

Why Your Company Should Start Investing in Diabetes Care

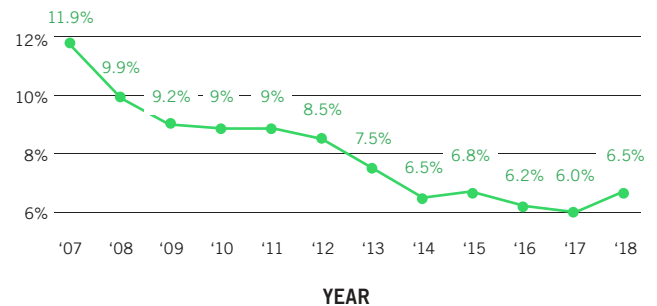
EMPLOYER HEALTHCARE COST TRENDS AND NEW APPROACHES

For the first time in three years Price Waterhouse Cooper's Health Research Institute (HRI) is projecting that the percentage of increase in employer health insurance will be greater than the year before. Finding ways to continue to stall and reduce these rising costs is critical.

After a ten-year trend that nearly halved the annual percentage increase in employer health insurance costs, HRI projects that employer health insurance costs will increase 6.5% in 2018, up from a 6.0% increase in 2017.¹

Needing to explore new approaches to cost control, many employers are pursuing alternative ways to deliver care that aim to increase employee engagement, educate employees on how to adopt and maintain healthy habits, and showcase how to effectively navigate their health care. Not only are these approaches leading to better health outcomes for the employee, but they're also reducing overall healthcare costs for employers.³ The impact of increasing engagement and education that lead to behavior change and ultimately lower healthcare costs has been especially prevalent with diabetes.

% INCREASE IN EMPLOYER HEALTH INSURANCE



“Employers are recognizing that traditional cost control techniques alone aren't able to reduce costs to the point where they are no longer a drain on the bottom line.”²

Brian Marcotte
President and CEO,
National Business Group on Health



THE HIGH COST OF DIABETES

The prevalence and cost of diabetes have increased dramatically over the past 20 years. According to the Centers for Disease Control (CDC), one-in-ten people in the US have diabetes⁴ now and by 2050 one-in-three Americans are projected to have diabetes if current trends continue.⁵ With such a substantial number of people diagnosed with diabetes, the cost has been enormous and in 2012 was estimated at US \$245 billion⁶, which is larger than the combined revenues of Amazon and Google in 2016.⁷ Of this \$245 billion, \$25.5 billion was attributed to losses in employee productivity through reduced work productivity and increased absenteeism.⁶

Along with being the 7th leading cause of death in the US, diabetes is the top cause of blindness and a leading cause of kidney failure and nerve damage.² However by better controlling the combination of HbA1c, blood pressure, and lipids, one study found the potential for a significant reduction in complications for people with type 2 diabetes. That reduction in complications translates into as much as a 10% savings in total related health costs.⁸



Now: 1 in 10 people
in the US have diabetes



2050: 1 in 3 people
in the US will have diabetes

\$245 billion

Cost of diabetes in the US

\$25.5 billion

Lost employee productivity

DIABETES MANAGEMENT REQUIRES CONTINUOUS ATTENTION

Diabetes demands daily monitoring and treatment. Unlike getting the flu or breaking a bone, managing diabetes doesn't go away - it's 24 hours a day, 7 days a week, 365 days a year. In addition, while people with diabetes get guidance from clinicians, this time is very limited and it's estimated that people with diabetes spend 99.9%⁹ of their time managing diabetes on their own. As a result, the importance of building habits to support active diabetes management is key. By keeping blood glucose levels in target ranges in the short term, there is reduced likelihood of complications, disability, or early death in the long term. While active management requires significant time and attention throughout each day, it can cut the risk of complications in half.¹⁰

So what does active management entail? Healthy eating, being physically active, monitoring blood glucose levels, and taking prescribed medication are recognized as some of the key behaviors needed to effectively manage diabetes. Research has shown a positive correlation between these behaviors and keeping blood glucose levels in range, with reducing complications, and improving the overall quality of life for people with diabetes.¹¹

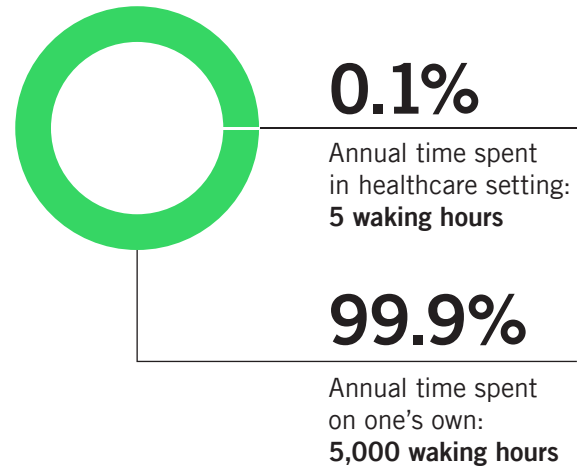
Sounds simple and yet if managing diabetes was easy to do, the prevalence and cost trends in diabetes would not be continuing to skyrocket.

WHY IS MANAGING DIABETES SO HARD

Diabetes management is complicated. Many factors contribute to blood glucose levels from food, activity, stress, sleep, even the weather. And although there are key behaviors recognized to effectively manage diabetes including healthy eating, being physically active, monitoring blood glucose levels, and taking prescribed medication, the hardest part is maintaining that behavior change every single day for the rest of their life.

Surprisingly, many programs are not designed for the real journey of a person living with diabetes. Some programs make patients go to the pharmacy and pay for the test strips for their blood glucose meter, which can inhibit frequent checking since many people with diabetes can not afford the expense and ration their test strips. Other programs have a "one-size fits all" approach that is not tailored to the unique individual and how it fits into their lives. The experience and needs of a 45 year old man newly diagnosed with type 2 is very different than a 55 old woman with type 2 with diabetes for nine years who is on insulin. To offer the same approach for these two people with diabetes would not make sense since their needs are very different. In addition some programs claim "diabetes reversal" by using an extreme ketogenic diet which entails 30 grams of carbohydrates a day. While people may be able to follow this type of drastic lifestyle change initially, sustaining them long term is very difficult.

CURRENT APPROACH TO CHRONIC CONDITIONS DOES NOT WORK



“Active management of diabetes can cut the risk of complications in half.”¹⁰

NIH Medline Plus



TAKING A NEW APPROACH FOR DIABETES MANAGEMENT

Instituting a benefit that encourages employees living with diabetes to learn, adopt, and maintain lifestyle changes is an opportunity to not only motivate them to improve their health, but also to reduce costs. As a result, more employers are investing in programs that provide various tools that empower employees to better manage their diabetes and thereby drive behavior change.

“[There is] growing interest in value-based benefit design. Nearly 40% of employers have incorporated some type of value-based benefit design in which employees receive reduced cost sharing or premium reductions when they take steps to manage chronic conditions or obtain higher-quality or more efficient care.”²

National Business Group on Health

DIABETES PROGRAM CHECKLIST

Ten key components to consider when evaluating a diabetes program:

- ✓ Delivers an end-to-end consumer experience driven by data science
- ✓ Provides members with a blood glucose meter built on the latest technology
- ✓ Offers real-time support and coaching from Certified Diabetes Educators
- ✓ Shows member empowerment, satisfaction, and engagement
- ✓ Shares third-party, published outcomes
- ✓ Introduces client references from a large book of business
- ✓ Integrates across healthcare ecosystem
- ✓ Has been endorsed, accredited, and approved by diabetes industry leaders
- ✓ Shares certifications in quality and regulatory systems
- ✓ Abides by the highest level of data privacy and security

Start investing in diabetes care today — the payoff for your employee health, productivity, and reductions in healthcare costs will be substantial.

ABOUT LIVONGO

Livongo has a vision of empowering all people with chronic conditions to live better and healthier lives. We are redesigning chronic condition management, starting with diabetes, by driving behavior change through the combination of consumer health technology, personalized recommendations, and real-time support at the point of impact. Powered by advanced analytics, we create personalized experiences for our members so they receive the right information, tools, and support, at the right time. Our approach is leading to better financial and clinical outcomes while creating a better experience for all people with chronic conditions and their care team of family, friends, and medical professionals. For more information visit: www.livongo.com.

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