Promoting Health and Wellness in the Workplace: A Strategy for Mid-Sized Employers

Introduction
There is widespread recognition in the business community that promotion of health and wellness in the workplace can provide companies with a key competitive advantage, improve the health status and morale of employees, and reduce employer and employee costs.

Here is how three CEOs from companies of varying sizes view worksite wellness programs:
• “Our first priority is the health and well-being of our employees. That in turn leads to a happier and more productive staff.”
  Jack Donahue, President and CEO
  Donahue Favret Contractors, 55 employees

• “We have fully integrated wellness into every aspect of our company’s culture. It’s a source of pride and reflects how we care for one another. As a result, wellness has become a critical element of our success.”
  Marc LeBaron, Chairman and CEO
  Lincoln Plating, 450 employees

• “At John Deere, we are sharing responsibility for health between employees and the company. That means encouraging, supporting, and rewarding healthy activities and lifestyles. Investment in employee health benefits us all...”
  Robert W. Lane, Chairman and Past CEO
  Deere & Company, 47,000 employees

Positive outcomes from worksite wellness can only be achieved by carefully crafting and executing a comprehensive program for which results can be specifically measured. A limited or poorly designed program with no valid metrics is unlikely to produce either a positive return on investment (ROI) or improvement in employee health status and can distract from other critical business initiatives.

Since achieving a positive ROI requires sustained employee engagement, a company with significant employee turnover will have greater difficulty in achieving positive results.

This document is intended to be a guide for midsize employers (50 to as many as 5,000 employees) with limited staff resources that wish to implement a wellness program capable of achieving a positive ROI and material improvements in the health status of employees and their dependents.

This paper is divided into four sections:

A. Why Employers Implement Health and Wellness Programs

B. Characteristics of Successful Programs

C. An Employer Health and Wellness Action Plan and Checklist

D. Challenges and Opportunities for Mid-Sized Employers

A. Why Employers Implement Health and Wellness Programs

Employers have implemented innumerable strategies over the last 30 years to mitigate the inexorable rise in healthcare costs including managed care, disease management programs, and shifting costs to employees. Despite these efforts, the growth in healthcare costs has continued, depressing company profits as well as employee compensation. This problem is caused by forces that are difficult for employers to control, particularly:

• A fee for service reimbursement system that includes limited provider incentives to ensure that only needed services are rendered.
What is the viewpoint of the document and what are the key points discussed? The viewpoint of the document is the summer 2012 edition. The key points discussed include:

- A fragmented system of care that lacks a focus on prevention.
- Increased costs associated with a dramatic growth in technology, diagnostic testing, and procedures.
- Significant claims generated by a workforce with a sizable number of members with either chronic conditions or poor health status (e.g., obesity).

While both governmental and market forces are reshaping the American healthcare system in ways that might mitigate the first three causes listed above, employers will continue to face increased healthcare costs and related challenges to worker productivity unless there is a material improvement in the health status of their workforce (as well as dependents covered by the employee’s health insurance). No amount of plan design changes, technology enhancements, utilization management, or other initiatives can completely overcome the cost impact on employers from the poor health status of many employees and their dependents.

In this context, employers implement health and wellness programs for their employees for four principal reasons. These reasons are to:

- Reduce medical claims cost trends in the near and long term by improving the health of high-risk (e.g., obese and hypertensive) employees and their dependents covered by the employer health plan.
- Help employees identify their health risks (e.g., sedentary life style) and encourage them to lead healthier lives.
- Increase employee productivity, reduce absenteeism, and decrease the occurrence of disability.
- Improve performance and accountability of the company’s health plan as well as health and wellness service providers.

B. Characteristics of Successful Programs

There is clear evidence from various independent studies that worksite wellness programs, when properly designed and executed, can generate positive ROI. A large scale analysis of the costs and savings of such programs conducted in 2010 found that—“...medical costs fall by about $3.27 for every dollar spent on wellness programs and that absenteeism costs fall by about $2.73 for every dollar spent. Although further exploration of the mechanisms at work and broader applicability of the findings is needed, this return on investment suggests that the wider adoption of such programs could prove beneficial for budgets and productivity as well as health outcomes.”

Programs that generate a positive ROI share certain features. These features include:

1. Leadership Commitment
   A successful health and wellness program starts at the top. It is necessary to have a long-term commitment from the CEO and senior leadership to support and fund the worksite health and wellness program, while empowering assigned staff to design and execute the program.

2. Integration into Organizational Operations
   Benefit designs, employer contribution schedules, communications, and other organizational initiatives are developed in concert and integrated into the company’s operations to ensure a consistent and reinforced message.

3. Targeting the Continuum of Health
   Programs are implemented that cover the continuum of employee and dependent health status from those who are generally healthy but have some risk factors (e.g., high Body Mass Index) to those with chronic conditions (e.g., diabetes).

4. Communication
   Every successful program requires constant messaging through multiple channels including corporate intranets, email distributions, workplace signage, and communications to the home (to reach dependents covered by the health plan).

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1 Health Affairs 29, No. 2 (February 2010). Workplace Wellness Programs Can Generate Savings by Katherine Balcker, David Cutler, and Zirui Song.
2 For a comprehensive review of worksite wellness studies, see: (i) A Review and Analysis of the Clinical and Cost-Effectiveness Studies of Comprehensive Health Promotion and Disease Management Programs at the Worksite: Update VI, Kenneth R. Pelletier, PhD, MD, 2000-2004; (ii) Wellness Programs Are They Worth Their Weight, National Employee Benefits Advisory Forum, 2010; and (iii) Participation in Fitness-Related Activities of an Incentive-Based Health Promotion Program and Hospital Costs: A Retrospective Longitudinal Study, Deepak Patel et al, The Science of Health Promotion, May/June 2011
5. Environment
Companies send positive messages to employees by creating a healthy work environment in which physical activity is promoted (i.e., company exercise rooms, walking paths) and healthy eating is encouraged (i.e., healthy food options in cafeterias, vending machines and at company meetings and events). These actions need to be reinforced through effective and repeated communication.

6. Access and Utilization of Community Resources
To the extent possible, employees have access to onsite wellness services including weight watcher and smoking cessation classes or fitness rooms. Many of these services can be delivered by wellness firms, health plan administrators, and community services.

7. Incentives
The most robust health and wellness programs provide financial incentives and rewards to health plan employees and dependents for achieving personalized improvements in health status and active participation in healthy activities. These incentives include increased contributions to health plan premiums, Health Savings Accounts (HSA), and Health Reimbursement Arrangements (HRA) accounts, or payment of rewards (e.g., gift cards).

8. Measurable Goals
Companies set aggregate program goals that measure employee participation in healthy behaviors (e.g., exercise), biometric results (e.g., cholesterol, blood pressure), healthcare and disability costs, and utilization and absenteeism.

C. An Employer Health and Wellness Action Plan Checklist
Provided below is a checklist for employers, specifying action items to be considered in the development of a successful worksite health and wellness program. The checklist is broken into five areas:

1. Communication and Educational Efforts
2. Environmental Changes
3. Compliance Programs
4. Incentives
5. Outside Resources

1. Communication and Education Efforts
Provide the following employee communications and educational programs:
- Monthly Wellness Newsletters
- Web-Based Health Risk Assessment and Health Content and Decision Support Tools
- Employee Assistance Program (EAP)
- Telephonic or Onsite Health Coach Service
- Tobacco Treatment Services (health plan administrator or independent vendor)
- Worksite Biometric Screenings (e.g., Blood Pressure, Cholesterol, BMI)
- Healthy Pregnancy and Newborn Resources (health plan administrator)
- Physical Activity Challenges

2. Environmental Changes
Implement worksite policies and environmental changes that support healthy living, such as:
- Smoke free campus policy
- Healthy food choices in cafeteria, vending, and served at meetings
- Walking paths
- Well-lit stairwells
- Bike racks

3. Compliance Programs
Provide Disease Management services through the plan administrator or outside vendor’s Care Manager for plan participants with chronic conditions including:
- Lower Back Pain
- Asthma
- Diabetes
- Heart Failure (HF)
- Chronic Obstructive Pulmonary Disease (COPD)
- Coronary Artery Disease (CAD)

The Care Manager can help employees be better informed about their chronic condition, assist them with improving their self-management skills, and avoid acute complications.

4. Incentives
Almost all documented successful programs use substantial and graded incentives to motivate behavior change. There are three major types of incentives:
Plan Design Incentives and Features including:
- Preventive Screenings covered at 100%
- Tobacco Treatment covered at 100%
- Smoking Deterrents covered at 100% (Rx and OTC)
- High deductible plan option: HSA or HRA to help create consumer consciousness

**Participation Based Incentives**
To save on health insurance premium contributions, receive additional contributions to HSA or HRA accounts or receive rewards the employee must:
- Complete Health Risk Assessment
- Certify that they are a non-smoker or are currently enrolled in a tobacco treatment program
- Complete applicable prevention activities
  - Preventive Visit with Primary Care Physician
  - Blood Pressure Check
  - Flu Vaccine
  - Cholesterol Check
  - Mammogram (age appropriate)
  - Colorectal Cancer Screening (age appropriate)
- Participate in Care/Disease Management if invited

**Outcome Based Incentives**
Outcome based initiatives focus on results that are associated with lower costs and better health status. To obtain the financial incentives listed above, the employee is required to either meet or improve on specific standards through reported results:
- Biometric measures (e.g., cholesterol, blood pressure)
- Weight loss
- Tobacco-free confirmation

Incentives can be used separately or in combination. To conform to HIPAA regulations on privacy, it is often advantageous to use an outside vendor who reports “points” for meeting participation standards and achieving or improving outcomes.

**D. Challenges and Opportunities for Mid-Sized Employers**
Mid-sized employers can reap substantial advantages from implementing a workplace health and wellness program by securing a competitive edge, improving the health status of employees, and reducing costs. Nonetheless, it is understandable that mid-sized employers may get “stuck” because of concerns regarding the budget, scope, and logistics of implementing such a program.

Some areas of focus and that should be considered to facilitate a wellness initiative if your workforce numbers between 50 and 5,000 lives.

**Financing** — Programs will incur some costs and require a budget. These costs can nonetheless be mitigated by utilizing carrier and broker/consultant support, web-based resources, and free community services.

**Bandwidth** — Mid-sized employers often have limited HR staffing to implement new initiatives, no matter how worthy. In some cases, the same resources cited above can be leveraged. In addition, most firms have employees who believe in wellness and would be interested in taking responsibility to support the program. At minimum, these wellness volunteers should receive management support to fulfill their commitments, including acknowledgement of their work with a modest incentive (e.g., PTO days, gift certificates, or a reduction in their health insurance).

**Employee Demographics, Health Status, and Turnover** — These factors significantly impact program design (e.g., a predominately young female clerical population requires a different approach than a mostly blue collar middle-aged group) and need to be accounted for during planning. Anticipating these factors will help companies avoid spending time and money adjusting the program once it is implemented.

**Decentralized Workforce** — Companies with a distributed workforce need different communication and engagement strategies than companies whose...
employees all work out of one office location. For example, having multiple locations or a large number of field workers would require more electronic communication with employees rather than onsite events.

**Availability of Technology** — A company’s human resource technology can help facilitate implementation of key wellness initiatives such as ongoing communications and payment of employee incentives.

**Crawl, Walk, Run** — The adage “Rome wasn’t built in a day” especially applies to wellness programs for mid-sized employers. They need to be started modestly and increased as momentum builds and resources allow. In general, in the first phase, a company should fully engage the programs and support offered by carriers and brokers, establish methods of communicating wellness to employees, and set objective, attainable goals (e.g., distribute one wellness communication per month to all employees). More robust initiatives can be built upon earlier successes.

**Conclusion**

Crystal & Company suggests that mid-sized employers give serious consideration to the development of a phased-in health promotion and worksite wellness plan. Such a plan needs to be customized based on the characteristics and culture of each employer and should include specific short and long-term goals of eventually lowering the cost of employee benefits. It is important to recognize how a wellness program can improve productivity and morale in the workplace while promoting a positive impression of the company. While there may be challenges that come with executing a wellness plan, the potential long-term benefits could be crucial to a company’s competitive position.

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Crystal & Company is a family enterprise, with a foundation built on 80 years and three generations of Crystal family ownership and management.

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This Client Update was written by Robert Trobe, a Managing Director in our Employee Benefits Services department, who has special expertise in program development. Please contact Bob or your Crystal & Company representative for more information. You may reach Bob at 212-504-5960 or robert.trobe@crystalco.com.

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