



BlueHealthConnection®:

Empowering Consumers
to Achieve Wellness

Background

At Blue Cross Blue Shield of Michigan, consumer empowerment is not just another marketing catch phrase. It's been a part of the guiding philosophy for our integrated wellness and care management program, BlueHealthConnection®, since its inception in 2002.

Several trends have recently influenced our decision to enhance program features and the level of support being offered to employers and employees through BlueHealthConnection:

- Employee health influences numerous dimensions of corporate competitiveness, including medical benefit costs, worker productivity, absenteeism, disability and presenteeism (productivity losses due to worker impairment while at work).¹
- U.S. health expenditures are approaching 20 percent of the gross domestic product.
- Employers face a 7 percent increase in 2007 health care costs.²
- An increasing number of employees who have chronic illness also exhibit decreased productivity.

With this in mind, BCBSM initiated a corporate strategy to enhance health care value. We have dedicated significant resources to wellness and care management. It is our goal to focus on strategies that not only deliver savings, but transform our member population into a healthier one through a commitment to wellness.

An increasing number of employers are turning to wellness programs because of their potentially broad impact on both direct health care costs and productivity. Wellness means understanding how personal lifestyle behaviors affect a person's health and maintaining healthy habits over a lifetime. The following demonstrates why this movement toward wellness is so intense.

“Although seven of every 10 deaths among Americans are due to chronic diseases, the underlying causes of these deaths are often risk factors that can be successfully modified years before they ultimately contribute to illness and death.”³

Health statistics

The prevalence of obesity, smoking and depression has hindered Americans' ability to achieve good health.

Obesity has increased dramatically over the past 25 years. Obese people have an approximately 67 percent higher risk of developing chronic conditions. Other obesity-related studies show:

- Obesity increases health care costs 36 percent and medication costs 77 percent compared with being in a normal weight range.⁴
- The cost effects of obesity on medication use are significantly larger than the effects of daily smoking or problem drinking, according to a study published in the health policy journal *Health Affairs*.⁵

¹ Aon Consulting. "Practical Steps to Controlling Medical Costs"

² towersperrin.com/tp/jsp/masterbrand_webcache_html.jsp?webc=HR_Services/United_States/News/Spotlights/2007/03192007_spotlight_hccs.htm&selected=leadership

³ 2007 BCBSA Medical Cost Reference Guide, "Engaging and Empowering Consumers."

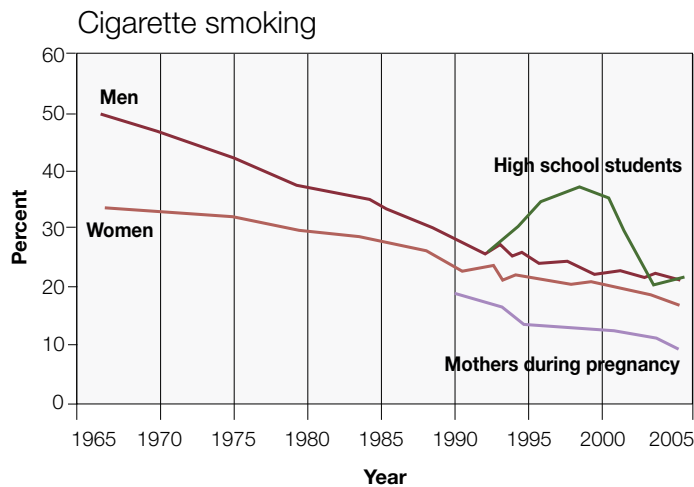
⁴ Sturm, Roland. "The Effects of Obesity, Smoking, and Drinking on Medical Problems and Costs," *Health Affairs*, vol. 21:2 (2002): 245-253.

⁵ Ibid.



- “Obesity is a major contributor to heart disease, diabetes, arthritis and some types of cancer. Recent estimates suggest that obesity is associated with 300,000 deaths annually, second only to tobacco-related deaths.”⁶

Although the number of individuals who smoke has steadily declined over the past 40 years, this risk factor continues to pose a threat to individual and public health, representing more than \$157 billion annually in health care costs.⁷



Centers for Disease Control and Prevention, National Center for Health Statistics, Health, United States, 2006, Figure 10. Data from the National Health Interview Survey, Youth Risk Behavior Survey, National Vital Statistics System.

Employees treated for depression incurred annual per capita health and disability costs of \$5,415, significantly more than the cost for hypertension and comparable to the cost for diabetes, ischemic heart disease and back problems in 1995 adjusted dollars.

Workers with depression reported significantly more total health-related lost productive time than those without depression (on average 5.6 hours per week versus an expected 1.5 hours per week). Eighty-one percent of the lost productive time costs are explained by reduced performance while at work.⁸ Depressed employees under the age of 40 years also took 3.5 more annual sick days than those 40 or older.⁹

Although depression is well-documented as the most significant (costly) modifiable risk factor, mental health parity with respect to benefits is still a hotly debated topic and contributes to the lack of treatment for the condition. BlueHealthConnection recognizes the impact of depression and, in particular, its concurrence with chronic conditions and conducts screening on all callers to allow our nurses to make appropriate referrals.

Overall, declining health status is the primary reason employers are going beyond standard disease management programs of the past. Several additional factors are contributing to a movement that brings wellness to the worksite.

A majority of the lost productive time costs that employers face from employee depression is invisible and explained by reduced performance while at work. Use of treatments for depression appears to be relatively low. The combined LPT burden among those with depression and the low level of treatment suggests that there may be cost-effective opportunities for improving depression-related outcomes in the US workforce.¹⁰

⁶ 2007 Medical Cost Reference Guide, “Engaging and Empowering Consumers.”
⁷ 2007 Medical Cost Reference Guide, “Engaging and Empowering Consumers.”
⁸ Walter F. Stewart, PhD, MPH; Judith A. Ricci, ScD, MS; Elsbeth Chee, ScD; Steven R. Hahn, MD; David Morganstein, MS. “Cost of Lost Productive Work Time Among US Workers With Depression.” *JAMA*. 2003; 289: 3135-3144. June 18, 2003.
⁹ Druss, Benjamin G MD, MPH, Robert A. Rosenheck, MD and William H. Sledge, MD “Health and Disability Costs of Depressive Illness in a Major U.S. Corporation.” *American Journal of Psychiatry* 157: 1274-1278, August 2000.
¹⁰ Ibid.

Worksite wellness

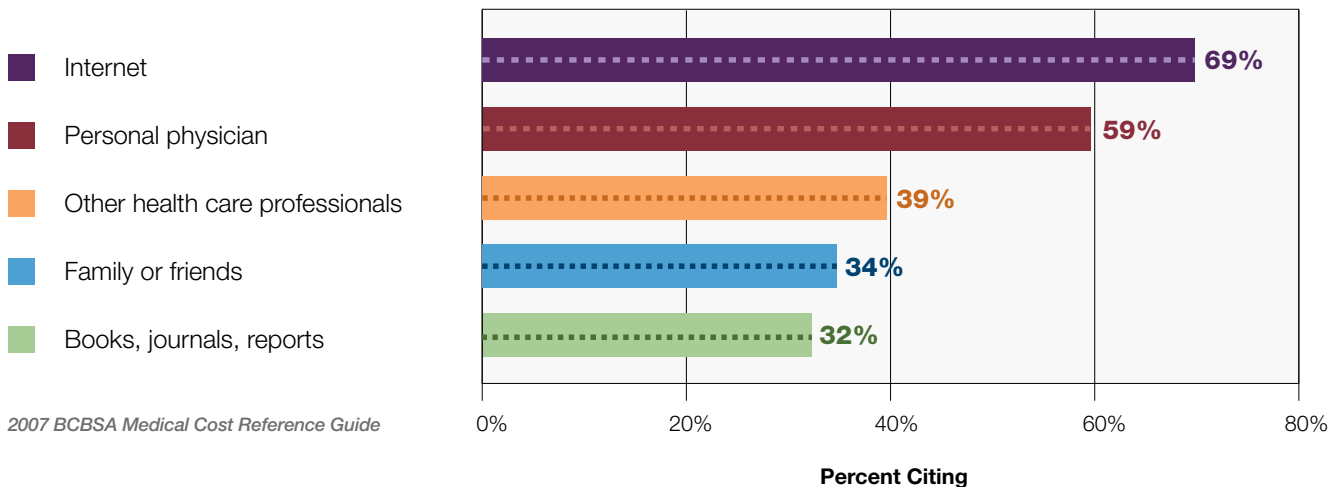
As employers delve deeper, they find that medical costs, while important, are not the most compelling factor for implementing a wellness-focused approach to employee health care. Productivity measured by presenteeism is the new barometer to watch. Workers who are not only present but productive are vital in order to keep up with the competition. “Within three to five years, comprehensive wellness strategies yield a return on investment of nearly \$4 in reduced health care costs and about \$5 in reduced absenteeism costs for every dollar invested.”¹¹ This kind of return on investment for wellness exceeds most business case scenarios and is an attractive incentive to pursue meaningful change.

Consumer patterns also show the time is right to encourage and motivate medical consumers because they are already seeking health information at unexpected levels on the Internet.

In a consumer survey, 88 percent of respondents say, if they were diagnosed with a medical condition, they would search the Internet for information about treatment options.¹² Many are looking for assistance in making health care decisions and relying less and less on their physicians as the single source of truth.

The time has also come to recognize that personal accountability for one’s own health is essential to seeing long-term results. The responsibility for reducing costs and improving health status, however, is shared. BCBSM recognizes that more informed, educated consumers will better understand the value of healthy lifestyles. That will affect the bottom line for employers as well. Empowering individuals to take responsibility to stay well or improve their health is what wellness is all about.

Consumers’ Sources of Health Information



Twenty-seven percent of employers offering health benefits offer one or more wellness programs to their employees, with 19 percent offering an injury prevention program, 10 percent offering a fitness program, 9 percent offering a smoking cessation program and 6 percent offering a weight loss program.¹³

¹¹ welcoa.org. “Participation Builders to Increase ROI” by David Anderson, PhD.

¹² 2007 Medical Cost Reference Guide, “Engaging and Empowering Consumers.”

¹³ kff.org. Employer Health Benefits, 2006 Summary of Findings.



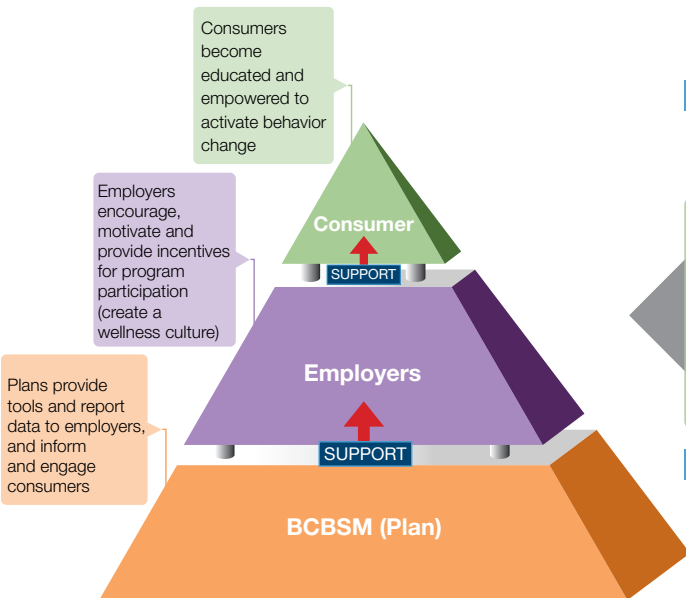
The wellness path requires a team approach: the employer, the employee and BCBSM, your healthcaring partner. We're all in this together.

To address chronic conditions and the desire to promote healthier lifestyles, the following needs to occur:

Empowering consumers

BlueHealthConnection is in its fifth year of operation and continues to assist members with wellness needs and self-management of common chronic conditions. The program also offers symptom management, support for surgical decisions and case management across the entire health continuum.

BlueHealthConnection Addresses the Continuum of Health Care Needs



Health Advocacy (e.g., navigational and clinical)			
Well Being	At Risk	Existing Chronic Disease and Conditions	Catastrophic Conditions
Health Promotion	Health Risk Management	Chronic Disease and Condition Management	High Cost Case Management
Awareness	Health Risk Appraisal	Behavior Change and Decision Support	Evidence-based Clinical Care
Prevention	Targeted Behavior Modification	Evidence-based Clinical Care	Care Coordination
Healthy Lifestyle Promotion	Stress and Mental Health Management	Care Coordination	Rehabilitation & Return to Work
Alignment of Services, Communications, Measurement and Evaluation			

This demonstrates everyone has a role to play to make wellness a reality for more and more individuals.

In an effort to proactively address the need to improve productivity and overall wellness among our customers, BCBSM has enhanced BlueHealthConnection to include more Web tools and a host of offerings that can be customized to suit the needs of our customers.

A significant feature of BlueHealthConnection is 24/7 toll-free telephone access to health coaches. In addition to sending information and tools, including a self-help handbook and shared-decision making videos (available on VHS and DVD), members may access our audio health library or join Quit the Nic — a tobacco cessation program. Coaches assess members' readiness to change as part of the program. Through a series of contacts, our disease management health coaches evaluate the member's current clinical situation, opportunities for intervention and the member's willingness to adopt behavioral changes.

Our program applies the behavioral model of change developed by Prochaska, Norcross and DiClemente. The behavioral model assists the nurse and member in assessing readiness to change and in determining the most effective course of action to yield the most beneficial outcome.

Finally, for members with more complex needs, case management is available to help coordinate services and support them and their families.

For the Internet-savvy, sophisticated online tools and resources are available to help members make more informed decisions. Support from our nurses helps them activate their ability to adopt new behaviors.

BlueHealthConnection “Online” — We now offer a full range of Web-based programs and resources through **bcbsm.com** or **hcbo.com** for our national accounts. The BlueHealthConnection site has been enhanced and offers a host of information and interactive care management tools. Some of the features that support wellness include:

- A comprehensive online health risk appraisal that identifies your highest risk factors
- A personal health record to keep track of important health information, including conditions, medications (and drug interactions), appointments, emergency information and more

- Online health coach programs that allow members to change their lifestyle at their own pace
- A searchable database for thousands of diseases and conditions
- Organized health content that includes:
 - Channels by life stages with information on health measures, age-appropriate guidelines on checkups and recommended screening tests
 - Fitness, nutrition, safety and prevention information with interactive tools (for example, BMI calculator, target heart rate calculator and fitness assessment)
- Searchable drug information and interaction database
- Health newsletters
- Easy-to-print formats for members to share information with their physicians
- Personalized monthly updates

The **Healthcare Advisor™** is another online resource to support decision making with important cost and quality information.

- Hospital Advisor™ and Physician Selection Advisor™ — allow members to select hospitals and physicians using the criteria they value most
- PharmaAdvisor™ and Treatment Cost Advisor™ — allow members to research and compare drug and other common treatment costs





Naturally Blue is also available online, providing discounts on select services and natural health care products through a partnership with American WholeHealth Networks Inc. and Integrative Therapeutics. The national network includes more than 25,000 practitioners in more than 35 specialties. Our cost-conscious members continue to have access to numerous discounts by showing their ID cards for a variety of different services:

- Acupuncture
- Exercise and movement
- Diet and supplement advisors
- Massage and bodywork
- Mind and body relaxation techniques
- Wellness and fitness centers
- Reference library
- Vitamins and supplements
- Magazine subscriptions

Other new features include:

- Nominating your current non participating practitioner
- Healing Kitchen recipes
- Vitamins by Integrative Therapeutics
- Alternative medicine trends



Beyond the online tools that support and educate members, BCBSM also provides support for employers to help address the need to tackle the bottom line and see long-term improvement in employee health and productivity.

One example is Premium Outreach, which allows employers to reach a greater proportion of at-risk employees via phone and postcards at an additional cost. Another new solution is available to keep them well.





Premium Wellness Solution

BCBSM is well-equipped to give members health information on the Web and find the right approach to wellness. When it comes to launching wellness programs in the workplace, internal programs are inexpensive and can address the corporate culture, but hiring a leading-edge company with experience and the infrastructure to implement effective programs can lead to more visible results. With BCBSM, a leading-edge company is already at your disposal. BCBSM has the ability to provide on-site wellness support tailored to the needs of your employees. For those who want a richer program, BCBSM has partnered with Gordian Health Solutions Inc. to deliver *Premium Wellness Solution* at an added cost. With 11 years of experience and Gordian's reputation as a nationally recognized wellness vendor, this partnership can provide more intensive on-site and telephonic coaching support.

Value-added features of BlueHealthConnection Premium Wellness Solution include:

- Telephonic lifestyle health coaching for weight management, exercise, stress management and smoking cessation available 24/7
- Incentive program design and management
- Reward structure consultation
- Enhanced reporting
- All BlueHealthConnection Standard Solution features are included



Whether your group is just beginning or needs to reinvigorate its wellness approach, the following wellness add-on features are also available with Standard BlueHealthConnection and Premium Wellness Solutions:

- Health fairs
- On-site biometric screenings
- On-site health education classes
- Environmental assessment
- Retrospective Claims Analysis, a robust review of risk factors and potential for intervention

Wellness and care management consulting

Incorporated in the design of BlueHealthConnection is a comprehensive collection of care management components across the care continuum. However, successful programs in wellness and care management need to be flexible to permit a customized approach. Ongoing communication is also a necessity, so BCBSM offers interactive support that is unique to each customer through our wellness and care management consulting team. Through a variety of tools and ongoing discussions, BCBSM uses its expertise to guide employers in their desire to control health care costs and increase productivity. Whether it's Web-based tools, on-site education or employer-sponsored written communications that best meets your needs, our analysis of each customer's environment and demographics — and desired goals — is available to determine the program design most likely to yield positive outcomes.

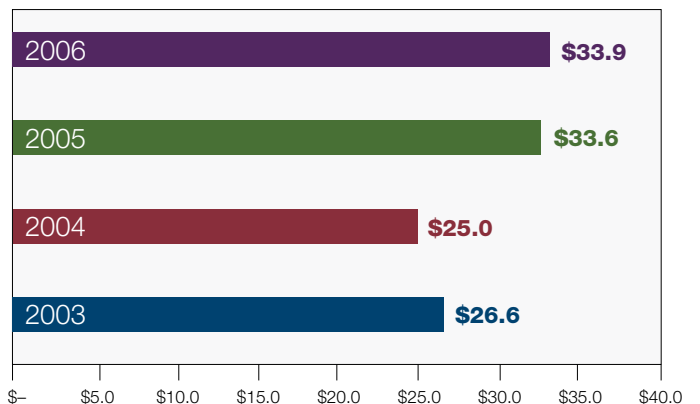
Using our claims and program operation results, valuable information guides our consultation efforts. For example, when 50 or more members take the health risk appraisal, an aggregate report can be generated that identifies the most common lifestyle risk factors among employees, adding strength and veracity to our ability to recommend meaningful solutions. The recommended approach is specifically tailored to help you accomplish your organization's wellness goals.

Outcomes

To optimize the health and productivity of their workers, employers should develop targeted strategies and approaches designed to produce positive outcomes in four main areas: cost, satisfaction, health and productivity.¹⁴

While employees will have internal measures on productivity, BlueHealthConnection has delivered in the area of cost with savings averaging around \$30 million annually since its first full year of operation in 2003.

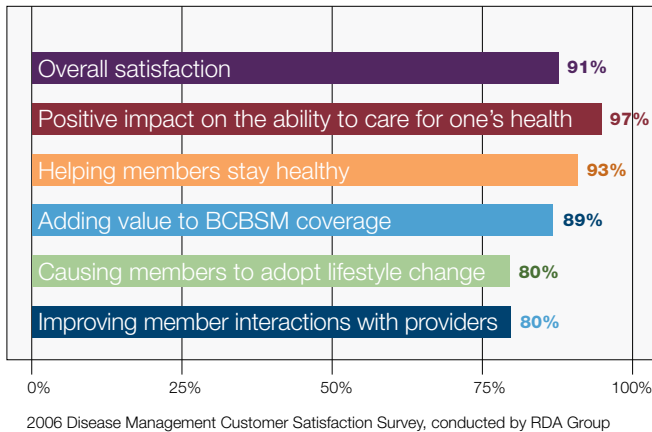
BlueHealthConnection Annual Savings (in millions)



4Q 2006 reporting

¹⁴ watsonwyatt.com. "Staying @ Work 2003/2004."

In addition to financial returns, overall member satisfaction is more than 90 percent, according to our most recent survey results.



“Blue Cross Blue Shield of Michigan ranked second in the Midwest Region, behind BCBS Minnesota, in an inaugural J.D. Power and Associates study examining member satisfaction of large commercial health plans. The 2007 National Health Insurance Plan Satisfaction Study focused on performance areas that health plans can influence or control to improve the experiences of their members.”¹⁵

The bottom five in the Midwest (in J.D. Power’s inaugural study on health insurance) – Anthem, Humana, Cigna, UnitedHealthcare and Aetna — all are part of publicly traded companies.¹⁶

When it comes to improving health, Quit the Nic reached 1,000 members in 2006 with a 12-month quit rate of 35 percent. In other words, BlueHealthConnection helped 350 people stop using tobacco products and stay off for at least a year.

Recent results also show statistically significant increases in multiple clinical quality measures for diabetes, heart disease, congestive heart failure and asthma. The most substantial improvements

were a 5 percentage point increase in monitoring kidney disease and a 3.8 point increase in two or more hemoglobin A1c tests for diabetics.

To demonstrate programmatic reach, BlueHealthConnection uses a number of rates that measure our ability to contact members who are in greatest need of support. These rates differ in intensity dependent upon the specific BlueHealthConnection solution applied. We use a touch rate to measure the broadest level of contact, including mail and phone attempts. Reach rates measure whether we spoke to a member.

For example, when comparing our Premium Solution to our Standard Solution:

- Premium members receive 3.5 times more phone calls
- Premium members identified with a chronic disease receive about 12 times more phone calls
- Premium members identified with a preference-sensitive condition receive approximately four times more calls
- Eight times as many premium members have been contacted by a nurse in premium than in standard

Finally, engage rate measures actual interaction with our nurses, including coaching for wellness, preference-sensitive conditions, chronic disease management and case management. The same pattern exists when looking at all three measures: the greater the investment in designated resources, the greater the opportunity to engage members and encourage them to adopt healthier behaviors.

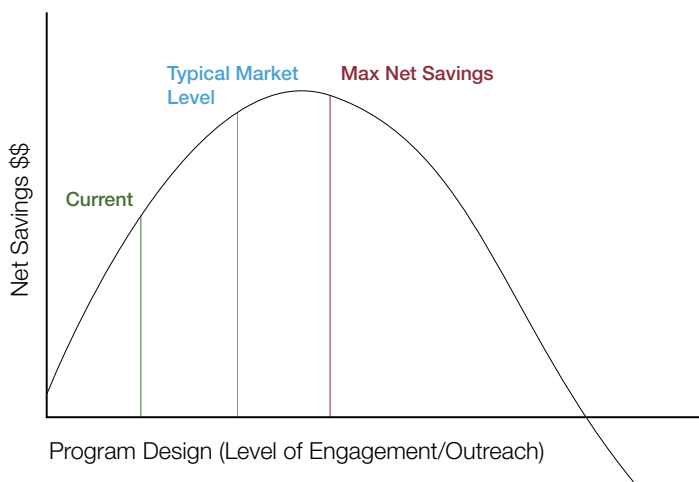
¹⁵ Detroit News. “BCBS Mich. No. 2 in Satisfaction,” March 15, 2007.

¹⁶ Ibid.



By increasing the number of members reached to even a moderate level, net savings are maximized beyond typical market levels. It is essential to reach not only those with acute illness, but more of the chronically ill to help them improve and manage their own health. The following also illustrates that investing in efforts to reach and engage members is key to achieve maximum savings and value.

Net Savings Maximization Approach



The actual point where targets are set will depend on the goals and objectives of the customer.

Moving forward

It is well known that an organization that best leverages its people has a distinct competitive advantage in the marketplace. “A well-crafted (medical) cost management program will result in improved employee morale, recruitment and retention at the same time it improves employee health status, lowers medical trend and improves work performance.”¹⁷ Wellness is not just another easy solution, but an integral part of ongoing efforts to address health care cost

and productivity in the work place. Employers can expect returns up to three times the initial investment, but must be patient because it usually takes about three years to realize these outcomes.

Finally, in the spirit of a team focus, each player on “team wellness” can contribute the following:

- Consumers can help by adopting and activating new behaviors to combat modifiable risk factors
- Employers can help by creating a wellness culture:
 - Provide incentives for completing the health risk appraisal
 - Identify those who will benefit most (Predictive modeling and the health risk appraisal are key tools offered through BlueHealthConnection.)
 - Continue to make interventions as intensive and comprehensive as possible (Don’t rely exclusively on the health risk appraisal or any one tool.)
- BCBSM can help by partnering with customers and members through BlueHealthConnection to inform, engage and motivate them toward their goals for a healthier lifestyle.

BlueHealthConnection is already making a difference for our customers and members, but we are not resting on those laurels. We recently launched a new PPO product **Healthy Blue Incentives** that promotes and rewards healthier lifestyles and lowers health care costs through reduced copays and deductibles for members who engage in our wellness program. We look forward to sharing results from this endeavor in another report.

¹⁷ Aon Consulting. “Practical Steps to Controlling Medical Costs.”



**Blue Cross
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of Michigan

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