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How to Decrease Your Health Care Costs for Employees with Diabetes

Like John Fogerty said in one of his hit songs, "I see a bad moon arising, I see trouble on the way," the self-insured employer has been dealing with a bad moon—diabetes. And there is more trouble on the way, unless company executives take strategic steps to help those employees living with this chronic illness.

In 2012, the Centers for Disease Control and Prevention estimated that 29.1 million¹ Americans have diabetes, and an alarming 8.1 million of those

continued next page

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Employees with Diabetes, continued

were undiagnosed, meaning their diabetes is progressing unchecked. That's a 62 percent increase in diagnoses from just 10 years ago. And it is only expected to get worse: By the end of 2015, as many as 37 million Americans may have diabetes, according to the Gallup-Healthways Well-Being Index.² The Centers for Disease Control and Prevention predict 33 percent of Americans may be diagnosed with diabetes by 2050, compared to less than 10 percent today.³

To account for this dramatic rise in diabetes cases, many experts point to changes in the American diet and lifestyle since the 1950s. Over the last 65 years, we've become more likely to eat processed foods and lead more sedentary lifestyles. Both can lead to obesity, which puts us at higher risk for developing diabetes.

The steady rise in diabetes is contributing significantly to rising health care costs for employers. According to the Kaiser Family Foundation Employer Health Benefits Survey, premiums for employer-sponsored health care coverage more than doubled from 2002 to 2014. The increasing numbers of Americans with diabetes is a major factor in this escalation.

With experts predicting that diabetes will afflict more and more people in the coming years, we are obviously going to see a corresponding increase of diabetes

in the workplace – and it is already high. In an average self-insured health plan, eight to 10 percent of total covered lives have diagnosed diabetes, but these individuals will account for 20 or even 25 percent of claim costs. Of course, these numbers can vary depending on the industry. A workforce with predominantly white-collar employees can have just five to six percent of employees with diabetes, and they might account for 15 to 18 percent of total claims costs. The prevalence of diabetes tends to be higher within some blue-collar industries, where it is often the case that 12 to 15 percent of employees have diabetes and they account for 30 to 35 percent of the plan's total claims cost.

And blue-collar workers who put in long hours on the job are especially vulnerable to the disease. According to a study by the American Diabetes Association (ADA), people who put in more than 55 hours a week of manual labor are 30 percent more likely to develop diabetes than those who work fewer than 40 hours.

Breaking claims costs down per employee, employers pay nearly four times as much per health plan member with diabetes than one without, or \$14,999 compared to \$4,305, according to the Health Care Cost Institute. Plan members living with diabetes are also at higher risk for catastrophic medical and worker's

compensation claims.

Disease Management

Diabetes and its associated complications (cardiovascular disease, nerve or kidney damage, eye and foot damage, strokes, etc.) cost America about \$245 billion in 2012, per the American Diabetes Association – and, given the escalation of diabetes we've already noted, this cost is certainly higher today. The majority of this total expenditure related to diabetes – \$176 billion – was attributed to direct medical costs, such as doctor's visits, hospitalization, prescription medications and diagnostic tools like the testing supplies for checking blood sugar.

Testing supplies are hugely important for those with diabetes. Without these tools, a person with diabetes has no way of knowing if her glucose levels are outside a healthy range. When blood sugar levels are not properly monitored and managed, your employees with diabetes risk suffering a hypo- or hyperglycemic episode or developing complications that can put them in the hospital, or even something more severe. These complications associated with poor diabetes management cause your costs to rise, which are then passed on to the majority of employees without diabetes. It's time to get better control of this runaway train.

continued next page



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Employees with Diabetes, continued

Absenteeism

Did you know that employees with diabetes are more likely to be absent from work than their counterparts without diabetes? In fact, men with diabetes miss 11 more workdays than those without it, while women with diabetes miss about nine more days than women without it. An astounding \$69 billion of the \$245 billion total health care cost attributed to diabetes costs is in indirect costs like decreased productivity and absenteeism from work.

The Solution

Implementing a best-practices and productive program can help a company significantly cut costs associated with the progression of diabetes, not only saving the company money, but also saving money for employees or their dependent(s) with diabetes, and ultimately, for all employees on the health plan – since the increased costs associated with diabetes treatment are spread throughout all plan members. Because the diabetes problem is only going to get worse, in a recent paper the Northeast Business Group on Health calls for employers to make meaningful changes now.⁴

Unfortunately there's not a one-size-fits-all approach to managing and treating diabetes. Because the disease affects each person differently, one person's issues with diabetes are different from the next person's. However, we do know that healthy lifestyles and behaviors are more important in managing the disease than are prescription drugs, especially in type 2 diabetes patients. The best approach is to find an evidenced-based diabetes program with several key components, including:

- **Modest but meaningful incentives to participate:** Diabetes can be a daunting diagnosis because it requires an overhaul of one's lifestyle, from eating habits to physical activity. Compound that with the daily stresses that affect everyone and managing the disease can seem nearly impossible. So instead of making the necessary changes, many people with diabetes allow the disease to progress, which can result in severe consequences such as heart disease, stroke, blindness, loss of sensation and amputation. Providing incentives – such as cash, reductions in insurance premiums and gym memberships – can help jumpstart an employee with diabetes to begin taking control of his health.
- **A trained professional health coach:** When a person is diagnosed with diabetes, she can feel uninformed and unsure of the course of treatment – especially when her physician's demanding schedule does not allow for adequate time to explain what she should do to manage her disease. That's why it's important to offer your employees with diabetes the services of a professional health coach who can

engage with and mentor them on how to monitor and self-manage the disease. Without this kind of personal assistance, someone with diabetes is more likely to forego managing his disease. The coach serves as a valuable resource and personal partner, answering questions about such things as smart food choices or how to test blood sugar levels. The coach can also help the employee with diabetes prepare for clinical visits, as well as simply be a sympathetic sounding board that someone with diabetes needs to deal with the many frustrations of living with the disease 24/7/365. Several studies have reported an increase in patients' daily management of their disease with the help of a health coach. Hold your employees accountable by encouraging regular interaction with the coach to receive ongoing incentives.

- **Daily vitals testing:** This is one of the cornerstones of managing diabetes. It is not possible to properly manage diabetes without knowing blood sugar levels, so try to find a program that includes the testing equipment in addition to incentives and professional health coaching. Some people with diabetes (mostly type 1) might test 8

continued next page



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Employees with Diabetes, continued

to 10 times each day, but most with type 2 will test once or twice, or if using insulin three or four times. But what is very alarming is that as many as one-half of your health plan members with diabetes are not testing at all. These individuals represent your long-term risk as the disease progresses. However, employees with diabetes are likely to be more motivated to test their vitals on a daily basis if their employer provides the necessary equipment. Doing this in concert with health coaches who work with the individual participants to understand the benefits from regular testing, and helps them to learn how to apply the results in their daily life, can improve future outcomes.

Implementing a diabetes program is critical not only to your employees' health, but also to the financial health of the self-insured company. Since there is no cure for diabetes, your employees have two choices:

- Engage with and learn to manage the disease to prevent further health complications. OR
- Let the disease progress, which can ultimately lead to poor quality of life marked by such complications as blindness, amputations, and even premature death from heart disease, stroke or kidney failure.

When your employees are engaged with self-managing their diabetes, they live healthier lives. Healthier employees lead to a healthier bottom line, thanks to fewer hospital visits and days absent from work. In fact, at TrueLifeCare, we implemented a diabetes program for employees with the disease at a manufacturing company. Over the course of two years, we have seen more than a 20 percent decrease in emergency room visits and hospital days, and the costs associated with these visits.

While you may not be able to stop the rise in diabetes across the country, you can slow or stop

the rise in the associated health care costs at your company, just like a person with diabetes can slow or stop the progression of the disease with improved self-management practices. An ounce of prevention is worth a pound of cure. ■

Tom Milam is the CEO of Nashville-based TrueLifeCare, which makes meaningful, positive differences in the lives of people with diabetes and reduces associated health care costs for their employers.

Resources

¹ <http://www.diabetes.org/diabetes-basics/statistics/?referrer=https://www.google.com/>

² <http://www.gallup.com/poll/123887/u.s.-diabetes-rate-climbs-above-11-could-hit-15-2015.aspx>

³ <http://www.cdc.gov/media/pressrel/2010/r101022.html>

⁴ http://www.nebgh.org/resources/NEBGH_Diabetes_Report___Directions.pdf



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