

Healthier People Cost Less Even Old Ones

Bob Stone Co-Founder Healthways Population Health and Disease Management Colloquium

March 2, 2010



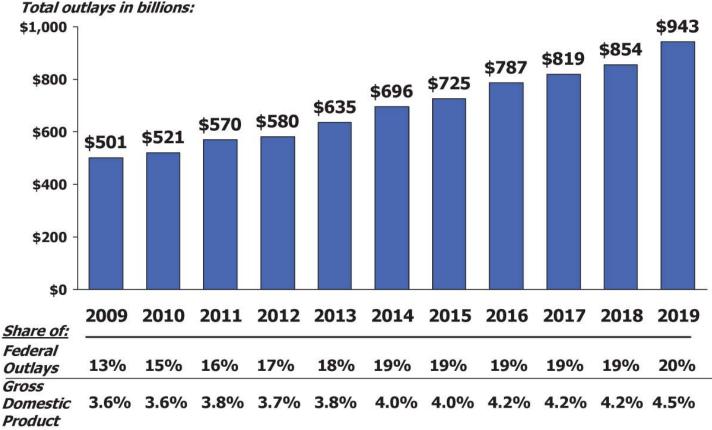
- It's Personal
- It's Expensive





Why Should You Care About Medicare?

Projected Medicare Outlays, 2009-2019

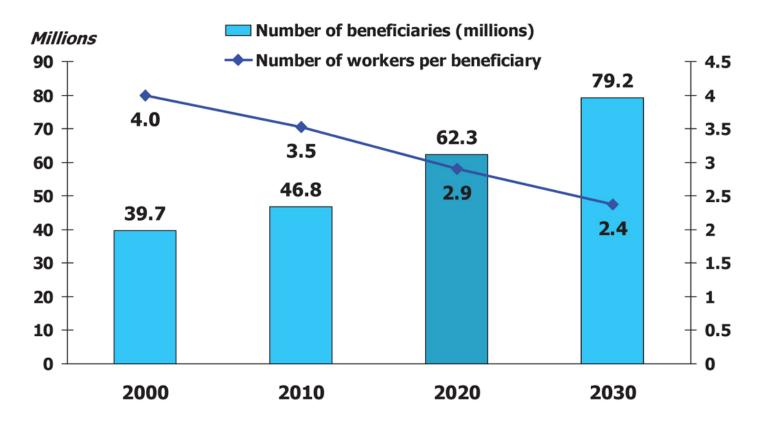


SOURCE: Kaiser Family Foundation based on data from Congressional Budget Office, March 2009.



Why Should You Care About Medicare?

Change in the Medicare Population and the Number of Workers per Beneficiary



SOURCE: Kaiser Family Foundation based on the 2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.



- It's Personal
- It's Expensive
- It's Our Money
- It's a Significant Business
 Opportunity
- We Can Make a Difference





Health Defined



HEALTHWAYS



PREAMBLE TO THE CONSTITUTION

The STATES parties to this Constihappiness, harmonious relations and opment. security of all peoples:

Health is a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity.

The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition.

The health of all peoples is fundamental to the attainment of peace and security and is dependent upon the fullest cooperation of individuals and States

The achievement of any State in the promotion and protection of health is of value to all.

Unequal development in different countries in the promotion of health and control of disease, especially communicable disease, is a common danner

Healthy development of the child tution declare, in conformity with the is of basic importance; the ability to Charter of the United Nations, that the live harmoniously in a changing total following principles are basic to the environment is essential to such devel-

> The extension to all peoples of the benefits of medical, psychological, and related knowledge is essential to the fullest attainment of health.

Informed opinion and active cooperation on the part of the public are of the utmost importance in the improvement of the health of the people.

Governments have a responsibility for the health of their peoples which can be fulfilled only by the provisions of adequate health and social mensures

ACCEPTING THESE PRINCIPLES, and for the purpose of cooperation among themselves and with others to promote and protect the health of all peoples, the contracting parties agree to the present Constitution and hereby establish the World Health Organiza tion as a specialized agency within the terms of Article 57 of the Charter of the United Nations.

"Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."

-Preamble to the Constitution of the World Health Organization as adopted by the International Health Conference, New York, 19-22 June, 1946

Where the United States Stands





Where We Should Aim





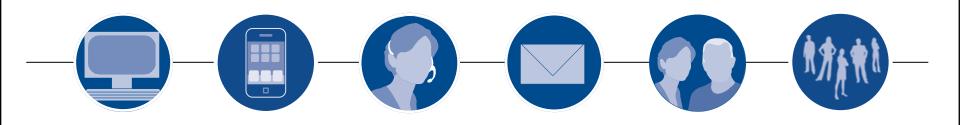
"A system is a network of interdependent components that work together to try and accomplish the aim of the system. A system must have an aim. Without the aim, there is no system."

W. Edwards Deming

"We succeed only as we identify in life, or in war, or in anything else, a single overriding objective, and make all other considerations bend to that one objective." Dwight D. Eisenhower

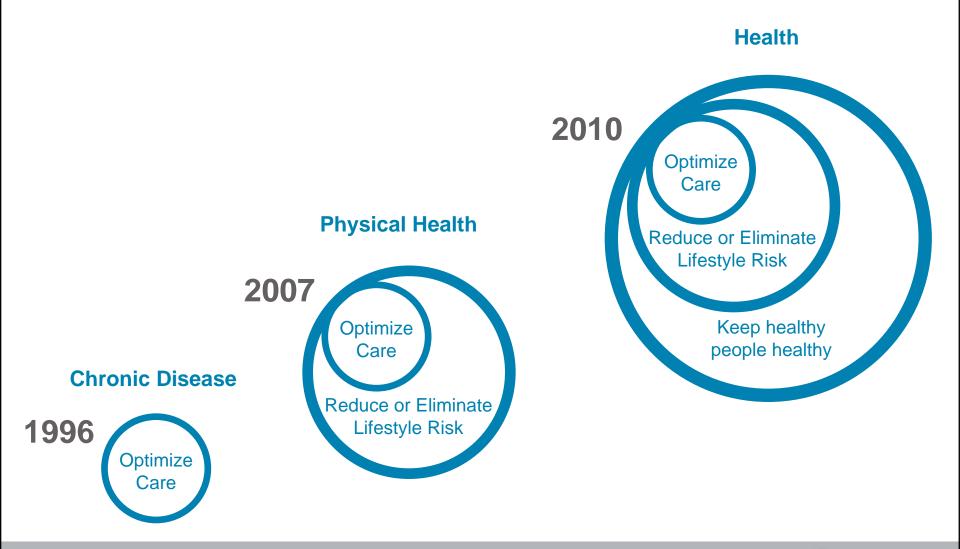


- Help Keep Healthy People Healthy
- Reduce or Eliminate Risk from Lifestyle Behavior Choices
- Optimize Care for those with Chronic Disease or Condition





Evolving Industry Model





Prevention vs. Detection

USPSTF 25th Anniversary 1984 - 2009 The Guide to Clinical **Preventive** Services 2009 Recommendations of the U.S. Preventive Services Task Force

Only six of the 34 US Preventive Services Task Force recommendations for adults are actually preventive; the rest relate to screening for early detection of disease



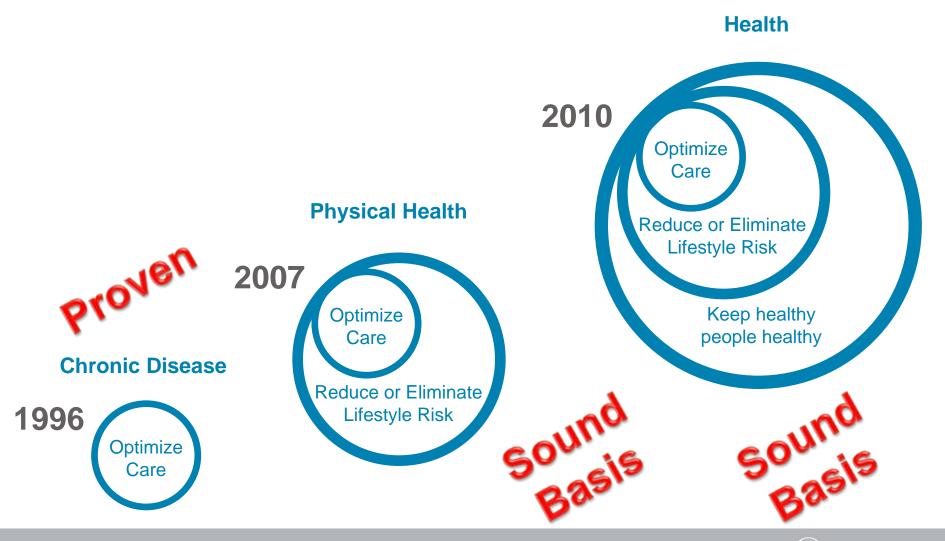
No Passed Balls







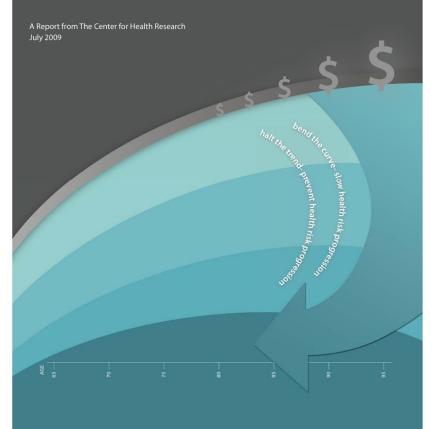
What We Can Do; What We Have Done



 $(\underline{9})$ HEALTHWAYS

Risk Reduction Pays

POTENTIAL MEDICARE SAVINGS THROUGH PREVENTION & HEALTH RISK REDUCTION



- Two part Medicare solution
 - Slow >65 disease progression
 - Reduce disease severity at Medicare entry

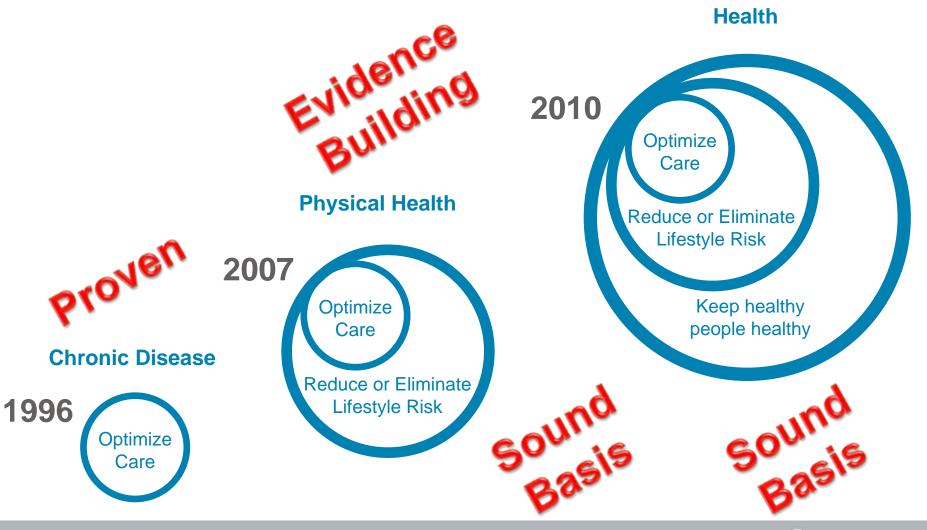
• \$652 billion - \$1.4 trillion

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INGENIX CONSULTING



What We Can Do; What We Have Done



HEALTHWAYS

SilverSneakers: Published Studies of Financial Savings

Highmark Blue Cross Blue Shield Case Study (2004)



Lower Medicare costs

 Medicare beneficiaries participating in SilverSneakers at least eleven out of twelve months had 30% lower health care costs in the first year of program implementation

Favorable Impact on Trend

 Health care cost increases from 2003 to 2004 were lower for SilverSneakers members than similar health plan members not participating in the program

Highmark Blue Cross Blue Shield Case Study (2004)



Independent Licensee of the Blue Cross and Blue Shield Association







Medica Health Plan Case Study (2006) MEDICA.

Key Findings

Lower Medicare costs

 SilverSneakers participants had 11% lower health care costs in the first year after program implementation than similar health plan members not participating in the program

Favorable Impact on Trend

- Participants with diabetes had significantly lower adjusted total health care costs (\$1,633) one year after their start date
- Trended toward lower adjusted total health care costs
 (\$1,230) two years after their start date compared with similar
 health plan members with diabetes not participating

Medica Health Plans Case Study (2006)



SilverSneakers: Published Studies of Financial Savings

Managed-Medicare Health Club Benefit and Reduced Health Care Costs Among Older Adults (2008)



Lower health care costs

- **\$500 lower** adjusted health care costs per member after two years
- Members participating an average of twice a week incurred \$1,252 lower health care costs

Benefits of participation

 Correlation demonstrated between more fitness center visits per week and smaller increases in total health care costs from baseline to year two

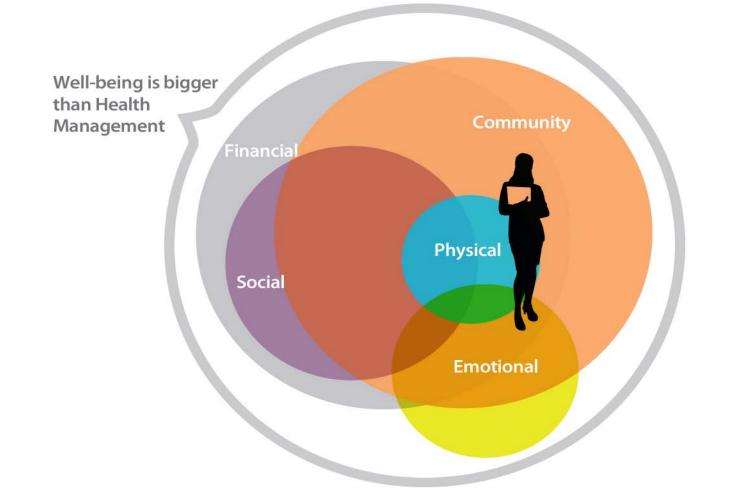
Nquyen H.Q., Ackermann R.T., Maciejewski M., Berke E., Patrick M., Williams B., LoGerfo J.P. (2008). Managed-Medicare Health Club Benefit and Reduced Health Care Costs Among Older Adults. *Preventing Chronic Diseases*, 5(1): 1-10.







Improve Well-Being



Individuals - Experts - Environments - Relationships





HEALTHWAYS

Well-Being Metric

Gallup · Healthways Well-Being Index[™]

- 25-year commitment, initiated January 2, 2008
- Telephonic-based for "community" survey
- 1,000 completed surveys per day/7 days/week
- 750,000+ completed surveys to date
 - For results based on this sample of respondents, the maximum 95% CI margin of sampling error is ±0.3 percentage points
- Design support and oversight from leading behavioral economists, psychologists, and experts in psychometric survey design and statistical analysis

Six Domains:

- 1. Life Evaluation
- 2. Emotional Health
- 3. Physical Health
- 4. Healthy Behavior
- 5. Work Environment
- 6. Basic Access





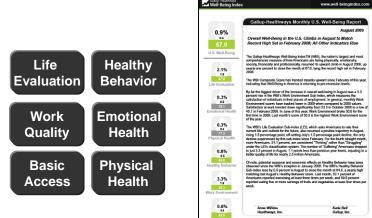
Measuring Well-Being:

Community, Organization and Individual Level

(WBI)

Population Sampled-Based Survey

Gallup-Healthways Well-Being Index

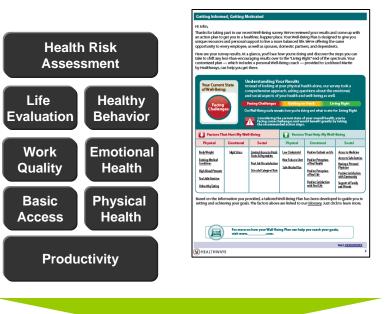


_	Gallup-Healthways Monthly U.S. Well-Being Report
9%	August 2009
as 67.0 Well-Being 2.1%	Overall Well-Being in the U.S. Climbs in August to Match Record High Set in February 2008; All Other Indicators Rise
	The Galtup Healthways Weil-Being Inder/TM (Will), the nation's Lagest and most comprehensive measure of how Americans are faring physically, emotionally, socially, fransarby and professionally, resumd 15 suppared rithis in August 2000, up nearly one percent to close the month at 67.0, tying the record high set in February 2008.
7.8 aluation	The WBI Composite Score has trended steadly upward since February of this year, indicating that Well-Being in America is returning to pre-recession levels.
0.3% 02 721 tional Health 0.3% 02 77.3 rsical Health 0.8%	By for the biggest deliver of the increases in carsoft well-keing in August was a 3.3 percent from 10 meV liver Virot Linermover Disk Index, which mostows the satisfaction of indefaults in the jalaxies directlypanet. In general, monthly Work Environment Sources have taxeled being in 2009 when compared to 2009 what Sources and 200 meV compared to 2000 what Sources and 2000 m
	The WBS Like Exhaustion Sub-Index (EB), which was Americans to rate their convert like and another the future, and neuromaid a potter langedow ji August, ring 13 percentage point, of selfing July's 13 percentage point derline, the only dealine experienced by this sub-Index store February. For the Youth Stagkt mouth, more Americans, 51, percent, are considered Thiming rather than Staggling under the LES storegations system. The number of Statificity Remetand storegation to Just 33 percent in August, 11 points less than pervicus year levels, equating to a before quality of the name/ 25 million functions.
Behavior 3% 15 vironment	Of note, potential seasons and expression fields on Healthy Behavior have been downed store by With snoppinn 1.acura (2001). The With statisty Behavior Sol-bates note by 0.3 percent in August to dose her month at 64.0, a yearly light matching stat. August : shally Behavior seasons. Latt month, 2.1 searces of American reported exercising at least three times per week, and 0.0 percent method sating Nuc or more samings of hulks and wegatables at least four times per week.
6% 15	Anne Wilkins Katie Bell Healthmayo, Inc. Galiup, Inc.

(WBA)

Organization-Wide Survey with Individual Interpretation

Well-Being Plan



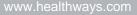
Partnership benefits:

Research insights, brand development, community baseline and comparison, oversampling, sponsorships, consulting, community interventions

Partnership benefits:

Establish linkage to performance, replace the HRA, workforce engagement opportunities, Well-Being improvement interventions

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Well-Being Assessment (WBA) (as a replacement for HRA) resonating in the marketplace

Healthways Well-Being Assessment Complete Measure of Well-Being Life **Well-Being Reports and Evaluation Benchmarking** Physical Basic **Prioritize Investments to** Health **Improve Productivity and** Access Emotional **Reduce Healthcare Costs** HRA Health **Optional Biometrics** Single Survey Work Personalized Individual Report Healthy Environment **Behavior Productivity &** Performance

Sponsors representing >500,000 lives already signed up

Science Linkages Confirming the Value



Examples of research underway to publication:

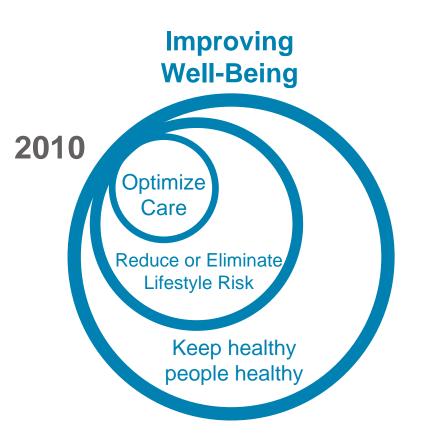
Impact Of Smoking On The Well-being Of American Population

Well-being In The Senior American Population Interaction Of Work Environment And Health On Well-being In Working Population

Impact Of Care-giving On Well-being In The Working Population Case Study On Well-being In An Employer Setting



The Path Forward...





Where We Should Aim



