

Worksite Wellness Programs Offer Valuable Benefits to Both Employers and Employees

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Worksite wellness programs are becoming more and more common at businesses across the country. According to the 2013 Aflac WorkForces Report, 44 percent of companies have worksite wellness programs, an increase of 14 percent since 2011. And let's face it, the majority of people in the United States are unhealthy. Forty-five percent of the population has at least one chronic disease.¹

The seven most common chronic diseases affecting employees are cancer, diabetes, hypertension, stroke, heart disease, pulmonary conditions, and mental illness. Individuals with chronic health problems account for 81 percent of hospital admissions, 76 percent of all physician visits, and 91 percent of all prescriptions filled.² The costs to cover these diseases, many of which are preventable, are falling to employers and employees.

Health-care premiums for employer-sponsored family coverage have increased by 87 percent since 2000.³ And it's not just health-care costs that are affected. The Milken Institute reports that lost productivity costs employers \$1.1 trillion annually.⁴ Unhealthy individuals also drive costs in short-term disability, long-term disability, workers' compensation, avoidable sick days, and presenteeism (the cost of employees on the job who are not fully performing due to illnesses and medical conditions). If US individuals do nothing to improve their health, it is projected that

by 2023 there will be a 42 percent increase in cases of the seven chronic diseases and a whopping \$4.2 trillion in treatment costs and lost economic output.⁵

The good news is that these costly conditions can be prevented when people engage in healthy behaviors day after day, year after year. Employers can play a key role in improving the health of their employees with a well-designed worksite wellness program. While it costs more up front to offer wellness programs, the long-term benefit is that companies can avoid excess expenses associated with treating chronic diseases.

A recent landmark Harvard University analysis of 32 peer-reviewed studies found that medical costs fell by about \$3.27 for every dollar spent on wellness. When absenteeism was included in the assessment, the return on investment (ROI) was an additional \$2.73 for a total of \$6.00.⁶ Another analysis of more than 70 studies looked at both health-care costs and absenteeism. The ROI for health care costs was \$3.48. When absenteeism was measured, the total ROI was \$5.82.²

Employers should consider adding a comprehensive wellness program to their benefits strategy for a number of reasons. The benefits of worksite wellness have been well documented and include:

- Health-care cost containment
- Improved employee health status

- ❑ Reduced absenteeism
- ❑ Reduced workers' compensation claims
- ❑ Better managed and reduced job-related stress
- ❑ Reduced employee turnover
- ❑ Improved morale
- ❑ Increased recruitment potential

Employers that are considering adding a wellness program to their benefits package should follow a four-step process: (1) assess company objectives and resources as well as employee interests and needs, (2) develop a strategy, (3) implement the plan with effective communications, and (4) evaluate and refine the plan as necessary.

THE IMPORTANCE OF ASSESSMENT

Take the time to assess the status of your organization and what you want to accomplish with your program. Conduct interviews with key stakeholders including senior management and staff members to determine the level of commitment to wellness, wellness goals, and the resources that may already

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be in place to support a well-being program. Look at your current costs and categorize where your health care dollars are going. Reviewing medical claims will help you determine whether your population's top medical issues are high blood pressure, diabetes, tobacco use, or mental health. This allows you to target your wellness activities

and intervention at those specific drivers. While conducting biometric screenings for one of our clients, we discovered that a number of employees suffered from metabolic syndrome—a cluster of risk factors that puts individuals at significant increased risk for heart disease and diabetes. Our team of health educators developed a program specifically designed to help improve the health of employees suffering from high blood pressure, high cholesterol, elevated triglycerides, elevated glucose levels, and a large waist circumference. Our 12-week program educated employees about healthy lifestyle changes. The total ROI for the program was 11:1.

Detail the wellness objectives of your company. Keep in mind that changing behaviors takes time. Be sure to set both long- and short-term objectives. Are you trying to reduce health care costs? Or are you concerned with rising absenteeism or long-term retention? Answering these questions will help you determine what measurable(s) you need to consider before embarking on a program. It's important to assess your workplace culture during this process as well. What works well for a fairly healthy, young population that is located in one place and technologically savvy will not necessarily work well in a workplace with dispersed locations and a diverse population (age, education, position, etc.).

Develop defined goals for your wellness plan. Do you want to reach a set participation rate in the first year and then increase participation each year thereafter by 5 percent? Do you want to see a year-over-year improvement in biometrics such as weight, blood pressure, and cholesterol? Make sure that you define how you will evaluate your wellness program. If your goal is to reach a set participation rate, you can easily track the number

of employees who sign up for and attend programs. If you want to improve biometrics, make sure that you gather the necessary data at the beginning of the program and have measures in place to hold subsequent screenings each year. Tracking data over time makes it easy to determine whether employees are moving from high-risk to low-risk groups.

Gather Data on Employee Interests and Needs

Once you've established your company's objectives and the goals for your wellness program, find out what employees want. A simple survey asking employees about their interests, their time limits, and their goals will go a long way in helping you design a program that is well utilized. Are your employees interested in exercise options at work, healthy cooking demonstrations, or

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online nutritional webinars? Do they want to lose weight, or are they more interested in learning to manage stress? There's no point in developing 60-minute monthly programs if your employees respond that they would prefer two 30-minute sessions per month. In fact, this has happened with some of our clients. As a result, we always ask these types of questions in our needs and interests surveys. With a few clients we now offer shorter, more condensed programs as well as a mix of online programs and on-site events. With this kind of targeting, we are able to boast a 85 percent participation rate with several clients. Another benefit to surveying

the population is that we hear directly from employees about their interests, which may not always match management's suggestions. For instance, we have heard from several HR executives that smoking is a key issue for the organizations, but when we asked the employees, they aren't interested in focusing on smoking cessation. It is important to ask and listen when designing wellness strategies so that they can be both engaging and successful.

Determine the needs of your population. A more detailed and comprehensive personal health assessment (PHA), sometimes called a health risk assessment (HRA), will provide data and feedback on the issues employees are looking to focus on in the short term and tie those data into the needs of the population. You may find that 75 percent of your employees do not exercise, 50 percent are obese, and 25 percent are smokers. The results of the PHA/HRA will allow you to identify and analyze risks and trends and to respond with meaningful, needs-based health programs. I refer to the PHA as "cheating on an exam" because a good PHA will ask employees about their current risks, health concerns, and their intent to change these lifestyle behaviors. Asking employees what they are planning to focus on with regard to their health tells us if smoking, eating better, weight loss, and/or stress management, for instance, drives our interventions.

Consider offering biometric screenings for your employees. Often, a population equipped with factual information about their current state of health (cholesterol, blood pressure, glucose, etc.) can yield more honest and accurate data to drive your programming efforts. A well-communicated and incentivized PHA and screening program can yield 90 percent and greater participation rates.

We have seen that with clients, both large and small.

DEVELOP A STRATEGY

Once you have your goals and objectives and have gathered data on your employees' needs and interests, develop a comprehensive strategy to accomplish your plan. A phased, multiyear approach with incentives typically works best for launching a wellness program. You may first want to make employees aware of their health status and medical risk factors (the PHAs mentioned earlier are a great tool for this) and then offer quarterly programs such as a wellness challenge, a nutrition and weight-management class, a walking challenge, and a stress-management class. The second year you can make the PHA mandatory, add in voluntary biometric screenings, and run programs every other month on topics of interest to your population. The third year, you may want to make PHAs and biometric screenings mandatory and set guidelines that employees must fall within or work towards for body mass index (BMI), cholesterol, and blood pressure. Employees who don't meet the guidelines or show improvement would need to enroll in a program designed to help them improve their medical conditions if they want to receive the wellness incentive. You could also expand your wellness program to feature a new program each month. There are many different ways to phase in a wellness program, and you need to choose what works well for your employees, your culture, your goals, and your budget. Keep in mind that you should strive to motivate your entire employee population, not just the at-risk audience. It is just as important to keep healthy employees healthy as it is to address the needs of the at-risk

employees. Employers who have high retention rates in particular will want to pay attention to all risk levels and manage the entire employee population. At Wellness Workdays, when we design programming, we are very aware of making the programs inclusive and educational.

Work with your existing partners (health insurers, employee assistance programs, cafeteria vendors) to conserve available resources by helping you find ways to maximize the utilization of the services that are already available to your organization. For example, your cafeteria staff may be able to overhaul their menu and offer healthier choices, and

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the candy and chips in your vending machine can be replaced with more healthful options. Several of our university clients, for instance, have faculty/researchers who can speak to various aspects of health, while our bank and finance clients have experts to discuss financial fitness, and our health care clients have physicians and nurses on staff to lend their expertise as part of their wellness programs. This helps to bring a grassroots level of participation and support for the wellness program.

Determine Incentives

Incentives and/or penalties are an integral part of your wellness program and help drive awareness, participation, and engagement. Whether your company chooses to offer

incentives or decides to use penalties, this is a decision you will need to evaluate before launching your program. Decide how you will link incentives to your benefit-plan design. The implementation of the Patient Protection and Affordable Care Act allows employers to increase the maximum dollar amount of wellness rewards offered to employees to 30 percent (up from 20 percent) of the total cost of their health care coverage and to raise incentives tied to smoking prevention or reduction programs to up to 50 percent of total coverage costs. Additionally, new health care rules permit companies to charge higher rates for individuals who use tobacco.

For example, you may want to offer incentives for completing a PHA or taking part in biometric screenings or a wellness challenge. Some employers tie premium reductions to participation in a program (e.g., complete a PHA or attend four of five programs throughout the year); others get creative with incentives and offer extra days off, weekend trips away, or cash. One client of ours offered a two-hour Ferrari ride for the winner of a wellness challenge! Consider offering raffles for participation (a \$250 gift card per quarter for anyone who completes a behavior-change program and attends a seminar, for example) instead of giving each employee the incentive if budgets are tight. Several of our clients have found this to be very effective at incentivizing high-participation rates when they cannot afford to pay a fee to each individual for completing a PHA, for example. Other companies decide to use penalties such as premium and deductible increases—such as a monthly health-insurance surcharge for not completing a biometric screening. Determine what will work best to motivate your population and make sure that the incentives are well communicated when you roll out your

wellness program. And, of course, consider your culture when deciding to use sticks versus carrots in your wellness program.

LEGAL ISSUES IN WORKSITE WELLNESS

Wellness programs are governed by the Patient Protection and Affordable Care Act (PPACA), which classifies programs as “participatory wellness programs” and non-discriminatory “health-contingent wellness programs.”⁸ A participatory wellness program is generally available without regard to an individual’s health status and includes initiatives such as providing a reward to employees who complete a PHA or who attend a no-cost, educational health seminar. These programs cannot require that employees meet

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a health standard, such as a healthy cholesterol level, to obtain a reward. Health-contingent wellness programs, however, generally require an employee to meet a specific health standard to get the incentive. These programs may include achieving a certain blood pressure level or falling within a set weight range, but will also reward employees who fail to meet these requirements as long as they take certain additional actions such as enrolling in a free seminar on controlling blood pressure or healthy eating. The regulations specify that a “reward” can be either a financial incentive, such as a discount on a health insurance premium, or the avoidance of a penalty, such as a monthly health insurance surcharge.

The PPACA regulations further divide health-contingent programs into activity-only and outcome-based programs, an important distinction as this will determine the legal requirements that must be met. Activity-only programs simply require that an employee perform an activity related to a health issue to get a reward. Employees do not need to attain or maintain a specific health outcome. Activities may include walking a certain number of steps per week or participating in an on-site exercise class. Outcome-based programs require an employee to attain or maintain a specific health outcome, such as a healthy cholesterol level or weight in order to receive the reward.

A health-contingent program will violate the Health Insurance Portability and Accountability Act's (HIPAA) nondiscrimination rule unless it meets the following criteria: employees must be given the opportunity to qualify once per year; the total reward cannot exceed 30 percent of the total cost of employee-only coverage under the health plan; however, an additional 20 percent may be applied for wellness programs designed to prevent or reduce tobacco use; the program must be reasonably designed to promote health or prevent disease; and the program must be uniformly available, and there must be a reasonable alternative standard.

As you develop your worksite wellness plan, it is important to talk with your company's legal counsel. Wellness programs can trigger laws ranging from the Americans With Disabilities Act (ADA) to the Genetic Information Nondiscrimination Act (GINA). While there is no language in the ADA that prohibits companies from offering wellness programs, employers must give employees with disabilities an equal opportunity to participate in, or receive benefits under, the

program. For example, if an employer wishes to offer a health insurance premium discount to employees who participate and achieve a particular score on a PHA, then ADA compliance issues may arise if reasonable accommodations are not made for employees with disabilities. The ADA also prohibits employers from making medical inquiries or requiring medical examinations unless they are job related and consistent with business necessity. However, these activities can be undertaken if they are part of a voluntary wellness and health-screening program and there is not a penalty for nonparticipation. In addition, all medical information that is obtained through these activities must be treated as a confidential medical record. GINA, on the other hand, restricts an employer's ability to incentivize employees to provide genetic information, such as family medical history, in connection with a wellness program. The legalities involved in these areas can get quite detailed, so sound legal counsel is a must as you move forward.

IMPLEMENTATION

Develop a branded wellness program with a logo and tagline to foster effective and recognizable communications. Use your brand consistently throughout all of your communications—website, employee portal, e-mails, flyers, posters, and the like. Use a multimodal approach for communication including paper, online and onsite programming, as well as individual, partner, and team-based programs to appeal to different employee preferences.

Develop clear and consistent messaging that it is easy to understand and engages employees. Messages should be timely, consistent, and targeted. Make your wellness program meaningful to employees and

communicate the benefits they will receive from the program. For example, completing a biometric screening provides them with a snapshot of their health and how the choices they make affect their medical status. Involve senior leadership in the launch of your wellness program. This will help drive support and engagement in your program. The involvement of senior management is often cited as one of the most important factors for successful company wellness programs. For all of our wellness program rollouts, we encourage a strong show of support and

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encouragement from senior management. This usually begins with a letter (we draft a sample) sent to all employees explaining the focus of the wellness program and why the decision was made to bring wellness to that organization. One CEO of a major, international organization that we work with posted the weekly report we sent out showing his team's standings in the company's wellness challenge while he was at the annual corporate meeting. This was a BIG DEAL to get such prime time attention at an all-employee, broadcast meeting.

Another one of our clients, which boasts participation rates in the 70 percent range, has the HR director provide a regular update on the company's wellness program at the quarterly senior management meetings. As a result of the support from upper management that we try to foster, we often see more than 90 percent of employees reporting that they

are highly satisfied with the program, and the executives we work with believe this is a contributing factor to high employee morale and retention.

Consider developing a wellness task force to help promote the program internally, develop programming ideas, and obtain feedback from employees. Your task force should tap people of various backgrounds and positions throughout the company. We worked with a client that had more than two dozen offices across the country, all with distinct corporate cultures. Not only were employees dispersed geographically and in different time zones, but job functions ranged from administrative staff and sales to remote employees and highly compensated professionals. We worked with the client to develop a wellness council, which was a vital component to the program. The council's input provided us with the necessary information to develop effective and engaging programs that appealed to employees across the country. As a result, we were able to reduce the number of high-risk employees by almost 4 percent while moving an additional 14 percent into the low-risk group. Based on the data collected on the wellness program, the total cost avoidance for medical costs and lost productivity was more than \$367,000 after one year.

EVALUATE AND REFINE

Take the time to evaluate your wellness program. You will gain a wealth of knowledge that will help you determine the future path of your program. Wellness programs generate meaningful data and an employer's goals can be measured by carefully tracking this data. The data can also be used to help you improve future programming and increase engagement, participation, and results. Below

are some common ways to evaluate program success.

One of the most common metrics used by employers is to track participation rates. How many employees are participating in programs? Be sure to look at the reach of your programs. Are you consistently getting the same group of people at your programs, or are you reaching a wide audience by offering varying topics of interest? Are your numbers increasing over time? What types of programs attract the most participants? Use this information to develop future targeted programs. Survey your employees and find out how happy they are with the programs you offer. Ask for feedback on their favorite programs, their least favorite programs, and their ideas for future programs. Measure behavior changes by evaluating data from PHAs and biometric screenings year-over-year. You should also review medical claims data after

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the first year of your program. The information you gain will tell you if claims have been reduced in the areas that your wellness program is designed to target.

DON'T GO IT ALONE

Implementing a wellness program can be overwhelming. Use a company/vendor with fresh ideas and knowledge of best practices for your industry that will help you develop a customized, comprehensive approach. While wellness may be a passion or an important focus for you and your company, no one

knows about the updates, possibilities, and strategies for a successful wellness program better than a wellness professional.

Following the key steps described above will put your wellness program on the right track and lead to a better bottom line. Educating employees about how and when to make changes can positively affect employee health and office morale, leading to higher-quality work, increased output, and reduced company costs. Providing the right tools, environment, and education in the workplace can empower employees to not only make important decisions regarding their health, but also potentially reduce absenteeism and presenteeism. With an investment of time and money, your business could soon be enjoying the benefits of a healthier population, as well as the cost savings associated with wellness initiatives. Wellness should be viewed as an investment, much the same as investing in office space, supplies, marketing, or training.

NOTES

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