



bulletin

Measuring and Managing the Health Cost Dilemma

Teachers across Canada can really appreciate their health benefit plans! Health costs continue to climb, with annual increases running several times the rate of general inflation. But what's behind this trend? Both the profession and school boards are facing significant organizational, demographic, accountability and environmental pressures. These factors, combined with daily classroom challenges, make teaching very stressful. Dr. Graham Lowe, a leading workplace researcher in Canada, cites Statistics Canada figures that 1/3 of Canadian workers are stressed due to excessive work demands and hours, and that health costs are 50% higher for those workers.¹

OTIP knows that traditional management techniques are not controlling benefit costs, and that a changing, well-informed workforce will not permit a reduced benefit plan. Among OTIP members, the incidence of long term disability (LTD) claims is about twice the insurance industry average. Claims for mental disabilities are running at over 40%, also significantly higher than insurer norms. In addition to better measurement, new management approaches are needed.

As Randy McGlynn, OTIP's chief operating officer, said: "Underlying health issues must be identified and addressed before health claims can be

effectively managed. We want all parties to start talking about solutions now so their plans can be sustained in the future."

The Health Evidence Project

It has always been tough to identify the top health issues and diseases affecting teachers, calculate the costs, isolate cost drivers, and begin to determine where intervention could be most effective.

While much is known about what drives the cost of health *generally*, it has been difficult to adapt this information to specific benefit plans – to customize the information in a way that makes it clear what the problem is, who owns it and what might be done about it. But now, using innovative software, the cost of disease has been estimated in four Ontario school boards. Based on expert, third-party research, *Health Evidence (HE)*

The Players

- OTIP provides health benefit administration and consulting services to Ontario's education community.
- GlaxoSmithKline (GSK) is a major pharmaceutical company, and developed the *Health Evidence*® (HE) software.
- H3 Consulting advises organizations on the health services they buy, sell or consume.

Figure 1

software essentially converts benefit-related data into health-related data in order to identify the underlying health issues that fuel benefit plan costs. Importantly, *HE* includes diagnostic

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Protecting Your Privacy

In an effort to strike a balance between an individual's right to privacy and a private company's need for personal information to carry out business and expand markets, the federal government has created privacy legislation. The Personal Information Protection and Electronic Documents Act (PIPEDA) outlines rules on the collection, use and disclosure of personal information, and will apply to all commercial businesses and organizations in Canada effective January 1, 2004.

OTIP practices fair information handling procedures and maintains your information in a secure and confidential manner. We are committed to providing you with excellent service, and maintaining our solid reputation of respecting your right to privacy and safeguarding your personal information. As a result of this federal legislation, we have further strengthened our privacy commitment to you.

For us, privacy is not a compliance issue, but rather a business issue. This means we are committed to seeking your consent before we collect, use or disclose your personal information. As a valued OTIP client, you have the right to access and correct your personal information. We also understand that you can choose not to provide us with some or all of your personal information. In some cases, we may not be able to provide you with certain products and services without specific information, however we will always explain the situation and help you with your decision.

OTIP respects your privacy. Not only do we respect it, but we protect it. The personal information you share with us stays with us. Protecting your privacy means we keep your personal information and the business you do with us in strict confidence. We will never sell your information to other parties. For full details of OTIP's privacy policy, please visit www.otip.com.

For more information about PIPEDA, visit the Privacy Commissioner's Web site at www.privcom.gc.ca. 



2003 Benefits Workshop Review

The 2003 Benefits Workshop took place on September 24 and 25, at the Holiday Inn Select in Toronto. The theme for this year's workshop was *Shaping a Healthy Future Together*. Participants had the opportunity to learn valuable information on how to support their disabled members, updates on LTD trends, the latest on Canada's privacy legislation, and the effects of increasing mental health disorders on the global economy. To access Workshop material online, please visit www.otip.com and log into the *Online Benefits* section.

Our guest speaker this year was Dr. David Posen, whose unique style, combined humour and practical analogies to help unlock the mysteries of stress and wellness. There's no quick fix for mastering stress and change, but creative and effective strategies exist which can be learned by everyone. Dr. David Posen taught us how to take control of our lives ... and come out on top.

Auto Insurance Changes Announced By Ontario Government

On October 23, 2003, Dalton McGuinty was sworn into office as the new Premier of Ontario. He has announced that all automobile rates have been frozen.


What does this mean?


Automobile insurance rates are frozen and no further increases can be filed. Rate increases previously accepted by FSCO (Financial Services Commission of Ontario) will proceed.

The insurance industry has pledged to cooperate with the Ontario government and looks forward to discussing further reforms promised in the Liberal election platform with the new government.

OTIP's Response

OTIP will support any actions that benefit the consumer and still represent a reasonable business opportunity for our insurance partner AVIVA Traders.

OTIP will continue to keep you informed as developments occur – updates can be found online at www.otip.com under the *What's New* link. 

Next year's workshop will take place on September 29 and 30. Look for your e-mail invitation in the Spring. 

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information, sourced from a panel of physicians. While it is not meant to solve these issues, HE provides information to allow a more concrete and thorough analysis of benefit cost drivers, and identify opportunities for better health management, including prevention.

Health plan claims data from four groups of OTIP clients, representing 3,177 members, was analyzed. HE does not identify individuals and is only used with larger groups in order to protect the privacy of plan members and the confidentiality of health plan data. Validated, general population data was used in some situations when teacher-specific information was not available.

In addition to aggregating health-related costs across an organization, HE calculates the Cost of Labour (CoL) and Burden of Illness (BoI). These features illustrate the contributions of 17 health conditions present among plan members to the cost of LTD, Workers' Compensation, short term disability, drug, and employee assistance plans (EAP), as well as replacement labour and absence.

Participating Health Plan Facts & Figures

Plan Members Analyzed	3,177
Paid Drug Claims (annual)	\$2.25 million
Incurred LTD Claims (annualized)	\$6.5 million
HE-Calculated Health Costs	<u>\$19.4 million</u> 12.3% of payroll
#1 Health Issue – Mental Disorders	4.3% of payroll
Equivalent lost teaching capacity from <i>mental disorders alone</i> @ \$55,000 salary	115 positions
Top 3 Issues – Mental Disorders, Musculo-skeletal, Nervous System	8.3% of payroll combined

The Findings

The findings were dramatic and substantive. HE BoI calculations estimated the total health costs for the 4 boards at over \$19 million, or 12% of total payroll. HE identified mental health (mainly depression) and musculoskeletal conditions (arthritis, bone and back issues) as the first and second-ranked disorders for all four groups. Nervous system disorders (primarily migraine) and injuries (sprains and strains) were the other major health cost drivers. These conditions present large and compelling costs to employers, and allow appropriate focus for management initiatives, both individually and organizationally. (See Figure 2)

The Lessons

There were three major lessons from this project. First, plan sponsors must consider the underlying health-related causes of benefit plan costs to prevent illness and injury and better

manage their downstream costs. Second, simply managing each benefit plan in its own 'silo' will be ineffective, or hit and miss at best. Finally, changes to plan design must be carefully considered for total effect, including impact on other benefits, underlying health problems and total costs.

Looking at Other Evidence

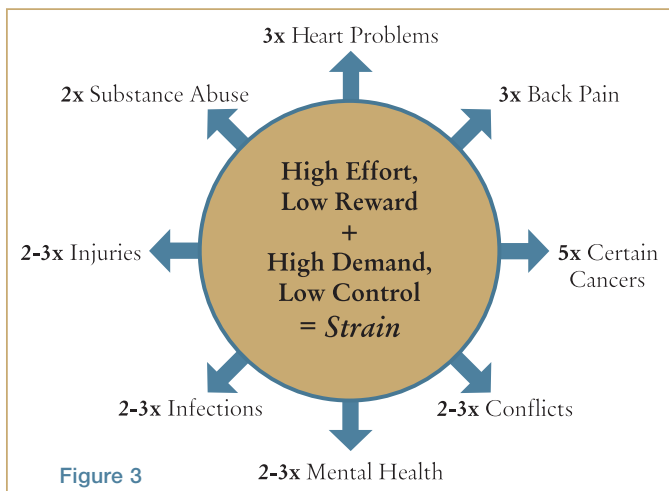
Was anyone surprised at the results? No, because there is a compelling body of literature that allows us to predict the effects of ill health on an organization's effectiveness and its costs. Poor working environments incur significant health issues. Improved flexibility, coupled with fair and achievable performance standards, creates a healthier, less stressed and more effective workforce. This, in turn, benefits students, the key customers of the education system.

Dr. Martin Shain, of The University of Toronto-affiliated Centre for Addiction & Mental Health, used research drawn from North America and Europe to develop this powerful image of the causes and effects of ill-health. (See Figure 3)

Employees of all ages have been stressed by the reorganization of the education sector over the last few years. Job security has been an issue among younger teachers. A recent study in Australia looked at the effects of job loss on health. The sample may be representative of teachers: almost 25% of 1,188 'professionals', aged 40-44, reported high job strain (defined as high demand – low control situations), and 30% reported moderate or high job insecurity. The authors found those with serious worries about their jobs were four times as likely to suffer from depression. Even after adjusting for factors such as gender, education level, and the presence of major life events, there was a significant association between job strain and mental health. (This finding was also borne out by the HE project.)

Figure 2

For older workers, early retirement has been very attractive – the average age decreased 2 more years between 1997 and 2002, to 57.6.² More than 4,000 teaching positions every year are vacated due to retirement in Ontario. For older teachers, phased-in retirement is a strategy that includes several different tactics designed to reduce teaching workload and keep teachers in the workforce. Boards may consider special assignments, mentoring, job sharing and reduced hours to allow increased personal flexibility. The Ministry of Education and unions might create less rigid approaches that would allow teachers to shape their teaching according to personal and local needs, while still assuring accountability.



The Role of the Organization

While measurement is a crucial first step, successful efforts to improve health can't stop there. Programs often fail to 'stick' in a highly de-centralized school board. Further, research indicates healthy workplaces require both individual programs and organizational initiatives. The latter route is at least as important because the organization plays an important role in either supporting or aggravating the health of its workforce. As Dr. Graham Lowe points out: "More important than workloads and demands are the social relationships in the workplace." This means an emphasis on good communication, good relationships with peers and principals, and an effective recognition strategy.³ Organizations can help in all three areas.

Next Steps for Plan Sponsors

OTIP understands its members, and knows changes don't come easily in the education system. The *HE* findings alone will not convince boards, unions and governments that health issues are a 'Top 3' priority. And even if the evidence were absolutely conclusive, with budgetary constraints on basic classroom expenses, one might ask where funding will come from for a new health program.

The good news is that staff health issues need not, and should not, become their own 'silo'. For long-range success, health must be incorporated into the overall strategy of the organization, and the education system as a whole. This is not a new health program, it is a new commitment to examine, accommodate and incorporate the health needs of plan members with other strategic and operational decisions. A new budget is unnecessary; funds currently allocated for areas like planning, training and development, occupational health, and even benefits administration can be tapped for prevention of illness and injury, and health promotion.

OTIP has already taken steps in this direction. For LTD members, OTIP is pursuing a new EAP pilot to augment its traditional vocational rehabilitation program with counselling from social workers and psychologists. OTIP sees a role for organizations in creating healthier work environments, so it is promoting the urgent need for constructive dialogue among unions, boards and the Ministry of Education to address the issues it sees unfolding in its block of health and disability claims. These are not just health issues, but management and governance issues as well.

Next Steps for Governments

Boards, unions and individuals need support and leadership from our governments. Bill Wilkerson, head of the Global Economic and Business Roundtable on Addiction and Mental Health, made this recommendation in a recent letter to Ontario Premier, Dalton McGuinty: "In concert with teachers themselves, your government must put into place a comprehensive health assessment, recovery and protection strategy for teachers in Ontario."

A number of specific ideas have been proposed by the Canadian Council on Integrated Healthcare⁴, by Dr. Graham Lowe, and others. These include:

1. A standardized approach to identify, measure and evaluate organizational health costs, and the established and emerging needs of plan members. Data should be accumulated in a manner that enables comparison within the education system, and between it and other sectors of the economy.
2. Identification of 'best practices' in organizational needs assessments, design and communication protocols between employees and their managers, e.g., teachers and their principals. For example, the New Brunswick Teachers Federation has employed health promoters for both individual and organizational practices for a number of years, and Alberta is now following suit.
3. A coordinated, sustainable approach to health education that focuses on prevention and disease management, and addresses both organizational issues and personal needs.
4. Financial incentives, such as repealing premium and sales taxes on benefit insurance premiums that support the public interest. If necessary, require that these monies be invested instead in validated workplace health initiatives.
5. More applied research on workplace health issues, e.g., psychosocial hazards, with a focus on the educational sector. This research should be done provincially, but would be even more powerful if it was sponsored by provincial education ministries across Canada.⁵

Next Steps for Teachers

There is additional focus now occurring on the importance of physical and health education for students, and logically, we might ask teachers to lead by example.

The following passage is an excerpt from research done by James Nunn and Kim Parkes on the impact of life-long health.


Despite research that indicates average test scores in reading and writing increase with time for physical education, many schools struggle with providing adequate time for students to be active.

Of course, sidelining physical education and discounting its value is nothing new. [One of the writers] recalls his own grandfather commented as he was heading off to university, "We don't need volleyball players; we need scientists." But, with so much mass media attention being paid to health and lifestyle these days, most will now admit that if these scientists don't play some volleyball, they may not be researching for very long.

If health and physical education can produce better students, it follows that a similar investment in health literacy and activity levels can benefit teachers, both professionally and personally. We must engage teachers in understanding the benefits of managing their own health risk factors.

Conclusion

Health in an organization must be encouraged through a sustained series of small steps. We must get the province, boards and unions engaged in changing the culture of teaching organizations – each has so much to gain. It is possible to give teachers more control over the rigours of their jobs, while still providing the public with improved accountability for Ontario's \$9.3 billion School Board Operating Grant.⁶

The *HE* project allowed OTIP to better estimate total health costs and identify underlying cost drivers. It confirmed suspicions and improved understanding – teachers are in a high-stress environment, and this pressure contributes to high rates of illness and increases costs. In addition to initiatives focusing on plan members, other research strongly suggests organizations have an important role to play in determining the health of workers. Not responding to this knowledge will allow further deterioration of health outcomes for plan members, and financial results for plan sponsors. With such high and ever-increasing costs, the long-term viability of benefit plans is threatened. OTIP hopes this project and its other initiatives will encourage constructive dialogue and collaborative, health-focused solutions among its education sector clients and other stakeholders. 

¹Lowe, G. *Trust can ease the stress*, Globe and Mail, October 22, 2003.

²Canadian Labour and Business Centre, October 20, 2003 eCLBC Newsletter: Phased-In Retirement Options Needed for Skill Shortage Challenge.

³Op cit. Lowe, 2003. OTIP research among its clients' plan members shows teachers understand the beneficial effects of work-life balance, communication, and stress management on their health.

⁴Ideas in this section are largely based on work by the Canadian Council on Integrated Healthcare in its Discussion Paper on Workplace Health, October 2002. Available at: <http://www.ccih.ca>.

⁵An idea adapted from a paper by: Koehoorn M, Lowe GS, Rondeau KV, Schellenberg G, Wagar TH, January 2002. Creating High-Quality Health Care Workplaces. Discussion Paper W/14, Canadian Policy Research Networks. Available at: <http://www.cprn.org>.

⁶Ontario Ministry of Finance, 2003-04 Expenditure Outlook, from Paper B – Ontario's Fiscal Plan, Ontario Budget, available at: <http://www.gov.on.ca/FIN/bud03e/paperb.htm>.



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The Benefits & Insurance Bulletin is published twice a year for our group insured clients. We encourage you to share this information with your members, who may want to repeat these articles in their district newsletters.

If you have any comments or suggestions, please contact us.

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