

Why Kaiser Permanente?

Investing in a healthy workforce—
a different approach that maximizes value

Kaiser Permanente delivers the five benefits you need most:

1. Return on your investment
2. High employee productivity
3. Consumer engagement tools
4. Long-term value
5. A high-performance benchmark plan

Health care benefits are a long-term investment in healthier, more productive employees. But with costs continuing to rise, how can you make sure that you're getting the most value out of every dollar that you—and your employees—spend?

To help protect your bottom line, your health plan partner should protect your most valuable assets—your employees—by giving them the support and services they need for long-term health.

1. Return on your investment

While health care premiums are an up-front cost, indirect costs like presenteeism and absenteeism are often unnoticed. **What are your health plans doing to maximize your investment?**

What is the true cost of health care?

Premiums are only 24 percent of your total health care costs. The other 76 percent are indirect costs¹ associated with:

- **Presenteeism**—people showing up for work but not being as productive as they could be—63%
- **Absenteeism and short-term disability**—12%
- **Long-term disability**—1%

For example, overweight and obese employees take more sick leave than non-obese employees and are twice as likely to have high-level absenteeism. The average annual cost of medical expenses and absenteeism² related to obesity can range from \$460 to \$2,500 per employee.³

On average, 17 percent of workers use more than half the dollars you spend on direct health costs⁴

Why? They most likely have a chronic condition—or two or more—that isn't being managed properly. And they probably don't have effective tools and services to manage their health.

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A responsible steward of your health care dollars

A 2009 comparison of more than 2,000 health plans in the United States found that Kaiser Permanente was 17% more cost-efficient than all other health plans in the markets we serve.⁵ Conducted by Hewitt Associates, a national consulting firm, the Hewitt Health Value Initiative™ surveyed 316 employers to analyze the financial efficiency and overall performance of their health plans.

- > Maximize your health care benefits into an investment.
- > In one of our surveys, 46% of members who e-mailed their doctor's office reported that it saved them a visit. And it saved 66% of members a phone call.⁸

Quantify the value of your health plan

The National Committee for Quality Assurance (NCQA) Quality Dividend Calculator can help you measure indirect medical costs and compare different health plans. The calculator uses Healthcare Effectiveness Data and Information Set (HEDIS®) scores for eight measures (including asthma, diabetes, and heart disease) to create plan-to-plan comparisons. By considering employee replacement costs, the impact of presenteeism on revenue, and the cost of sick-day wages, the calculator can help you quantify the value of high-quality care for your business. The calculator can be used with very specific group parameters to refine results, or with default parameters based on industry NAIC/SIC codes.

According to the calculator, Kaiser Permanente delivers savings that are on average equal to 3 to 5 percent of premium more than the closest competitor. And if the estimated 800,000 workers in California with heart disease were all Kaiser Permanente members, employees would have 141,000 fewer sick days and 256,000 fewer "low productivity" days.

To access the calculator, visit ncqacalculator.com.

2. High employee productivity

Your most valuable assets are your employees. And the substantial investment you make in their health should enhance productivity.

Empowering consumers with tools that no one else can offer

Almost 80 percent of people want to e-mail their doctor's office and schedule appointments online.⁶ But fragmented providers and disconnected carriers don't usually work from a common platform that encourages connectivity.

Kaiser Permanente is different. Our integrated system of care, in which doctors, pharmacists, and administrators work together from a connected information technology system, allows you to maximize your health care investment. You can give your employees online tools that exceed their expectations:

- E-mail your doctor's office or pharmacist
- Refill prescriptions
- View most lab test results, recent immunization records, and benefits and eligibility information
- Request routine appointments
- Act for a family member

When your employee has a 10 a.m. doctor's appointment on a workday, how many hours are they away from your office?

3. Consumer engagement tools

Looking for solutions that make it easier for employees to connect to better health? The health and productivity tools on My Health Manager—our market-leading personal health record on kp.org—give your employees quick answers from their doctors or pharmacists, online routine appointment scheduling and select lab test results, and much more.

The alternative is confusing for consumers and wasteful of your dollars

Cobbling together a fragmented system of independent providers and expecting your employees to navigate the confusing, time-consuming world of health care is not the best way to maximize your investment. And even when consumer engagement tools are available with other providers, those tools aren't integrated. Kaiser Permanente has online consumer engagement tools that connect members with their personal physician, hospitals, labs, pharmacies, specialists, billing and administration services, and wellness tools.

4. Long-term value

Selecting a health plan that's financially efficient, five years ahead of the competition in consumer engagement tools, and well positioned to contain costs in the future allows you to better budget for health care expenses and maximize your long-term investment. When we invest in our delivery system—new technologies, new buildings, more caregivers—we're building the infrastructure to support better health care delivered with greater efficiency, fewer redundancies, and enhanced quality.

And that translates into sustainable growth for your bottom line.

The rising cost of care

By 2018, health care costs are expected to exceed 20 percent of our gross domestic product—more than 20 cents for every dollar spent in the United States.¹⁰

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> “Two years ago, I said you were five years ahead of the market. Today, I say that you're still five years ahead and better positioned to fulfill the true consumerism promise.”

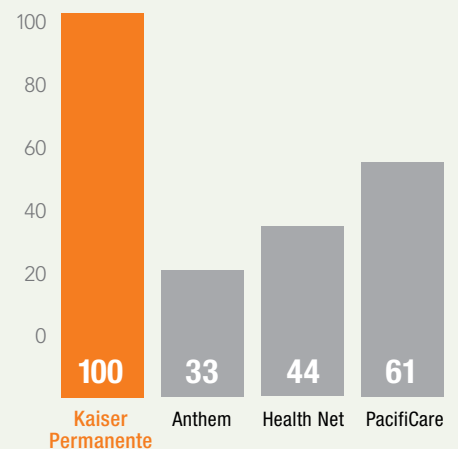
—Michael Main
health and life sciences partner
Oliver Wyman, a global management consultancy

> According to a recent survey of kp.org registered members, 90% of respondents⁹ have recommended or would recommend Kaiser Permanente because of their experience with kp.org.

> A Dartmouth College study estimated that one-third of the over \$2 trillion spent annually on health care is spent on procedures that have already been performed or are inappropriate.⁷

Health information technology

Health information technology score



Source: Pacific Business Group on Health, 2009.

Want to improve your bottom line by improving the health and productivity of your workforce? Call your Kaiser Permanente broker to find out how to protect your company's best asset—your employees.

Enhanced care. Cost savings.

Eliminating redundancies and connecting caregivers for better coordination produces long-term and sustainable value for your health care investment. Compare fragmented systems to an integrated system supercharged by an aggressive investment in technology.

- 50% of all the drugs purchased in the United States are generic.¹¹
- Kaiser Permanente doctors prescribe generic drugs 98% of the time when the generic is available and appropriate.¹²
- In Colorado and the Northwest, we reduced unnecessary lab work by 1 to 7% after launching Kaiser Permanente HealthConnect.¹³
- In Hawaii, we reduced unnecessary lab work by 12%¹⁴

5. A high-performance benchmark plan

What metrics are you using to drive better performance from your other health plan offerings? Because we're the high-performance benchmark health plan, you can use our industry-leading results to set standards for the quality of care your other carriers provide.

Raising the bar on performance for all your health plans

Our care is recognized for quality *and* affordability. You can use Kaiser Permanente as a benchmark, for both the quality of our services and our value, to help manage the performance of your other carriers. By holding the competition to our high standards, you can put more money back into your business.

¹ "Presenteeism: At Work—But Out of It," *Harvard Business Review*, October 2004.

² "Prevention Makes Common 'Cents,'" U.S. Department of Health and Human Services, September 2003.

³ *American Journal of Health Promotion*, RTI International and Centers for Disease Control and Prevention, September/October 2005.

⁴ "Direct Health Care Costs, Trends in Health Care Costs and Spending," Henry J. Kaiser Foundation, September 2007.

⁵ "2010 Hewitt Health Value Initiative™ Benchmarking Study—Kaiser Foundation Health Plan, Inc., April 2010. To get a copy of the Hewitt Health Value Initiative report for your region, contact your account manager.

⁶ "Few Patients Use or Have Access to Online Services for Communicating with their Doctors, but Most Would Like To," Wall Street Journal Online/Harris Interactive Health-Care Poll, Vol. 5, Issue 16, September 22, 2006.

⁷ "The State of the Nation's Health," *Dartmouth Medicine*, Spring 2007, dartmed.dartmouth.edu/spring07/pdf/atlas.pdf

⁸ "Highlights from the kp.org user survey," Kaiser Permanente Internet Services Group, May 2006.

⁹ "User Experience Survey 2008," Kaiser Permanente Internet Services Group, Web Analytics, May 2008.

¹⁰ "Trends in Health Care Costs and Spending," Kaiser Family Foundation, March 2009. The Kaiser Family Foundation is a nonprofit, private organization not affiliated with Kaiser Permanente.

¹¹ U.S. Food and Drug Administration, www.fda.gov/cder/consumerinfo/generic_text.htm.

¹² Kaiser Permanente pharmacy data, California, 2010.

¹³ "Value Realization Smartbook," Kaiser Permanente HealthConnect, Clinical Systems Planning and Consulting, January 2, 2008.

¹⁴ See note 13.

The source for NCOA calculator data contained in this document is Quality Compass® 2007 and is used with the permission of the National Committee for Quality Assurance (NCOA). Any analysis, interpretation, or conclusion based on these data is solely that of the authors, and NCOA specifically disclaims responsibility for any such analysis, interpretation, or conclusion. Quality Compass is a registered trademark of NCOA.

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