

BENEFIT *Advisor*

In This Issue

In this issue of the McGraw Wentworth Benefit Advisor, we review the following:

- ◆ *Determine the value of offering wellness benefits in the workplace*
- ◆ *Examine their effect on employers and their employees*
- ◆ *Look at various types of wellness programs and their impact on the bottom line*
- ◆ *Answer the question: Why wellness?*
- ◆ *Read on for the answer.*

We welcome your comments and suggestions regarding this issue of our technical bulletin. For more information on this Benefit Advisor, please contact your Account Director or Account Manager.

“How a Healthy Workforce Can Save You Money”

With the cost of health care continuing on an upward trend and constituting over \$1 trillion or 14 percent of the Gross National Product, employers are constantly looking for ways to lower their costs. According to the Wellness Council of America, the average cost of health care



per person in the United States in 1997 approached \$3,925. In addition, the council states that the United States spends more on health care than any other industrialized nation and yet United States citizens are not the healthiest.

Employers are combating the steady increase in health care costs in several ways, including reducing benefit levels and increasing cost sharing. Such practices only shift the costs; they do not address the root of the problem. That is why more and more employers are beginning to introduce wellness programs as a means to reduce health care costs. According to the September 1999 edition of the Employee Benefits Journal, 91% of organizations now offer health promo-

tion programs, versus 78% ten years ago. By offering wellness programs, employers are finding new ways to lower health care costs instead of shifting the burden of the cost increases. Not only is the bottom line benefiting, but employees benefit greatly from workplace wellness programs.

Why Worry About Wellness?

Based on a 1993 study by the United States Department of Health and Human Services, there are several risk factors with which employers will be faced. Out of every 100 employees:

- 10 will be heavy drinkers
- 24 will have high blood pressure
- 26 will be overweight by 20 percent or more
- 26 will smoke
- 27 will have cardiovascular disease
- 44 will suffer from stress
- 50 or more will have high cholesterol
- 59 will not get adequate exercise
- 60 will not wear seat belts

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By addressing areas of concern such as these, there is a high probability that an organization's wellness program can target a large percentage of its employee population.

Fact or Fiction?

The problem organizations encounter when moving toward developing wellness programs include several misconceptions:

1. Too Costly: *Although there will be costs associated with running wellness programs, those costs are minimal compared to what they would be if employee's poor health habits are not addressed.*

2. Too Much Time: *When employers know the makeup of the workforce, program development to address areas of concern takes less time. In addition, there are several self-help programs that employees can utilize on their own time.*

3. Employees Won't Participate: *When designed properly, participation is not an issue. However, if you design programs but restrict employee participation, you discourage employee participation. For example, an exercise program is developed but employees are not permitted to participate during the workday.*



4. Not the Employer's Business: *The employer should be concerned with factors influencing its costs. In fact, the health of the employee is the employer's business when the employer is contributing a portion of the cost of the employee's health care bill.*

5. No Wellness Coordinator: *The majority of existing wellness programs are currently coordinated by existing employees that hold another position within the organization (i.e. benefits coordinator).*

6. Wellness Programs Don't Work: *When carefully designed and properly executed, wellness programs work. There are techniques to aide employers in targeting the appropriate issues and the suitable group(s) of employees, thus creating a successful wellness program.*

If You Build It Well, They'll Be Well

When building a wellness program, it is important to properly identify the employee population you are addressing by asking questions such as:

- *What is the education level of your employees?*
- *What is the racial mix of your employee population?*
- *Do you employ more men than women?*

- *What is the age distribution of your employee population?*

You can use this information as a guide to determining what types of programs to offer your employees based on the risks they may be facing. Those risks can be evaluated through the use of

assessment tools. Health screenings that measure weight, height, blood pressure and other basic health indicators are an effective way to measure an employee's health risks. Questionnaires, otherwise known as "health risk appraisals", are a way to identify personal habits such as alcohol and controlled substance use. These tools help determine how unhealthy or healthy employees are.

Employee interest is also a strong predictor of the programs that will succeed. "Health interest surveys" are a means by which the employee's health concerns and interests can be assessed. These surveys are an effective tool, especially when a wellness program is in the beginning stages of development.

How to Get the Job Done

There are several ways employers can offer their employees the opportunity to be well:

• **Addressing High-Risk Employees:** *High-risk employees tend to have health care costs 100 to 500 times greater than costs for healthy employees. On average, approximately 14% of covered individuals in health plans account for 80% of health care costs.*

• **Brown Bag Lunch Talk:** *An effective way to bring pertinent information to employees to discuss topics such as stress management.*

• **Communication Materials:** *An effective way for employers with multiple locations to reach their employees with a consistent message on a consistent basis. Excellent communication can be accomplished through payroll stuffers, newsletters, e-mail and the like.*

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- **Community Resource Groups:** *Bring in groups such as the American Cancer Society to discuss topics such as smoking cessation.*

- **Demand Management/ Disease Management:** *Programs that focus on self-management by encouraging patients to take an active role in their health, educating them on making healthier decisions, modifying risky behaviors and helping patients control chronic illnesses before they become serious.*

- **Employee Assistance Programs (EAPs):** *The mental well being of employees is just as important as their physical health. Programs like EAPs offer employees the opportunity to confront their stress or other personal issues and manage them appropriately.*

- **Group Programs:** *Held on site at the workplace, therefore, allowing for interaction with professionals and peers. These programs are increasingly less popular due to the time constraints in committing to a scheduled, recurrent program (i.e. six weekly smoking cessation programs).*

- **Health and Fitness Incentives:** *Programs such as arranging a walk group during lunch or offering discounts to fitness centers can be established. Wellness points or credits*



can be offered for fitness achievements, such as walking every day, and low cost items, such as water bottles, can be awarded once a certain number of points have been reached.

- **Injury Prevention Classes:** *Can be offered during periodic (i.e. monthly) meetings to discuss topics, such as back safety and using proper lifting techniques. Experts can be brought in during this time to give tips on workspace ergonomics (ways for employees to situate themselves in their work areas, such as how to position hands when working on the computer in order to prevent carpal tunnel syndrome).*

- **Self-care:** *Employers can provide self-help guides, workshops,*

software, and nurse advice lines. The self-help approach allows an employer not only to reach its employees but also the employee's family. Reaching the employee's family is an important factor since dependents typically account for 70% of an employer's health care costs.

(See Most Popular Wellness Programs chart)

How to Get Employees Involved

There are several ways employers can incent employees to be involved, be well and stay that way:

- **Offer Financial Incentives:** *Corporations can offer incentives to employees who demonstrate responsibility for their health and fitness based on certain criteria. Providence Health System in Everett, Washington saved approximately \$1.5 million over a three-year period by offering financial incentives to its employees. The program showed reductions in the use of health benefits, lower claims, less absenteeism and improved health habits.*

- **Conduct Contests and Wellness Classes:** *Employees can be encouraged to improve their health by being motivated to accomplish goals by making a prize available (i.e. to the person or team of employees who walk the most miles within a specified period of time).*

- **Create Environmental Supports:** *Offer healthier choices within the workplace to create an environment where healthy lifestyles can be practiced. Healthier foods can be made available in the vending machines and cafeterias, maps of local walking routes can be provided, and posters promoting health*

Most Popular Wellness Programs

Program	% of Worksites Offering
Disease Prevention	55
Medical Self-Care	51
Fitness	41
Smoking Cessation	40
Stress Management	37
Alcohol and Substance Abuse	36
Back Care	32
Nutrition Education	24
Hypertension Education	24
Mental Health Programs	24
Weight Control	24

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awareness, such as National Cancer Awareness, can be displayed as a reminder of the importance of staying well.

- **Create Policies Which Promote Health:** According to the September 1999 issue of the *Employee Benefits Journal*, 15 percent of employees who smoke will quit if smoking is banned in the workplace. Perfect attendance policies and time off for earning wellness credits can be offered as well.

The key to a successful wellness program is to encourage employees to participate by making the programs easy to access.



Everyone Can Benefit

A well designed, well executed wellness program results in an array of benefits:

- **Improved Morale:** The main goal of a wellness program is to attempt to influence the employee's lifestyle, attitudes and actions. As the wellness program develops, the result is a workforce with a renewed energy level.

- **Reduced Turnover:** Wellness programs are now used as a

perk to retain employees. It is more costly to try to replace a productive employee than it is to offer wellness as a perk to that same employee. The cost associated with replacing employees includes advertisements, reviewing resumes, interviewing candidates, and training. These do not only cost the employer money but also time.

- **Increased Recruitment Potential:** Due to a low unemployment rate, organizations are looking for new ways to attract talent. A wellness program can distinguish similar organizations and job opportunities from one another.

- **Reduced Absenteeism:** Employees who are healthy have fewer days of absence due to illness.

For example, at DuPont Company in Delaware the absenteeism rate due to non work-related illnesses dropped 14 percent at 41 sites where a wellness program was offered versus a decrease of only 5.8 percent at the 19 sites

where the program was not offered.

- **Health Care Cost Containment:** A goal of wellness programs is to ultimately reduce health care costs by keeping employees healthy.

- **Increased Productivity:** When employees are healthier, they have more energy to execute their job.

It is important to keep the wellness programs current. For example, if a self-care guide was distributed several years ago, you may want to think about updating and redistributing it. If the wellness program is not appropriate and up to date, it will not be effective.

The Shrinking Bottom Line

Statistics have shown that offering wellness programs in the workplace can improve the bottom line and be a winning situation not only for the employer but also the employee. Healthy employees prove to be more productive and have a lower absenteeism rate due to illness, have fewer work related injuries, and file fewer worker's compensation claims. By recognizing health care as an investment rather than a cost and linking health and productivity, companies can simultaneously work to reduce premiums, maximize returns, and keep the workforce happy and healthy.

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