

Statement of Gary Loveman, Ph.D.
Chair, Health and Retirement Committee
Business Roundtable and
Chairman, Chief Executive Officer and President
Caesars Entertainment
Committee on Health, Education, Labor and Pensions
Hearing on
“Employer Wellness Programs: Better Health Outcomes and Lower Costs”
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Good morning, Chairman Alexander, Ranking Member Murray and members of the committee.

My name is Gary Loveman, and I am Chairman, CEO and President of Caesars Entertainment. I am testifying today on behalf of Business Roundtable, an association of CEOs of major U.S. companies operating in every sector of the economy, where I serve as Chair of the Health and Retirement Committee.

Business Roundtable CEO members lead companies with \$7.2 trillion in annual revenues and nearly 16 million employees. Business Roundtable member companies comprise more than a quarter of the total market capitalization of U.S. stock markets and invest \$190 billion annually in research and development (R&D) – equal to 70 percent of U.S. private R&D spending. Our companies pay more than \$230 billion in dividends to shareholders and generate more than \$470 billion in sales for small and medium-sized businesses annually. Business Roundtable companies also make more than \$3 billion a year in charitable contributions.

Thank you for inviting me to appear before you today to discuss the opportunities that employer wellness programs create to improve health outcomes and lower costs. As the largest source of health care coverage for non-elderly Americans, employers are in a great position to help tens of millions of Americans better manage their own health. Business Roundtable members alone provide health care coverage to close to 40 million.

This year, 2015, is my 13th year as CEO of Caesars Entertainment. When I began, the single most unappealing event of the year was a discussion with my human resource leader about the allocation of rising health care costs between the company and our employees. We were provided an estimate of trend health care cost increases, we modified it for the specifics of our population and then agonized about who would pay for it. Such a zero-sum, lose-lose exercise is no way to make progress. We recognized that we had to find a new model – a partnership between employees and the company to engage everyone in the process necessary to improve wellness and make more informed decisions about value when purchasing healthcare. In 2010, Wellness Rewards was launched, and it is indicative of the innovation in private employer health care that is sweeping across Business Roundtable companies and employers more broadly.

Employer-sponsored wellness programs are an ensemble of information, support and incentives designed to help participants improve their health and receive greater value. In return for participation, employers provide better and more affordable care. Wellness programs are ideally suited to address the emergent epidemic in chronic diseases, which exact a terrible toll on people's lives, but are among the most easily preventable and manageable of conditions.

Given the opportunity to lessen or eliminate chronic disease through wellness and prevention programs, it makes sense that the providers of health insurance – from Medicaid to private sector employers – should offer incentives for people to participate in these programs. That is why there was bipartisan support for expanding opportunities for employers to offer incentive-based wellness programs in the *Affordable Care Act* and why Business Roundtable also supports that provision in the law.

To continue to be successful, employer wellness programs must evolve from engagement to the encouragement of goal achievement. Programs must include and integrate diagnostics, actions and outcomes. To comply with the law, incentive-based wellness programs must offer well-designed programs so that employees can achieve the goals they set. Programs must offer reasonable alternatives for employees who cannot participate for medical reasons, and they must ensure that strong privacy protections are in place.

The focus on wellness underscores the evolution underway in the U.S. health care system. In the traditional health care system, patients engaged when they needed surgery, hospitalization or other forms of more invasive treatment. The more modern approach includes giving people the tools and information they need to understand their own health care needs. This approach, also, by its very nature of seeking to lessen the need for more invasive forms of care, is one of the most effective ways to control health care costs.

Employers are engaging with employees and their families as part of the ongoing efforts of companies to drive innovations in health care and in the delivery of benefits. Wellness programs are integrated with the full suite of corporate health and safety initiatives. From innovative health plan design to creating a corporate culture dedicated to healthy living – companies are dedicating themselves to improving the health and wellbeing of what my fellow Business Roundtable CEOs and I almost always cite as our companies' greatest asset, our people.

Employers understand the importance of having a qualified, productive and engaged workforce. For example, at Caesars Entertainment, we emphasize the health of our 65,000 employees as part of our broader approach to employee engagement and customer loyalty. Our goal is to change from being a passive benefits program to an active partner between our company and our employees. We see wellness programs as a key component of that relationship.

Wellness programs provide the opportunity for employers to create value for employees by helping them access the information and support they need to get and stay well. The programs are designed to empower employees with information about their health and to help employees get the right health care services at the right time. Many companies offer a range of services from health assessments and biometric screenings to direct services to help reduce health risk factors. Many also offer tools that help workers better understand their health, and employers offer customized interventions, disease management programs and strategies for adopting lifestyle changes to reduce an individual's health risks.

Over the last 10 years, we at Caesars have been driven by our "handshake for health" with our employees, their spouses and dependents. With our wellness program at its core, we've provided a comprehensive suite of services to help employees manage their health.

Since 2010, our wellness program has focused on incentivizing our employees to get biometric screening, complete their annual physicals and engage onsite resources to manage their own health.

The potential in these programs is most evident in the stories from our employees:

- An employee in Joliet came to one of our WellNurses with questions and describing symptoms. The nurse recommended that she see an ophthalmologist as soon as possible. She did, and, as a result, received an official early diagnosis of glaucoma and is undergoing treatment.
- After a biometric screening, the wife of an employee in Ak-Chin discovered that her sugar level was over 500. The WellNurse reviewing the biometrics sent her immediately to a doctor. She is now effectively managing her diabetes and her husband credits the nurse with saving his wife's life.
- In Atlantic City, a WellNurse met an employee whose systolic blood pressure registered 250 at an onsite biometric screening event. The employee was sent to the emergency room where he immediately underwent double bypass surgery. Now back at work and feeling well, the employee credits the screening with saving his life.

The anchor of these programs is the independently operated onsite clinics and health coaches that can help employees reach their goals. We currently offer five full-service clinics, six mini-clinics and 28 health coaches across the country.

While these integrated solutions are critical in helping improve health outcomes and lower costs, we also couple them with tools to help employees have the information they need to make informed health care decisions. This consumer-centric approach includes a health care cost transparency tool, where our employees have already performed over 130,000 searches to help them shop for health care services. We continue to evolve our program, and this year we

will offer expert second opinions to allow those members with a complex diagnosis an opportunity to have their case and treatment plan reviewed by an expert physician in that field.

Together, these solutions have helped our employees decrease their health risk factors, reduce the number of chronic conditions, increase disease compliance and spend less time in the hospital.

In addition to our work on wellness at Caesars Entertainment, I would like to highlight a few of the programs at Business Roundtable member companies:

- Exelis Inc. launched a wellness program in 2012, which provides employees and their families with a variety of opportunities to learn about their current health statuses and take action to maintain or improve their health. Some of the results to date include, 43 percent of incentive-eligible members completing all activities to earn their full incentives, an increase in the percentage of participants who engaged in the recommended level of physical activity and modest improvements in some clinical indicators, including a nearly 5 percent increase in the number of individuals whose cholesterol and glucose levels are in the healthy range.
- In 2010, McKesson Corporation implemented a comprehensive wellness program through its partner vendor, Vitality. This program includes requirements for employees and spouses to complete a health assessment, biometric screening and certain other wellness activities to earn an incentive that reduces employees' contributions toward health care coverage. Among the results so far, in 2011, 83 percent of McKesson's eligible population had a "vitality age" (the measure of lifestyle and biometric risks of a population) that was greater than their chronological age. In 2013, results improved to 77 percent.
- Rockwell Automation, Inc. believes that rewarding outcomes is the best way to achieve better outcomes. In 2010, the company increased its focus on promoting healthy lifestyles by introducing "Live Healthy" programs designed to reward not just health improvement, but health achievement. Today 88 percent of employees meet three or more healthy targets, resulting in a cumulative risk reduction of 9.5 percent over the past four years. The company says that its continued commitment to finding innovative solutions to balance costs and improve the health of its employees makes them a healthier company overall.

A full compendium of the programs designed to drive innovations in employer health care at Business Roundtable companies can be found in our report, [*Driving Innovation in the Health Care Marketplace: A CEO Report*](#).

The sum of these efforts is a workforce empowered with the information they need to take control of their health and the tools to do so.

We believe that employer wellness programs provide significant potential for employees and their families. Further, we believe that over the long term, potential health care savings may come from behavioral changes, in which individuals become personally engaged by taking actions to avoid preventable conditions and detect other conditions as early as possible.

Mr. Chairman, thank you again for the opportunity to discuss the opportunities created by employer wellness programs today. We are encouraged by the bipartisan support for these programs in the *Affordable Care Act* and the continued bipartisan support for these programs within this committee. I am happy to answer any questions you may have.