

# Do Health Care Savings Start in The Cafeteria?

By MELANIE WARNER

**S**TEVEN BURD isn't a doctor or a medical specialist. But he sure can talk like one.

"I can take any standard diagnostic procedure and there's typically a five- to tenfold difference in the cost of that identical procedure, whether it's an M.R.I., CT scan, a diagnostic catheterization, a colonoscopy, you name it," says Mr. Burd, the chief executive of Safeway.

Four years ago, Mr. Burd, whose grocery chain is the nation's third largest, became something of a health care expert when his company saw a looming financial crisis. In 2005, Safeway was forking over \$1 billion a year to provide health insurance for its workers, and the cost was rising 10 percent a year. It was Mr. Burd's moment of truth: he realized he could no longer stand by as health care costs ballooned.

"We were saying 'Wow, we're paying almost twice in health care costs as what we're making in earnings, and in five years it's going to be another half a billion dollars,'" he recalls.

Similar sticker shock is confronting all kinds of employers, which together provide 160 million Americans with health care coverage. But the cost of delivering that insurance has surged 31 percent over the last five years, representing the fastest-growing single corporate expense, according to Towers Perrin, the management consulting firm. Those costs take a huge bite out of the bottom line and hurt employees, many of whom see their paychecks shrink as employers pass along the extra costs.

Shelly Wolff, head of the health and productivity consulting group at Watson Wyatt, says she has seen C.E.O.'s who've dealt adeptly with tough issues like climate change become completely flummoxed by health care. "It's a board-level deal for most companies," she says. "A lot of companies are saying 'What do you do with health care?'"

In home offices around Boston, a shoe-

string operation of three full-time employees is working on an unusual answer to that question. As the wrangling over trillion-dollar price tags continues on Capitol Hill, a start-up company called the Full Yield is undertaking its own version of health care reform by using a simple, low-tech premise: Eat healthier food and you'll become healthier.

The idea is to help companies move their employees to better diets that, the logic goes, will ultimately reduce their visits to the doctor's office and the operating room — thus cutting costs.

"We need to put food back in the heart of health care," says Zoe Finch Totten, Full Yield's chief executive. "It's the cheapest way to deal with health and the simplest, and definitely the most pleasurable."

**O**VER the last six years, Ms. Totten, an associate at the Jefferson School of Population Health at Thomas Jefferson University in Philadelphia and a nurse midwife by training, has been working to create a 12-month nutritional program different from anything that's been tried in the workplace before.

Part one of its two-pronged approach is a line of Full Yield-branded food intended to take the guesswork out of what constitutes a healthy diet, while also reducing the need for cooking, which so many workers say they have no time for. Consisting of fresh items made with natural, whole ingredients, the food will be sold in corporate cafeterias and in the prepared-foods section of local supermarkets.

Unlike most corporate nutrition and weight-loss programs, which offer predictable prescriptions about portion size and calorie control, Ms. Totten's plan allows employees surprising amounts of free rein in deciding how much to eat. "You can eat when you're hungry, as much as you want, as long as you pay attention to when you're full," she advises. "And then you can eat again whenever you feel hungry."

This may be music to participants' ears, but it's a controversial message that runs counter to the advice of many

nutrition and obesity experts.

F. Xavier Pi-Sunyer, director of the New York Obesity Research Center and chief of the division of endocrinology, diabetes and nutrition at St. Luke's-Roosevelt Hospital Center, says it's an inappropriate message in a nation full of overeaters. "It just isn't true that people stop when they should," says Dr. Pi-Sunyer. "Americans are overriding their satiety signals. So to say eat until you're satiated is not a helpful health message."

But Ms. Totten contends that overeating doesn't result from a nationwide failure to count calories, but from the fact that so many people consume a diet of processed, refined foods. "People overeat Doritos because those foods are designed to trick the body's beautiful ability to be able to self-regulate," she said. "When you eat primarily health-supporting foods you will recover those protective mechanisms."

Those who make that change and join the program are urged to eat Full Yield's food or their own similarly whole-food-based choices exclusively for at least three months.

Part two of the program involves tracking those employees' progress by collecting a variety of data about them and partnering with insurers to analyze it.

"A lot of employers are doing these modest and piecemeal efforts at wellness and they have not worked," said Gary Hirshberg, the chief executive of Stonyfield Farm, a yogurt maker, and a member of Full Yield's board. "This is a comprehensive health management program with food as the base. And it's going to save companies a lot of money."

Groupe Danone, Stonyfield's parent company, has invested "seven figures" in the Full Yield, according to Mr. Hirshberg.

If Ms. Totten and Mr. Hirshberg are correct, the potential for health care savings is huge. A study in the January-February 2009 issue of the journal *Health Affairs* concluded that 75 percent of the country's \$2.5 trillion in health care spending has to do with four increasingly prevalent chronic diseases: obesity,

Type 2 diabetes, heart disease and cancer. Most cases of these diseases, the report stated, are preventable because they are caused by behaviors like poor diets, inadequate exercise and smoking.

Obesity alone threatens to overwhelm the system. In a recent study, Kenneth Thorpe, chairman of the department of health policy and management at the Rollins School of Public Health at Emory University, found that if trends continued, annual health care costs related to obesity would total \$344 billion by 2018, or more than 20 percent of total health care spending. (It now accounts for 9 percent.)

Dr. Thorpe also said that if the incidence of obesity fell to its 1987 level, it would free enough money to cover the nation's uninsured population.

At first blush, the notion of eating our way out of huge public health challenges like obesity, diabetes and heart disease may seem an overly simplistic and idealistic fix for complex, multifaceted problems. But health experts say that, in fact, an apple a day does keep the doctor away, and that many studies prove it.

Dean Ornish, president of the Preventive Medicine Research Institute in Sausalito, Calif., and a professor of medicine at the University of California, San Francisco, says he has spent the better part of two decades doing research showing that diet and lifestyle changes can undo even severe heart disease.

"Within a month, we've shown improved blood flow and 90 percent reduction in the frequency of angina," he says. "And within a year we've found that severely blocked arteries became measurably less blocked. We know this stuff works."

More recently, Dr. Ornish says, he has published research showing that some of those same diet and lifestyle changes can actually turn on genes that prevent disease and turn off those that cause heart disease, as well as prostate and breast cancers.

**B**UT, of course, persuading people to trade French fries and doughnuts for kale and quinoa is much easier said than done. Market researchers in the food industry have long known that people often say they will eat healthier or exercise more but never get around to it.

In spite of the increased incidence of obesity in American society and in the workplace, 40 percent of large companies surveyed by Watson Wyatt for an April report say that less than 5 percent of their employees participated in workplace weight management programs.

"A lot of us have piles in our homes and our offices that we'll get to when we can, and changing how you eat is often a bit like that," says Helen Darling, president of the National Business Group on Health, which represents large employers on

health care matters. "I don't think you could possibly overestimate how hard this stuff is."

Despite the considerable challenges, there are notable examples of companies that have successfully prodded their workers to become healthier, thus trimming health care costs.

I.B.M., for example, says that from 2005 to 2007 it invested \$80 million in what are broadly defined as employee wellness programs, and thereby saved \$190 million in health care costs. Some \$79 million of that was in fewer medical claims; the rest came from reduced absenteeism and "presenteeism" — a measure of lost productivity when employees are sick on the job. "A relatively small investment can have a big payoff," says Joyce Young, I.B.M.'s director of well-being.

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## *Employer Savings May Start in the Diet*

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That was certainly the case for Diane Akin, a product quality manager in I.B.M.'s storage technology division in Tucson. This year, she received \$300 in rebates from I.B.M. for completing online programs in physical activity, nutrition and preventive care, courses that inspired her to go on an exercise and nutrition kick.

"I lost 40 pounds and my cholesterol and blood pressure are down," says Ms. Akin, who is in her mid-50s. "I don't think I would have done it otherwise. The incentives, all the online support groups and goal-setting and monitoring really helped."

Ms. Akin added that she was no longer worried about becoming diabetic, a condition that could have hit I.B.M. with an annual bill of as much as \$20,000 in treatment costs.

Similar incentive programs at Pitney Bowes have helped it shell out 18 percent less than what the average large employer does in per-capita health care costs, according to Brent Pawlecki, its medical director.

In addition to online programs with financial incentives, as well as smoking-cessation and weight-loss plans, the company's wellness programs include eight on-site health clinics for treating common illnesses, as well as reduced co-payments on medications for diabetes, asthma,

hypertension and breast cancer.

Perhaps the biggest corporate success story is Safeway, a rarity among big employers in that it has kept per-capita health care costs from rising. Annual costs at the chain, based in Pleasanton, Calif., are roughly the same as they were in 2005, when Mr. Burd decided to tackle the issue.

He says Safeway has achieved this leveling by shifting its plan toward cheaper generic drugs and through the company's voluntary Health Measures plan, in which employees are checked for their weight, blood pressure and cholesterol levels and whether they smoke. For each test that's passed, workers are rewarded with reductions in their payroll contributions to health care coverage. For individual plans, this can add up to almost \$800 a year.

But analysts say Safeway, I.B.M. and Pitney Bowes are exceptions. Aside from chipping away at employee benefits, most employers have not made much of a dent in their health care bills. Although "wellness" and "lifestyle improvement" programs are common — 60 percent of big employers have them — companies continue to pay more and more in medical costs. This year, costs went up 6 percent, on average, according to Watson Wyatt.

**I**T'S a Thursday morning, and Ms. Totten of the Full Yield is lugging a canvas bag full of fruit scones and a cooler stocked with Greek yogurt parfaits along the streets of Boston. She is on her way to a meeting at one of the company's first three customers: John Hancock, the life insurance and financial services company.

Ms. Totten usually shows up at these meetings with goody bags of Full Yield food, often containing breakfast, lunch and dinner. Developed by a large food service company and produced at its facility in Connecticut, the choices may include turkey chili, quinoa salads, salmon cakes, chicken tagine, mixed bean wraps and whole-grain peanut butter cookies.

Peter Mongeau, vice president of human resources at John Hancock, has sampled the food many times and calls it "outstanding."

"For me, it was like going to a fine restaurant," says Mr. Mongeau, among the 300 employees who will be going on the Full Yield program early next year.

To encourage the purchase of Full Yield food, which is priced at \$6 to \$7 a meal, employees will get \$100 worth of coupons that can be used in John Hancock's cafeteria and at 18 local Roche Brothers grocery stores.

Another Full Yield pilot customer is the City of Boston. Meredith Weenick, associate director in its office of administration and finance, says she was drawn to the plan's more scientific components. Em-

ployees who volunteer to participate will have seven or eight biometric measurements taken at least three times in the 12-month program.

Some of these measurements — for cholesterol, blood pressure and body mass index — are commonly collected by employers with extensive wellness programs. But other measures chart new territory, by looking at triglycerides; blood glucose; waist circumference; C-reactive protein, which tests for inflammation; and hemoglobin A1C, if someone's diabetic.

Such data, along with what participants provide in detailed diet diaries and health risk assessments, won't be accessible to employers. Instead, Full Yield researchers, along with Harvard Pilgrim — which is the insurance company for Han-

cock and the City of Boston and is a pilot customer itself — will analyze the data against insurance claims to gauge improvements in health.

As part of the program, the Full Yield will give employees access to nutrition coaches by phone, as well as personalized online health pages containing the biometric data, exercise and eating tracking tools and information on things like how to cook whole grains and make salad dressing.

Noting that the pilot programs have yet to start, John Hancock, the City of Boston and Harvard Pilgrim all say they don't want to reveal specific projections about savings. Ms. Weenick says she thinks that "plenty" of the city's 750 initial enrollees will lose weight, lower their cholesterol and blood pressure and bolster their

overall energy levels.

"We feel certain this will have an effect on our bottom line," she says, "but it will probably take a few years to get there."

Judith Frampton, vice president for medical management at Harvard Pilgrim, says that when it offers the Full Yield plan to its 1,100 employees in January, she believes it will succeed in attracting and retaining participants where other programs have failed. That's because all those unconventionally cheery messages about food consumption will be a source of inspiration, she says.

"I think weight loss is more than likely to be an outcome, but this isn't really about that," she says. "It's about adding things to your life and feeling better psychologically and physically. It's a hugely important message."