The case for disease management: it’s in everyone’s best interest to have healthy, engaged employees. Employees who avoid illness see lower healthcare costs, while employers see lower absenteeism rates.

It makes sense: When workers are sick, they miss out on work. Absenteeism rates increase over six times for workers with a chronic disease, while presenteeism rates might rise over two times for workers without chronic illnesses. Having more than one chronic illness increases absenteeism even more. And employers are stuck footing the bill. When employees are sick or miss work, productivity drops, costing employers $225.8 billion, or $1,685 per employee per year.

Employers are also faced with premiums that are at an all-time high and rising health insurance claims. Some of the most expensive health conditions include high blood pressure, heart attack, diabetes and chest pain, which are all related to heart disease and stroke. Add obesity to the chronic conditions mix and workers will miss about 450 million more days of work than healthy employees.

But over the last decade, employers have largely focused on health & wellness programs to help their employees get and stay healthy, rather than focusing on chronic conditions. Unfortunately, early results of wellness programs have been mixed at best. There are success stories, but more often than not, employers are finding that their health & wellness programs don’t move the needle on rising healthcare costs.

Rather than focus attention—and dollars—on getting people well but with minimal impact, employers are beginning to zero in on helping employees identify and manage chronic conditions through disease management. The attention is warranted. About 86% of healthcare dollars are spent on chronic illnesses and mental health conditions; 59% of Americans have at least one chronic health condition.

There’s a lot of evidence that shows chronic disease management programs work. They can improve outcomes in people with diabetes, heart failure, COPD, high blood pressure, and anxiety and depression.

The way an employer runs a disease management program varies depending on the funding mechanism.

It’s up to employers to bend the trend.
Self-funded employers are at an advantage because they can review claims data to see how to track chronic conditions and measure return on investment.

On the other hand, fully insured employers have less access to claims data and likely would turn to their insurance carrier's disease management program, which is already embedded into the coverage.

Here's how it works: carrier disease management programs typically focus on employees with asthma, COPD, breast cancer, diabetes, heart disease, arthritis, depression, end-stage renal disease or women with high-risk pregnancies. When a condition is diagnosed, the health insurance carrier works closely with the employee, providing tools and support to manage the illness. The carrier may provide access to counseling, nurse on-call resources and other high-touch services.

The goal is to help the employee:

1. Understand the chronic condition and health risks
2. Understand the doctor's instructions, test results and course of treatment
3. Stay motivated in the treatment
4. Maintain compliance with taking prescribed medication

Unfortunately, a carrier can't provide detailed information to the employer, such as diagnoses or prognoses, about who is participating in any program. Employers are hard-pressed to gain any more than the percentage of employees participating in disease management programs.

If participation rates are low, employers can offer incentives; this is normally a cash award, a decrease in the required employee premium contribution, or reduced copays and deductibles. Some employers also use on-site coaching, which requires a commitment from the company to allow employees time away from work to participate. A few employers even limit plan design options based on participation in the disease management program.

Components of a successful disease management program include:

1. Clearly communicating the benefits of the program, and often
2. Gaining support for the program from senior management
3. Creating a culture of health & wellness
4. Providing employees with the ability to participate in workplace health programs

In addition to carrier programs, some larger employers with fully insured plans may outsource certain disease management needs to further manage healthcare costs. For example, a company with a large population of younger workers may want to provide a more intensive maternity-focused program to prevent hospitalizations and other complications that would impact claims.

Although disease management programs do appear to improve quality of life, physical and mental health outcomes, and lower hospitalizations, as well as delivering cost savings over the long term, they have yet to be proven. Why? Many fully insured employers are not fully credible. Therefore, even by reducing
hospitalizations, which can save the plan money, employers are still relying on claims data from the health insurance carrier’s entire book of business.

Despite this obstacle, it’s worth noting that disease management has been proven to help employees get healthier, which could impact engagement and absenteeism. This is an important metric for fully insured employers that are considering whether to move to a self-insured model.

Employers struggling to contend with the rising cost of healthcare can turn to disease management to help employees get healthy—and create a better workplace.

1 PubMed, “Effect of Chronic Diseases on Work Productivity: A Propensity Score Analysis”
2 CDC, “Workplace Health Promotion: Using the Workplace to Improve the Nation’s Health”
3 Ibid.
4 Fortune, “Corporate Wellness Programs: Healthy or Hokey?”
5 WBUR, “Study Finds Virtually Zero Benefit From Workplace Wellness Program In 1st Year”
6 CDC, “Chronic Diseases: The Leading Causes of Death and Disability in the United States”
7 What Works for Health, “Chronic disease management programs”
8 Harvard Business Review, “Meet the Wellness Programs That Save Companies Money”

For more information, please call 1.877.426.7779