

What's the Hard Return on Employee Wellness Programs?

Since 1995, the percentage of Johnson & Johnson employees who smoke has dropped by more than two-thirds. The number who have high blood pressure or who are physically inactive also has declined—by more than half. That's great, obviously, but should it matter to managers? Well, it turns out that a comprehensive, strategically designed investment in employees social, mental, and physical health pays off. J&J's leaders estimate that wellness programs have cumulatively saved the company \$250 million on health care costs over the past decade; from 2002 to 2008, the return was \$2.71 for every dollar spent.

Wellness programs have often been viewed as a nice extra, not a strategic imperative. Newer evidence tells a different story.

To understand the business case for investing in employee health, we asked about what works, what doesn't, and what overall impact the program had on the organization. Using our findings, we've identified six essential pillars of successful, strategically integrated wellness programs, regardless of an organization's size.

Pillar 1: Multilevel Leadership

It's easy to find employees who don't participate in wellness programs. Some cite lack of time, little perceived benefit, or just a distaste for exercise. Others don't know about available services or blame unsupportive managers. As with any worthwhile initiative, creating a culture of health takes passionate, persistent, and persuasive leadership.

Middle managers. By shaping mini-cultures in the workplace, middle managers can support employees' wellness efforts. Some companies even ask managers to adopt a personal health goal as one of their unit's business goals.

Pillar 2: Alignment

It's not unusual for firms to enter the well-

ness space with a big splash that subsides to a ripple. Ideally, a wellness program should be a natural extension of a firm's identity and aspirations. But many executives forget that the cultural shift takes time.

Carrots, not sticks. The organizations in our sample favor positive incentives because employees lose trust when they feel they're being forced to act against their wishes.

Pillar 3: Scope, Relevance, Quality

It's not unusual for a company to think about employee health narrowly. Exercise is exercise, right? But employees' wellness needs vary tremendously.

More than cholesterol. Wellness isn't just about physical fitness. Depression and stress, in particular, have proved to be major sources of lost productivity. Wellness program administrators need to think beyond diet and exercise.

Individualization. Many organizations use online employee tools to guide investment in wellness. This might include a lifestyle survey, biometric test and body mass index.

A signature program. A high-profile, high-quality initiative within a broader wellness program can foster employee pride and involvement.

Fun. Never forget the pleasure principle in wellness initiatives.

High standards. Health-related services are, by nature, personal. Employees who perceive them as substandard won't use them.

Pillar 4: Accessibility

Our sample companies make low- or no-cost services a priority, and they know that convenience matters.

True on-site integration. On-site fitness centers are sometimes criticized for attracting people who would exercise any-



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In this issue:

What's the Hard Return on Employee Wellness Programs?

Dental Premium Increases Are Highest in a Decade

Prescription Drugs: Savings Spring from Adherence, Smart Choices

Facts & Figures

(Continued on page 2)

(Continued from page 1)

way. But employees at companies who have them love them, and employees at other companies want them.

Pillar 5: Partnerships

Internal partnerships help wellness programs gain credibility. External partnerships with specialized vendors enable companies to benefit from vendor competencies and infrastructure without extra internal investment.

Pillar 6: Communications

Our sample companies have honed effective

practices over time. For one, they tailor their messages to fit the intended audience.

Media diversity, such as emails, health-related messages on its intranet portal, posters, flyers, stickers and magnets are all ways to help get the message out.

The Fruits of Workplace Wellness

Although some health risk factors, such as heredity, cannot be modified, focused education and personal discipline can change others such as smoking, physical inactivity, weight gain, and alcohol use—

and, by extension, hypertension, high cholesterol, and even depression. The results are worth the effort.

Great productivity: Illness-related absenteeism is an obvious factor in productivity. Less obvious but probably more significant is *presenteeism*—when people come to work but underperform because of illness or stress. Research consistently shows that the cost to employer from health-related lost productivity dwarf those of health insurance.

Harvard Business Review—12/2010

Dental Premium Increases Are Highest in a Decade

For the first time in nearly a decade, dental premiums increased at a rate higher than medical insurance premiums, according to the *NADP 2010 Premium Trends Report* published in December 2010.

In 2009, new group dental insurance premiums for families increased 5.5% while single subscriber premiums increased 3.8%. In comparison, the rate of increase for medical insurance premiums was only 3%. The report also found that:

- Employee-only monthly premiums for new groups rose on average for all insurance plan types, with the highest increase

in passive DPPO at 5.6%. Indemnity and active DPPO increased by 3.5% and 3.4%, respectively. DHMO plans increased by 3.6%.

- New premium increases are expected to range between 5.2% for DPPO and DHMO, and 6.5% for Indemnity.
- Nearly two-thirds (65%) — up from last year's 51% — of all DPPO plans in force have annual maximum benefits of at least \$1,200.
- Approximately half (49%) of all dental indemnity plans have annual maximums of \$1,200.

- The vast majority (90%) of DHMO plans do not have an annual maximum benefit, compared to 91% in 2008.
- Only 2% of DPPO and less than 4% of dental indemnity enrollees use the entire benefit maximum through their dental plan.
- Co-insurance for specialist services remained consistent for all plan types with the exception of endodontic in DHMO, which fell from 71% to 63%, bringing it more in line with 2008 data.

Guardian Pulse 3/2011

Prescription Drugs: Savings Spring from Adherence, Smart Choices

When employers sit down and craft options to cut health care costs, they often include prescription drugs in the mix. As drug prices add to the overall pressure of rising health care costs, employers are doling out a dose of communication to keep workers on the right track.

A new study by Express Scripts notes that if all patients consistently used generic or low-cost brands, home delivery and followed doctor's orders, the nation could trim as much as \$403 billion a year in health care spending. The challenge, however, is actually getting people to follow through on these cost-saving methods.

The Express Scripts study highlights a significant gap between what employees intend and what they actually do. For instance, 82 percent of those polled who took brand-name medications said they actually prefer generics. Also, 70 percent of those who use a brick-and-mortar pharmacy for medicines that treat chronic conditions said they'd rather use a mail-order option.

"The disparity in health care is not between what plan sponsors want and what patients want, but between what patients want and what they actually do," said Bob Nease of Express Scripts in a press release. "Optimal health care outcomes are possible

only with an advanced understanding of behavior."

Employers have long had a vested interest in educating their workforce about proper prescription habits, and now they're finding a new ally in their fight -- pharmacists.

"Retail pharmacists appear to be able to play a really substantial role in encouraging patients to use their medications better," William Shrank, an assistant professor of medicine at Brigham and Women's Hospital in Boston, told *The Wall Street Journal*. "They are an underutilized resource." *UBA—HRElements 4/2011*

Facts & Figures

- Seasonal allergies affect 35.9 million Americans.
- Collectively it was estimated that Americans spent almost \$24 billion last year on health care for their pets.
- Raw eggs can last three to five weeks in the refrigerator. Hard-boiled eggs, about a week in the refrigerator and two hours at room temperature.