

The StayFit™ Plan a division of Simplicity Health Plans® White Paper

Corporate Wellness Programs

A Guide to Strategic Design



Background

The rising cost of healthcare has forced employers to look for a variety of alternative health and welfare solutions to improve the health of their employee population, improve productivity and mitigate healthcare costs associated with chronic disease.

In the US alone, people with chronic disease account for more than 75% of the nation's US \$2 trillion in medical spending. Whether healthcare is financed by employers, individuals or social programs, the impact of chronic disease is placing an increasing burden on health systems, taxes and costs of coverage.³

According to the Centers for Disease Control and Prevention (CDC), 75% of chronic disease is preventable⁴. The higher your employee's health risks, the higher your healthcare costs and subsequently, the lower your employee health risks, the lower your healthcare costs. Therefore, it makes sense for employers to focus on the health and productivity of their workforce in a manner that will help employers realize significant gains over the short and long term.

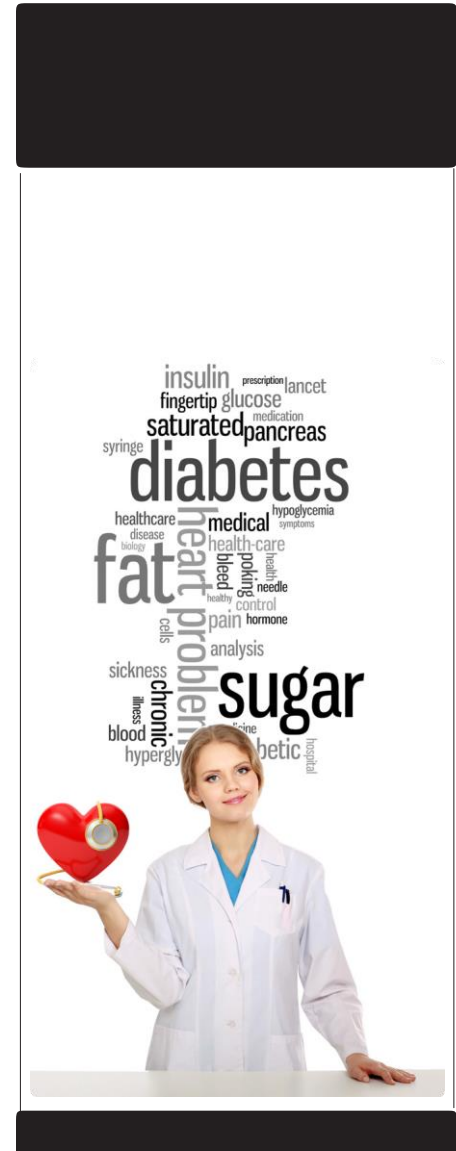
Numerous employers have found that offering Employer Health Management (EHM) programs to their employees leads to a long list of benefits such as:

- **Retaining hard working employees**
- **Recruiting healthy, productive workers**
- **Reducing absenteeism**
- **Decreasing turnover**
- **Reducing health care benefit claims expenditures**
- **Decreasing workers' compensation claims expenses**
- **Reducing presenteesim**
- **Enhancing job satisfaction**

Employer sponsored returns on investment (ROI) range from a low of \$1.87 to a high of over \$6 for every dollar spent on wellness⁵.

A comprehensive strategy includes many components that intersect to build a balanced program that will address the diverse needs of your employee population. A variety of wellness models have been introduced over the years and most include similar fundamental components such as; senior level support, assessment, communication, program interventions and evaluation. The fundamental concept, while simple, can be overwhelming, especially, if there are limited staffing resources dedicated to oversight, management and implementation of wellness programming.

This white paper offers strategic recommendations for successful implementation of an Employee Health Management program (EHM) that utilizes best practice wellness concepts that results in an effective and efficient design.



Wellness has been defined as the quality or state of being in good health especially as an actively sought goal <lifestyles that promote wellness> 1.

Research has shown that even the most modest of lifestyle and behavior changes can have an impact on overall health, well-being and quality of life.



Company Culture

The most successful organizational cultures value profitability, customer service and innovation or some variation on these themes. In health culture, employee well-being also makes the top tier among these same cultural criteria⁶. The success of an organization's wellness program is directly dependent on C-suite buy-in and the messaging and communication that come directly from the senior leadership within the organization. It is also imperative that senior leaders adopt, engage and live the wellness model that is implemented to the organization in order to ensure optimal employee participation.

Measurement and Data Collection

Selecting appropriate program interventions is highly dependent upon the population data collection efforts as well as using the organization's medical and pharmacy utilization and medical cost trend data. There has been significant emphasis on the use of Health Assessments as part of the data collection process. However, for self-funded clients, gathering this self-reported data generally does not have a significant impact on targeting population health risk nor the selection of subsequent interventions aimed at mitigating those risks. The most efficient approach to data collection and measurement is to use the following data elements:

- **Biometric screening provides strong indicators of an individual's current health status.**
- **Pharmacy Claims Data provides relevant data regarding disease prevalence and medication compliance.**
- **Medical Claims Data provides actual disease prevalence trends intrinsic to the organization population.**
- **Disability and Workers Compensation Data provides insight into alternative drivers of medical cost trend.**
- **Absence Management Data provides information that will support measurement of productivity and presenteesim.**

The Big Four

Biometric screenings should be the foundational measurement tool of any wellness program.

Four critical factors drive the majority of costly chronic disease;

- Blood Pressure
- Body Mass Index (BMI)
- Cholesterol (Lipids)
- Tobacco Use

Data collection and continuous measurement of these critical indicators will assist employers with targeting population risk drivers, determining appropriate interventions and incentive strategy and easily measuring outcomes.

Program Interventions

In most cases, targeting population interventions is not as difficult as some would make it out to be. There is plenty of literature that details drivers of chronic disease. In fact, using the CDC data alone can validate the selection of the top three wellness programs that ultimately address the root cause of most costly chronic disease. Those interventions are:

- **Physical Activity**
- **Weight Management/Nutrition**
- **Smoking Cessation**

Benefit Integration and Selection

The most successful Employee Health Management programs (EHM) are coupled with a High Deductible Health Plan design. Consumer Directed Health Plans have demonstrated that they improve health habits, consumer accountability and responsibility for healthcare engagement.

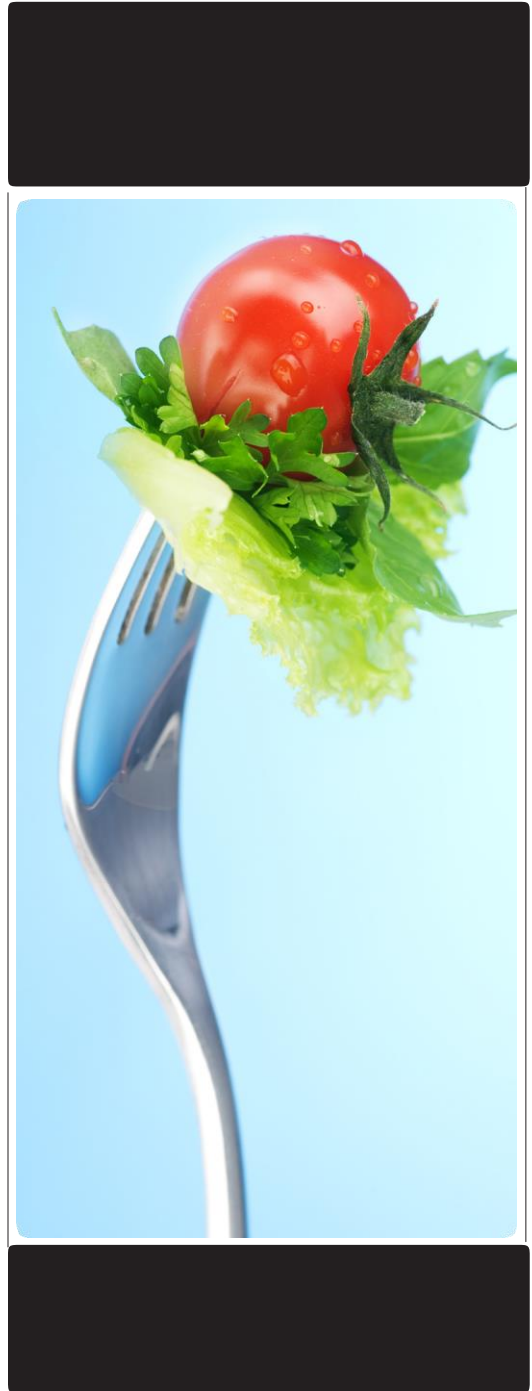
In addition, in lieu of traditional health coaching programs, integration with your Care Management programs is a more effective and cost efficient way to ensure that participants are fully engaged throughout the care continuum. An integrated approach has demonstrated improved health, controlled costs, increased productivity and reduced absenteeism.

Incentives

As companies struggle with low levels of employee engagement and face limited budgets for financial incentives, there is growing interest among employers to impose tougher requirements for members to receive financial incentives around health engagement activities.

Crafting the right incentive strategy is just as important as implementing the appropriate interventions. The use of incentives has been shown to improve program participation.

The best incentive strategies should have an impact on the overall health of your population and your healthcare utilization. Seek a wellness partner who can provide unique and innovative solutions that remove the administrative complexities.



Hint: Make sure the incentive values aligns with the behavior!

Sample Wellness Dashboard



Reporting

To demonstrate the value of your programs, organizations should create specific metrics that will be used as a continual mechanism to measure risk migration, participation, and aid in return on investment calculations.

By collecting and tabulating evaluation data from the various aspects of your program, you will be able to make important decisions about your program, benefit design and even organizational policies—all aimed at improving the health of your employee population and improving your organization's bottom line.

Outcome reporting should focus on the following fundamental measurements (metrics) and align with your organization's data collection methods:

- Overall Program Participation
- Employee Program Satisfaction
- Participant Health Risk Mitigation
- Biometric Measures (Baseline vs. Post Intervention)
- Productivity
- Medical claims (Top 3-5 Claims Drivers)
- Pharmacy claims

Wellness Dashboard2

As part of your measurement and outcome reporting, consider creating a "Wellness Dashboard".

This measurement tool is a population health scorecard that provides a "quick hit" reference point of how quickly your company is reaching its overall wellness goals and an indicator of program opportunities to achieve established goals if observed performance is not meeting expectations.

A Wellness Dashboard should provide the most important information your organization needs to review with the least effort to determine "real time" program status.

Dashboard Indicator Recommendations:

- Health Habits (Risk Factors)
- Health Status
- Employee Satisfaction
- ROI (Healthcare Costs)



Return on Investment

Much controversy still exists around the notion that Employee Health Management programs (EHM) yields a return on investment. After all, it is difficult to demonstrate the value of savings for a disease (and associated costs) that does not occur as a result of primary preventive interventions. The measurement of return is usually a prediction of cost savings extrapolated from the known costs of a chronic condition (using claims experience or documented studies) and then backing into the projected or assumed savings.

There are a variety of methods that can be used to determine the economic return from a worksite health promotion programs. The most common is an extrapolated external study method. This particular method involves understanding your programs characteristics and applying economic return or yield measures from peer review or business literature and extrapolating the probable outcome⁷.

Careful review of the literature with external study results can be used to forecast program savings. The following are examples of existing study designs that have produced a cost association with a lifestyle and/or behavior. If these behaviors and/or lifestyles are not addressed through healthy living they will most likely lead to costly chronic disease.

Physical Inactivity⁸

- Costs employers \$670-\$1,125 per person in excess medical expenses.
- Inactivity results in annual absence of two days per worker per year.

Improper Weight Management (Nutrition)⁸

- Obesity (BMI>30) accounts for \$1,500 per person in excess medical expenses.
- BMI > 27 productivity loss of 5.79 hours per week per person in absenteeism, disability and productivity.

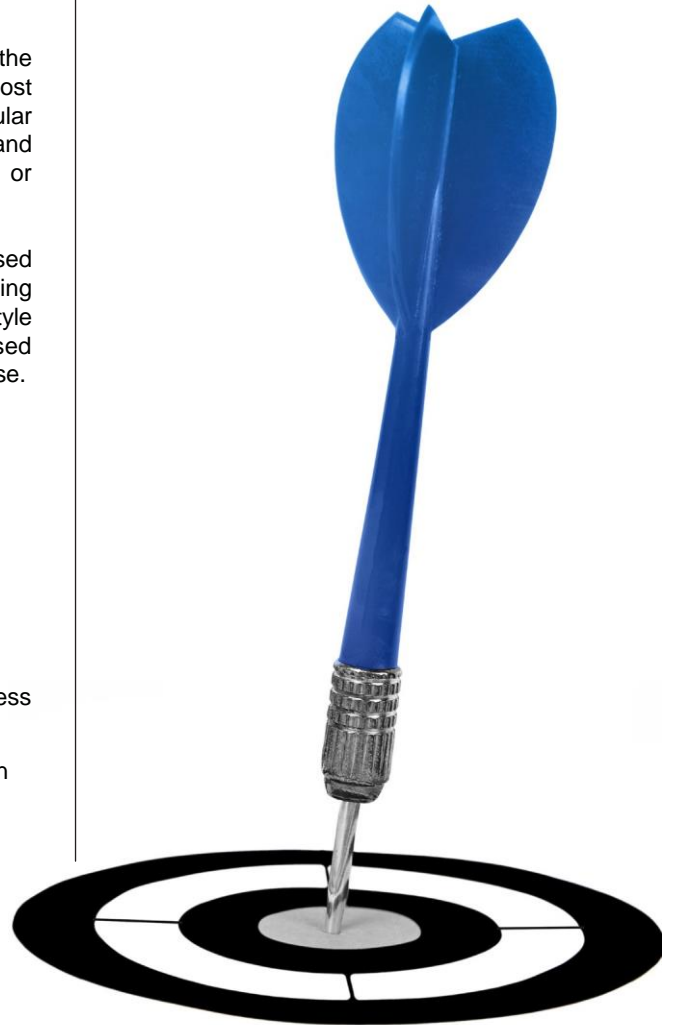
Tobacco Use⁹

- Cost \$1,623 in excess medical costs per person per year.
- Cost \$1,760 in lost productivity per smoker per year.
- Second hand smoke exposure cost \$490 in extra medical expenses per year per non-smoker exposed.

Expressing ROI

Return on investment is the sum of the dollars saved divided by the total cost of the program for a year period expressed as a percentage.

Example: A 340% return on investment is one dollar of cost for three dollars and forty cents of economic return.



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FOR MORE INFORMATION



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