

ViewPoint

Measuring Worksite Wellness

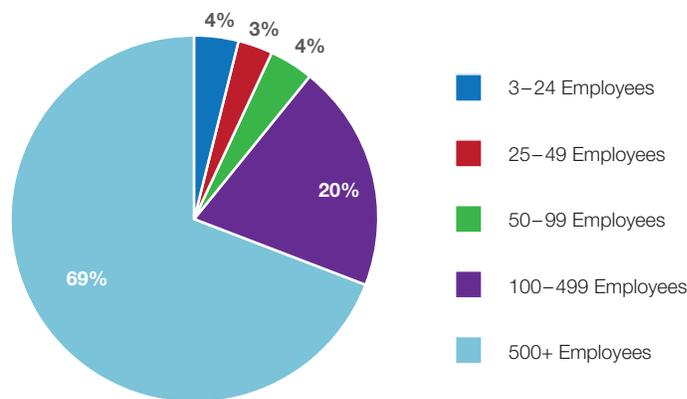
As many companies struggle to effectively measure the impact of wellness programs, study reveals parallels between worksite wellness programs and key performance metrics.

Wellness programs come in all shapes and sizes. From gym memberships and wellness newsletters to on-site fitness facilities and personal health coaching, an effective program can look very different depending on a company's resources and the needs of its workforce. While most businesses say reducing health costs is their top reason for a wellness program, the associated costs are often a barrier for organizations – especially for smaller businesses. New research from the 2013 Aflac WorkForces Report reveals a growing investment in company wellness programs, yet many companies are struggling to effectively measure the impact of such programs. Key findings reveal insights for putting measurements in place, especially as health care reform introduces new wellness provisions.

Employers Motivated to Offer Wellness Programs

Companies are relying more on wellness programs than in years past. According to the 2013 Aflac WorkForces Report, nearly half of the nation's companies (44 percent) boast company-sponsored wellness programs, compared to just 30 percent in 2011. The majority of these are large companies with more the 100 employees (Figure 1).¹

Figure 1 Wellness Programs by Business Size



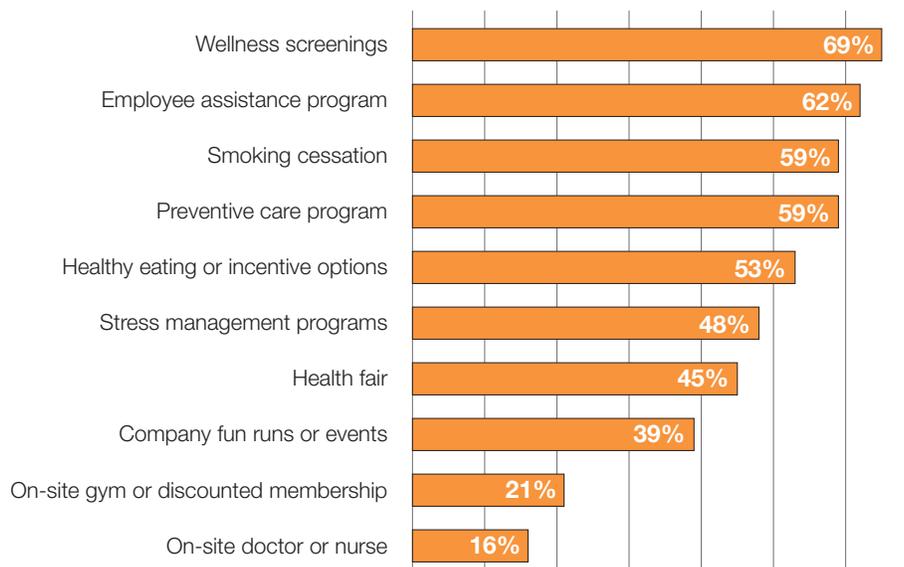
Programs include a combination of components, specifically: wellness screenings, employee assistance programs, smoking cessation programs and many others (Figure 2).¹ According to the Great Place to Work Institute, wellness programs are best practice among the best companies to work for: 73 percent have on-site fitness centers, 63 percent offer subsidized off-site fitness centers, and 55 percent offer incentives for workers to participate in wellness.²

The top reasons that businesses offer programs include lowering health care costs, improving worker satisfaction and increasing productivity, and 61 percent of companies strongly or somewhat agree that wellness programs can directly impact corporate profitability, compared to just 50 percent in 2011.¹

Determining the return on investment (ROI) can have a substantial impact on building a case for wellness programs. A study by Health Affairs 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.³ Another study by Harvard Business Review of several wellness programs shows a clear impact. In the study, one company saw a return of \$2.71 on every dollar spent on wellness, and cumulative savings of \$250 million on health care costs in a decade. Another reported an 80 percent decline in lost work days over six years, with a savings calculated of \$1.5 million, along with workers' compensation insurance premiums declining by 50 percent.⁴

Figure 2

Wellness Programs Components



Struggling to Determine ROI

There is clear evidence for company wellness programs, but not all companies say they are able to track success. While top employers see many advantages to offering a wellness program, others continue to struggle to determine the tangible benefits to their company's bottom line. Just 3-in-10 companies (32 percent) that offer wellness programs say they have been able to determine the ROIs of their companies' programs.¹

A significant portion of companies reveal they are uncertain about the effectiveness of their wellness programs:¹

- » 33 percent neither agree nor disagree that they have a healthier workforce as a result of their wellness programs
- » 33 percent neither agree nor disagree they've been able to lower premiums as result of their programs

- » 40 percent neither agree nor disagree they've been able to determine the ROI on their wellness programs
- » 26 percent neither agree nor disagree they have good participation in their programs
- » 33 percent neither agree nor disagree they've had success with their wellness programs

Without tangible measurements, wellness programs and their value are, at best, ambiguous and difficult to champion. Even when companies believe wellness programs can promote a healthy workforce, once the time, resources and investment are calculated, the expense is too high for many businesses to justify – especially small businesses with limited resources.

Key Wellness Measures

Findings from the 2013 Aflac WorkForces Report reveal parallels between wellness programs and key performance metrics, which can provide employers with innovative ways to evaluate the value of their wellness-program costs. The study results uncovered measurements that can help companies identify program success, providing companies with valuable perspectives.

- 1. Benefits engagement and knowledge:** Employees enrolled in wellness programs are more likely to be knowledgeable about benefits and health care. They are also more likely to be engaged in their benefits programs and choices. As health care becomes more consumer-driven, knowledge and engagement will be critical to helping workers make smart health and benefits choices that are right for them. Surveying benefits knowledge, understanding, and overall engagement can show a direct link to a company's investment in benefits and efforts to market those benefits.
- 2. Employee satisfaction and morale:** Employees who are enrolled in worksite wellness programs are more satisfied with their jobs and benefits, as well as to express more confidence in their employers. These workers are less likely to say they are extremely or very likely to look for a new job in the next 12 months (19 percent vs. 30

Knowledge About Benefits and Healthcare ¹	No Wellness Program Offered	Enrolled in Company's Wellness Program
Understand the total cost of an injury or illness very or extremely well	34%	44%
Understand their employer's contribution to their health benefits	54%	66%
Have heard of consumer-driven health care	24%	35%

Benefits Engagement¹

Completely or strongly agree they are taking full advantage of their employee benefits	35%	54%
Are not prepared for changes to their health care coverage as a result of health care reform	57%	48%

percent),¹ showing a reduced risk to leave their current employer. These measures can have a critical impact on a company's bottom line. A study conducted by AARP found that replacing an experienced worker at any age can cost 50 percent or more of the individual's annual salary.⁵ Whether by measuring employee tenure and retention, or employee referrals, understanding worker satisfaction and morale can help show the enduring value of a company's wellness initiatives.

3. Employee well-being: Full-time U.S. workers who have chronic health troubles or are overweight cost more than \$153 billion in lost productivity each year.⁶ The Aflac survey reveals employees that participate in a wellness program are more than 10 percent more likely to say they are healthy because they exercise and eat right (41 percent compared to 30 percent).¹

Satisfaction with Job and Benefits ¹	No Wellness Program Offered	Enrolled in Company's Wellness Program
Extremely or very satisfied with their job	53%	66%
Extremely or very likely to recommend their workplace to others	52%	67%
Completely or strongly agree their company has a reputation as a great place to work	43%	59%
Extremely or very satisfied with their benefits program	44%	66%

Confidence in Employer¹

Believe their employer will educate them about changes to their health care as a result of health care reform	66%	84%
Completely or strongly agree their employer takes care of its employees	42%	56%
Completely or strongly agree their employer takes care of its employees	48%	67%

Likewise, financial security is also critical to overall workforce health. The Aflac study found only 16 percent of employees say they are extremely or very prepared to pay for out-of-pocket expenses associated with serious illness or injury, and 25 percent have less than \$500 to pay for an unexpected illness or accident.¹ Tracking overall employee health and wellness is essential to understanding a program's success. Measuring a decline in sick days or unexpected leave will help to gain a good measure of physical, emotional and financial health.

Financial Security¹

	No Wellness Program Offered	Enrolled in Company's Wellness Program
Completely or strongly agree they feel fully protected by their current insurance coverage	25%	40%
Extremely or very confident in their financial future	26%	40%
Have a financial plan designed to help them achieve specific financial goals and prepare for unexpected life challenges or events	37%	54%

Health Care Reform Introduces New Opportunities for Wellness

The Aflac study's findings come at a pivotal time in health care history. Beginning in 2014, new health care reform provisions allow for some insurance rate differentiation (up to 30 percent) based on employee participation in wellness programs. Additionally, new health care rules permit companies to charge higher rates for individuals who use tobacco. While major medical health insurance plans must be guaranteed-issued, renewable and available to applicants regardless of their health status, pre-existing conditions or other factors, the provisions introduce new parameters surrounding employee wellness.

Over the last two decades, onsite wellness programs, vendors and best practices have made big strides. According to the study, one-third (33 percent) of employers are currently offering positive incentives to employees who maintain healthy lifestyles or make healthy living choices. Still, fewer companies (18 percent) impose penalties for employees who choose to not make healthy lifestyle choices. With the growing popularity of wellness initiatives, and new provisions encouraging wellness options, there is a growing need to both effectively implement and measure program success.

Companies that offer wellness programs not only give their employees the opportunity to take advantage of healthier lifestyles, they also help to build the value of the workplace benefits package, by increasing worker knowledge about benefits and giving them essential resources to navigate the changing benefits landscape. In turn, companies can measure these factors to demonstrate the value their worksite wellness programs bring to the bottom line.

Start a Successful Wellness Program

Successful programs engage employees in activities that maximize their potential for health and well-being.⁷ Brainstorm to identify policies, programs and environmental changes that fit your workplace culture. Ideas to consider:

- » Tobacco-free incentives
- » Cancer prevention screenings and education
- » Health plans that offer incentives to reward workers for regularly scheduled wellness visits
- » Free or low-cost healthy vending-machine and cafeteria choices
- » Business or departmental health challenge with enticing incentives, such as vacation getaways, additional paid leave or free groceries

About the study

The 2013 Aflac WorkForces Report is the third annual Aflac employee benefits study examining benefit trends and attitudes. The study, conducted by Research Now in January 2013, captured responses from 1,884 benefits decision-makers and 5,299 employees across the United States. To learn more about the Aflac WorkForces Report, visit AflacWorkForcesReport.com.

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Citations

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