



Wellness: Return on Investment

Minimize your Investment – Maximize your Return

Wellness programs have been gaining popularity as a valuable tool in helping to reduce employment related costs such as health insurance coverage, disability, Workers' Compensation, and absenteeism/presenteeism. These programs come in all shapes and sizes, and can involve significant expenditures in terms of both money and time. As with any significant investment, prudent business owners should be analyzing the “bang for the buck” associated with offering these programs.

A quick Google search will provide insight as to just how many Wellness vendors are in the marketplace today. These vendors offer services such as health risk assessments, biometric testing, health coaching, educational programs, and health outcome management. Virtually all of these vendors work on a fee for service basis, and the costs can be substantial.

Fortunately, there are several strategies that can be employed to minimize the initial investment made on Wellness programs. We have worked with our clients to implement these strategies, which have allowed them to ramp up an effective Wellness game plan with little or no upfront costs. The following is a quick overview of the two main cost saving components.

Partner with Your Health Insurance Provider

While Workers' Compensation and disability vendors may care about your workers wellness, health insurance carriers have by far made the largest investment in Wellness resources. Most quality insurance companies offer these resources at little or no cost to their clients. Programs such as health risk assessments, medical information libraries, 24 hour nurse lines, educational communications, and turnkey wellness contests are readily available for the asking – typically at no extra cost.

Advanced Wellness capabilities, such as coaching and Health Outcome program management, might involve additional fees, but are typically offered at a much more affordable rate than an outside vendor. Most insurance carriers have hired very talented nutrition, exercise, and medical professionals to man these programs. In some cases, insurance carriers have actually acquired Wellness firms to enhance their capabilities.

Other advantages of using your health provider include convenience and privacy. It is likely that the majority of your employees are already accessing your health insurance carrier's website for a variety of reasons. Utilizing your insurance provider for wellness services allows your employee to use a website they are already familiar with. They don't have to remember a new

URL, create new user names and passwords, or learn a different navigation scheme. Typically, just a click on the Wellness icon will bring them right to the resources and services they need.

From a privacy standpoint, employees intuitively understand that their health insurance carrier already knows much of their health related information. The carrier already has their name, address, dependent information, and claim history. Why would they want to give that same information to another outside vendor, and take any chances with their personal information? When presented with the privacy issue, we go one step further to let the employee know just how protected this information is at the insurance carrier level –even from you, the employer.

Health Care Reform Compliments Wellness Initiatives

If you lined up 100 experts, they would likely be split down the middle on whether Health Care Reform is a good or bad thing. There are days where we fall on either side of the fence as well, but there is no question that Health Care Reform regulations are geared toward helping businesses promote and encourage wellness for their employees. If the rules and regulations are used intelligently, they will also help you pay for the majority of your Wellness investment.

Without getting into all the complicated formulas, ACA regulations allow you to charge varying levels of employee contributions based on Wellness participation and achievement levels. The contribution spreads can be significant, and can be used to reward employees who engage in the Wellness program, and force those who don't engage to subsidize the cost.

For instance, the basic building block of any good Wellness program is the completion of a Health Risk Assessment with current biometric data. Employees who complete this task would qualify for a discounted premium contribution, while those who choose to ignore this important step pay a higher amount. It can be a much higher amount based on the substantial allowances embedded in the ACA regulations.

Applying some numbers to this strategy, let's assume that your firm's health insurance premiums have had a trend increase of 15% over the last several renewal periods. Let's also assume that many of the plan participants are practicing healthy behaviors (annual physicals, proper diet and exercise, etc.) and some are not. What would your premium increase trend have looked like if no one led a healthy life style? Suppose every single person did? If you believe there would be different outcomes in these two scenarios, wouldn't it make sense to have the non-engaged pay more than the engaged; and essentially help pay for some of the cost to implement and maintain the program?

Final Thoughts

Employees and employers have mixed feelings about Wellness programs. We have addressed some of the major concerns above, including implementation strategies and return on investment. The other main consideration is how such a program might affect your corporate culture. Wellness programs are considered intrusive by many employees and their dependents. Recently, this type of opposition surfaced on a national level when Penn State University implemented their Wellness program. Privacy, especially when it comes to personal health information, should not be taken lightly.

When we implement a Wellness program for our clients, we conduct focus group sessions beforehand to obtain input on employee views and opinions. We provide a transparent view of why our employer client is considering Wellness as a strategy to control costs for health care, disability, Workers' Compensation, and absenteeism/ presenteeism. This type of pro-active approach produces a better overall program for both the employer and employee.

Even with meticulous and methodical implementation of a Wellness program, there will still be some level of dissatisfaction and opposition. Knowing that, we feel that both sides should consider the following analogy:

Imagine that you own a business involved in the construction of tall buildings, and you employed 100 workers whose job duties include the erection of steel beams and climbing across scaffolding or girders. Suppose you had a group of 10 employees who refused to wear hard hats or safety harnesses. The employees claim that nothing will happen to them and they don't like having that restriction placed on them. How would you handle that?

Not knowing or caring about your health is just as dangerous as working without a hard hat or safety harness. It's not all about costs, inconvenience, and privacy, it's about common sense.