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When it Comes to Wellness, You Don't Have to be a Big Company to Achieve Big Results

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Wellness is a state of mind and body. It is an individual thing. So, when it comes to employee participation, let's not get lured into the misconception that wellness only works in large numbers and therefore is more fitting for a sprawling Fortune 500 company than it is for a business with 25-100 employees.

Wellness today is for all employers and all of its employees. And although the cable TV stations today are full of exercise shows, fitness magazines clutter news racks, and health clubs pop up on every street corner like McDonald's, even back in the 1980s when I was consulting with small businesses, some of them had a wellness program in place—and didn't even realize it. When break time came, the employees of one particular small company would take a walk around the block. Walking together during business hours was built into this company's culture. The only difference between then and now is today we would count the steps with a pedometer clipped to our belt and with iPod buds stuck in our ears as opposed to a Sony Walkman. But the results remain the same.

In our small office in North Carolina, we hold meetings outside while tossing a baseball back and forth. When we talk on the phone with a client, it's not while staring at a computer screen, but by taking advantage of today's communications technology and conversing while walking around our office holding 2.5- or five-pound weights, maybe even outside.

But when it comes to getting a company to implement a wellness program into its corporate culture, it all comes down to getting them to practice what you preach. And what I found to be effective is utilizing the old KISS system… with a slight modification: Keep It Simple Sells.

This is not to suggest that a good agent doesn't know that having a solid health and wellness plan in place will benefit their client. But the litany of objections from the employers—"There's nothing I

can do about healthcare costs going up," "It's too expensive," "We don't have the facilities for exercise," "My employees won't want to do it"—can be overwhelming.

Randy and Dustin Boss of Ottawa Kent in Jenison, MI, have spent four years testing and creating a process of Bringing Risk Management to Benefits, so that when risk management and benefits gently collide, the CEO understands the aggregate health risks in their employee population. They can then take steps to promote changing the detrimental risk factors that lead to disease and high cost. Keeping healthy people healthy, while improving the health of the less healthy, is the ultimate wellness journey.

"Employers are frustrated because most likely they have tried things that didn't work," says Randy. "They tend to think short term and not long term, and want to see solid and immediate benchmarks."

The goal is to make the employer view wellness as an investment, not an expense. And it's a mission not to be taken lightly as employers see rising health costs and, in many cases, aging workers.

John Basten of The Mid-State Group in Lynchburg, VA, says employers are frustrated with the ever-increasing cost of health premiums and turn to brokers for solutions, which often include delivering "wellness" by implementing disincentives and benefit design changes in an effort to change behavior. A concept that John says doesn't work.

"It's only through education that you can guide employers to better understand the risks and obstacles they are facing," he explains. "Essentially, step one is to help them identify the specific health factors within their company, because when real data drives the decision, one can plan for the expected results."

Wellness Programs Save Employers $1 to $3 for Every Dollar Spent

Most employers that have analyzed the financial impacts of their wellness programs have found $1 to $3 decreases in their overall healthcare costs for every dollar spent, according to the report A Closer Look: Wellness ROI by the International Foundation of Employee Benefit Plans. The report examines data from the Foundation's recent Wellness and Value-Based Health Care survey and compares results between organizations that have analyzed the financial impacts of their wellness programs and those that have not.

"Without question, employers are beginning to understand the direct connection that wellness initiatives can have on both employee health and healthcare plan cost savings," said Michael Wilson, Foundation CEO. "While the primary goal is reducing health costs, we're also seeing other advantages from wellness initiatives, such as higher employee morale, increased productivity and reduced disability."

The report also found that wellness program incentives, such as insurance premium reductions, and communications tools like web links and social networks, are used more by organizations that are achieving positive returns on their wellness investment.

"While only 19% of our members are analyzing the financial data of their wellness programs, the data gives us insights regarding initiatives in their programs that are successful and may provide a blueprint for other organizations in developing or improving their own wellness campaigns," said Wilson.

The Foundation divided the respondents of the survey into two groups, the ROI group and the non-ROI group based on whether they measured and achieved positive returns. The data revealed significant differences between the two groups when it came to providing incentives and communicating wellness with the workforce.

Insurance premium reductions for participation in wellness programs accounted for the biggest difference between the two groups, with 49% of the ROI group providing this incentive as opposed to just 29% of the non-ROI group. Other popular incentives included gift cards and non-cash incentives/prizes/raffles. Those in the ROI group were also more likely than their counterparts to attach incentives to specific types of initiatives such as health screenings (65% to 43%), health risk assessments (74% to 51%) and health care coaches/advocates (43% to 22%). Participation among members of organizations in the ROI group increased dramatically when incentives are tied to health screenings and health risk assessments.

Communication was one of the most frequently cited reasons for achieving positive ROI given by organizations in the open-ended response section of the survey. Organizations experiencing ROI are more likely than the non-ROI group to provide most types of wellness information and electronic communications, such as web links (43% to 32%), social networks (18% to nine percent) and wellness seminars and speakers (65% to 45%).

The survey found that almost 74% of organizations experiencing ROI are more likely to have a broader value-based health care strategy that offers initiatives such as health screenings, stress-management programs, health risk assessments, and fitness and nutrition programs, compared to just 45% of the non-ROI group.

"Determining ROI can be of great benefit for employers—leading to increased buy-in from organizational leaders and workers," explained Julie Stich, the Foundation's Director of Research. "However it's not an easy process. ROI can be difficult to measure since health improvement may be influenced by a combination of factors and because it can take anywhere from three to five years to see cost-saving results."

Source: www.ifebp.org

York International, a large regional broker in Harrison, NY, derives about 25% of its $10 million in revenue from benefits serving the middle-market employer of 50-2,500 employees. For the past five years, York has been focusing on wellness or risk management within a health sphere from an employee benefit standpoint that really came out of a continual effort to be able to draw resources and capabilities from much larger entities and bring them to smaller entities.

"The Fortune 1,000 or 5,000 have been practicing engaging employees in health beyond the financing of sickness for many years and we think that there is a tremendous opportunity to continue to do that with these middle-market companies," explains Mike Bodack of York International. "When our point of entry is who we call the 'user buyer' of insurance for their company, we try to engage the 'economic buyer' as well. It is not often the same person, but it does happen on occasion."

"When we deal with that economic buyer, we find that it is easy to focus the conversation," adds Mike. "Certainly, some folks will have their head in the sand. But the ones who are intelligent, rational human beings understand very quickly. Because, in the end, it's just a math problem."

When employers perceive wellness as an added cost instead of an added benefit, bad things happen. Or nothing happens at all. John Basten of The Mid-State Group has fought that battle for years.

"Employers are frustrated with the ever-increasing cost of health care and are looking for viable strategies to reverse the trend," says John. "Many are looking for quick fixes, which end in employers spending excessive funds in areas that don't have long lasting effects. Our specific focus is to educate the employer on how wellness should be defined as an employee benefit. We educate our clients that identifying the specific risk factors affecting their employee group is an essential and foundational step in creating an effective wellness program, starting with getting a minimum of 90% of their employees to complete a health risk assessment without providing incentives."

Getting the employees behind a wellness program can often be the fuel that jump-starts an employer's decision-making process, as now he sees what was perceived as a potential expense reaping potential dividends in terms of an increase in employee morale and a decrease in the number of days out of work due to a workplace injury and/or illness.

As Bodack sees it, it's all about the employee kickoff. "We've received tremendous response from our kickoff meetings," he says. "The delivery of the health risk assessment to an employee is a measure of control all by itself. When an employee takes the 10 minutes to read it, it may be more information than they get about their health from their own doctor. And an annual health risk assessment offers the employee a grand picture of his or her health, year after year."

Adds Mike, "When employees have something personalized, such as their HRA, and see directives they can look at year after year, it provides a tremendous level of control and a heightened awareness. We routinely reach 85% or 90% involvement from employees who review their health risk assessments."

One point that both Bodack and Basten agree on as wellness experts is that employers should not rely on incentives for employee involvement in the program. Conversely, neither should they be penalized for not participating.

"Employees are already struggling with family pressures and an uncertainty about the future," says Basten. "The last thing employees need is a work environment where they are told what not to do and are penalized. This doesn't create a thriving corporate culture. Wellness should be offered solely as a benefit and not as a 'reward,' and delivered to the employees as such. Only then will the employer get the proper participation they need for the program to be successful."

Mark Nantz of Knapp Miller Brown Insurance Services in Salem, IN, says a key component of a successful wellness program, which he has used many times, is the shared clinic model, a benefit which also includes wellness coaches. "The shared clinic model allows smaller employers to use the clinic model, as long as there is a larger employer to act as the anchor," he says. "Think of a shopping center with the large big box store as the anchor tenant. A large employer can have its own clinic and it can act as an anchor for surrounding companies to share its on-site clinic. On-site clinics can also pull out employees with chronic illnesses and focus on wellness initiatives for those folks."

It has become increasingly clear that workers' compensation, employee benefits and wellness are the three faces of employee health, and the cost of that health means insurance producers must be equipped to bring a unified approach to employers. With the new health care reform legislations, employers will have an enormous need for expert advice on benefits and wellness. The agents of the future are quickly arming themselves with new ways to attack the true root causes that are driving up healthcare costs. And if employers can make their employees healthier without cutting benefits or shifting more premium costs to their employees, where is the downside?

Establishing a health and wellness plan in your initiatives to your clients can be a great benefit to you because it can help create a stronger relationship with them, one so strong that it will, as I like to say, create a crocodile-filled moat around your clients in these competitive times. HIU

Calculating the ROI of

Wellness

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Have you ever watched a young child pick up a full glass of punch and start walking? The outcome is inevitable…there will be punch on the carpet. How can you know what the outcome will be? After all, this may be the first time you've ever watched this child handle punch and yet, somehow, you know what is going to happen. The outcome is predictable before the actual event because we've all seen the same thing happen in the past. So, based on what we have seen and experienced in the past, we can be confident about what will happen in the near future.

Our best and only predictors of the future come from the past. It's true for kids and punch, it's true for investing in the stock market, and it's true for employee healthcare costs. The best predictor of future healthcare costs is past healthcare costs.

Each year healthcare costs increase, and each year employers struggle to handle the added financial burden. Healthcare-cost increases are worse than the cost increases associated with labor, materials or energy. According to a recent business roundtable survey, CEOs rank the cost of healthcare as one of the biggest threats to company profits.[1] Yearly increases in employee medical care costs are on the radar screen of every successful worksite.

So what can be done? Well, the first step to managing these costs is to understand how past trends can be used to forecast future employee healthcare costs. A warning, though: Healthcare cost forecasting can be a sobering experience. Sometimes, the dollar amounts are so large that they seem unrealistic.

The second step is to adopt solutions that will help decrease costs. One of the more commonly used solutions has been

cost-shifting, passing the increases along to employees or customers. From a company perspective, these tactics do reduce the healthcare cost burden for the company, but they do not address the core of the problem: the high demand and high cost of healthcare.

Worksite wellness programs are effective at reducing the demand for healthcare and this lowers cost. Wellness programs make sense, and they have been shown to work, yet they are rarely included in any discussions about future healthcare costs. This oversight can usually be explained by one reason: a lack of appreciation for the strength of the business case for wellness. The fact is, the return on a wellness program investment is nearly always positive. And even when an investment of $1 yields a meager return of just $1, that means that the benefit is essentially free! Who wouldn't provide such a benefit?

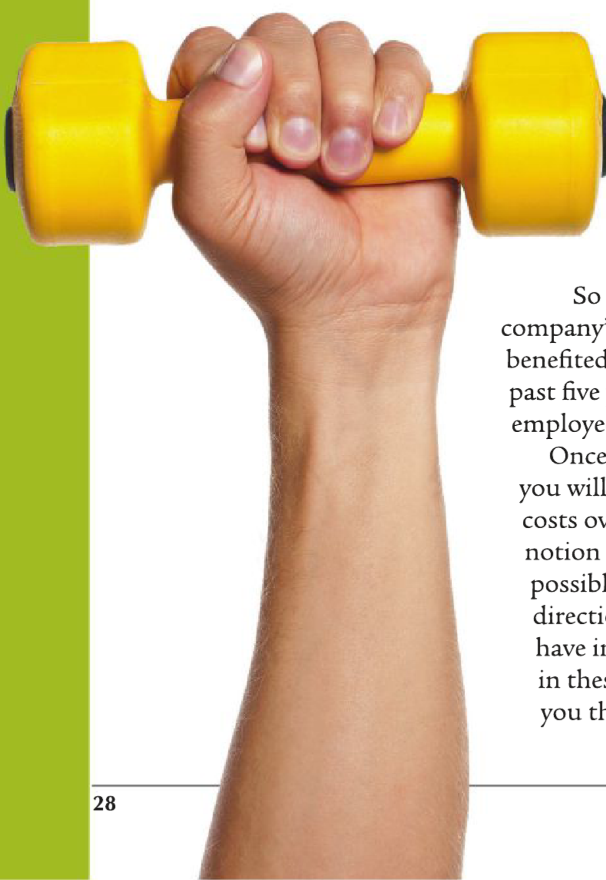
So whether you are unconvinced of the value of wellness programs or you are considering an investment in employee wellness, wouldn't it be helpful to see how these programs can realistically impact your bottom line? If you already have a wellness program, wouldn't it be nice to know what kind of reductions you can expect in future medical costs? No matter where you are in your thinking with respect to an employee wellness program, perhaps you could use a simple, accurate way to forecast how an employee wellness program can impact employee healthcare cost trends.

There are some forecasting tools on the market that require a team of actuaries and accountants to use, while others require most of the employee population to complete a lengthy, expensive health risk appraisal. At my company, we have created several free research-based forecasting tools that we call Return on Investment Calculators. These calculators forecast how employee wellness programs can impact future healthcare costs, absenteeism and productivity.

The ROI calculator for healthcare costs can help you determine whether an investment in a wellness program makes sense for your company. Just go to www.wellsteps.com and click on the Tools link at the bottom of the page. There you'll find the ROI calculator and several other tools. All are free.

Why would we spend months researching, designing and programming an ROI calculator only to give it away for free? We're tired of seeing punch spilled on the carpet! Based on past experience and the published research, we're confident that well-planned wellness programs can lower healthcare expenditures.

We invite you to give the ROI Calculator a try. After you have used it, feel free to share it with your colleagues. Before you use it, though, you should know what this tool is not. First, it is not a crystal ball. There is really no way to predict the future except to forecast from the past. Successful companies will do their best to be prepared for what the future holds.



Second, the ROI calculator may not apply to every company in every situation. The truth is that not all companies are created equal. We have done our best to consider a variety of possible differences between companies as we constructed the calculator. What it will do is produce conservatively accurate forecasts given the data you enter.

So here is how it works. You will need just three pieces of information: the company's total healthcare costs over the past 12 months, the total number of benefited employees and the percentage change in healthcare costs each year for the past five years. It would good, but not necessary, if you knew the percentage of the employee population who were smokers and who were obese.

Once you have entered this information, you will get several graphs. First, you will see the "Cost of Doing Nothing." This is what will happen to healthcare costs over the next several years if you do nothing. This forecast is based on the notion that healthcare cost increases will continue as they have. Of course, it is possible that the rate of increase may slow or accelerate. We just don't know what direction costs will head, so we have assumed that things will continue as they have in the past. Remember, absenteeism and lost productivity are not included in these projections, so the total cost of doing nothing is probably bigger than you think.

Second, because we have a very good idea of the independent costs of smoking[2] and obesity,[3] the ROI Calculator can project about how much the company would save if you decreased the percentage of employees who smoke and the percentage of employees who are obese.

Third, the ROI Calculator will project what the company would save with a wellness program versus the cost of doing nothing.

What is the scientific rationale behind all this? First, we completed an exhaustive search for reputable, published journal articles dealing with the economic returns of wellness programs. We included 25 studies and grouped each according to the intensity of the intervention that was administered. We listed the references for these studies at the end of this article.[4-28]

To project the cost savings of reducing cigarette smoking or obesity, we assumed, unless you knew these figures, that the rates of smoking and obesity in the company were roughly the same as the national averages (22% and 33%, respectively). We based our estimates on a two very large studies. These references are also included at the end of this article.

Over 5,000 U.S. companies use the ROI Calculator each month. This tool helps move wellness programs from a fun employee perk to a core business strategy, which is something every successful company should consider if they are to stay competitive. You can continue to be the bearer of annual rate increases or you can become a trusted advisor who brings real solutions to the ever increasing cost of healthcare. HIU

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