



From Acute Care to Business Performance

Connecting Health to the Top Line at American Express

March 2015



INTEGRATED
BENEFITS
INSTITUTE

IBI Employer Case Study

AMERICAN EXPRESS

Employers face a central strategic decision in managing health benefits today. Particularly since the passage of the Affordable Care Act, companies have a wide variety of options – including exiting the health care system altogether and paying the requisite fines. The path that employers follow turns on a central question: is workforce health a cost or is it of broader strategic value to the business?

This case study follows the journey of American Express. The company started with a clinical, acute-care approach at their on-site clinics, expanded to a broader health and productivity approach, and finally embraced a health and human capital strategy that links health to key top-line business metrics.

The Starting Point

Like many large employers in the U.S., American Express (Amex) maintained a cost and clinical focus in its health management strategy throughout the mid-2000s. In fact, Amex developed its first on-site clinics staffed by nurses more than 100 year ago. Its clinical strategy focused on acute care and emergency services, with some basic wellness initiatives such as flu shots. Throughout this period, employees highly regarded and trusted the Amex on-site clinic services.

However, in 2008, two important events changed how the company approached workforce health: (1) the worldwide financial crisis, and (2) new leadership overseeing benefits and human resources at Amex.

David Kasiarz, who holds a doctorate in organizational psychology, joined Amex as Senior Vice President of Global Compensation and Benefits, and Kevin Cox came on board as Chief Human Resources Officer. Both had been at Pepsi and brought a different orientation as well as a stronger health-consumer and wellness focus to Amex. Prior to their arrival, Amex decided that one strategy to control healthcare costs would be to adopt a more consumer-focused approach. Leadership believed that encouraging employees to be more directly involved in their health would be a way to control healthcare costs and make health plan members more conscious of price and purchasing. With that in mind, in 2009, the company implemented a full replacement consumer-driven health program (CDHP) for all U.S. employees.

Establish a New Approach

Amex leadership considered the program a success. At the same time, the company implemented a wellness program across the country. That program, branded “Healthy Living,” was built on the premise that prevention and wellness would be key factors in getting employees more directly involved in their own health. More importantly, leaders recognized that the company needed to play a strong part in that endeavor. To promote this goal, Amex integrated the Healthy Living program into the company’s on-site clinics, rebranding them as “Healthy Living Wellness Centers”. The new CDHP was robust in that it included all preventive services (long

before the Affordable Care Act mandated preventive services) on a no-cost basis. Included were prescriptions to manage high blood pressure, cholesterol and diabetes, as well as prenatal vitamins.

Organizational leadership also understood that the healthcare strategy needed to move beyond the clinical, acute-care model, to a more analytical approach, which would develop the necessary set of metrics to evaluate program success. To assist in this transition, Amex retained Dr. Wayne Burton as a consultant in December 2009. Burton had known Kasiarz for 15 years, and Kasiarz knew Burton's track record well: long experience working at Bank One and JP Morgan Chase, both of which had large telephone service centers; a focus on integrating clinical care and prevention; and vast experience with integrating and analyzing health and related data. Burton established his first integrated database at First National Bank of Chicago in 1987; he knew that measurement was critical to program success. Burton recalls in 1987, not long after he arrived, "We would get a premium bill from the health plan, received no aggregate, trend-level data and had no real idea what we were buying." Burton knew that had to change.

In 2010, Burton's consulting role evolved into a full-time position at Amex as the Company's Global Chief Medical Officer.

Having a strong data focus and a proven track record, including research and publication of many peer-reviewed papers on health and healthcare, Burton's initial analysis of Amex's overall healthcare data told him several things: (1) visits to the on-site wellness centers were low, (2) medication adherence was a problem, and (3) opportunities for follow-up care were being missed.

Burton's previous research had led him to several conclusions: (1) healthcare costs couldn't be truly controlled unless the health of employees improved, (2) there were business-relevant outcomes of health beyond healthcare costs that needed to be brought into the framework of health management and (3) integrating aggregated data across programs would be critical to success.

Burton laid out a broad vision of health and productivity to company leaders and identified necessary information needed to integrate medical and pharmacy claims information. His initial focus was on the correlation between health claims and short- and long-term disability and workers' compensation.

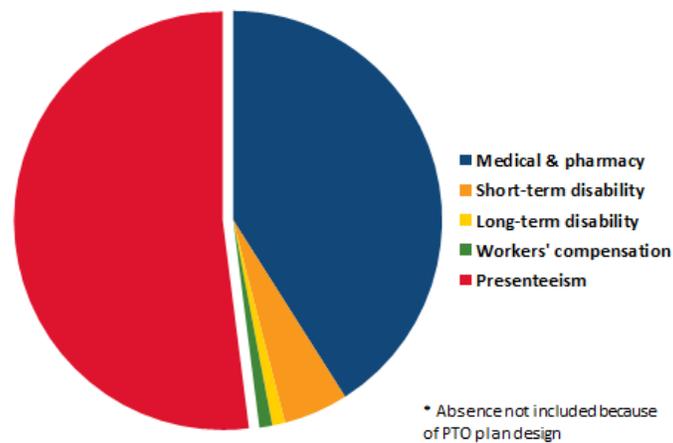
Burton said, "In discussions with my leader, we discovered that there were opportunities to combine siloed, information to better understand the aggregate trends in our workforce. We also recognized that there were gaps in measuring on-the-job productivity so we added to the HRA key questions from the Work Loss Questionnaire (WLQ). This addition would help us expand the conversation about health and productivity. The fact that there was a wealth of published literature on these issues went a long way in demonstrating internally that this broader view of health would be valuable."

Burton's long research career and the academic credibility of the WLQ were key selling points within the company regarding adding productivity questions to the HRA.

Burton knew that the switch to a CDHP would bring short-term medical costs savings simply by virtue of the plan design, but to bring longer-term impacts, improving health and measuring other health outcomes would be critical to its success.

Once the aggregated data was integrated, Burton could get a broader view of the total costs of health and where to focus his attention in crafting solutions. He found in his early analysis that medical and pharmacy costs represented less than half of the total costs of the health burden at Amex. Reduced performance/presenteeism comprised a majority of health-related costs for the company.

Total Health Costs*



This analysis was important because it helped guide and expand the value proposition for the Healthy Living program, and provided focus for the disease management strategy, particularly outside of the United States. Burton commented: “We moved disease management in-house in 2012. Certain diseases, like migraines, cause significant productivity losses but often don’t show up in medical and pharmacy claims reports because they often are untreated within the medical system. Healthy Living with Migraines has been one of our most successful disease management programs with hundreds of employees participating and experiencing great outcomes.” Amex’s disease management program included other diseases with a significant productivity loss component, including: diabetes, asthma, metabolic syndrome, and sleep disorders.

Using anonymous, self-reported health risk and productivity data also allowed the company to compare populations across locations and evaluate program success, particularly in countries where claims data was not applicable. In the U.S., HRA participation rose to 50%, driven by a \$100 contribution to the employee’s health-savings account.

One of the other early wins was to bring workers’ compensation in closer alignment with other Amex health-benefits programs. Workers’ compensation always had existed in its own program, so it was important to bring it and risk management under the broader umbrella of health and safety. Those managing workers’ compensation now understand that the underlying health of employees affects workers’ compensation experience, which has led to an interest in non-occupational health and closer integration of programs.

At the same time, Burton knew that the on-site wellness centers needed to be a primary touch point for employees regarding their health. He said, “The clinics would be a store front for the Health Living program. If an employee comes in for a blood pressure check, they can be engaged in a conversation about weight and stress and gain access to broader care through the Healthy Living program.” Integration of clinics with the Healthy Living program became critical to Burton’s strategy.

An additional aspect of the Amex approach was to better understand the role of health engagement as a way to improve wellness and productivity results. In 2014, Burton integrated a set of health engagement questions into the HRA. He understood that, ultimately, improving results would depend on the degree to which employees became engaged in their health. At the time, there was a body of research on engagement, which primarily focused on program participation, but included very little on how engagement influenced health and productivity results. Burton intended to fill that gap at Amex.

Burton has published research on the results of a variety of Amex health program interventions during this period. For analysis and impact of results, see “Reduction in Health Risks and Disparities with Participation in an Employer-Sponsored Health Promotion Program¹”; “The Association of Self-Reported Employee Physical Activity with Metabolic Syndrome, Health Care Costs, Absenteeism, and Presenteeism²”; and “A Worksite Occupational Health Clinic-Based Diabetes Mellitus Management Program³”; and Evaluation of a Comprehensive Employee Wellness Program at an Organization with a Consumer-Directed Health Plan⁴.

Some highlights from these analyses:

- A larger share of the employees enrolled in the CDHP and the Healthy Living program had lower health risks scores at year two compared to year one.
- Participants in the metabolic syndrome program had lower medical costs, fewer short-term disability absences and better productivity compared to those that didn't participate.
- Analysis of anonymous HRA responses showed health-risk disparities across ethnic groups, helping AMEX bring out greater value from its disease management programs.

Expanding the Strategy

Over the subsequent several years, Amex enhanced its health strategy in several ways:

- Expanded disease management
- Added health coaches and dieticians.
- Hired mental health counselors at every on-site wellness center.
- Hired an EAP director with a background in clinical psychology. The EAP program was re-branded as “Healthy Minds” to help reduce the stigma of behavioral health issues.
- They fully integrated the Healthy Living program with the on-site clinics and rebranded them as “Healthy Living Wellness Centers.”

Integrating information was critical to program expansion. Business leaders approved these various additions because the data showed a proven and significant impact.

Amex began implementing the second generation of Healthy Living (coined “Healthy Living 2.0”) in 2015 with a three-year time frame for full rollout. The focal points of the expanded program are: (1) stress, overweight/obesity and physical inactivity, (2) site Healthy Living program accreditation, (3) globalization of the workplace wellness centers and (4) development of Healthy University (a training program for leaders, employees and health champions).

To keep business leaders fully engaged and supportive, Burton meets with the top company executives twice a year to update them on the program. His leader also updates the CEO regularly. Burton said, “Senior leaders are very bottom-line oriented, but they also are incredibly supportive of our programs and understand their importance to human capital and how it impacts the culture of our company.” He continues, “In terms of metrics,

1 JOEM, Volume 55, Number 8, August 2013.

2 JOEM, Volume 56, Number 9, September 2014

3 Population Health Management, Volume 18, Number 6, 2015

4 JOEM, Volume 56, Number 4, April 2014.

we have developed a global scorecard, with various metrics. We know healthcare cost is not a global metric. Health, employee engagement, human capital and health risks are.”

Bringing Health to the Top Line: Linking Health to Customer Service

Customer service has been an integral part of Amex since the Company’s founding 166 years ago. Amex has always believed that exceptional service requires exceptional people. Burton said, “American Express makes the business case for investing in workplace health and productivity because the overall investment in the wellbeing of our employees has translated into higher performance and better customer service.”

Linking health to business performance happened almost by accident. Burton met with business leaders at Amex customer service centers in India to discuss his work to integrate and analyze anonymous health, disability and performance/productivity data in the U.S. The customer service centers in India had implemented an interactive voice response (IVR) system for customers asking about satisfaction and the customer’s willingness to refer a family member or friend to Amex.

A manager of one of the service center operations in India asked Burton how health might influence customer service scores. Burton was not familiar with customer service quality scoring but had all the other information to “connect the dots” between health and customer service. The analysis demonstrated a statistical relationship between the health of call-center employees and their customer service scores, shown in the figure below. Burton said, “Our Indian counterparts thought broadly and deeply about the impact of health on the success of our organization.” The connection between health and customer satisfaction allowed Burton to broaden the case for the value of workforce health from one of bottom-line health and productivity costs, to one of top-line revenue and business performance.

IMPROVEMENTS IN CUSTOMER SERVICE AT AMERICAN EXPRESS ARE RELATED TO WORKFORCE HEALTH RISK



What’s on the horizon at Amex? Burton intends to go even further to broaden the company’s understanding of health, saying, “We have to further extend our understanding of health and its impact. There is a fair amount of research on how work engagement is connected to employee satisfaction. We need to bring health into that equation. The fundamental question is, ‘Does employee health drive engagement or does work engagement drive health?’ A set of employee work engagement and satisfaction questions will be integrated into the HRA questionnaire to test these relationships.”

Lessons for Other Employers

Burton stated: "Thirty years ago, the corporate model was that companies bought insurance, they would get health care and people would improve their health. Working with the benefits department, we recognized that that this model did not work then and does not work now. Just having access to healthcare does not result in employees getting good treatment and the employer still has an important role on all sorts of levels to manage the health and productivity of their employees."

Today, many employers and benefits professionals find themselves in a situation with a variety of different health programs, trend-level information siloed by benefit program and an inadequate understanding of key business metrics in their own organizations. When asked what employers in this situation should do first, Burton states simply, "To change the conversation inside the organization, benefits professionals must have a broader view of what health means to the business."

Gaining a better understanding of how business leaders see the world can be a challenge. Burton emphasizes the importance of finding a mentor to help. Burton Said, "I was at world headquarters of International Harvester under the late Dr. Paul Eggum. He taught me how to create a business case for senior leaders and how to implement initiatives in the organization. He was very good at it and I took those lessons with me throughout my career."

The American Express experience provides several lessons for employers in moving from health-as-cost to health-as-business value:

- Unless senior leaders understand the value of human capital, it's an uphill battle. Listen to senior leaders about what is important to them and find out within your organization what synergies are available.
- Look for different sources of information (claims, HRA, anonymous employee surveys, business performance) within and outside the organization that support a better understanding of trend-level data.
- Focus on performance of the organization, not just on benefit programs. Connect the dots so that senior leaders understand how health-related programs are contributing to the business.
- Continue to innovate and evaluate. Never rest on your laurels. Always remember the adage, "What interests my leader fascinates me."

Burton summarizes what he sees coming for employers:

"Medium and large companies will come to realize the importance of prevention, disease management, program integration, and worksite health programs. They will become more sophisticated and have better technology to understand how different employees in different generations engage in their health.

Accountable Care Organizations (ACOs) will play a larger role in the U.S. and disease management programs will focus on better control of diseases, as well as a broader understanding of outcomes. Employers need to be at the table with ACOs in the new initiatives so that ACOs understand what employers need."

The delivery of healthcare for multi-national companies and the ability to connect onsite health clinics to broader health and productivity engagement will be more important than ever. We will see more sophisticated programs develop in many countries outside of the U.S. It will be an exciting time as information improves and is integrated globally through technology."



Integrated Benefits Institute
595 Market Street, Suite 810
San Francisco, CA 94105
P: 415-222-7280
F: 415-222-7281
info@ibiweb.org
ibiweb.org