

Costs of 'presenteeism' make preventive care a worthy investment

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Every business investment must be justified on the basis of its return. That is why companies have been slow to invest in medical benefits that could result in healthier, more productive employees.

Investments in preventive care to reduce the chance of disease or serious illness may take years to take effect -- or perhaps they may never show a measurable financial return. Programs that reduce the chances of ailments such as heart disease, cancer, stroke, diabetes or others are obviously beneficial to employee groups but difficult to define financially.

With the help of research by the **American College of Occupational and Environmental Medicine (ACOEM)**, financial managers now have a new way to measure health investments that can improve an organization's performance next month rather than waiting for next year or future years.

ACOEM research has been able to measure the financial cost of employees' health conditions while they remain at work, perhaps long before they become incapacitated or require intensive medical treatment.

As opposed to absenteeism, ACOEM calls this condition "presenteeism," meaning that afflicted employees are present at work, but at lower-than-average productivity levels.

The research defines the cost of presenteeism to be employers' "money at risk" associated with common chronic conditions. The total economic burden an organization bears for these illnesses is comprised of actual medical costs plus the loss of productivity while an employee remains on the job.

While reduction of medical costs is often a long-term proposition, reduction of presenteeism can improve the bottom line immediately.

One can readily understand how the costs of presenteeism could mount in a variety of subtle ways that could be difficult to track. Those could include reduced quality of products or services, breakdowns in customer service, and, in industrial settings, a greater likelihood of work injuries leading to a further level of medical expense.

Here are some average statistical examples that ACOEM provides on the cost of presenteeism as a percentage of employers' annual cost burden for employee health conditions:

- Allergies/83 percent;

- Arthritis/77 percent;
- Asthma/72 percent;
- Hypertension/63 percent.

A survey of corporate chief financial officers by the **Integrated Benefits Institute** indicated that when CFOs understand the link between health benefits and immediate productivity -- combining absenteeism and presenteeism -- they become increasingly willing to invest in proactive health programs. But only eight percent of CFOs said they previously knew the financial impact of presenteeism.

That last fact is the core reason to make employee health care an organization-wide concern with participation by top management. In many cases, it takes active and determined reporting by benefits and HR managers to gain executive attention and support.

The Wall Street Journal, in a recent article, indicated that both employers and insurers are betting that covering more of the cost of drugs can save money over the long term for chronic employee conditions.

The report cited **Pitney Bowes Inc.** among companies that have reduced or eliminated copayments for drugs. That firm gives away diabetes and asthma drugs and provides cholesterol-lowering drugs free to employees and dependents with diabetes or heart conditions.

Here are three ways employers can immediately see improvements in the costs of presenteeism:

1. Reduce or eliminate drug copays for employees who join free behavioral modification programs for smoking or weight loss. Smoking and obesity together account for about 80 percent of all medical expenditures when all their related illnesses are considered.
2. Initiate disease management programs to assist employees in care management and positive lifestyle changes such as nutrition and exercise. Disease management counselors can even support such matters as maintaining medical appointments and taking medication regularly.
3. Broaden the organization's view of employees to include their families where possible.

Counseling can be beneficial if employees are regularly taking time off to attend to family medical needs or if health promotion programs can be extended to family members.

Employee health care remains one of the most expensive and complex issues that managers face. But there are definitely ways to reduce health costs in both the long- and short terms through judicious investments with measurable returns.

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