

How to Achieve an ROI on Your Health Care Dollars

by Don R. Powell

Offering employees self-care information, which encourages them to decide what to do for themselves with and without provider assistance, can be a low-cost, effective approach to health care cost management. Components of such a program may include a printed self-care guide, workshops, software and a nurse advice line. Self-care is a process, not an event and, to be effective, a self-care program needs to be reinforced by ongoing communication.

The High Cost of Health Care

In 2000, the cost of health care in the United States totaled about \$1.3 trillion, representing 13% of the gross domestic product. In addition, companies paid an average of \$4,430 per employee for health care costs compared to \$4,097 in 1999. This represented an 8.1% increase in costs.¹

This should come as no surprise as, over the past seven decades, the cost of health care has risen at rates that are much higher than the costs for other industries including food, education, de-

fense and transportation. To give a perspective on this increase, Figure 1 depicts what the cost of various food products would be today if they had risen at the same rate as medical costs have since the 1930s.

Supply Management Versus Demand Management

There are two major ways to manage health care costs. *Supply management*, which is the more traditional way, consists of having providers decide what should be done for patients. One of the goals is to reduce the supply of health care through utilization management and a "gatekeeper." Supply management limits the type of care received and when it is received. Other ways to reduce the supply of health care involve insurance plan strategies, such as increased deductibles and copays, coverage service limitations, and eligibility rules.

Another way to manage health care costs is called *demand management*. With this approach, patients decide what to do for themselves with and without provider assistance. Demand management helps consumers manage their actual and perceived need and demand for health care services. The goal is to produce wiser health care consumers by providing self-care information that empowers people to make informed medical decisions.

What Is Self-Care?

Self-care refers to a decision-making process that helps increase efficient and appropriate use of medical services. It

consists of a number of skills that include knowing:

- When a real medical emergency occurs
- When and when not to see a physician
- When to treat oneself at home and how
- When to use outpatient rather than inpatient services
- When diagnostic tests are appropriate
- When and how to question a provider's recommendation.

The use of self-care is not a new phenomenon. According to the American Pharmaceutical Association, 80% of Americans treat themselves for headache pain, 76% for stomach upsets or heartburn, 73% for colds or coughs and 71% for fevers.²

The Economic Case for Self-Care

In 1999, Americans went to hospital emergency rooms 102.8 million times.³ It has been estimated that 55.4% of emergency room visits or 57 million were for nonurgent conditions, such as headaches, sore throats and stubbed toes.⁴ Because the cost for the same treatment is about three to four times higher in a hospital emergency room than in a health care provider's office, money is being spent needlessly.

In addition, many people go to the doctor for problems that could be treated at home using self-care. In 1999, there were approximately 757 million visits (about three visits per person) to office-based physicians.⁵ It is estimated that 25% of these visits, or 189 million, were unnecessary.⁶ Since the average doctor visit in this country costs \$55, there is a great cost associated with inappropriate use of these services.

Mental Health and Health Care Utilization

A great deal of demand for medical services is due to underlying mental health issues that some people have. A number of statistics bear this out:

- Over half of the top 10% of primary care users have a psychiatric illness.⁷
- Sixty-six percent of patients with undiagnosed depression make more than six visits per year to physicians for somatic complaints.⁸
- Sixty percent of all depression cases go undiagnosed and untreated.⁹
- Health care costs are 71% higher in patients with depression or anxiety (\$398 versus \$233 per patient per month).¹⁰

The Frequency and Cost of Medical Mistakes

Using the health care system can be hazardous to your health. According to a Harris poll, one in three Americans is affected by serious medical mistakes. Three million medical errors occur in hospitals each year. The chances of being injured increase about 6% for each day of a hospital stay. During a three-day stay, odds are about one in five that a mistake will be made that hurts a patient.

The total economic cost of medical errors is approximately \$200 billion per year.¹¹ According to the Institute of Medicine, approximately 98,000 deaths occur each year from medical errors. This is greater than death rates from auto accidents, breast cancer or AIDS. The types of medical errors are listed in Figure 2.¹²

The Benefits of Self-Care

There are a number of benefits from teaching employees/members to make better health care decisions. They include:

- Reduced physician and ER visits
- Reduced health care costs
- Avoidance of medical errors
- Reduced absenteeism
- Increased productivity
- Saved time
- Increased patient satisfaction with care
- Improved quality of care
- Increased patient empowerment and sense of control.

Women and Self-Care

If your employees/members are

Figure 1

If Food Were Health Care

The cost of various food products had they risen at medical inflation rates since the 1930s:

1 dozen eggs	\$45.83
1 pound apples	6.99
1 pound sugar	7.83
1 roll toilet tissue	13.83
1 dozen oranges	61.66
1 pound butter	58.33
1 pound bananas	9.17
1 pound bacon	69.99
1 pound beef shoulder	24.90
1 pound coffee	36.67
Total	\$335.20

Figure 2

Types of Medical Errors

Incident	% Citing
Medical mistakes	42
Misdiagnosis or wrong treatment	40
Medication error	28
Mistakes during medical procedure	22

mostly male, it is important to make sure your self-care program reaches the female member of each household. This is because women make 75% of health care decisions for themselves and their families. Women also account for 60% of all physician visits and spend approximately two out of every three health care dollars.

Self-Care Is Ideal for Self-Funded Plans

Since self-funded plans pay out of pocket for every health care dollar spent, reducing unnecessary demand can produce a significant cost savings. Plans will save money for every single unnecessary doctor and ER visit that is avoided. Thus, medical self-care programs have become quite popular with Taft-Hartley funds and unions.

Components of a Successful Self-Care Program

Self-Care Guide

The most important part of a self-care program is the use of self-care publications. They can be in the form of books, booklets or brochures. The guides answer four basic questions:

- What is a real medical emergency?
- When do I need to consult a physician?
- Can I treat this illness myself?
- What self-care procedures should I use?

Criteria for Selecting a Self-Care Guide

Publication Date. Most self-care guides have a shelf life of about three years. You want to make sure the guide you select is up to date so check for when it was last revised.

Proven Cost-Effectiveness. Determine if there has been any research to support the effectiveness of the self-care guide. Just because a guide is in print doesn't mean that it can reduce unnecessary utilization. Preferably, five or more studies on the publication should have shown favorable results.

Appropriate Reading Level. Twenty-seven million Americans are considered to be illiterate, while 45 million are marginally literate.¹³ It is important to make sure the publication you select has a reading level that addresses the educational background of your employees/members. Generally, the reading level should be no higher than seventh grade based upon a

“It is anticipated that health care costs will once again increase at double-digit rates over the coming years. Although there are many ways to manage these costs, medical self-care represents one of the lowest cost, yet most effective ways to do so.”

readability test such as Flesch-Kincaid or Dale-Chall.

Attractive Layout and Design. Most consumers prefer a self-care guide that uses a flow chart format. This design quickly and easily enables the reader to know exactly what course of action to take.

Low Cost. Most self-care guides are inexpensive. In quantity, you can purchase a self-care booklet for approximately \$2 to \$3 per copy, while a more comprehensive self-care book will cost about \$5 to \$6 per copy.

Customization Options. Providers of self-care publications offer numerous customization options including imprinting your name and logo on the front cover, redesigning the entire cover, adding or subtracting topics, printing a letter from the union president on the inside cover, etc.

Credibility. Inquire as to who is responsible for the writing and review of the self-care guide. Most self-care publishers have very strong clinical review teams.

Availability of Other Services. Find out what other services the self-care publisher provides, such as mailing the guides to employees'/members' homes, storage of guides until they are needed, etc.

Use of Self-Care Guides

Some organizations considering the distribution of self-care guides are concerned the guides won't be used by their employees/members. While some guide recipients will not read them, research has shown that anywhere from 52-76% of

consumers will use them at least one time within six months. Research has also shown that the savings these “readers” experience more than covers the cost of the entire program. The return on investment for a self-care program is quite significant.

Self-Care Workshops

Most organizations will mass distribute a self-care guide. Others offer workshops to their employees/members at which time the guide is distributed and discussed and the benefits of medical self-care are presented. There are four different ways to provide self-care workshops:

- Videotape
- Instructor with overheads
- Audiotape
- Online seminar.

Nurse Advice Line

Another aspect to a self-care program is the use of a nurse advice line. Employees can call a toll-free number 24 hours a day, 365 days a year and speak to a registered nurse. The nurse can address many of the things that are contained in a self-care guide. There is the added assurance, however, of speaking to a health professional. These types of nurse advice lines cost about \$10 to \$12 per family per year. They do not get the same use a self-care guide does, as only about 10% of the people with access to the service will call it.

Self-Care Software

We are seeing an increase in the use of self-care software. Self-care information can be put on Web sites, company intranets, networks and workstations. The

same type of self-care information that is in a book can be downloaded by employees. An advantage is that it can be updated on a periodic basis.

Some organizations mistakenly think, however, that if they put self-care information online, they will reach all of their employees. Only a small percentage of an employee/union population will go online to access this information. The vast majority of people prefer to receive a self-care publication. Consumers are more likely to go online to find out information about a chronic illness, like diabetes or heart disease, as opposed to an everyday health problem, such as a cold or sore throat. They also won't take the time to boot up their computer in an emergency situation. They would rather go to their bookshelf to read about the problem in a self-care book. To this end, online self-care information should only be used as an adjunct to a paper version.

Promotional Materials

It is important to remember that self-care is a process, not an event. It doesn't end with the distribution of a self-care guide or notifying employees about a nurse advice line. A self-care program needs to be reinforced through ongoing communications so that people are constantly reminded that they have a self-care book on their shelves, a toll-free number they can call, or software to download. Communications should consist of monthly or quarterly mailings to the employee or notices at the union hall to constantly reinforce the concept of medical self-care.

Legal Implications of Self-Care

Some unions and corporations are concerned about the legal ramifications of providing a self-care program. They fear that if misinformation is presented, they will be held liable. These fears are unfounded.

Self-care guides have been in existence for over 22 years and are in approximately 21 million homes. To the author's knowledge, there has not been a single lawsuit brought against the publisher of a self-care guide. Even the nurse triage call center area has been virtually free from litigation. These telephonic services have been in existence for about 15 years and cover approximately 25 million lives. As

far as is known, only one lawsuit has ever been brought against a nurse advice line. This occurred in 1992.

Self-Care Results

Of all the areas of wellness that have been researched, medical self-care provides the most consistent return on investment (ROI). The American Institute for Preventive Medicine has seen savings of \$21 to \$89 per member per year in 13 consecutive studies on its self-care publications.

Conclusion

It is anticipated that health care costs will once again increase at double-digit rates over the coming years. Although there are many ways to manage these costs, medical self-care represents one of the lowest cost, yet most effective ways to do so. Employees/members like it because they save time and money and feel empowered. Organizations like it because they are able to provide a low-cost bene-

fit and save a great deal of money simultaneously. Thus medical self-care produces the proverbial "win-win" situation. It is a program that every union and corporation should strongly consider. ◆

Endnotes

1. William M. Mercer, Incorporated, 2001.
2. American Pharmaceutical Association, 1997.
3. National Hospital Medical Care Survey, U.S. Dept. of Health and Human Services, 2000.

4. Centers for Disease Control and Prevention, 1997.
5. National Ambulatory Medical Care Survey, U.S. Dept. of Health and Human Services, 2000.
6. D. M. Vickery, H. Kalmer, D. Lowry et al., "Effect of a Self-Care Education Program on Medical Visits," *JAMA* 250(21) (1983):2952-2956.
7. *Clinical Psychiatry* 55 (1994).
8. *Ibid.*
9. *Ibid.*
10. *American Journal of Psychiatry* 152 (1995).
11. National Patient Safety Foundation, 1998.
12. *Ibid.*
13. U.S. Census Bureau, 1996.

The Author



Don R. Powell, Ph.D., is president of the American Institute for Preventive Medicine, Farmington Hills, Michigan, a developer and provider of wellness programs and publications. He is a member of the U.S. government's Health People 2000 and 2010 projects and serves on the International Foundation Health Care Management Committee. Dr. Powell is a licensed psychologist who earned his Ph.D. from the University of Michigan. This article is based upon his presentation at the International Foundation 2001 Health Care Management Conference. Dr. Powell is the author of *Health at Home*, which is distributed by the International Foundation.

Reproduced with permission from the *Employee Benefits Journal*, Volume 27, Number 1, March 2002, Pages 24-27 published by the International Foundation of Employee Benefit Plans (www.ifebp.org), Brookfield, Wisconsin. All rights reserved. Statements or opinions expressed in this article are those of the author and do not necessarily represent the views or positions of the International Foundation, its officers, directors or staff. No further transmission or electronic distribution of this material is permitted.