

## Economists coin term, 'presenteeism,' for on-the-job health slowdowns

By Susan Lang

Industry's productivity losses from employee absenteeism due to illness have been well -- and frequently -- documented. Now researchers have documented another productivity headache increasingly affecting employers: on-the-job slowdowns by workers with a variety of medical complaints from hypertension to arthritis.

Economists have coined a new word to describe the productivity-loss problem: "presenteeism."

Researchers at the Cornell Institute for Health and Productivity Studies (IHPS) and the health-information firm Medstat estimate that companies' on-the-job productivity losses from presenteeism are possibly as high as 60 percent of the total cost of worker illness -- exceeding the costs of absenteeism and medical and disability benefits.

For conditions such as allergies and headaches, on-the-job productivity losses could account for over 80 percent of employers' total illness costs, the Cornell and Medstat researchers report in the first study to add the cost of on-the-job productivity losses from common health problems to total employer health-related expenses.

"All in all, this means that from about one-fifth to three-fifths of the total dollars attributable to common health conditions faced by employers appear to be the result of on-the-job productivity losses," said Ron Goetzel, director of IHPS. He notes that headaches, allergies, arthritis, asthma and mental health related problems, such as depression, incur the greatest on-the-job productivity losses.



Goetzel

The study of presenteeism appears in the April issue of the *Journal of Occupational and Environmental Medicine* (Vol. 46, No. 4).

"In this day and age where employers are hesitant to hire because of skyrocketing medical care costs, it's important to broaden the view of health costs beyond the cost of patient care," Goetzel said. "If a company's health plan is poor, for example, disorders may not be well managed. Workers will come to work and not be as productive. Employers need to weigh the costs of good medical care against the potential for on-the-job productivity loss, which we see are substantial in many cases."

He observed that the expense of on-the-job productivity losses is in most cases higher than medical costs. "Yet this very large category of expenses has not been adequately considered by employers," he said.

The researchers calculated both an average and a low estimate for on-the-job productivity losses for certain common health conditions. For headaches, they found the losses accounted for 89 percent of the total cost, using the average estimates, and 49 percent when low estimates were used. For allergies, presenteeism productivity losses accounted for as much as 82 percent and as little as 55 percent; for arthritis, it accounted for as much as 77 percent and as little as 35 percent.

When other costs were added to productivity losses from presenteeism and absenteeism, including health and disability benefits, the costliest conditions for employers emerged as hypertension, heart disease and mental health problems. The IHPS study found that hypertension costs employers \$392 per employee annually, heart disease \$368, mental health problems \$348, arthritis \$327 and allergies \$271.

Goetzel notes that presenteeism losses are so high that they bring down the share of dollars attributable to employee outpatient care to just 11 percent of companies' total health costs, compared with 40 percent when only direct medical benefits are considered.

To obtain their figures, the researchers analyzed information from a large medical/absence database of about 375,000 employees, detailing insurance claims for medical care and short-term disability over a three-year period; they combined these data with findings from five published productivity surveys for 10 health conditions that commonly affect workers.

Study co-authors are Stacey Long, Ronald J. Ozminkowski, Kevin Hawkins and Shaohung Wang of Medstat, located in Ann Arbor, Mich., where Goetzel is vice president of consulting and applied research. Wendy Lynch of Lynch Consulting also was an author of the study.

IHPS was established in May 2002 in collaboration with Medstat. The institute is part of the Cornell Institute for Policy Research in Washington, D.C., a collaboration of Cornell's vice provost for research and Cornell's College of Human Ecology and School of Industrial and Labor Relations. The institute conducts research on the relationship between employee health and well-being and work-related productivity.

The study was supported by the National Pharmaceutical Council.

**April 22, 2004**

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