



## Healthier Employees = Healthier Bottom Lines:

### Why Worksite Wellness Programs Are Gaining Popularity

Research has shown that seven out of every 10 deaths in the United States today are attributable to largely preventable chronic illnesses such as heart disease. In fact, they account for 75 percent of America's total health spending.<sup>1</sup> Furthermore, almost two-thirds of the growth in health spending stems from Americans' worsening health habits, with the obesity epidemic being the biggest culprit.<sup>2</sup> Complicating the state of Americans' healthcare and subsequent spending is the sobering fact that more individuals are being affected by multiple chronic diseases.<sup>3</sup>

#### The Wellness Movement

In an era when obesity rates are rising and rates of preventable chronic conditions are on an upswing, many employers have instituted worksite wellness programs in an effort to curb the current trend and put the brakes on ever-climbing health insurance premiums. Designed to modify employee behavior by promoting healthier habits, worksite wellness programs provide the access, opportunity, support and encouragement needed for workers to actively participate in improving their health. Focusing on wellness presents a shift in thinking away from the traditional model of healthcare as designed to cure you at the onset of illness, to thinking about health in terms of preventing illnesses from occurring.

While many employees might find themselves participating in a worksite wellness program for the first time, these programs have been in existence since the 1970s and really gained traction by the mid-1980s.<sup>4</sup> The growth of worksite health promotion programs over the years is believed to have developed in response to "cultural progression, enlightening research, and a growing interest in the health and wellness of the nation."<sup>5</sup>

Worksite wellness programs most commonly focus on changing employees' diet and exercise habits as well as smoking cessation. Some wellness programs use incentives to help encourage employees to participate, such as group competitions, lotteries and even financial payments. Beyond voluntary wellness programs, some employers have gone a step farther and prohibited workers from smoking at the worksite while others have even refused to hire smokers.

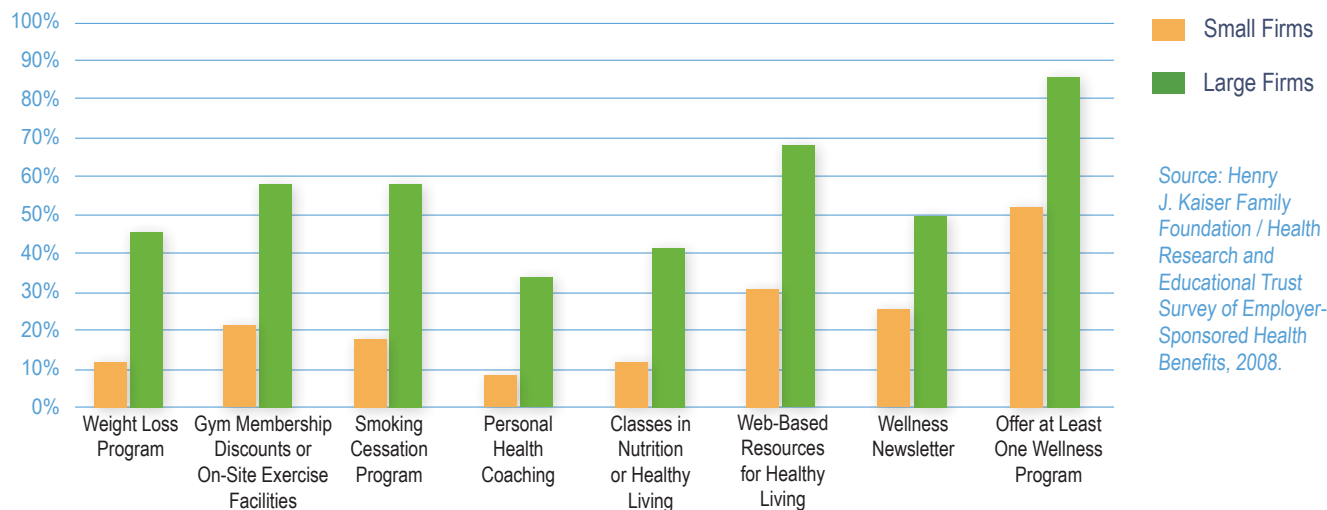
#### Worksite Wellness Programs are Common

Worksite wellness programs are prevalent and many employers, particularly large ones, offer them. A 2008 national survey on employer health benefits found that 88 percent of large firms (200 or more workers) and 53 percent of smaller firms (3 to 199 workers) offering health benefits provide at least one of the following wellness programs: weight loss programs, discounted gym memberships or on-site exercise facilities, smoking cessation programs, personal health coaching, nutrition or healthy living classes, Web-based resources for healthy living, or a wellness newsletter.<sup>6</sup>

#### Workforce Wellness Rationale

Employers' reasons for offering wellness programs vary. According to the same survey, large firms were more likely (30 percent) than small firms (10 percent) to report reducing healthcare costs as their primary reason for offering a wellness program. Thirty-three percent of firms offering health coverage and wellness programs cited improving their employees' health and reducing absenteeism as their primary reasons for offering wellness programs, while 42 percent listed their wellness pro-

Among Firms Offering Health Benefits, Percentage Offering Their Employees Wellness Programs: 2008



Source: Henry J. Kaiser Family Foundation / Health Research and Educational Trust Survey of Employer-Sponsored Health Benefits, 2008.

gram being part of their health plan as their primary reason.<sup>7</sup>

Among firms offering both health benefits and wellness programs, large firms are more likely than small firms to believe their wellness programs are effective at both reducing health-care costs and improving the health of their employees. Yet most large and small firms do not offer their employees incentives to participate in wellness programs.<sup>8</sup>

While many employers offer worksite wellness programs, it has been noted that few employers offer comprehensive or evidence-based programs.<sup>9</sup> Another area for employers to focus on is increasing participation in wellness programs. A recent study found that six in 10 employees believe that worksite wellness programs are a good idea, yet just three in 10 employees have actually participated in worksite wellness programs in the past three years.<sup>10</sup> This could lead to more employers offering incentives to try to boost participation in wellness programs, particularly given that employees who tend to gravitate towards participating in wellness programs are often healthy to begin with.

## No Time Like the Present

Now is as good a time as any to institute wellness programs or enhance currently existing programs. With many employers staring at bottom lines that are dwindling at the same time as health insurance costs continue to rise, employers would be smart to rethink ways of energizing their wellness programs if for no other reason than the cost containment that can be achieved.

A study of a worksite wellness program found that over a two-year period, employees participating in the program missed three fewer days of work compared to those who didn't participate. This decrease in absenteeism translated into a cost savings of \$15.60 for every dollar spent on the program.<sup>11</sup> Furthermore, an exhaustive review of 72 studies concluded that over a period of three to five years, worksite health promotion activities can realize savings of roughly \$4 in lower health-care expenses and \$5 in improved productivity for every dollar spent.<sup>12</sup>

There are those who will argue that the data showing cost savings for worksite wellness programs is mixed or that studies showing positive effects have serious methodological flaws. Yet there are compelling arguments that suggest that worksite wellness programs create benefits that aren't always easy to measure with precise dollar figures. For instance, having a wellness program can improve a company's image and help it remain competitive. Measuring the return on investment that comes from an employee feeling that their employer genuinely cares about their well-being can be hard to calculate. However, it's likely to factor into a company's ability to attract and retain a

talented workforce as well as make a positive impact on employee morale – both of which affect a company's productivity and ultimately their bottom line.

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## What Hospitals are Doing

Northeast Ohio hospitals have been actively involved in developing wellness programs for their employees, including initiating fitness programs, offering healthier food choices in their cafeterias, and assisting employees with smoking cessation. To encourage and support the germination of these types of programs, The Center for Health Affairs (CHA) provided an opportunity for member hospitals to apply for board-designated funds to create or supplement an existing wellness program for their employees.

Five member hospitals were awarded grants to fund initiatives aimed specifically at improving the diet and exercise habits of their employees using a variety of means including: education, health evaluations, the identification of chronic health conditions, and the use of customized plans for employees based on their existing lifestyles and health status. In the next CHA Policy Snapshot, to be published in May, look for best practices and helpful hints for implementing a workforce wellness program, based on the lessons learned by the grantees.

## Endnotes

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People diagnosed with diabetes have medical expenditures 2.3 times higher than those without diabetes.

Source: *Centers for Disease Control and Prevention*

