

## CASE STUDY

# ROSEN HOTELS & RESORTS



**I**n my experience speaking with many companies who have beat the health care cost beast, there has been one recurring theme: Either the CEO or CFO took the lead—and did so knowing that success involves weaving employees into the reinvention process rather than trying to pull the wool over their eyes.

Harris Rosen is the founder, COO and president of Rosen Hotels & Resorts, a small regional chain in Orlando, Florida. Though he's not a health care expert, he intuitively knew what PwC data famously showed: half of health care spending doesn't add value.<sup>63</sup> In a business of ups and downs in which staff costs are a major factor, Rosen surrounded himself with a special executive team to tackle this challenge.

To date, they've adopted more Health Rosetta components than any other company I know, saving approximately \$315 million on health care costs since 1971 and spend 50 percent less per capita than the average employer. If all employers followed suit, we could conservatively remove \$500 billion of waste from health care and shift it to more productive sectors of the economy.

Their plan has also grown from 500 to 5,700 lives. They have a highly culturally, racially, socioeconomically, and demographically diverse employee base, including many immigrants that often have not had regular access to care before. Yet single coverage for the average employee is only \$18.75 per week for bene-

fits that include medical, dental, and pharmacy and, as you'll see below, are better than most of us have ever had.

Rosen also uses focus groups and surveys to match up programs with employee needs, and they continuously refine their programs. Here are a few elements of what makes their program successful.

- They have a comprehensive, onsite 12,000-sf medical center that provides access to many routine health care services, far more than typical primary care. They even outfit it with used but modern and functional medical equipment for 10 to 15 cents on the dollar. Employees are able to visit the center “on the clock,” thus removing a major barrier to receiving care.
- They take great care of individuals, hiring health coaches and nurses to serve as coaches and navigators throughout a medical journey. They use robust, evidence-based approaches to case management, in-patient care management, care transitions, and medication compliance management.
- They have eschewed the blunt instrument approaches most employers use to cut costs (high copays, deductibles) in favor of \$5 office visit copays, zero copays for 90 percent of pharmaceuticals, and no co-insurance. Where necessary, they offer free transportation to appointments to further remove barriers.
- Company events serve food approved by nutritionists and the director of health services. They also offer cooking courses.
- They offer the most effective kind of wellness programs for free, including onsite stretching and exercise (e.g., Zumba, kick-boxing, walking programs, spinning, boot camp), flu shots and vaccinations, family planning, educational materials, nutritional services, and health fairs and physicals on a schedule informed by the US Preventive Services Task Force, which is far more conservative than workplace wellness vendors push.
- They provide free health screenings for colon cancer, diabetes, breast cancer (onsite mammograms), high cholesterol, hypertension, and sexually transmitted diseases, along with

visits from registered dietitians. Key to this is that it's based on evidence-based guidelines from organizations like the US Preventive Services Task Force to minimize misdiagnosis and overtreatment.

- They have a zero tolerance policy for tobacco use and do random drug and tobacco testing.
- They have a mandatory stretching program for housekeepers and other employees with a higher risk of injury, reducing injuries by 25 percent.
- Fifty-six percent of their employees' pregnancies are high risk as a result of high rates of advanced maternal age, diabetes, hypertension, and HIV. The company is very proactive about helping employees manage pregnancies (a premature birth can cost \$500,000).
- The company cafeteria provides discounts for healthier foods to reduce consumption of unhealthier foods, e.g., discounts on salads. The dietitian and director of health services analyze employee cafeteria offerings for portion size and nutritional benefit. They also use signage to educate employees about nutrition, use smaller plates to control portion sizes, and limit fried food.
- They focus on better management of chronic conditions and have even seen a drop in development of new chronic conditions. This is especially important for workers coming from developing countries that often have complex diseases.

Rosen is partnering with other businesses in their community to expand this approach, demonstrating that it's worth ruffling a few feathers to gain the dual benefit of lower costs and a healthier, more satisfied workforce. The ripple effects extend well beyond the company, boosting employee well-being and their broader community's economy. For example, in an industry that sees employee turnover approaching 60 percent, Rosen has turnover in the low teens.

Rosen pays for full time employees' college tuition after five years of employment. They also pay state college tuition for

employees' children after just three years of employment.

They've also used money that would have been overspent on health care to fuel a range of creative philanthropy. Rosen started by paying for preschool in the underserved, once crime-ridden Tangelo Park neighborhood in Orlando. He's also continued to fund various programs to help those kids develop, such as paying for their college education in full (tuition, room/board, and books). The results have been breathtaking.

- Crime has been reduced by 63 percent
- High school graduation rates went from 45 percent to nearly 100 percent
- College graduation rates are 77 percent above the national average

The cost over 24 years of the Tangelo Park program has been \$11 million—roughly the amount Rosen saves in one year. Recently Rosen has agreed to adopt another underserved community called Parramore, which is five times the size of Tangelo Park.

For Harris Rosen, the approach is simple: Get involved, care for your people.