

Employee Wellness Programs



A Practical Guide to Successful Program Design



Do wellness programs contribute to a company's profitability or are they simply "feel good" programs to improve employee morale?

What factors are important to consider when designing a wellness program?

What information should be measured?

How would a company get started developing a wellness program?

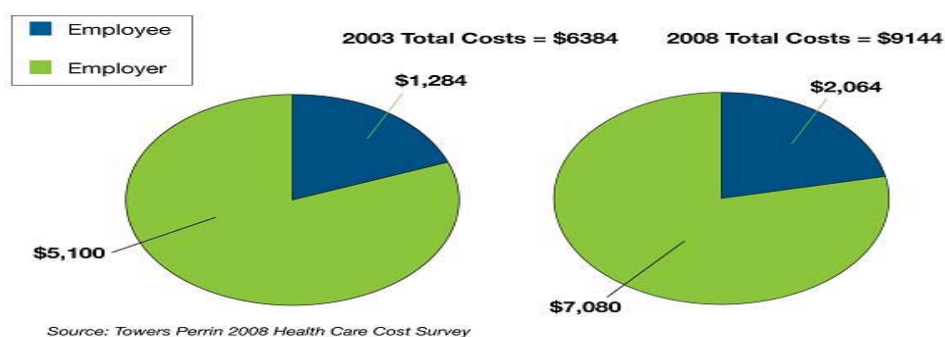
The answers to these questions are different depending upon the approach taken by the sponsoring company. It has been proven that properly designed wellness programs can help corporations reduce employee benefit expenses, increase productivity and positively affect the bottom line. That does not always translate into sponsoring companies taking the proper steps to plan and implement a wellness program. Many well intended wellness programs fall far short of what would be deemed a success due to a lack of metrics introduced at the start and then measured for impact throughout. Is the effort required worth it? You decide.

Employee morale does measurably improve in 56% of the companies that offer wellness programs. Companies with effective health management programs can expect to:

- generate 20% more revenue per employee
- improve market value by 16%
- deliver 57% more in shareholder returns

*source: Staying @ work report: Building an Effective Health and Productivity Framework, Watson Wyatt, 2007.

Health care costs per employee have ballooned over 40% in the last five years. If food prices had risen at the same rates as medical care, we would be paying over \$80 for a dozen eggs and \$102 for a pound of butter today.



The U.S. is ranked 45th in life expectancy in the world, with an average of 77.9 years. The low life expectancy is attributed to lack of health insurance, high obesity rates, high infant death rates, disparity of care by race and a focus on treatment rather than prevention.

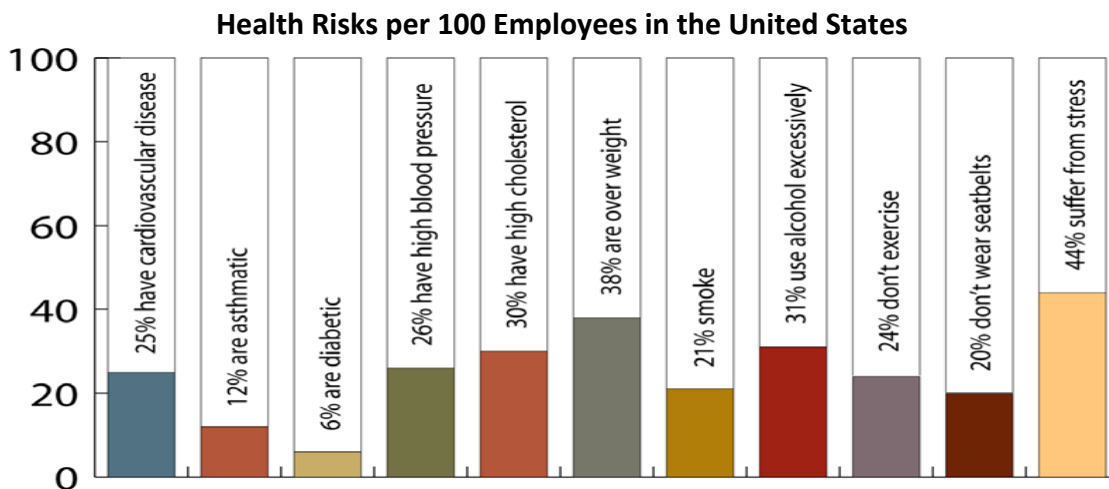
Companies are responding to higher health insurance rates by increasing participant costs with larger deductibles and increasing the co-pays for services and prescriptions, changing providers and finally, 58% of employers are adopting wellness programs as a way to reduce health care costs.

In addition to illness and disease, a wide variety of issues affect employee productivity, from lifestyle risks such as participating in dangerous sports, smoking or driving without a seatbelt to “presenteeism”, when an employee feels that they must show up for work even when they are too sick, stressed or distracted to be productive. Here’s how the factors affecting productivity stack up:

Lifestyle risks	42%
Physical conditions	34%
Chronic conditions	31%
Unscheduled absence	30%
Mental health conditions	23%
Presenteeism	21%
Fatigue/sleep problems	13%
Mental health stigma	11%
Substance abuse	6%
Other	18%

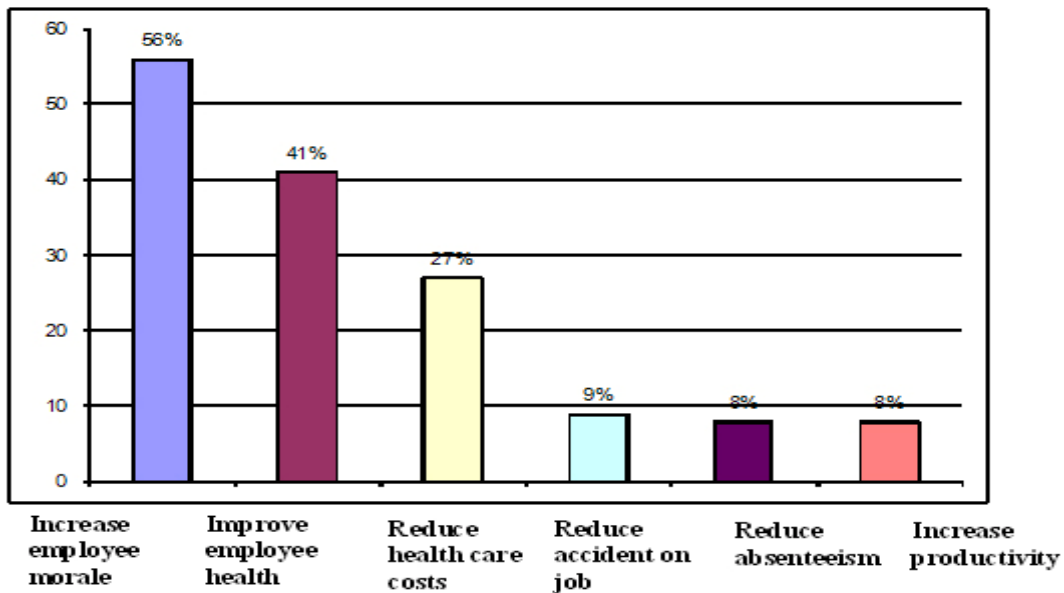
Source: Watson Wyatt 2007/2008, Staying @ Work Report

The most accurate way to determine the health risks in your own organization is to conduct a confidential Health Assessment (this is further outlined in “Elements of a Well-Designed Program”).



Source: Department of Health & Human Services

Wellness programs that are flexible and personalized to the individual can target specific areas of improvement. Any factors that are measurable can be charted and tracked to show the impact that the program has had on any given area. Typical areas impacted by wellness programs are:



Whether you start small with simple health fairs and screening programs or develop a full-blown comprehensive wellness program -- including structured smoking cessation, a weight-loss program, on-site Fitness Center, health and lifestyle coaching and stress management strategies -- the benefits of putting a structured wellness program in place are clear.

Elements of a well-designed wellness program:

Get support from the top. The head of the company or organization must understand the benefits and “buy in” to the program: if top managers will “walk the talk” and participate, even better.

Conduct an assessment. The “risk factors” chart is a good place to start to capture baseline information on your audience. How many employees smoke? How often? How many drinks per day/week? How much do they weigh? What are their family histories of disease, etc? This must be conducted as a confidential survey that could also include a computerized analysis to help the employee determine his/her own fitness goals. Check to see whether your insurance provider offers a Health Risk Assessment and the summary reports, or if you must find an independent source.

Decide upon measurement tools. How will you determine whether the program is successful? Select factors to measure, then make sure your initial program enrollment forms capture that information. Some factors to measure might be: employee participation, reduction in insurance costs, changes in lifestyle behavior (number of pounds lost, number of people who quit smoking, decrease in sick days, etc).

Communicate. Communicate. Communicate. Make sure your program has a theme and clear message that's reflected in all of your employee communication materials. If your company publishes a newsletter, it's a great place to announce the program. Flyers, check stuffers, e-mail portal advertisements, posters in hallways, elevators, parking garages and cafeterias are all good ways to let people know about the program. (Your insurance company may provide many of these materials as value-added services). A wellness program is not an event, it is a process. Make sure your program information is communicated consistently and often.

Group vs. individual programs. Not everyone is comfortable working out in a gym or sharing their fitness goals with others. Make sure your program allows enough variation to accommodate those who wish to have the support of others as well as self-help approaches, such as anonymous internet support for those who wish to work on their own.

Offer incentives. Employees may need to see an immediate and tangible benefit for their efforts. Offer incentives to enroll in the program, when significant plateaus are reached and when goals are met. The incentives should be non-cash related. Cash related incentives, including offering discounts, gift cards with pre-established dollar amounts and other incentives that may be construed as compensation rather than incentive rewards can be a slippery slope from several different areas. Both the sponsoring company and the participating employee can achieve a higher benefit by utilizing non-cash (brand name merchandise, travel, etc.) incentives than cash rewards.

A long-term study by Johnson & Johnson, conducted by MED-STAT (an Ann Arbor, MI health information company), indicated that health care costs were \$225 less for each employee who participated during a 4-year period, and that voluntary participation increased from 26% to 90% when incentives were offered. (Source: Corp! Magazine, March 2007)

Expect the unexpected. Some companies have found employees may be suspicious about the program: Is the company just looking for a way to discover my particular health issues? Will this lead to higher insurance premiums for me? Why do they want this information? Companies should clearly structure the enrollment so that data is not matched to an individual, but gathered only in the aggregate. (Source; American Institute for Preventive Medicine, Dr. Don Powell)

Wellness Incentive Program Return on Investment (ROI)

Wellness incentive program ROI is really no mystery, but there are several myths that need to be cleared up.

- Wellness incentive program budgets are not dollars that are spent unless the incremental improvement has been achieved by the participants
- Typical ROI for a wellness incentive program, based on a total incremental improvement of \$1.00, is \$0.40 that is actually spent for the wellness program (including the rewards) and \$0.60 is kept as added profit by the sponsoring company
- Companies that utilize this method of incentive ROI tend to use that incremental \$0.60 to further reduce company operating expenses or enhance revenue opportunities

That all being said, the question begs to be asked “why are more companies not doing this? Clearly this is a low risk, high return value proposition. Simply put, companies are just now discovering that by utilizing the metrics they have had access to, they can create the necessary baseline of data points to begin to measure the improvement that is a result of a well structured wellness incentive program. ROI tools, including individual employee ROI, are available and being used to create the results that can be shared with Senior Management.

Conclusion:

In an environment where business costs are ever-increasing, it makes sense to control those costs that can be controlled. By implementing a corporate wellness program, an organization can decrease health care costs by keeping employees that are in the low-risk group in that group, while moving a percentage of the high-risk group into the low-risk group.

Employers offer health insurance as a benefit to employees once they’re sick. Wellness Programs offer tools to educate employees in ways to prevent and avoid disease. Healthy employees are happier, more focused on the job, absent less often and less expensive to insure.

While there are many non-tangible benefits to corporate wellness programs, they do offer measurable benefits that can favorably impact the bottom line.

For additional information



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Custom Design Marketing

Custom Design Marketing was founded in 1987. We are headquartered in Kirkland, Washington. We strive to provide innovative business solutions that effectively improve the performance of individuals. We help companies reach their business objectives through inspiring the right attitudes and behaviors and rewarding the right actions and results. Companies grow because individuals grow.

We do all of this by developing incentive and recognition programs for companies wanting to motivate people to improve performance and show their appreciation at the appropriate times. We supply solutions that make it easy to administer programs, provide effective information for improving performance, and reinforce learning.

We are always looking for new and better ways to improve performance and service to you, our customer. Our goal is to be a component for you in building a foundation for performance excellence with measurable results. There is no finish line in the race for being better.

Incentive & Recognition Leadership Team

Elliot Lurie

President and Owner of Custom Design Marketing, a Branded Merchandise and Incentive and Recognition company, Elliot brings over 20 years of experience in all aspects of strategic branded merchandise program design and implementation.

Elliot has a deep understanding of the challenges faced by companies in their quest to increase brand equity, awareness and customer and employee engagement. With this knowledge and collaborative teamwork, Elliot brings a unique strategic approach to the communications and on-site incentive program elements that carry the lasting memories back to the homes and offices of the incentive participants that have truly earned their place in the incentive program.

Bob Dawson, CITE

Bob Dawson, Vice President Sales & Marketing for Custom Design Marketing, brings over twenty years of experience in the incentive industry to our company. Bob is a recognized expert in the field of Return on Investment for incentive/motivation programs.

Bob's professional career in the incentive industry has included owning an incentive and recognition company that designed and implemented successful Return on Investment programs for both Fortune 500 and small businesses alike. In 1990, Bob earned a designation shared by only a handful of incentive professionals in the world, Certified Incentive & Travel Executive, by publishing his thesis on Incentive Return on Investment. Since 1990, Bob's ROI methodology has been proven by both independent study and measured program success with companies throughout the United States, to be the most effective method of achieving a measurable Return on Investment when utilizing incentive and recognition programs to change behaviors.