



**Testimony of Valerie Fleishman,
Executive Director, New England Healthcare Institute,
to the Massachusetts Legislature
Joint Committee on Public Health
December 17, 2008**

Good afternoon, and thank you Chairman Koutoujian, Chairwoman Fargo and members of the committee for convening this hearing. I am Valerie Fleishman, executive director of the New England Healthcare Institute, or NEHI, a nonprofit health policy research organization. I am here today on behalf of NEHI's three-year partnership with the Boston Foundation, *Healthy People/Healthy Economy*, through which we've examined the intersection between health, health care and economic competitiveness in our Commonwealth. I am also here on behalf of NEHI's 75 members, representing every sector of health care, who come together to solve broad health care challenges. NEHI's members see the topic of today's hearing, improving wellness and preventing chronic disease, as both a challenge and an opportunity to improve our public health and our economic competitiveness.

Across Massachusetts, thousands of new patients have been brought into the health care system, many seeing a doctor for the first time in years, as a result of the 2006 health insurance reform act. There is no question that this represents significant progress toward improving the health of Massachusetts' citizens. But it is only part of the solution.

As highlighted in the 2007 NEHI/Boston Foundation report, *The Boston Paradox*, we face a unique dilemma in Massachusetts. Although fortunate to have access to some of the finest medical facilities and practitioners in the world, we are equally vulnerable to trends making Americans less healthy. Unhealthy diets and inadequate physical activity result in unhealthy weight, obesity and rising chronic disease throughout our population – problems which could be prevented through changes in lifestyle and behavior. The CDC states that up to 80 percent of type 2 diabetes, 40 percent of cancer, and 80 percent of heart disease and stroke could be prevented if Americans did three things: stop smoking, develop healthy eating habits and get in shape.

This rising tide of preventable chronic disease is impacting Massachusetts perhaps even more than other states, as the Commonwealth experiences a so-called “brain drain” – the migration of younger workers to other areas of the country, leaving an older workforce that is much more susceptible to chronic disease.

The growing problem is epitomized by the relentless increase Massachusetts has seen in diabetes. Type 2 diabetes is a serious, chronic illness which leads to complications such as heart disease, stroke, kidney disease and degeneration of eyesight in three out of five patients. Over the past decade alone, self-reported diabetes in Massachusetts has increased by more than 40 percent, and 65% of those with diabetes are of working age (18 – 65).

Given its tremendous human toll, all of us here today would support efforts to improve longevity and quality of life in Massachusetts by reducing preventable chronic disease. But chronic disease is a “double whammy” for our state, taking a serious toll not only on health care costs but also on our overall economic competitiveness. In this moment of fiscal challenges both within our state and across the nation, the twin impacts of chronic disease are particularly concerning and provide another incentive for action.

The financial impact of chronic disease represents a drag not only on our health care spending, consuming dollars that could be redirected to improving our overall quality of care, but to our economic growth overall. According to Milken Institute estimates, the impact of diabetes alone on the state economy is approximately \$2.2 billion, and the total financial impact of diabetes and other chronic diseases will reach \$95.4 billion by 2023.

These costs are personified by the 52-year-old man who came to work at a Massachusetts company today but is unable to concentrate due to symptoms from his diabetes. And by the 45-year-old woman who has missed a week of work due to hospitalization for heart disease. These examples represent real working people at companies of all sizes throughout our state, whose chronic diseases threaten not just our health, but our economic competitiveness through lost and unproductive work days.

Indeed, in addition to the loss of productivity, Massachusetts employers have a unique stake in the health of their employees because they are more likely to offer employee health benefits than their counterparts in other states, with about 78 percent of Massachusetts employees receiving health care through their employer.

All of these factors have prompted an increasing interest in employer-led health promotion. At a time when many employers have felt they have no choice but to share a greater portion of health care costs with employees, a number of cutting-edge employers have taken a different tack. Numerous employer surveys show that corporate benefit managers have increasingly turned to investments in employee health management to improve employee health, enhance productivity and restrain health care cost inflation. This new breed of employee health management programs goes considerably beyond the traditional occupational health programs of the past:

- They offer comprehensive strategies with targeted programs aimed at both improving the health of high-risk employees and maintaining the health of lower-risk employees.
- They include health benefits designed with an emphasis on disease screening, prevention and primary care services.
- They involve worksite services such as fitness centers and healthy eating options at cafeterias, as well as third-party services such as web-based health coaching.
- And they often involve direct financial incentives for employees who participate. The most common incentives are financial rewards for employees who complete a health risk assessment, or HRA. HRAs help employers identify health risks within their employee populations, so employee health management programs can be tailored accordingly. Participation in HRAs at two prominent local employers, AstraZeneca and EMC, exceeds 90 percent.

And the evidence of the effectiveness and value of these employee health management programs is stronger than ever:

- Researchers have documented the reduction of health risks in multiple categories through programs at large employers such as Johnson & Johnson, CitiBank and General Motors.
- And companies rigorously evaluating programs have demonstrated up to a \$4 return for every \$1 invested in these programs. Savings have been shown to come in the form of avoided health care costs, reduced workers' compensation and disability costs, as well as increased productivity and enhanced morale and retention. Major Massachusetts employers such as NEHI members EMC, AstraZeneca and Blue Cross Blue Shield of Massachusetts, and companies like Raytheon, Fidelity, Putnam, IBM and Hannaford Brothers indicate that their employee health management programs are dramatically cutting yearly benefit inflation by approximately 25 percent.

This strengthening evidence base has created a growing movement for promoting and facilitating the adoption of wellness programs throughout the state and the nation. The National Committee for Quality Assurance, or NCQA, and other standards-setting organizations have begun to develop accreditation programs for employee health promotion. And the Massachusetts Department of Public Health has launched its *Working on Wellness* program, a pilot project aimed at developing and testing comprehensive worksite wellness models for employers. We commend Commissioner Auerbach and his department for this visionary effort which promises to help facilitate the adoption of employer wellness programs across the Commonwealth.

Yet barriers remain which prevent the fuller adoption of these programs in Massachusetts and the benefits to both public and fiscal health that could result. Among these barriers is a lack of awareness among employers of the growing evidence of the programs' success. Additionally, small- and mid-sized employers – which are typically fully insured – often have limited internal resources to finance programs and must look to their health plans for help to begin an employee health and wellness program.

NEHI believes that the time is ripe for all stakeholders – employers, policymakers and health plans – to come together and examine how best to eliminate these barriers, create incentives and increase the adoption of effective employee wellness programs, beginning with the following approaches:

- First, we should create opportunities for employer education, sharing information among all Massachusetts companies about the linkages between health, health care and productivity and about employer health management best practices. We believe that showcasing Massachusetts' "healthiest places to work" and giving companies the opportunity to share this information, perhaps through Massachusetts' own version of a Business Group on Health, will help open the door to these programs for companies of all sizes.
- Second, we should consider new policy actions which can help pave the way for companies to make investments in employee health. Indiana, for example, passed legislation in 2007 to establish tax credits for small employers that cover 50% of the expenses of qualified employer health management programs. These programs must include incentives for weight loss, smoking cessation and preventive screenings. At the federal level, Senator Tom Harkin (D-Iowa) is discussing the creation of a federal tax credit for employers who implement qualified programs. Incentives such as tax credits would

open doors to employers that are interested in making an investment, but need some additional support to make it feasible.

- Third, we should consider leveraging the state's health insurance reform law, Chapter 58 of 2006, which gives the Commissioner of Insurance new regulatory tools to encourage the inclusion of wellness programs as covered benefits in health insurance plans. These incentives have the potential to increase the adoption of wellness programs, but major questions must first be resolved, including what kinds of programs the Commissioner could approve, whether incentives could be large enough to attract participation, and whether they would allow health plans to reach firms in industries less apt to adopt wellness programs.
- Finally, we should foster collaboration among employers and health plans to promote wellness programs among employers who face the highest barriers, particularly small and mid-sized employers. For example, we are now seeing experimentation in places like Knoxville, Tennessee, where mid-sized employers have come together, with the support of health plans, to create a common insurance risk pool that is linked to a rigorous effort to adopt sound employee health management practices among all the participants. Here in Massachusetts, we should begin a dialogue between employers and health plans to explore our own innovative ideas.

In conclusion, Massachusetts faces an acute public health crisis from rising levels of highly preventable or modifiable chronic diseases fueled by unhealthy behaviors. These diseases, in turn, result in higher health care costs and pose a serious threat to the state's overall economic competitiveness, at a time when it is increasingly threatened by myriad other factors.

Massachusetts' companies have a unique opportunity to address this growing problem – and to improve the health of their employees and their own individual competitiveness – by offering effective employee health management programs. NEHI believes that the employer, policy and health plan communities can and should collaborate to increase the adoption of these programs among Massachusetts employers of all sizes. In addition, close collaboration among other stakeholders such as communities, schools, local governments and the nonprofit sector are critical to reinforcing messages promoting healthy lifestyles and habits to all citizens of the Commonwealth.

The time is now to create a healthier and more productive Massachusetts – our economic prosperity depends on it – and the New England Healthcare Institute stands ready to help.

Thank you for your vision and leadership on this critical issue. I would be happy to take your questions.

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About NEHI

The New England Healthcare Institute is an independent, nonprofit organization dedicated to transforming health care for the benefit of patients and their families. In partnership with members from all across the health care system, NEHI conducts evidence-based research and stimulates policy change to improve the quality and the value of health care. Together with this unparalleled network of committed health care leaders, NEHI brings an objective, collaborative and fresh voice to health policy.

For more information, visit www.nehi.net.