

# Seeing the Forest for the Trees

## *Looking Beyond ROI*

By Amie Horan

According to the Centers for Disease Control, chronic diseases account for 87.5% of all deaths in the US, and more than 75% of the nation's \$1.4 trillion medical care costs<sup>1</sup>. Yet the majority of chronic conditions are preventable. Consider, for example, the impact lifestyle choices such as obesity have on conditions like heart disease and diabetes: having a body mass index (BMI) between 25 and 30 increases your risk of heart disease by nearly 40%, and more than doubles your risk of diabetes<sup>2</sup>.

Faced with these statistics, it's clear why disease management is such a buzzword in healthcare. Employers are realizing they *must* do something to control the impact that chronic disease has on both their employees and their healthcare budgets. Evidence of this realization can be seen in the fact that an estimated \$1.5 billion was spent on disease management programs in 2006<sup>3</sup>. But how do you know you're getting your money's worth? Your first instinct might be to turn to return on investment—but before you start shouting “show me the money,” it's important to understand that the value of disease management programs goes beyond ROI.

### **Seeing the Forest . . .**

While there is little doubt of the value of disease management, there is much contention over how to show this value. Several studies have pointed to the fact that programs using health coaches can successfully motivate employees to make positive lifestyle changes. One such study on the effectiveness of health coaching showed significantly improved outcomes in the group receiving coaching, while showing no statistical change in the control group<sup>4</sup>. It's intuitive, then, to make the connection between lifestyle changes—like smoking cessation and weight loss—and cost savings. Obesity and smoking are responsible for over \$250 billion in healthcare costs each year<sup>1</sup>. If the risk of diabetes or heart disease can be reduced by 50% or more just by losing 5-7% body weight<sup>5</sup> and quitting smoking<sup>6</sup>, imagine the impact that would have on healthcare expenditures.

### **. . . Not Just the Trees**

Why is it so difficult to nail down ROI? Simply put, there are many factors that can be used to determine savings for disease management, and just as many different ways to evaluate each of those factors. For example, methodologies may take into consideration pre- and post-implementation claims costs, but regression to the mean—the idea that an individual who is hospitalized one year is likely not to be hospitalized the next year—negates the validity of some of the ROI claimed through the use of this method. Even simple variables like group size and employee turnover can have a dramatic impact on ROI.

The Disease Management Association of America (DMAA) has spent more than a year working with agencies such as the Agency for Healthcare Research and Quality (AHRQ) and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) to develop a standard for calculating ROI. The result, according to DMAA Executive Director Tracey Moorhead, is “an unprecedented level of consensus among all stakeholders in chronic disease management and care coordination<sup>3</sup>.” However, skeptics are not completely swayed. Ron Goetzel, PhD, Vice President for Consulting and Applied Research at Thompson Medstat, has voiced the opinion that the disease management industry's eagerness to prove its worth could lead to a flawed methodology. In his thinking, it goes without saying that “as a trade organization, the DMAA is going to come up with a method that shows [disease management] provides an ROI<sup>3</sup>.”

## **So Is Disease Management Worth It?**

Despite the controversy over ROI methodologies and the best way to show value, do not doubt that disease management programs *are* beneficial. They help identify and close gaps in care by educating employees to be active participants—rather than passive recipients—in their healthcare. They teach members the value of self-management techniques and medication compliance. They reduce absenteeism and presenteeism, and are viewed as positive benefits by employees. They reinforce the idea that even small changes in lifestyle behavior can have a major impact on health. In short, disease management is worth the money—especially when you step back and look at the whole forest.

1. [www.cdc.gov](http://www.cdc.gov)
2. [www.prevent.org](http://www.prevent.org). Straight Talk About Obesity and Health, 2005.
3. Glabman, Maureen. 'Take My Word for It': The Enduring Dispute Over Measuring DM's Economic Value. *Managed Care*, April 2006.
4. Butterworth, S., Linden, A., McClay, W. and Leo, M. Effect of Motivational Interviewing-Based Health Coaching on Employees' Physical and Mental Health Status. *Journal of Occupational Health Psychology*, 2006, Vol. 11, No. 4.
5. Manning, Anita. Walking, dropping weight cuts diabetes risk in half. *USA Today*, August 8, 2001.
6. [www.smokefree.gov](http://www.smokefree.gov)