



WHITE PAPER

Fully Integrated Human Capital Health Data:

The Case for Expanding the Way Business
Creates and Sustains a Healthy Workforce
and Competitive Advantage

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Ever since Adam Smith, widely considered the father of modern economics, first introduced the notion of the value of human labor in his book, *The Wealth of Nations*, the topic has been a central theme in all varieties of public debate about health care and business, education, and welfare. Along the way, such leading thinkers as Nobel Prize winners Thomas Friedman and Gary S. Becker, who pioneered the concept of “human capital” into the lexicon of business, have continued to challenge our thinking about what business capital means and how we assess the value of the investments we make. “Economists regard expenditures on education, training, medical care, and so on as investments in human capital,” Professor Becker wrote recently. “They are called human capital because people cannot be separated from their knowledge, skills, health, or values....[and] education, training, and health are the most important investments.”¹

Beyond a company’s P&L ledgers, building and equipment, and other tangible forms of assets, business has long-recognized the bottom-line value that human talent brings to the success equation. However, efforts to support and capitalize on these human resource assets have often been segmented into independent silos throughout the organization—from Risk Management to Finance, Benefits and Compensation to Human Resource Development/Training and Business Analytics. Without the benefit of collaboration and shared knowledge, each have operated with only one small piece of the puzzle, one microscopic view of the employee, the health/productivity/performance issue at hand, and its potential consequence to the individual, fellow coworkers, teammates, and the organization as a whole. And the results have disappointed.

Physical Work Environment

Consider this: Hazardous work exposure is correlated with smoking and heavy drinking.²

Employee attitudes and behaviors have been shown to be heavily influenced by workplace design, including motivational, social, and physical work conditions. From workstation ergonomics to lighting and noise, safety and cleanliness, the functional components of the workplace and the physical demands of the job have a direct effect on worker health and productivity. Restricted free time and limited access to healthy food options and stairways or other physical exercise choices helps contribute to employee obesity. With its related complications, obesity is a national crisis and evidence of its impact to both employee well-being and the corporate bottom-line can be found in nearly every workplace. Repetitive stress injuries and lower back musculoskeletal disorders continue to account for an ever-increasing number of benefit claims. And rigid work schedules, ineffective team leadership or management communication, and other related issues create work/life imbalance, undue family stress, and increased risks to health.

Psychosocial Work Environment

Consider this: Job strain and effort/reward imbalance at work are associated with conditions that elevate the risk of coronary heart disease.³

Watching a company’s competitive intelligence walk out the door can be devastating, whether voluntary or a result of layoffs. In good times, it’s tough. In today’s economic conditions, the costs can be immeasurable. Although managers and coworkers can play a key role in providing crucial interpersonal support, for those

¹ Gary S. Becker, “Human Capital.” *The Concise Encyclopedia of Economics*. 2008. Library of Economics and Liberty. 2 June 2009. <<http://www.econlib.org/library/Enc/HumanCapital.html>>. ARTICLE | HCM White Paper

² Toni Alterman, et al. “Examining Associations Between Job Characteristics and Health.” *Journal Occupational Environmental Medicine*. 2008. 50: 1401-1412.

³ Peter R. Siegrist J, “Psychosocial Work Environment and the Risk of CHD.” *International Arch Occupational Environmental Health*. 2000.

employees that stay, many may be present at work but are unable to perform at capacity. In one study, 44 percent of employees reported that they cut back on their work when they are physically sick or mentally unwell.⁴ And participants exposed to high psychological job demands—e.g., excessive workload and extreme time pressures, which often occur when the remaining “survivors” are asked to do more with less—had twice the risk of major depression or anxiety disorder compared to those with low job demands.⁵

Organization Culture

Consider this: Pathogenic work organization conditions contribute independently to the experience of psychological distress.⁶

A multicultural workforce, often located around the globe and performing in an infinite variety of different job roles, has created challenges never before experienced in business. Conflicts can arise. Bullying and harassment can occur. Stress and tension increases. And productivity suffers. This workplace diversity calls on organizations to create a culture of inclusion, a climate of openness, and fairness in organizational decision making in order to serve the needs of employees, create a healthy and productive workplace, and generate value for the organization.

Health and Productivity Management

Consider this: Unless workers experience tangible rewards for successful performance, health will continue to matter less.⁷

When employers are able to create the right balance of the “carrot and stick” approach, efforts to engage employees in programs that encourage positive lifestyle

and health choices are more successful. Reevaluating current programs within the broader context of employee needs is essential. Most effective incentive methods are those that align rewards with attaining a better lifestyle.⁸

The Call to Create an Expansive 360° View

Today’s most forward-looking businesses take each of these core dimensions seriously, but often do not view them holistically. Looking at organizational culture and workplace health provides only a partial picture of what it takes to maximize the talents of a company’s best and brightest. Compensation and rewards policies, recruitment and retention strategies, health benefits and employee assistance programs are all essential to the management of human capital. And physical workplace and psychosocial assessments can add depth and dimension to understanding how an employee’s environment impacts his/her engagement, satisfaction, and performance. Alone these can be highly effective in informing decisions that impact business success. But together, in a fully integrated database of longitudinal data and outcomes metrics with both employee and corporate performance,



⁴ Watson Wyatt, “Staying@Work: Effective Presence at Work.” 2007 WorkCanada Study. December 2007.

⁵ Maria Melchior, et al. “Work Stress Precipitates Depression and Anxiety in Young, Working Women and Men.” Psychological Medicine. August 2007. 27 (8): 1119-1129.

⁶ Alain Marchand, Andree Demers, Pierre Durand. “Does Work Really Cause Distress?” Social Science and Medicine. 2005. 61: 1-14.

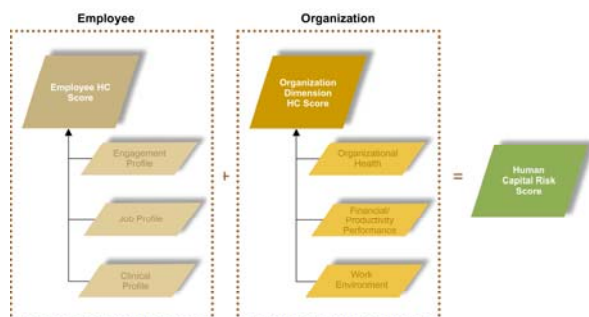
⁷ BC Amick, P. McDonough, H. Chang, et al. “Relationship between All-cause Mortality and Cumulative Working Life Course Psychosocial and Physical Exposures in the U.S. Labor Market from 1968 to 1992.” Psychosomatic Medicine. 2002. 64: 370-381.

⁸ Parija Kavilanz. “Unhealthy Habits Cost You More at Work.” Cable News Network. March 2009. CNNMoney.com

the power of technology can help transform data into knowledge into specific actions that create and sustain a supportive organizational environment for human capital health.

What Human Capital Health Is and Why It Matters

Consider this: Better communication and collaboration across disciplines is essential for success and can be fostered by adopting a human capital framework that views the health and safety of employees as essential ingredients for a healthy and productive workforce.⁹ While productivity and health management and strategies have developed along parallel trajectories over the past 30 years, today's state-of-the-art technology and consumer-directed focus on health are converging to create new possibilities. For companies wanting to continue to grow and reach beyond the traditional programmatic solutions available, Human Capital Health practices can fundamentally change the way that information about the health of the organization as well as the health of each and every employee is gathered, analyzed, and deployed to improve decision-making.



Human Capital Health takes the very best of health and productivity management practice to the next stage of innovation. Building upon current models and practices that focus on the physical and emotional health of the employee, Human Capital Health adds data on the critical physical and psychosocial aspects of the workplace to provide a full 360° view of what it takes to generate the greatest return on the investment businesses make in their most valuable asset: people. And exploiting the very latest technology-driven

systems and applications, a Human Capital Health approach uses the power of data analytics to provide evidence-based health solutions for business.

Where today's assessment techniques typically use only clinical and demographic data to identify potential health risks among workers—without considering job and work/life issues—an Employee Human Capital Score gathers survey and assessment data into three unique profiles essential to understanding the full scope of influencers on an individual: Engagement, Job, and Clinical. This comprehensive employee scorecard incorporates an employee's demographics, job performance evaluation, salary/bonus data, health risk factors (HRA), family dynamics, and savings/incentive program participation. In addition, key dimensions that provide insight into an employee's level of engagement are considered as well, including job satisfaction, training, health benefit program participation, and team functioning.

An Organization Human Capital Score, on the other hand, gathers survey and assessment data into three different profile sets: Organizational Health, Financial/Productivity Performance, and Work Environment. This unique organizational scorecard brings together information on specific job requirements and attributes; financial, cultural, turnover and retention data; and program data from a variety of areas such as EAP/BH, incidental and recreational absences, overtime, worksite safety, medical, RX, and disability.

Combined, these two dimension scores produce a unique Human Capital Risk Score—a 360° measure of the health of the entire organization—at any level of reporting required—and of the company's overall human capital performance.

The Next Generation

Human Capital Health delivers expanded solutions beyond current lifestyle and health condition management. This new approach to talent and organization management brings together a fully integrated employee experience profile, along with key business intelligence about the organization's functional design, culture, and overall performance, to provide a rare opportunity for businesses to design programs, promotions, policies, and interventions that inform employee choice, reinforce healthy behaviors, and produce long-term competitive advantage to the organization.

⁹ International Journal of Workplace Health Management, Vol.1, No. 2, 2008.

If you are ready to explore how Human Capital Health practices might bring improved health and productivity to both your employees and your organization, contact Ingenix to find out how we can help. Call us at 1-800-765-6696 or email insight@ingenix.com.

And be sure to visit our website at www.ingenix.com to learn more about how our comprehensive suite of data management and analysis solutions might help your business succeed.

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About the Authors



Neil Austin

Managing Consultant, Health and Productivity, Ingenix
As a consultant, Mr. Austin performs analyses and supports clients in the implementation of their integrated health, attendance and disability management programs. Mr. Austin holds an MBA and Sloan Certificate in Hospital and Health Care Administration from Cornell University and a BA in Psychology from the University of California at Berkeley.



Denise Van Kempen

Senior Consultant, Health and Human Services, Ingenix
Ms. Van Kempen serves as an analytic and reporting expert by applying her in-depth knowledge of Ingenix methodologies to analyze employee health and productivity. Ms. Van Kempen holds a BA in Economics from Union College and has studied health care in England, Holland and Hungary.