

# Population Health Management: A New Business Model for a Healthier Workforce

INNOVATIONS 2 SOLUTIONS

The Sodexo logo features the word "sodexo" in a blue, lowercase, sans-serif font. A red swoosh underline is positioned beneath the letters "o" and "d", ending in a small blue star above the "o".  
**QUALITY OF LIFE SERVICES**

# POPULATION HEALTH MANAGEMENT: A NEW BUSINESS MODEL FOR A HEALTHIER WORKFORCE



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## INTRODUCTION

“Good health is good business.”<sup>1</sup> This is the basic value proposition of population health management in the workplace.

Population Health Management, or PHM, is a broad effort whereby individual-, organizational- and cultural-level interventions are planned and implemented to improve the disease burden of entire groups or populations. By keeping people well at the onset, PHM strategies can be used to decrease overall healthcare usage and avoid future overuse of the healthcare system. Taking into consideration the social, economic, environmental and behavioral factors that contribute to health disparities along the continuum of care, PHM takes a systematic approach by stratifying populations across health-risk profiles and applying different behavioral strategies to mitigate further risk.

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While PHM is typically thought of in the context of hospitals, employers in the business and industry sectors are also able to play a critical role.

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Out of concern about the impact of chronic disease on employee health and well-being, the rising cost of healthcare coverage, utilization and competitiveness, employers are increasingly applying PHM principles in the workplace. The meaning of workplace PHM is still evolving, and traditional wellness programs and their components remain an important element of population health. However, in order to bend the curve on health costs, programs that go beyond the typical employee wellness models toward a more integrated and comprehensive approach are required.

The purpose of this piece is to discuss the high cost of poor employee health and well-being, define PHM in the workplace, and highlight PHM initiatives and outcomes

within the corporate environment. As PHM continues to mature as a model for keeping populations healthy, the programmatic elements of employer PHM efforts will also evolve.

## THE HIGH COST OF POOR EMPLOYEE HEALTH

Well-being is a multidimensional construct that considers a broad range of important life domains related to work, finances, emotional health, physical health and behavioral risks, as well as the quality of one’s social connections and community.<sup>2</sup> The World Health Organization has broadly defined health as “a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity.”<sup>3</sup>

Poor health has a financial impact on business, industry and the economy. Furthermore, although chronic disease was once thought to primarily be a problem among older age groups, there is a shift toward onset during Americans’ working age that adds to the economic burden. The secondary costs of chronic disease are from illness-related loss of productivity; namely, absence from work (absenteeism) and reduced performance while at work (presenteeism). A recent study showed that for every dollar of medical and pharmacy costs, employers are burdened with two to three dollars in health-related productivity losses.<sup>4</sup>

In a first-of-its-kind longitudinal study, researchers examined the well-being of employees at a Fortune 100 company and found that overall well-being is not only a predictor of healthcare costs, but also other business outcomes related to productivity and retention (see Figure 1).<sup>5</sup>

# KEY COMPONENTS OF PHM IN THE WORKPLACE



## SUPPORT NETWORK

including Registered Dietitian Nutritionists (RDNs) and lifestyle/health coaches.

## DISEASE PREVENTION STRATEGIES

that prevent the onset of conditions like Type 2 diabetes through programs targeting at-risk individuals.



The CDC's National Diabetes Prevention Program cuts the risk of developing Type 2 diabetes by **58%**

## INDIVIDUALLY FOCUSED INTERVENTIONS

tailored to each participant's risk and readiness.



## STRATEGIC PARTNERSHIPS

that allow organizations to expand their reach and provide resources for employees outside of the workplace.



## ACCESS TO HEALTHY FOODS

in the workplace, along with nutrition education and promotion of healthy choices.



## STRATEGIC USE OF INCENTIVES

incorporating behavioral economics designed to "nudge" participants to make healthy choices.



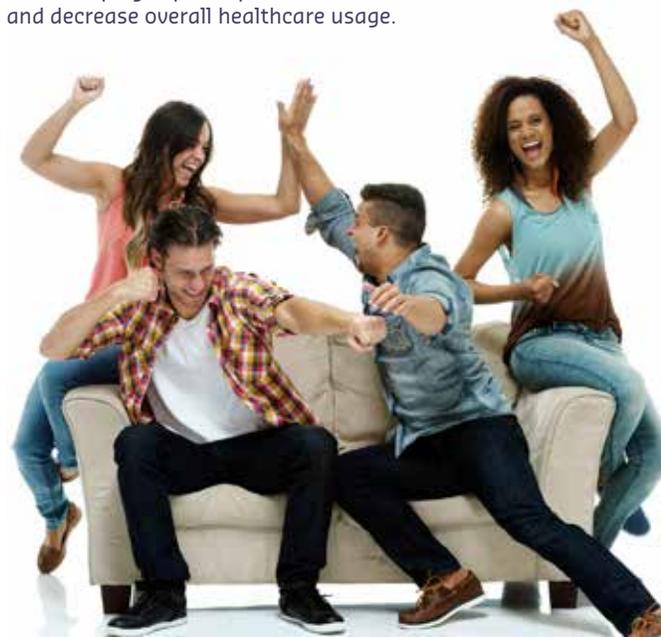
## EVIDENCE-BASED HEALTH & WELLNESS PROGRAMS

backed by research, to increase the likelihood of participant success.

## COMMUNITY SETTING

and the inclusion of family and friends to boost employee participation and success and decrease overall healthcare usage.

The Core4 program produces an average weight loss of **4% to 7.6%**



## TECHNOLOGY

leveraged to boost participant engagement and participation.

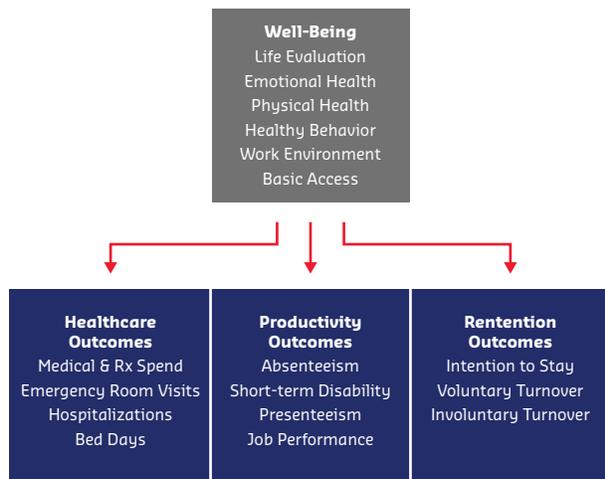


## AN INTEGRATED PLATFORM

to simplify program management, and allow for easy employee access and communications.



Figure 1. Model of Well-Being Improvement and Employer Outcomes<sup>2</sup>



After one year, employees who had a low well-being score at baseline incurred \$857 more in medical and pharmacy costs than employees who had a high well-being score. Furthermore, those who started in the low well-being segment had approximately two more days of annual unscheduled absence and more than double the likelihood of short-term disability, reported over three times the level of presenteeism, and were rated almost half a point lower on performance on a five-point scale by their supervisors as compared to those in the high well-being segment at baseline.

Retention and turnover outcomes also improved in relation to overall well-being at baseline. Intentions to stay with the company were highest for those who started in the high well-being segment in the prior year. Moreover, employees who were in the high well-being segment at baseline had 30% fewer voluntary departures from the company and three times fewer involuntary departures than employees who started in the low well-being segment. These study results build a strong business case for well-being as an organizational performance strategy.

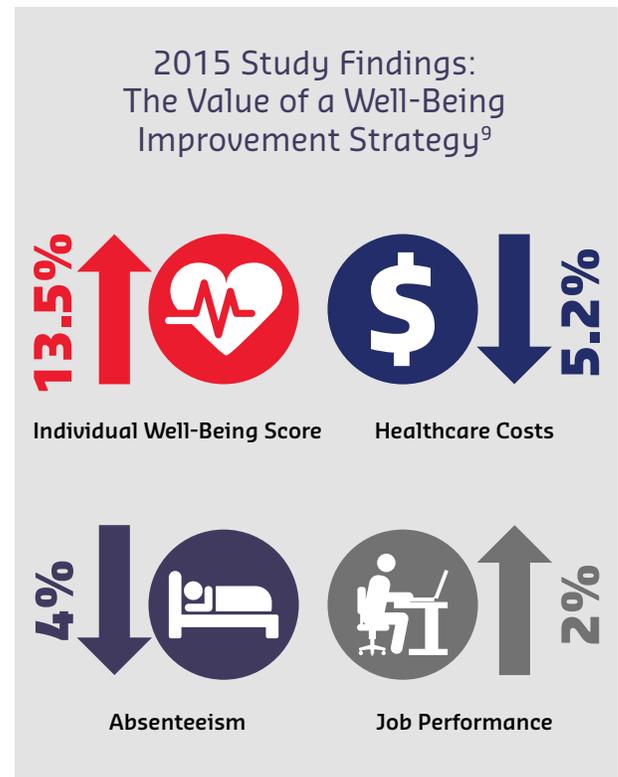
### OVERVIEW AND BENEFITS OF PHM IN THE WORKPLACE

The core elements of effective PHM programs include a combination of data analytics and population-based strategies, paired with individually focused interventions designed to decrease chronic health risks by promoting healthy behaviors.<sup>6</sup> In the report “Workplace Wellness Done Right,” the author emphasizes that “PHM requires a fully integrated platform for clinical data, wellness programs, one-on-one health coaching and workflow support systems. When paired with incentive management strategies,

this approach allows for greater engagement of the right people, at the right time and with the right message — basic core requirements of an effective PHM program.”<sup>7</sup> The author also notes the importance of developing customized risk mitigation and intervention strategies based on individual member “readiness” to embrace healthy lifestyle behaviors.

PHM strategies can be used to decrease healthcare usage, encourage good employee health, and improve other organizational outcomes. Managing risk by improving health makes economic sense. However, to truly have an effect on the bottom line, “employers must look beyond healthcare benefits as a cost to be managed toward the benefits of good health as investments to be leveraged.”<sup>8</sup>

A 2015 longitudinal study by Guo et al. evaluated the effectiveness of a firm’s five-year well-being strategy for improving total population health and employee performance. Results demonstrated that in addition to cost savings and well-being improvement, clinical (obesity), behavioral (smoking) and presenteeism and absenteeism outcomes improved significantly. The average Individual Well-Being Score (IWBS) increased by 13.5%, healthcare costs declined by 5.2% on average over five years, job performance improved by 2%, and absenteeism decreased by 4%.<sup>9</sup>



It is evident that both the employee and the employer reap financial benefits as well as improved health-related outcomes from well-executed PHM programs. Figure 2 below illustrates the responsibilities and rewards for employees and employers in managing healthcare costs, improving health, and fostering an environment for an adaptable and resilient workforce.

Figure 2. Responsibilities and Rewards of Key Stakeholders in Workforce Wellness<sup>10</sup>

	Responsibilities	Rewards
Employees	<ul style="list-style-type: none"> <li>» Health management</li> <li>» Disease management</li> <li>» Job performance</li> </ul>	<ul style="list-style-type: none"> <li>» Improved health</li> <li>» Incentive-based rewards</li> <li>» Enhanced productivity &amp; resilience</li> </ul>
Employers	<ul style="list-style-type: none"> <li>» Corporate culture of health</li> <li>» Investment in prevention</li> <li>» Healthier workplace environment</li> </ul>	<ul style="list-style-type: none"> <li>» Optimal health &amp; business performance</li> <li>» Ability to attract great employees</li> <li>» Employee satisfaction and retention</li> </ul>

## INCORPORATING PHM INTO TRADITIONAL WORKPLACE WELLNESS PROGRAMS

Typical workplace wellness programs strive to promote a healthy lifestyle for employees, maintain or improve their health and well-being, and prevent or delay the onset of disease. Programmatic elements typically include nutrition guidance, fitness activities and environmental modifications. Employers may also choose to add more nutritious options to their on-site dining program, and they may incentivize employees to make healthier choices.

Workplace wellness programs may also incorporate disease prevention strategies. Disease prevention programs aim either to prevent the onset of diseases (primary prevention) or to diagnose and treat disease at an early stage before complications occur (secondary prevention). Primary prevention addresses health-related behaviors and risk factors — for example, by encouraging a healthy diet to prevent the onset of diabetes mellitus. Secondary prevention attempts to improve disease control — for example, by promoting medication adherence for patients.

Workplace wellness programs that utilize a population health approach typically include both health promotion and disease prevention strategies. An important part of PHM is the need to stratify employee populations across health-risk profiles and apply tailored behavioral strategies to specific workforce segments.

In addition, well-designed population health programs typically modify multiple risk factors and offer structure, motivation and a variety of tools that drive positive change.

## COLLABORATION AND COMMUNITY PARTNERSHIPS: CORE TO PHM IN THE WORKPLACE

PHM solutions must focus on interventions that promote the health and well-being of employees beyond the traditional “four walls” of the employer.

In essence, population-based wellness is more about the spokes than the hub. PHM in the workplace involves taking traditional, and often underutilized, workplace wellness programs and adding key elements outside of the business itself, including engaging and leveraging community partnerships, and the extension of programs to employees’ family members, friends, and community members.<sup>11</sup>

Community partnerships are an essential part of any PHM approach and play a critical role in achieving program goals.

### The essence of PHM strategies is collaboration.

The creation of public-private partnerships, or P3s, is one strategy organizations are using to expand their reach into the community. P3s are typically partnerships between private enterprises, insurance organizations and public outreach organizations. *The Communities for Health* pilot, described in greater detail later in the piece, is an excellent example of a program that successfully incorporates a P3.

The premise behind this approach is that improvement in the burden of healthcare can be achieved by improving employee health as well as the health of an employee’s family members — also recipients of care under an employer’s family health benefits. Furthermore, in the context of health behavior improvement, research has shown that people are more successful in achieving their goals when they have a support system. While employees may seek support from co-workers, they are likely to rely on family members and friends as well.

## THE KEY ROLE OF RDNs IN PHM

Registered Dietitian Nutritionists (RDNs) are an important element of PHM strategies, as they can apply their unique skill set to translate the science of nutrition into practical solutions for healthy living. RDNs are often tasked with developing health promotion programs, increasing the effectiveness of program delivery and achieving better outcomes for participants. For example, they may work to maintain or improve health and well-being among low-risk employee populations and combat chronic diseases, like diabetes and heart disease, among high-risk groups. Typical outcomes of these efforts are better health and lifestyle choices related to diet, exercise, and smoking cessation.

Core4™ is an evidence-based program for weight management developed by RDNs at Sodexo. Through this program, RDNs teach participants how to improve their eating habits, lifestyle and activity choices, and how to maintain these behaviors in the long term. The program for adult weight management is offered as either a three-month or 12-month program, and has been shown to have statistically significant outcomes: the three-month program produced an average weight loss of 4% and the 12-month program's weight loss increased to 7.6%. What sets this type of program apart is that it gives participants the support they need not only to lose weight, but also to maintain weight loss.<sup>12</sup>



### PHM CASE STUDY

#### COMMUNITIES FOR HEALTH PILOT

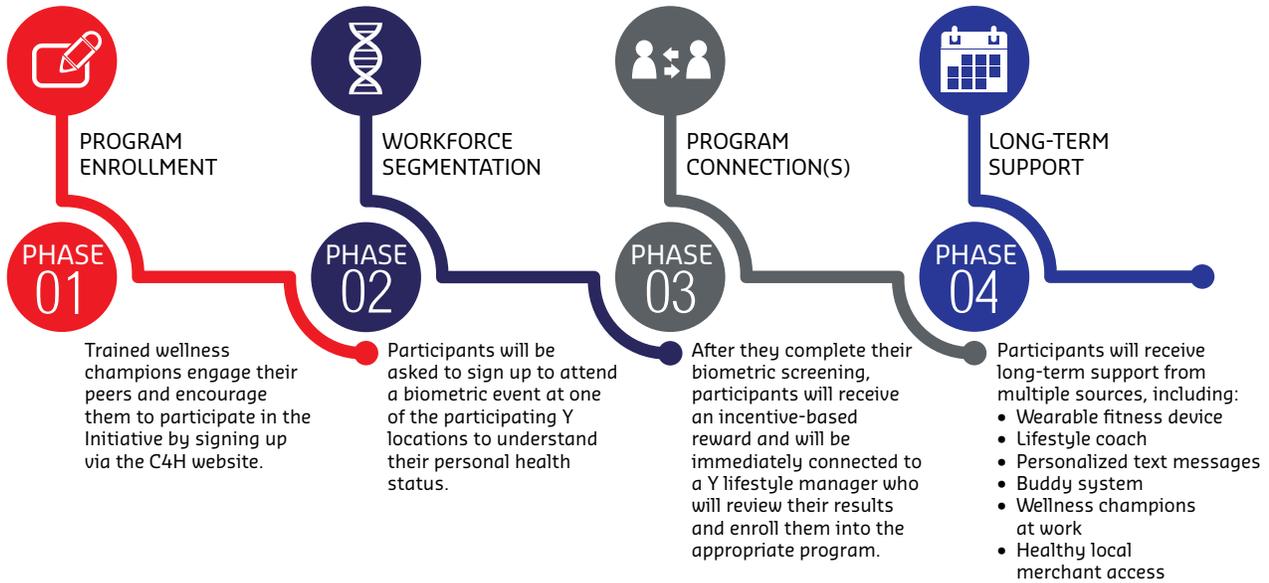
An example of an innovative workplace PHM program is the *Communities for Health* pilot, which centers on a collaboration between Sodexo and the YMCA of Central Florida. *Communities for Health* is designed to combat preventable chronic illness through a personal and coordinated approach that engages employees both at work and at home. The program triages participants for their level of risk and readiness for change, connects employees with a lifestyle coach, embraces a peer-to-peer approach, encourages a “buddy system” that extends into the community, leverages technology and strategically uses incentives throughout.

*Communities for Health* aims to achieve five specific objectives:

1. Engage individuals to participate in a robust health and wellness program through their employer by building a network of support, both in the workplace, the community and at home;
2. Leverage community health partners, local and national merchants and integrated technology systems to support health management and incentive-based rewards for healthy behaviors;
3. Strategically segment the workforce to connect participants to the appropriate evidence-based program, based on risk level and readiness to change;
4. Reduce employee and family health risks by encouraging healthy behaviors that will positively impact performance and reduce healthcare costs; and
5. Leverage healthier behaviors of the employee to change the behaviors of their neighboring community.

The three-year pilot is organized in phases, as it is designed to take a systems-based (integrated) approach to improving health at the population and individual levels. The four phases of the pilot are described in greater detail in Figure 3.

Figure 3. Phases of the Communities for Health Pilot



## CONCLUSION

Like the healthcare sector, the workplace is also undergoing an unparalleled transformation. PHM in the workplace is designed to shift the focus toward wellness using a broader perspective that promotes improved health outcomes for employee groups, as well as employees’ family members, friends and even extending into the community. There is a variety of ways to incorporate population health in the workplace, but at the core of this approach is the need to stratify employees and address both prevention and treatment of disease — with an emphasis on the former. By achieving better health and well-being among their workforce, organizations can benefit from increased cost savings, productivity and retention.

### KEY INSIGHTS & IMPLICATIONS

- The core elements of effective PHM programs include a combination of data analytics and population-based strategies, paired with individually focused interventions designed to decrease chronic health risks by promoting healthy behaviors.
- PHM strategies can be used to decrease healthcare usage, encourage good employee health, and improve other organizational outcomes.
- An important part of PHM is the need to stratify employee populations across health-risk profiles and apply tailored behavioral strategies to specific workforce segments.
- PHM in the workplace involves taking traditional workplace wellness programs and adding key elements outside of the business itself, including engaging and leveraging community partnerships, and the extension of programs to employees’ family members, friends and community members.
- Registered Dietitian Nutritionists (RDNs) are an important element of PHM strategies.

### LINKING TO SODEXO’S QUALITY OF LIFE DIMENSIONS

- **Health & Well-Being:** PHM strategies in the workplace are designed to improve the health and well-being of employees, their family members, friends and others in the community.
- **Physical Environment:** PHM programs typically include environmental modifications (e.g., the addition of a walking path) designed to encourage healthy behaviors among employees.
- **Social Connections:** Effective PHM programs engage the community and incorporate a support system for employees; for example, through a buddy system or using a peer-to-peer approach.



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