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## **When All Else Fails: Forcing Workers Into Healthy Habits**

By ANNA WILDE MATHEWS



Last year, AmeriGas Propane Inc. gave its employees an ultimatum: get their medical checkups, or lose their health insurance.

The nationwide propane distributor took the unusual step after facing years of steep increases in the cost of health coverage for its roughly 6,000 workers. The company's work force was aging, and many employees had unhealthy habits—the average worker is 46, and around 44% are smokers. And people weren't getting tests or preventive care that could help them avoid heart attacks, diabetes or cancer.

AmeriGas had tried a number of voluntary wellness programs to encourage healthy habits in its employees. But the company concluded that "optional programs just don't work," says Bill Katz, vice president for human resources.

Then, beginning last year, the company mandated that all employees would have to get physical exams, blood-pressure checks and cholesterol and blood-sugar tests. Women also were required to get Pap smears, and mammograms for those 40 and older.

Workers and their covered spouses would have a year to complete the tests, which are covered 100%, or lose their insurance. And they'd need to keep getting the checkups at least every two years in order to retain the health benefits.

John Adams, an AmeriGas operations supervisor in Temecula, Calif., says he was initially skeptical of the company-mandated medical care. But he says he changed his mind when he learned during his required checkup that he had high "bad" cholesterol and showed early signs of diabetes. "It was a very good wake-up call," says the 41-year-old, adding that he's lost 36 pounds through a new diet and an exercise program.

**Work & Family**

As Congress ramps up the debate over health reform, efforts to prevent and manage chronic conditions like diabetes are a major focus. Such illnesses affect more than 130 million Americans and account for about three-quarters of total health spending. Already, well over half of big companies have launched initiatives to improve employee health.

AmeriGas, based in Valley Forge, Pa., is one of just a handful of companies that have mandated health testing, but benefits consultants say it is at the cutting edge of a growing trend. In a February survey by consulting firm Towers, Perrin, Forster & Crosby Inc. 45% of companies said they planned to, or were considering, adding penalties for employees who didn't participate in wellness activities.

## **Legal Concerns**

Many employers have steered clear of wellness requirements because of legal concerns. Mandated health tests might be "problematic" under the Americans with Disabilities Act, says Sharon Cohen, an attorney at human resources consultant Watson Wyatt Worldwide Inc..

AmeriGas's Mr. Katz says the company's legal department closely vetted its program before it moved forward, and ruled it was acceptable. The company doesn't force employees to take any action based on their test results, which because of medical-privacy laws aren't shared with AmeriGas.

Labor officials say they object to the idea of mandated health tests. "This is a personal health matter," says Gerry Shea, assistant to the president of the AFL-CIO. "To bring it into the workplace and tie it to benefits is inappropriate. It's like Big Brother." Fewer than 2% of AmeriGas workers are unionized.

Among the first voluntary wellness efforts at AmeriGas was a poster campaign in 2001 that featured health tips and recipes. It offered a disease-management program from an outside vendor, which was available to counsel employees with certain chronic conditions. Other initiatives included promising discounted health-insurance premiums to nonsmokers and cash rewards for employees who filled out health-risk assessment forms. An exercise program was supposed to help workers get in shape.

Despite these efforts, Mr. Katz and benefits director Carol Guinan found themselves in April 2007 chewing over some unpalatable numbers. Besides annual health-expense increases of 10% or more, the company, which self-insures its health plan, had paid more than two dozen insurance claims in the previous year for amounts greater than \$100,000. Its workers had high rates of diabetes and heart disease.

Moreover, only 6% of the adults enrolled in the AmeriGas health plan had gotten recommended cholesterol checks in the previous 18 months. Just 20% had their blood sugar tested. Among women, 44% were getting appropriate mammograms and Pap smears.

So Mr. Katz floated a suggestion: Maybe AmeriGas should require the health tests. He and Ms. Guinan conferred with other officials, including the company's chief executive, its legal department and [Aetna Inc.](#), AmeriGas's health benefits administrator. Eventually, they settled on a list of checkups to be included in the program, and some limitations.

Mr. Katz decided not to include colonoscopies, because they were "too intrusive," and mandating them might "create a lot of resistance and resentment," he says. Also, the program would include only workers who had been with AmeriGas for two years or more, since such employees tended to remain with the company for the long term. Besides making the checkups free, the plan also doesn't charge for generic drugs for diabetes, blood pressure, asthma and cholesterol. Co-payments were reduced for brand-name medications for those conditions.

The program, dubbed Operation Save-A-Life, was unveiled in August 2007 and took effect the following January. Each worker received a DVD at home to explain the effort and discuss cost and health statistics. One fact: AmeriGas employees younger than 60 were dying of natural causes at nearly three times the expected rate for that age group based on actuarial data.

Many workers didn't welcome company-mandated medical care. "You get rolled eyes—'We don't really have time for this,'" says Eric Rath, a sales and service manager in Temecula, Calif. The former Marine says he was used to fitness standards and didn't object to the plan.

Dennis Price Sr., a 48-year-old propane-truck driver in the company's Warrenton, Va., office, says he was "a little shocked" by the idea at first. "I thought it was an invasion of our privacy," he says. Mr. Price had never gotten his cholesterol checked, and generally avoided doctors. But he decided the initiative was a good idea after he got his required physical in October and found he was healthy. Without the mandate, he says, he never would have gone.

There were some early problems with the AmeriGas program. Some employees, for example, were mistakenly charged by doctors for what should have been free exams. Such mixups made it tough to figure out which employees had completed the required medical tests. So AmeriGas decided to extend its deadline for getting the tests until May 2009. The company hasn't yet stripped anyone of insurance.

## **Improving Health**

AmeriGas estimates that more than 90% of its workers have gotten the required exams. Use of cholesterol drugs rose 13.6% in 2008 from a year earlier. For diabetes drugs, the increase was 7.7%, and for asthma medications and blood-pressure medicines, it was 7.4% and 2.5%, respectively.

The company also points to anecdotal evidence suggesting the program has helped improve some workers' health. Jeff Blanzky, a market sales manager for AmeriGas in Fremont, Mich., says he would never have gotten the medical checkups if they weren't mandatory. But after the 52-year-old went in for his exam, he learned he had fatty liver disease, and the doctor warned he was at risk of eventually losing his liver. "That scared the daylights out of me," says Mr. Blanzky, who has since lost 78 pounds after changing his diet and starting to work out.

Ellen Hendren, a customer-service representative in St. Augustine, Fla., discovered she had early-stage breast cancer when she went for a mammogram last August. If the test hadn't been required, the 63-year-old says she likely would have put it off and delayed the diagnosis by several months, allowing the cancer to grow. "It really has made a difference for me," she says.

AmeriGas projected that the screenings would cost about \$500,000 in 2008. Mr. Katz declines to give the size of AmeriGas's health-care budget. But he says health costs in 2008 were at least 3% higher than they would have been without the program. He attributes the increased spending to the cost of additional exams and follow-up care.

Despite their popularity, many preventive health programs fail to deliver savings. Those focused solely on detecting disease are often costly to their sponsors. However, corporate wellness programs that resulted in participants making changes such as losing weight or quitting smoking have saved money.

So far, Mr. Katz says, "we still don't know if it's going to work." But, he says, the company hopes to "improve the health of our employees and save money over time."

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