



OMADA CONVERSATIONS: JEFFREY PFEFFER

The untapped potential of health behavior

The Stanford researcher and author says health behavior programs should be a key component of employee benefits packages. But CEOs and benefits leaders need to do more to make it happen

Researchers have known for years that behavior change is one of the most effective ways to improve outcomes for people with chronic health conditions. They're also aware of the grim economics of doing nothing: An estimated [90%](#) of total healthcare costs in the United States are incurred by people with chronic physical and mental health conditions, according to the Centers for Disease Control and Prevention.

Reducing chronic disease requires dramatic changes, says Jeffrey Pfeffer, a professor of organizational behavior at Stanford's Graduate School of Business and a longtime workplace health researcher and author. Pfeffer's most recent book, "[Dying for a Paycheck](#)," reported on the bleak historical track record of U.S. companies in supporting workers' health.

First, Pfeffer says, employers must take greater responsibility for preventing chronic conditions by creating healthier, less stressful work environments, since stress has direct effects on ill health and also induces unhealthy behaviors. Second, when employee benefits leaders consider the content and administration of employee health plans, they need to devote more resources and attention to interventions that reduce the burdens of chronic conditions—such as those for diabetes, chronic pain, depression and anxiety—and not just treat the symptoms.

What are the biggest roadblocks to change, and how can CEOs and benefits leaders do a better job of reducing the costs and productivity burdens of illness? Pfeffer shared some of his insights in a recent interview.

Key takeaways

- Chronic conditions of physical and mental health account for 90% of U.S. healthcare costs
- Benefits leaders must make health behavior a higher priority of employee health plans
- Healthier work environments can also help prevent the onset of many chronic conditions

¹ Buttorff C, Ruder T, Bauman M. Multiple Chronic Conditions in the United States pdf icon [PDF – 392 KB] external icon. Santa Monica, CA: Rand Corp.; 2017.

² Martin AB, Hartman M, Lassman D, Catlin A. National Health Care Spending In 2019: Steady Growth For The Fourth Consecutive Year external icon. Health Aff. 2020;40(1):1-11.



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How well-established is the link between employee health and corporate profitability and performance?

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Company profitability and overall corporate performance are based upon many factors, some of which have little to do with employees. What *has* been demonstrated is that self-reported employee health is positively related to job satisfaction, productivity and employee engagement, and is negatively related to missed workdays, stress and burnout.



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To what extent is treatment of chronic conditions part of ensuring employee health?

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It's huge. The problem isn't that we can't prove health behavior matters. It's that most benefits leaders tend to have a limited perspective and purview which, for the most part, is to ignore prevention and to not want to pay for benefits other than traditional health care.



Jeffrey Pfeffer

**Author and professor of
organizational behavior at Stanford**

Jeffrey Pfeffer is the Thomas D. Dee II Professor of Organizational Behavior at the Graduate School of Business. He is also the author or co-author of 15 books, including his most recent, "Dying for a Paycheck." Pfeffer received his B.S. and M.S. degrees from Carnegie-Mellon University and his Ph.D. from Stanford.

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What can companies do?

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A lot, but most CEOs don't pay sufficient attention to employee health, disease prevention and benefits administration. And most CFOs are concerned solely about minimizing the direct cost of delivering healthcare, not recognizing that the indirect costs of turnover, absence and reduced productivity are many times greater. They are pursuing illusory savings by curtailing access to important preventive services, not recognizing that improving workers' mental and physical well-being is the most effective way to reduce healthcare costs long-term. They're also not paying attention to the evidence. Or, they pay attention to it for a nanosecond and then they go back to doing what they've always done.

The answer to all this is actually incredibly simple. The companies that do a better job on effective health programs and outcomes are those where the executive leadership takes it seriously and pays attention to it. Companies that don't do very much are those where senior leadership ignores it.

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Why don't more executives step up?

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Some do. Look at SAS Institute, the largest privately held software company in the world. For the last several decades, [Gale Adcock](#), a nurse by background, was in charge of employee health at SAS. [Adcock retired from SAS in 2020 after being elected to North Carolina's state legislature.]

Her title wasn't chief medical officer, it was chief *health* officer. Under CEO Jim Goodnight, she ran an operation that was designed from the start to keep SAS employees as physically and mentally healthy as possible, so they could be productive. She ran their benefits programs including their on-site health care and tracked how well employees did on various measures of health, even as she tried to keep costs under control.

This is why for years SAS has always been on the best-places-to-work lists, why they have one of the healthiest work environments in the U.S. and why their healthcare costs have been lower than they would otherwise be given the age of their workforce.

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Jeffrey Pfeffer,
Stanford researcher

90%

of total healthcare costs in the United States are related to chronic conditions for physical and mental health

Source: [Centers for Disease Control and Prevention](#)

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Why hasn't that model caught on?

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Many companies seem to be waiting for a solution that will solve everything with some simple intervention, but perfect is the enemy of the good. I believe the solution is easy. Employers just need to demand more from their benefits administrators, consultants and health care providers. They need to figure out what they want and get it.

Here's the parallel: If I wanted to improve customer service at a company, it wouldn't be a hard thing to do. You would figure out what the measures were of customer satisfaction or customer engagement. You would run various experiments, and you would track how well those experiments were working and implement those that provided the greatest value.

It's the same thing with employee health. There are standardized, well-validated measures of physical health and behavioral health. Companies should collect those measures, and then expect those measures to get better year over year, and if they don't, companies should find people and vendors who have the expertise and will take responsibility to make things better.





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What can companies do to get started?

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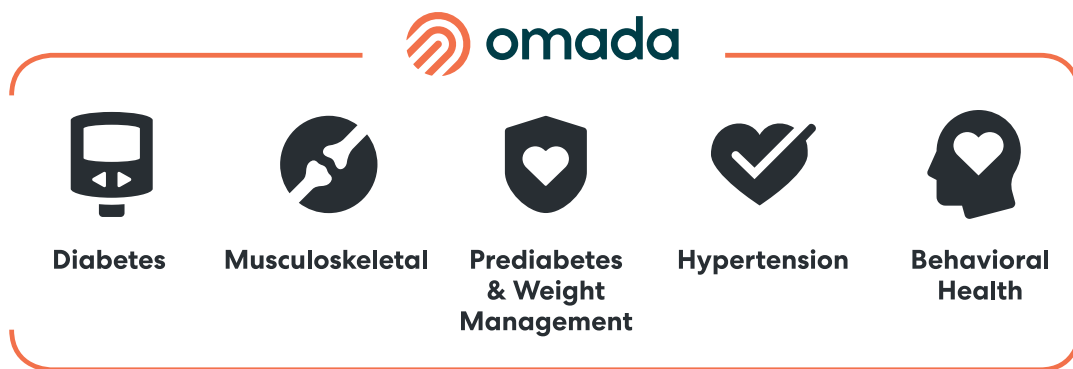
There is a lot of innovation happening with health behavior, benefits administration and interventions to improve workplace health. But the companies and their benefits consultants are extremely conservative, so they're not buying the services of innovative providers that could do a better job for them. They're sticking with the same vendors who for the most part are not innovative and are decades behind where research says they should be. The other thing employers can do is to find ways to reduce workplace stress, which is what drives a lot of unhealthy behaviors that lead to chronic conditions in the first place.

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What types of digital solutions do you think are on the right path?

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The ones that have the full attention of both the CEO and HR and which are focused on behavior change. The principle is simple. If you've got a health issue and there's an intervention for it, the first question I would ask is whether it gets to the root cause of the problem. That intervention is probably going to be much more successful than something that just treats the symptoms.



Omada Health combines the latest clinical treatment guidelines with breakthrough behavior science to make it possible for people with chronic conditions to achieve long term improvements in their health.