

The Cost of Doing Business

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A recent survey illustrated that for American industry, the cost of health benefits, as a percentage of after-tax profits, had risen from 26 percent in 1989 to 45 percent in 1990 (Foster Higgins & Co., 1991). In other words, almost one-half of all corporate profits are consumed by providing health care for employees. In one of my recent columns I discussed the costs of musculoskeletal injuries on-the-job. As you may recall, musculoskeletal injuries are rapidly becoming one of the primary health care issues for American industry. In fact, it is estimated that 50 cents of every health care dollar spent by industry will be related to cumulative trauma disorders or CTDs (Parker and Imbus, 1992). If this is accurate, a full one-fourth of all after-tax profits will soon go to CTDs.

In addition to the problem of musculoskeletal injuries, health care costs in general, are placing severe demands on industry. A May 1994 article in the *Journal of Occupational Medicine* caught my attention. I would like to take this opportunity to discuss the findings presented. The article, "Corporate Medical Claim Cost Distributions and Factors Associated with High-Cost Status," was authored by Yen, Edington, and Witting. The authors studied the medical claim costs for a group of employees who worked for a large manufacturing plant. The company offered two different types of health care coverage for the workers: a medical indemnity plan, and a health maintenance organization (HMO). Of the 10,446 employees, 7,796 selected the indemnity plan. The study evaluated the distribution of medical expenditures for this group over six years.

Of the health care costs during the study period, those employees at or above the top 10 cost/percentile accounted for 58-80 percent of the total costs. This appears consistent with other similar studies that have demonstrated that the top one to two percent of the workers usually account for 15-30 percent of all medical expenditures. Those workers within the top 10-15 percent typically account for 70-90 percent of the total costs (Sonnefeld et al., 1991; US Dept. of Commerce, 1991; Levit and Cowan, 1990; Foster and Higgins, 1991). Studies of patients with low back pain offer similar figures with some 10-25 percent of back pain sufferers accounting for 80-90 percent of all costs (Spengler et al., 1986; Snook, 1987). While these numbers should not come as any surprise, this study serves to emphasize one of the major problems with our health care system. That is, the health care resources are allocated unevenly with a small number of individuals accounting for the majority of all expenditures. If we are serious about reducing the burden of health care expenditures, effort must be exerted to address the high-cost health care consumer.

Perhaps more important than the distribution of costs within such a small percentage of workers, Yen et al., demonstrated that the top 10 percent can be predicted from health risk measures. These measures include smoking, number of risk factors, work absenteeism, and the presence of medical problems. One of the methods used to identify these health risk measures was a voluntary health risk appraisal (HRA). In addition, blood pressure and total cholesterol was measured. The authors suggest that once the high-cost individuals are identified, steps may be implemented to assist them to utilize the health care system more effectively. This should have obvious advantages for companies

concerned about their health care costs.

It would appear that, in general, those employees with healthy lifestyles, as determined by a health risk appraisal, were less expensive users of the health care system. It is emphasized that one of the most significant findings of the study is that the high-cost employees (i.e., those in the top 10 percent) can be predicted. Once identified, steps may be taken to assist those individuals who are at high risk. While it is not specifically stated, it would be reasonable to assume that these efforts would include efforts to improve the health of the high-cost users.

I would like to suggest that the chiropractic profession has an opportunity to move into the forefront in the area of prevention, both in industry and in the community. It is becoming increasingly apparent that prevention and health promotion is no longer a fad. Efforts exerted to identify high risk, high cost individuals are increasing. Greater emphasis is being placed on reducing injury rates, decreasing resultant disability, and promoting healthy working and living. For much of the past century, the chiropractic profession has been a leader in promoting health and wellness. We have a long history of promoting natural remedies and personal responsibility instead of high-cost, highly technological procedures. Unfortunately, much of our attention has been diluted by fighting amongst ourselves. It may be time for the various factions within the chiropractic profession to put aside their individual differences, philosophies, and egos and devote the next 100 years to promoting health and wellness. Just imagine what the chiropractic profession could do for the health care system of America if we launched a concerted cooperative campaign to promote health.

I would like to develop a list of chiropractors who are working with industry in various ways. If you are currently working with companies, have worked with companies in the past, or would like to work with companies, I would appreciate knowing who you are. Please send your name, address, phone and fax to my attention at the address listed below. I would also like information regarding the type of companies that you have assisted and the nature of your intervention.

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