

How to Speak to Your CFO: Lessons from 313 CFOs



31ST ANNUAL
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BENEFITS

Symposium



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About IBI

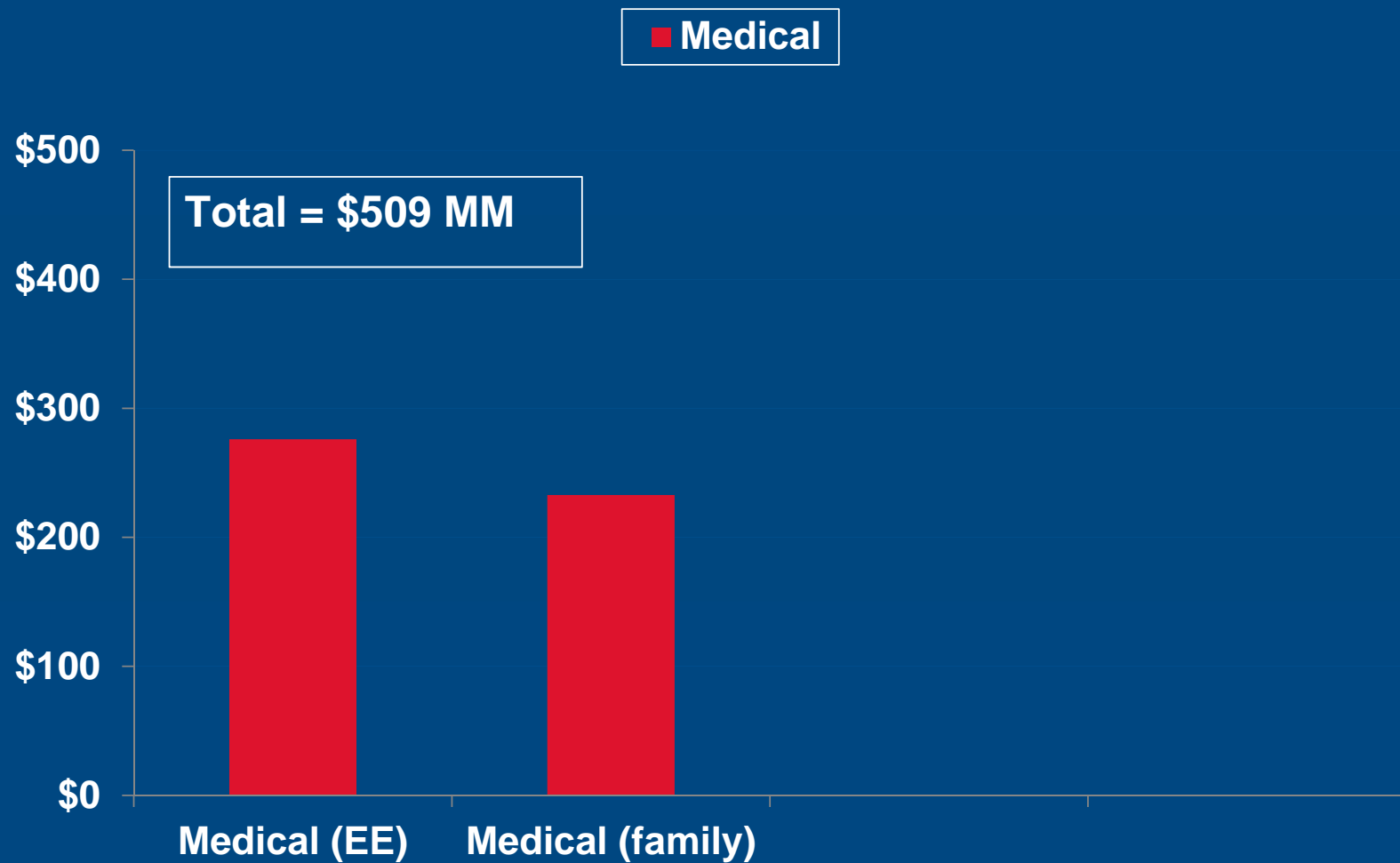
- National, not-for-profit corporation
- 700+ corporate sponsors
- Employers: 90% of IBI's members
- IBI's mission. Demonstrate the business value of a healthy workforce through:
 - *Independent HPM research*
 - *Measurement and modeling tools*
 - *Forum for sharing ideas and experience*

Setting the Stage

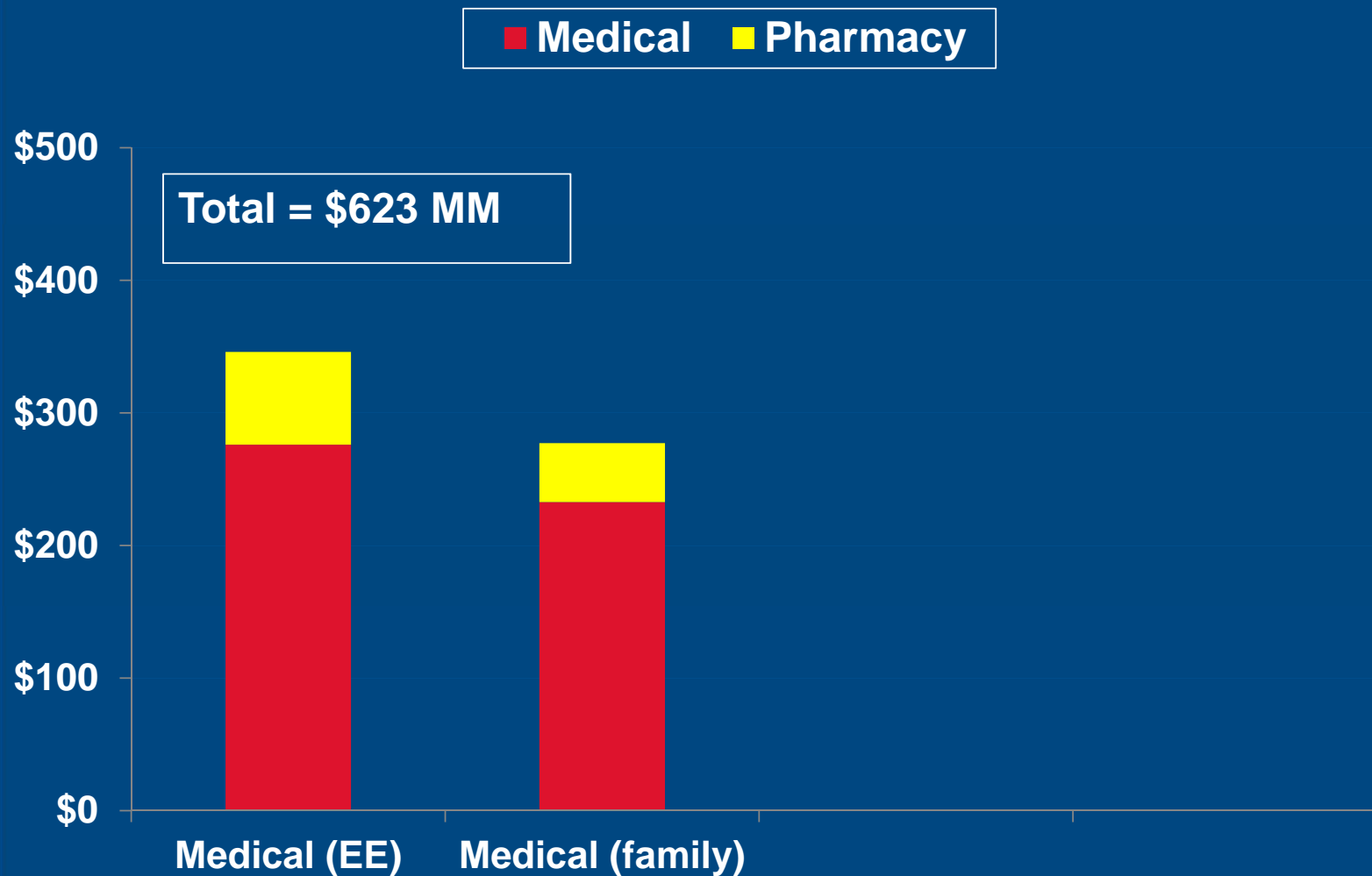
New Employer Realities

- **Show the C-suite the value of improved workforce health**
- **Healthcare reform: the value of a healthy workforce or the cost of healthcare?**
- **Dead end: attempting to control claims costs in separate program silos**
- **Looking for best strategies to improve workforce health, reduce lost time and enhance productivity**
- **Limited data, time and dollars**

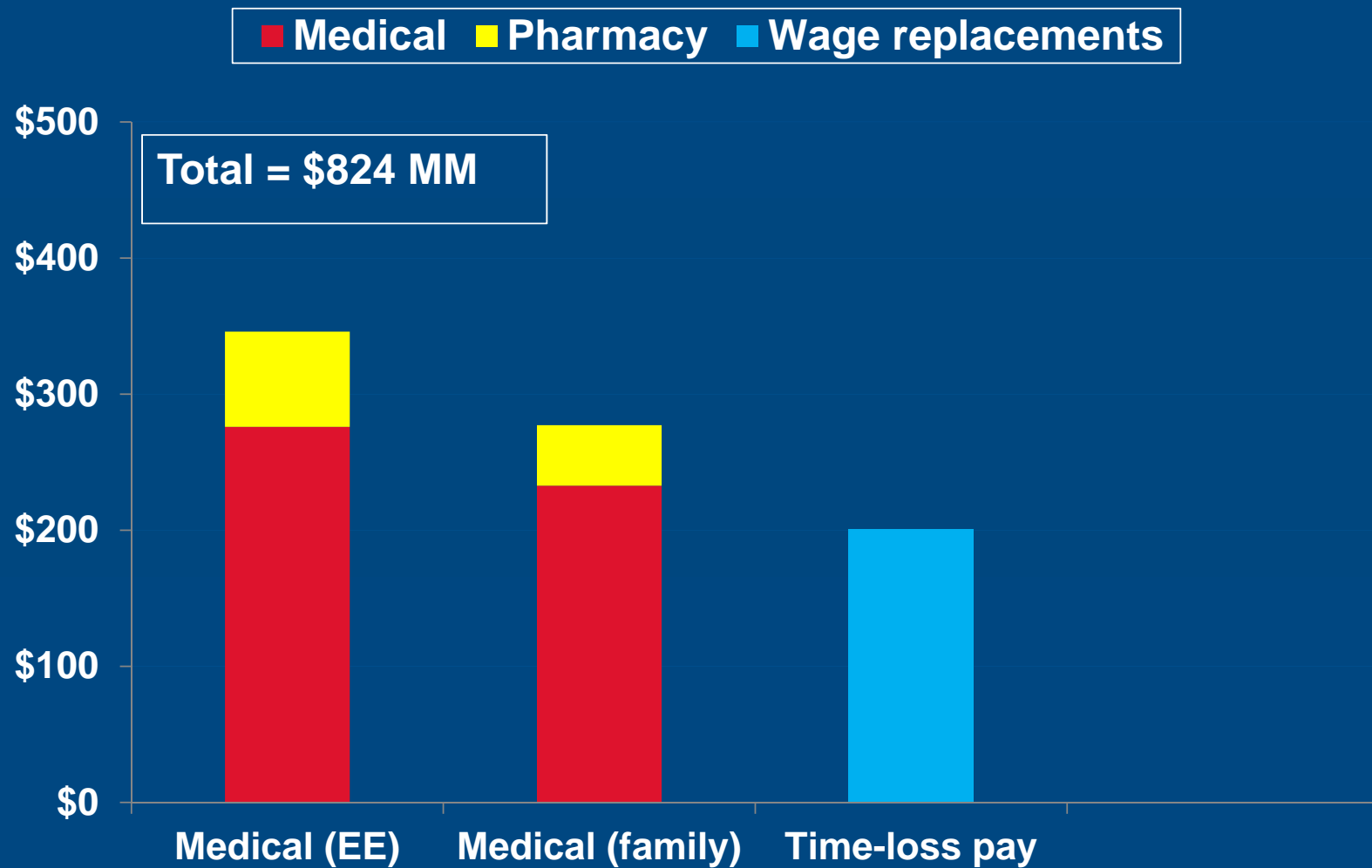
Health Costs—The Traditional View



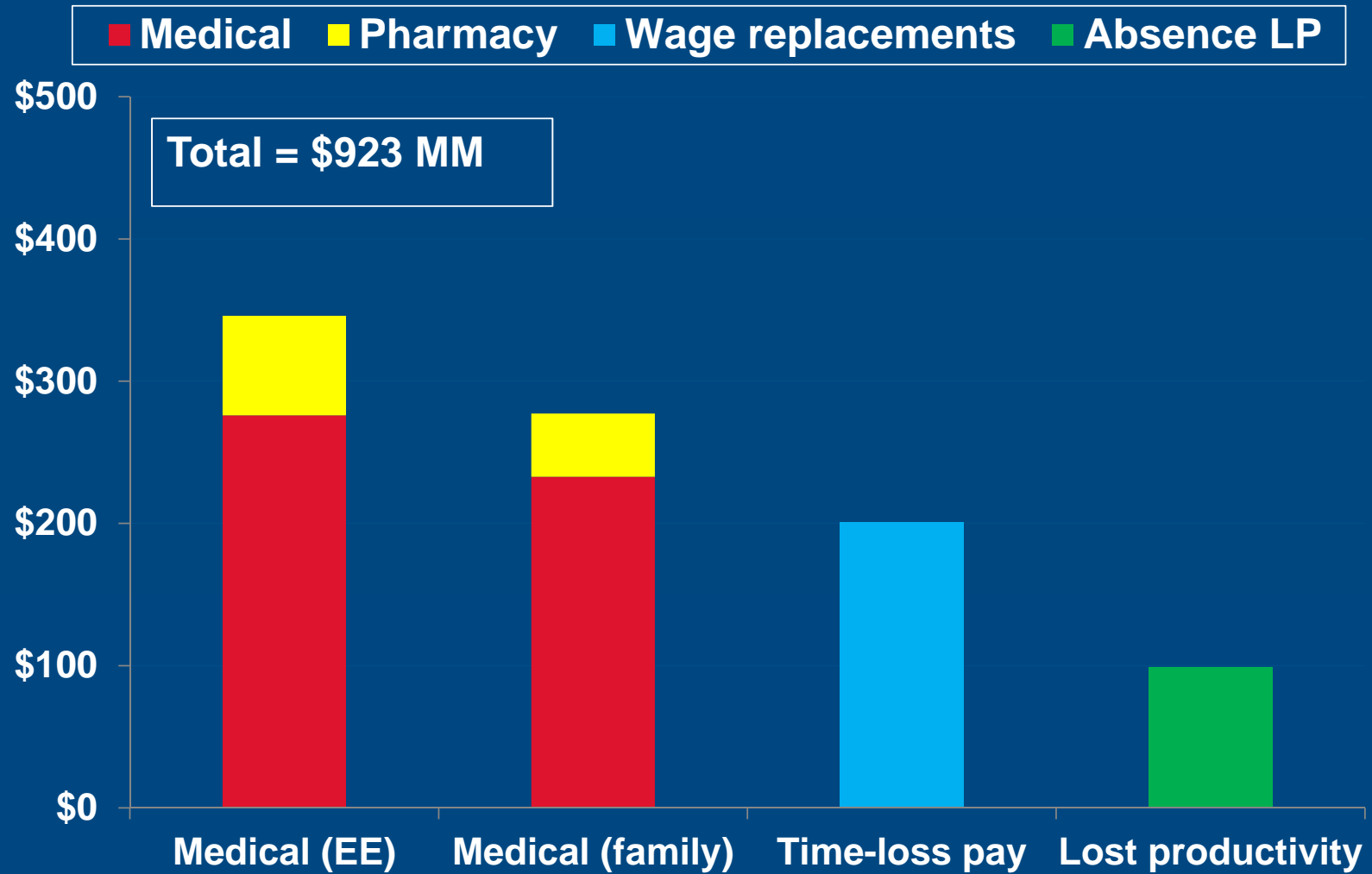
Health Costs—Adding Pharmacy



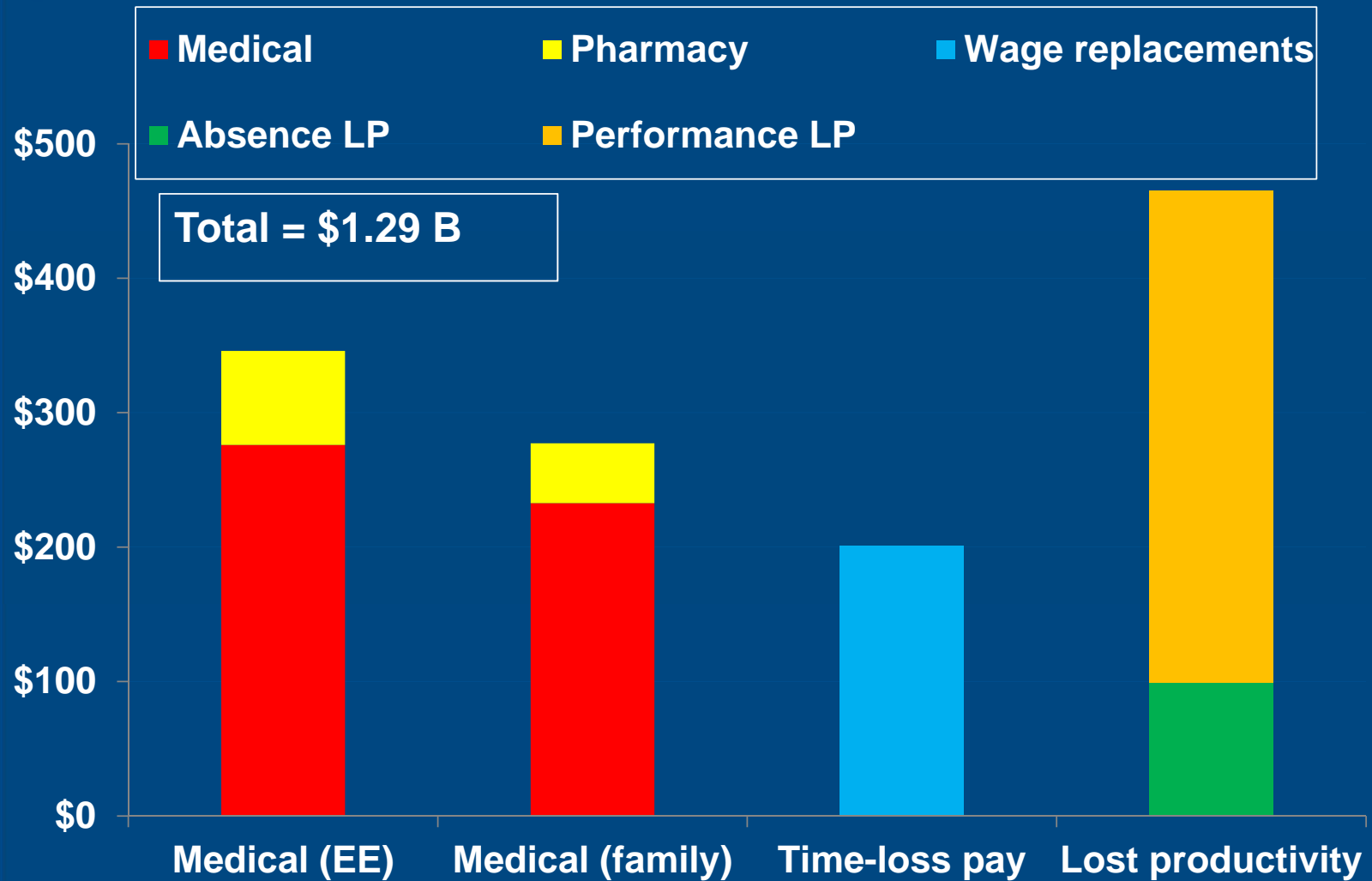
Health Costs—Adding Lost-Time Pay



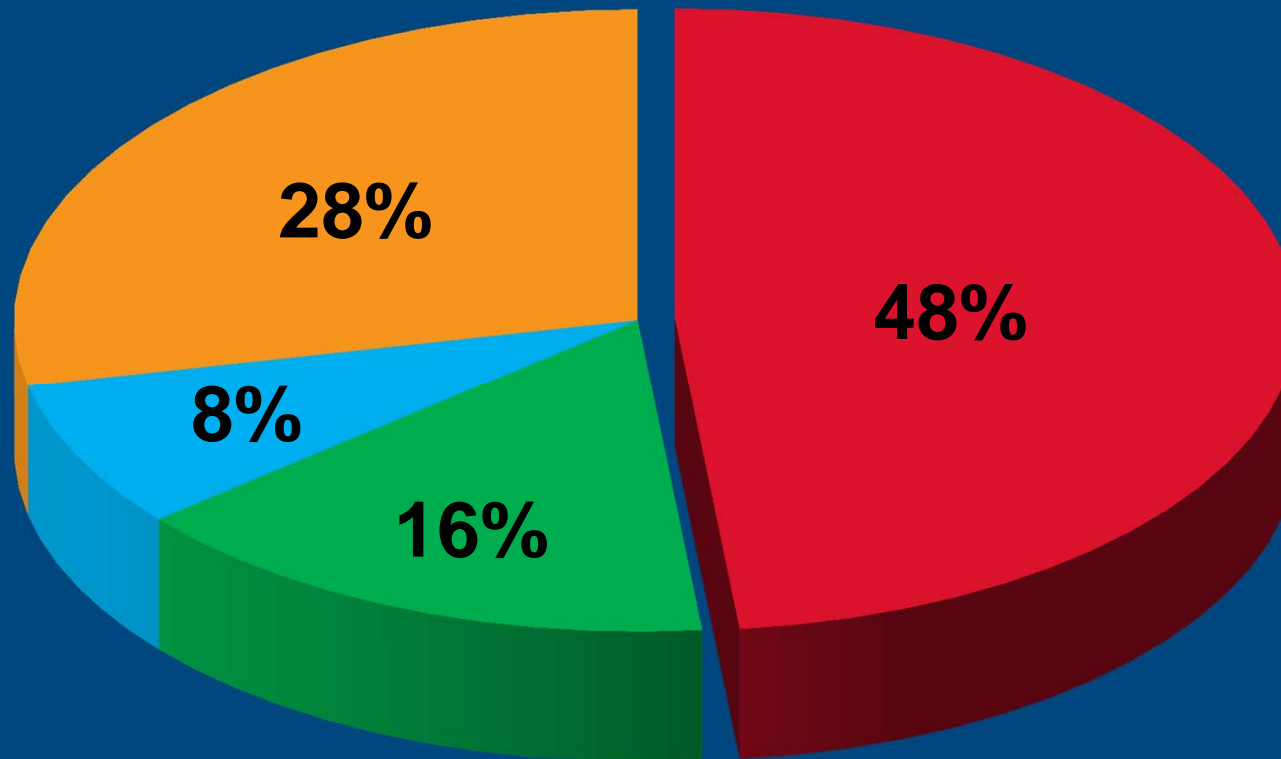
Health Costs—Adding Absence Impact



Health Costs—Adding Performance Impact



Full Cost Components



- Medical
- Wage replacements
- Absence LP
- Performance LP

Quantifying Financial Lost Productivity*

- Lost productivity—“*the financial impact on a company when employees are not at work and fully functioning*”
- Two components: absence and decrements in job performance (“presenteeism”)
- The Financial Impact of Absence
 - Wage replacement payments
 - “Opportunity costs” of ER’s response
- The Financial Impact of Presenteeism
 - Wage and benefit “overpayments”
 - Opportunity costs of resulting lost time

*Source: Sean Nicholson, Mark Pauly, et al., "Measuring the Effects of Work Loss on Productivity with Team Production," *Health Economics* 15: 111-123 (2006).

The CFO's View of Health

Key Research Questions

- How do CFOs view workforce health as a priority in their business?
- What's the relationship between health of EEs and health of the company?
- What types and sources of information are considered credible?
- How do CFOs see VBBD?
- What kind of information is needed?

Who Participated

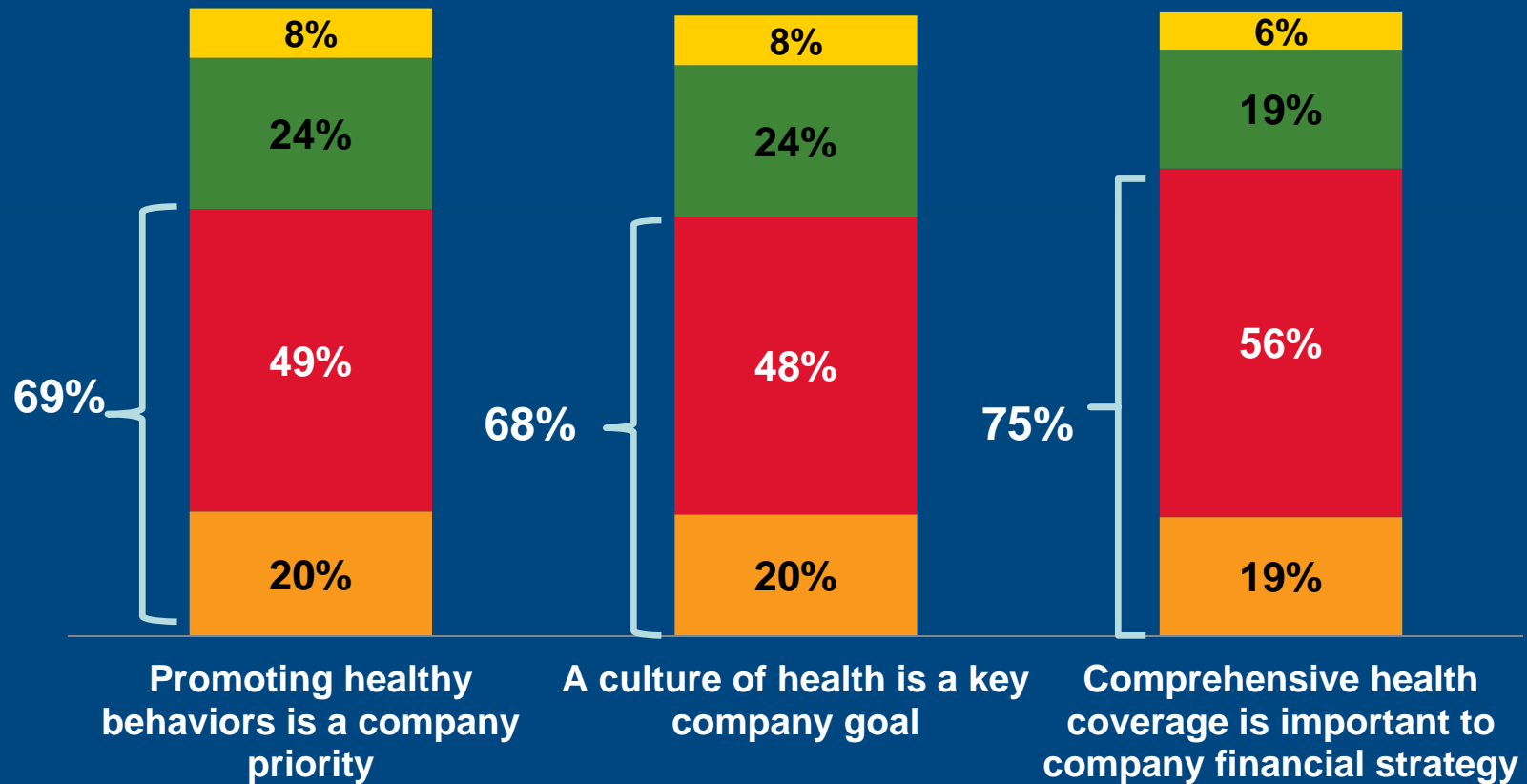
- **For-profit organizations: 84%**
- **Half had > \$250 MM annual revenue**
- **Workforce characteristics**
 - **Half over 2,500 employees**
 - **Half in manufacturing, financial services, healthcare or wholesale/retail trade sectors**
 - **60% of the companies had improved financial performance in past year**

Key Findings

- CFOs are key participants in benefits decision making
- Health is an organizational priority
- Productivity is critical to bottom line but the role of health is less clear
- CFOs understand health impacts financial performance
- Internal information is most credible but critical information is lacking
- CFOs suggest ways to measure productivity

Who Gets It

Health as a corporate priority

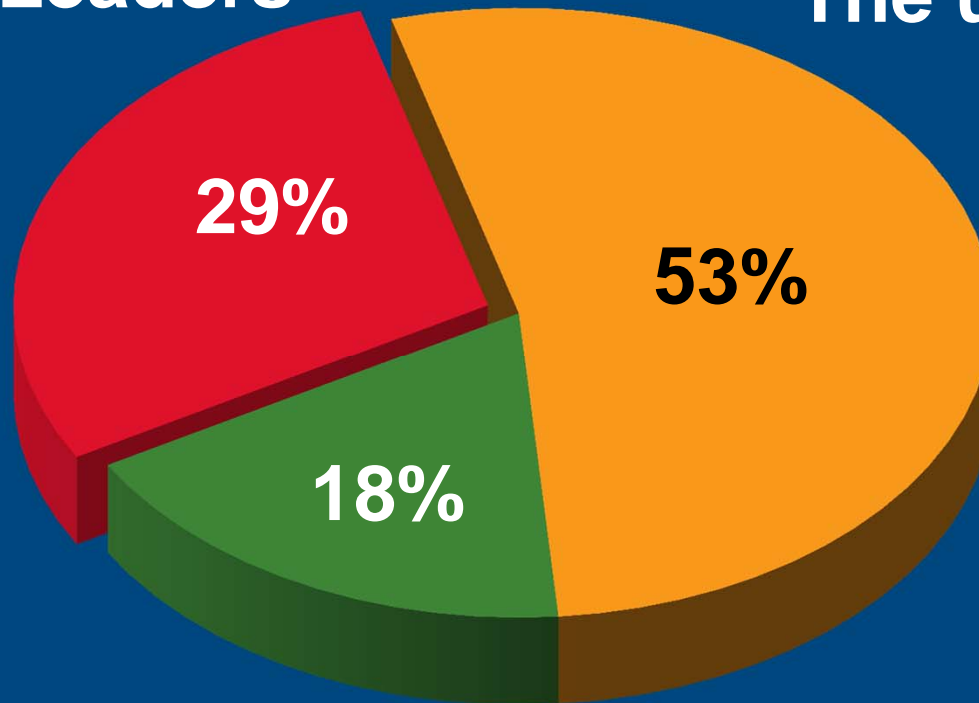


■ Strongly Agree ■ Agree
■ Neither Agree Nor Disagree ■ Disagree or strongly disagree

Leaders and Non-Leaders

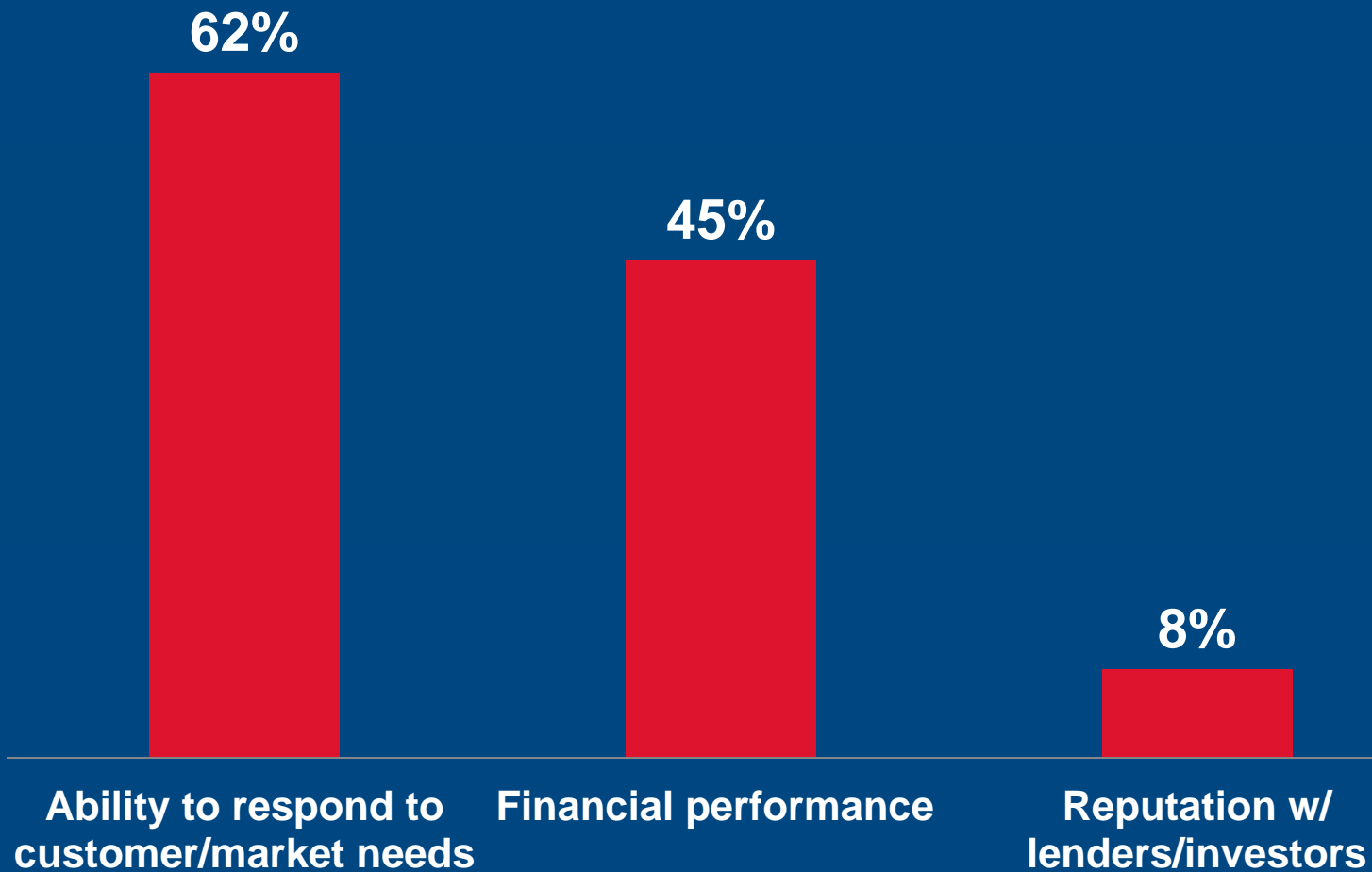
H+P Leaders

The uninitiated

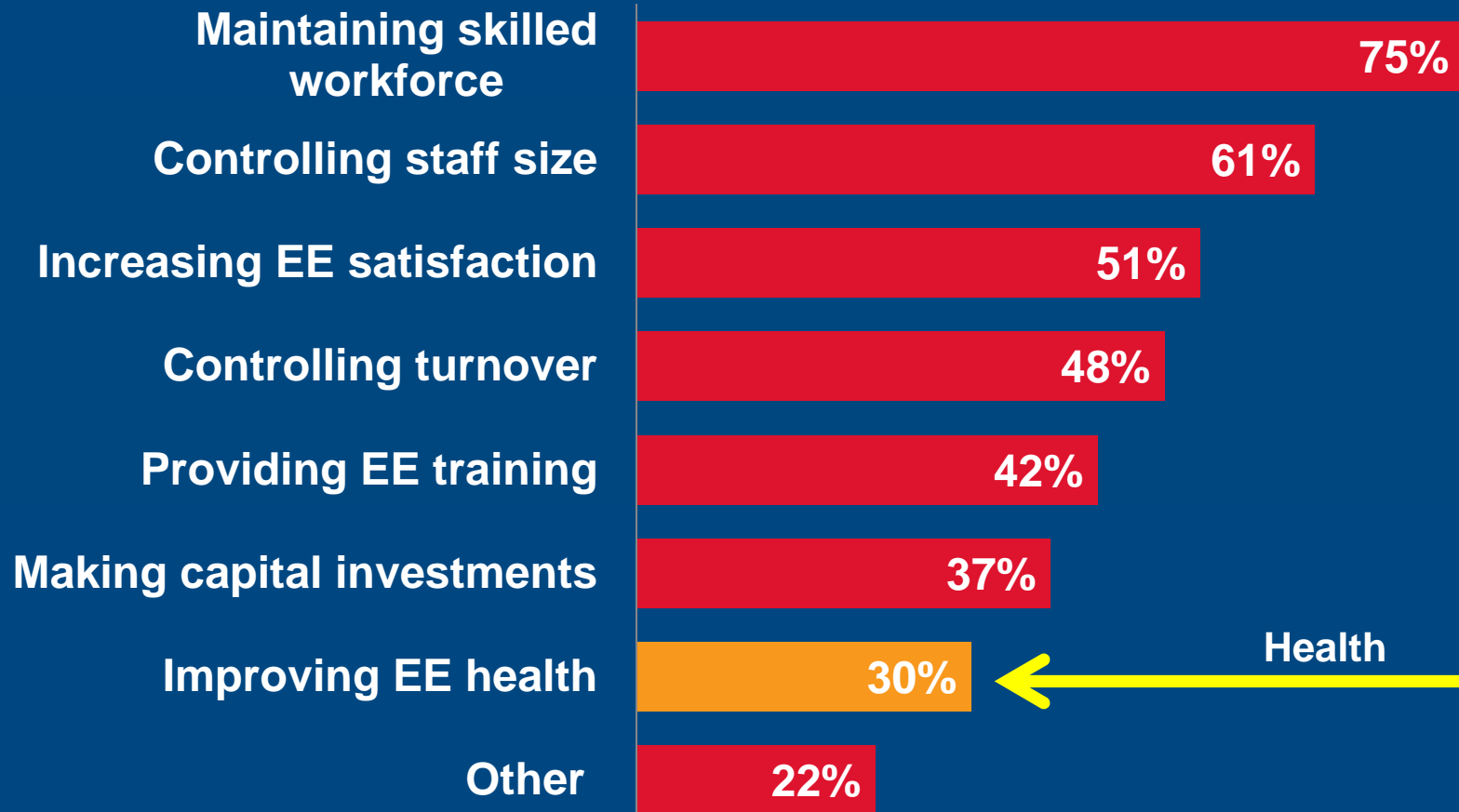


The ambivalent

Workforce productivity as "one of the most important factors" for ...



“Very important” to workforce productivity



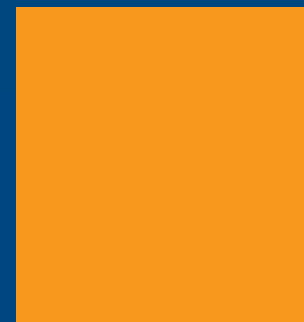
% CFOs that say EE health is "very important" to workforce productivity

48%



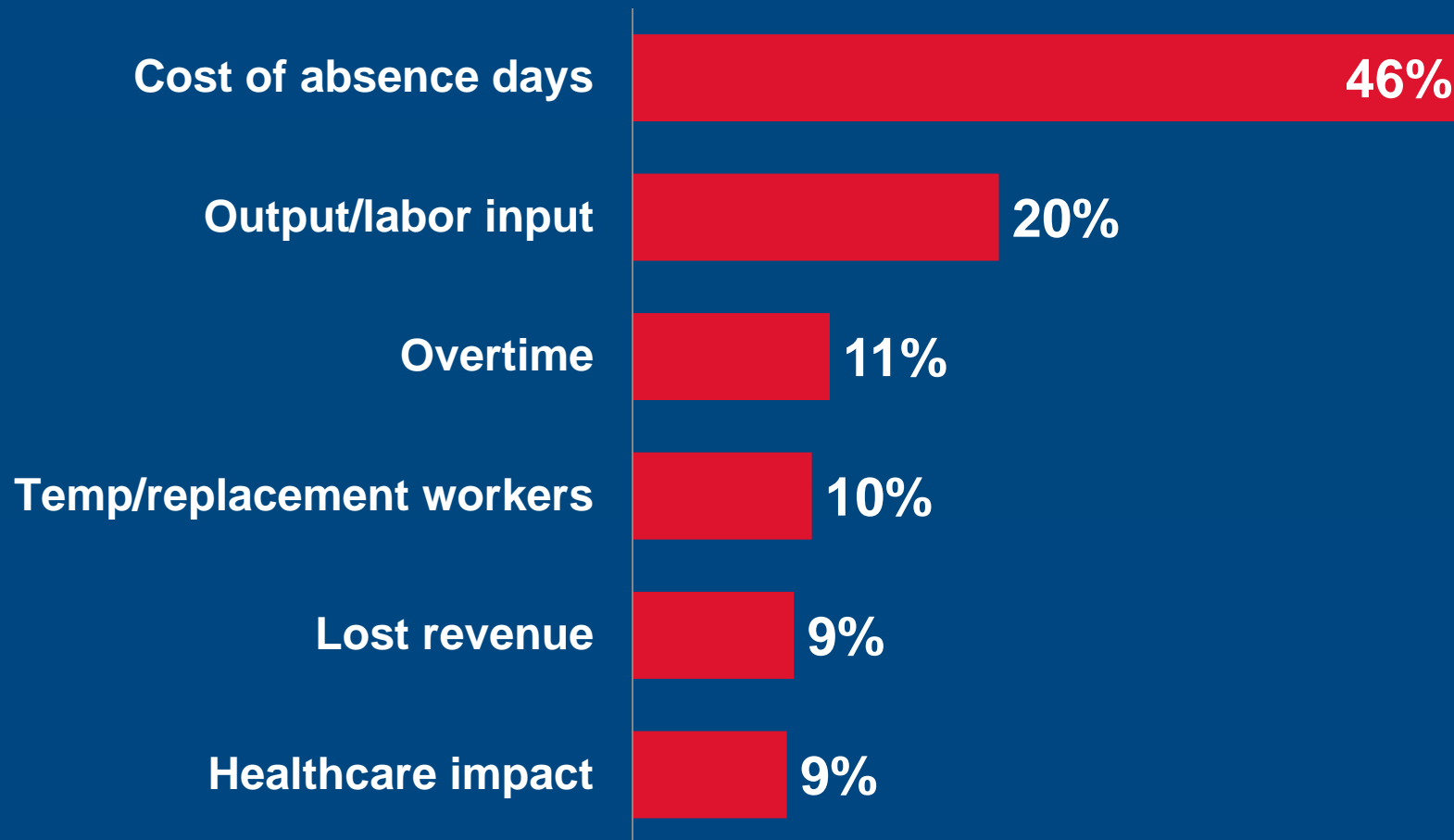
H+P Leaders

23%

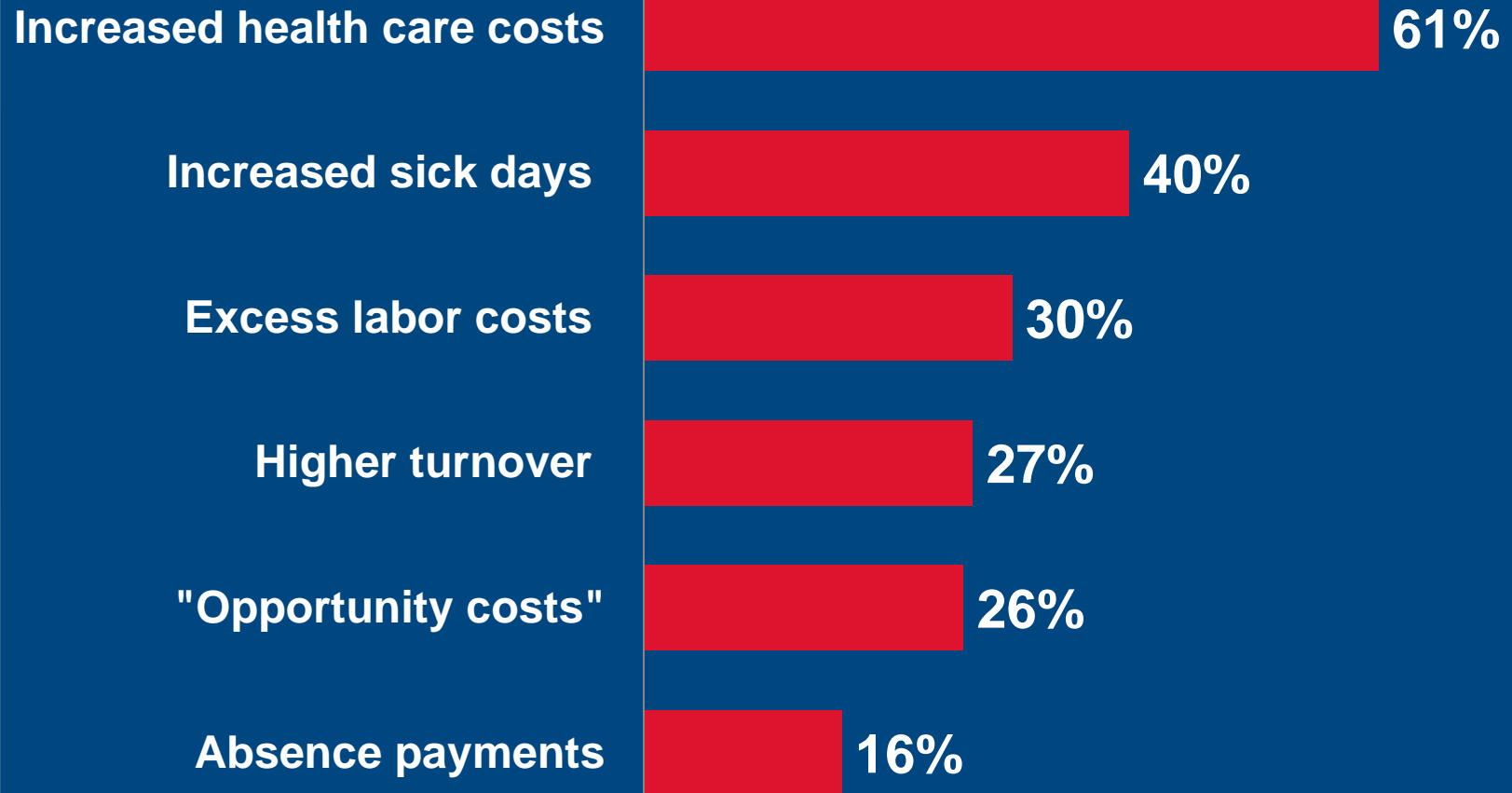


Other CFOs

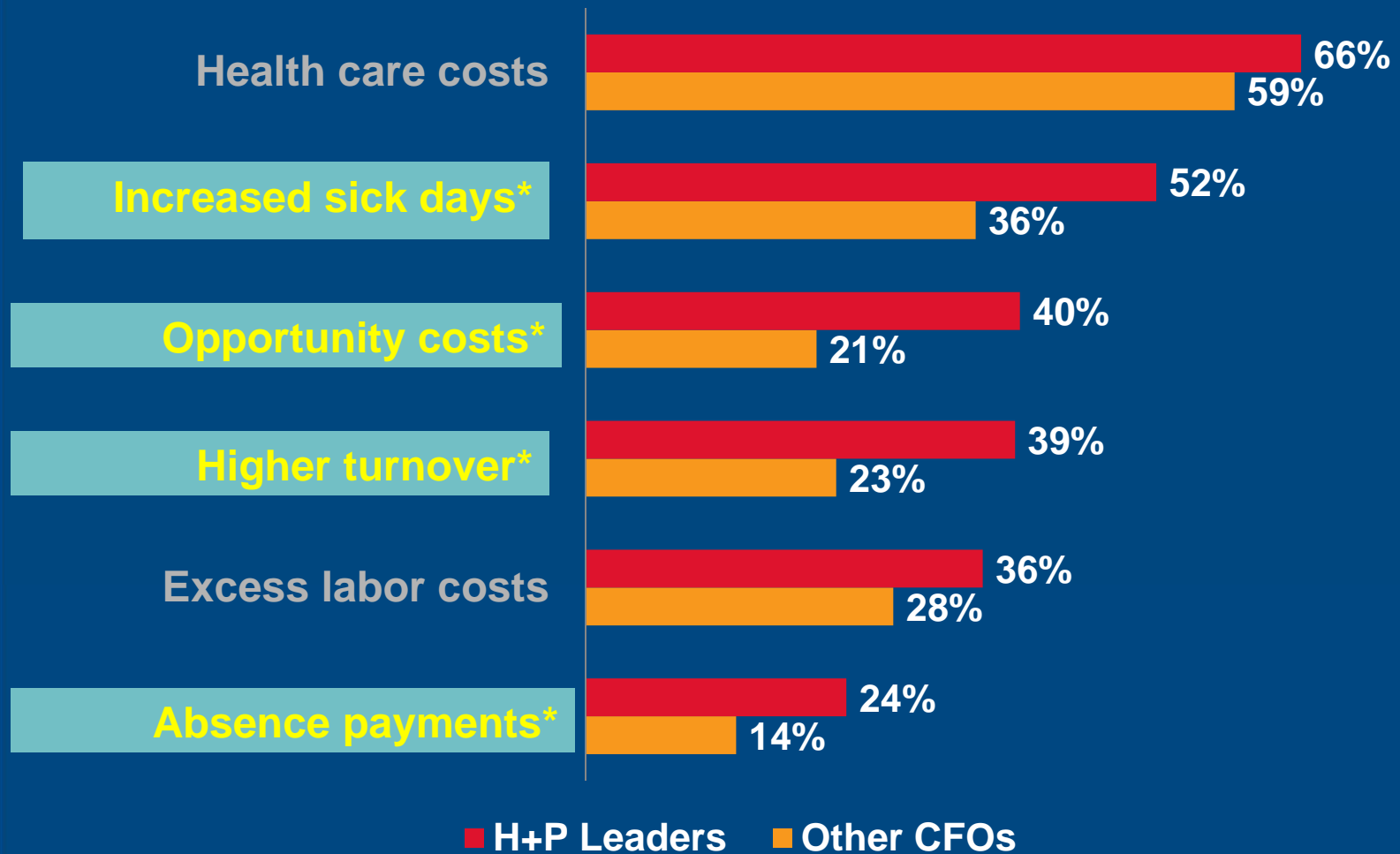
"Best way" to quantify health-related lost productivity



Pathways Linking Health to Poor Financial Performance



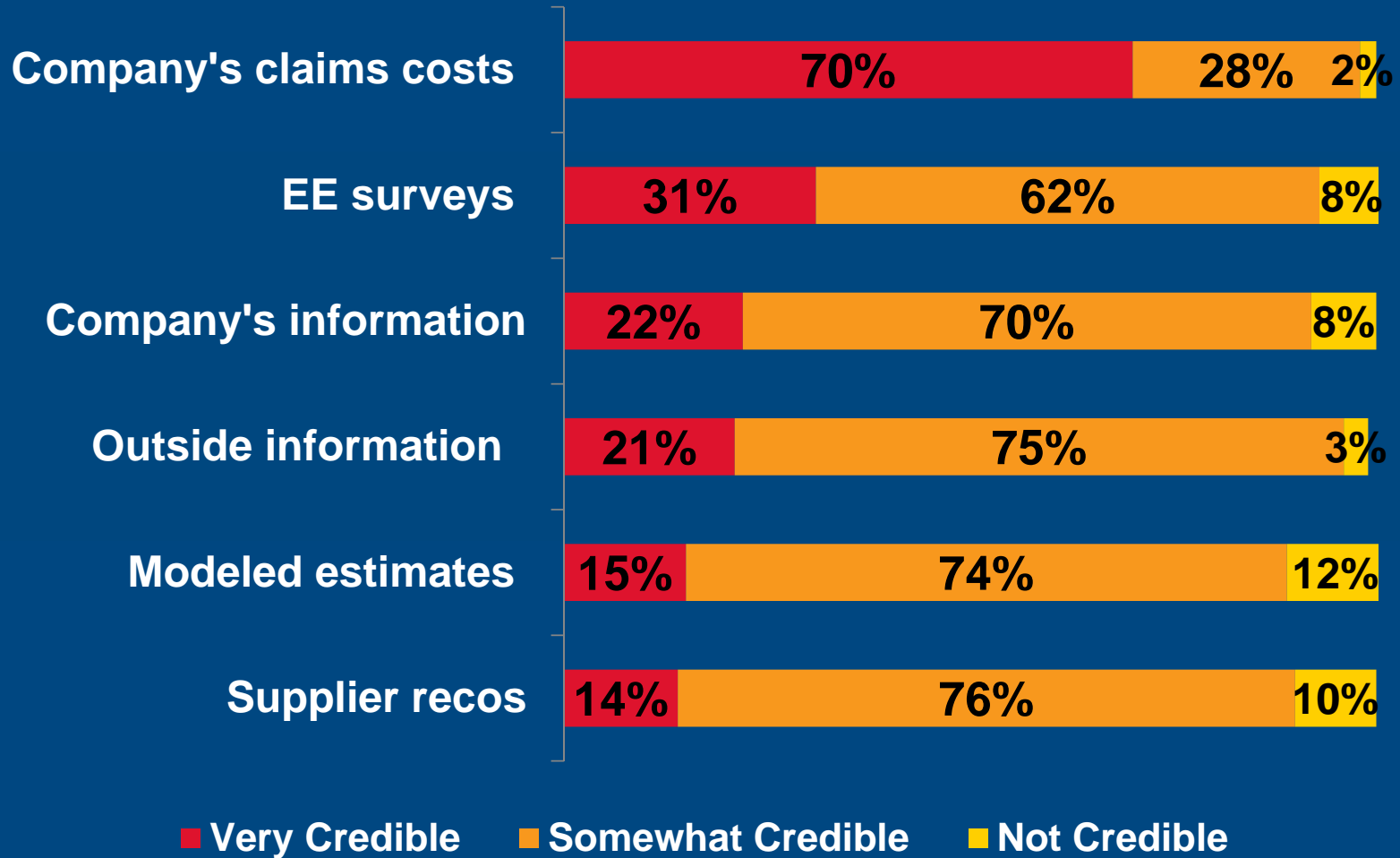
H+P Leaders vs. Other CFOs



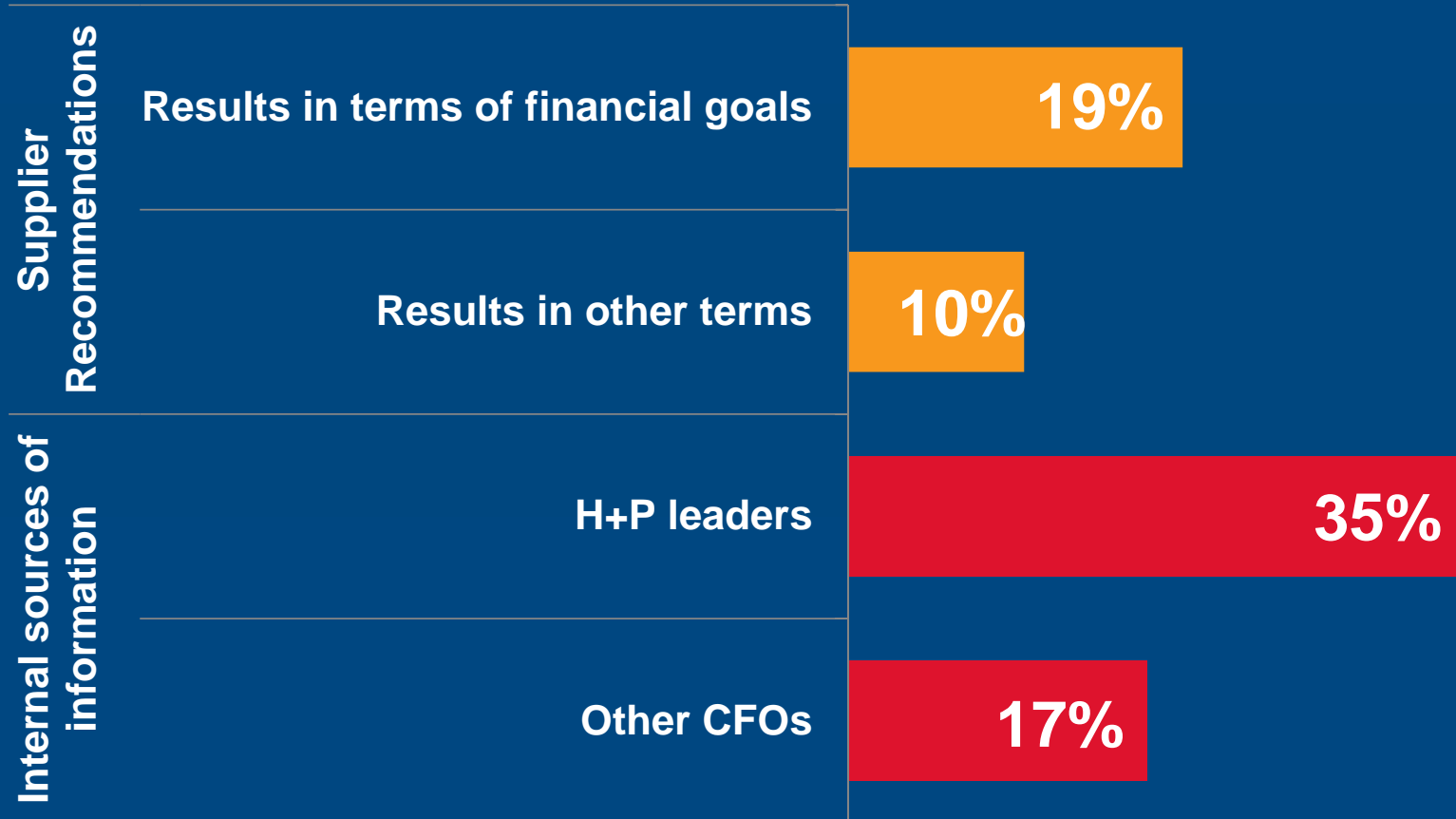
* Statistically significant difference

The Importance of Information

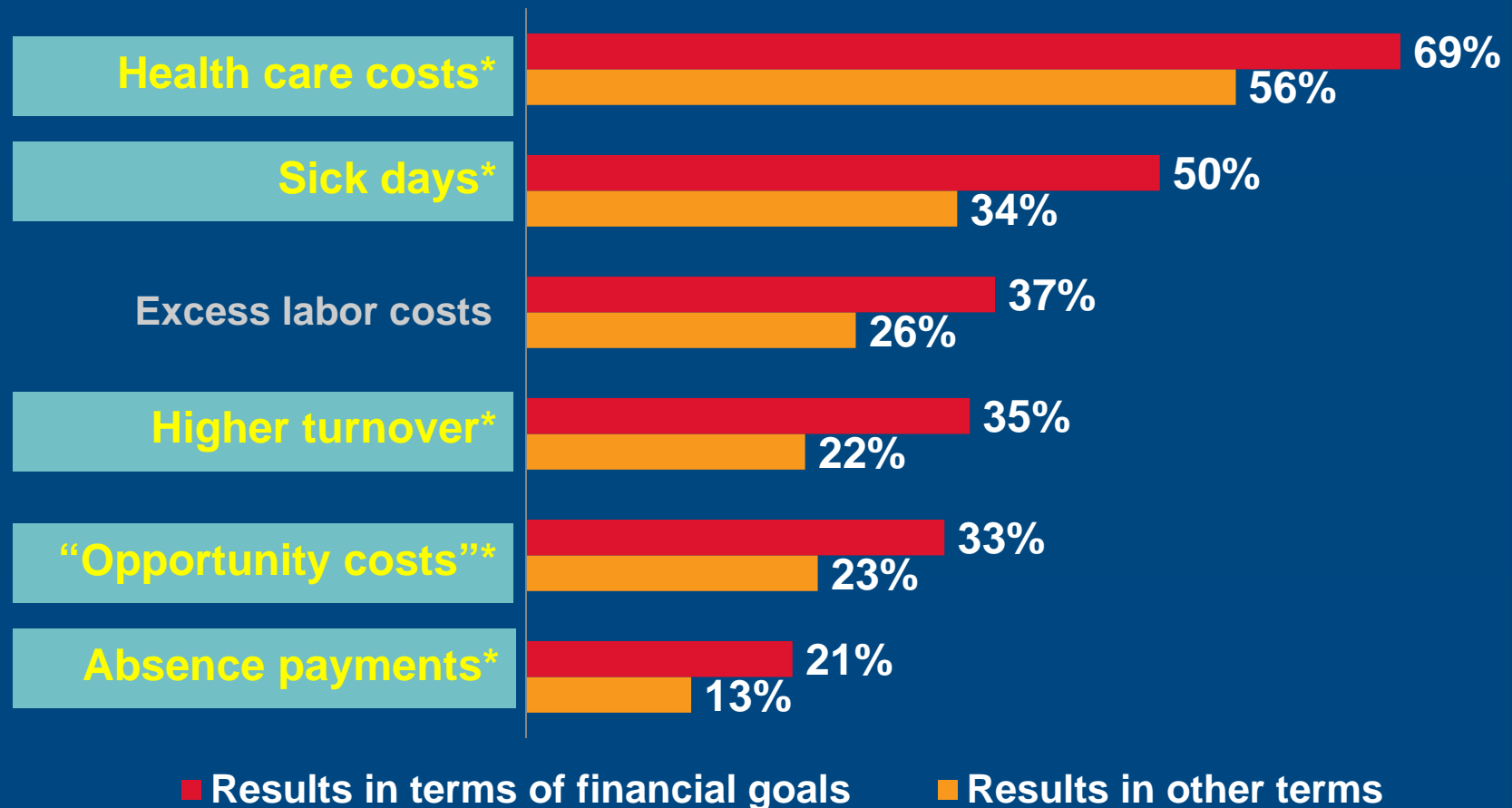
Improving workforce health: information credibility



CFOs describing information source as "very credible"

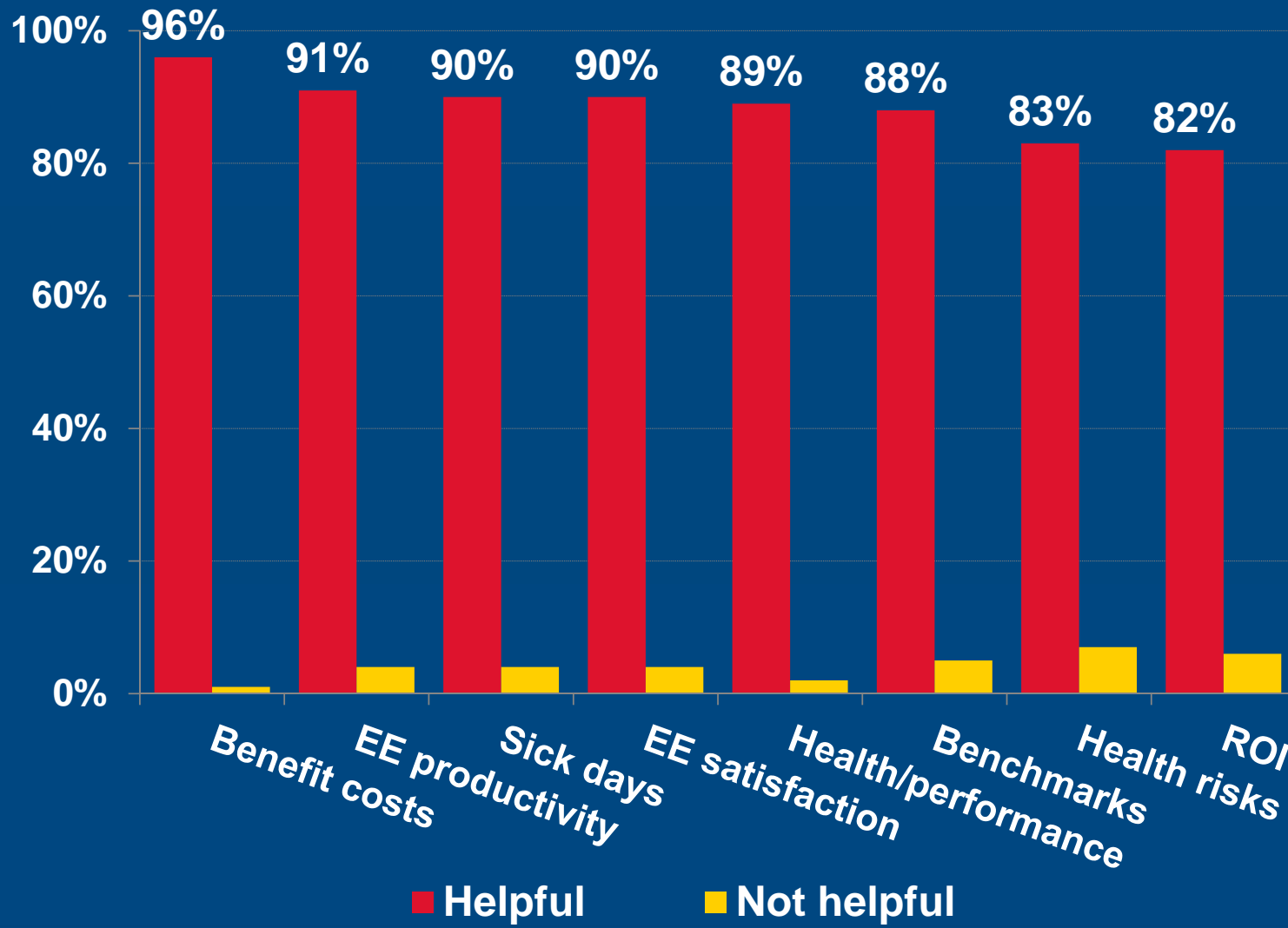


Speaking the language: poor health, financial performance and financial goals

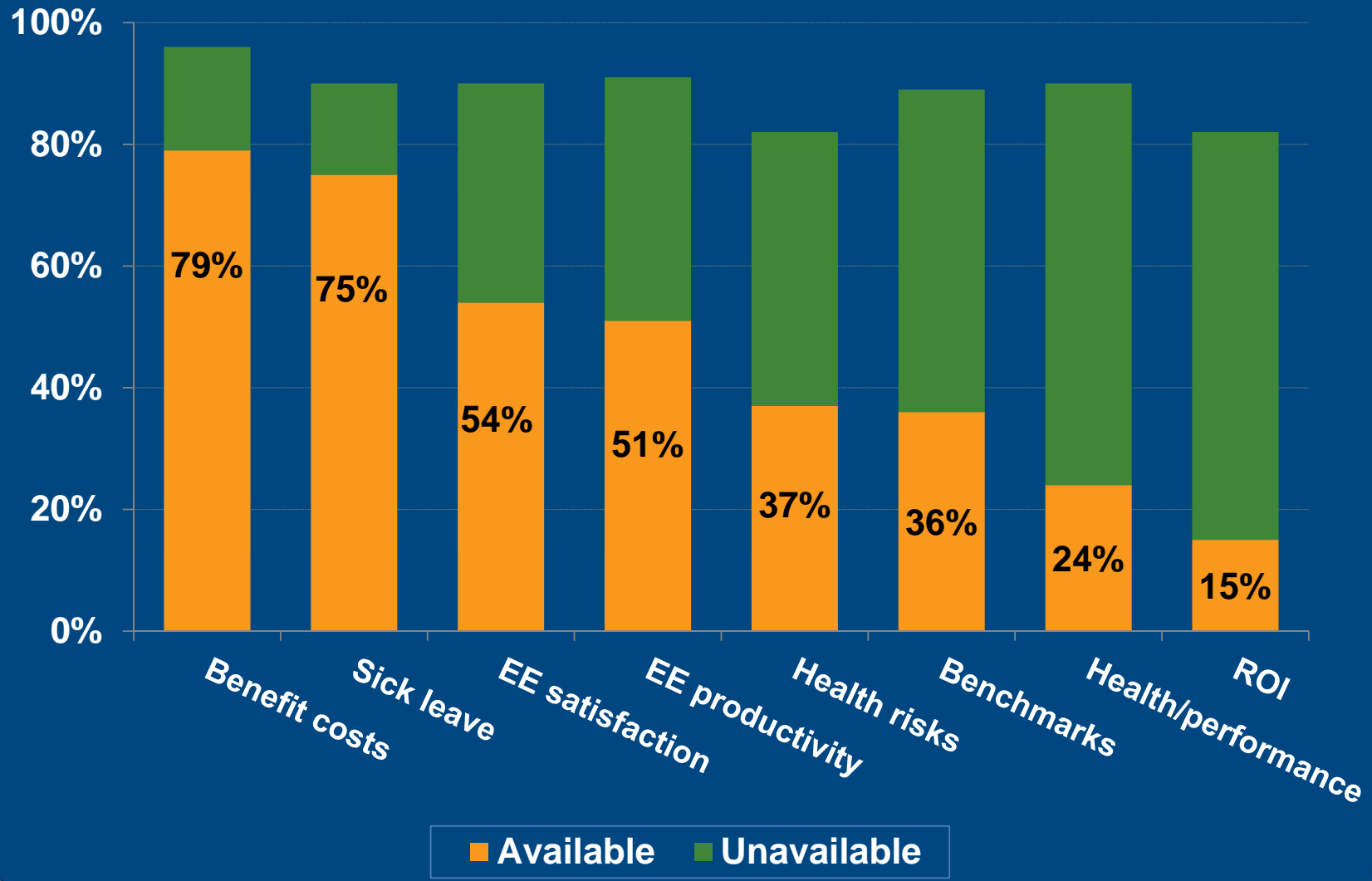


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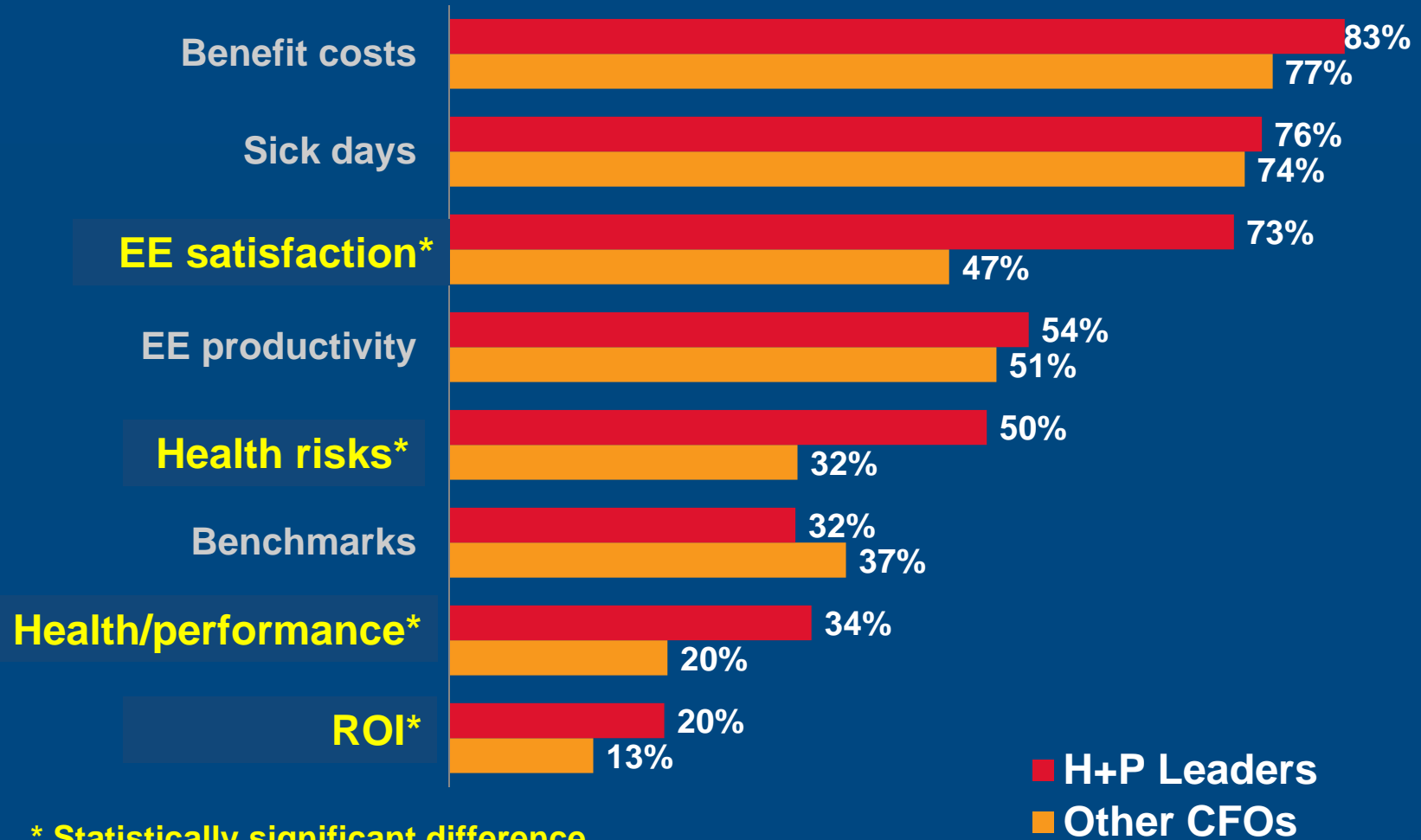
Usefulness of Information



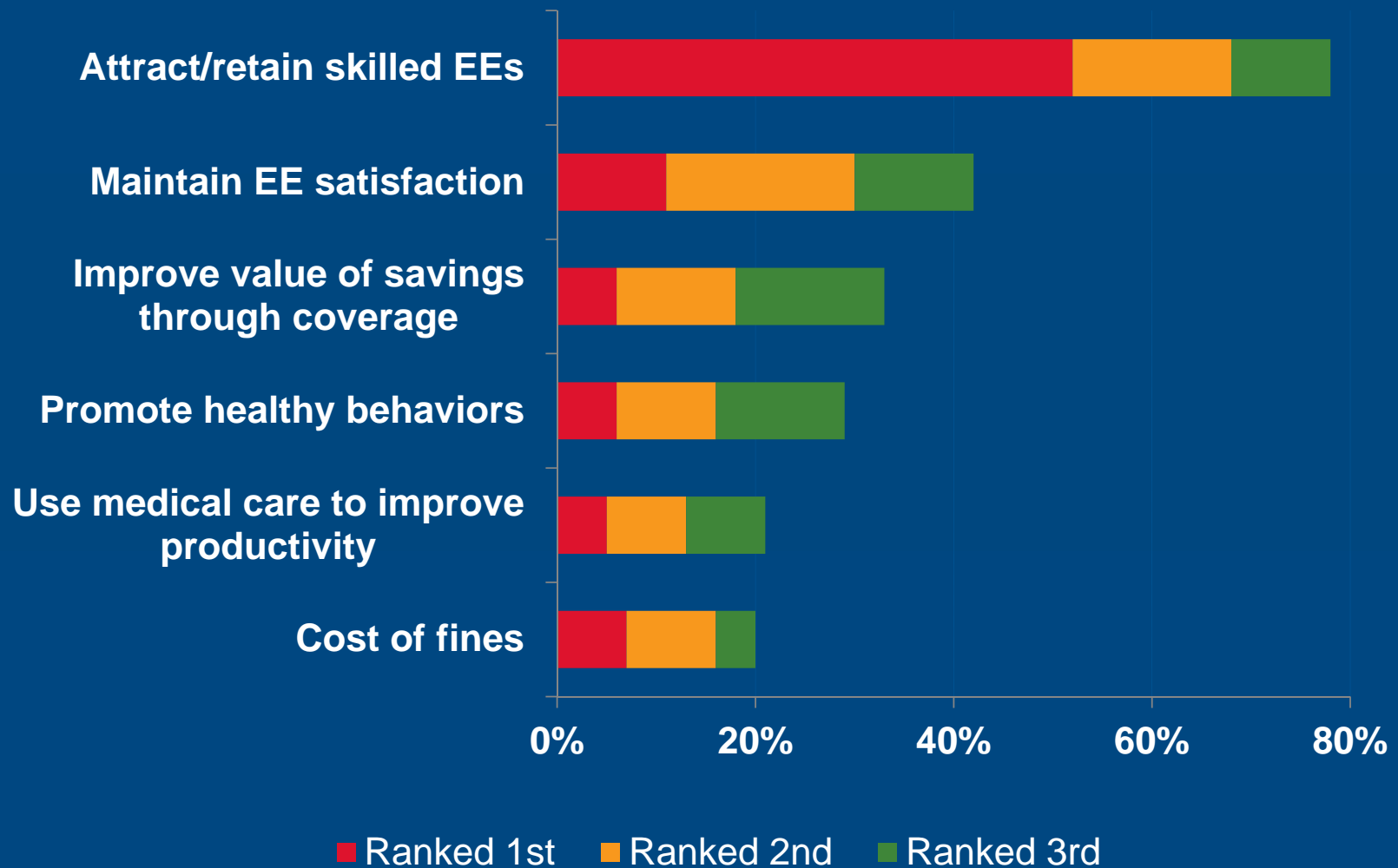
Availability of Helpful Information



Information availability: H+P Leaders vs. other CFOs



Health care reform decision



Lessons

Lessons for CFOs

- **Credible information and methods for measuring impact are available in market**
- **Partner with colleagues in your organization who measure/manage lost time**
- **Make your financial goals well known within your organization and with key supplier partners**

And if you're working with CFOS...

- Access the solid business case info that is available**
- Advocate a culture of health**
- Start with maximizing available internal information**
- Learn CFO's strategic financial goals and focus there**
- What's the current culture of health?**
- Are you working with an H+P Leader?**

Employers and Data

Key Dimensions of Population Health*

- Financial
- Program participation
- Biometric screening
- Health risks
- Utilization
- Preventive care
- Chronic conditions
- Lost worktime
- Lost productivity
- Employee engagement

* Parry T, Sherman, B. *A Pragmatic Approach for Employers to Improve Measurement in Workforce Health and Productivity*. Population Health Management, vol. 15, no. 2, 2012

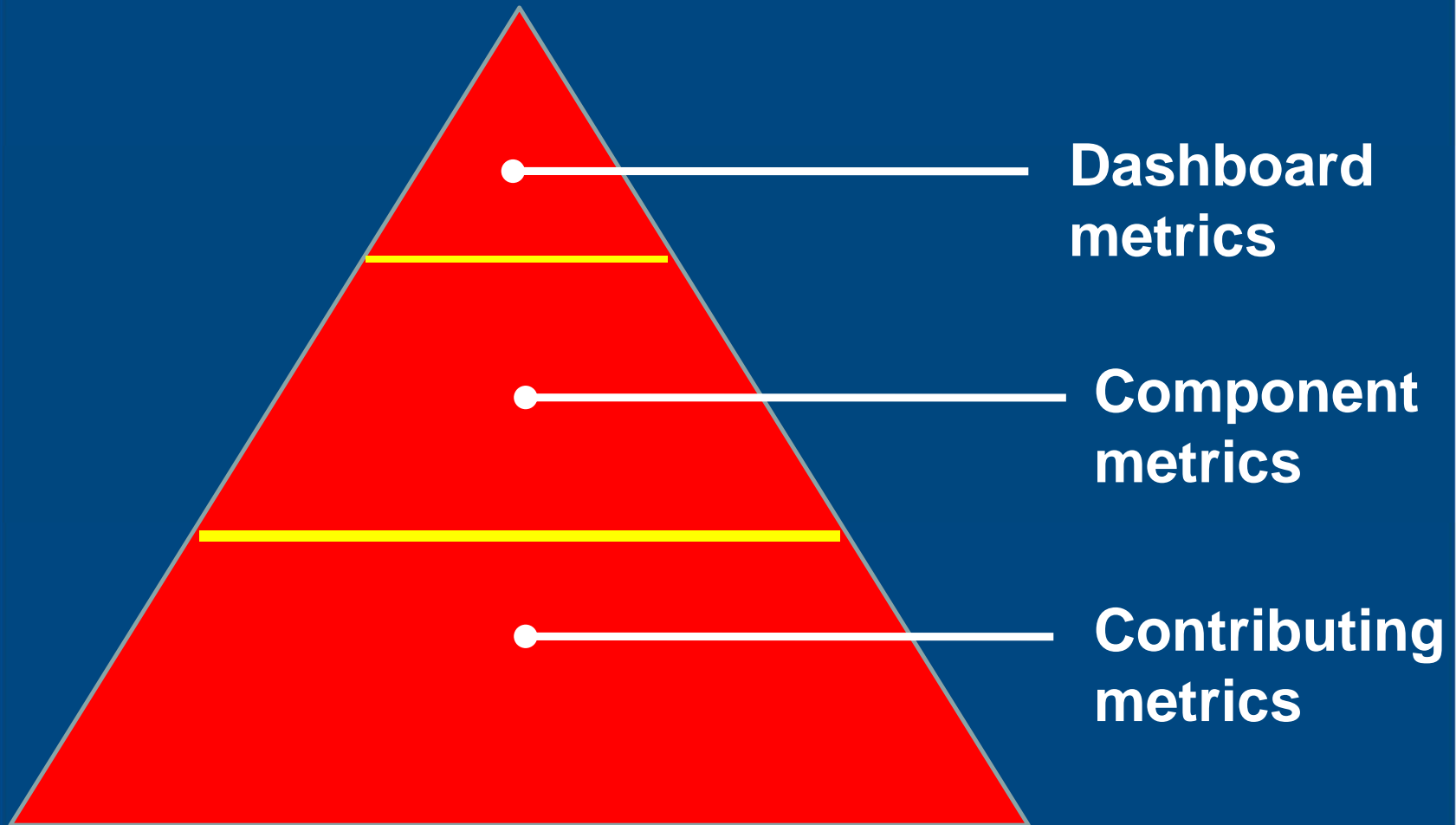
The Temporal Dimension

- **Leading indicators**
 - Health risks
 - Biometric screening
 - Chronic condition prevalence
- **Treatment indicators**
 - Preventive care
 - EE engagement
 - Health services utilization
 - Program participation
- **Lagging indicators**
 - Financial
 - Lost worktime
 - Lost productivity

Dimensions & Dashboard Metrics

Dimension	Summary Metric
Financial	Program cost/EE
Program participation	EEs participating/All EEs
Biometric screening	EEs reaching target/All EEs
Health risks	# of health risks/EE
Utilization	# EEs getting care/All EEs
Preventive care	# EEs getting screened/All EEs
Chronic conditions	# EEs w/ chronic conditions/All EEs
Lost worktime	# of lost workdays/EE
Lost productivity	Lost productivity \$/EE
Employee engagement	Engagement score/EE

Thinking about Metrics in Hierarchies



Questions?