

## Bottom Line Booster Shot: A Study of Corporate Wellness Programs

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Do wellness programs contribute to a company's profitability or are they simply "feel good" programs to improve employee morale? What factors are important to consider when designing a wellness program? What information should be measured? How would a company get started developing a wellness program?

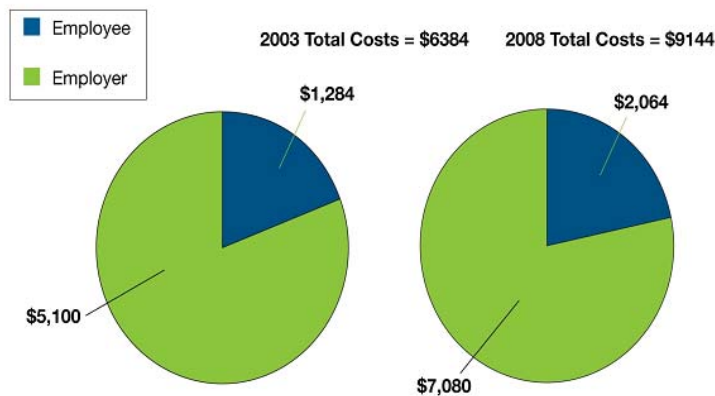
This paper will answer these questions as well as demonstrate how properly designed wellness programs can help corporations reduce employee benefit expenses, increase productivity and positively affect the bottom line.

In fact, employee morale does measurably improve in 56% of the companies that offer wellness programs. Companies with effective health management programs can expect to:

- generate 20% more revenue per employee
- improve market value by 16%
- deliver 57% more in shareholder returns

\*source: Staying @ work report: Building an Effective Health and Productivity Framework, Watson Wyatt, 2007.

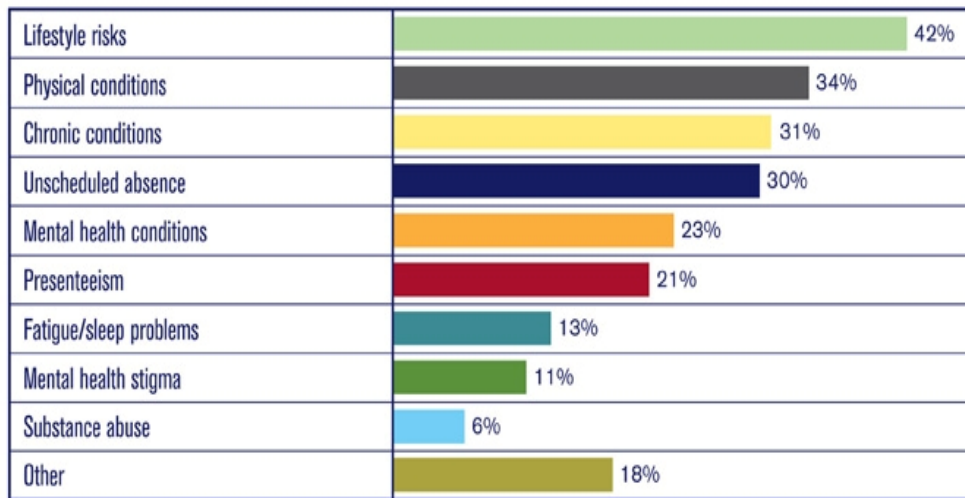
Health care costs per employee have ballooned over 40% in the last five years. If food prices had risen at the same rates as medical care, we would be paying over \$80 for a dozen eggs and \$102 for a pound of butter today.



The U.S. is ranked 45th in life expectancy in the world, with an average of 77.9 years. The low life expectancy is attributed to lack of health insurance, high obesity rates, high infant death rates, disparity of care by race and a focus on treatment rather than prevention.

Companies are responding to higher health insurance rates by increasing participant costs with larger deductibles and increasing the co-pays for services and prescriptions, changing providers and finally, 58% of employers are adopting wellness programs as a way to reduce health care costs.

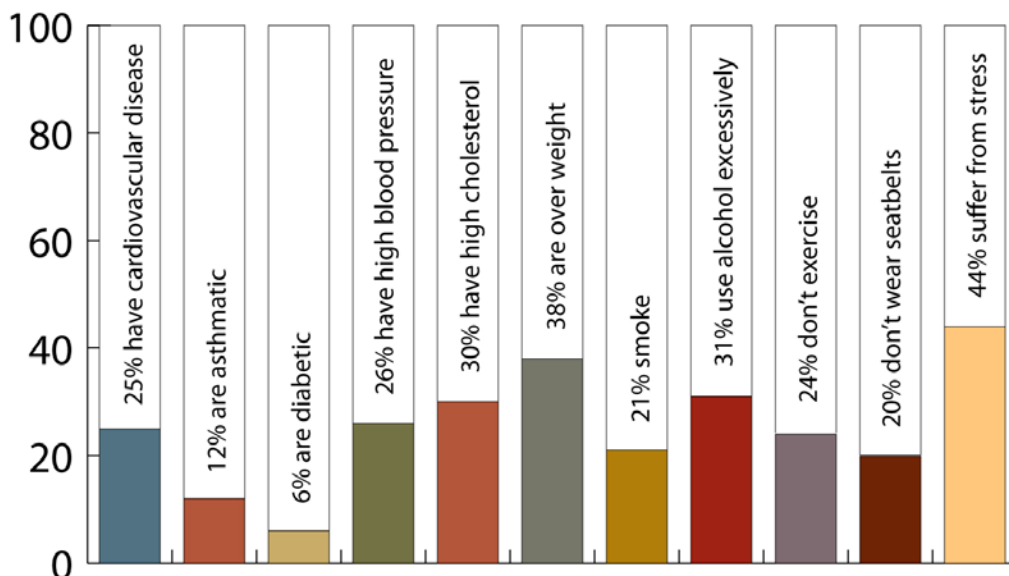
In addition to illness and disease, a wide variety of issues affect employee productivity, from lifestyle risks such as participating in dangerous sports, smoking or driving without a seatbelt to “presenteeism”, when an employee feels that they must show up for work even when they are too sick, stressed or distracted to be productive. Here’s how the factors affecting productivity stack up:



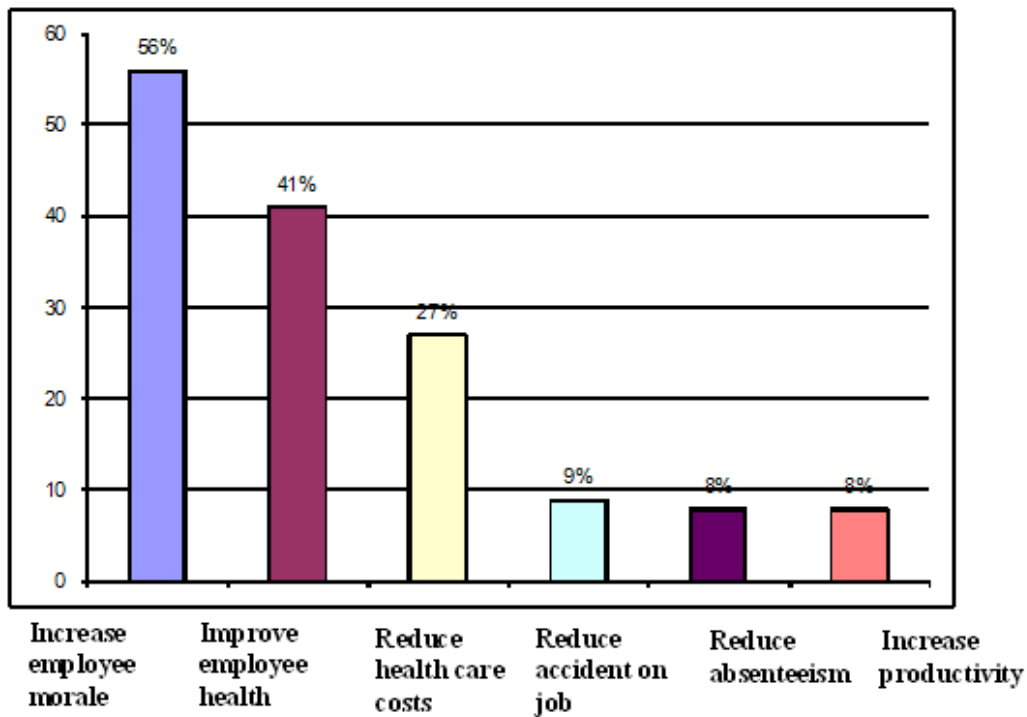
Source: Watson Wyatt 2007/2008, Staying @ Work Report

The most accurate way to determine the health risks in your own organization is to conduct a confidential Health Assessment (this is further outlined in “Elements of a Well-Designed Program”).

The following chart shows health risks per 100 employees in the United States.



Wellness programs that are flexible and personalized to the individual can target specific areas of improvement. Any factors that are measurable can be charted and tracked to show the impact that the program has had on any given area. Typical areas impacted by wellness programs are:



Whether you start small with simple health fairs and screening programs or develop a full-blown comprehensive wellness program -- including structured smoking cessation, a weight-loss program, on-site Fitness Center, health and lifestyle coaching and stress management strategies -- the benefits of putting a structured wellness program in place are clear.

### Elements of a well-designed wellness program:

**Get support from the top.** The head of the company or organization must understand the benefits and “buy in” to the program: if top managers will “walk the talk” and participate, even better.

**Conduct an assessment.** The “risk factors” chart is a good place to start to capture baseline information on your audience. How many employees smoke? How often? How many drinks per day/week? How much do they weigh? What are their family histories of disease, etc? This must be conducted as a confidential survey that could also include a computerized analysis to help the employee determine his/her own fitness goals. Check to see whether your insurance provider offers a Health Risk Assessment and the summary reports, or if you must find an independent source.

**Decide upon measurement tools.** How will you determine whether the program is successful? Select factors to measure, then make sure your initial program enrollment forms capture that information. Some factors to measure might be: employee participation, reduction in insurance costs, changes in lifestyle behavior (number of pounds lost, number of people who quit smoking, decrease in sick days, etc).

**Communicate. Communicate. Communicate.** Make sure your program has a theme and clear message that's reflected in all of your employee communication materials. If your company publishes a newsletter, it's a great place to announce the program. Flyers, check stuffers, e-mail portal advertisements, posters in hallways, elevators, parking garages and cafeterias are all good ways to let people know about the program. (Your insurance company may provide many of these materials as value-added services). A wellness program is not an event, it is a process. Make sure your program information is communicated consistently and often.

**Group vs. individual programs.** Not everyone is comfortable working out in a gym or sharing their fitness goals with others. Make sure your program allows enough variation to accommodate those who wish to have the support of others as well as self-help approaches, such as anonymous internet support for those who wish to work on their own.

**Offer incentives.** Employees may need to see an immediate and tangible benefit for their efforts. Offer incentives to enroll in the program, when significant plateaus are reached and when goals are met. The incentives can range from health-related merchandise or gift cards to one-on-one time with top executives or other company perks.

A long-term study by Johnson & Johnson, conducted by MED-STAT (an Ann Arbor, MI health information company), indicated that health care costs were \$225 less for each employee who participated during a 4-year period, and that voluntary participation increased from 26% to 90% when incentives were offered. (Source: Corp! Magazine, March 2007)

**Expect the unexpected.** Some companies have found employees may be suspicious about the program: Is the company just looking for a way to discover my particular health issues? Will this lead to higher insurance premiums for me? Why do they want this information? Companies should clearly structure the enrollment so that data is not matched to an individual, but gathered only in the aggregate. (Source: American Institute for Preventive Medicine, Dr. Don Powell)

So let's take a look at some existing corporate wellness programs:

**The Kellogg Co: Feeling Grrreat!** Chief exercise physiologist for the American Council on Exercise, Dr. Cedric Bryant, MD, says that, "When a leader of an organization is a promoter and practitioner of fitness and healthy activity, many employees desire to emulate the boss. Seeing the boss work out, the employee follows suit, hoping the emulation will lead down a similar path to success in all things".

Kellogg's Feeling Grrreat wellness program is supported by upper management, both in written and oral messages, and in person by participation. Wellness is included in the company's Strategic Plan, with one of Kellogg's Core Values being to "improve safety and health for employees, and embrace the belief that all injuries are preventable".

By showing management the effect that a wellness program would have on the bottom line, the program earned support from both upper management and the union. Kellogg's wellness program has grown into a solid business strategy focused on:

- employee productivity
- controlling health care costs
- making Kellogg a great place to work

Leadership involvement is important, and Kellogg's management participates by appearing at kick-off events, joining in group events, and finding time to work out in one of the company's two fitness centers. "Walking meetings" are regularly held where executives are seen walking the track while talking instead of discussing issues in a conference room.

Some of Kellogg's *Feeling Grrreat!* Wellness Program participation measurements:

- 71% participation in health screenings
- 24% lost 15,622 pounds or 2.5% of their starting weight
- 32% participation in the exercise program

### **Amway Corporation's: Optimal You!**

Because Alticor (a division of Amway) is a global health and beauty company, it created a program in January 2005 designed to encourage and motivate employees to achieve optimal health and create an internal alignment with their health & beauty brands.

The company's holistic approach addresses three aspects:

1. Heart (to be well one must serve others)
2. Mind (to be well one must think well)
3. Body (to be well one must care for the body)

Components of the program include:

- training in how to achieve personal optimal health
- encouraging employees to become more accountable in managing their health
- financially rewarding employees for taking health-related steps

- reducing personal health-related costs
- showing employees how to feel better, live better and reduce their stress levels
- ultimately controlling and reducing the company's benefits costs

In addition to a financial incentive program offering insurance premium discounts for completing two required steps, Amway offers an on-site fitness facility, outreach services (weight loss, smoking cessation, nutritionist, personal trainer), and a complete calendar year of events focusing on mind, health and body. The 2009 plan includes an overhaul of corporate food services to offer more nutritional choices.

Optimal You! successes:

- 65% of employees participated in the program
- 2090 employees make up 64% of the fitness facility memberships
- 1,286 employees took advantage of on-site health screenings
- average cost per employee spent on wellness programs: \$442 with a projected return of \$3 for every \$1 spent

### **Hospital Program:**

A leading Michigan hospital developed a business imperative that included these components:

- control rising health care costs by investing in employee health
- improve productivity
- increase the sense of shared responsibility between the hospital and its employees for managing health care costs and leveraging opportunities for improving health and well-being
- reinforce the hospital's reputation as the "employer of choice" by providing flexibility and maximizing benefits

The hospital accepted that employee health care costs would continue to rise and that simply shifting the cost to employees was not the answer. Recognizing that some health care costs are avoidable, the hospital developed a program that would focus on improving the health of its employees.

The hospital wanted to create awareness of health risks and establish a benchmark by using a confidential Health Risk Assessment. The objective is to reduce the population risk score by moving a

percentage of high-risk employees into the low-risk category. Company leaders created enthusiasm for the program by offering “something for everyone”.

The hospital program is web-based and includes a “WebMD” component that offers healthy living programs (weight management, exercise, nutrition, smoking cessation) and personal health coaching. The program also offers all eligible employees an opportunity to earn incentives.

Completing the Health Risk Assessment activates the rewards eligibility, then the type and amount values of the rewards are aligned with the behavior and level of effort required. The rewards are issued as “points” that can be redeemed for a variety of gift cards.

## **About Insurance Providers**

Insurance companies want their subscribers to be as healthy as possible – for the benefit of the community as well as to help reduce costs. Health Alliance Plan of Michigan (HAP) reports that most of their corporate subscribers *expect* their insurance company to provide support with their Wellness Program: possibly providing the Health Risk Assessment and materials such as posters, flyers and e-mail content to support the program.

Some insurance providers offer programs that are designed to save money for both the individual employee and the employer based on meeting specific requirements. For example, based on submission of a Health Risk Assessment and a Qualification Form completed by their physician (rating 7 lifestyle indicators that an individual can control such as smoking, weight and blood pressure), points are earned that can result in reduced premiums for the employee as well as lower rates for the employer.

When evaluating the insurance provider and plan for your organization, it’s important to ensure that the plan covers preventative services. A plan that includes coverage for smoking cessation programs, over-the-counter nicotine replacements and Weight Watcher discounts would be consistent with a Wellness Program encouraging a healthy lifestyle.

## **Lessons Learned**

In the course of designing and executing corporate wellness programs, some factors to keep in mind are:

1. Employees may be reluctant to provide private health information and be suspicious of how the information will be used. The use of a third-party administrator to gather health assessment information and assure participants *in writing* that all information will only be used in the aggregate with no reports of individual information, will go a long way toward eliminating this concern. Insurance companies must comply with HIPPA guidelines regarding privacy and are very cautious in collecting and sharing data.

2. Not all participants are comfortable working out in a gym, and not all companies can afford to provide a fitness facility or reduced-cost membership for employees. Be sure to provide suggestions for small changes that employees can make as an alternative to “working out” in a formal setting: park farther from the door, make stairways an attractive and safe alternative to elevators, hold “walking meetings” (as in the Kellogg’s example), encourage walking at lunchtime with specific walking trails around the building or corporate campus (Track A around the building 3 times = 1 mile, etc.).
3. “Wellness” may be seen as ‘programs and events’ and employees may not recognize wellness as part of a corporate culture. Be sure to use plenty of examples in the communication materials, and include general “wellness messages” in all aspects of the business: healthier choices in the company cafeteria or vending machines; employee celebrations centered around something other than food; articles on healthy lifestyles in the company newsletter; themes of healthy living in customer communications or customer gifts.
4. Keep the horse before the cart: create *awareness* for the issue before creating the wellness program and engage management well before the program announcement. Be sure the program benefits are effectively communicated and that upper management is involved and visibly participates in the program.
5. Keep the program dynamic. Account for seasonal changes in activity levels and enthusiasm levels, make periodic updates, offer new rewards, plan new events so there is always something fresh to talk about and keep the participants engaged.
6. Develop a long-term plan and stick with it. Make sure you have management support long-term, as many of the cost savings are attained in the 3<sup>rd</sup> or 4<sup>th</sup> year of the program.
7. Communicate. The most well-designed program cannot succeed if no one knows about it. Communicate on every level: visual (posters, newsletters, mailers, promotional products), auditory (announcements, message from the president, program theme song), electronic (info on company website, emails to participants, updates on program progress scrolling across company sites, etc.).

## **Conclusion:**

In an environment where business costs are ever-increasing, it makes sense to control those costs that can be controlled. By implementing a corporate wellness program, an organization can decrease health care costs by keeping employees that are in the low-risk group in that group, while moving a percentage of the high-risk group into the low-risk group.

Employers offer health insurance as a benefit to employees once they’re sick. Wellness Programs offer tools to educate employees in ways to prevent and avoid disease. Healthy employees are happier, more focused on the job, absent less often and less expensive to insure.

While there are many non-tangible benefits to corporate wellness programs, they do offer measurable benefits that can favorably impact the bottom line.

**Resources/Contributors:**

American Institute of Preventive Medicine ([www.healthylife.com](http://www.healthylife.com))

Kellogg Company (Feeling Gr-r-eat program)

Amway Corporation (Tom Boehr, Optimal You! Manager)

Health Alliance Plan of Michigan (Terri Kachadurian, Director of Corporate Wellness)

Staying @ work report: Building an Effective Health and Productivity Framework, Watson Wyatt, 2007.

Department of Health & Human Services

Corp! Magazine, March 2007