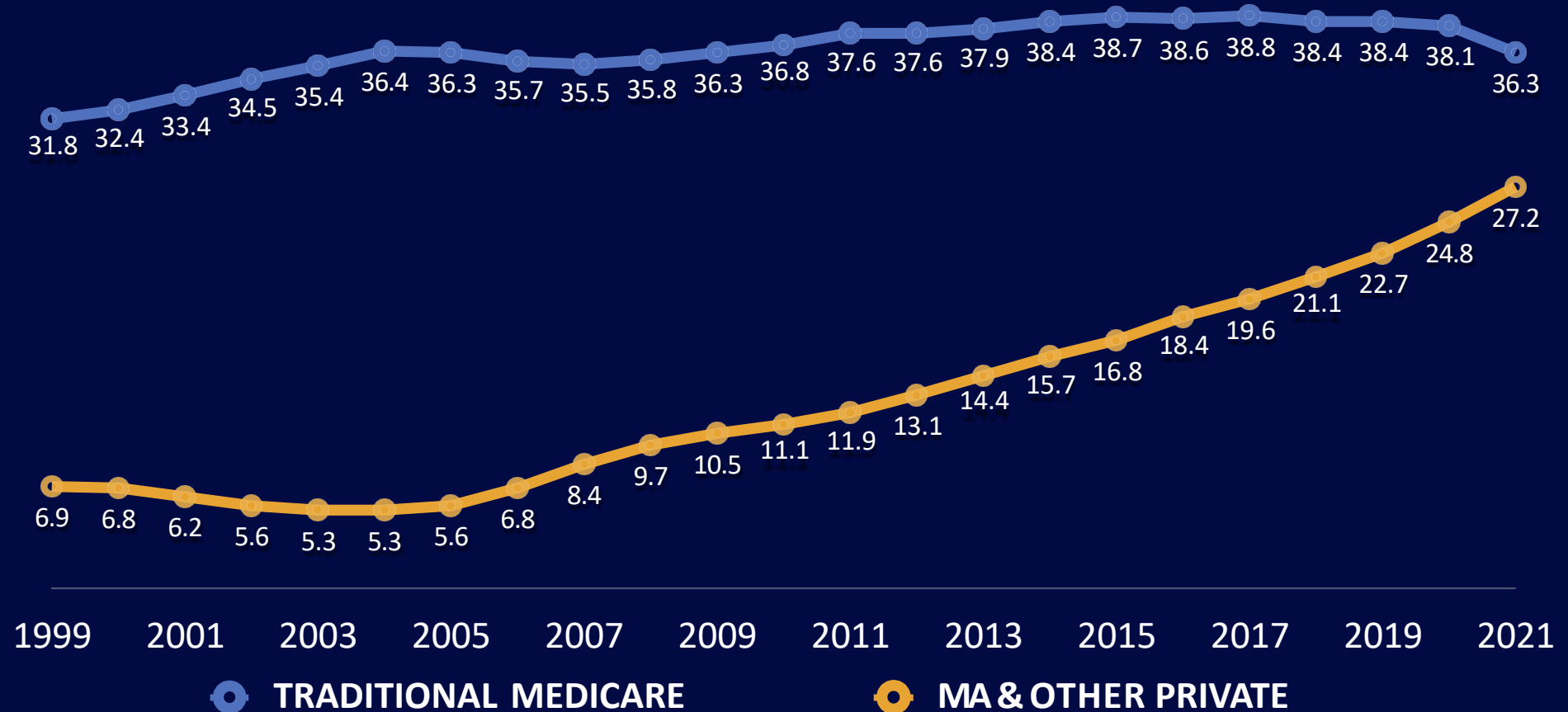
Quality: #10

Choice: #20

Science & Technology: #1

Fiscal Sustainability: #29

Medicare enrollment by payer type (millions)

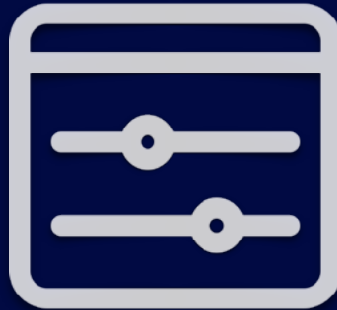


# MEDICARE ADVANTAGE FOR ALL: 4 CORE PRINCIPLES



## **Affordable for Every Generation**

Universal—and universally affordable—coverage for today’s Americans, and a fiscally sustainable system for the generations to come



## **Personalized Insurance**

All Americans should have the freedom to choose among a wide variety of private plans that suit their needs



## **Fairness to Taxpayers**

Taxpayer-funded subsidies should be reserved for the poor, the sick, and the vulnerable—not the wealthy



## **Innovation & Competition for Patients**

Enabling competition and curtailing the power of health care monopolies will lower patients’ costs and increase innovation in patient care

# HOW TO GET THERE FROM HERE: 4 BASIC STEPS





# HOW TO GET THERE FROM HERE: 4 BASIC STEPS



- **Step 1:** Strengthen individual insurance

- Reinsurance reduces premiums & protects those w/pre-existing conditions
- Enable businesses to help their workers buy their own coverage
- Merge federal employees' health benefits into individual market

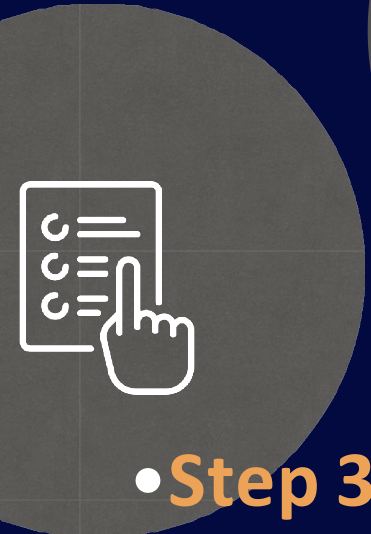


# HOW TO GET THERE FROM HERE: 4 BASIC STEPS



- **Step 2:** Reduce health care prices
  - Prescription drug reform
  - Curtail the power of health care monopolies

# HOW TO GET THERE FROM HERE: 4 BASIC STEPS



- **Step 3:** Medicare & Medicaid reform

- Improve Medicare Advantage
- Eliminate Medicare eligibility for wealthiest Americans
- Integrate able-bodied Medicaid enrollees into individual market



# HOW TO GET THERE FROM HERE: 4 BASIC STEPS



- **Step 4:** Expand innovation

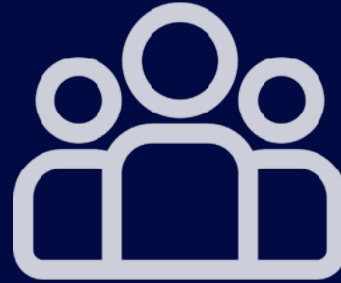
- Digital & telehealth reform (HIPAA, Stark)
- Enable veterans to obtain private coverage & care
- Reform medical malpractice
- And much more

# THE FAIR CARE ACT: MARKET-BASED UNIVERSAL COVERAGE



## Legislation introduced in the U.S. House & Senate

Lead sponsors:  
Rep. Bruce Westerman (Ark.), Rep. Jim Banks (Ind.), Sen. Mike Braun (Ind.)



## Anyone who wants insurance can afford it

Like Medicare Advantage, means-tested subsidies ensure that everyone can afford private coverage, increasing the number of insured by 9 million U.S. residents



## Reduces the deficit & reduces taxes

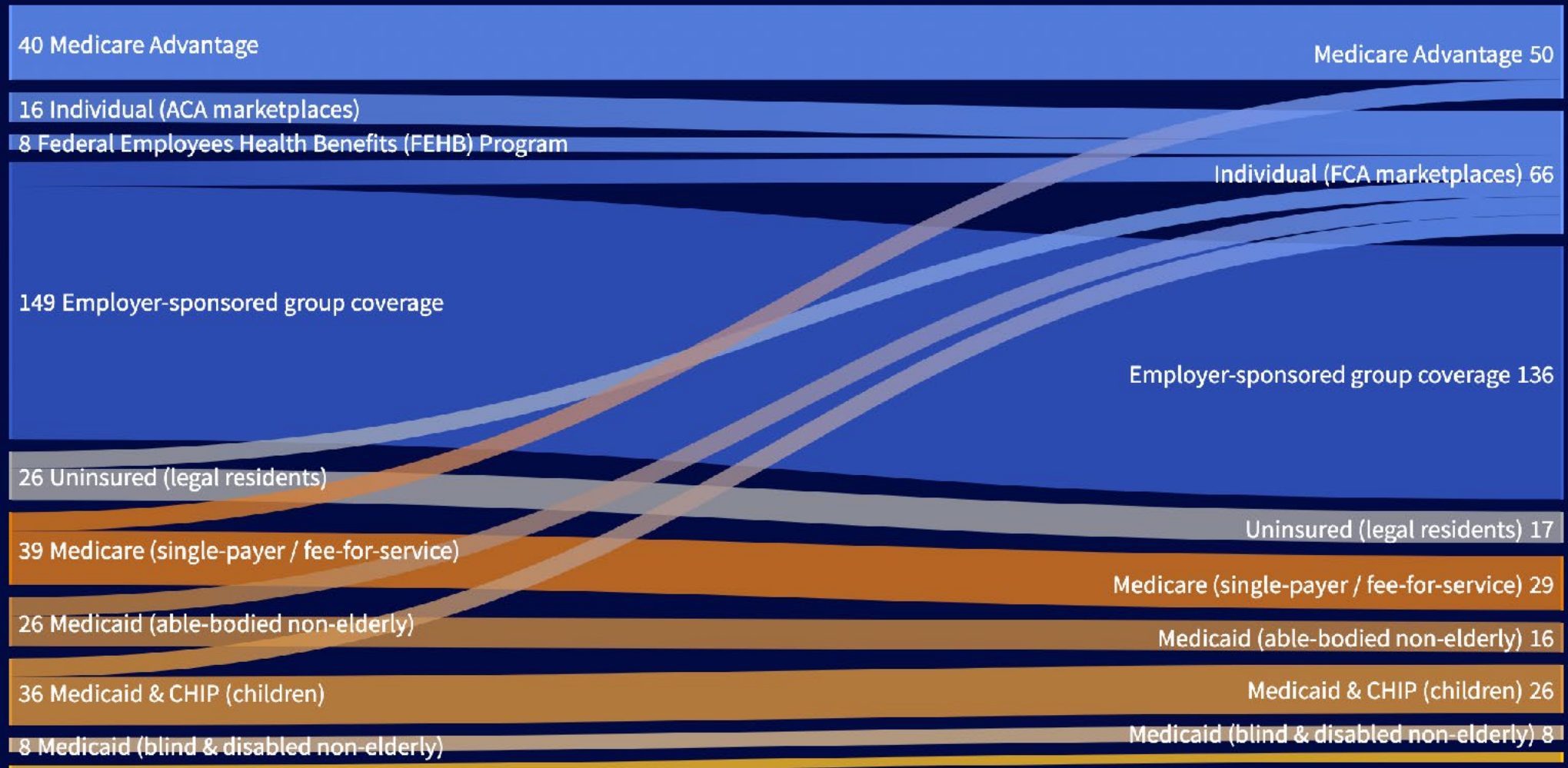
By means-testing health insurance subsidies, and reducing health care costs, the bill reduces the deficit by \$152 billion over 10 years

# THE FAIR CARE ACT: HEALTH COVERAGE IN 2030

Under current law

(millions of U.S. residents)

Under the Fair Care Act





## The Fair Care Act of 2020: Market-Based Universal Coverage

A new bill introduced in Congress would expand health insurance coverage while reducing costs and increasing innovation.



Avik Roy

Oct 12, 2020 · 29 min read

## Medicare Advantage for All



Avik Roy

Apr 21, 2019 · 5 min read

## Health Insurance For All, The American Way



Avik Roy

May 1, 2019 · 10 min read

## Medicare Advantage: A Platform for Affordable Health Reform



Avik Roy

Apr 18, 2019 · 33 min read

## Bringing Private Health Insurance Into the 21st Century



Avik Roy

Apr 21, 2019 · 38 min read

[ideas.freopp.org](https://ideas.freopp.org)



FREOPP.org

Q & A

**AVIK ROY / @AVIK**

THE FOUNDATION FOR RESEARCH ON EQUAL OPPORTUNITY

AROY@FREOPP.ORG





# TCoC Reduction Through Legislative Policy



**Peter Cram, MD,**  
University of Texas  
Medical Branch, Chair,  
Dept. of Int. Medicine



**Ted Barral,**  
The Friedkin Group,  
Director of Compensation  
& Benefits



**Charles Miller,**  
Texas2036,  
Senior Policy Advisor



**Alan Gilbert,**  
Purchaser Business  
Group on Health, VP  
of Policy

# Total costs of care reduction through legislative policy

December 8, 2022

Houston Business Coalition on Health

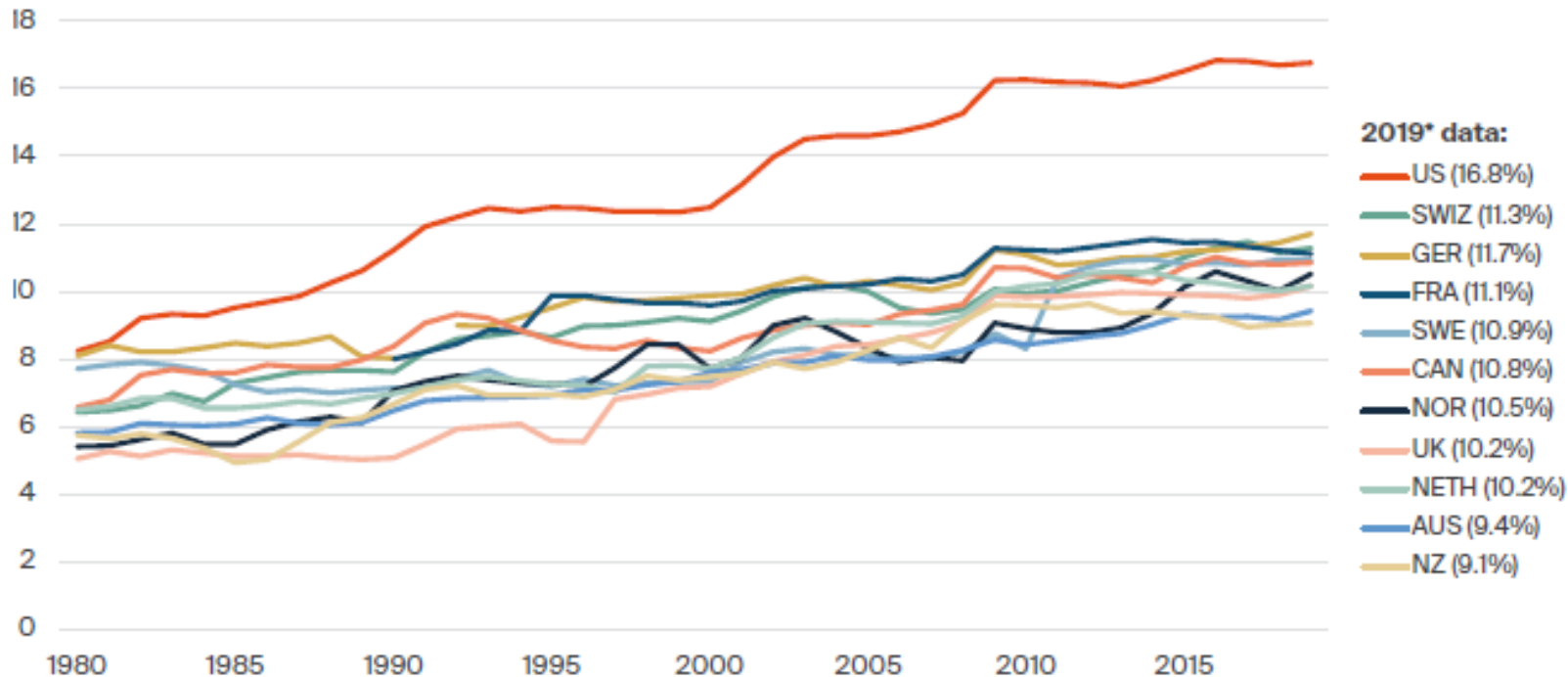
# Session participants

- Peter Cram, Physician, Policy Researcher, UTMB
- Ted Barrall, Friedkin Group Director of Comp and Benefits
- Charles Miller, Texas 2036 Senior Policy Advisor
- Alan Gilbert, Purchaser Business Group on Health VP of Policy

# The data should be familiar

**Exhibit 3. Health Care Spending as a Percentage of GDP, 1980-2019**

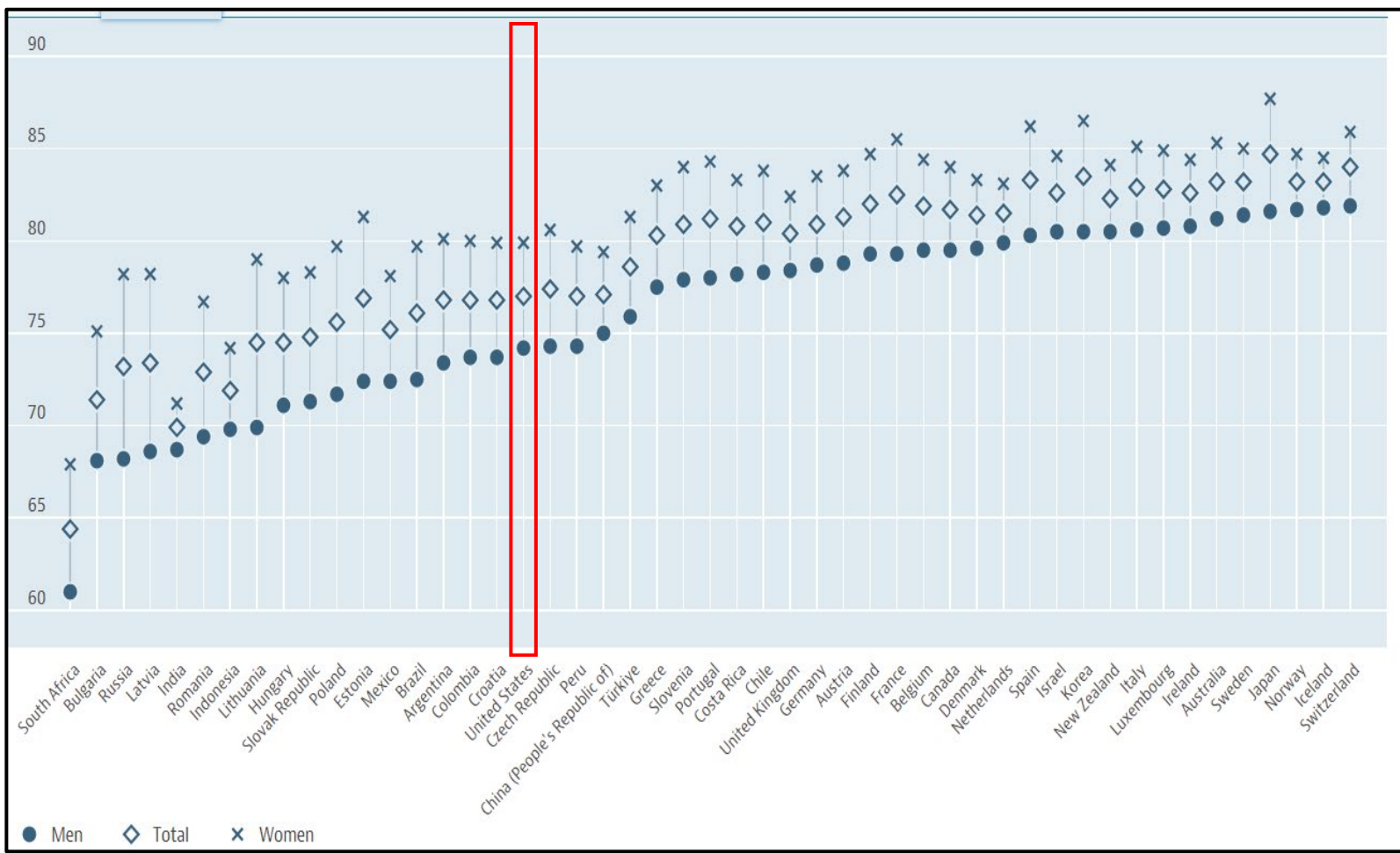
*Percent(%) of GDP*



Notes: Current expenditures on health. Based on System of Health Accounts methodology, with some differences between country methodologies. GDP refers to gross domestic product.

\* 2019 data are provisional or estimated for Australia, Canada, and New Zealand.

Data: OECD Health Data, July 2021.





# The Friedkin Group

Automotive, Entertainment, Investments, Sports, Travel & Adventure

## Automotive

- Gulf States Toyota
- Westlex, Ascent
- USAL
- Gulf States Financial Services

## Benefits:

- 2,300 lives
- Self-funded medical plan with two TPAs
- Costs
  - Largest: Hospitalization
  - Fastest Growing: Pharmacy





# Collective Action by Employers

## Impact of rising costs

- Higher premiums
- Higher copays and deductibles
- Increased cost to the company

## Opportunities for employers to act collectively

## Legislation to address hospital price transparency

- Texas Employers for Affordable Healthcare







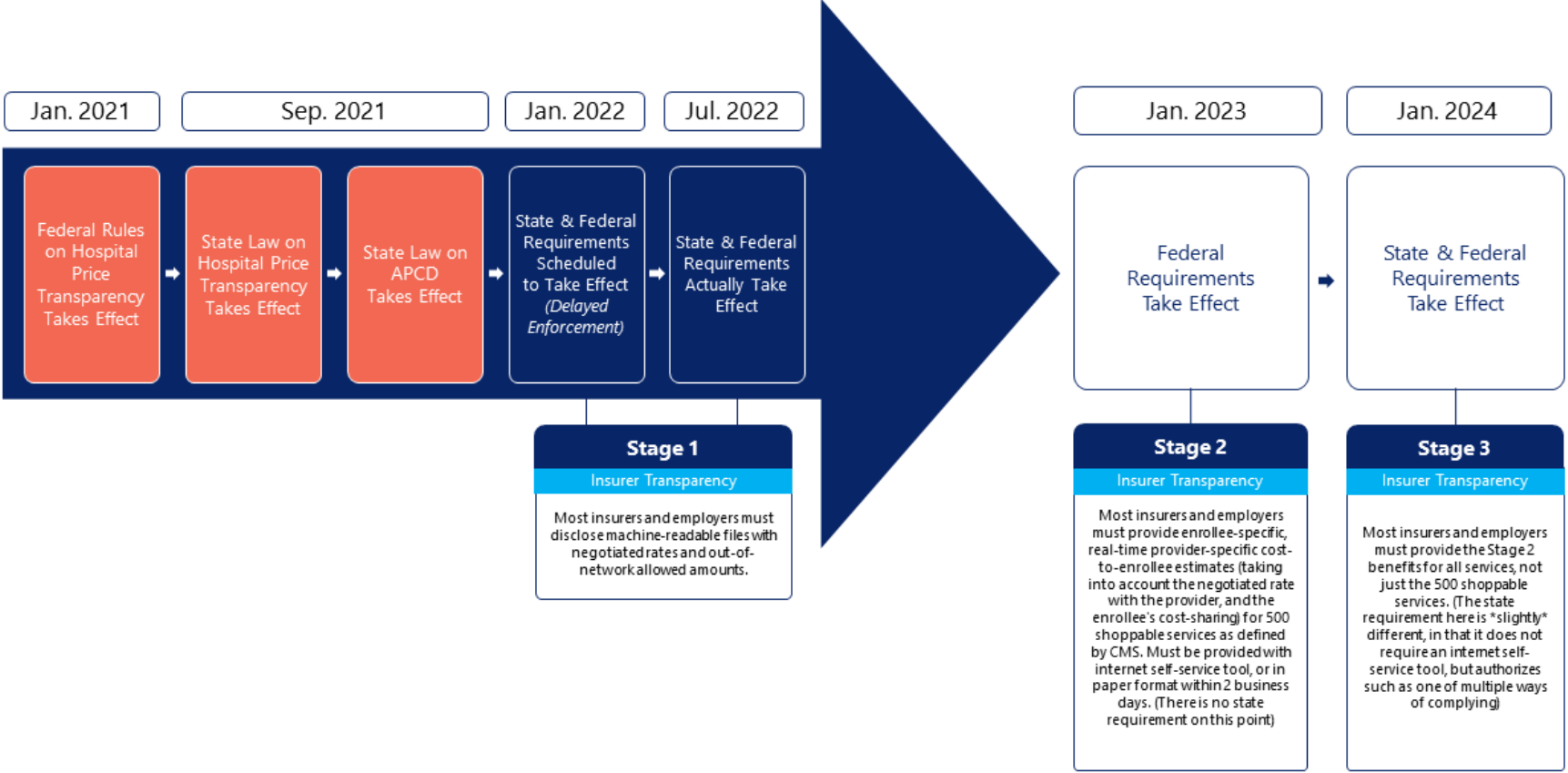
TEXAS 2036

# Reducing Employer Health Care Costs: State Legislation

Month XX, 2022







# Health Price Transparency Timeline





# Potential Legislation

- a. Anti-Competitive Contracting
- b. Site-Neutral Payments / Facility Fees
- c. APCD Improvements
- d. ERS/TRS Benefit Design Changes

 <p><b>All-or-nothing contracting</b></p>	 <p><b>Anti-tiering or Anti-steering Clauses</b></p>	 <p><b>Most-Favored Nation (MFN) clauses</b></p>	 <p><b>Gag Clauses</b></p>
<p>Health systems leverage the status of their “must-have” providers and require plans to contract with all providers in the system or none of them. This forces insurers to face a difficult choice - include <u>all of</u> the systems’ providers (even if they are low-value or high-cost) or lose them all.</p>	<p>Dominant systems may require a health plan to place all physicians, hospitals, and other facilities associated with a hospital system in the most favorable tier of providers (<u>i.e.</u> anti-tiering) or at the lowest cost-sharing rate to avoid steering patients away from that network (<u>i.e.</u> anti-steering). These clauses undercut a plan’s ability to direct patients to high-value providers.</p>	<p>Typically used by a dominant insurer in combination with a dominant health system, MFN clauses are contractual agreements in which a health system agrees not to offer lower prices to any other insurer. For a dominant insurer, this ensures they are getting the best price and that no rival insurer can negotiate to offer a novel product at lower rates. MFNs may also allow insurers and providers to collude to raise prices.</p>	<p>Gag clauses may prevent either party in a contract from disclosing terms of that agreement, including prices, to a third party. The lack of transparency from gag clauses and the mistaken notion that prices are trade secrets undermines price transparency tools for consumers and decreases plan sponsors’ ability to push back on rising prices.</p>

## Spotlight: Anti-Competitive Contracting



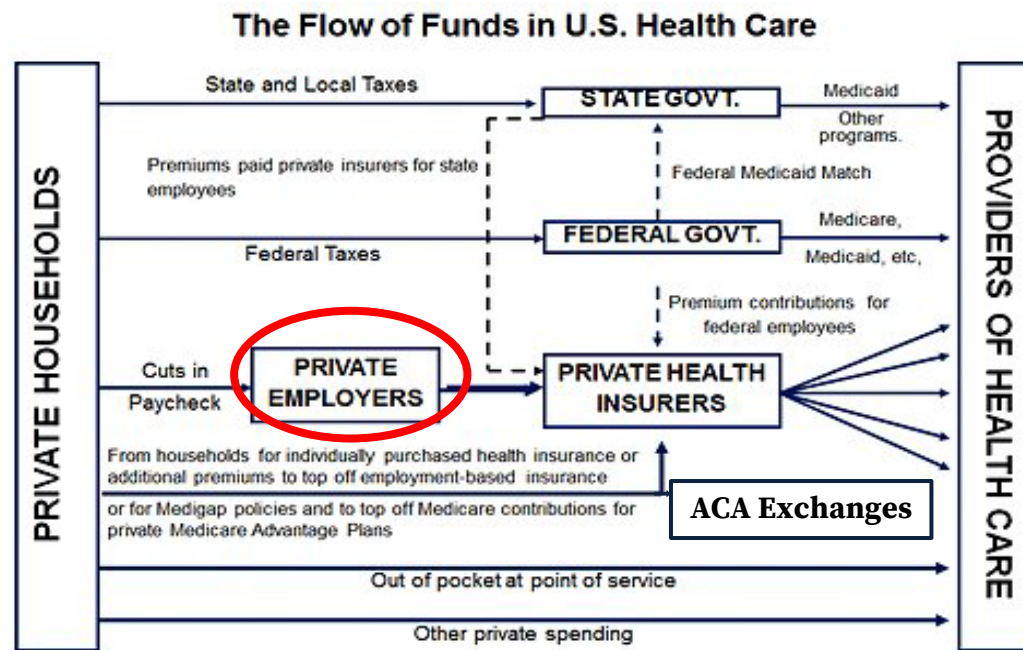
# Take Action Now

Large employers have tried to change and failed. Now, it's time for the Legislators to act and they need to hear from Texans like you. Sign up now to be notified when you can take action.

## What Can You Do?

Visit [www.txeahc.org](http://www.txeahc.org) and sign up!

# Role and Problems Employers are Trying to Solve in the Healthcare Ecosystem



**This is NOT private employers' day jobs ...yet they are facing:**

- Unacceptably high and growing **costs**
- Inexplicably variable and mediocre **quality** of care
- Enormous **waste** in the health care system
- Serious inequities in health care and outcomes

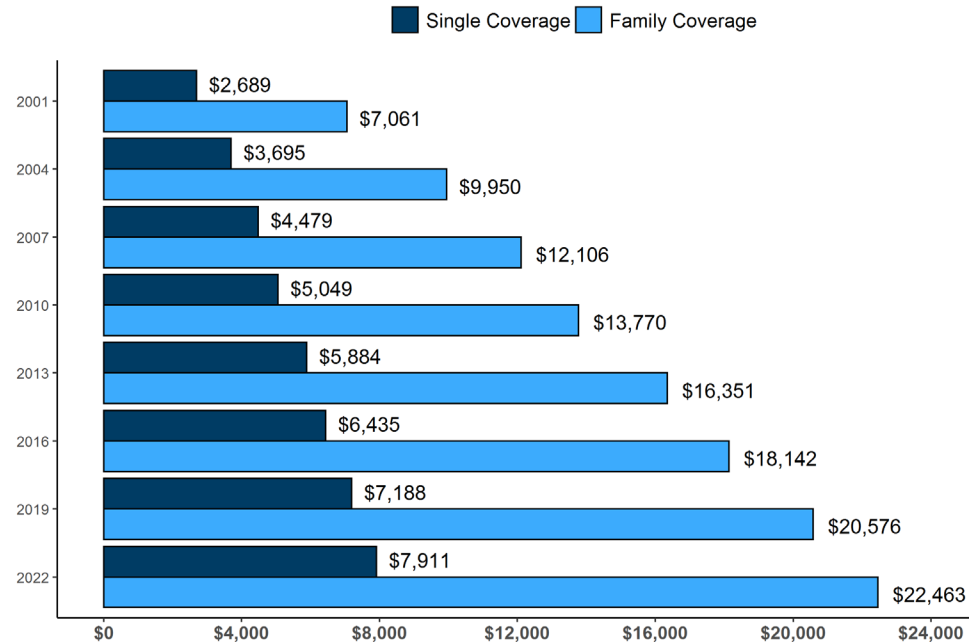
Source: Uwe Reinhardt, "The Money Flow From Households to Health Care Providers". New York Times Economix blogs. Sept. 20, 2011.  
<https://economix.blogs.nytimes.com/2011/09/30/the-money-flow-from-households-to-health-care-providers/>

*Both sides of the value equation going the wrong way.*



# Relentless Increase in Costs

Average Annual Premiums for Single and Family Coverage, 2001-2022

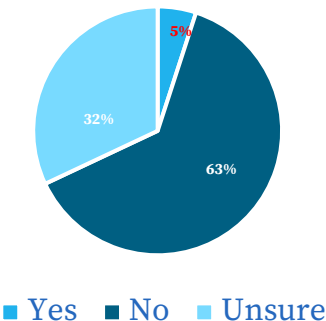


SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001-2017

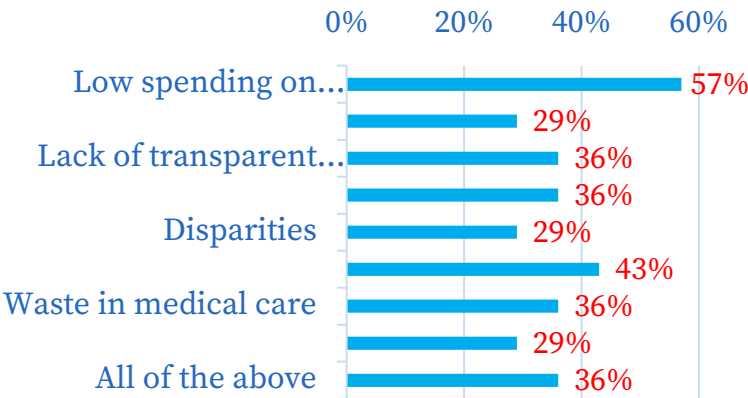


- **Prices rising** 5-10% year-over-year
- **Increased consolidation** allowing for monopolistic business practices
- Hospitals buying up smaller hospitals and underpaid primary care providers to **further control referral patterns and increase prices**
- PBMs **manipulating formularies and including hidden fees** in their contracts that increase costs by millions for employers
- Hospitals and doctors **fighting surprise billing legislation and regulations** with multiple lawsuits
- PBMs, insurers and health systems **refusing to give their self-insured employers access to their own data**
- Hospitals **making it difficult to access price data**, if they comply with the law at all (many haven't)
- Hospitals **refusing to engage** in arrangements with employers that would lower their cost
- Hospitals, physicians and health plans **refusing to use standardized metrics** so performance can be evaluated by customers

For the money you spend on health benefits and services, do you believe your employees'/members' health is improving?



If you answered no, why are you not getting what you want from your health spending?



PBGH uses a multipronged approach to get results for our members. We enable the **INNOVATIVE PURCHASING** of **QUALITY** health care.



Care Redesign



Direct Contracting



Strengthening Mental Health



Reducing Pharmacy Costs



Payment Reform



Measuring What Matters



Influencing Policy



# TCoC Reduction Through Advance Primary Care



**Josh Berlin,**  
rule of three, LLC,  
CEO



**Nate Murray,**  
Crossover Health,  
Co-Founder



**Rushika  
Fernendopulle, MD,**  
One Medical,  
Chief Innovation  
Officer



**Ryan Schmid,**  
Apree Health,  
President



**Juliet Breeze, MD,**  
Next Level Medical,  
CEO

# TCoC Reduction Through Transparency



**Dan Burke,**  
Turner Industries,  
Vice President, Corporate  
Benefits, HBCH Board  
Chair



**Evelyn Li, PhD,**  
Mathematica,  
Senior Researcher



**Cora Opsahl,**  
32BJ Fund,  
Health Fund Director



**Hugh O'Toole,**  
Innovu,  
COE



## TCoC Reduction Through Obesity and Metabolic Syndrome Management



**Ben Hoffman, MD,**  
Confluent Health



**Ted Kyle, RPh, MBA,**  
ConscienHealth



**Hani Serag, MD,,MPH,**  
University of Texas Medical  
Branch, Asst. Professor,  
Division of Endocrinology



**Karen Rakers, MD,**  
Next Level Medical,  
Chief Medical Officer



# TCoC Reduction Through Obesity and Metabolic Syndrome Management

Ben Hoffman MD MPH Professor(Adjunct) UTSPH and CMO WorkSTEPS–Moderator

Ted Kyle RPH Principal, ConscienHealth– *Burden of Obesity on Comorbidities*

Hani Serag, MD MPH UTMB, Div. Endocrinology–*Lifestyle Impact on Obesity via NDPP*

Karen Rickers, MD CMO, Next Level Health and Wellness–*Comprehensive Approach in Managing Patients with Obesity*

Q&A

# Obesity itself is associated with **high indirect costs** for employers



## Short-term disability<sup>1</sup>

According to a retrospective analysis of a large, national employer database (N=89,097)

- Employees with obesity-related complications are nearly **2x as likely** to file short-term disability claims
- The number of short-term disability claims can **increase by 37%** as BMI increases from 30 kg/m<sup>2</sup> to 35 kg/m<sup>2</sup> for those with diabetes, hypertension, or hyperlipidemia



## Absenteeism

- According to one study using 2006 to 2008 survey data (N=89,097), employees with a BMI of 40 kg/m<sup>2</sup> will **miss 77% more work days<sup>a</sup>** compared with employees with a BMI of 25 kg/m<sup>2</sup><sup>1</sup>
- Obesity-related absenteeism can cost employers **\$12.8 billion annually<sup>2</sup>**



## Workers' compensation<sup>3</sup>

- In a 3-year study of workers' compensation claims, claims were **160% higher** for employees with obesity (BMI ≥30 kg/m<sup>2</sup>) compared with those with normal weight (BMI 18.5 kg/m<sup>2</sup> - 25 kg/m<sup>2</sup>)<sup>b</sup>



## Presenteeism<sup>2</sup>

- Presenteeism in the workplace has been shown to be the **single largest cost driver** associated with obesity, regardless of BMI



## Productivity<sup>4,c</sup>

- Increasing BMI is associated with **impaired work productivity** and indirect costs
- Overall work productivity impairment was **significantly greater for transportation employees** in at least 1 obesity class vs those with normal BMI (*P* < 0.05)
- Indirect costs were higher for transportation employees with obesity Class III vs those with normal BMI: **\$11,741.81 vs \$5688.76, respectively<sup>4</sup>**

<sup>a</sup>Due to sick days, short-term disability, and workers' compensation days.<sup>1</sup>

<sup>b</sup>Study specific to the Louisiana Workers' Compensation Corporation Claims Payment Database for open claims. Study included ~2300 injured employees filing workers' compensation claims.<sup>3</sup>

<sup>c</sup>From a study using the 2014 and 2015 US National Health and Wellness Surveys (N=59,772) to evaluate the relationship between employees' BMI and work productivity across various occupations.<sup>4</sup>

**References:** 1. Van Nuys K et al. *Am J Health Promot.* 2014;28(5):277-285. 2. Finkelstein EA et al. *J Occup Environ Med.* 2010;52(10):971-976. 3. Tao X et al. *J Occup Environ Med.* 2016;58(9):880-884. 4. Kudel I. *J Occup Environ Med.* 2018;60(1):6-11.

- **TCoC Reduction Through Obesity and Metabolic Syndrome Management**

- Obesity has an enormous impact on employers, employees, and society
- Value can only be created if there is access for Medical & Pharmacy support
- Barriers exist provide effective medication access in the employer setting but can be overcome
- Increased use will create competition
- The societal and employer burden of obesity is not going away



# Working to Correct a Costly Mistake: Denial of Care for People Living with Obesity



Cold Money, photograph by Theo Crazzolaro / flickr

- **ConscienHealth**  
Named a 2022 Champion of Evidence-Based Psychological Interventions by the ABCT
- **Obesity Society**  
The leading scientific organization advancing understanding of the causes, consequences, prevention and treatment of obesity
- **Obesity Action Coalition**  
Dedicated to giving a voice to the individual affected by the disease of obesity and helping individuals along their journey toward better health through education, advocacy and support

# Good Obesity Care Requires Access To the Full Range of Obesity Care Tools



# Self-Care Is Often the Only Option Available for Obesity



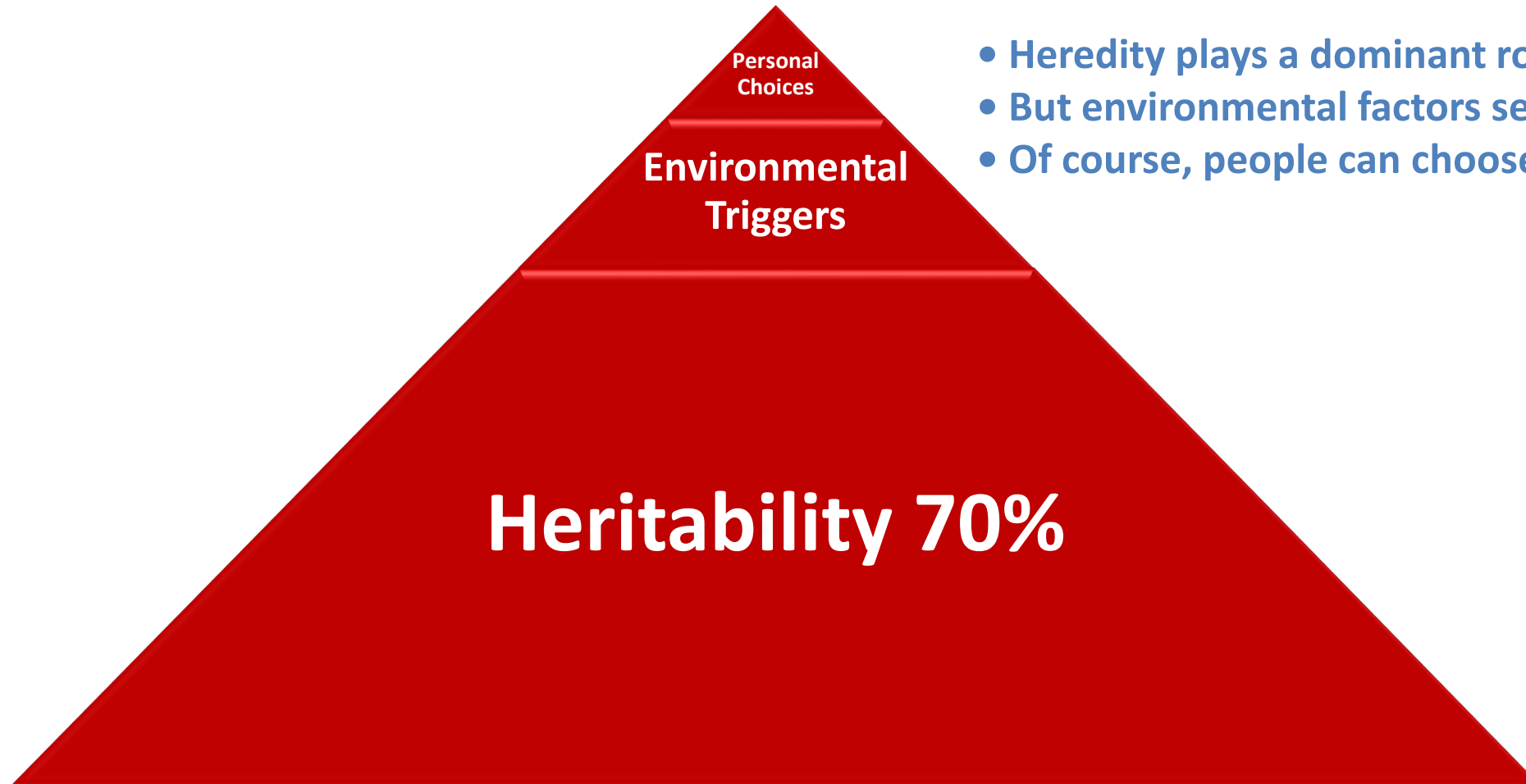
# People Typically View Obesity as the Result of Poor Choices

Environment • Choices • Genes



70%

# The Truth Is That Obesity Is a Highly Heritable Chronic Disease



- Heredity plays a dominant role in obesity risk
- But environmental factors serve to activate it
- Of course, people can choose what to do about it

# Pervasive Bias Makes It Easy for Health Systems to Discourage People from Seeking Obesity Care



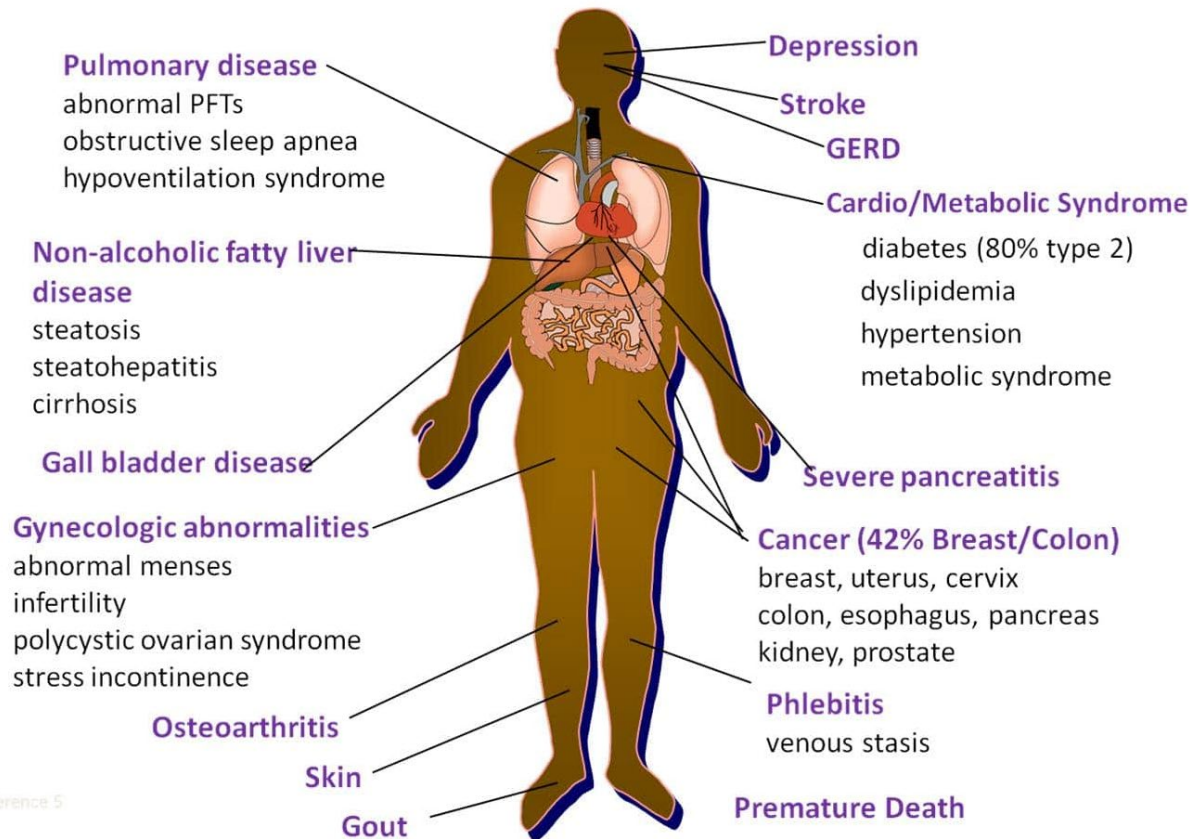
*Saving Cash, photograph by 401(K) 2012 / flickr*

- Routine policy exclusions for obesity  
“Regardless of any potential health benefit”
- Lifetime procedure caps
- High out of pocket costs
- Problematic reimbursement rates and procedures
- But obesity complications are fully covered



# The Result: a Crushing Burden of Chronic Disease

## Obesity Affects Nearly Every Organ System



Reference 5



Centers for Disease Control and Prevention  
CDC 24/7: Saving Lives, Protecting People™

## Health and Economic Costs of Chronic Diseases

90% of the nation's \$4.1 trillion in annual health care expenditures are for people with chronic and mental health conditions.<sup>1,2</sup>



### ORIGINAL ARTICLES

**JOEM** Journal of Occupational and Environmental Medicine

## Effect of Chronic Diseases on Work Productivity

### A Propensity Score Analysis

Fouad, Ahmed Mahmoud MD, MSc; Waheed, Amani MD, PhD; Gamal, Amira MD, PhD; Amer, Shaimaa Ahmed MD, PhD; Abdellah, Rasha Farouk MD, PhD; Shebl, Fatma Mohamed MD, PhD

# But Things Are Changing

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*“This report illustrates the urgent need for making obesity prevention and treatment accessible to all Americans in every state and every community.*

*“When we provide stigma-free support to adults living with obesity, we can help save lives and reduce severe outcomes of disease.”*

– CDC Statement 27 Sep 2022

# Patient Voices Gaining Traction



The New York Times

Account ▾

## *The Doctor Prescribed an Obesity Drug. Her Insurer Called It 'Vanity.'*

Many insurance companies refuse to cover new weight loss drugs that their doctors deem medically necessary.



By Gina Kolata

May 31, 2022



# Despite Pricing Issues, ICER Speaks Up for Access to Obesity Meds

“The vast majority of people with obesity cannot achieve sustained weight loss through diet and exercise alone. As such, obesity, and its resulting physical health, mental health, and social burdens is not a choice or failing, but a medical condition. The development of safe and effective medications for the treatment of obesity has long been a goal of medical research that now appears to be coming to fruition. With a condition affecting more than 40% of adults in the US,

**the focus should be on assuring that these medications**  
are priced in alignment with their benefits so that they  
**are accessible and affordable** across US society.”

– ICER’s Chief Medical Officer, David Rind, MD




# OPM Setting a New Standard of Full Access to Care for Federal Employees



[Home](#) | [About Us](#) | [Policy](#) | [Research](#) | [Resources](#) | [Membership](#) | [News](#) 

## Federal Health Plans Step Up Coverage of Obesity Treatment

 April 29, 2022

*“Obesity is a medical condition that requires medical intervention along with lifestyle and behavior change for optimal outcome.”*

– U.S. Office of Personnel Management  
March, 2022

*“We have never been closer to seeing such a large workforce gain access to this level of comprehensive care.”*

– William Dietz in *Health Affairs*, August 2022  
doi: 10.1377/forefront.20220817.855384

# Diverse Perspectives About Obesity Mean Many People Are Not Ready for Obesity Care

- Fat acceptance
- Health at Every Size®
- Self stigma
- Disordered eating
- Cycles of weight loss and gain
- **Informed and engaged**



*Photograph © Obesity Action Coalition / OAC Image Gallery*



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# Diabetes Prevention Program

**Hani Serag, MD, MPH**

**Hanaa Sallam, MD, PhD**

Assistant Professors

Department of Internal Medicine – Emotionology

University of Texas Medical Branch

- 96 million people  $\geq 18$  years have prediabetes (38.0% of the US adult population).
- 30% of them will develop T2D within 5 years if we do not intervene timely and effectively.

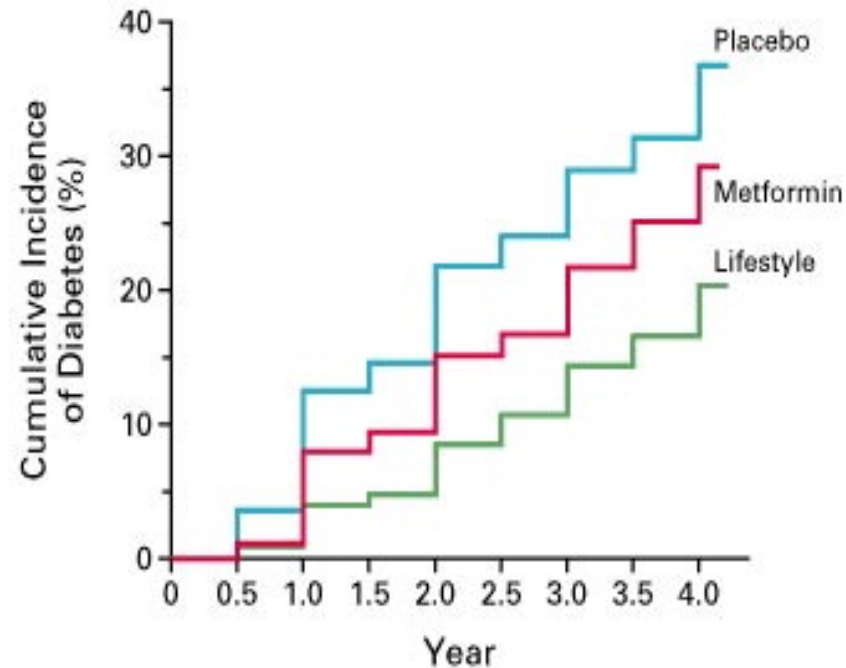
↓ 5% to 7% of body weight



↑ Physical activity to 150 min/week



**Cut diabetes risk by 58%**  
Or by 71% if  $\geq 60$  years



Weight loss	Decrease in risk*
0.1 kg	
2.1 kg	31%
5.6 kg	58%**

**\*\* 71% if  $>60$  years of age**

*P* < 0.001 for each comparison.  
\*Decrease in risk of developing diabetes, compared to placebo group.

Diabetes Prevention Program Research Group. *N Engl J Med.* 2002;346:393-403.

# PREVENT T2 Eligibility

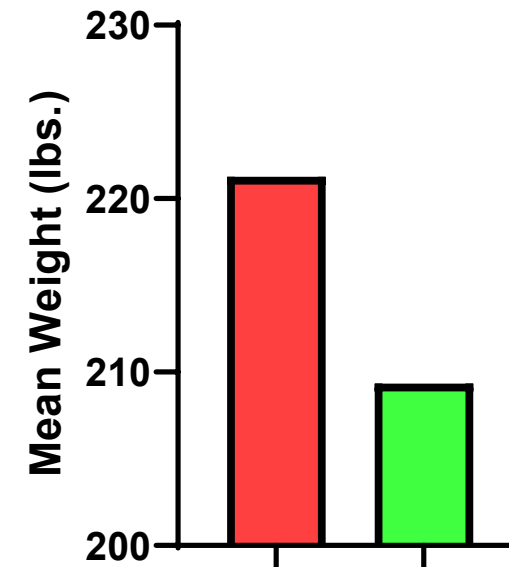
A PROVEN PROGRAM TO PREVENT OR DELAY TYPE 2 DIABETES

- $\geq 18$  years of age
- Not Pregnant
- Overweight (body mass index  $\geq 25$ ;  $\geq 23$  if Asian) and
- Have no previous diagnosis of type 1 or type 2 diabetes and
- Have a blood test result in the prediabetes range within the past year:
  - Hemoglobin A1C: 5.7%–6.4% or
  - Fasting plasma glucose: 100–125 mg/dL or
  - Two-hour plasma glucose: 140–199 mg/dL or
- Was previously diagnosed with gestational diabetes

Completed 12 mo	Drop out	Ongoing	Total
54	14	39	107

Participant Breakdown by Sex and Ethnicity					
	White	Hispanic	Black	Asian	Total
<b>Female</b>	42%	27%	9%	2%	80%
<b>Male</b>	11%	5%	4%	0%	20%
<b>Total</b>	53%	32%	13%	2%	100%

## Mean Weights Pre and Post DPP



**Weight loss mean= 12lbs/participant**  
**Weight loss average for all participants = 5.4%**

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# Modalities

- In-person (CDC full recognition)
  - OLLI
  - Stark Diabetes clinic - League City
  - Wellness Center – Angleton Danbury

Temporary using distant learning due to  
COVI-19 – 100 retention rate

## Distant-learning (CDC pending recognition)

- We offer means for connectivity and monitoring for disadvantaged population groups (tablets, data plans, Fitbits, weight scales, PB monitors)



# Work with Employers

## Option 1: Connect the employer to a network of DPP providers

- Set criteria for choosing a DPP provider tailored to the employees' population. For an informed selection, consider:
  1. Modality: In-person, distance learning, online, or combination modalities
  2. Time: After hours and on weekends
  3. Language: English, Spanish, etc.
  4. Culture: Culturally appropriate programs
  5. Fun: Extra-curricular enrichment activities (cooking demo, fitness session, yoga session, reading food labels at the store... etc.)

## Option 2: Build in-house capacity

1. Train and certify in-house lifestyle coaches
2. Share marketing material and program packages
3. Assist/advise with data collection, management, and reporting to the CDC
4. Assist/advise with reimbursement and claim submission
5. Assist in the identification of eligible employees



**Membership Paid by Employer**

**Unlimited Access to Care**

**No Out of Pocket Cost to the Patient**

**Primary and Preventive Care, Chronic Disease Management, Urgent Care**

**Health Coaching, Diabetes Prevention Program**

**Emotional Wellness Coaching**

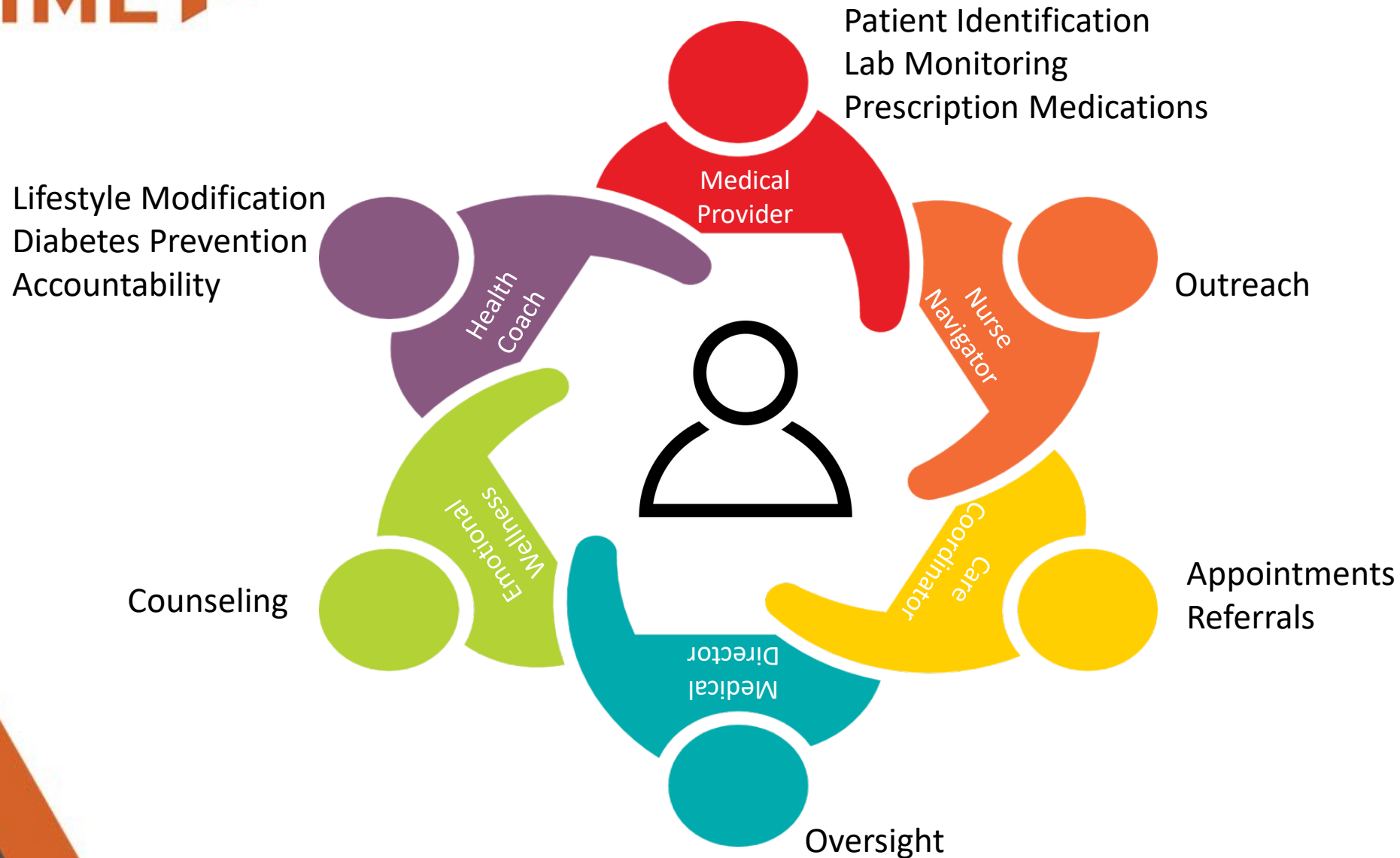
**Care Navigation**

**In-Person and Virtual Care**

**24/7 Access**

**Lab and Vaccines Included**

# APPROACH TO OBESITY



## **INITIAL DIABETES PREVENTION PROGRAM DATA**

**100% PATIENTS IMPROVED A1C**

**AVERAGE A1C REDUCTION 0.4%**

**AVERAGE WEIGHT LOSS 9.3%**



## TCoC Reduction Through Organizational Culture



**Faizar A. Bhojani, MD,**  
Shell,  
Global Health Lead,  
Downstream  
Manufacturing Regional  
Health Manager



**Steve Cyboran,**  
Humaculture,  
CEO, Consulting Actuary,  
Chief Behavioral Officer



**Ray Fabius, MD,**  
HealthNext,  
Co-Founder and CEO



# TOTAL COST OF CARE REDUCTION THROUGH ORGANIZATIONAL CULTURE



1. Introductions
2. Learning Objectives
3. Steve Cyboran - Humaculture®
  - Background and Maturity Model Concept
  - Seven Dimensions of Humaculture®
  - Dimensions of Aligned vs. Healthy Culture
  - Case Examples of Impact
4. Dr. Ray Fabius - HealthNEXT
  - HealthNEXT research and application
  - HealthNEXT Framework – 10 pillars
  - Process to Develop a Sustainable Culture of Well-being
  - Case Example
5. Key Takeaways





## Learning Objectives

- **Intent:** A cultural transformation with operational rigor is achievable
- **Application:** An intentional process optimizes work and eliminates mis-steps
- **Success:** A healthy and aligned culture creates competitive advantages



## Healthy Enterprise Maturity Model

	Focus on Treatment	Focus on Prevention/Management	Focus on Optimal Health/Behavior
Characteristic	Distinguishing Features		
<b>Health</b>	Provides high quality and cost-effective treatment	Reduces health risks and manages conditions	Optimizes health and fitness
<b>Time-Off</b>	Replaces pay, rehabilitates and returns to work	Advocates safety, accountability and risk management	Promotes life-long health and personal and professional renewal
<b>Workplace Support</b>	Treats minor injuries and/or handles medical emergencies	Detects and prevents problems to avoid more serious health issues	Empowers a culture of health
<b>Behavioral Health</b>	Treats personal and work-related mental health/substance-abuse issues	Addresses factors leading to substance abuse and mental health issues	Stimulates psychological wellbeing (mental, emotional, social)
<b>Communications</b>	Clarifies benefit coverage	Shapes behavior	Promotes proactive approach to health and well-being
<b>Organizational Behavior</b>	Addresses unacceptable behavior	Shapes desired behavior	Leaders model behavior consistent with organization's values
<b>Measurement and Metrics</b>	Measures and manages costs, utilization and treatment outcomes	Measures and targets interventions for prevention and disease management initiatives	Measures, assesses and targets interventions to improve physical, emotional and social capacity

Source: "Making the Case: New Study Shows It Does Indeed, Pay to Become a Healthy Enterprise." <https://www.ifebp.org/inforequest/0161496.pdf>, 2012 Benefits Quarterly



How do aspects of organizational structure and design encourage or discourage optimal behaviors?



## Shift in Thinking

### The Humaculture® Approach Shifts Thinking

From	To
Reactive (Discipline, Treat, Replace Pay, Rehabilitate)	▶ Proactive (Engagement, Motivation, Performance, Fitness, Health)
Entitlement (Indemnify from Poor Work and Lifestyle Behaviors)	▶ Opportunity (Share Risk, Support Healthy Lifestyle)
Siloed Approach	▶ Shared Vision and Coordinated Approach
Driven by Competitive Practices	▶ Driven by Strategy to Create a Competitive Advantage
Market Determines Budget	▶ Intentional Design to Drive Behaviors within Desired Budget
Measurement of Costs (Turnover, Health Care, Absence, Disability)	▶ Measurement of Outcomes (Workforce Ready, Healthy, Motivated, Productive)



What is the focus of your people systems and reward programs?

## The Seven Dimensions of Humaculture®

Dimension	Analogy	Conceptual Examples
Environment	Climate and Terrain	Laws, community, customer needs and wants
Organization	Soil	Entity structure, purpose, job design
Real Assets	Space and Fertility	Capital, other resources, available jobs
Intangible Assets	Garden Arrangement	Brand recognition, organizational culture
People	Plants	Shareholders, employees, customers
Rewards	Nutrient Distribution	Pay, benefits, customer value
Created Value	Harvest	Products, services



Humaculture® is a philosophy of, and systematic approach, to cultivate successful, profitable, aligned, and healthy organizations (“soil”) in which people can thrive.



## How can the Humaculture<sup>®</sup> approach create a distinctive and magnetic workplace culture?

### Envision

- Envision desired culture and employee value proposition (EVP) based on organization vision and mission
- Define elements that make it distinctive and magnetic
- Ensure support for institutional priorities
- Align key stakeholders
- Identify key metrics for success

### Analyze

- Culture alignment and health
- Reward programs for all positions
- Other amenities and benefits
- Distinction between different types of rewards
- The EVP identity relative to key talent competitors

### Optimize

- Determine optimal reward philosophy and align with organizational vision and mission
- Optimize reward programs
- Refine EVP identity, messaging, and communications
- Test EVP identity with current and prospective employees

**We deliver results through rigorous actuarial analysis with customized metrics for success.**



The Humaculture<sup>®</sup> approach can be applied at any level of, or in any area within, the organization.

## What are the dimensions of aligned and healthy cultures?

### Dimensions of Aligned Culture



### Dimensions of Healthy Culture



An understanding of the aspects and dimensions of culture is essential to creating an optimal Humaculture®.

- Based on the Healthy Enterprise research an example of the type of impact the Humaculture® approach can make includes:

### TOP QUARTILE OUTCOME METRICS COMPARISON

	TOP QUARTILE	ALL OTHERS	PERCENTAGE DIFFERENCE
Healthy Enterprise Index	78%	50%	58%
<b>Employee and Dependent Health</b>			
• Annual Health Cost (PMPY)	\$3,431	\$3,769	-9%
• Annual Health Cost Increase	\$235	\$302	-22%
<b>Employee Withdrawal Behavior</b>			
• Turnover	8.1%	12.1%	-33%
• Extended Absence	3.9%	6.1%	-37%
<b>Workplace Safety</b>			
• Workers Compensation Cost	0.74%	0.89%	-17%







Source: "Making the Case: New Study Shows It Does Indeed, Pay to Become a Healthy Enterprise." <https://www.ifebp.org/inforequest/0161496.pdf>, 2012 Benefits Quarterly



**Humaculture® has great impact on employee health, withdrawal behaviors, and workplace safety.**



## How does the Humaculturist® ensure all elements are in place for successful change?

Vision	+	Consensus	+	Skills	+	Incentive	+	Resources	+	Action Plan	=	Change
 Vision											=	<b>Confusion</b>
		 Consensus									=	<b>Sabotage</b>
				 Skills							=	<b>Anxiety</b>
						 Incentive					=	<b>Resistance</b>
								 Resources			=	<b>Frustration</b>
										 Action Plan	=	<b>Treadmill</b>



Any work to change the organization will likely struggle or fail if any of these elements are missing.



## What is the role of health and well-being in achieving a Humaculture®?

### Situation

A 12,000-employee health system needed to develop an aggressive strategy to:

- Streamline benefits
- Comply with the ACA, avoid penalties
- Change employee behavior
- Advance its wellness program

### Approach

Articulate a vision, develop a choice architecture to:

- Leverage resources as an integral part of the program
- Promote healthy behaviors and better consumer choices
- Increase participation in the wellness initiatives

### Results Include

- 98% participation in health risk assessments, biometric screenings, and cotinine testing
- 75% of employees verifiably risk free on all six outcome measures,
- \$2.5M in annual cost reduction (drop in costs)
- Employee costs also declined \$2M year over year
- A strategy to meet the coverage and affordability tests for all full time and applicable part time employees



When there is a well articulated vision for a Humaculture® and rewards are aligned to nurture the “plants”, they will thrive.



## How does Humaculture<sup>®</sup> employ behavioral principles to improve time off and leave design?

### Situation

- A top ranked private university with 2,000 faculty and staff experienced significant use of sick leave
- Existing programs were complex, promoted entitlement
- Faced \$6M annual cost and \$5M in liability

### Approach

- Redesigned leave and disability programs to:
  - Fit desired employee value proposition
  - Drive accountability and workplace behaviors
  - Simplify programs and administration

### Results Include

- An improved workplace culture
- More accountable and reliable workforce as measured by:
  - 52% reduction in unscheduled absence
  - 72% reduction in extended absence
- With additional value of improved employee relations as measured by:
  - 95% reduction in related employee relations issues
  - 29% reduction in high performer turnover and
  - 36% increased low performer turnover



A properly designed PTO program produces an accountable workforce, which was more attractive to high performing faculty and staff who valued reliable support.

## How does Humaculture<sup>®</sup> provide a context for a successful healthy campus strategy?

### Situation

- An education institution faced:
  - \$4M (15%) annual health care budget shortfall
  - Significant institutional short- and long-term budget constraints
  - Resistance to any benefit reduction or contribution increases

### Approach

- Listen to committee
- Facilitate a shared vision with buy-in from diverse stakeholders, including skeptical faculty
- Develop a strategy and plan to minimize future cost increases

### Results Include

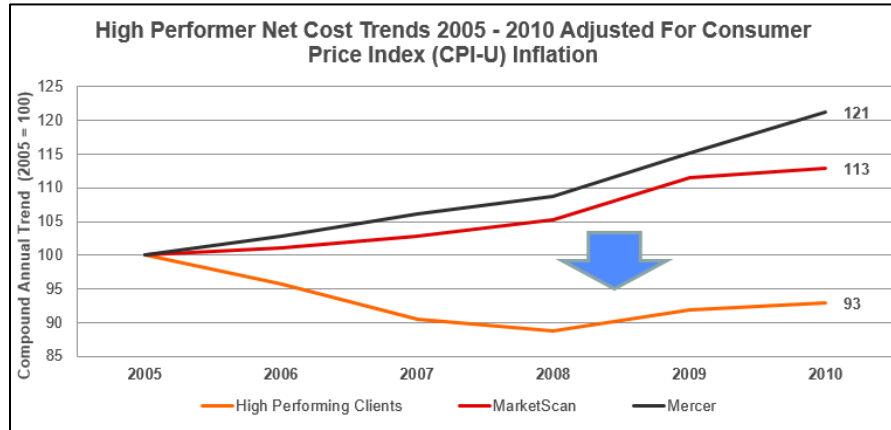
- Minimal university budget increase
- Benefits better aligned with organizational vision and mission
- Faculty and staff were given the opportunity to maintain current contribution levels
- Achieved 80% to 90% participation in wellness programs for 4 years
- Actual cost, including incentives, came in under budget
- Significant energy and enthusiasm for the initiative across the workforce
- Peer recognition for its healthy culture



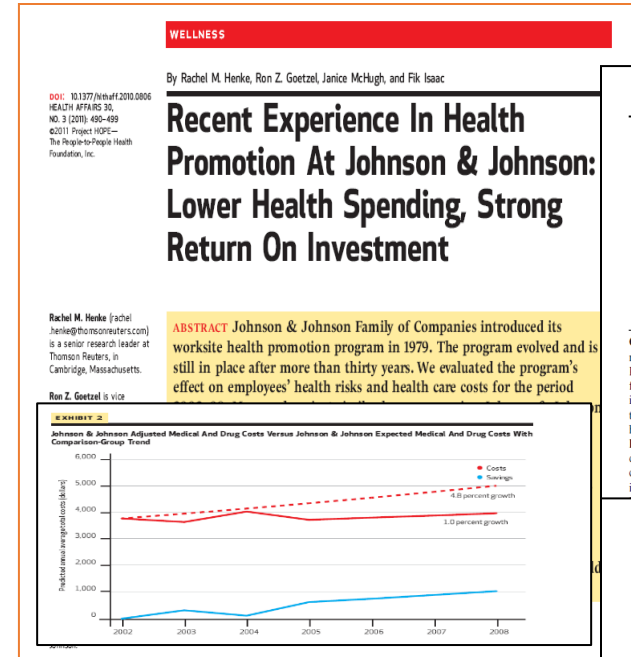
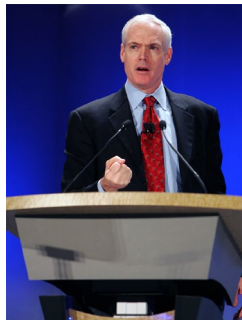
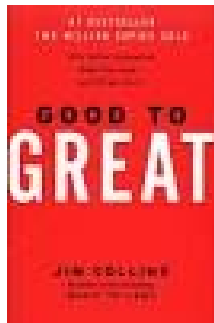
The Humaculture<sup>®</sup> guiding philosophy assured the healthy campus strategy became a successful initiative.

# HealthNEXT Research Thesis

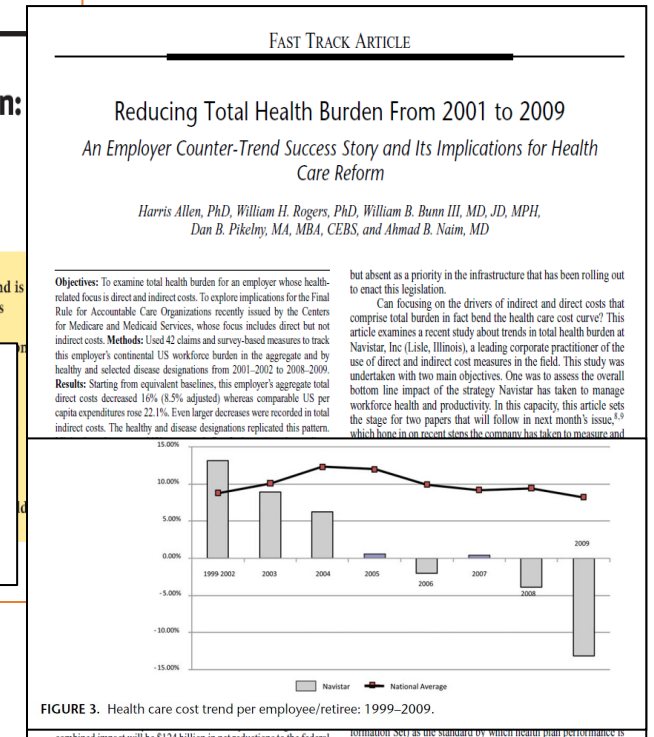
If Culture of Health and Well-being Benchmark Companies bend the curve, create a healthier workforce and provide better stakeholder results – all companies can



*Taking a page from  
Jim Collins*



Johnson & Johnson



NAVISTAR®

HealthNEXT



# In Pursuit of the Truth

## Over a Decade of Research & Testing Best Practice

### Need a strategic plan & corporate medical guidance

#### Tertiary Research:

3<sup>rd</sup> party literature review  
Anecdotal learning



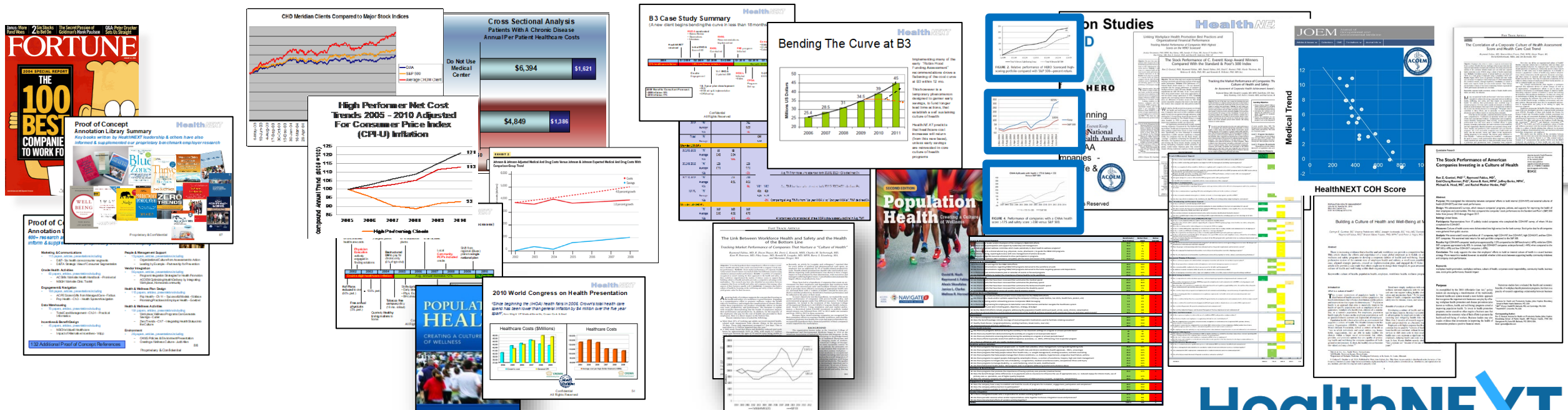
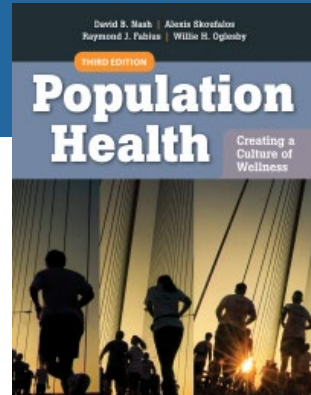
#### Secondary Research:

Internal retrospective research  
Hypothesis generation &  
Benchmark organization research



#### Primary Research:

Prospective application testing  
& Proof-of-Concept



Proprietary & Confidential

# HealthNEXT

# Culture of Health & Well-being Platform High Touch & High Tech

A roadmap, an itinerary, and an experienced guide

- Methodology with a decade of **research and application**
- Leverages **physician executive “NEXTperts”** distinguished by building cultures of health and well-being
- Scalable, easy to use, digital platform:
  - **Utilizes assessments** that leverage artificial intelligence and dynamic publishing
  - Generates of a **customized roadmap with recommendations & tasks**
  - **Tracks progress over time** as gaps from best practice are remedied



Participating enterprises receive a highly customized strategic plan and guidance from their NEXTpert



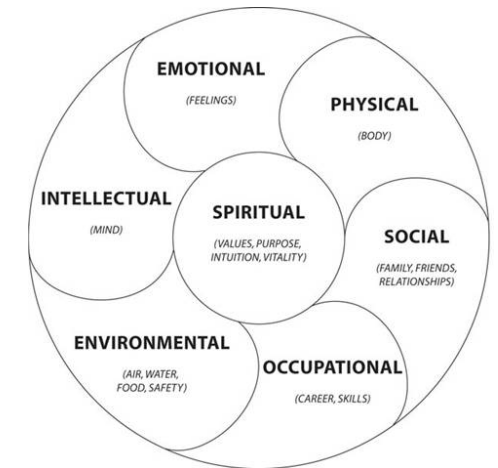
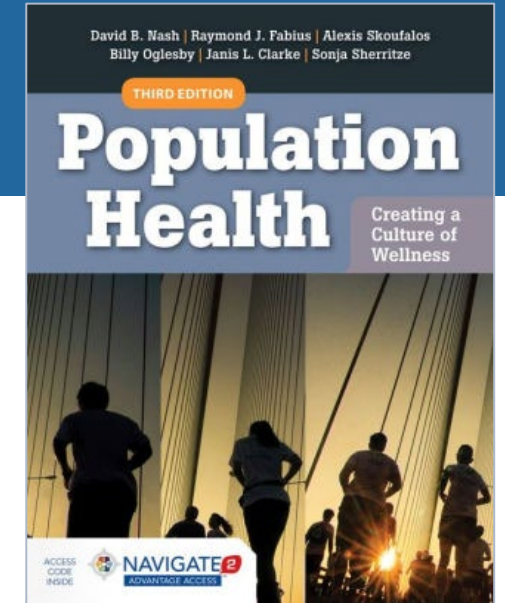
# Reasons to Engage a HealthNEXT Physician Executive NEXTpert

- ☐ Troubleshoot a particular healthcare issue such as Covid-19, flu, RSV, etc.
- ☐ Develop an evidence-based population health strategy
- ☐ Share how benchmark employers create an enduring culture of health and well-being
- ☐ Analyze the illness burden of a population
- ☐ Recommend how to get better control of healthcare costs
- ☐ Reduce/address the prevalence/cost of catastrophic claimants and chronic conditions
- ☐ Help establish support for employees to best navigate the healthcare system
- ☐ Evaluate / help select specific healthcare product and service providers
- ☐ Support the implementation and oversight of workplace health centers
- ☐ Assist with evidence-based benefit design

# HealthNEXT Process Key Tenets

## Clinical and Business Rigor

- **Population Health:** Moving the population along the continuum towards wellness
- **Well-being:** “Health is a state of complete physical, mental, and social wellbeing and not merely the absence of disease or infirmity.” - World Health Organization, 1948
- **Triple Aim:** Building cultures of safety, health, and well-being in sequence with all stakeholders in mind
- **Six Sigma** rigor for Systematic & Continuous Improvement
- **Maturity Model** incorporates nine “Thresholds” of implementation and five intensities of effort (“not present” through “benchmark”)
- **Inter-Reviewer Reliability** – Validated, objective, peer review process

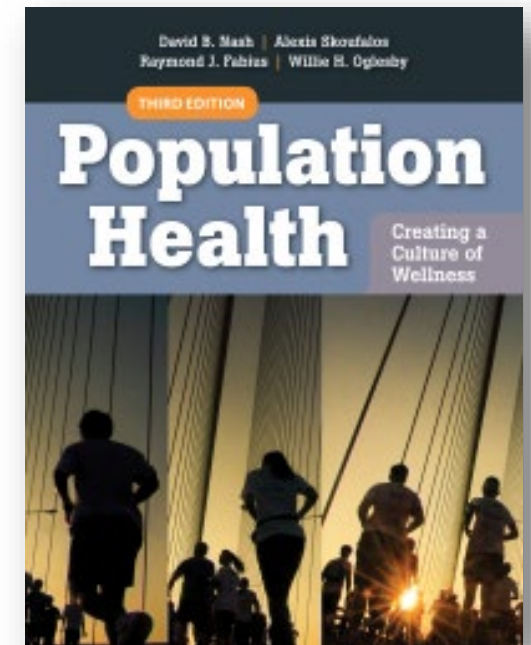


# Managing Across the Continuum

## Our Method Leverages Population Health



**Moving the Population Toward Wellness**



*Leading Textbook  
in the Field*

# HealthNEXT Culture of Health & Wellbeing Comprehensive Management System

TO ACHIEVE A CULTURE OF HEALTH YOU NEED TO IMPLEMENT A CRITICAL MASS OF  
PROGRAMS & SERVICES WITH OPERATIONAL EXCELLENCE

Work Environment Engagement Population Health Wellbeing  
Social Connection DEI Financial Fitness  
Vendor Management Mental Health Worker's Compensation Biometrics  
Healthy Eating Workplace Environment Incentives Vendor Integration  
Advocacy Benefit Design Health Assessments  
Data Warehousing Workplace Safety Ergonomics Leadership Support  
Management Alignment Disability Navigation Pandemic Response Communications  
Strategic Planning Marketing Data Analytics

**HealthNEXT**

**The Employer  
Assessment includes 10  
pillars and 50 factors  
which are scored and  
sequenced**

**Based on a decade of  
the research  
identifying attributes  
and capabilities of  
best practice  
employer programs**

Culture of Health and Well-being Pillars
Leadership Support / Management Alignment
Well-being Strategic Plan
Workplace Environment
On-site Well-being Activities
Health and Well-being Programs and Activities
Data-Driven Approach: Warehousing/Analytics
Marketing and Communications
Incentive and Benefit Design
Engagement and Navigation
Vendor Management- Oversight and Integration




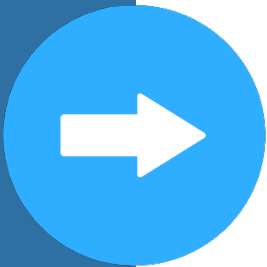
# Application of Maturity Model

## Leadership & Management

Factors: 1 2 3 4 5 6 7

**Factor 1:** Is there a clear leader and/or champion of the company's culture of health and wellbeing efforts?

 Move the slider up or down to select your choice in the below list.



### Benchmark Caliber

There is documented evidence of corporate leadership (videos, signed letters, brochures...) and more than one leader and champion (executive sponsor) support for efforts (documented in videos, brochures, etc.).

### Standardized & Effective

There is a designated corporate leader in the C-suite and champion (executive sponsor) of the organization's health and wellbeing efforts. We suggest appointing more than one corporate leader and champion with documented roles and responsibilities.

### Solid Foundation

There is one designated corporate leader or champion. Consider expanding this to more than one, and frequently promote their efforts through brochures, videos, etc.

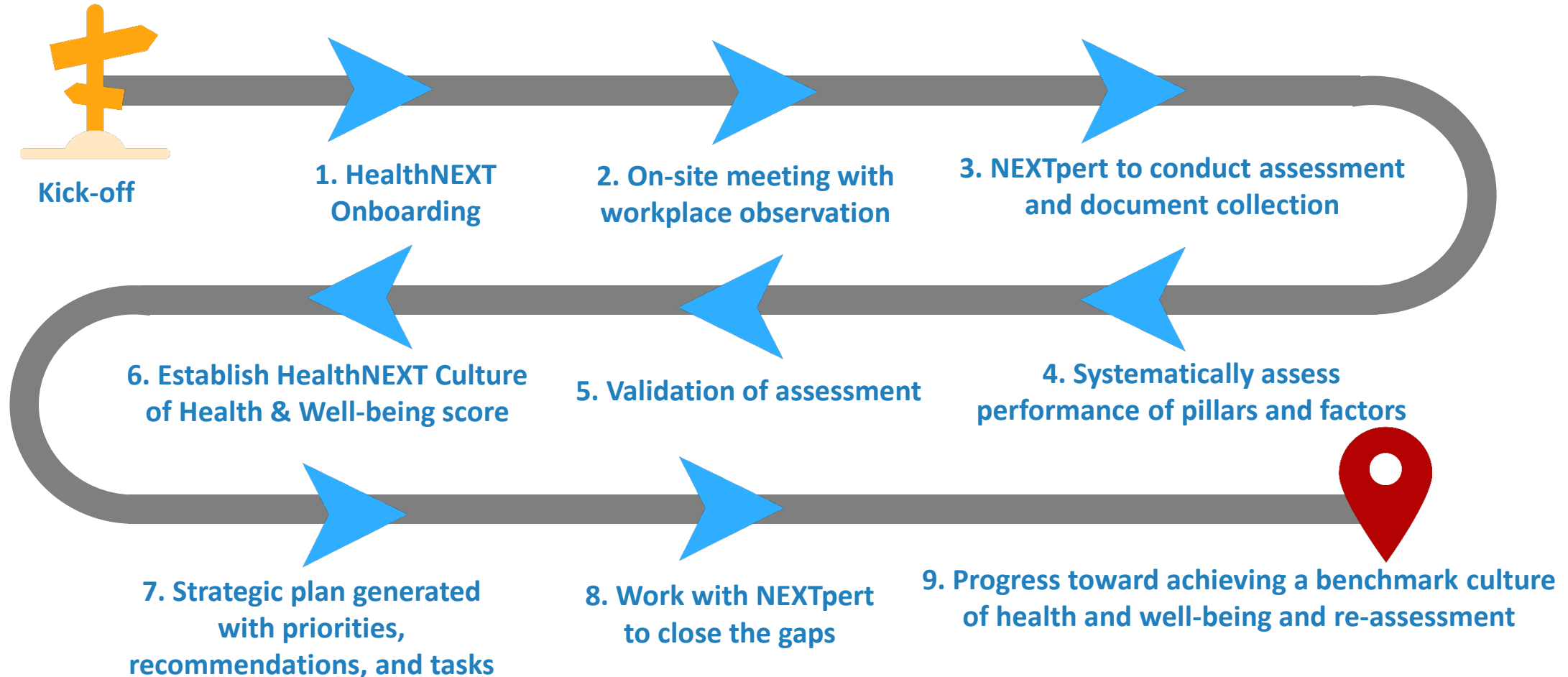
### Getting Started

There is a designated leader or champion somewhere in the organization. We recommend expanding and elevating leader (or champion) visibility, authority and role in the organization; an active executive sponsor is best.

### Not Present

No documented evidence of a leader or champion. Consider expanding and elevating limited leader (or champion) visibility, authority and role in the organization; an active executive sponsor is best.

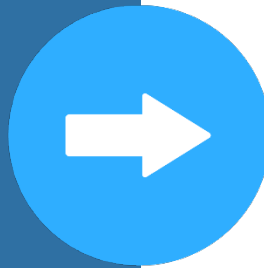
# The Culture of Health and Well-being Program



# Why Should You Cultivate Your Workforce's Health & Wellbeing?

**IT'S THE RIGHT THING TO DO & GOOD BUSINESS PRACTICE**

*Skill, Will and NOT ILL*



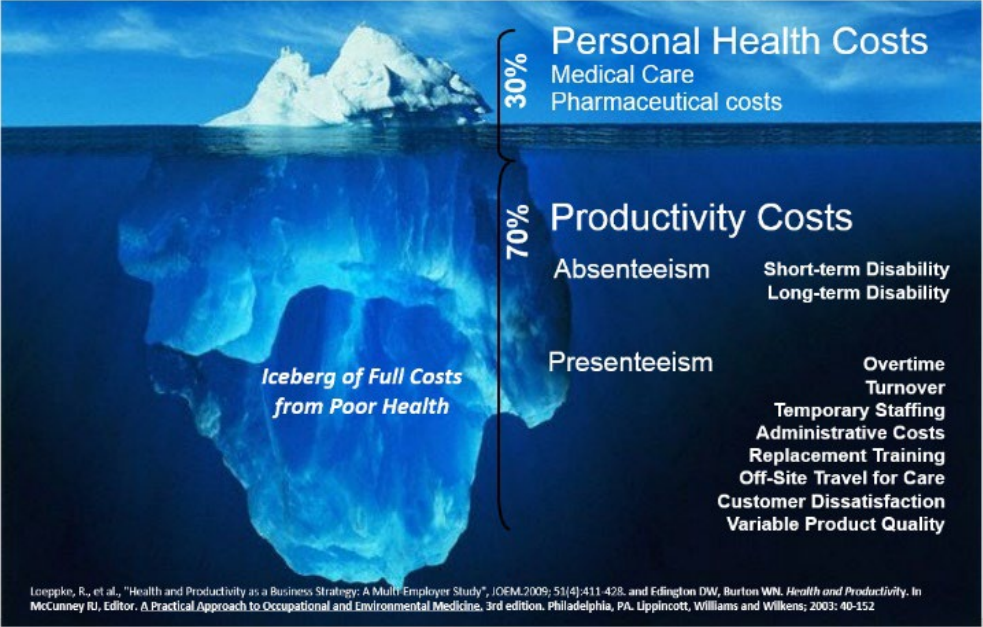
1. Control healthcare costs
2. Improve productivity
3. Reduce waste
4. Improve engagement
5. Attract & retain the best talent
6. Enhance workplace safety
7. Improve sales
8. Improve shareholders' returns
9. Stem the tide of obesity
10. Stem the tide of chronic illness

Research supports the importance of building a culture of health and well-being to produce sustainable behavior change and ROI from health and well-being programs.

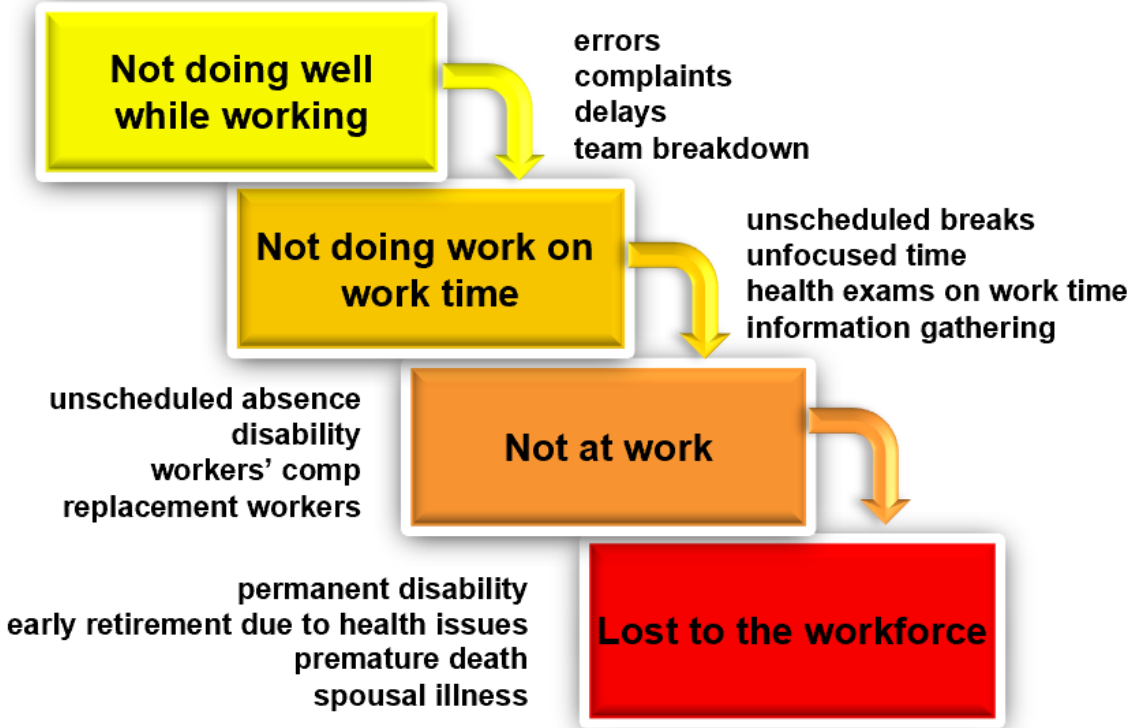


# Impact of Health & Wellbeing

## Continuum Of Employee Performance Outcomes due to Poor Health & Well-being



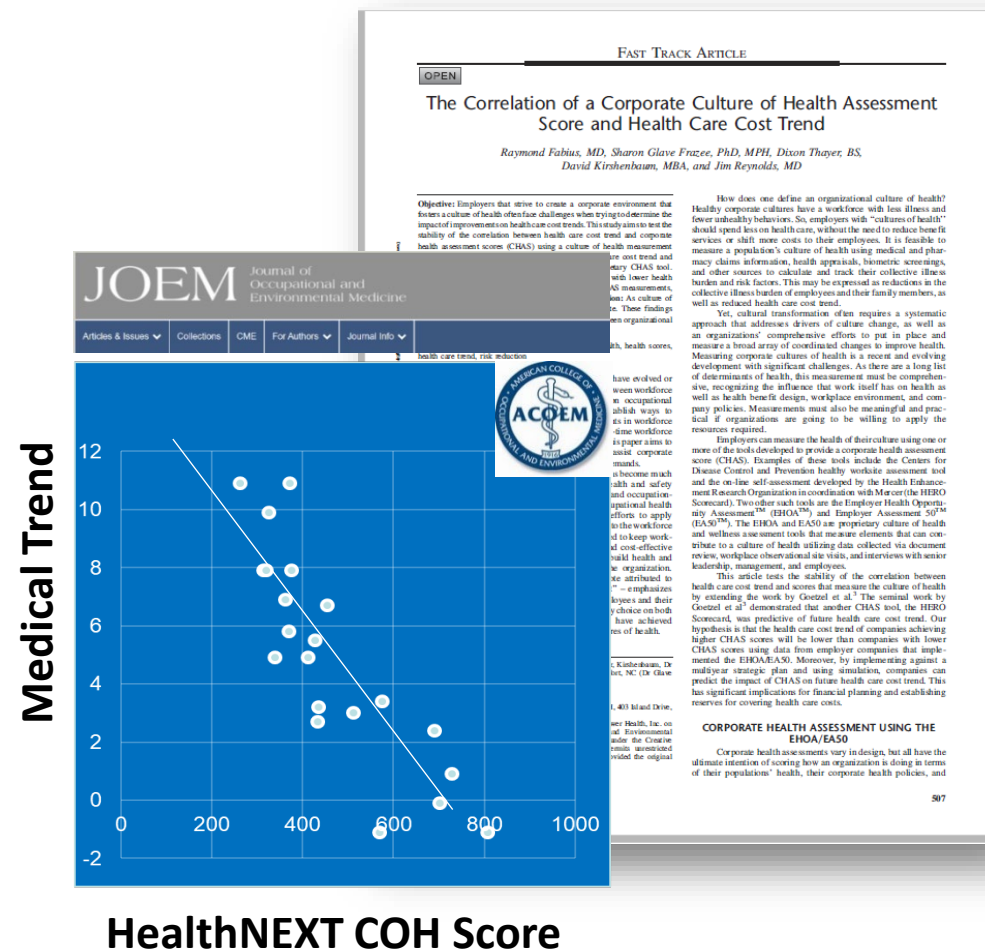
**For Every Dollar Spent on Health Care  
There Are \$2-3 Lost in Productivity**



- **The only proven method to bend the healthcare cost curve**

- **Sustainably improve the health of the workforce**

- **Provide a competitive advantage in the marketplace**



**“Every 50 points reduces  
medical trend by 1%.”**

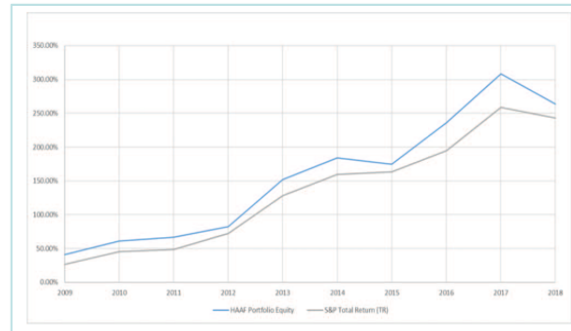


# Benchmark Culture of Health Companies Outperform on the Stock Market



## Companies That Promote a Culture of Health Safety and Wellbeing Outperform in the Marketplace

**Objective:** The objective of this research is to test the hypothesis that companies distinguished by their commitment to their workforce's health, safety, and well-being outperform in the marketplace. **Methods:** To test this, we analyzed the real-world stock market performance of an investment fund of publicly traded companies selected on evidence demonstrating their pursuit of a culture of health, safety, and well-being. **Results:** This fund outperformed the market by 2% per year, with a weighted return on equity of 264% compared with the S&P 500 return of 243% over a 10-year period. **Conclusions:** Employers, fund managers, and fund investors would be well served by including strategies that assess a company's commitment to the health, safety, and well-being of their workforce when evaluating investments in their enterprise and portfolios.



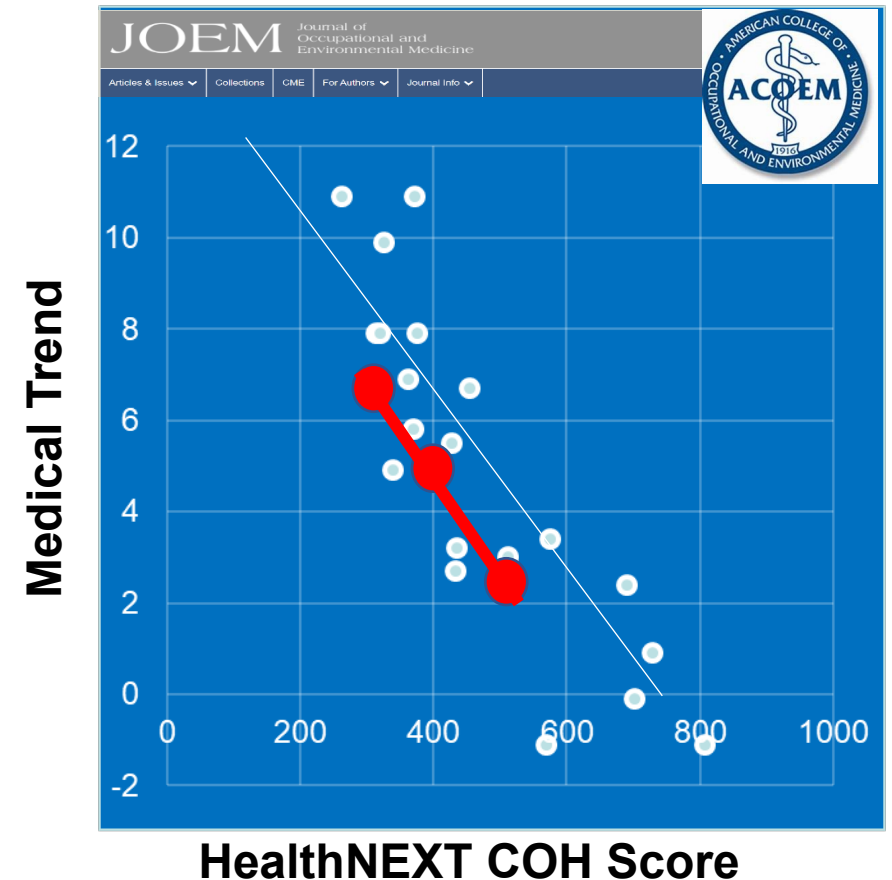
Culture of Health Portfolio outperformed the stock market by 20% over ten years

A Portfolio of companies that distinguish themselves by building cultures of health, safety and wellbeing appreciated 20% better than the S&P 500 during a ten year span 2009 - 2018

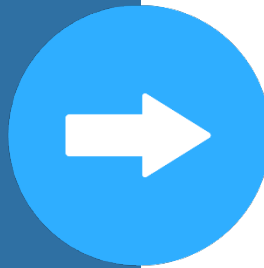
# Case Study

## Large, Iconic Brand (Over 50,000 employees)

- Assessment / RE-assessment process using our methodology
- Key Gaps from Best Practice
  - Weave into corporate culture
  - Marketing vitality
  - Cultivate local wellbeing champions
  - Enhance work environment
  - Leverage data & analytics – cockpit
  - Focus on population health continuum
  - Maximize impact of workplace health centers
  - Vendor management & integration
- Multi-year improvement of these gaps
- Advancing score
- Bending of Medical Trend
- Consistent with our research



# Enterprises That Will Benefit from Partnering with HealthNEXT



From beginning the process through achieving best practice

- **Developing a strategy to build a culture of health and well-being**
- **Validating existing practices**
- **Measuring and reporting progress**
- **Identifying and remediating gaps to advance**
- **Implementing operational excellence and business rigor**
- **Avoiding mis-steps and uncertainty**
- **Any size company**
- **Any industry/location**
- **Any number of locations/offices**
- **On-site/virtual/remote workers**
- **Domestic / global**

# Summary

- **Critical mass of efforts** are required implemented with operational excellence
- Multi-year strategic planning because **sequence matters**
- **Expert clinical guidance** is required
- Right thing to do & **Good business**

## Key Take-aways

- **Intent:** A cultural transformation with operational rigor is achievable
- **Application:** An intentional process optimizes work and eliminates mis-steps
- **Success:** A healthy and aligned culture creates competitive advantages







## Contact Information



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✉ Steve.Cyboran@humaculture.co  
🌐 humaculture.co

**HealthNEXT**  
**Raymond Fabius MD**  
President & Chief Medical Officer

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www.HealthNEXT.com

**HealthNEXT**



## Steven Cyboran, ASA, MAAA, FCA, CEBS Chief Behavioral Officer, Consulting Actuary

### Experience

Steve Cyboran is an actuary and innovator around people, rewards and benefits. With a quarter century of consulting experience, he has been actively involved in a variety of strategy projects focusing on a behavioral approach to create a healthy culture, refine the employee value proposition, performance, organization effectiveness, health care, financial well-being, disability, and time-off. These projects include a collaborative approach to drive behavior through the design, administration, and implementation to achieve client objectives.

- Assisted a Midwestern university with the redesign of health care, dental, pharmacy, disability, voluntary benefits, and HR technology, resulting in savings of over \$15 million annually through better control of expenditures and without significant benefit reductions.
- Supported a renowned academic medical center with 14,000 employees to standardize time-off and disability programs across eight business units to support the personal renewal of employees, align the programs with total rewards and wellness initiatives, better manage the number of unscheduled absences and disabilities, and differentiate for key talent.
- Supported a health system with 45,000 employees consolidate 100 paid time off programs to align with its healthy culture initiatives and streamline the administration of the programs with metrics measuring success.
- Through the redesign and rollout of leave and disability programs, helped a top ranked private institution reduce unscheduled absences by 52%, reduce extended absence by 72%, reduce high performer turnover by 29%, increase low performer turnover by 36%, and reduce related employee relations issues by 95%.

### Education and Credentials

Mr. Cyboran graduated with distinction from the University of Illinois, Urbana-Champaign with a BS in Mathematics. He is an Associate of the Society of Actuaries, a Member of the American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries. Mr. Cyboran earned Strategy Culture Alignment Certification by Work-Effects and Outmatch Certified Reseller Certification (Including Pomello Culture tools), and his CEBS designation from the International Society of Certified Employee Benefits Specialists. He is a member of the Society for Human Resource Management. He is also Chicago Chapter former President of the Disability Management Employers Coalition. He is a li-censed Life, Accident and Health agent in Oklahoma, Texas, Kentucky, and New York.

### Publications/Presentations/Research

Steve Cyboran has led research, published articles, been quoted in the news or presented over 150 times. Following are a few examples of his work. Visit

<https://www.cyboran.com/outandabout/> for more examples.

"The Value of a Healthy Culture: Understanding Benefits, Costs and Achieving Results", NACUBO

"PTO in Higher Ed? Absolutely!" Eastern CUPA, Spring Conference

"Why Should Physicians Work for Your Organization? Physician Alignment through a Magnetic Employee Value Proposition" Cyboran.com

"Making the Case: New Study Shows It Does Indeed, Pay to Become a Healthy Enterprise," Benefits Quarterly

"Leveraging an Integrated Health, Absence and Disability Model to Improve Outcomes." Council on Employee Benefits, Peer 2 Peer Call

"The Increasing Importance of Benefits Metrics," WorldatWork Podcast

# Ray Fabius, MD

## Co-founder and President

### HealthNEXT

Throughout his career, Dr. Fabius has garnered medical and business leadership experience in an extensive variety of healthcare management areas including informatics, strategy, operations, network development and oversight, patient management, quality management, disease management, national accounts, occupational medicine, emergency preparedness, worker productivity, wellness, and health promotion, travel medicine, web-based health content delivery, data warehousing, and analytics.

He has served as a physician executive in academics, private practice, managed care, the health insurance industry, e-health, corporate and workplace health, the pharmaceutical industry, and health informatics and analytics. He served as Global Medical Leader for General Electric, Chief Medical Officer (CMO) for Thomson Reuters, Population Health Strategist for Walgreens, and CMO for Truven Health Analytics. He was also the CMO and president of I-trax, Inc. the leading provider of workplace health centers.

He is the author of many articles, book chapters, and five books including the leading textbook on population health entitled Population Health: Creating Cultures of Wellness. Dr. Fabius is also the 2021 recipient of the Bill Whitmer HERO Award for lifetime leadership in the health and wellbeing space. Dr. Fabius has served as the medical advisor for the Greater Philadelphia Business Coalition on Health for the last decade.





# TCoC Reduction Through High Cost Claims Management



**Chris Syverson,**  
Nevada Business Group  
on Health,  
CEO



**Christine Hale, MD,**  
Lockton Benefits,  
Vice President,  
Clinical Consulting



**Renzo Luzzatti,**  
US-RxCare,  
President



**Hugh O'Toole,**  
Innovu,  
CEO



# The Impact of High Cost Claims

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CHRIS SYVERSON

NEVADA BUSINESS GROUP  
ON HEALTH

MODERATOR



Houston Business Coalition on Health



# Our Esteemed Experts

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**DR. CHRISTINE  
HALE**

**HUGH O'TOOLE**

**RENZO LUZATTI**

**RAY CASAMBRE**

**LOCKTON**

**INNOVU**

**US-RX CARE**

**PFIZER**

The State of High  
Cost  
Claims in the US

Data, Data, Data

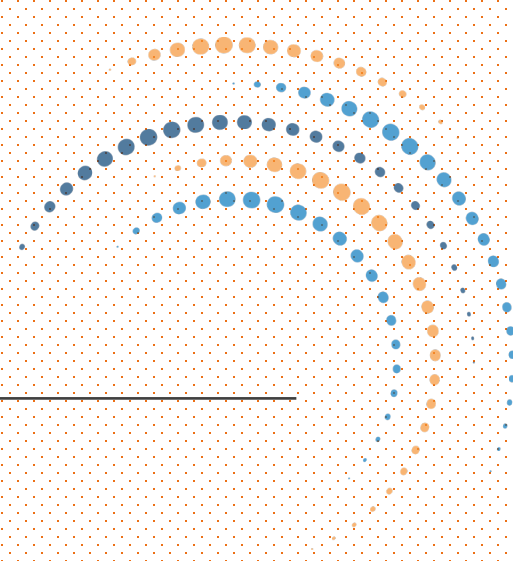
Specialty Drug Pipeline

COVID Employer Initiative

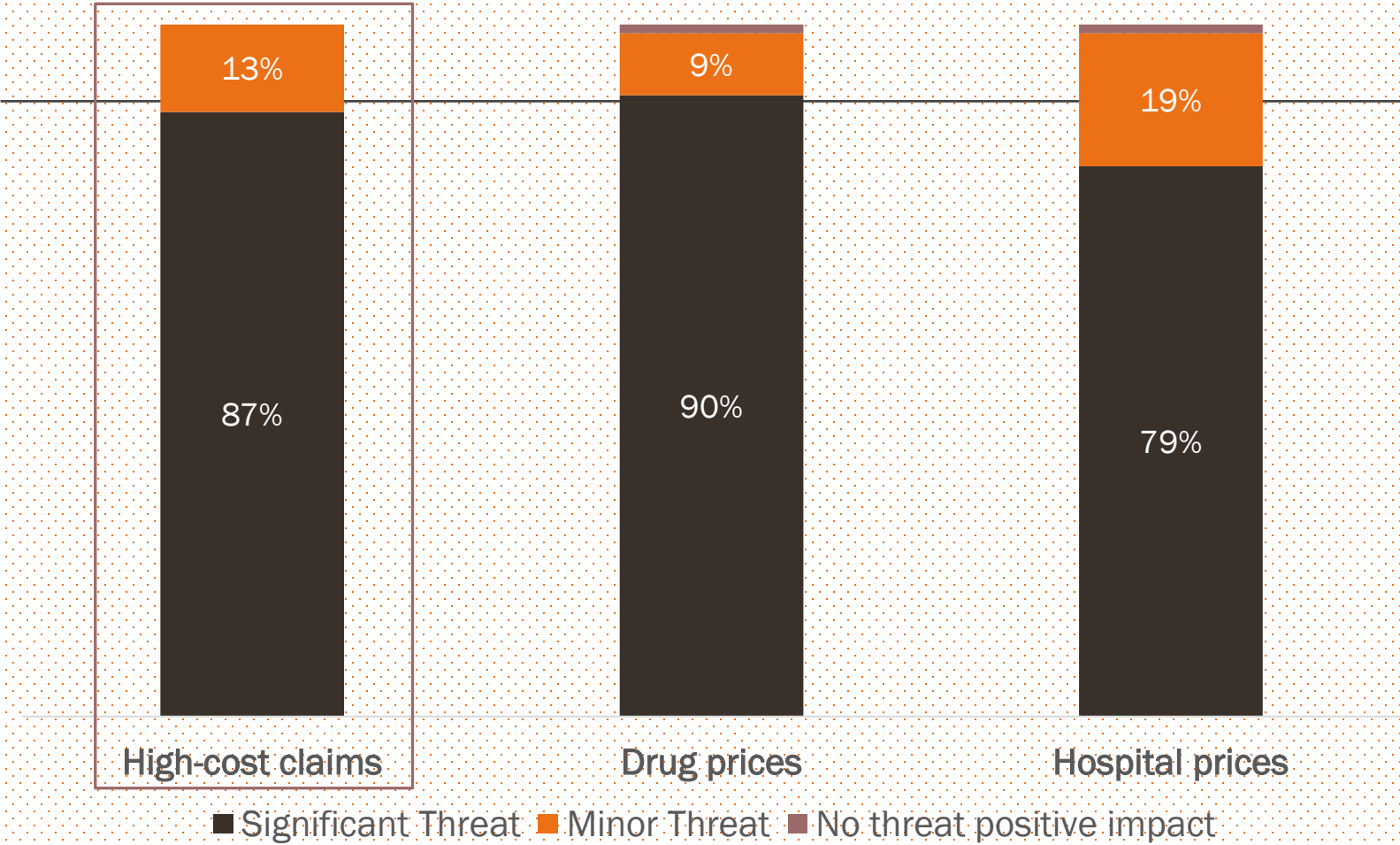
Impact of COVID-19

Risk Analysis

Specialty Pharmacy  
Management and  
Strategies



# Three biggest threats to affordability are drug prices, high-cost claims, and hospital prices



Nearly 8 out of 10 employers consider drug prices, high-cost claims, and hospital prices a significant threat to affordability of employer-provided health coverage for employees and their families

# Key Findings

## *Employer/Purchaser Perspectives on High-Cost Claims*

- Most cited strategies employers have continued to implement are for mitigating high-cost claims are:
  - Managing complex cases (65%)
  - Addressing the cost of specialty drugs (64%)
- Highest areas of new focus in the next couple of years include:
  - Offering precision medicine for cancer treatment (45%)
  - Implementing centers of excellence (39%)
  - Negotiating and auditing hospital prices (34%)
  - Auditing of intermediaries (30%)
  - Mitigating costs and coverage of rare diseases (30%)
- Most employers believe they are effectively managing high-cost claims through their intermediaries and the most cited were carrier/TPA (94%) and PBM (69%)
- Less common but increasingly being considered by employers to manage high-cost claims:
  - Reinsurers (30%)
  - Internal management (27%)
  - Specialty vendors (23%)

# What's Really Driving Employer Health Plan Costs?

0.6%  
of a population  
drives 35%  
of employers'  
spend



Health care  
inflation is driven  
by price increases,  
not utilization, think  
new medical and Rx  
technologies.



High-cost claims  
are different

High-cost claimants  
are made up of  
cancers, complex  
newborns, COVID/  
sepsis, specialty  
drugs and implants



Specialty Medicines,  
especially injectables,  
are the fastest-growing  
driver of high-cost claimants



High-Cost Claimant  
Predictive Analytics  
can *sometimes* identify  
these individuals and target  
early interventions



Chronic conditions are the direct cause of less than a  
quarter of medical and pharmacy claims over \$50,000  
(high-cost claims)

# Stop Loss Market Overview 2022

Severity and frequency of catastrophic claims continue to increase. The market is hardening as a result

*Cancer* remains the **most costly** condition since 2010

*COVID and Sepsis* claims had significant **increases**. An increase in *Mental/ Behavioral Health* claims was also observed

**Decreases** continued in *Transplant and Renal*, likely due to better contracting and clinical management

*Note:* Due to a change in the methodology used to group conditions in this year's report, catastrophic cases in categories like cardiovascular, musculoskeletal, and neurological now appear in the top 10



## TOP 20 HIGH-COST CLAIM CONDITIONS

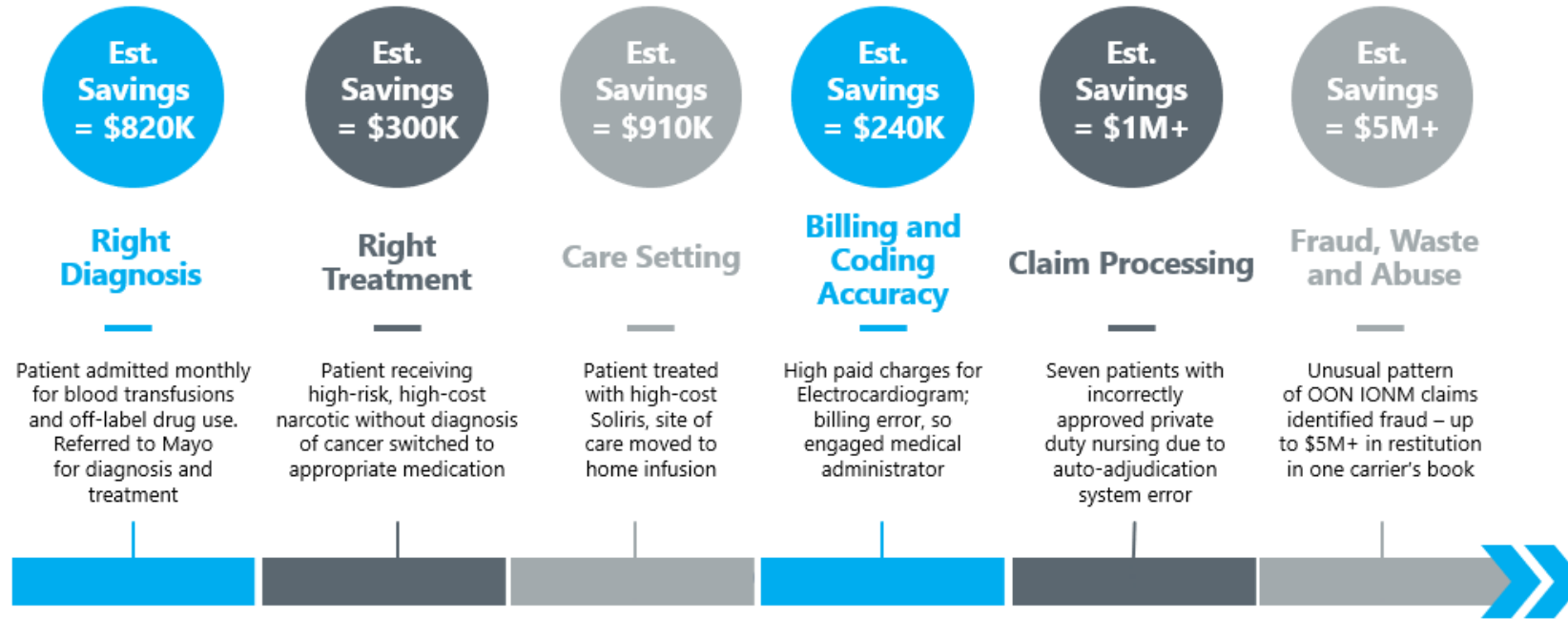
### Stop-loss claim reimbursements

2021 Rank	4 Year Rank	Condition/Disease/Disorder	2021 Single Year Reimbursements	2018-2021 Reimbursements	Total payments
1	1	Malignant Neoplasm	\$294.9M	\$1.03B	38% Top 3 conditions
2	2	Leukemia, Lymphoma, Multiple Myeloma	\$117.0M	\$443.1M	
3	3	Cardiovascular	\$102.3M	\$389.4M	
4	4	Orthopedics/Musculoskeletal	\$89.6M	\$297.5M	70% Top 10 conditions
5	5	Newborn/Infant Care	\$82.3M	\$287.0M	
6	6	Respiratory	\$65.0M	\$234.1M	
11	7	Urinary/Renal	\$57.5M	\$222.6M	
9	8	Neurological	\$61.2M	\$210.7M	
10	9	Gastrointestinal/Abdominal	\$59.3M	\$200.9M	
7	10	Sepsis	\$64.2M	\$182.4M	
13	11	Congenital Anomaly (structural)	\$41.9M	\$172.0M	
12	12	Physician Treatment	\$47.1M	\$143.1M	
17	13	Transplant	\$26.7M	\$127.8M	
14	14	Cerebrovascular	\$29.8M	\$98.7M	
16	15	Hemophilia/Bleeding	\$28.4M	\$96.3M	
19	16	Immune System	\$21.2M	\$87.5M	
15	17	Mental and Behavioral Health	\$28.5M	\$87.1M	
18	18	Malnutrition	\$23.1M	\$79.8M	
8	19	COVID-19	\$61.5M	\$75.4M	
21	20	Blood and Blood Forming Organs	\$18.6M	\$72.0M	

Source: Sun Life 2022 High-cost claims and injectable drug trends analysis

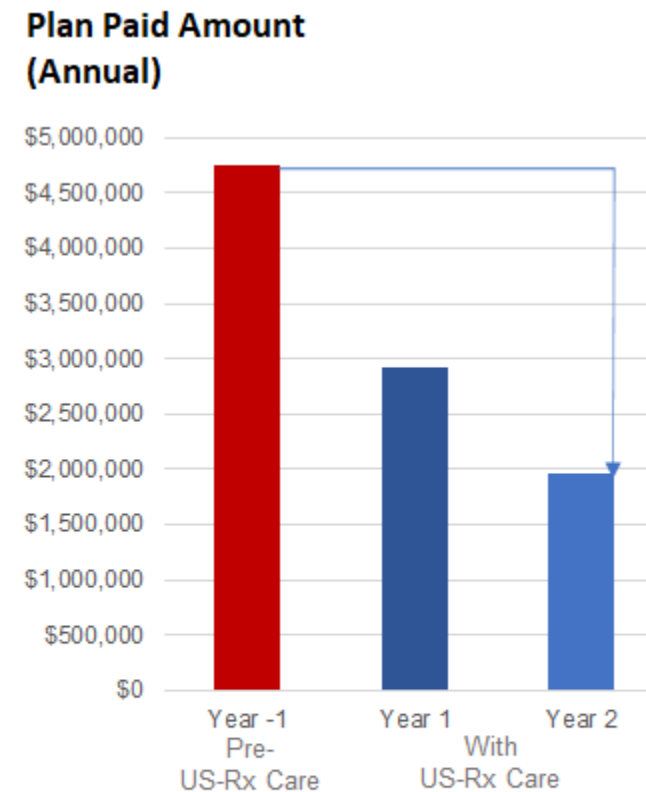
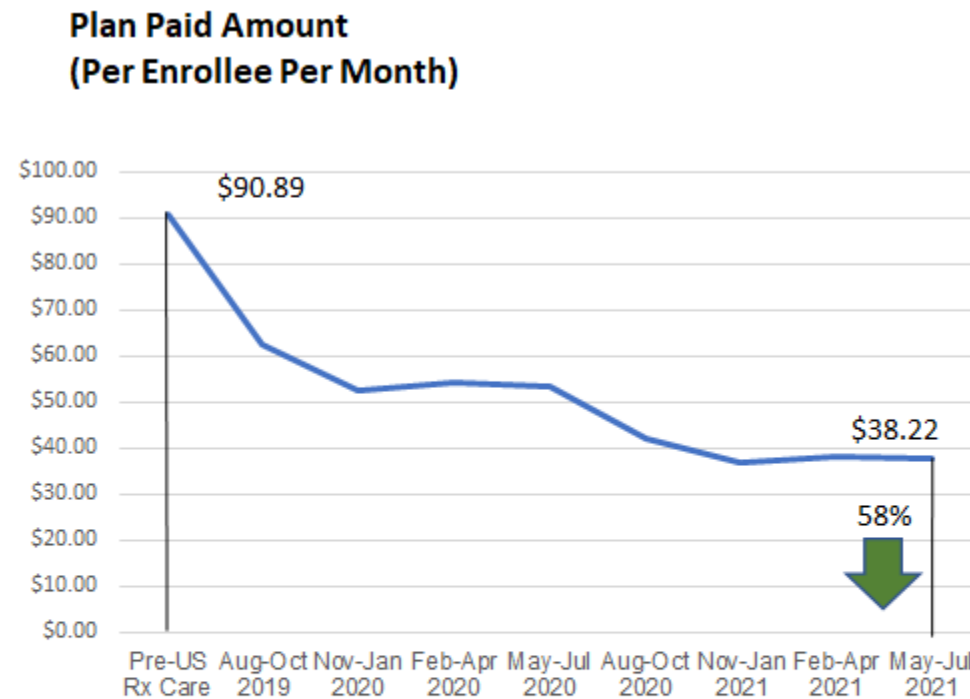


# Case Examples



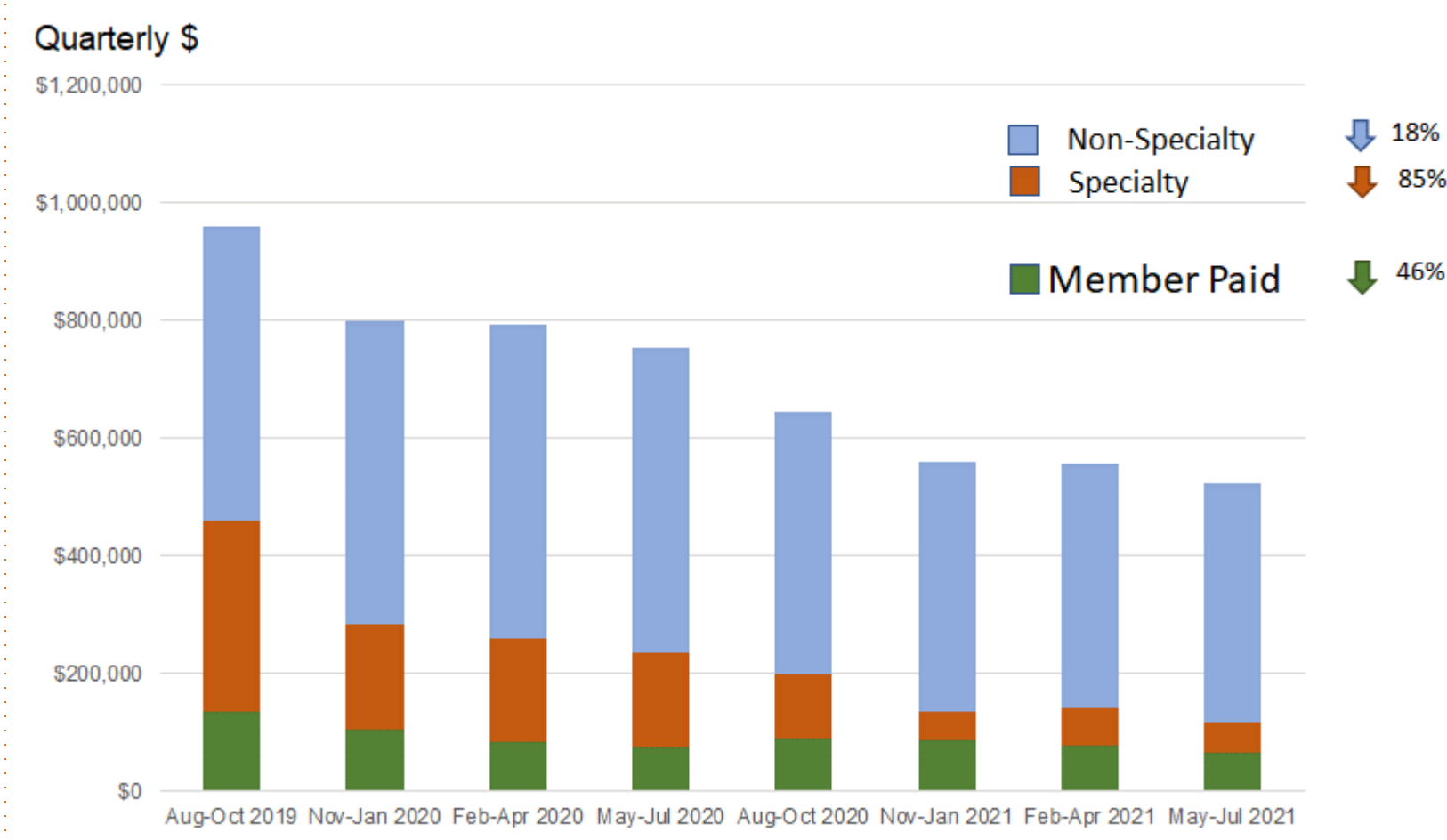
The factors, and therefor solutions, for complex claims are numerous and varied

# 4,300 Life Employer Pharmacy Benefit Spend Three Year Trend



- \$2.8 MM Annual Cost Reduction
- \$4.6 MM Two-Year Cumulative Savings

# 4,300 Life Employer Pharmacy Benefit Spend Plan and Member Contribution Trend



## Key Questions to Ask / Think About Your Health Benefit Administrators / Suppliers

### Are You Optimally Aligned?

#### At The Highest Level

Are you trusting that your vendors are always looking out for the best interest of your organization and plan participants?  
Are there misaligned incentives with your vendors that can drive up costs?

#### At A More Granular Level

You may not be optimally aligned with your vendors if the answer is “Yes” to any of the following.

Are conflicts of interest negatively impacting clinical decisions and utilization management?

Are benefit design & formulary structure influenced by rebates or vendor credits?

Are exclusive vendor contracts restricting access to lowest net cost options for care?

Are you not allowed to carve out clinical review, rebate, dispensing functions from your vendors?

Are prohibitions against making changes to formulary, guidelines, covered/not-covered status driving your up cost?

Are your vendors given unlimited discretion to authorize any drug or service no matter the cost?

Are your vendors given unlimited discretion to authorize any drug or service no matter the cost?

Are you being penalized for not carving in services?

# Strategies For Superior Pharmacy Benefit Cost Management

## CONTRACTING STRATEGIES

- Deconflict PBM and Medical carrier relationships (fiduciary compliant)
- Reduced / fixed markups for provider buy/bill drugs
- Outcomes-based drug pricing
  - Specialty generics filled in retail, not at specialty pharmacy
  - Payment amortization (pay-over-time)
  - Hospital at home/telehealth
  - Narrow networks
  - More timely and transparent reporting
  - Bill review/negotiation

## Plan Design Strategies

- All drug management under the pharmacy benefit
- Dose rounding protocols (for injectables)
- More rigorous utilization management for high-cost drugs
  - PA/pre-certification functions
  - Preferred drug lists/formularies
  - Quantity limits
  - Step therapy
  - Specialty carve out
  - Exclusions/coverage limitations
- Aligned financial incentives with plan participants
- Leverage secondary coverage when available (e.g., spouse employer, Medicaid or Medicare)

## CLINICAL RIGOR

- Separation of dispensing/rebates from clinical functions
- Independent, expert clinical management
- Cost-effective step therapy, when appropriate
- Elimination of waste
- Same level of clinical rigor applied to specialty drugs on medical side

## COST-EFFECTIVE SOURCING

- Manufacturer co-pay and zero-cost patient assistance programs
- Unrestricted, competitive dispensing options and sources
- Site-of-care optimization for provider-administered drugs



Thank You

And

Questions?

# TCoC Reduction Through Cancer Care Management



**Robert Baird,**  
National Cancer  
Treatment Alliance,  
President



**Alti Rahman,**  
Oncology Consultants,  
Practice Administrator



**Mandy Breckbill,**  
Genentech,  
Healthcare Executive  
Director



**Fred Barton,**  
EmsanaRX,  
Vice President of  
Account Management

# TCoC Reduction Through Formulary Management



**Robert Popovia,  
PhD,  
Conquest Advisors,  
Founder**



**Lalan Wilfong, MD,  
McKesson/US  
Oncology, VP Payer  
Relations & Practice**



**Josh Golden,  
CapitalRX,  
Senior VP of  
Strategy**



**Lori Von Heyking,  
Woodforest Bank,  
Executive VP and  
Chief Human  
Resources Officer**

# Closing Keynote



**Ray Fabius, MD**  
HealthNext,  
Co-Founder and CEO

HealthNEXT



Ray Fabius Co-Founder of HealthNEXT  
Closing Keynote – Putting Today's Session Together

# HBCH CONFERENCE | 2022

**STRATEGIES TO REDUCE TOTAL COST OF CARE**

In Search Of The Holy Grail

**In Person | December 8, 2022**

**STRATEGIES  
TO REDUCE TOTAL  
COST OF CARE**

In Search Of The Holy Grail





# Agenda

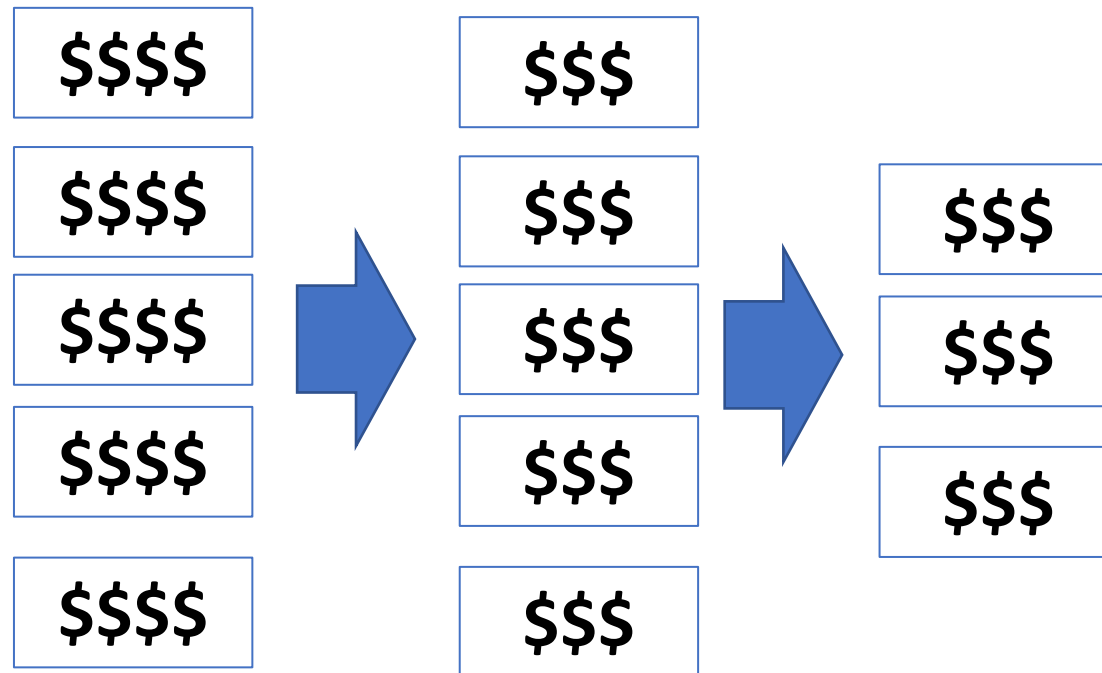
## Summarize Today's Conference With a View to the Future

- Two approaches to cost control – cost and use
- The importance of population health and wellbeing
- A focus on mental health
- Best practice enterprises are delivering a critical mass of programs and services to transform their culture
- Why this is good business?
- Why this is good for all of us



# Two Key Ways to Reduce Healthcare Costs

## Reduced Cost per Treatment / Create Less Need for Treatment



*Best Practice Enterprises Focus Equally on  
Both Strategic Categories*

### *Control Unit Cost*

Legislative Policies

Transparency

Cancer Care

Condition Management

Complex Case Management

Pharmacy Management

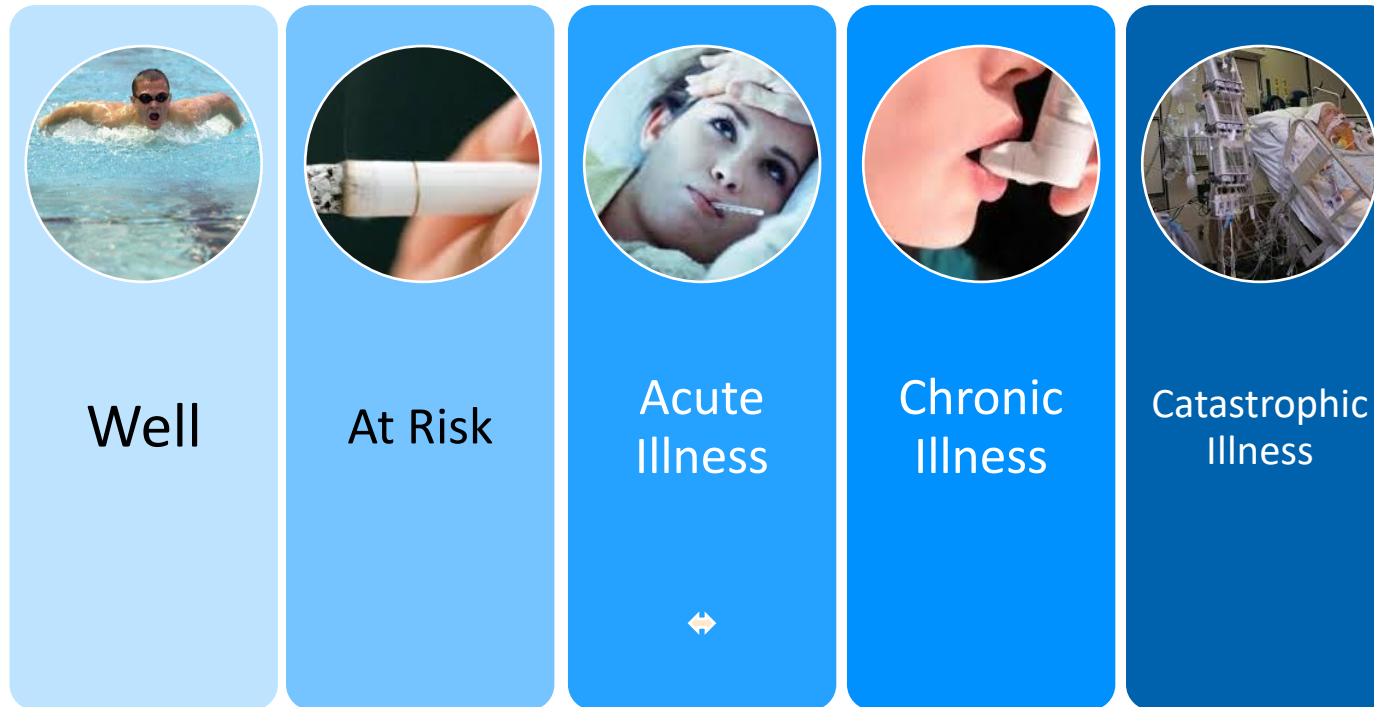
### *Reducing Demand*

Advanced Primary Care

Organizational Culture

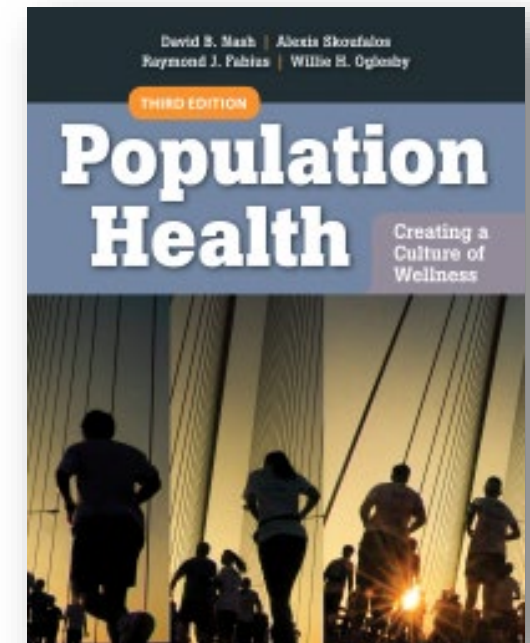
# To Do Both You Have to Manage Across the Continuum

## *Supporting People Where They Are*



← Moving the Population Toward Wellness

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*Leading Textbook  
in the Field*

**HealthNEXT**

# Keeping Well Employees Well

## *Not Just the Absence of Illness*

### WHO Definition of Health

Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity

### Components of Wellness

**S**ocial

**P**hysical

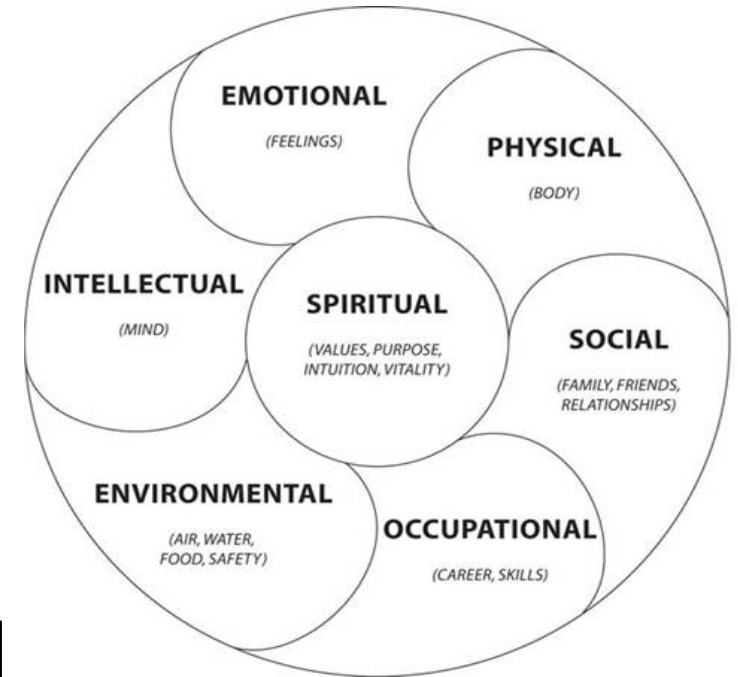
**E**mootional

**C**areer

**I**ntellectual

**E**nvironmental

**S**piritual



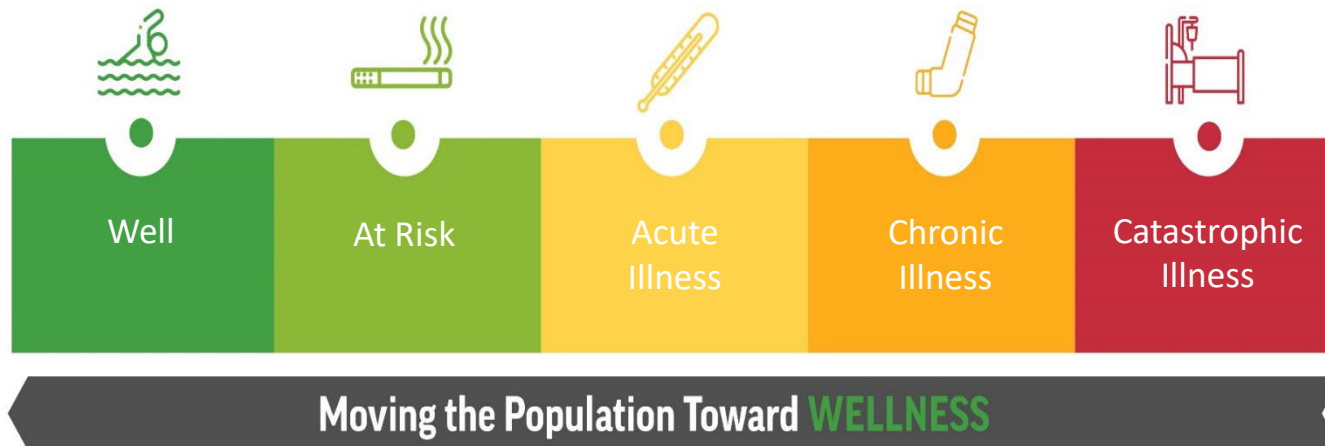
Source: <http://www.undstudenthealth.com>

Swenson, John A., M.D.

**HealthNEXT**

# An Important Focus on Mental Health

- Keeping healthy people well = Resiliency
- Move people to lower risk categories = Stress
- Access to care & social support for acute illness = Struggling
- Managing chronic conditions to mitigate potential complications = Treated
- Provide care management for those with complex issues = In Crisis



Thriving "I got this."	Surviving "Something isn't right."	Struggling "I can't keep this up."	In Crisis "I can't survive this."
<p>← ○ ——— ○ ——— ○ ——— ○ →</p> <p>Calm and steady with minor mood fluctuations</p> <p>Able to take things in stride</p> <p>Consistent performance</p> <p>Able to take feedback and to adjust to changes of plans</p> <p>Able to focus</p> <p>Able to communicate effectively</p> <p>Normal sleep patterns and appetite</p>	<p>Nervousness, sadness, increased mood fluctuations</p> <p>Inconsistent performance</p> <p>More easily overwhelmed or irritated</p> <p>Increased need for control and difficulty adjusting to changes</p> <p>Trouble sleeping or eating</p> <p>Activities and relationships you used to enjoy seem less interesting or even stressful</p> <p>Muscle tension, low energy, headaches</p>	<p>Persistent fear, panic, anxiety, anger, pervasive sadness, hopelessness</p> <p>Exhaustion</p> <p>Poor performance and difficulty making decisions or concentrating</p> <p>Avoiding interaction with coworkers, family, and friends</p> <p>Fatigue, aches and pains</p> <p>Restless, disturbed sleep</p> <p>Self-medicating with substances, food, or other numbing activities</p>	<p>Disabling distress and loss of function</p> <p>Panic attacks</p> <p>Nightmares or flashbacks</p> <p>Unable to fall or stay asleep</p> <p>Intrusive thoughts</p> <p>Thoughts of self-harm or suicide</p> <p>Easily enraged or aggressive</p> <p>Careless mistakes an inability to focus</p> <p>Feeling numb, lost, or out of control</p> <p>Withdrawal from relationships</p> <p>Dependence on substances, food, or other numbing activities to cope</p>

Adapted from: Watson, P., Gist, R., Taylor, V., Evlander, E., Leto, F., Martin, R., Vaught, D., Nash, W.P., Westphal, R., & Litz, B. (2013). Stress First Aid for Firefighters and Emergency Services Personnel. National Fallen Firefighters Foundation.

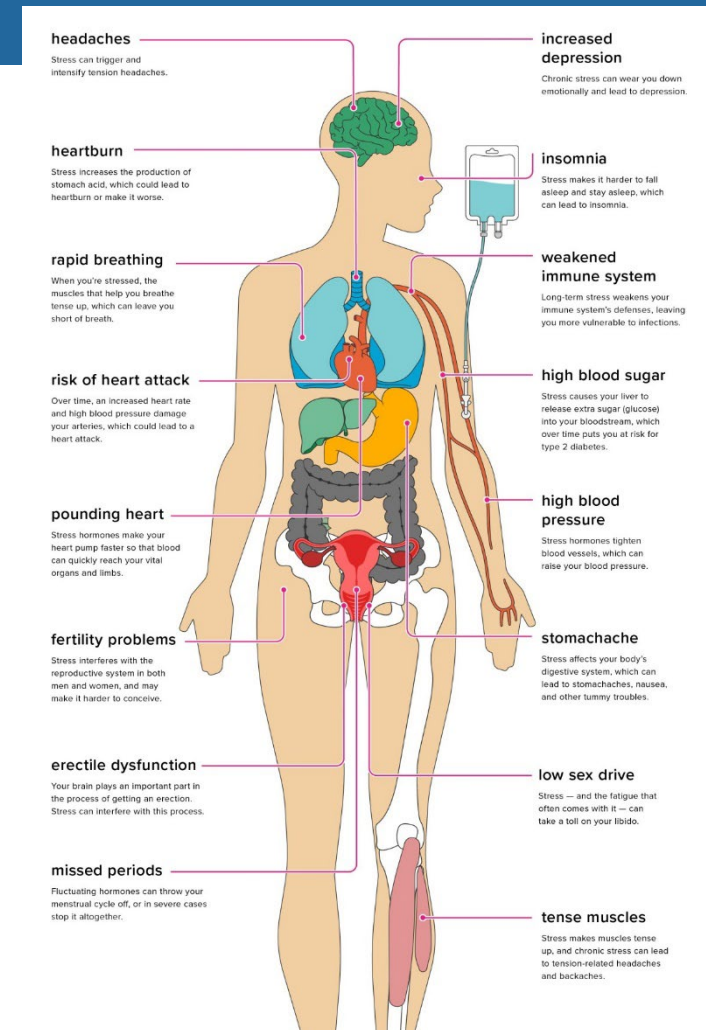


# The Physical Impact of Stress & Mental Illness

## No Separation Between the Mind & the Body

- Raises blood pressure
- Raises blood sugar
- Reduces immunity
- Reduces cognition
- Interferes with memory
- Promotes addictions
- Diminishes one's income
- Disrupts families and marriages

- **Headaches**
- Heartburn
- **Heart Attacks**
- Infertility
- Stomachaches
- **Depression**
- **Anxiety**
- Insomnia



# Today's Topics Are Across the Continuum

*Supporting People Where They Are*



Well



At Risk



Acute Illness



Chronic Illness



Catastrophic Illness

Legislative Policies & Transparency

Advanced Primary Care

Cancer Care

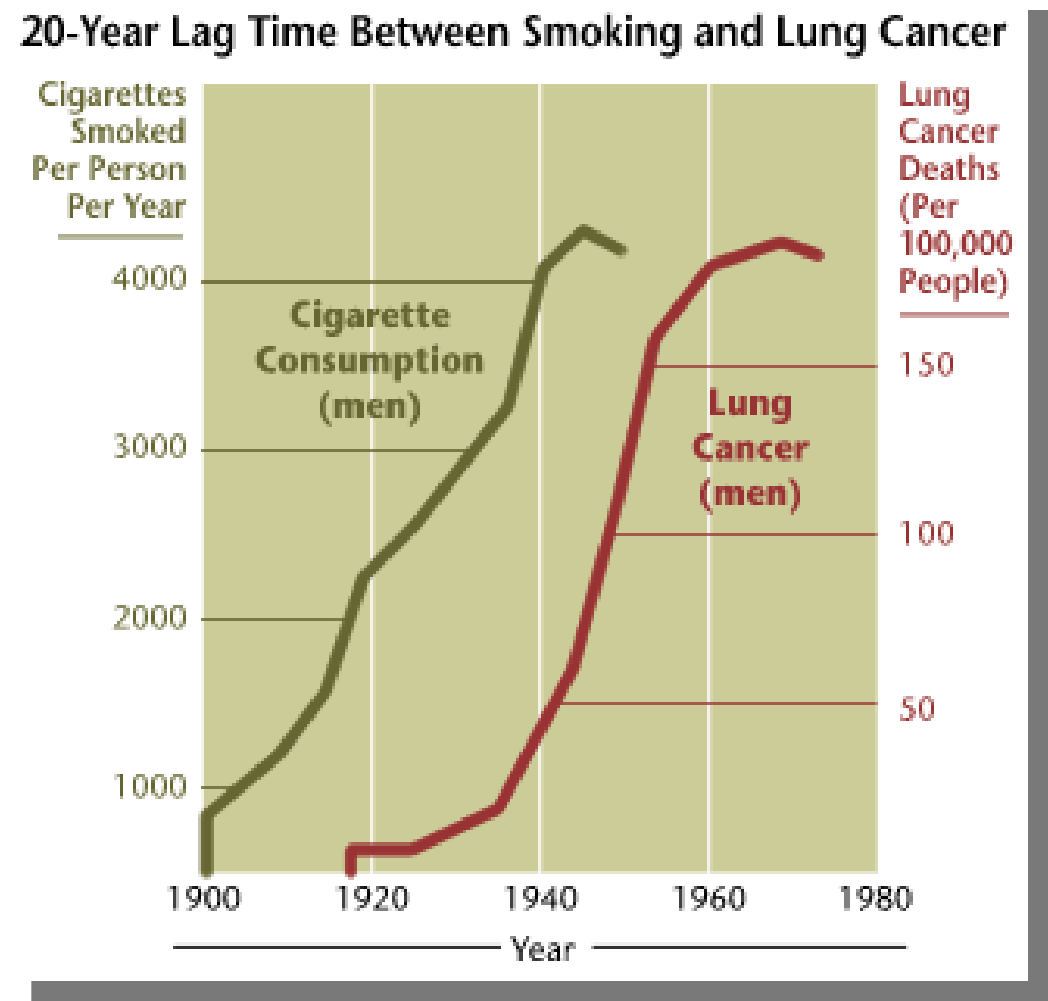
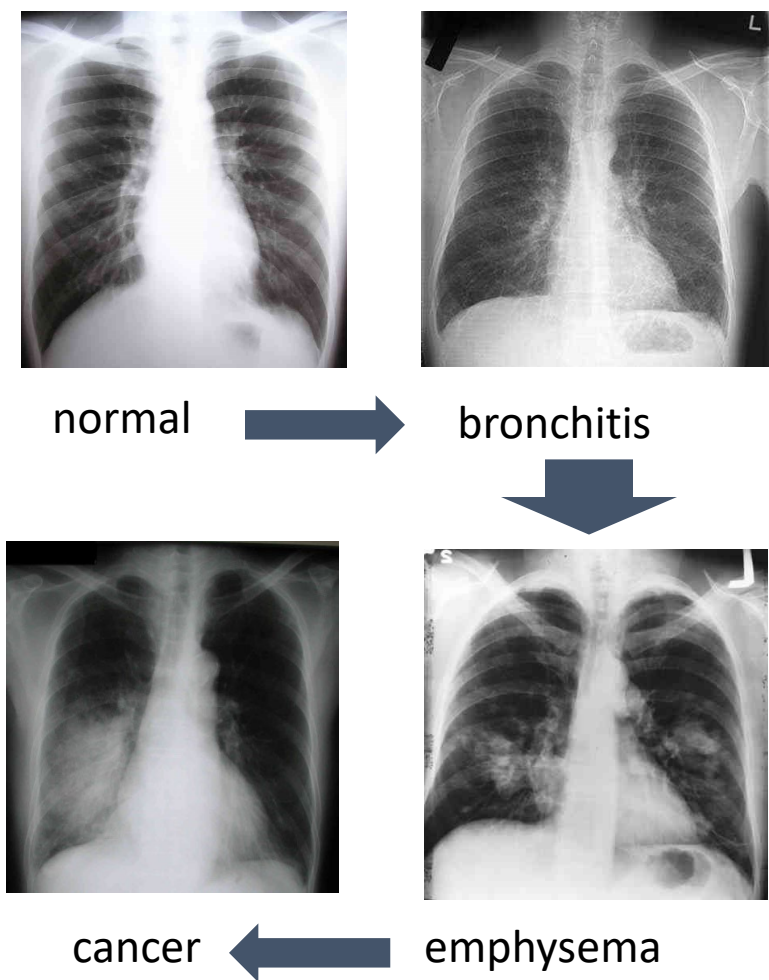
Condition Management / Complex Case Management

Organizational Culture

Pharmacy Management

# INSIDIOUS PROGRESSION OF DISEASE:

## SMOKING & ACUTE ILLNESS LEADS TO CHRONIC & CATASTROPHIC ILLNESS



# Culture Eats Strategy For Breakfast

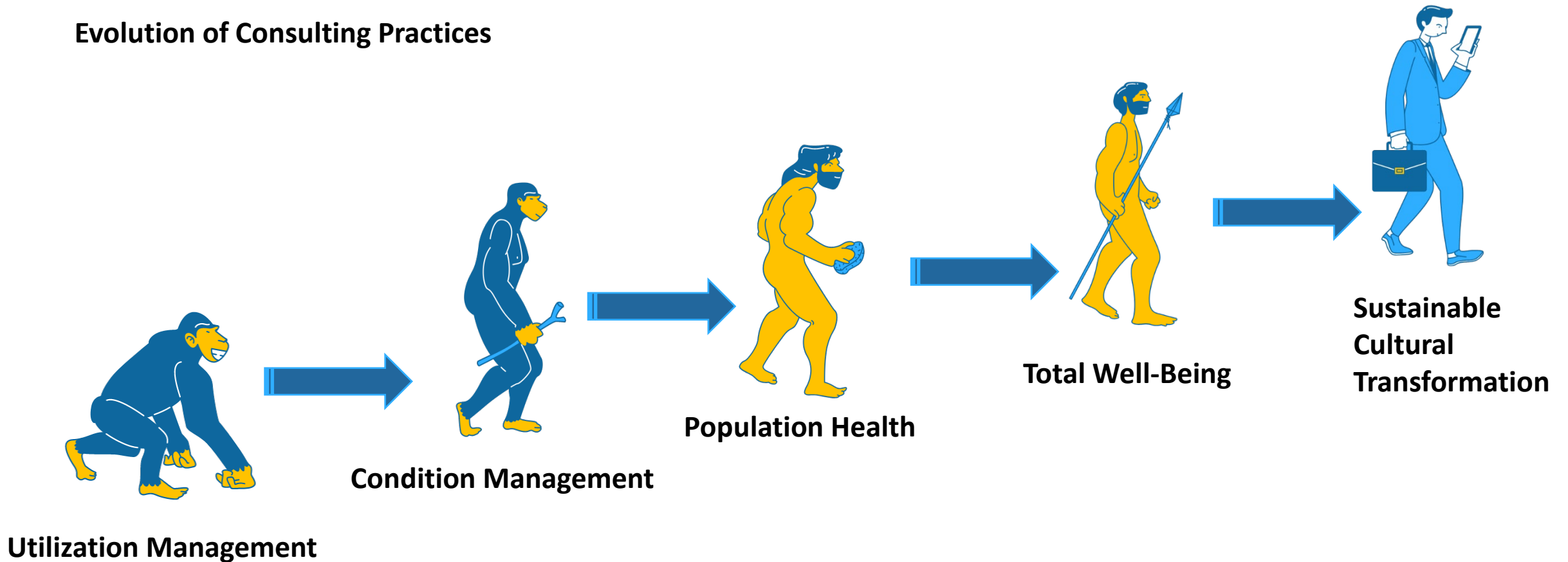
## *Best Practice Requires a Critical Mass of Programs*

- **Legislative policy** / community health / social determinants of health
- **Transparency** can produce better competition & better shoppers – active consumers
- **Advanced primary care** can reduce demand and improve results through coordination
- **Condition management, complex case management and cancer care** can produce rapid returns
- **Pharmacy management** can reduce unit costs and future demand through medication adherence and MTM
- **Organizational culture** can make the healthy choice the easy choice and create a sustainable reduction in the need or demand for healthcare treatments and services



# The Pathway to Sustainable Healthcare Cost Control

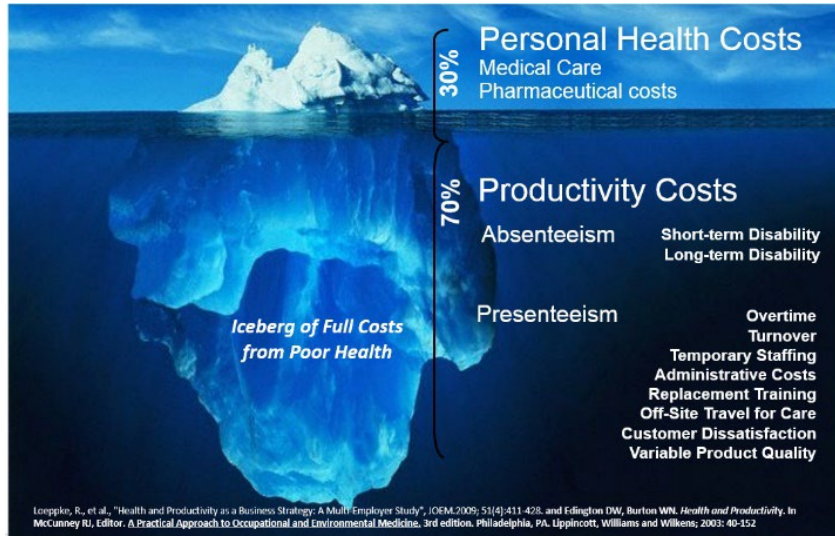
## Evolution of Consulting Practices



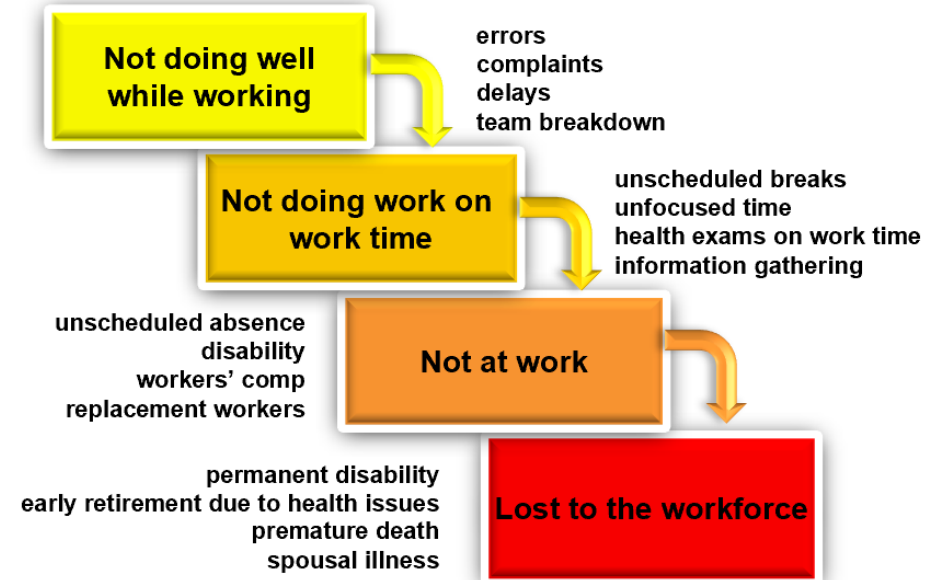


# Impact of Health & Wellbeing

## Continuum Of Employee Performance Outcomes due to Poor Health & Wellbeing



**For Every Dollar Spent on Health Care  
There Are \$2-3 Lost in Productivity**



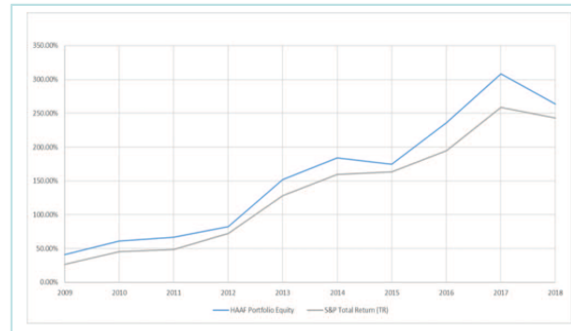
**HR Mission = A Workforce with the Skill, the Will and is Not Ill**

# Benchmark Culture of Health Companies Outperform on the Stock Market



## Companies That Promote a Culture of Health Safety and Wellbeing Outperform in the Marketplace

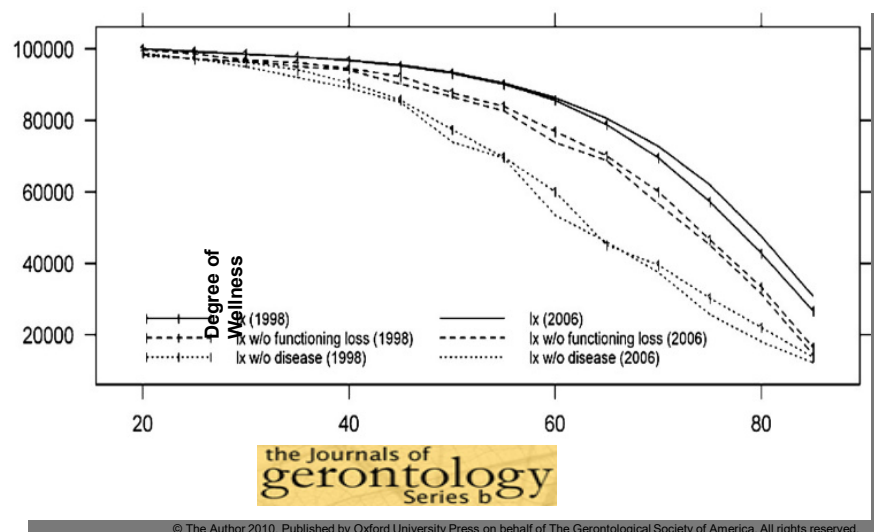
**Objective:** The objective of this research is to test the hypothesis that companies distinguished by their commitment to their workforce's health, safety, and well-being outperform in the marketplace. **Methods:** To test this, we analyzed the real-world stock market performance of an investment fund of publicly traded companies selected on evidence demonstrating their pursuit of a culture of health, safety, and well-being. **Results:** This fund outperformed the market by 2% per year, with a weighted return on equity of 264% compared with the S&P 500 return of 243% over a 10-year period. **Conclusions:** Employers, fund managers, and fund investors would be well served by including strategies that assess a company's commitment to the health, safety, and well-being of their workforce when evaluating investments in their enterprise and portfolios.



Culture of Health Portfolio outperformed the stock market by 20% over ten years

A Portfolio of companies that distinguish themselves by building cultures of health, safety and wellbeing appreciated 20% better than the S&P 500 during a ten year span 2009 - 2018

# THE ULTIMATE GIFT OF HEALTH: *Compression Of Morbidity*



Crimmins E M , Beltrán-Sánchez H J Gerontol B Psychol Sci Soc Sci 2011;66B:75-86



***The Goal Should Be Sudden  
Death in Overtime***

**The longer you stay healthy and vital,  
the shorter your period of morbidity before life ends.**



**THANK YOU FOR ATTENDING**

**NOW COME AND JOIN US FOR OUR POST  
RECEPTION**

**POST RECEPTION – HILTON PLAZA, MEDICAL  
CENTER, 9<sup>TH</sup> FLOOR**

