



The Business Value of Health

Linking CFOs to Health and Productivity

Benefits and HR executives already have their CFO's attention on the business value of their benefits programs. Almost half of the 343 senior financial executives that IBI surveyed in 2005 believe that absence and presenteeism (health-related reduction in on-the-job performance) affects their company's business results. CFOs know that ill health drives medical costs, and a large proportion also understands that ill health drives the full costs of workforce absence, diminishing job focus, health-reduced productivity and a lagging bottom line.

CFOs willing to act. What's more, six in 10 CFOs plan to take action in the next two years to improve the management of *all* health-related costs (i.e., medical, absence, disability, etc.). This is second in importance only to controlling the costs of their company's health plans and exceeds the proportion of those seeking to improve health or shift costs to others.

CFOs also believe they are in a position to guide management-improvement actions. Although fewer than two in 10 say they are the primary leader of benefits strategy and policy, seven in 10 take some significant role in making decisions about benefits investments. In addition, and whatever their primary role, seven in 10 also say they provide analytical support for such decisions.

Little information for guidance. But here's the bad news. Little of what CFOs believe about these full costs of ill health appears to be driven by hard information on absence or presenteeism. Less than half get reports on how often absence occurs, and only 22% are told of the financial impact of absence. Presenteeism is worse, with nine in 10 unable to get reports on incidence and fewer still getting reports on presenteeism's financial impact. How, then, can CFOs provide the sound input or analytical guidance their role requires? When 59% believe that they *can't* shift costs to employees or insurers, but only 31% have enough information to understand that medical and prescription drug benefits will improve workers' health, reduce absence and boost productivity, what kinds of solutions will they recommend?

The survey results, however, offer a roadmap for the kinds of information CFOs want and need. CFOs specify the tangible measures they would use to understand and manage the effects of absence and presenteeism. They also define, in their own words, their best measures of lost productivity. Finally, they specify the comparative benchmarks they want to compare their company's bottom-line benefits results to those of others in their industry.

Health investments for the bottom line. Most important is that CFOs say that when they are armed with the information they respect, they are willing to take extraordinary steps to reduce the business impact from the full costs of health-related benefits. For example, they are willing to consider these costs as seriously as they do the costs of their health plans. They also would take steps to reduce absence; manage medical, absence and disability costs more closely; examine the business impact of their health plans; and reduce presenteeism.

It may be that there will never be a better time to convince the C-suite of the value of health interventions as an investment in the bottom line. Much is at risk from the effects of an unhealthy workforce. To make the right changes in the midst of all the business pressures employers face will take the right information in terms the C-suite respects.

Members can access the full report, and a summary fact sheet is available to all at www.ibiweb.org.

If Available, How CFOs Would Use the Information

