

Spotlight: Health and Wellness

One company's effective approach to corporate health care cost containment

GM&A is a corporate health care consulting firm comprised of medical industry insiders specializing in "direct contracting" with health care providers on behalf of large employers. President David Herbert, M.D., and CEO Michael Jenike have worked on all sides of health care, from hospital administration to insurance. They recently visited from their home offices in Texas to participate in a Daily Transcript executive roundtable on health and wellness.

Several panelists discussed their experiences with wellness programs. Some used more direct communication with employees in an effort to motivate better fitness and preventive measures. Some used online programs to help employees become involved with wellness programs, while others offered monetary incentives to encourage fitness participation.

"I don't think there is any magic bullet or a proven solution that clearly demonstrates how to motivate employees toward fitness and wellness," said Herbert, who also runs marathons. "We're not seeing any program that works very well."

He was not aware of any research or methodology that has proven effective on a long-term basis for employees who most need to

address wellness and fitness issues. Moreover, he was not aware of any studies or results that could point to any real or exact "return on investment" in this area. Herbert noted that companies and employees are very emotional about their health care choices and selections, and intimated that once substantial savings are realized, any reluctance soon dissipates.

Jenike then shared his experience with GM&A's "direct contracting" approach and the millions it has been able to save clients in a field where increasing costs frequently make headlines. He described how the company develops medical networks uniquely suited to any geographic area and to any employee's medical needs. GM&A facilitates one-on-one relationships between companies and hospitals and other medical providers. With no middle men between patients and providers, the level of patient and doctor satisfaction increases. Employees appreciate the closer relationship with their employers and their health care team over time.

One example is **Perdue Farms Inc.**, a \$4.6 billion company with about 21,000 employees. It faced unmanageable increases of 18 percent annually. After covering 45,000 lives in its direct net-

works, annual cost increases dropped from 18 percent to less than 1 percent and have remained below 1 percent for the past eight years.

Perdue's medical plan costs per-employee-per-year are running 50 percent to 60 percent below the national average. And while the cost of developing its own medical networks was considerable, management conservatively estimated that its return on investment from direct contracting has surpassed 30:1.

A 2002 study concluded: "Our study shows that the direct purchasing model works well and can control costs. It represents an innovative health care model for the 21st century that provides real alternatives to today's managed care," explained co-author Jonathan Weiner, professor of health policy and management at the Johns Hopkins Bloomberg School of Public Health.

The bottom line, however, results in GM&A consistently saving corporate clients a minimum of 15 percent to 30 percent in health care costs — which translates to tens of millions of dollars. GM&A can provide a "health plan check-up" to see if significant savings can be achieved.

More information about the company can be found at GMA-USA.com.

Submitted by GM&A Corporate Health Care Consultants