

RETURN ON INVESTMENT

Investing in worksite wellness can improve a company's bottom line

By William B. Baun

It is estimated that U.S. health care costs in 2008 will total approximately \$2.2 trillion, or 16 percent of the gross domestic product.

Seven out of 10 Americans who have some form of health insurance coverage get it through an employer. It is projected that employers will pay an average of \$9,312 per employee for health care this year and, in the last five years, the employee portion of these costs has increased by 59 percent (\$1,284 in 2003 to \$2,040 in 2008).

The American Institute for Preventive Medicine suggests that if food costs had risen at the same rate as medical inflation since the 1930s, we would be paying \$80.20 for a dozen eggs or \$64.17 for a pound of coffee. How have employers responded? In 2006, the Society for Human Resources Management reported that 66 percent increased co-pays, 62 percent offered wellness programs, 59 percent increased participant costs, 56 percent increased deductibles and 55 percent increased costs for prescription drugs and 31 percent switched providers.



Why the major surge in worksite wellness programs?

A 2006 Purdue University study suggested that 87.5 percent of health care claims costs are due to an individual's lifestyle. Wellness programs focus on the knowledge, skills and commitment it takes for employees to adopt healthier lifestyles.

In 2007, the U.S. Department of Health and Human Services published statistics that showed the health risks that exist per every 100 employees:

- 44 suffer from stress
- 38 are overweight
- 31 use alcohol excessively
- 30 have high cholesterol
- 26 have high blood pressure
- 25 have cardiovascular disease
- 24 don't exercise
- 21 smoke
- 20 don't wear seatbelts
- 12 are asthmatic
- 6 are diabetic



Wellness programs are not just about reducing health-care costs. The past 10 years of research has shown the connection between health risk factors, healthcare costs and productivity costs. Poor health is now associated with reduced employee performance, safety and morale.

The organizational costs of employees with behavioral risk factors and poor health include higher medical, disability and workers' compensation costs, elevated absenteeism and employee turnover, and decreased productivity at work (often referred to as presenteeism). There is also evidence to suggest that a worker's poor health may negatively affect the performance of others.

Do worksite wellness programs impact the bottom-line?

In 2005, the National Business Group on Health published a report about the benefits of wellness programs. It suggested that comprehensive programs increase employee morale and productivity, improve employee health and reduce healthcare costs, accidents on the job and absenteeism.

Does this translate into real savings?

In 2001, Steven Aldana, Ph.D., former professor of lifestyle medicine at Brigham Young University, published a comprehensive review of the financial impact of wellness programs. The average ROI (return on investment) for healthcare costs was \$3.48 for every dollar invested and the impact on absenteeism was an ROI from \$2.50 to \$10.10 for every dollar invested.

What is the take away from these studies?

Comprehensive worksite wellness programs work because they can improve the modifiable health risks of employees. So what can a company that is interested in initiating a worksite wellness program or growing its current program into a comprehensive program do?

- Join the Houston Wellness Association (HWA) and immediately begin learning from the shared wisdom of Houston's wellness leaders. For information, call 713-357-9515 or email info@houstonwellness.org.

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