Incorporating Wellness Into Employee Benefit Strategies—Why It Makes Sense

By putting together a comprehensive wellness strategy, employers are not only “doing the right thing” but also are able to see, believe and maintain the tangible return on investment (ROI) that wellness programs are capable of delivering. This article discusses employers’ ROI from wellness initiatives, as well as innovations that support a culture of wellness and what enhanced opportunities for increasing employee wellness are available under health care reform. It also describes how wellness is a component of population health management, as well as a core component of the health care delivery system.

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Harvard Business Review recently reported that high achievers are leaving their employers after an average of only 28 months. Three-quarters of them admit to interviewing for jobs at least once during their first year of employment.

What does this have to do with wellness? Plenty. Employers are in transition, moving from managing costs of health-related claims to understanding how health impacts productivity, recruiting and retaining top talent within their organizations. A decade of research indicates that poor health is associated with reduced job performance (presenteeism) and increased absence. Recently, a global comparative study of workplace wellness programs found that employees are eight times more likely to be engaged when wellness is a workplace priority and 1.5 times more likely to stay with their organization if wellness is actively promoted.

As the economy improves, workers are realizing they want to work at a company that advertises a culture of health and backs up that claim with wellness programs. Programs and perks like reduced deductibles, gym time and membership, healthy food, flexible work hours and competitions or games around healthy activities all contribute to a culture of health and assist employees with improving or maintaining their health for maximum productivity. It seems that continuous interest and investment in health and productivity are driven by the rising costs of employee illness, time away from (or unproductive at) work and the costs of recruiting and retaining employees.

So why is it so hard to believe credible, peer-reviewed sci-
Scientific studies like the one in the *American Journal of Health Promotion* that reported average savings of $5.81 for every dollar spent after analyzing 56 published studies on worksite health promotion programs? Essentially, the adage “If it sounds too good to be true, it probably is” applies. We find ourselves becoming skeptical and jaded when we read statements like “Officials estimate the county has saved millions of dollars over the past couple of years” and “The new data reports that for every dollar spent on wellness, you can expect to receive an average rate of return of 15:1.” In many, if not most, instances these assertions are based not on rigorous, empirical evidence but rather on presumed savings that rely on optimistic, unproven assumptions and unrealistic projections. Often, these returns on investment do not stand up to the light of critical plausibility examination—That is, it is impossible to identify exactly where any of the savings come from.

The quest for the best way to produce and demonstrate a tangible (and believable) return on investment (ROI) is on. We believe that well-designed and effectively implemented and managed wellness programs do deliver a positive ROI and that the current state of data availability makes it possible to design straightforward studies to irrefutably quantify the savings. However, the returns likely are more modest (probably in the range of 1.5:1 to 2.5:1) and require 18 months or more to be realized.

Forward-thinking employers, health plans and policy makers intuitively believe this as well, which explains why employers are working to innovate their wellness programs and even the federal government is offering wellness advice and direction, despite widespread skepticism regarding ROI claims.

**Employer Innovations That Support a Culture of Wellness**

Recent research has shown ROI for wellness programs with components driven by three overall strategies: individualized programs, environmental modifications and policy changes.

**Financial Incentives and Rewarding Outcomes**

Participation used to be the measure of success in a wellness program. Since participation drives program success and thus, bottom-line results, it seems to be an easy success metric. Indeed, Towers Watson reported an average participation rate of 46% in completing a health risk assessment with a financial incentive versus 19% participation among those who did not receive an incentive. However, for most wellness components to demonstrate an ROI, participation alone is not sufficient—Active engagement is necessary.

As employers struggle to overcome both lack of participation and long-term engagement in wellness programs, they are beginning to use financial incentives based on outcomes such as completing certain coaching programs or reaching specific health goals, not just participation. An estimated 38% of large employers were expected to implement incentive programs based on outcomes in 2012, up from 9% in 2009 and 19% in 2011. Leading organizations such as the American College of Occupational and Environmental Medicine and the Health Enhancement Research Organization have provided guidance on this strategy.

**Health Plan Integration**

Until recently, wellness programs were treated as separate from the health plans that pay for medical interventions. Lately, the two have become much more intertwined. Even before the Patient Protection and Affordable Care Act (PPACA) required health plans to cover preventive care, this had been a clear trend for employer-provided plans, spurred on by the emergence of consumer-driven health plans.

And incentives are evolving beyond simple rewards such as gift cards and premium reductions toward rewards that reduce the employee’s share of treatment cost. Examples include lower deductibles and copayments, value-based insurance design features and enhanced employer contributions to employee spending accounts.

**Technology and Data to Evaluate**

The use of technologies to measure results has increased. The most successful companies use data and metrics to identify care gaps and evaluate programs. These companies have experienced an average health care cost increase of just 2.2% over the last four years, according to Towers Watson. This data now is readily available for most large, self-insured em-
Employers, and access to data is becoming more common for insured groups (or their consultants).

**Social Media**

Consumers are gaining experience and are increasingly interested in social media in the context of health care. An early success in the United States is text4baby, a free mobile service that sends health information to pregnant women and new mothers via text messages. Companies are also seeing increases in participation and outcomes results with website programs that incorporate social media to run games and challenges. Social media is also good for support groups and connecting individuals who share similar chronic health issues by using discussion boards that allow for open exchanges of ideas and advice.

**Return-to-Work (RTW) Programs**

The cost of absence and lower productivity from employees wrestling with short-term and long-term disability has a direct impact on businesses’ bottom lines. By creative use of wellness strategy components such as participation incentives, shared decision making, outcomes incentives and technology, companies are identifying internal placement and accommodation that encourage employees and reduce further absence, future claims and overall medical trend. One large study reported a 28% decline in absenteeism and a 30% decline in disability claim costs when an RTW program was integrated into health and wellness strategies. Additionally, employees were able to return to work 50% faster with 54% lower costs.

**Telemedicine and On-Site Clinics**

Telemedicine and on-site clinics lend themselves well to cost control and access challenges. Telemedicine is gaining popularity because of the ability for employees to find solutions or get medical assistance 24/7 from almost anywhere. Consult a Doctor, WellnessFX and ISelectMD are three of many companies offering telemedicine services. On-site clinics are gaining popularity for some of the same reasons but require a greater upfront investment. However, savings can be substantial. An on-site center in Lexington, Kentucky reported a savings of over $1 million in health care costs in its first six months.

**Enhanced Opportunities for Increasing Employee Wellness under Health Care Reform**

**Health Care Reform Specifics**

On June 13, 2012, U.S. Surgeon General Regina Benjamin announced a National Prevention Council action plan to help Americans get healthy that will include federal agencies and work toward tobacco-free environments, access to healthy foods, healthy communities and an increase in preventive services.

Additionally, six wellness provisions were included in PPACA:

1. Enhanced health promotion research
2. Development of a national health promotion plan
3. Technical assistance to enhance evaluation of workplace health promotion groups
4. Regular surveys on workplace health promotion programs
5. Grants to pay a portion of the cost of comprehensive workplace health promotion programs
6. An increase in the allowable premium discount from 20% to 30%, and perhaps eventually 50%, for prac-

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**Wellness and Provider Accountability**

Accountable care organizations (ACOs) and patient-centered medical homes (PCMHs) have been described as the next way to tackle health care delivery difficulties. Both models seek to coordinate care for patients with expensive and complicated chronic conditions and comorbidities. Patient accountability and compliance are key components that, if done well, will accelerate these systems down the path to success; if done poorly, they become significant barriers to overcome.

The past decade of wellness program research sheds light on ways to maximize patient engagement and participation in care, leading to success of these team approaches to care coordination. For example, a patient’s population dynamics must first be identified to determine a baseline to address the specific problem within that population. Integrating wellness programs into ACOs and PCMHs will reinforce physician efforts to encourage and motivate patients to follow up and be active participants in their own care.

Finally, technology and data must be used effectively to monitor and track results, although figuring out how to do that remains a challenge.

**Wellness as a Component of Population Health Management**

What’s the solution to the increasing need to have a wellness program that ensures employers get tangible returns on investment? We’ve found that a strategy around population health management versus ambiguous ideas of “wellness” can help employers achieve this goal. *Population health management* refers to systems that incorporate programs to address employees’ needs regardless of where they are on the health spectrum—healthy, at-risk for chronic disease, chronically ill and/or dealing with catastrophic health events. Components of effective population health management include:

- An accurate assessment of the specific population and elements that respond to or support the unique problems and/or issues
- Use of trends and governmental mandates to drive wellness strategies around best practices
- A sound communication strategy
- Visible support from senior management
- Use of coordinated technology for programs and data
- A specific, attainable and believable measurement system
- Incentives for accountability, fueling engagement and participation
- Resources to help employees with specific health problems.

**Wellness as a Core Component of the Health Care Delivery System**

Whether in an ACO or PCMH, health systems are rapidly developing clinically integrated systems. Contracting as a clinically integrated entity allows health care providers the opportunity to access patient data previously unavailable to them.

In the past, a health system could measure patient care and clinical activity for patients only as they navigated care in the system’s own settings. For many providers, this would include only hospital activity at their own facilities or some physician activity for employed physicians if the facility and physicians had a common electronic medical record system. That is, health systems would know if a patient was admitted to the hospital and for what conditions, but would not have the ability to determine which clinical interventions were performed prior to hospitalization or identify care activity after discharge.

When providers that do not share a common ownership structure (facility, professional, ancillary) combine to form a clinically integrated network, they enter into an agreement to improve patient care and share data. This entity allows the network to contract with payers as a single entity and also entitles the network to gain access to every acute and ambulatory encounter for patients attributed to the network, and even for encounters outside of the network. Therefore, the network now has the means to determine the efficacy of clinical protocols and the ability to identify key clinical decision points in a patient’s care.

In addition to forming clinically integrated networks, many health systems are using their own employee benefit plan as a pilot approach to align wellness incentives for both the employee and physicians. This is a
delivery method changes

shift in thinking from the past when health systems were less concerned about health plan expenses, often perceiving those expenses as a transfer of money from one account to another. This shift in focus is beginning to help provid-

ers understand how to deliver value to the marketplace. Changes in reimbursement models from a volume-based system to a value-based system are also accelerating the efforts for health systems to deliver high-value care that focuses not only on treating illness, but also on preventing illness.

Conclusion

Wellness programs have become the “right thing to do,” considering most Americans are obese, unfit or skipping preventive care. But in order to see the ROI and make it a sound and tangible business decision, it’s important to keep up with the trends around all aspects of a culture of health, from those that relate to an employee engagement strategy to those that the federal government suggests or mandates.

New England Journal of Medicine acknowledged that delivering health, rather than health care, would be the future. By putting together a comprehensive strategy, an employer is not only “doing the right thing” but will be able to see, believe and maintain the tangible ROI that wellness programs are capable of delivering.

References


