



**U.S. House Committee on Agriculture  
Subcommittee on Department Operations, Oversight, Nutrition and Forestry  
Addressing the *Health* in Health Care: Nutrition, Prevention and Wellness Practices  
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Good morning Chairman Baca, Ranking Member Fortenberry and members of the U.S. House Committee on Agriculture. I am LuAnn Heinen, Vice President of the National Business Group on Health (Business Group), a member organization representing approximately 300 mostly large employers that provide coverage to more than 55 million U.S. workers, retirees and their families. The National Business Group on Health is the nation's only nonprofit organization devoted exclusively to finding innovative and forward-thinking solutions to large employers' most important health care and related benefits issues.

**America's Obesity Epidemic Continues Unabated**

Today's hearing is focused on defining efforts in health care, industry and communities that are effective in addressing the problems of poor nutrition, obesity, and related chronic disease. These are problems affecting every state, including Nebraska. Adult obesity rates continue to rise in 23 states, and have not decreased in any state; Nebraska ranks 20<sup>th</sup> among states in adult obesity prevalence (Trust for America's Health, 2009). Rates of obesity among children (2 -19) have more than tripled since 1980 and may have leveled off; CDC research reports no statistically significant change between 2003-2004 and 2005-2006 (Ogden et al, 2008).

Last week, *Health Affairs* reported that medical spending on conditions associated with obesity has doubled in the past decade and could reach \$147 billion a year as of 2008. Obesity now accounts for almost 10% of all medical spending, up from 6.5% in 1998. Spending associated with obesity is almost entirely tied to costs generated from treating the diseases that obesity promotes, such as diabetes. For example, excess weight is the single greatest predictor of developing diabetes, a disease that costs \$191 billion a year. The study also found that "if lawmakers are serious about cutting health care spending...they should be focusing on ways to reduce obesity and its related risk factors

since it is increasingly imposing a heavy burden on both private and public payers” (Finkelstein et al, 2009).

Just last week, the incoming CDC Director, Dr. Thomas Frieden, shared some startling statistics at “Weight of the Nation,” a CDC-sponsored conference attended by approximately 1,000 federal, state and local policymakers and public health officials:

- The average American is 23 pounds overweight.
- As a nation, we have 4.6B pounds of excess weight; if this were converted to useable energy, we could power the city of Washington DC for more than a year and a half.
- The cost of extra food that is needed to maintain the nation’s excess body weight is greater than \$50B per year.

#### **As Obesity Rates Have Climbed, So Have Rates of Associated Health Conditions**

- Overweight and obesity associated prevalence of 11 chronic conditions grew 180% in the 8 years from 1997-2005 (Thorpe et. al., 2009). The number of working-age adults who report being diagnosed with at least 1 of 7 major chronic conditions (heart disease, hypertension, stroke, diabetes, emphysema, asthma, and cancer) has grown 25% since 1997 to nearly 58 million in 2006 (Hoffman and Schwartz, 2008).
- CDC reports that more than 133 million Americans—45% of the total population—have at least one chronic disease. Chronic diseases kill more than 1.7 million Americans yearly, and account for a third of years of potential life lost before age 65 (CDC, 2005).

#### **Obesity Has Played a Major Role in Rising Health Care Costs**

- Average per capita health spending increased by 40% from 1997 to 2005, but the average for the 15 costliest conditions—all associated in some way with obesity—jumped 55% (Thorpe et. al., 2009).
- Overall, obesity accounts for 27% of the increase in inflation-adjusted health expenditures among working age adults. Inflation adjusted medical spending for working age adults increased by nearly 70% from 1997 to 2005, growing from \$316 million to \$526 million (Thorpe et. al., 2009).
- If the prevalence of obesity were the same today as in 1987, health care spending in the U.S. would be 10% lower per person, or about ***\$200 billion less each year*** (Thorpe et. al., 2009).

## **Do Worksite Wellness and Prevention Programs Work? A Summary of Evidence on Health and Financial Impacts**

The World Health Organization (WHO) estimates that exercise and better diets along with smoking cessation could prevent at least 80% of all cases of heart disease, stroke, and type 2 diabetes and up to 40% of cancers (WHO, 2005). It's clear that to prevent anything approaching 80% of today's burden of heart disease or 40% of cancers will take massive change across many sectors and is much bigger than the workplace.

Just at the worksite, however, evidence is growing that health promotion (also called wellness) programs can positively influence employee health risks and achieve a positive return on investment (ROI).

- An authoritative review of 50 studies of worksite interventions by the CDC Community Guide Task Force concluded that these worksite health promotion programs reduced tobacco use, dietary fat consumption, high blood pressure and total cholesterol levels and days if work lost while also increasing productivity (Goetzel and Ozminkowski, 2008).
- A review of 25 ROI studies of workplace health promotion and disease management programs found an average annual cost reduction of 2 – 4% of total medical claims costs which translated into an ROI of 1:1.5 to 1:3.0 for health promotion programs. In other words, looking only at direct medical costs (not factoring in productivity, absenteeism or other indirect costs), these worksite health promotion programs showed a small but definite positive ROI (Serxner et al, 2006).
- An ROI projection model used by The Dow Chemical Company to analyze the breakeven point for its investments in employee wellness showed that even small improvements in health risks for Dow employees would yield large savings in health costs for the company. “The breakeven point, at which savings exactly equals investment dollars, occurs when each health risk is reduced by 0.17% annually.” (Goetzel et al, 2005). Increasingly, employers see themselves as population health managers – especially in companies with relatively low employee turnover – and small risk reductions over a large workforce carried out over several years can dramatically reduce health expenditures.

Notwithstanding the research results cited above, a majority of large companies do not wait for, fund, or participate in the types of research that can definitively answer the question, “does this program have a positive ROI?” Human resource departments tend not to have a budget for research, nor are they willing to spend the needed time or IT support to evaluate programs. Their measures of success are usually very different from those of academic researchers, and even effective programs may be eliminated when there is a downturn in the firm's revenues or market capitalization. This clearly limits the volume and type of research that can be conducted and slows the development of an evidence base that is compelling to academicians and policymakers. Employers

themselves do not require the same level of evidence for decision-making purposes (Heinen and Darling, 2009).

It is worth noting that the latest survey data from our own members (n=75 respondents) show that 16% of respondents said wellness initiatives to improve employee health are the single *most* effective tool they have to control health costs, while 30% said wellness is *one of the top 3* most effective steps they can take (the other two are employee cost-sharing and the use of consumer-directed health plans) (National Business Group on Health, 2009).

### **Employers are Leading the Way to Reduce Obesity and Promote Healthy Lifestyles**

Many employers work with their health plans and other partners to be sure that overweight and obesity are included in health education and communications, plan design, coaching and health improvement programs, as well as disease management and disability/return to work. In addition, members of the National Business Group on Health often work to ensure the culture and environment at work promote healthy weight by encouraging physical exercise, offering healthy food, and establishing social norms around healthful behaviors.

In June, the National Business Group on Health recognized 63 large employers—representing the full spectrum of the U.S. economy—as 2009 *Best Employers for Healthy Lifestyles* award winners for their exceptional commitment to a healthy workplace and for helping their employees and families make better choices about their own health and well-being. The 2009 class of award winners is the largest ever, with companies demonstrating an unprecedented breadth and depth of programs to support employee health and wellness. More than ever, employers are making investments that should pay substantial dividends over the long term. Winners of the 5th Annual *Best Employers for Healthy Lifestyles* awards were honored in one of three categories: Platinum, for established "Healthy Weight, Healthy Lifestyles" programs with measurable success and documented outcomes; Gold, for creating cultural and environmental changes that support employees who are committed to long-term behavior changes; and Silver, for employers who have launched programs or services to promote living a healthier lifestyle.

As a testament to the increased value employers place on workplace health and wellness programs, the number of award-winning employers in 2009 (a total of 63) grew by 21% compared to 2008 when 52 employers were recognized. The 2009 tally is nearly triple the first-year number of employers, 22, who were recognized by the National Business Group on Health in 2005.

### **2009 Best Employers for Healthy Lifestyles Winners Include:**

#### **PLATINUM**

Aetna®  
Baptist Health South Florida  
Campbell Soup Company

#### **CIGNA**

Dell Inc.  
FPL Group  
Hannaford Supermarkets

#### **IBM**

Medtronic  
Occidental Petroleum Corporation

PepsiCo Inc.  
 Pitney Bowes Inc.  
 Quest Diagnostics  
 Texas Instruments Incorporated  
 Union Pacific  
 University of Pittsburgh Medical Center, UPMC Health Plan  
 Volvo Group Companies including Mack Trucks, Inc.

**GOLD**

American Specialty Health Incorporated  
 AstraZeneca  
 Blue Cross and Blue Shield of Alabama  
 Boehringer Ingelheim Pharmaceuticals, Inc.  
 Chrysler Group LLC  
 Cummins Inc.  
 CVS Caremark

General Dynamics Electric Boat  
 General Mills  
 Healthways  
 Humana  
 Intel Corporation  
 JPMorgan Chase  
 Mayo Clinic  
 Paychex, Inc.  
 Pfizer Inc.  
 Raytheon Company  
 Saint-Gobain Corporation  
 Sprint  
 The Boeing Company  
 Unum  
 Verizon  
 Viant Corporation  
 Wal-Mart Stores Inc.  
 WellPoint, Inc.

**SILVER**

Accenture

American Express  
 ARAMARK  
 Cardinal Health, Inc.  
 H. J. Heinz Company  
 Lowe's Companies, Inc.  
 Meijer  
 Michelin North America  
 PRO Sports Club  
 Qwest Communications  
 Rockwell Collins  
 sanofi-aventis U.S.  
 Target  
 Texas Health Resources  
 The Children's Hospital of Philadelphia  
 The Home Depot  
 Unilever  
 Watson Wyatt Worldwide  
 Wm. Wrigley Jr. Company  
 Xcel Energy

**Wellness Leadership Here In Nebraska**

One of our Platinum award winners for the last five years, Union Pacific Corporation, is based right here in Nebraska. Union Pacific's health promotion program, *HealthTrack*, is a comprehensive program that seeks to improve the health of Union Pacific's employees. The program addresses the following health risk factors; inactivity, weight, nutrition, smoking, cholesterol, blood pressure, asthma, diabetes, fatigue, stress and depression. *HealthTrack* includes a health risk identification tool, lifestyle management program (risk reduction program), a tobacco cessation program, health education programs, system health facilities (exercise facilities through the country) and research grants.

In addition, Omaha's Wellness Council of the Midlands, established in 1982, is one of the first employer-led wellness councils in the country. Its national organization, Welcoa, also in Nebraska, provides information and recognition to thousands of smaller businesses nationally.

**Small Business Has Not Embraced Wellness**

A survey of 450 large employers identified "employees' poor health habits" as the number one challenge named by employers as they try to maintain affordable health benefit coverage (National Business Group on Health and Watson Wyatt, 2009). A majority of large employers responding to this survey offer health risk appraisals (83%) and weight management programs to reduce obesity among employees (74%). Based on survey data, observed growth in vendors and suppliers of corporate wellness programs, and employers' testimony, a tipping point may have been reached that leading large employers now have, or believe they should have, wellness programs in place.

In striking contrast, relatively few small employers have adopted comprehensive health promotion (or weight management) programs. The most recent National Worksite Health

Promotion Survey results actually suggest a decline in offerings by employers with fewer than 750 employees between 1999 and 2004 (Linnan et. al., 2008). The survey reports that **only 6.9%** of this nationally representative sample of employers offers wellness programs. Reported barriers included a lack of employee interest, lack of resources, and lack of management support. Because small businesses (fewer than 500 employees) employ 50% of the private sector workforce, this survey provides an important, albeit sobering, perspective on the typical American worksite.

### **Role Models Needed**

Although an estimated 100 or more very large employers have substantial wellness programs affecting a few million employees, and some small and midsized employers are following suit, many others have been slow to react. Certain employers have the visibility to be role models and to influence the climate for change. In particular, *health care organizations* and *public employers* should model best practices in support of employees' health. All health care companies and delivery organizations should adopt wellness programs and policies, similar to those we've heard about today here in Nebraska. Hospitals, especially, are houses of healing open to the community and should serve as examples by offering healthful dining, vending and tobacco-free campuses.

Public employers, including state offices, federal buildings, county facilities and school districts all should demonstrate their commitment to healthy employees and a health-promoting work environment. State employees' wellness programs are becoming more common; at least a dozen states have some type of wellness program available to employees. The National Conference of State Legislatures reports that King County (Seattle) is projecting their health costs will fall by as much as \$40M between 2007 and 2009 due to wellness initiatives.

### **The Participation Challenge and Role of Incentives**

Once employers, public or private, offer wellness and health promotion programs, it is up to employees to participate and take advantage of these offerings. Disappointing levels of program participation are the Achilles heel of many corporate wellness programs. Even when programs are launched with employee input and leadership support, are well communicated, are subsidized or priced for affordability, and are offered at convenient times and locations, low participation can be a barrier to success.

“Build it and they will come” is not a strategy for success. Instead, companies are adopting incentive programs to attract participation (e.g., in voluntary health assessments) and, increasingly, to reward program completion (e.g., health coaching). Premium incentives for nonsmokers are on the rise in the wake of new evidence showing financial incentives have an impact on smoking cessation and weight loss in a corporate setting. However, we also know from survey data that almost half of employees say that financial incentives will *not* encourage them to participate in healthy lifestyle programs.

This reinforces our understanding that voluntary wellness and health participation programs will always fall short of ideal participation levels.

Faced with a serious budget shortfall and not constrained by the Health Insurance Portability and Accountability Act (HIPAA) non-discrimination regulations in the same way as private self-insured employers, the State of North Carolina employee health plan (655,000 covered lives) has determined it will not allow tobacco users (beginning in 2010) to join the more favorable 80/20 health plan, and it expects to preclude those with a high Body Mass Index from joining the 80/20 plan beginning in 2011. Instead, beneficiaries who do not meet the standard for the 80/20 plan will be enrolled in the alternative 70/30 plan.

### **Federal Leadership Can Help**

The federal government should do all that it can to help employers set up employee wellness programs and encourage employees (and, where possible, dependents) participation. Congress can help by:

- Removing tax barriers, particularly for employees, to allow more widespread adoption of wellness programs by employers and greater participation by employees to lead to a healthier America;
- Expanding the IRS definition of “qualified medical expenses” under Section 213(d) to include “expenses primarily to maintain health and wellness, including but not limited to expenses for exercise, fitness, weight management and nutritional counseling;”
- Extending the current tax deduction for the fees, dues, or membership expenses paid by employers for their employees at on-site athletic facilities to the fees, dues, or membership expenses at off-site athletic facilities;
- Supporting health reform provisions to expand permissible wellness incentives under HIPAA to 30% of premiums and providing tax credits to employers for wellness programs (including nutrition and weight management programs); and
- Only targeting federal subsidies to foods essential for a healthy diet and removing any obstacles to increased fruit and vegetable production.

Thank you for the opportunity to share the perspective of large employers on the preventable health problems of employees that lead to chronic diseases and excess costs borne by employers and employees alike. We believe it is essential to combat the tsunami of obesity that threatens to overwhelm us. In terms of lifetime and generational impact, obesity has ramifications greater than those associated with the current economic crisis. The National Business Group on Health welcomes further dialogue with the Subcommittee on this or related matters.

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