TRENDS & Ideas

HEALTHY LIVING

City Dwellers Tend to be Healthier

Americans living in Manhattan or Washington, DC, have an edge over their counterparts in Decatur, AL, and Joplin, MO—they are, on average, considerably healthier.

According to John Fetto in *American Demographics,* U.S. counties with an overall health rating of "excellent" or "very good" are almost always in a major metropolitan area (average population of 367,559), and counties with a "poor" rating are typically rural (average population of 16,826).

The market research firm MedStat polled 100,000 Americans, asking them about their diet, lifestyle, smoking status, disease status, and overall health. Despite the population density-based disparity, however, 73 percent of U.S. residents live in a county whose health is rated as good to excellent. Roughly one quarter of the country's total population lives in an unhealthy county.

The survey also shows that those who are healthy also tend to be wealthy—and, if not wise, at least well-educated. Average household income in counties with excellent or very good health is $55,632, more than $15,000 above the national average. These individuals have also completed an average of 13.9 years of school. In contrast, citizens of counties with poor health have an average annual income of only $22,995, which is $16,000 less than the national average—and have completed an average of only 12 years of school.

Some of this disparity may be linked to physician access. For example, Santa Clara County, CA, with an overall health status of very good, has a ratio of 1,409 residents per physician office. In contrast, Apache County, AZ, rated as poor in overall health, has a ratio of 13,897 residents per physician office.

In addition, those in major metropolitan areas are increasingly taking their health in their own hands by visiting specialists, such as dermatologists and chiropractors, and alternative medicine practitioners, such as acupuncturists. Those with healthier lifestyles also use the Internet more often to research medical conditions and overall health.

PUBLIC SAFETY

The Perils of Information Inebriation

Armed with GPS maps and OnStar-type services, hands-free phones, wireless modems, and palmtops, automobiles are no longer simply a means of transportation but have been transformed into "mobile computing platforms," reports Michael Schrage in *Fortune.*

Mobile communication, as it becomes faster, better, and cheaper, may become the "drunk-driving of the new millennium," and offenders could be subject to laws similar to those directed at drunk drivers. It is possible that someday MADD (Mothers Against Drunk Driving) could be joined by MACC (Mothers Against Cellular Communications) after a tragedy involving the use of technology on the road. Even now more than two dozen states and 200 municipalities are looking into laws to monitor and limit "information inebriation."

Businesses may find that they need driving policies to reduce liability in the event an accident occurs while the driver is conducting company business. Looking further ahead, car rental companies may make it impossible to use a cell phone in the driver's seat; cell phone manufacturers may require a release form in which the customer promises not to use the phone while driving.

Eventually computing and communications companies will either self-regulate or be legally compelled to offer public service announcements, much as the alcohol and tobacco companies already do; auto manufacturers, as well as cellular and mobile communications companies, will urge their customers to "drive responsibly." In the end, the public's priorities and concerns about safety will win out over technological innovations. As Schrage ends the article, "We're just an accident away."

Illustrations by Sim Gellman

MANAGED CARE

Corporate Alternatives to HMOs Are on the Rise

Facing projected double-digit increases in health care costs over the next two years, U.S. corporations are grappling with the problem by taking the issue into their own hands.

According to the October 23, 2000, issue of *Business Week*, corporate America is increasingly turning its back on insurers and managed care networks in favor of nontraditional approaches to providing their employees' health care needs. Some, such as General Motors and Honeywell, are hiring specialists to advise management and employees of available and current medical choices. GM, for example, has an in-house pharmacist who tracks the drugs employees use most and then negotiates discounts with pharmaceutical companies. Honeywell uses a health-care specialist to counsel and assist employees who have been diagnosed with any one of 44 serious medical conditions.

Rather than increase costs, these programs lower health care costs by being proactive and helping employees make educated decisions. "If you get it right the first time—and if physicians and hospitals are committed to quality health care—you detect things early," reducing readmission rates, says Liz Rossman, vice-president for benefits at Sears, Roebuck, & Co.

Corporations are taking creative approaches in response to the fact that managed care is no longer saving money now that medical technology is quickly expanding. Employees are also angry about managed care restrictions and perceived poor quality of care.

Three answers to this problematic situation have arisen in the corporate workplace:

- *Proprietary national networks.* Companies are building their own networks of doctors to replace HMOs run by insurers. Motorola, for example, runs its own physician network—and is able to set higher standards and customize care.
- *Purchasing coalitions.* Employers are working together to create purchasing groups—a key factor in cost and quality control for smaller companies, who can band together to negotiate better deals.
- *Worker education.* Some companies save money and improve care by educating their employees about health issues and encouraging them to actively participate in their own health care.

Ultimately, however, companies may begin to remove themselves from the equation to let employees buy their own health care—such as with a voucher system. Up to 20 percent of corporations say they may adopt such a program in the next five years. But even if they don't go that far, they will probably continue to give more choices to their employees, along with the added responsibilities of those choices.

EXECUTIVE PAY

Big Rewards for Mediocre Performances

U.S. companies are increasingly rewarding their CEOs for performing poorly, writes Louis Lavelle in *Business Week*.

In 1999, for example, Philip Morris gave its top leader a 171.6 percent pay hike, even though the firm's stockholders had seen a 54.4 percent drop in their earnings. Despite sharp plunges in the stock prices of Reebok International and Pharmacia, those companies gave their CEOs raises of 468.7 percent and 643.6 percent, respectively.

Pay hikes of this type are reminiscent of the 1980s, when corporate boards and their compensation committees were often loaded with "insiders" (usually current or former employees). A decade of reforms, including new Internal Revenue Service rules, has increased the independence of compensation committees. Greater independence has not made such committees more tight-fisted, however. In 1999, 62 percent raised the pay of CEOs whose firms showed stock losses, whereas only 32 percent did so in 1992.

This new wave of executive wage inflation is the result of, first, a shrinking pool of experienced CEOs, and, second, an increased demand for them, especially among Internet start-ups.

"There's a lack of talent out there," says Drew Hamby, a senior research analyst for the Investor Responsibility Research Center, a watchdog group for stockholders. "These compensation committees are going to approve these packages because they can't find anybody who can do a better job."

Times are good for CEOs, notwithstanding a possible lack of talent. Last September, 103 top leaders of U.S.-based firms left their jobs for better ones, twice the number who did that in September 1999, according to Challenger, Gray & Christmas, a Chicago outplacement company.

As CEO opportunities grow, company directors have become increasingly desperate to keep the leaders they have, talented or not. An unfilled CEO slot is a recipe for disaster, according Richard M. Steinberg, a senior partner at PricewaterhouseCoopers LLP. "It can create havoc in the organization and derail strategies the board has approved."

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