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Poll of Business Executives Shows Most Companies Not Aware of True Costs of Healthcare

**BODY:**

Contrary to a conventional perspective among business executives that the top healthcare cost drivers for employers are pharmacy and medical expenses, research presented during a recent online webinar, hosted by Source Media, showed that lost workplace productivity due to chronic and other illnesses is actually more costly to employers. The purpose of the webinar was to clarify the true cost drivers because, as three-quarters of webinar participants who responded to the webinar poll indicated, many employers are still focusing primarily on reducing medical and pharmacy costs (see also Alere).

Presenting the research was Ron Loeppke, MD, MPH, executive vice president of health and productivity strategy for Alere, who led a recent multiemployer study demonstrating that for every dollar an employer spends on medical and pharmacy expenses, they spend \$2.3 on health-related productivity costs. The study, published in the April edition of the Journal of Occupational and Environmental Medicine, examined the effects of absenteeism and presenteeism, which occurs when employee workplace performance is impaired by a health condition. The study was sponsored by the American College of Occupational and Environment Medicine and conducted by the Alere Center for Health Intelligence in conjunction with the Integrated Benefits Institute.

Some 180 of the nation's top employers, health plans and benefit consulting firms learned about the study and other key facts while participating in "The Business Case for Better Health" webinar hosted by SourceMedia, publishers of Employee Benefits News and Employee Benefit Adviser. Nearly 74 percent of webinar participants who responded to the poll stated that pharmacy and medical expenses were the top cost drivers for their healthcare benefit programs, while 75 percent noted that the primary reason they offered health improvement programs was to save money.

"We need to find ways to encourage employers to look beyond just medical and pharmacy costs," noted Dr. Loeppke, who has also conducted a number of other studies on the impact of health on productivity. "We need to look at the burden of chronic illness as well as the health risks as precursors to chronic conditions and how that relates back to health-related productivity loss (presenteeism and absenteeism) - those are key factors that are eating into employers' profitability."

Loeppke and the other presenters - including Michael Taylor, MD, FACP, medical director for Health Promotion for Caterpillar and chairman of the Center for Health Value Innovation (CHVI), and Christine A. Reichardt, senior benefit analyst with Journal Communications, Inc. and also a member of CHVI - highlighted the value of health improvement and wellness programs as a tool to help improve businesses' bottom lines and preserve their "human capital." They emphasized the need for an integrated approach to healthcare benefits - one that focuses on prevention and wellness as well as worksite health programs, focusing on such issues as smoking cessation, diet, exercise and health screenings.

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