



THE STRATEGIC LINK™

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Addressing Increasing Health Care Costs

The recent surge in the cost of health care in the United States has been astounding. Health insurance premiums have increased along with the cost of prescription drugs. This trend can be attributed to several factors, many of which employees have little control. Costs have increased as a result of government regulations, health industry competition and technological advancements.



In order to evaluate total cost, one must consider not only the price, but also utilization. One thing that employees can control is how frequently and intelligently they use their insurance plan. In finding ways to control costs,

employers should not overlook the idea of helping employees to get healthy and thus decrease utilization of their health plan. A combination of consumerism and corporate wellness can be an effective approach to containing costs.

A Pound of Prevention...

Expenditures for health care in the United States continue to rise and are estimated to reach \$2.1 trillion in 2007. Much of these costs can be attributed to the diagnosis and treatment

of chronic diseases and conditions such as diabetes, obesity, cardiovascular disease and asthma.

- Approximately 129 million U.S. adults

are overweight or obese which costs this Nation anywhere from \$69 billion to \$117 billion per year.

- The majority of adults (60%) in the

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A Spotlight of Success:

GMK COMPANIES

GMK Companies is a Southeastern WI corporation that possesses ownership interest in 4 local manufacturing companies. Burkwald & Associates, Inc. (B&A) has partnered with GMK for nearly 10 years in managing employee benefits.

In March of 2003, GMK was faced with a 64% renewal on their health insurance plan. B&A was able to reduce that increase to 27% through a unique form of consumer driven health care. B&A emphasized that the rate reduction would be a one-time event unless claims patterns changed and the health of the employees could be improved.

Putting Wellness to Work

The wellness program at GMK began in April of 2003 with a Health Risk Assessment offered to all employees and their spouses. The employees learned about their current health status through a questionnaire and several biometric measurements that included a blood pressure and cholesterol

check in addition to a BMI evaluation of height and weight. The 2004 participation rate was 84% and valuable data was received through the HRA aggregate report.

GMK has developed a long-term health and wellness incentive program, entitled "Health Points". The ongoing 6-month program encourages employees to collect points for performing different wellness initiatives like exercising regularly, having an annual preventive exam, or losing weight. Employees can then redeem their points for rewards. If an employee is able to accumulate 500 points, they are rewarded with a \$100 check from the company. There were 6 people at GMK who were able to make the lifestyle choices necessary to earn the \$100 in the first program.

GMK organizes a variety of walking programs throughout the year that promote physical activity. The employees organize different stress-reducing

activities through the year. They have supportive smoking cessation programs in place for those who are struggling to kick the habit. A wellness newsletter is also distributed to employees on a monthly basis.

Suzanne Dorszynski, HR director, has taken a proactive position and is a key contributor to the wellness initiatives at the GMK Companies. The wellness programs have helped motivate her to lose 25 pounds and maintain healthy cholesterol levels. "It helps having an HRA at work and a wellness program to support my efforts."

The Results

She is not alone. We have been able to determine, though GMK's Health Point's program, the overall weight loss among all four companies was over 120 lbs. We received a more favorable renewal in 2004 of 11% and we're excited to report that the group will see a 0% increase in rates for 2005. GMK views their wellness efforts as an investment in their employees.



"Coming together is a beginning, staying together is progress, and working together is success."
~Henry Ford

A Pound of Prevention...

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- U.S. do not get the recommended amount of exercise; 25% of American adults do not exercise at all.
- Smoking is responsible for 440,000 deaths in the U.S. and \$150 billion in health care costs and lost productivity.
 - Stress is responsible for 75-90% of all doctors office visits.
 - In 2000, an estimated 17 million people (6.2 percent of the population) had diabetes, costing the U.S. approximately \$132 billion. People with diabetes lost more than 8 days per year from work, accounting for 14 million disability days.
 - Heart disease and stroke are the first and third leading causes of death in the United States. In 2003 alone, 1.1 million Americans will have a heart attack. Cardiovascular diseases cost the Nation more than \$300 billion each year.
 - Approximately 23 million adults and 9 million children have been diagnosed with asthma at some point within their lifetime, with costs near \$14 billion per year.
- A much smaller amount is spent on preventing these conditions. There is evidence that as much as 70% of the morbidity and mortality associated with chronic diseases may be preventable through early detection and lifestyle changes.



“Health is not valued until sickness comes.”
— Thomas Fuller

Question of the Quarter:

Q: What are the primary hurdles a company must overcome in order to have a successful workplace wellness plan?

A: According to The Wellness Councils of America (WELCOA), there are 7 benchmarks of success for a workplace wellness plan.

- 1 — Capturing on Senior Level Support
- 2 — Creating Cohesive Wellness Teams
- 3 — Collecting Data to Drive Health Efforts
- 4 — Crafting an Operating Plan

- 5 — Choosing Appropriate Interventions
- 6 — Creating a Supporting Environment
- 7 — Consistently Evaluating Outcomes

The B&A Buzz...

On the Mend

Thank you to everyone who has kept Daniel Burkwald in their thoughts over the past several weeks. Your concern is sincerely appreciated.

We're happy to report that our leader is on the road to recovery and we expect to see more of him around the office in the month of February.



Burkwald & Associates, Inc.

N27 W23960 Paul Road
Suite 100
Pewaukee, WI 53072

Phone: 262-523-3100
Fax: 262-523-3111
www.burkwald.com



just good business.

“The more severe the pain or illness, the more severe will be the necessary changes. These may involve breaking bad habits, or acquiring some new and better ones.”

*— Peter McWilliams,
Life 101*

**Check out our website
at www.burkwald.com**

Overweight and Obesity: Excess Lifetime Costs (Ages 45-54)

(IFEBP, December 2003)

