

The U.S. health care spend has grown to almost 20% of the GDP<sup>1</sup>, yet the overall health of our nation continues to decline. We spend twice as much as any other country yet have the lowest life expectancies and the highest rate of obesity.<sup>2</sup> Most people think of health insurance as part of health care when actually this is a huge contradiction. If you step back you will see our insurers recording record profits (see chart and accompanying letter below) while 7 out of 10 American deaths are due to chronic conditions, which afflict 133 million Americans and costs the nation \$1.5 trillion - 75% of every healthcare dollar.<sup>3</sup> The overall cost of health care in the U.S. has increased by 63% over the past four years and by 87% over the past eight years.<sup>4</sup> Corporate spending on health care is now escalating at 8%-14% annually - three times the rate of inflation.<sup>5,7</sup> If health insurance premiums and national wages continue to grow at recent rates and the US health system makes no major structural changes, the average cost of a family health insurance premium will equal 50% of the household income by the year 2021, and surpass the average household income by the year 2033. If out-of-pocket costs are added to the premium costs, the 50% threshold is crossed by 2018 and exceeds household income by 2030.<sup>6</sup> Our current health care system has been killing us and our economy; yet, the insurance companies continue to grow and see tremendous profits. In effect, they have embedded themselves in our health care system and we have relinquished control of our health to them; yet, ironically, they are not driven to improve our health.

So we see Americans dying at alarming rates from chronic conditions, 75% of which are preventable and due to poor lifestyles<sup>7</sup>, and we have not taken steps to resolve the problem at its root. We continue to rely on health insurance reactively instead of taking control of our health proactively. It's time to reclaim our health care system and employ real solutions that will result in significant cost savings while also improve the health of our nation.

The entire Wellness industry has been marginalized and we even have insurers telling us they are doing it. This will lock us into the current system and perhaps even institutionalize it as socialized medicine, then we will pay in taxes also, as in Canada.

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<sup>1</sup> Health Sector Economic Indicators Reports, Sept 12, 2011. National Coalition on Health Care.

<sup>2</sup> OECD (2011), Health at a Glance 2011: OECD Indicators, OECD Publishing.

<sup>3</sup> Rollins School of Public Health. Thomson Reuters, 2008.

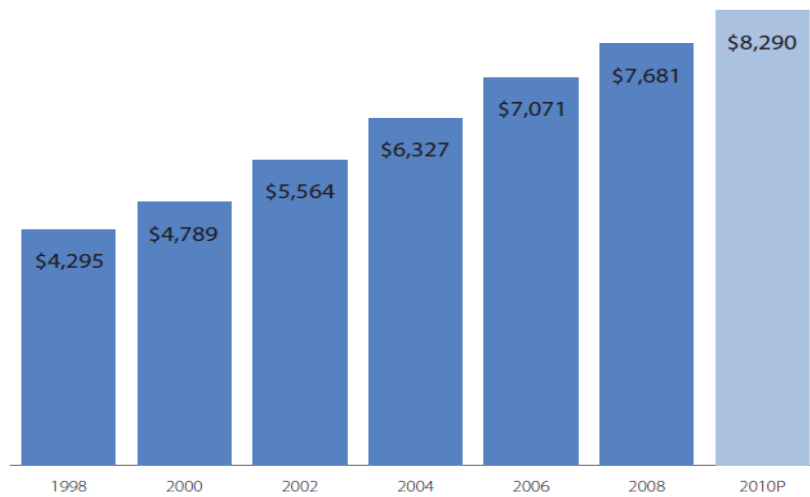
<sup>4</sup> "Health Insurance Rates to Increase", [Stanford Report](#) 12 Oct. 2005, 16 Nov. 2005

<sup>5</sup> Catherine Arnst, "Health Care: More Money, Less Care," [Business Week Online](#) 1 Jan 2005, 21 Oct. 2005.

<sup>6</sup> Ann Fam Med March/April 2012 vol. 10 no. 2 156-162.

<sup>7</sup> ROI-Based Analysis of Employee Wellness Programs. US Corporate Wellness, Inc. Jan 2009.

# National Health Spending Per Person, 1998–2010\*



The annual amount spent per person on health care increased 79 percent between 1998 and 2008.

\*Selected rather than continuous years of data shown. 2010 is a projection.  
Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary.

## For-Profit Insurers - Profits for the First Nine Months of 2010

Company	2010 Profits (first nine months)	2009 Profits (first nine months)	Change in Profits (first nine months)	Percent Change in Profits
UnitedHealthcare	\$3.59 billion	\$2.88 billion	<b>+\$713 million</b>	<b>+24.8%</b>
WellPoint	\$2.34 billion	\$2.00 billion	<b>+334 million</b>	<b>+16.7%</b>
Aetna	\$1.55 billion	\$1.11 billion	<b>+441 million</b>	<b>+39.7%</b>
Humana	\$992 million	\$789 million	<b>+203 million</b>	<b>+25.7%</b>
Coventry	\$288 million	\$133 million	<b>+155 million</b>	<b>+116.4%</b>
AmeriGroup	\$194 million	\$109 million	<b>+84.6 million</b>	<b>+77.5%</b>
HealthSpring	\$143 million	\$94.8 million	<b>+48.6 million</b>	<b>+51.3%</b>
HealthNet	\$124 million	-\$3.8 million	<b>+127.6 million</b>	---
Centene	\$69.4 million	\$60.0 million	<b>+9.4 million</b>	<b>+15.7%</b>
Molina	\$37.3 million	\$35.3 million	<b>+2.0 million</b>	<b>+5.7%</b>

Sources: Third quarter earnings reports for UnitedHealth Group, Inc.; WellPoint, Inc.; Aetna, Inc.; Humana, Inc., Coventry Health Care, Inc., Amerigroup Corporation; HealthSpring, Inc.; Health Net, Inc.; Centene Corporation; and Molina Healthcare, Inc.

Compiled by the Office of Congressman Pete Stark

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November 10, 2010

Angela F. Braly  
Chair of the Board, President,  
Chief Executive Officer  
WellPoint, Inc.

James G. Carlson  
Chairman and Chief Executive Officer  
Amerigroup Corporation

Herbert A. Fritch  
Chairman and Chief Executive Officer  
Healthspring, Inc.

Jay M. Gellert  
President and Chief Executive Officer  
Health Net, Inc.

Stephen Hemsley  
President and Chief Executive Officer  
UnitedHealth Group, Inc.

Michael B. McCallister  
President and Chief Executive Officer  
Humana, Inc.

J. Mario Molina  
President and Chief Executive Officer  
Molina Healthcare, Inc.

Michael F. Nieforff  
Chair of the Board, President,  
Chief Executive Officer  
Centene Corporation

Ronald A. Williams  
Chairman and Chief Executive Officer  
Aetna, Inc.

Allen F. Wise  
Chief Executive Officer  
Coventry Health Care, Inc.

Dear Madam and Sirs:

In the past two weeks, your companies have all reported significant increases in profits. Your ten firms alone have reported over \$9.3 billion in profits for the first three quarters of 2010. These profits are \$2.1 billion higher than the first nine months of 2009. On average, your profits have gone up 41 percent from last year. I have attached a chart that details these figures for each of your companies.

Health insurance premiums are eating up more and more of the budgets of working families. Over the past decade, premiums for workers and employers have more than doubled, while family incomes have remained stagnant.

I call upon your companies to share the billions you are reaping in higher profits with your policyholders by lowering premiums. Please respond with your plans to pass these profits along to consumers. I appreciate your prompt response to this inquiry.

Sincerely,



Pete Stark  
Chairman  
House Ways and Means Health Subcommittee

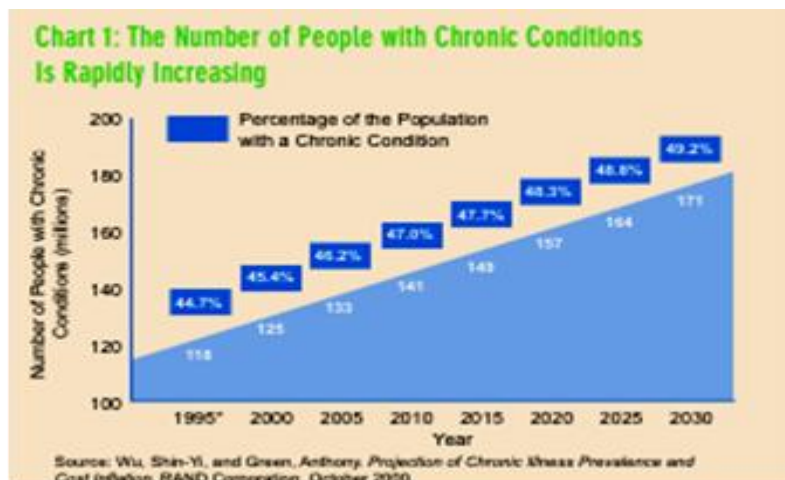
The September briefs indicate the health care sector continues to create jobs - 30,000 in August despite months reporting of zero percent jobs for the overall economy. Health care now accounts for 10.8% of overall employment - an all time high.

At the same time, average health premiums and family contributions increased 131% from 2001-2011; overall premiums increased 113% from \$7,061 to \$15,073.<sup>8</sup> **In 2011, 22% of firms reduced scope of health benefits, 20% increased worker's share of contribution, and 28% downsized.**

This growth in size and profits is **counter intuitive** as we buy insurance to protect ourselves from risk. Yet these facts indicate it is not actually insurance we are purchasing, since 47 million Americans do not have insurance and a great majority cannot afford it, thus cannot access healthcare.

**“Higher deductibles and co-pays have suppressed utilization.** One Rand Corp study found that high-deductible health plan (HDHP) enrollees cut back on preventative services such as childhood vaccinations, mammography, and cancer screenings.” **A CDC study found a higher percentage of HDHP enrollees didn't fill or refill prescriptions. 46% of all health plan members said they have deferred care in the past year at least once because of cost.**<sup>9</sup>

This is a fact that worsens the issue at the base of the problem, as people who are genuinely ill avoid doctor visits because of the cost. Copayments have become too much of a deterrent, as they have risen and now they discourage those who are developing chronic conditions from stopping them before it is too late. Copayments were introduced to avoid overuse of the system, but seem more likely to keep the lower income participants from seeking proper treatment. **This puts them on a path to development of conditions which are very profitable to "Insurers" and now and in the future keep our hospitals full, and result in early death!**



The table above illustrates that the prevalence of chronic conditions will continue to increase over time. Therefore, insurance spending and health will not improve but continue to worsen without action by the consumers, each and every one of us.

<sup>8</sup> Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2011.

<sup>9</sup> Top Health Industry Issues of 2012, PwC Health Research Institute, Issue #2, pages 6-7.

**Avoidable treatment costs in 2003 for chronic illness totaled \$1.1 Trillion which includes \$217.6 MM in direct treatment and \$ 905.1 MM in indirect costs, according to the Milken Institute in a report titled "An Unhealthy America".<sup>10</sup>**

**Another CNN Money report cites \$383 billion in hidden spend, caring for family members and away from work.**

Advice for health plans:

- "...they should support a genuine managed competition model."
- "The insurance industry lobbied very hard against competition."
- "What it's going to mean is premiums are going to soar."
- "They're going to cry all the way to the bank because they make a lot of money...."

Alain C. Enthoven

Renowned Economist-Stanford University

There are 6 basic steps that we can take now to drastically improve the state of our health care system:

**1. Invest in a self-funding, results-proven wellness program: *Orriant*.** In effect, take those people whom are found to be at risk to develop preventable medical conditions and give them a one on one relationship with a professional health coach. They can then work together to make small, realistic steps to change unhealthy habits and live longer, happier lives while being held accountable in a compassionate manner. This would also keep them out of a busy medical system and decrease claims thereby decreasing health care costs to the employer and employee. The program includes spouses, for additional savings and lasting changes at home, which will also lead to better habits for their children as well.

*"The Milken Institute's 2007 study, 'An Unhealthy America', notes that 70% of health costs (more than \$2 trillion per year) are related to lifestyle. So prevention is at least as important as finding cures through research. Government programs are no substitute for personal responsibility in reducing costs that flow from smoking, poor diets, and inadequate exercise".<sup>9</sup>*

*"If overweight Americans collectively made minor behavioral adjustments and returned to what they weighed in 1991, they would save the country more than \$1 trillion/year".<sup>11</sup>*

Darrell Moon founded Orriant in 1996 to change the dynamics of healthcare and give employers some control over the ever increasing costs of the healthcare benefits they offer their employees. It is a ground-breaking approach that enables you to engage your team of employees in living stronger, more active, healthier lifestyles. It is an innovative, accountability-based wellness program that provides you and your organization with a personal health coach (all with a 4-year degree in either nursing or allied health) for every employee and spouse along with the tools to help them meet their individual goals for

<sup>10</sup> <http://www.milkeninstitute.org/healthreform/pdf/AnUnhealthyAmericaExecSumm.pdf>

<sup>11</sup> Milken, Michael. Health Reform. The Milken Institute Review, First quarter 2010.

healthier living. They'll better understand their health risks and what they can do to control them when they voluntarily opt into the program. Those employees who decline to participate (usually around 20%) effectively subsidize the cost of the program by paying 10% higher insurance premiums. You will have unprecedented contact with all of your employees required to speak to their coach once a month, more if they desire

The financial incentive for participating employees can add up to \$150/month into their pocket and is credited to them electronically on a prepaid card every month for them to spend as they choose. The employees who decline participation in the wellness program do not receive the insurance premium discount, thereby funding the program. It can also give the employer yearly biometric reports to use as powerful tools for negotiating policy cost reduction based on documented proof of improvement.

**ORRIANT: Wellness That Works - America's Best Kept Secret Weapon**

The beauty of Orriant’s wellness program is that it helps to drive down costs in addition to increasing your bottom line with a minimum \$4 to \$1 return on investment or up to \$18 to \$1 return if you utilize the injury prevention component of the program. Orriant is the only wellness company that is this comprehensive and provides all the required elements to ensure the results you really want: high rates of employee participation for better health and increase profits for the employer. There is no other program with Orriant's success and happy clients. The basis is \$4 to \$1 return, but with the addition of our injury prevention program the return will be up to \$20 to \$1.

According to the Centers for Disease Control, in order for wellness programs to be effective they must include seven key components: awareness, participation, increased knowledge, improved attitudes, behavior change, risk reduction and reduced utilization. The CDC also clearly states that the critical component of a wellness program is its ability to provide opportunities for individualized risk reduction counseling. Orriant’s wellness program incorporates all these elements (while being completely HIPPA compliant) to result in a comprehensive solution which has been proven over the last 8 years to produce valid results and positive ROI (see results below).

Participated	943	77%			
Employees	738			<u>2005</u>	<u>2011</u>
Spouses	205		No Health Risks	11%	31%
Healthy	413	44%	Any Health Risks	89%	69%
Health Risks - Coached	530	56%			

These dramatic Health Improvements indicate we have reached the people at risk and had a positive impact, and taking the 7 out of 10 deaths down to as low as 1 in this population of participants!!

	% Who Improved	Improvement
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<b>Cholesterol Ratio</b>	81%	-2.0
<b>Glucose</b>	85%	-25.1
<b>Systolic Blood Pressure</b>	72%	-13.3
<b>Diastolic Blood Pressure</b>	79%	-10.3
<b>BMI</b>	65%	-2.5
<b>Body Fat %</b>	66%	-4.0
<b>Total Cholesterol</b>	59%	-32.3
<b>Triglycerides</b>	67%	-92.3
<b>HDL (Good Cholesterol)</b>	74%	14.0
<b>LDL (Bad Cholesterol)</b>	75%	-36.8



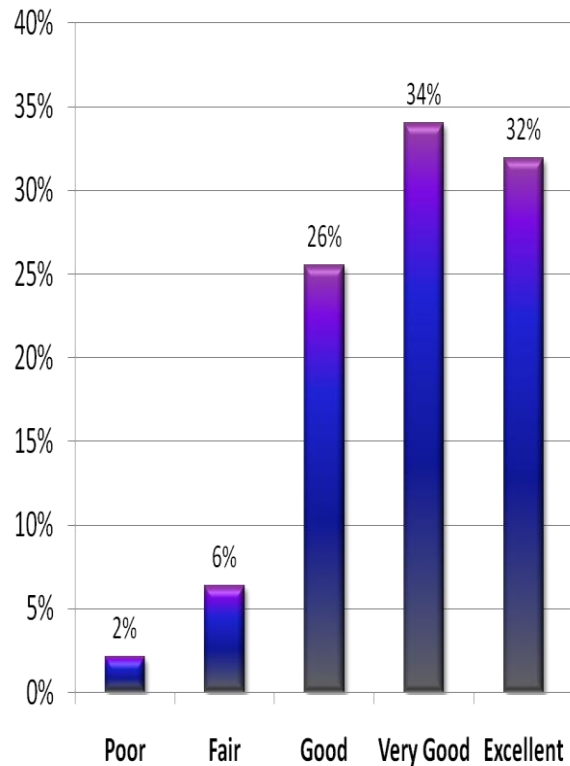
## RESULTS OF A 4 YEAR STUDY OF 4 DIFFERENT CORPORATIONS UTILIZING ORRIANT'S

### WELLNESS PROGRAM:

### Satisfaction Survey

**The Results were  
SIGNIFICANT FINANCIAL  
BENEFITS**

The results demonstrated a significant financial benefit to each company's bottom line. The total paid claims per program participant dropped to \$2,269 compared to \$6,187 for non-participants. Emergency room claims, hospital claims, pharmacy claims — all showed a sharp decline among wellness program participants versus a steady rise in claims by non-participants.



### Results

Orriant is unique in the profile of participation averaging 70 to 90% as opposed to other programs which average 15 to 25%. The trend above represents actual results from the study, your choice is to follow the grim predictions of experts, or experience the trend above.

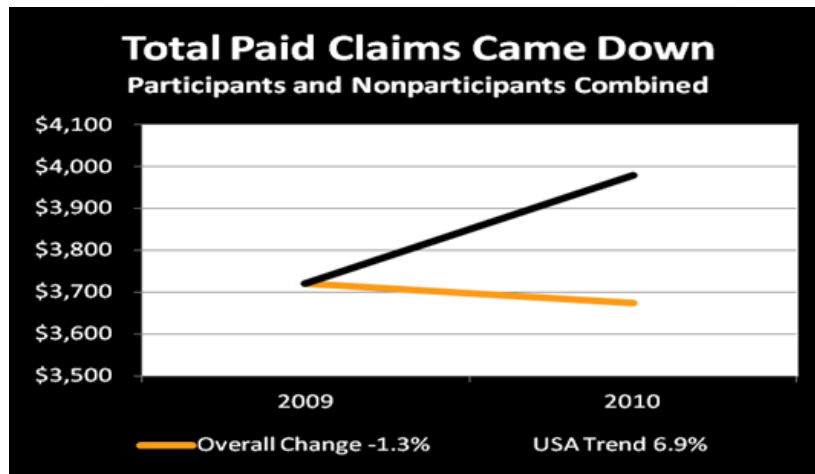
### Benefits of Orriant's Wellness Program:

#### Employer:

- \$4 to \$1 ROI (increases to \$18 to \$1 with preinjury screening component)
- 68.2% reduction in work injuries (with preinjury screening component)
- Self funded wellness program for your workforce
- Healthier more productive workers
- Decreased total paid claims
- Decreased absenteeism
- Decreased workman's compensation claims
- Decreased attorney fees associated with w/c



- Decreased
- Decreased \$
- replacement staff
- Decreased
- Yearly
- reports of your
- showing proven
- HIPPA



- turnover
- spent for hiring
- of those injured
- health care costs
- biometric
- workforce
- results
- compliance

Employee:

- 10% savings in health care premium monthly (increases with addition of spouse)
- Biometrics evaluation
- Own personal 4 year degreed health coach with monthly communication and support
- Personalized health plan with small, reasonable/attainable goals
- Healthier more productive life
- Decreased insurance costs (i.e. copayments, coinsurance, etc.)
- Preinjury musculoskeletal screenings/functional assessments
- Post injury conservative treatment
- Decreased risk of injury
- Personalized injury prevention plan

**The table below represents the key areas of health care reform:**

The table belows shows how Orriant Wellness Programs align with stated initiatives:

	Orriant Wellness Program	Status Quo
Address "Cost unconscious demand for care"	Yes	No
Focus on Prevention	Yes	No
Consumer Directed Health Plans	Yes (with BIO data)	No
Reduces Financial Barrier to Care	Yes	No
Managed Competition	Yes	No
Healthier Population	Yes	No
Vast Decreases to Insurance Costs	Yes	No

**2. Employee Injury Prevention Screening.** The unique component of Orriant’s wellness program is its proactive injury prevention model. This includes preinjury musculoskeletal screening for all employees found to be at risk for injury based on their history or their individual specific job tasks. This becomes a means of increasing employer’s profits as studies show an

\$18 to \$1 cost savings ratio by employing these methods.<sup>12</sup> The employees also benefit because they can then be educated on how to prevent an injury before it happens. This component of the program is performed by licensed physical therapists and occupational therapists that are specifically trained in ergonomics and functional capacity assessments. Additionally, return to work screens can be performed to objectively determine if an injured employee is functionally ready to return to their job tasks. These assessments also employ a completely objective fraud detection component which allows for more accurate results. This component will have a dramatic effect on workers compensation payouts, as the tests are monitored and those who are planning on trying to extend their time off will be exposed.

**3. Utilization of the Direct Access Law.** CFO's: Each of your plan members has a virtually unlimited spending authority when it comes to elective procedures. Every year premiums rise and elective procedures are a large part of that increase. Another large portion of the increase comes from the unnecessary testing and procedures that commonly occur:

*"Doctors ordering tests or procedures not based on need but concern over liability or increasing their income is the biggest waste of health care dollars, costing the system at least \$210 billion a year, according to the report. The problem is called 'defensive medicine.'"<sup>13</sup>*

*"Sometimes the motivation is to avoid malpractice suits, or to make more money because they are compensated more for doing more," said Dr. Arthur Garson, provost of the University of Virginia and former dean of its medical school. "Many are also convinced that doing more tests is the right thing to do."<sup>13</sup>*

*"But any money that is spent on a patient that doesn't improve the outcome is a waste," said Garson.<sup>13</sup>*

You may think that this is out of your control; however, we are prepared to offer you a control point. Orriant has the ability to have your injured employees evaluated and treated by a licensed physical therapist prior to various doctors/specialists and/or undergoing unnecessary diagnostic testing. This can be done by utilizing the Direct Access Law. The professional training and expertise, which characterize physical therapists, has been recognized by 48 states. These states have removed the outdated provisions requiring a referral by a physician from their statutes. Each of these states has provisions that govern the practice of physical therapists as diagnosticians. For example, the Florida Physical Therapy Direct Access law states the following:

#### THE PHYSICAL THERAPIST:

- Must refer patient or consult with health care practitioner if the patient's condition is outside scope of PT.
- If PT treatment is required beyond 21 days for a condition not previously assessed by a practitioner of record, the PT shall obtain a practitioner of record who will review and sign the plan.

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<sup>12</sup> Littleton, M. Cost-Effectiveness of a prework screening program for the University of Illinois at Chicago Physical Plant. *Work* 21 (2003) 243-250.

<sup>13</sup> [http://money.cnn.com/2009/08/10/news/economy/healthcare\\_money\\_wasters/](http://money.cnn.com/2009/08/10/news/economy/healthcare_money_wasters/)

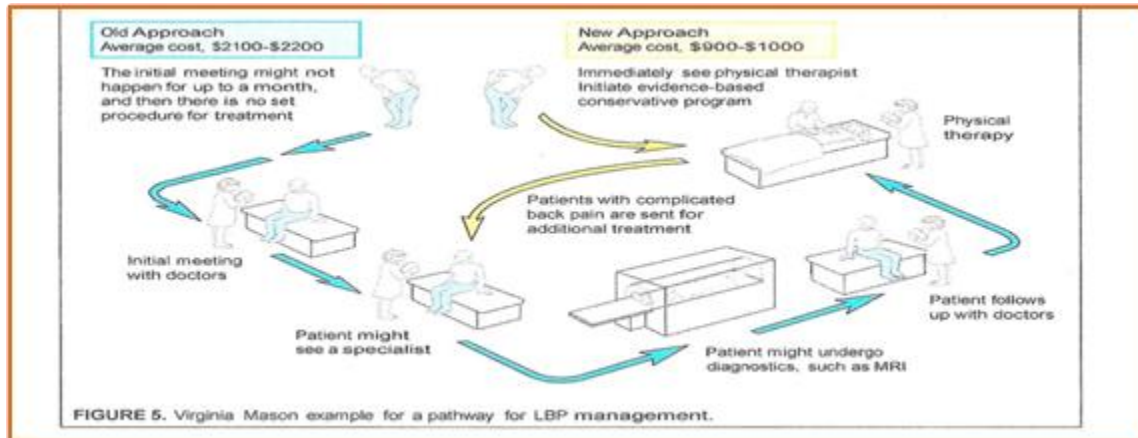
- Prohibits PTs from implementing plan of treatment for patients in acute care settings including hospitals, ambulatory surgical centers, and mobile surgical facility

Further, these states that provide for direct access and the insurance companies that

Reimburse under direct access will realize cost savings of approximately \$1,200 per

patient episode of care.<sup>14</sup> (See diagram below) Every dollar saved goes to your bottom line.

This is an important checkpoint and in many cases will avoid unnecessary surgery which is a liability every company has no control over today, for example fixing a partially torn rotator cuff costs \$25,000 or more, of bottom line dollars, and is not the best approach for the employee. They will have their health coach to direct them to the PT professional to assess the best answer for the individual.



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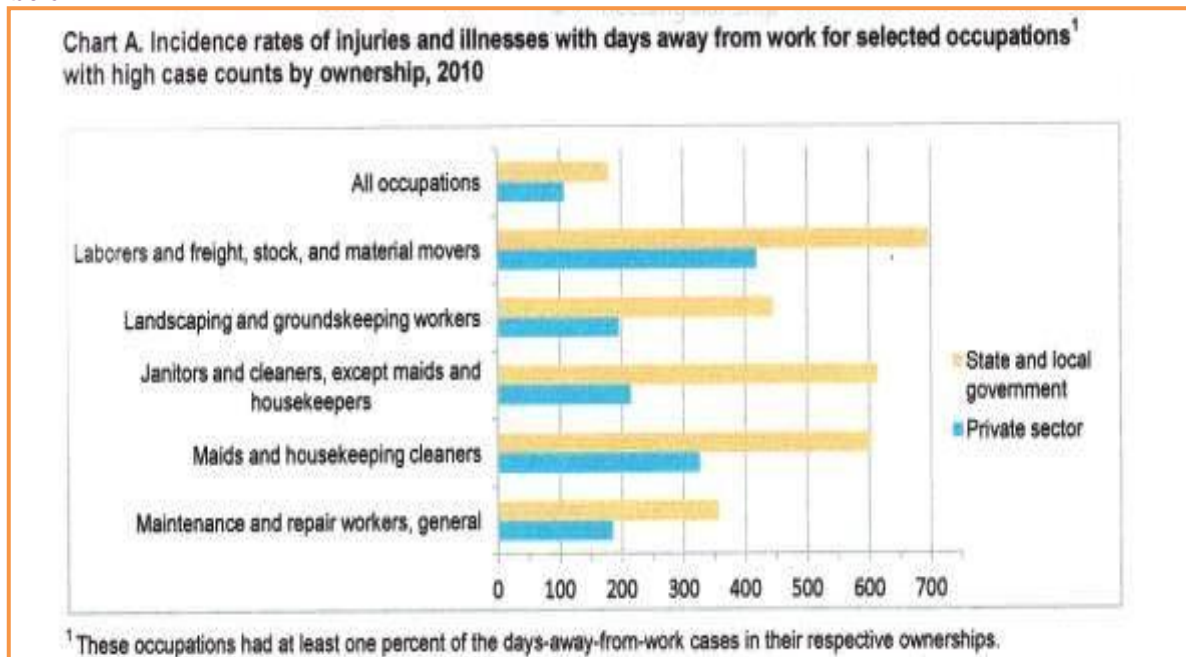
*Cost Effectiveness of a Pre-work Screening: "Between 1972 and 1993, employee costs for providing worker's compensation rose from \$6 billion to \$57 billion, an annual growth rate of 12.5%." (NIOSH, 1999)<sup>11</sup>*

By employing a post-offer, pre-work screening program, cost savings were over \$18 per dollar spent on the program.

*According to the the US Department of Labor/Bureau of Statistics, state and local government employees have a much higher incidence of injuries and illnesses than those in the private sector. In fact, the rate of overall injuries/illnesses is 2/3 greater in the public sector (government) as compared to their private industry counterparts. See table*

<sup>14</sup> Flynn, T.W., Smith, B., Chou, R. Appropriate Use of Diagnostic Imaging in Low Back Pain: A Reminder that Unnecessary Imaging May Do as Much Harm as Good. *J Orthop Sports Phys Ther* 2011; 41(11): 838-847.

below:



This is a situation which must motivate these public entities to enroll TODAY!

Lost days for avoidable categories totaled 236,580 which in dollars, including the indirect costs is equal to \$142,421,160 in avoidable spend on sick days.

**4. Reverse the Role of the Health Insurance Broker.** Did all of us forget that we are the consumer? Health Insurance is not health care. It is a product that has created reckless spending and unrecognizable choices all the while shifting risk and poor health unto Americans. At the same time, they have buried us in paperwork and complexity for services we do not want. Of course they do not want wellness programs to succeed as that would result in a substantial decrease in their astronomical profits. Today insurance for healthcare is purchased through a broker who is incented on policy value, paid by the insurers. It is time to take this puzzle called health care and reorder the pieces: reverse the broker, take the risk piece and put it back on the insurer instead of the individuals/employers, etc. It is time to get the services you desire from our health care system and to use insurance to mitigate risk. Employers need to hire the broker to negotiate the best insurance rates and become the owner of wellness. The broker will have the biometric reports of proven health risk reductions and decreased medical claims of the participating employees thereby allowing them to implement reduced premiums through the insurance companies. The individual is compensated on improved health through insurance savings.

*“By some estimates, a staggering 50% of health care consumed seems to be driven by a physician and hospital supply, not patient need or demand. . . “There’s only one way avoid paying more and more for the health-care system”, says John Shiely, Brigg’s chief executive, “and that’s for corporations to get back into the health-care business”.*<sup>15</sup>

<sup>15</sup> Clayton M. Christensen, Harvard Business School, The Innovator’s Prescription, page 211.

**4. Use Cash Incentives for Wellness Participation.** For all that believe the Affordability Care Act will save us, it may not. The act contains an important contradiction, an RFP which excludes monetary rewards for program participants. Financial incentives are **the most effective means for encouraging participation.**

Solicitation Number: RFP for response from Wellness Companies within ACA  
2011-N-13420

Title: Comprehensive Workplace Health Programs to Address Physical Activity, Nutrition, and Tobacco Use in the Employee Population  
This is a combined synopsis/solicitation for commercial items prepared in accordance with the format in Subpart 12.6, as supplemented with additional information included in this notice. This announcement constitutes the only solicitation; proposals are being requested and a written solicitation will not be issued. Solicitation No. 2011-N-13420 is issued as a request for proposal (RFP). This solicitation document and incorporated provisions and clauses are those in effect through Federal Acquisition Circular 2005-51. This procurement is a Total Small Business Set Aside . The associated NAICS code is 541612. The total period of performance under this contract shall be 24 months from date of award. The is a Fixed Price Award Fee contract with cost reimbursable travel.  
Proposal Instructions

Within the Solicitation is the sentence below, Page 18.

b. Within the parameters of applicable federal and/or state laws, efforts are made to maximize employee participation. (**The use of financial incentives for participating employees within the cohorts is not authorized**).

**This restriction will cause limited participation and disprove wellness as a viable strategy; when in reality it is a proven solution.**

**By disallowing the exact thing that promotes success, respondents are only given the option of continuing with traditional wellness programs that use the current approach of giving away game show merchandise and the like, which is proven unsuccessful and ineffective. Based on the results of this doomed RFP, which direction will we go? Take one more step toward institutionalizing a very broken system, or employing the methods which can take a big strain off our medical system and have proven to guarantee cost savings and a healthier population?**

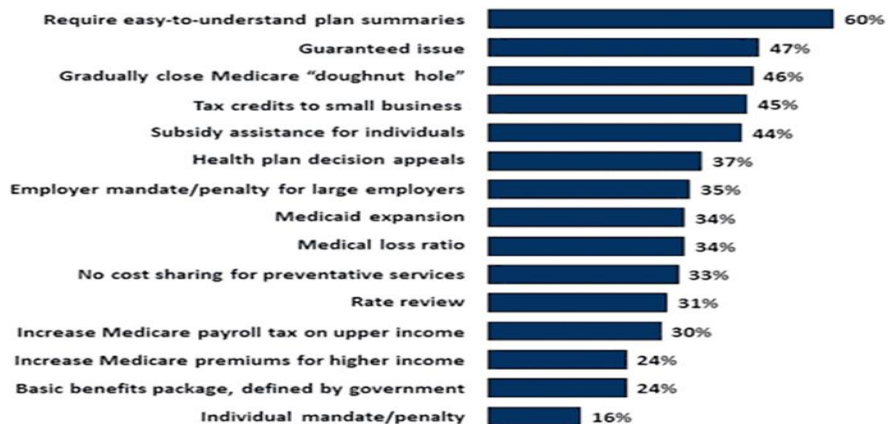
In another section of the same act are promises of increased incentives in 2014. There are already plans within HIPPA to increase the difference to 20% (ie participants can pay 20% contribution and non participants 40%) which will incent those now opting out of programs.

Participation is key, and it has been proven that it will encourage up to 80% participation, specifically if it is over \$70 per month.

*The table below is the result of a survey on ACA pay attention to the bottom 4 lines:*

## The ACA: What's Most/Least Popular?

Percent who say they feel 'very favorable' about each of the following health reform law elements:



**Three-quarters of American voters supported increasing spending on preventive care in a poll last May funded by Princeton, N.J.-based philanthropy the Robert Wood Johnson Foundation and the Washington, D.C.-based nonprofit Trust for America's Health.**

*"Another relevant behavioral economics concept is mental accounting, which reflects how people tend to categorize monetary receipts and payments. For instance, the effect of rewards (or punishments) diminishes when they're bundled into larger sums of money: a \$100 discount on premiums may go unnoticed, whereas a \$100 check in the mail may register as an unexpected windfall. Increases or decreases in insurance premiums that are deducted from periodic paychecks will probably be less salient and effective than similar financial incentives provided separately."<sup>16</sup>*

**6. Redesign the Insurance Payment System.** We are almost at 20% of U.S. GDP; realistically almost half of the 2.7 trillion spent is waste. By creating a system whereby all payment related activities are reengineered for automated card processing, we can make a huge dent in the inefficient use of the administrative processing and possibly in many cases of fraud and abuse.

*Inefficient claims processing is the second-biggest area of wasteful expenditure, costing as much as \$210 billion annually, the PricewaterhouseCoopers report said. "We spend a lot of time and money trying to get paid by insurers," said Dr. Terry McGenney, a Kansas City, Mo.-based family physician."<sup>17</sup>*

<sup>16</sup> Volpp, K., M.D. et al. Redesigning Employee Health Incentives - Lessons from Behavioral Economics. *N Engl J Med* Aug 4, 2011; 365-388.

<sup>17</sup> [http://money.cnn.com/2009/08/10/news/economy/healthcare\\_money\\_wasters/](http://money.cnn.com/2009/08/10/news/economy/healthcare_money_wasters/)

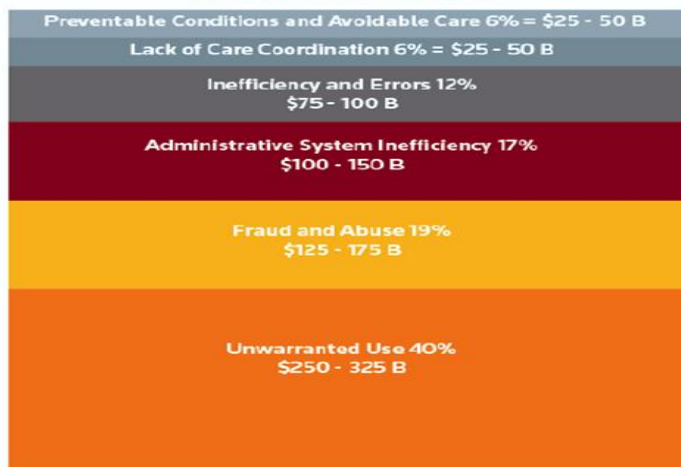


*"Every insurance company has its own forms," McGenney said. "Some practices spend 40% of their revenue filling out paperwork that has nothing to do with patient care. So much of this could be automated."*<sup>17</sup>

Other areas of waste identified in the report included up to \$493 billion related to risky behavior such as smoking, obesity and alcohol abuse, \$21 billion in staffing turnover, \$4 billion in prescriptions written on paper, and \$1 billion in the over-prescribing of antibiotics.<sup>17</sup>

## WHITEPAPER I: IDENTIFIED TOTAL COST OF INEFFICIENCY

**\$600-850 Billion**



- \$1 out of every \$3 does not go to making people better or preventing them from getting sick
- Widely cited by thought leaders
  - Mentioned at the Obama Healthcare Summit
- The next step: identify possible solutions



## Health care's wasted dollars

Here are some of the contributors to the \$1.2 trillion being leaked out of the system.



SOURCE: PRICEWATERHOUSECOOPERS' HEALTH RESEARCH INSTITUTE (2008)

As a consumer, what other product would we purchase, while it continues to increase in costs by 8%-14% each year, without questioning the need and commitment for continuous improvement? What other item as an employer is more important than the health and productivity of your workforce.

NEW YORK (CNNMoney) -- The U.S. government will foot the bill for half of all health care costs in the United States by 2020, according to a government report released Thursday.

That's up from 44% just two years ago, and reflects both the rising cost of health care and the fact that millions more people will have access to it under health reform, said the Centers for Medicare and Medicaid Services.<sup>18</sup>

<sup>18</sup> [http://money.cnn.com/2011/07/28/news/economy/healthcare\\_spending\\_forecast/index.htm](http://money.cnn.com/2011/07/28/news/economy/healthcare_spending_forecast/index.htm)

## IT AFFECTS BUSINESSES:

**What CFO in America can say it is not their fiduciary responsibility to their CEO, Board and Shareholders to immediately act on a business case that pays \$4 to \$1, and upwards of \$20 to \$1 and the \$1 is not even your spend?**

***In today's environment the CFO has in effect given unlimited spending authority to each of its plan members to choose elective procedures - is that taking care of our people and our money?***

*"At the current rate of increase, the cost of health care to employers will likely be the single most significant detriment to profitability and viability over the next decade. Annual increases of 8-14% in direct costs, in addition to the even more notable indirect costs, cannot continue without catastrophic outcomes. While significant, this is only a small part of the overall ROI provided by an effective employee wellness program, which will also positively impact a number of other bottom line variables.*

Forward-thinking companies across the country have already implemented successful wellness programs, with notable results. Decreased sick time, enhanced engagement or "presenteeism," lowered disability and overall health care costs, as well as improved recruitment and retention has all been clearly demonstrated on both a case by case and broader organizational basis."<sup>7</sup>

### U.S. Business Concerns About Healthcare

- The United States spent \$2.24 trillion in healthcare in 2007, or \$7,421 for every man, woman and child,
- Private employers contributed 77% to health insurance premiums, a 6.1% increase over 2006
- Private sector share of total spending is 53.7%
- National health expenditure growth trends are expected to average about 6.6% per year through 2015.
- Health expenditures as percent of GDP:
  - 7.2 % in 1970
  - 16.2 % 2007
  - 19.7 % in 2017 (est)
  - 25.0 % by 2030 (est)

Source: Hartman et al., *Health Affairs*, 28:1, Jan/Feb, 2009, 246.



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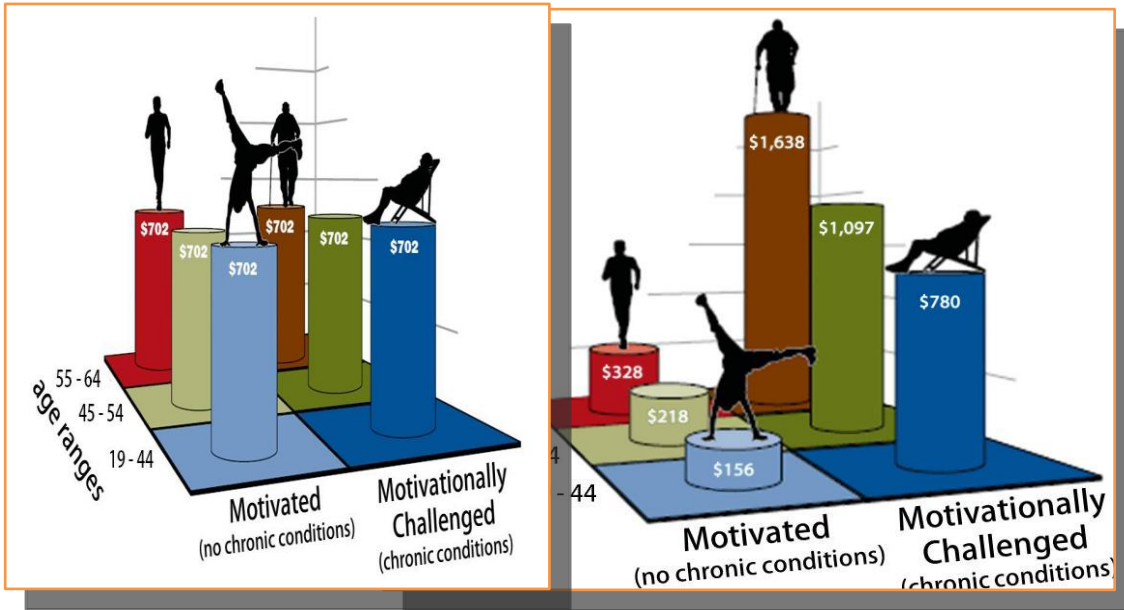
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**IT AFFECTS POVERTY:**

According to the



Washington Post in an article titled "Health-care costs are driving people into poverty" by Drew Altman and Larry Levitt published November 18th:

Employees pay the same premium yet the unhealthy use 5 times as much healthcare. The incentives

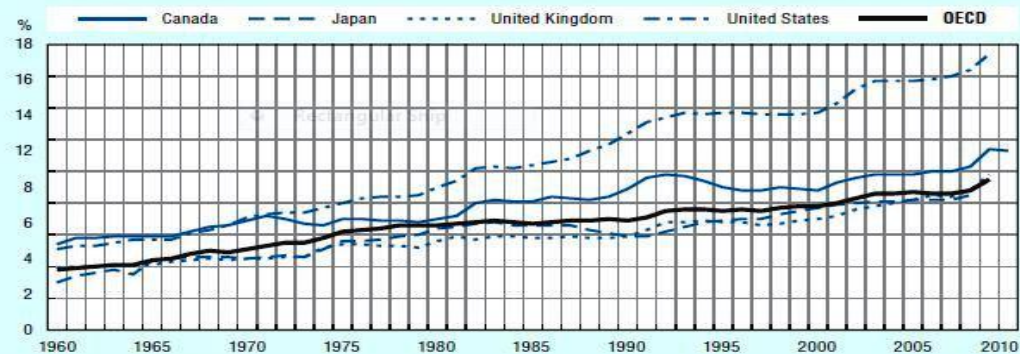
will help to redistribute the costs and encourage more healthy behaviors by the inactive at all ages.

**Amount Paid for Health Insurance**

**Amount Used for Health Care**



Health expenditure as a share of GDP, 1960-2009, selected OECD countries



Source: OECD Health Data 2011.

StatLink <http://dx.doi.org/10.1787/888932523215>

**We spend more than any other country and are we better off? Not with the LOWEST life expectancy compared to other developed countries:**

<b>Life expectancy at birth, total population, 2009:</b>	
Switzerland	82.3
Australia	81.6
Canada	80.7 (2007)
Netherlands	80.6
UK	80.4
US	78.2
<b>Potential years of life lost, all causes, per 100,000 males, 2007:</b>	
Netherlands	3,259.1
Switzerland	3,295.0
Australia	3,561.2 (2006)
Canada	4,168.1 (2004)
UK	4,219.8
US	6,132.8

The U.S. has by far the highest MRI units (25.9) and mammographs (40.2) per million population. When compared to other nations, few of them have the same amount, from the above list the second in MRI's is the Netherlands with 11, for mammographs it's Switzerland with 33.1.

Also these machines seem to be used much more frequently. The number of CT scans for instance is 227.9 per 1,000 people in the U.S., whereas it is only 125.4 in Canada, which comes in second from these selected countries. Life expectancy at birth, total population:



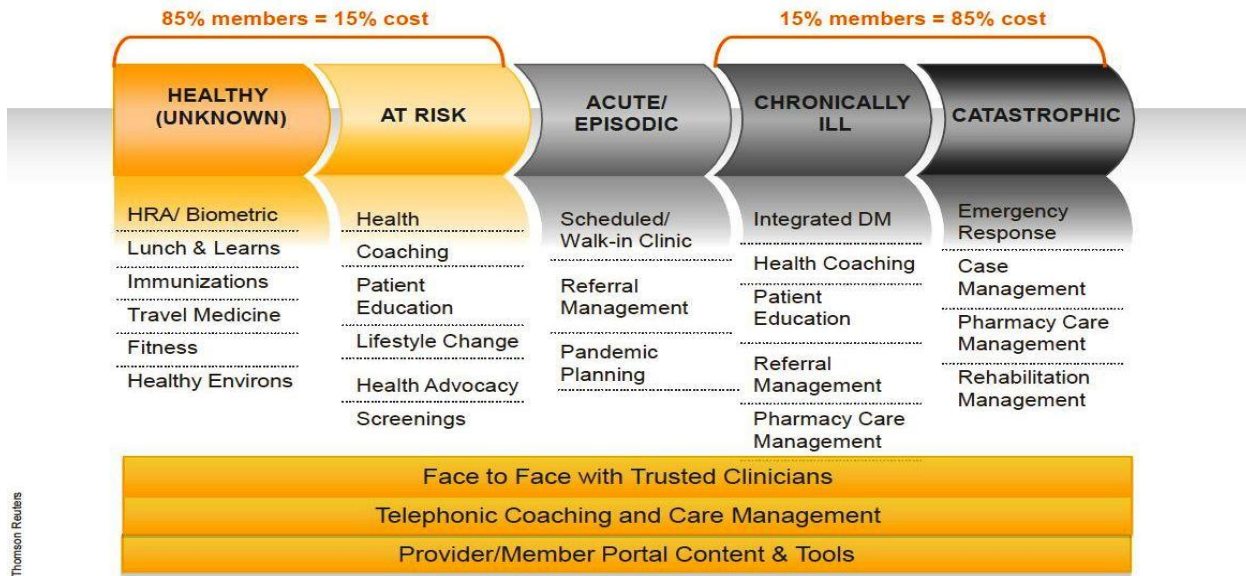
### **The 2010 Wellness App**

On the internet is The Wellness App is a tool that estimates: 1) the costs of various chronic conditions in an employee population of certain characteristics, and 2) the potential savings brought about by interventions that mitigate the key risk factors associated with those conditions, it is available on the Internet.

The questions below are from the introduction to the Survey:

### **Key Questions to Keep in Mind**

# POPULATION HEALTH: COMPREHENSIVE MANAGEMENT APPROACH



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- Is wellness a strategic business lever at your company? Why not?
- Does your wellness program have the right portfolio of activities?
- Who within your firm should be part of this conversation?

## Summary

- **Focusing on improving the health and quality of people's lives will improve the productivity and competitiveness of our workers and citizens.**
- **A growing body of scientific literature suggests that well-designed, evidence-based Health and Productivity Management Programs can**
  - Improve the health of workers;
  - Lower their risk for disease;
  - Save businesses money by reducing health-related losses and limiting absence and disability;
  - Heighten worker morale and work relations;
  - Improve worker productivity; and
  - Improve the financial performance of organizations instituting these programs.

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***Orriant has all of the components described above and has been employing them for over 8 years. If your program does not generate bottom line savings, rebates to participants, and health improvements which are accountable, it is not effective.***

### **Authors Conclusion: Frank M. Curry**

Unfortunately our insurance industry has become the gatekeeper of our healthcare system; they carry no risk yet our nation's health is rapidly declining. Our hospitals are full because that is the machine that generates revenue. The insurance forms are overwhelming because that embeds them in our system. We are heading down a bad road that the experts have determined will only continue to get worse if something is not done to remedy the situation. I personally witness such a situation in Canada, where I lived for 45 years. I once waited 9 months for an MRI with a fully torn rotator cuff; another time I stood in a hospital hallway with my son who had a bone protruding from his ankle for 24 hours before he was provided care.

I have been highly successful in my career as a management consultant with multiple high profile corporations looking to implement cost and process efficiencies. Therefore, I approached the health care crisis like any other business problem: broke it down into component parts, looked at the value of each step, and developed measures to reduce cost and increase efficiency wherever possible.

We are at a tipping point and America needs an immediate answer. I believe my 6 step solution, when properly executed, will create immediate demand and launch an industry with as much \$800 billion in savings. This can be realized from misuse, fraud and administrative insufficiency alone. This will be followed by rebates for reduced need and usage of insurance. We can then reinvest portions of the savings into better programs. In fact, reaping savings from these insurance companies will force them back in their box and return control to us, the consumers. All funding will come from them through savings. Why don't insurance companies promote effective wellness programs that positively influence measurable, preventative solutions? The answer is obvious when you think about how that would affect their profits. Instead, the wellness programs offered by insurers are ineffective - they don't employ the most important factors that are keys to success.

**It only takes one self-funding step to start it all - a unique, proven wellness program, Orriant that works. If your organization does not currently have a wellness program - enroll in Orriant today. If your current Wellness Company is not comprehensive and/or is not producing the results you see above as does Orriant, it's time to switch to Orriant, the proven leader who helps to save your organization millions of dollars and people's lives.**

