



Prevention and The Affordable Care Act: Benefits to Small Business and American Workers

Poor health is putting the nation's economic security in jeopardy. The skyrocketing costs of health care threaten are an increasing burden on American businesses, causing some companies to send jobs to other countries where costs are lower. The Patient Protection and Affordable Care Act (ACA) contains important provisions to help workers become healthier, lower the bottom line for employers, and rebuild America's economic security.

Health Care Costs Are Undermining Business Profits and Successes

- More than one-quarter of health care costs are related to obesity, overweight, and physical inactivity due to associated health problems including heart disease, hypertension, diabetes, and some forms of cancer.¹
- Health care costs of obese workers are up to 21 percent higher than nonobese workers.² And obesity costs are responsible for nearly 10 percent of our overall health spending.³
- Workers with one or more chronic conditions average 2-4 times as many lost work days as employees with no chronic conditions.⁴
- The indirect costs to employers of poor worker health can be 2-3 times the direct medical costs, including lower productivity, higher rates of disability, higher rates of injury, and more workers' compensation claims.⁵
- Workplace injuries annually cost U.S. employers \$46.8 billion — nearly \$1 billion per week -- in direct costs (medical and lost wage payments). When indirect costs, such as overtime, training, lost productivity, are taken into account, costs to employers can climb to as much as \$291.6 billion each year.⁶
- According to the U.S. Chamber of Commerce, investing in the health of Americans will improve the bottom line for businesses by lowering healthcare costs, reducing absenteeism, and improving productivity.⁷ Obesity-related worker absenteeism costs an estimated \$4.3 billion annually.⁸

¹ K. Thorpe, et al. "Trends: The Impact Of Obesity On Rising Medical Spending." *Health Affairs* 4, (October 2004): 480-486.

² E. Ostbye, et al. "Obesity and Workers' Compensation: Results from the Duke Health and Safety Surveillance System." *Archives of Internal Medicine* 167, no. 8, (2004):766-773.

³ Finkelstein EA, Trogdon JG, Cohen JW, et al. "Annual Medical Spending Attributable to Obesity: Payer- and Service-Specific Estimates." *Health Affairs*, 28(5): w822-w831, 2009.

⁴ National Health Interview Survey (NHIS) 2005. In: The Health Status of the United States Workforce: Findings from the National Health and Nutrition Examination Survey (NHANES) 1999-2002, and the National Health Interview Survey (NHIS) 2005. Pfizer Inc. 2006. Quoted in: <http://www.prevent.org/data/files/initiatives/leadingbyexamplefullbook.pdf>

⁵ Chamber of Commerce, 2007.

⁶ The Liberty Mutual Research Institute for Safety. "2006 Liberty Mutual Workplace Safety Index." Liberty Mutual.

⁷ U.S. Chamber of Commerce and Partnership for Prevention, "Leading by Example: Leading Practices for Employee Health Management," 2007. <http://www.prevent.org/data/files/initiatives/leadingbyexamplefullbook.pdf>

⁸ Cawley J, Rizzo JA, and Haas K. "Occupation-specific Absenteeism Costs Associated with Obesity and Morbid Obesity." *Journal of Occupational and Environmental Medicine*, 49(12):1317-24, 2007.

- Many of the leading causes of disability could be significantly reduced through healthier behaviors.⁹ For example, reducing obesity could diminish the impacts of arthritis, back problems, stroke, heart disease, diabetes, and numerous other conditions.

Prevention: Good for the Bottom Line

- Small businesses disproportionately feel the impact of an unhealthy workforce. When one person is out sick, has a chronic illness, or is less productive at work (“presenteeism”), the entire operation suffers. Larger employers may be able to weather these losses more easily than a small business.
- According to National Federation of Independent Business, the cost of health care is the number one concern to small business owners.¹⁰ Yet, small, strategic investments in community level prevention (such as those supported by the Prevention and Public Health Fund) have been shown to significantly reduce direct health care costs.
- More than half of employees of small firms were uninsured or underinsured in 2007, according to a recent study.¹¹ As a result of ACA, small businesses will be better able to provide quality health coverage for their employees, through tax credits to help them buy insurance, health insurance exchanges to reduce costs, and minimum benefit standards to guarantee access to prevention and other needed services. Improved coverage will allow workers to have access to highly-effective preventive benefits such as screenings, vaccinations, and nutrition and tobacco cessation services, without out-of-pocket costs. Over 16 million workers employed by small businesses could benefit from these new provisions.¹²
- The Prevention and Public Health Fund and other provisions in health reform can be used to strengthen workplace wellness programs, including special grants and technical assistance for small businesses (sec. 10408 and sec. 4303). Already in Fiscal Year 2011, \$10 million from the Prevention Fund is scheduled to help businesses set up workplace wellness programs. These programs, which promote fitness, health screenings, and a healthy work environment, can be very effective in reducing healthcare costs, absenteeism, and disability, and improving productivity and employee morale.¹³
- For those small businesses that may be unable to develop their own worksite wellness programs, they will depend on community-level prevention to help build a healthy workforce. The new Prevention and Public Health Fund will invest \$16.5 billion dollars over the next ten years in effective programs proven to prevent disease and injury. The Prevention Fund is already being used to support activities that are proven to make communities healthier, such as smoking cessation programs, immunizations, disease screening, and programs that promote nutrition and physical activity.

⁹ Centers for Disease Control and Prevention, “Prevalence and Most Common Causes of Disability Among Adults – United States, 2005,” MMWR: May 1, 2009 / 58(16);421-426. <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5816a2.htm#tab2>

¹⁰ Steps to a Healthier US Workforce Symposium, October 26-28, 2004, Washington D.C. <http://www.cdc.gov/niosh/worklife/steps/pdfs/Steps%20Session%20A-5.pdf>

¹¹ Commonwealth Fund, “Realizing Health Reform’s Potential: Small Businesses and the Affordable Care Act of 2010,” September 2010, <http://www.commonwealthfund.org/Content/Publications/Issue-Briefs/2010/Sep/Small-Businesses.aspx>

¹² Ibid.

¹³ Centers for Disease Control and Prevention, “Workplace Health Promotion: Making a Business Case,” <http://www.cdc.gov/workplacehealthpromotion/businesscase/index.html>