

**Improving Employee Health**  
**&**  
**Generating Positive Business Impact**

It is well established that life style changes like increased physical activity, healthy eating and managing stress can significantly reduce the incidence of chronic disease. It is also well established that many people find it difficult to make and sustain those life style changes. Here we examine the evidence regarding the impact of employee wellness programs on benefit costs and productivity. One must acknowledge that estimating program impact is often challenging, given the diversity in program designs, employee demographics and measurement methodologies. In addition, ROIs vary due to differences in populations, interventions, and measurement methodologies. The references below are organized according to methodology.

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### Published, Peer-Reviewed Meta-Analyses

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In a meta-analysis, several individual studies are selected according to pre-set criteria, and the data are combined in order improve the statistical power of the conclusion. Done well, they are a useful complement to single studies when there are a large number of separate studies with similar designs.

Baicker et al, (2010)<sup>51</sup> – Each of the thirty-two studies included in this meta-analysis were peer-reviewed, had a defined, distinct, new intervention, and had a comparator group. The return on investment (ROI) for direct medical costs was estimated to be \$3.27 for every program dollar spent, with an additional \$2.72 in reduced cost from absenteeism.

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Chapman (2012)<sup>52</sup> – Sixty-two studies were selected for evaluation from a pool of 650, based on several criteria. The main methodological difference between Chapman, and Baicker (above), is that the 62 studies were ranked according to scientific rigour, sample size, and other attributes. On average, Chapman found the reduction versus the comparative groups of 25% for both direct health care costs, and reduced absenteeism. The average reported ROI across the 62 studies was \$5.60 for each dollar invested in the wellness programs.

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Naydeck (2008)<sup>53</sup> – This is a study of a wellness program run by Highmark, a U.S.-based health insurance provider with about 12,000 employees. This study is notable because they compared health claims of program participants with a risk-matched comparator group of non-participants. This helped to control for a methodological risk of a greater proportion of healthy employees participating in wellness programs, and thus skewing results. Naydeck found that a dollar invested in the Highmark wellness program saved \$1.65 in direct health care costs.

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Henke (2011)<sup>54</sup> – This study reviews the impact of the Johnson & Johnson Family of Companies' employee health program for the period 2002 to 2008 on employee health risks and health care costs, when compared to similar companies. The J&J example is significant, given that their wellness initiative has been in place since 1979, and thus its examination affords the opportunity to assess whether these programs can sustain health improvements and cost efficiencies over time.

During the 2002 - 2008 period, it found statistically significant reductions in the prevalence of high-risk individuals versus the comparator companies for high blood pressure, dyslipidemia, poor nutrition, physical inactivity, and particularly for tobacco use and obesity. During this period, Johnson & Johnson enjoyed a lower growth of health care expenditures than comparator companies (1% vs. 4.8% - strongly statistically significant). Henke estimated a savings \$1.88 - \$3.92 for each dollar spent on the J&J wellness program.

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A separate analysis of the Johnson & Johnson's wellness program showed over the decade ending in 2009, a reduction in the proportion of employees who had high cholesterol by 75%, those who smoked by 67%, and those who were hypertensive or were physically inactive by half<sup>71</sup>. In addition, the

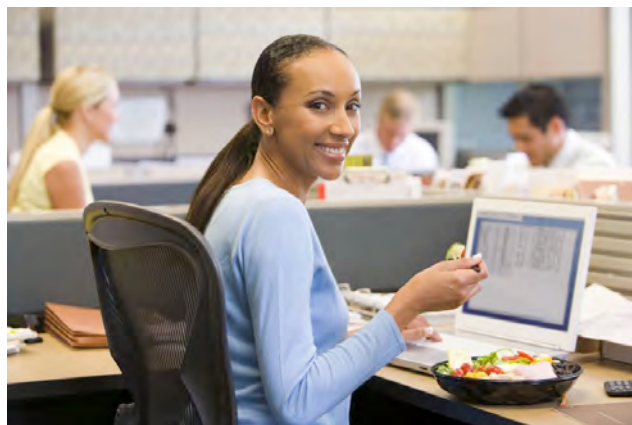
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estimated savings on health care costs during this period was \$250 million<sup>34</sup>.

### Other Published Sources

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Towers Watson (TW) – 2009/2010 Staying@Work Report – The Health and Productivity Advantage<sup>56</sup> - This survey reflects responses of 352 HR managers



of large companies (282 from the US, 70 from Canada). Collectively, the organizations employ 11 million workers, across a broad range of industry sectors. Sixty percent of the organizations were publicly traded, 23% were private, and 17% were non-profits or governments.

Using pre-set criteria, they segmented the organizations according to whether their wellness programs were highly effective, had low-effectiveness, or had no wellness program. A major theme of the report was the linkage of financial performance to the effectiveness of the wellness programs. A key finding was that in comparison to low-effectiveness programs, companies with highly effective wellness programs had superior financial returns, including;

- A five-year total return to shareholder (TRS) growth of 14.8%, compared to a 10.1% decline in TRS for companies with low-effectiveness programs.
- An 11% higher revenue per employee (\$483, compared to \$434 for companies with low-effectiveness programs).
- 60% fewer unplanned absences per employee (3.0, vs. 4.8 for companies with low-effectiveness programs).
- 66% of companies reporting productivity losses due to presenteeism of less than 10% (compared to 1/3 companies with low effectiveness programs reporting the same)

Towers Watson – 2013/2014 Staying@Work Report – US Executive Summary<sup>57</sup> - This survey involved 199 organizations in the U.S., 60% being public, 22% private and 19% non-profit or government. Similar to their 2009/2010 survey, TW included a comparison between highly effective wellness programs and low effectiveness programs, but this time including measures of program effectiveness, as well as financial impact. Compared to low-effectiveness programs, those deemed to be highly effective had;

- Higher participation rate (66% vs. 45%)
- 25% lower obesity rates (33% vs. 43%)
- Fewer unplanned absences (3.3 vs. 4.3)
- 80% more likely to report their financial performance a significantly higher than their peers (20% vs. 11%)
- \$1600 lower average annual health care cost per employee

#### Reconciling Wellness Program Impacts with Rising Health Care Costs and Rates of Disease

If the evidence for wellness programs is so compelling, why do we not see a reduction in the overall prevalence of chronic disease, and an abatement in the growth of healthcare expenditures? The Willis Health and Productivity Survey<sup>58</sup> - a survey of 1600 US-based companies, with wide representation

across industries, organization sizes, and geographic regions – showed that only 60% of surveyed organizations had some type of wellness program.

Of those that did, 43% of the programs were basic (a few voluntary activities, and little or no budget), 40% were considered intermediate (on-site health-risk assessments and biometrics, health coaching and/or a wellness web portal) and only 17% were considered to be comprehensive (same features are for intermediate, plus, for example, targeted behavioural change interventions, wellness incentives, and measurement of program impact).

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Given this, it's not a surprise to learn that participation rates for the typical wellness program are quite low.

Even for U.S.-based employers who did offer wellness programs, they reported on average that only 50% of their employees participate in health-assessment appraisals, and only 20% of employees participated in lifestyle change and health management programs<sup>57</sup>.

### Three Common Reasons that Wellness Programs Fail – and How to Avoid Them

Programs cannot meet the needs and expectations of either employees or employers with such a low participation rate. In this section, we summarize three common wellness programs pitfalls, and how best to avoid them.

Lack of a strategy – Results from the Towers Watson 2013/2014 survey indicated that only 50% of the U.S.<sup>57</sup> and 33% of the Canadian<sup>58</sup> surveyed companies reported having a formal health strategy. Without a strategy, it is unlikely the programs had defined goals, nor a clear path

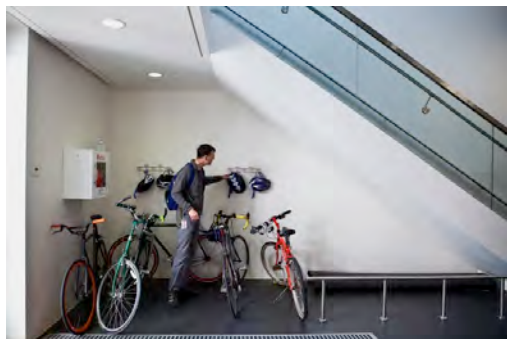
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towards their attainment. Without these basic project management elements in place, meaningful success – or even progress—is unlikely.

A properly defined health and wellness strategy is an integral component of the overall business strategy. Its goals enable the successful execution of the broader organizational strategy, such as improving productivity, managing costs, reinforcing specific organizational values, and supporting cultural aspirations like employee engagement. The interventions are designed to meet the specific health and wellness needs of the employees. A strategic approach makes wellness an integral part of the “way we do business”. Also, it is foundational for the other enablers of successful programs – like measurement, multi-level management support, and employee-engagement.

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Without a strategy, not only will the wellness program be unlikely to



deliver benefit to employees and employers, but it will be at high risk of falling victim to the inevitable head winds of implementation challenges, changes to business priorities, budget pressures, and management turnover<sup>54</sup>.

Lack of measurement – A natural extension of a strategy is a measurement plan. Yet, only about 1/3 of the U.S.-based wellness programs have a measurement plan in place<sup>54</sup>. Without such a plan, the organization cannot know the degree to which employees are participating in the program, whether the participation is resulting in improved health, or whether the program is delivering on the broader organizational goals. Without program

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measurement, there is little with which to hold the program managers and others accountable.

A measurement plan typically has three components – activity metrics (eg. percent of employees completing their health risk assessment, number of employees participating in a health challenge), health metrics (eg. average change in depression score for employees with high baseline scores), and business metrics (eg. reduced absenteeism) – with each lagging the previous. These metrics are not only key to managing and shaping the program, but can be a very motivational component of the employee communications strategy.

*Lack of management support* – The TW 2009/2010 survey of U.S. employers<sup>56</sup> indicates that senior leader support is a common success factor in high-effectiveness wellness programs, but is rarely present in low-effectiveness programs.

Moreover, the lack of management alignment is typically considered to be the biggest challenge by employers with wellness programs<sup>54</sup>. Like any other change process, wellness initiatives are unlikely to succeed if employees

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receive conflicting signals from their management. These conflicting signals can be in the form of a manager saying one thing in public and another in private, front-line managers contradicting senior leaders, the company touting wellness while ignoring safety risks, or extolling healthy eating without making healthy choices available in the cafeteria. Such contradictions and inconsistencies are particularly problematic for wellness initiatives, because unlike most change initiatives, the employee has complete autonomy over whether to participate.

The management alignment process starts as the strategy and measurement plan is being developed. These create the framework upon which management can be held accountable, and around which they need to align. Each layer of management plays a distinct but crucial role in supporting the program. Senior leaders must actively endorse the vision and goals of the program, allocate resources, and review progress versus metrics. They are also responsible for communicating a compelling vision for their organization, and ensuring their actions support the strategy. First-line managers must complement these actions, by for instance encouraging employee participation in wellness initiatives through flexible scheduling. Better still, if managers at all levels are seen participating in these programs alongside their employees, the earnestness of their intentions is reinforced.

*Lack of an employee-engagement strategy* – An employee-engagement strategy is a critical design component of any successful employee wellness program, since employee participation is completely optional, and because life style change can be difficult to initiate and sustain.

Like other change initiatives, creating a culture of health is a process, not an event.

Organizations who apply sound change management principles to their wellness

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program stand a higher likelihood of engaging employees. For example, senior leaders must clearly articulate the rationale for, and goals of, the program, and dispel any lingering concerns or doubt. Also, they must empower front-line managers to support the initiative within the context of their teams.

Part of any effective employee engagement strategy is a communication plan. It extends beyond management communications to include collateral material like posters, in order to maintain awareness of and excitement about the

program, to communicate success stories, and to reinforce key activities, milestones, and outcomes.

Employees are often best placed to engage other employees. For example, appointing volunteer “Wellness Champions” can be a highly effective way to enrol employees and sustain participation in health challenges, and to provide ongoing feedback and input to program managers.

*Being Overly Reliant on One Behaviour Change Methodology* - There is an understandable desire to identify the “one thing” that will drive employee engagement, and then to become overly reliant on that one technique. Some have focused on challenges, others on nudging, and still others on gamification. The reality is, however, that none of these approaches work for everyone, and, when over-used, will quickly lose their effectiveness.

The likelihood of sustaining participation is increased improved significantly when one employs a variety of behaviour-change methodologies. In addition to the techniques mentioned above, others include;

- *Goal and Activity Setting & Tracking*- having a motivating goal, and seeing the progress towards it is a powerful way to sustain behaviour change.
- *Social Support* – being part of a group can sustain participation when one’s motivation is flagging.
- *Making it Fun!*–Perhaps the most important element, behaviour change is more easily sustained when the activities are enjoyable. This speaks to the tone, the level of inclusiveness, and the freshness of the program elements.

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