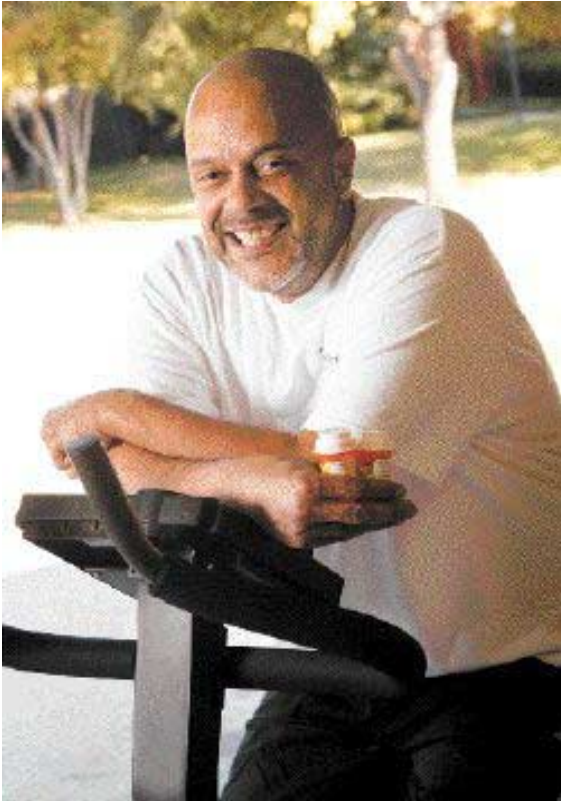


Companies aim to benefit from helping workers manage health

By Maria M. Perotin
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After Arvon Jordan discovered he had diabetes in 2001, he began taking two prescriptions and resumed his previous lifestyle – spending afternoons on the couch, having a few slices of pizza at a sitting, and experiencing such constant fatigue that even mowing the lawn was exhausting.

That is, until he joined a program this year aimed at helping diabetics learn about the disease and develop habits to manage their condition.

Jordan now exercises more than an hour daily. He has lost 47 pounds. And, last week, he was able to give up diabetes drugs completely. The organizer of that turnaround regimen? Not Jordan's doctor, but his employer – the Federal Reserve Bank of Dallas.

Faced with soaring health care costs in recent years, the Dallas Fed has launched an aggressive "disease-management" effort directed at diabetes and other illnesses that lead to expensive medical bills.

It reflects a growing trend at U.S. companies and insurers, who are hoping to teach, nag and nudge workers to take their medicines, change their diets, and take the needed steps to avoid serious -- and costly -- medical problems.

The movement goes beyond traditional wellness programs to target the approximately 10 percent of patients who, experts say, account for about 70 percent of health-care spending. And its prevalence is increasing, as businesses scramble to resolve rising costs.

"Employers, in the past year, have really stopped talking and whining and are really now being very active in disease management," said Warren Todd,

executive director of the Disease Management Association of America. "A year ago, they were talking about it. Now, they're doing something."

The approach has worked for Jordan. The Dallas Fed's program includes regular monitoring of participants' weight and blood sugar, as well as monthly "lunch and learn" sessions about diabetes. There, Jordan said, he found both the information and motivation to improve his health.

"My doctor would tell me to lose weight," Jordan said. "But, you know, you only see a doctor for three or four minutes at a time. So it didn't have that much effect on me."

Other businesses are hiring private disease-management firms to persuade workers with chronic illnesses to take care of themselves, and, in some cases, to grease the health care wheels for employees, helping them research treatment options or land an appointment with a busy physician.

Although many of the programs focus on workers with asthma, diabetes and heart disease -- among the country's most prevalent chronic illnesses -- some are branching out to serve employees with depression, back pain and other conditions.

Typically, nurses or "health advocates" call employees who have had those diseases diagnosed or who are at high risk of developing them. Depending on the patient's circumstances, the health advocates might offer nutritional tips, point out that a monthly prescription is overdue for refilling, or encourage the worker to visit a doctor for follow-up care.

The program is successful every time an employee averts costly complications, such as an emergency room visit for an asthma attack or post-surgery hospitalization after a cardiac procedure.

"People need coaches, and they need consistent and ongoing coaching and advising as their conditions change," said Erich Blumberg, an analyst in the Dallas office of consulting firm Hewitt Associates. "The idea here is if we can support employees with coaching, we can reduce the overall expense."

Todd, of the disease-management association, said chronic illnesses are ripe for cost control because so many sufferers are lax about preventive care. Upward of 30 percent of patients who are prescribed medicine for their conditions never even buy the drugs, he said.

"Once people have the prescription, the compliance is horrible," Todd said. Some people will skip a week. Some people will skip a day. Some people will take it in the morning and not in the afternoon."

By tracking patients' insurance claims and pharmacy records, disease managers can find employees who aren't abiding by treatment recommendations, he said.

For employers, the upfront expenses may be worthwhile if the effort helps stem rapidly increasing health care costs, Queyrouze said.

Health care premiums have climbed at a double-digit pace nationwide for the past four years. They'll rise again in 2004, by an estimated 12.6 percent, according to a Hewitt survey.

After managed care and other tactics failed to halt rising costs, disease management is the only remedy left for employers, Queyrouze said.

"The reason employers have turned to this, and are turning to it now, is that they've run out of options," Queyrouze said. "The only other alternatives employers have are to pass costs on to employees, which they've done significantly."

Although the notion of disease management has existed since the 1980s, the industry has taken off in recent years.

A Hewitt survey in July found that 95 percent of large employers now offer their workers some form of health promotion program --up 7 percent since 1995. And 75 percent of employers provide or are planning to provide disease management, most commonly of asthma, cancer, diabetes and heart disease.

For specialty disease-management companies, the increased interest has brought higher annual revenues -- up from \$85 million in 1997 to more than \$600 million in 2002, according to the Health System Change report.

So far, little data are available about the cost-effectiveness of disease-management programs.

Some health plans and service providers have attributed savings to their programs. But a study released this month by Washington-based Center for Health System Change found that evidence remains limited because disease management is difficult to evaluate.

Susan Riley, chief executive of AirLogix, a Dallas-based disease-management firm that focuses on respiratory illnesses, said her 9-year-old company offers insurance plans guarantees that they'll save money and that patients' health will improve. That has gone a long way toward alleviating clients' doubts, she said.

Now, several insurers are signing on, the company is bidding to serve Texas' Medicaid patients, and business has doubled in the past year, she said.

"Everybody's starting to say this really has merit," Riley said.

Pacificare Health Systems, which launched management programs for a broad range of diseases in 2001, is seeing increased interest this year from employers and their workers, said Dr. Gordon Norman, the company's vice president of health care quality.

"In the past 12 months, we've seen a 38 percent growth in enrollment in all our programs combined," Norman said. In addition, Pacificare is starting a program next year that will give members "health credits" for healthful habits, such as quitting smoking or joining a weight-loss program.

Participants will be eligible for prizes from the insurer. And some employers are sweetening the deal by offering them lower insurance premiums, too, Norman said.

For Kathleen Hatfield, a systems security analyst at the Dallas Fed, the bank's offer of free medicine and supplies was a great perk for joining the diabetes program. A more important benefit: The program was her impetus to start an exercise routine and to scrutinize the changes in her blood sugar after meals.

Previously, the disease had resulted in so much tingling and numbness in her legs that walking had become difficult. "I thought, for a while, I was going to have to get a handicapped sticker," Hatfield said. "Even going grocery shopping was a major ordeal. Now, it's not a problem."

Hatfield credits the bank's program for educating her about her own health. "It's been a way to get some continuing information that kind of keeps it current and keeps you focused and kind of working at it," she said. "Rather than, 'This is something I'm supposed to do, but I'll worry about it next week.' "