



How Population Health Management Improves Outcomes for Both Employers and Employees

By Julie Mueller

To combat skyrocketing health care costs and improve worker health, more employers are turning their attention to population health management.

Over the last decade, population health management has become a remarkably attractive approach to health care. As more employers make the shift to self-funded health care, population health management is being utilized more and more as a tool for nurturing healthier employees and bigger cost savings.

Defined as an interdisciplinary, customizable initiative, population health management targets the health issues of a group of individuals with a focus on improving health outcomes. Population health management identifies gaps in care and access to resources which will reduce progression of the disease process and minimize the chances of hospitalization.



The Cost of an Unhealthy Workforce

When considering the costs of providing health care benefits, employers should look beyond the company's share of health care expenses. Things like missed work days due to illness, lost productivity and low morale can put additional drains on resources and potential revenue.

In fact, poor worker health costs U.S. employers [\\$575 billion](#) every year, with 61 cents for every dollar being spent on illness-related absence, disability and reduced work output.

This is an important factor in overall employee wellbeing when it comes to estimating the full cost of a health benefit plan. Population health management is one tool employers can use to curtail these indirect but expensive costs that can hurt a business' ability to stay profitable.



How Can Population Health Management Help?

There is a mountain of research that exists asserting the benefits that can be achieved when employee benefit plans make population-focused health care a core component of their offering. From fostering happier, healthier employees to reducing absenteeism, there is a lot to be said of the potential return on investment.

Healthy employees also tend to be more engaged and less distracted at work, which translates to increased productivity. According to a [2017 employee engagement study by Gallup](#), companies with highly engaged employees were found to be 20% more profitable than their competitors.

It's obvious healthy employees cost less. But there are numerous studies that reveal exactly how much some companies have been able to save with robust population health management strategies.

After sifting through [10 years of data from a Fortune 100 company](#), the nonprofit Rand Corporation found that its disease management efforts were responsible for 87% of its health care savings – or \$136 per member, per month driven by a 30% reduction in hospital admissions.

Another often-cited study detailed in the [Harvard Business Review](#) yielded similar cost reduction benefits. Doctors Richard Milani and Carl Lavie studied a random sample of 185 workers and their spouses. Of those classified as high risk when the study began, 57% were converted to low-risk status at the end of the six-month program. Medical claim costs declined by \$1,421 per participant compared to those from the previous year.

The big takeaway for employers: every dollar invested in the population health intervention yielded \$6 in health care savings.

How Population Health Management Works

It all starts with data. Interestingly, Third Party Administrators just happen to be gatekeepers to a lot of it – almost anything you can think of outside of the doctor's office.

Most often, data is used to identify gaps in care and make improvements in three areas: care coordination, disease management and patient outreach. Proactive identification and outreach of patients at risk of incurring a hospital admission or emergency department visit can prevent utilization.

By way of analytics and predictive modeling, Third Party Administrators can apply public health concepts to identify at-risk individuals to better manage chronic disease. Census and socio-economic data can be used to find and fill care gaps or develop treatment and care for individuals or specific groups. Risk factors for certain diseases, such as high cholesterol and high blood pressure, as well as medical and pharmacy claims, can be scored and turned





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into insights that can be used to identify employees who are in need of a personal health management program.

These plans may include outreach services to help match employees with mentors who can help them navigate the complexities of their health benefit plan. Others may feature community programs to help patients stay focused on their medical care by addressing non-clinical factors that often get in the way, such as access to transportation, as well as poverty, food and housing insecurity.

Some other examples of population health management initiatives may include:

- Identifying employees who need specific preventative care, tests or other treatments.
- Appointment or prescription refill reminders.
- Behavioral screenings and referrals to mental health services.

With the right approach, population health management strategies can provide employers with significant savings over traditional health plans. Some of the immediate benefits include decreased hospitalization rates, fewer emergency room visits and reductions in health care costs.

Getting Started

Your company may already be taking a population health management approach to care. (If they do not, you should ask your benefits administrator what you can do to get started). In general, there are three phases involved in implementing a population health management program:



1. **Planning** – Your benefit administrator will identify risk factors and use that information to establish patient care plans. Using this information, companies will identify performance metrics that can be used to gauge improvement.



2. **Implementation** – The plan is put into action with established performance metrics.



3. **Evaluation** – Once data is collected, you can discuss with the benefits administrator what worked, what didn't and what can be done differently in the future. You should make sure to ask whether the program is actually lowering health care costs and whether or not employees are taking full advantage of services.

Conclusion

It is important to remember there is no one-size-fits-all approach to population health management. When it comes time to weigh the options, evaluating specific population health management strategies is crucial. Ultimately, it is up to the employer to decide what type of program is the best fit for its employees.



Fortunately, there are experts who can help you compare the options and pinpoint the population health management program that aligns the health needs of your employees with your company's business objectives. To learn more, ask your broker to provide an overview of the services and interventions that can help improve health outcomes and costs for your organization.