

How are Our Numbers?

In 2010, Equity Healthcare made a decision to partner with Quest Diagnostics to provide biometric services to our member companies as a precursor to where we saw innovative care management evolving, which was to use lab results to guide effective nurse coaching. With current HIPAA legislation providing the regulatory permission to use incentives (which will be further expanded under PPACA beginning 2014) as a tool to help increase employee awareness of the cost differentials attributed to lifestyle risks, biometric services are becoming the vehicle for quantification and measurement of these risks and the foundational next step toward the evolution of an outcome-based program environment. Today's creative benefit design reinforces the message that employees and dependents who engage in unhealthy lifestyle risks have documented higher healthcare costs and thus should contribute more toward their healthcare. In the recent "2012 Health Care Changes Ahead Survey" conducted by Towers Watson, there is evidence that interest in outcome based design is growing. The study indicated that 25% of employers rewarded incentive-based outcomes in 2011 and 48% reported considering this approach for 2013 or 2014.

75% of Equity Healthcare companies are now utilizing biometrics as part of their overall benefit program and many are moving from a pilot stage to a robust rollout campaign. The remainder of our companies have indicated interest to begin offering such services in the near future. This acceptance rate by our member companies is promising and will provide baseline data from which effective benefit design programs can be created to offset some of the tremendous avoidable costs that employers are incurring today.

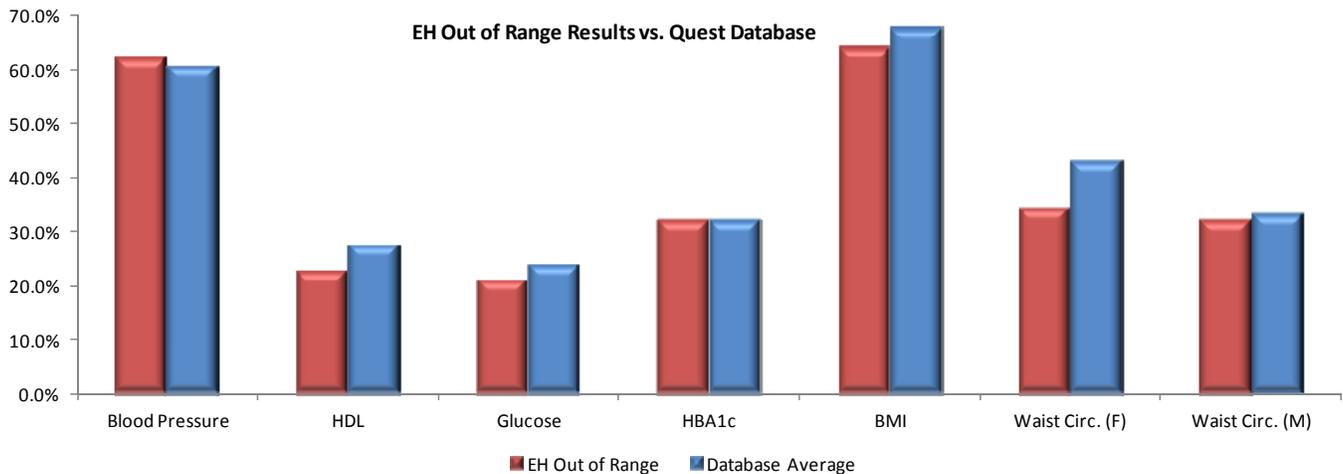
To set the stage, let's review some statistics:

- 75% of healthcare costs are due to preventable risks and unhealthy behaviors¹
- Overweight employees cost nearly twice as much than employees in normal weight range²
- Costs of cardiovascular diseases/stroke cost \$475.3 billion, including \$313.8 billion in direct medical expenses and \$161.5 billion in indirect costs³
- Individuals with diabetes cost 260% more annually than those without diabetes⁴
- Employer healthcare costs continue to outpace inflation and are inching closer to 20% of the GDP⁵



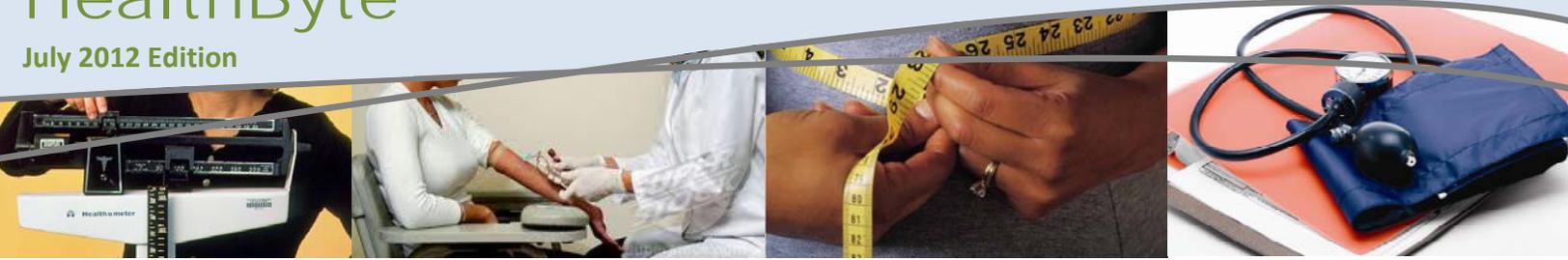
So, now that we have a majority of our companies providing such services to their employees, what do our numbers show?

Equity Healthcare Aggregate



Overall, the Equity Healthcare aggregate member population is similar to Quest’s overall book of business result, which means that there is significant opportunity to create strategies around awareness and risk reduction in an effort to control cost. Ideally, no one should have uncontrolled high blood pressure and blood sugars. Both Glucose and HBA1C should always be controlled! The one metric that was higher than Quest’s book of business related to hypertension which also correlated with our overall higher than average blood pressure prevalence rates when compared against Truven’s Market Scan data. This is a lifestyle population risk that generates a more immediate concern due to the greater risk of potential employee heart attacks or strokes and thus an increase in both healthcare and productivity costs as well. This robust biometric data coupled with our prevalence data is used in the development of EH model initiatives and is also directly incorporated into our client-specific work plans which address outlier trends. This data also validates that our aggregate Equity Healthcare membership is a credible baseline group for use in future population based studies to further validate our model performance and to determine the cost differences of populations based on their different lifestyle risks.

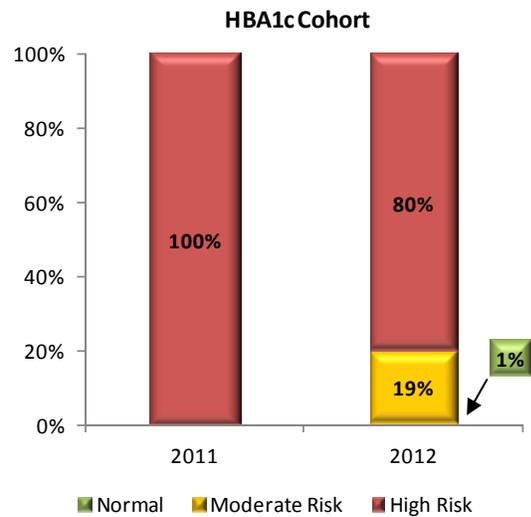
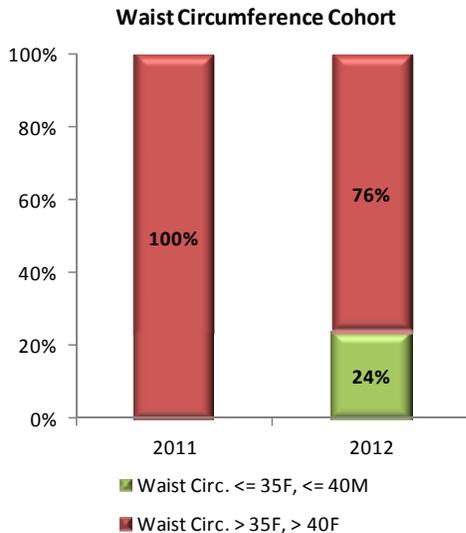
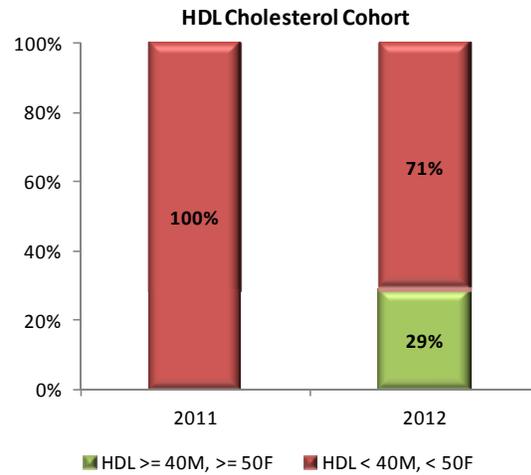
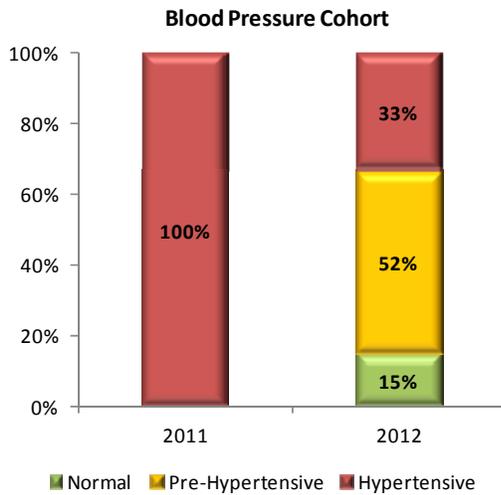
So, what happens when these outlier biometric risks are addressed as part of an overall benefit design and communication strategy? Below are two EH member companies that incorporated biometric data and incentives into their programs and received their first year over year observation data. As you can see, there was good improvement for individuals who were aware of the issues and worked to address them.

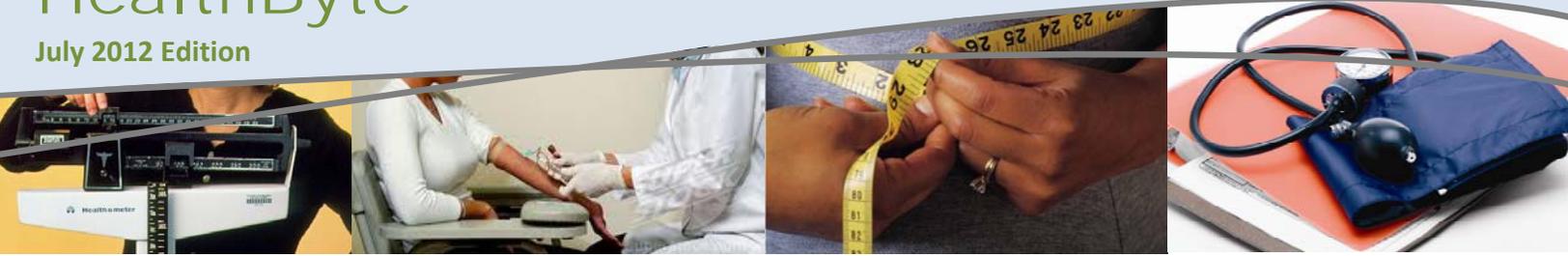


Employer #1

This employer has a biometric awareness and incentive strategy that also incorporates health coaching incentives as well. The cohort study below shows the results when comparing the same employees' lifestyle risks in their baseline year against subsequent information in their second measurement year. As you can see, there was good improvement in each of the categories and a significant improvement in hypertension with 67% of the individuals reducing their risk factor.

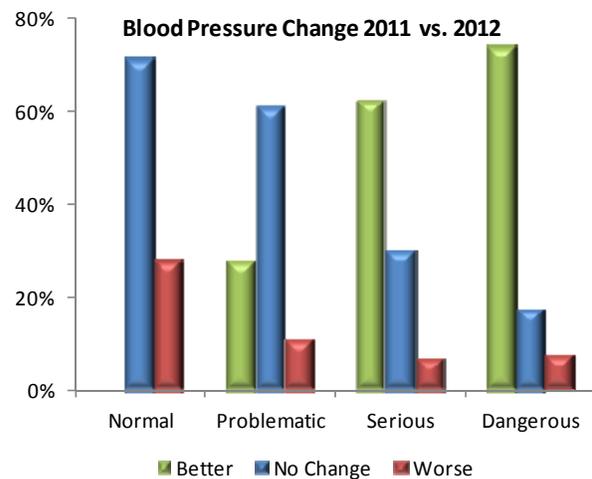
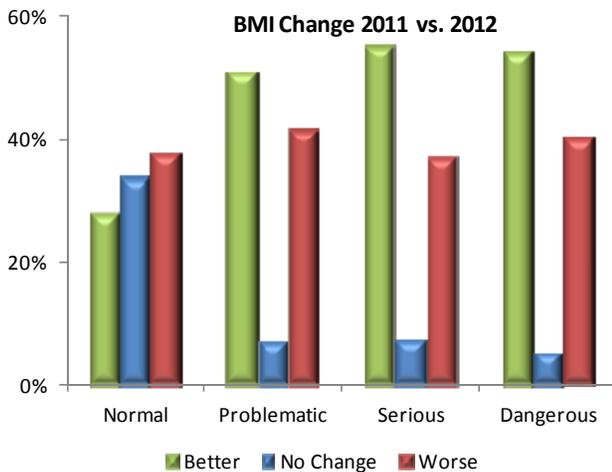
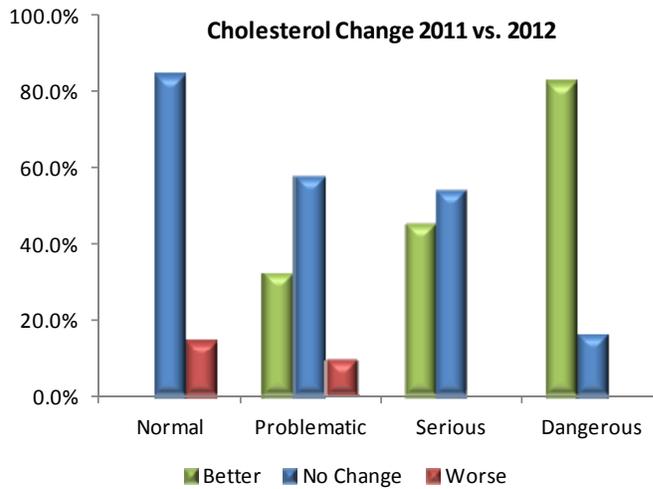
However, what is not identified in these charts is what happened to those individuals with lower risks in the baseline period. In reviewing other report data, it was documented that there was a 5-10% risk increase in the various risk factor categories. While on average, lower than those who improved, this continued negative risk migration is a serious concern.





Employer #2

This employer rolled out an outcome based incentive strategy with incentives for nurse engagement in the disease management program as well. What this data shows is a significant improvement in lifestyle risk results for individual employees, especially in the higher risk levels of each specific risk factor. This documents that employees with dangerous lifestyle risk results tend to experience a “wake-up” call that provides a catalyst for behavior change. However, for this employer there were also a good percentage of employees who slipped into higher levels especially in obesity risks, reinforcing the need for continued awareness on exercise and diet in this employer’s future strategy.





So, what does this all mean? OPPORTUNITY!

At Equity Healthcare, we are encouraged by the number of employers who are incorporating the use of biometric participation and/or results data into your future strategies. While this initial data is a very limited set of results, it does suggest that biometrics is a foundational vehicle that if used with a robust incentive strategy can produce positive results to help avoid future costs, control health care trends and make your workforce healthier and more productive.

¹ 2010 International Foundation of Employee Benefit Plans' Benefit Digest

² The Partnership for Prevention 2009 Cost Study

³ National Center for Health Statistics 2011 Fast Facts

⁴ United Healthcare 2009 national diabetes study

⁵ 2011 National Coalition for Healthcare News Article