

Avoiding the Traps of Consumer-Driven Health Strategies

How Cummins and Kraft Foods Approach Health, Performance and Productivity

As a growing number of employers move to a defined-contribution approach to health and related benefits, they will be challenged with maintaining healthy, high-performing, attendant and productive workforces. This case study addresses how two organizations are taking a broad approach to their full-replacement, consumer-driven health plans via a population health and outcomes management focus.

Case-Study Highlights

Cummins

- Like many manufacturers, Cummins had a traditional approach to health benefits and recently moved to a consumerism approach. In the process, the company simplified its approach to healthcare delivery by greatly reducing the number of healthcare vendors to a more manageable level.
- Cummins recognized that managing workforce health was a far greater challenge than simply controlling healthcare costs, in part because the company operates in many countries with single-payer healthcare systems. This led the company to expand the focus beyond claims to the health of populations.
- To develop and implement new consumerism programs, Cummins brought in a new medical director with strong experience in lifestyle management and healthy eating. New programs focused on health improvement, disease management and prevention.
- Integrating data across health and related programs at the employee level was a key part of the approach. The data strategy included lifestyle and biometric information.
- Cummins implemented an eight-week training program for employees on lifestyle and healthy-eating issues.
- The company established a patient-centered medical home with a focus on having participating physicians know the company and its employees.
- Although the program has not been in place long, the company has had good results in biometrics and lifestyle measures from the first participants in their lifestyle education/training program.

Kraft

- Kraft started with a traditional, siloed approach to benefits management and claims cost control. Several years ago, Kraft moved from this traditional approach to a full-replacement CDHP with a health savings account with both employer and employee contributions.
- Consumerism was attractive from a cost management perspective but Kraft also believed that if the company didn't support employees in their health, significant problems would result.
- Senior management was concerned about the company being too involved in employee health decisions. The benefits team adopted a set of principles to guide the development of the consumerism approach and to get buy-in from senior leaders. These principles included: (1) drive productivity and healthy behaviors, (2) offer benefits that are competitive and sustainable, (3) align participant behavior and costs, (4) provide affordable and accessible healthcare, (5) provide protection from catastrophic financial loss, (6) achieve measurable results, and (7) differentiate benefits through innovative offerings.
- Consistent with their goal of supporting employees, the benefits team traveled to Kraft locations to educate them on the new approach to healthcare and to answer questions.
- Kraft has relied on incentives to get participation in programs and to get needed biometric information. Over the first five years of the program, Kraft has shown strong results across leading indicators of health, care delivery and outcomes.
- As the company moved from a claims management to a population health management focus, benefits leaders used a dashboard approach to report results from an integrated dataset to senior leaders and plant managers. They organized key metrics into three areas: population health risks and productivity; plan costs and utilization; member engagement and prevention. For the most part, the company has seen improvement in these metrics.