

# The **Top 5 Strategies**

to Enhance the ROI of  
Worksite Wellness Programs

[ IN ECONOMICALLY CHALLENGING TIMES ]





# The Top 5 Strategies

## to Enhance the ROI of Worksite Wellness Programs [ IN ECONOMICALLY CHALLENGING TIMES ]

The Wellness Council of America is dedicated to helping the nation's employees lead healthier lives. For this WELCOA Special Report, I've asked Dr. Steve Aldana—one of the nation's leading minds on ROI—to put down in writing his thoughts concerning *The Top 5 Strategies To Enhance The ROI of Worksite Wellness Programs In Economically Challenging Times*. The tips and strategies outlined in this WELCOA Special Report are offered as a means to assist you in creating a healthier workplace.

The tips and strategies included here are by no means a comprehensive list, and are designed to initiate action and ideas to help you, the wellness practitioner, build and sustain a wellness program that makes a difference in the lives of your employees and their families—and produces a return on investment.

The Wellness Council of America is one of North America's most trusted voices for workplace wellness information. For over a decade, we have been partnering with our clients—businesses, health care systems, government agencies, educational institutions, and not-for-profit organizations—to help them build world-class wellness programs. With a growing membership of over 3,000 organizations, collectively employing millions of people, WELCOA has become one of the largest and most respected resources for workplace wellness in North America.

We hope you enjoy this WELCOA Special Report.

Yours in good health,

David Hunnicutt  
President



### Steven G. Aldana PhD

Dr. Steven G. Aldana is a former professor of Lifestyle Medicine in the Department of Exercise Sciences at Brigham Young University in Provo, Utah, and he is an adjunct faculty member of the University of Illinois School of Medicine. Currently, Dr. Aldana is the CEO of WellSteps. He has spent his career researching and teaching about the impact of lifestyle on disease and quality of life.

Dr. Aldana has published over 60 research articles and has written five books on the connections between healthy living and disease prevention. He is a regular consultant to the Centers for Disease Control and Prevention, the National Institutes of Health, and the California Department of Health Services. In the past few years he has given over 80 invited lectures and keynote speeches around the United States. He has received numerous state, private, and federal grants to research how the adoption of healthy behaviors can prevent, arrest, and even reverse many common chronic diseases such as cardiovascular disease, diabetes, and cancer.





If you've been a responsible individual you've been faithfully putting money into your employee retirement account. Each month you squirrel a little money away for a rainy day or some future date when you are no longer working. Along the way you had to decide where to put your money. Buy stocks, buy bonds or hide it under your mattress. Now it's not my intention to pour salt into old wounds but have you ever stopped to take a look at your own personal return on investment (ROI)? If you had invested \$10,000 in the stock market 10 years ago, today you'd have \$7,200. For every dollar you invested you got 72 cents back. Ouch. The ROI for your savings is .72. We usually talk about the ROI being a "positive" return on investment, but because most of us have lost some of our savings, we actually have a negative ROI. On a personal level, our ROI's have been lousy. We invested our money and failed to get a good return.

Most worksites are just like people, they want to know what the ROI is on the different investments they make. Since their inception, worksite wellness programs have always been under the ROI microscope. It's interesting that most companies will spend enormous amounts of money on advertising, media, and marketing and have no idea what the ROI is. They do the same thing with software purchases, consultants, and facility changes. Rarely are any of these large investments scrutinized with the same level of intensity as a worksite wellness expenditure.

I think worksite wellness programs are held to a higher ROI standard because employers are still not convinced that worksite wellness is worth the cost.

They don't believe the data. At least not the data they've been looking at. There is some truth to this. How many business leaders have tried to lose weight and failed? If they are like most people, they have likely failed and so they assume that their employees will also struggle to adopt and maintain healthy behaviors. For worksite wellness programs to actually reduce health care costs employees have to adopt healthy behaviors, keep their health risks low, not fall victim to chronic diseases AND not get laid off, fired, or leave the company. That's a lot to expect of employees. This is one reason flu shots and cancer screenings are cost effective. They can result in health care savings in a short amount of time and no one has to change behaviors.

Another reason employers don't believe the published ROI data is because a lot of it comes from large corporations. Does a worksite wellness ROI study from the mega corporation of America apply to the worksite wellness program offered by a small manufacturing company in Mobile, Alabama? Maybe and maybe not.

When Dr. Troy Adams and I started WellSteps, we married our worksite wellness experience with the peer reviewed scientific data that show which behavior change programs were the most effective. We've been able to find the best and avoid the worst in behavior change programming. This is how the WellSteps programs were created. We used this same formula to create the WellSteps ROI calculator. It's based on the best published scientific data available. It includes every scientific paper that tried to answer the question, "Are worksite wellness programs cost effective?" Just because we've used published science to create our programs and to create the ROI, the calculator doesn't mean

they're perfect. Our understanding of the behavior change programs and ROI of wellness is still limited to some degree. We don't have all the answers, but when we combine the scientific literature with a very healthy dose of the real world, we are able to get the best of both worlds.

In this article, I'm going to identify five strategies that have the greatest chance of enhancing the ROI of worksite wellness programs in economically challenging times. Right now, this is the best information we have, but in 10 years, I'm sure I'll change my mind on some things because we'll have more information, just like the past ten years that have caused me to rethink how I save for retirement.

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## Where Does The Money Go?

It's pretty easy to figure out how worksite wellness programs might be able to save money. Just list the different ways employees cost money. There's health care costs, absenteeism, presenteeism, worker's compensation, disability, employee turnover and recruitment. Absenteeism is the amount of time employees are paid but not at work. Presenteeism is the amount of time employees are at work, but not really working. Turnover is the percentage of employees who leave each year. All of these are employee-related expenses. Unless your company has only robots, these expenses will occur to some degree or another. For simplicity, I'm going to talk about the big three: health care costs, absenteeism, and presenteeism. The other costs are real, but they are very small when compared to the big three and they have very little data on which to base an opinion.



Think about your worksite's health care costs. Ask yourself where this money goes.

We know that most health care costs go to pay for treatment for preventable chronic diseases. There is also a lot of waste, fraud, high salaries, pharmaceutical costs, high-tech equipment and costs associated with medical litigation. Some have estimated that 30% of all health care costs are administrative. Now, of all these costs, which ones can realistically be reduced if your employees have healthy behaviors and few health risks? Wellness programs can reduce preventable chronic diseases and healthier employees will require fewer medications, but what about the others? Will your wellness efforts really lower the salaries of medical workers? Electronic billing and payment may help reduce the cost of administration, but will your wellness efforts reduce the cost of administration? What about excessive waste and fraud? Will your walking program cause the hospital to use a CT scan instead of a more expensive MRI? I'm not so sure. Will your biggest loser program keep lawyers from filing lawsuits against any doctors who are accused of malpractice? You get the idea. Only a portion of your health care costs can potentially be impacted by good wellness programs. It's a large portion to be sure and wellness does have an impact, but it is unrealistic to expect wellness programs are going to dramatically lower health care costs.

There is one issue we need to consider before we get into the best ROI strategies for reducing health care costs and that's the concept of self-insurance. Worksites that are self-insured have decided to fund the health care of their employees. They don't pay insurance premiums to a health insurance company. If

an employee needs medical care, the company pays the entire amount. Self-insured worksites do carry a stop-loss insurance plan that protects the worksite against the occasional, extremely expensive case. The ROI for wellness is always going to be greater for worksites that are self-insured. They get to keep all the health care money their wellness program saves. Companies that are not self-insured are paying insurance premiums to an insurance company that makes a profit after paying for the cost of providing health care to all the employees. Saving health care costs for a company that is not self-insured is possible, but much more difficult.

Let's assume you have a wellness program and your worksite is not self-insured. You are paying insurance premiums to an insurance company every month for employee health care. Now, if you have a high impact wellness program, your employees are getting healthy and they are requiring fewer health care services. The health care costs your employees are saving don't go to your worksite, they go to your health insurance company. After all, you've contracted with them to pay your health care costs. You'll keep paying the same premium and the insurance company will be making more money because your employees are using fewer health care services. They should send you a great big box of chocolates every year because your wellness program is saving them a lot of money.

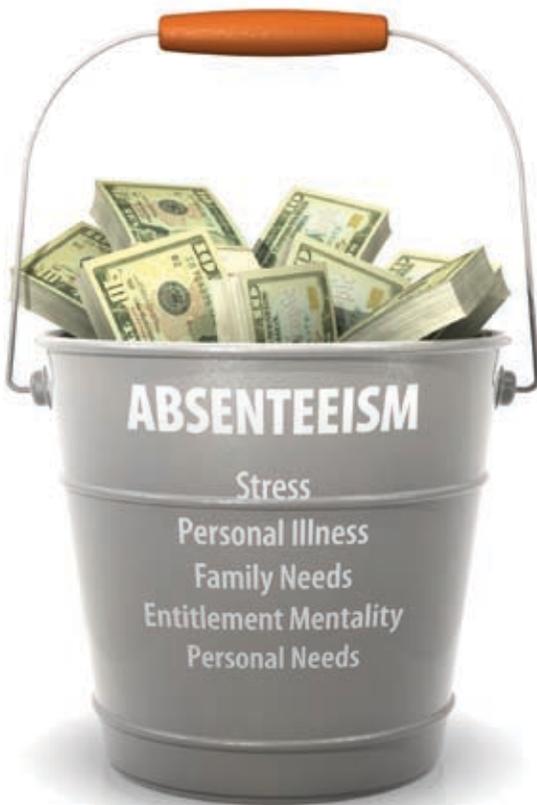
Is there anything you can do about this? It's best if you can become self-insured, you get to keep all the savings. Contact a benefits consultant to see if your worksite can qualify to be self-insured. Requirements vary by state. If self-insurance is not an option, you can make sure your insurance company knows everything you are doing to improve the health of your employees.



Show them any results you have, participation numbers and changes in health risks. I have seen many cases where the insurance company has seen this data and noticed the reduced health care expenditures and actually reduced the company's premium amount. This can be a substantial savings for worksites. I've also seen this happen and within a year the premiums have been dramatically increased meaning that the savings were short lived.

Besides health care costs, employees also cost money if they are absent from work. This only affects employees that are salaried because hourly only get paid when they show up for work.

There are five main reasons employees are absent from work: stress, personal illness, family needs, entitlement mentality, and personal needs. Entitlement mentality refers to taking time off work because there is a perception that the employee has "earned it" or somehow the company owes them the time off.



Let's ask the same question we asked about health care costs: Which of these causes of absenteeism can your wellness program impact? Clearly wellness programs can reduce stress, they can prevent some types of personal illness and they may be able to change an entitlement attitude because morale may improve.

I think that one of the most valuable and overlooked aspects of worksite wellness programs is their ability to improve employee morale. There isn't any published research on this, but a lot of employees talk about having improved feelings toward their employer when wellness is done properly and for the right reasons. Improved morale softens an entitlement mentality and is likely to make employees want to show up to work. Everyone has the need to feel appreciated. When we know we are needed, we want to be at work. As soon as morale starts to decline, absenteeism increases and productivity drops. Worksite wellness programs can have a large impact on employee absenteeism because they improve employee morale.

The last major source of employee-related expenses is presenteeism. Employees can be at work, but because of wasted time, failure to concentrate, sleep deprivation, distractions, poor health, and/or lack

of training, they may not be working at all. This is presenteeism. Wellness programs can impact poor health and sleep deprivation, but I'm not aware of any wellness programs that help employees figure out how to use the new company email software. Nor am I aware of any wellness programs that reduce the amount of time employees spend surfing the web.

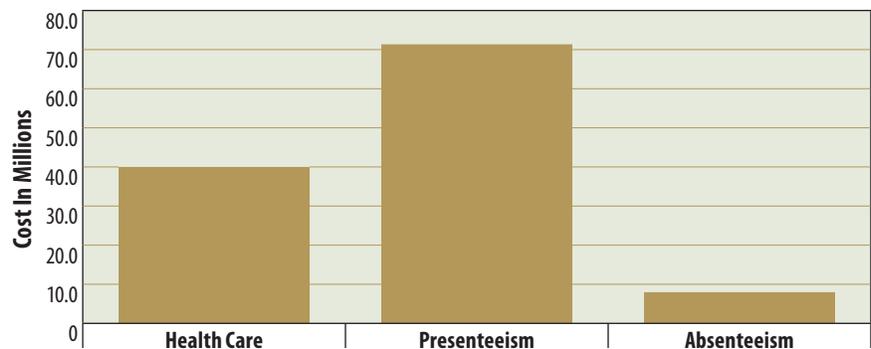
There have been four different studies that have looked at the actual cost of poor employee health on health care costs, absenteeism, and presenteeism. The WellSteps ROI calculator can instantly tell you how much your organization is spending on each of these costs. To use the ROI calculator click on the "Tools" link at [www.wellsteps.com](http://www.wellsteps.com). If you know how much your worksite spent for health care last year you can estimate your costs for presenteeism and absenteeism using these two equations:

$$\text{Presenteeism cost} = 1.8 \times \text{annual health care cost}$$

$$\text{Absenteeism cost} = .2 \times \text{annual health care cost}$$

For example, if a worksite with 500 employees spent \$4 million for health care last year, their cost for presenteeism would be: \$4 million  $\times$  1.8 = \$7,200,000 and the estimate for absenteeism would be \$4 million  $\times$  .2 = \$800,000. These are quick estimates. The actual amounts can vary widely depending on the type of work, geographic location, and other factors.

**Estimated Costs Associated With Poor Employee Health At XYZ Company**





The biggest employee-related cost to this company is presenteeism, but few worksites want to know what the ROI for wellness is from reduced presenteeism. That's because worksites don't write checks for lost presenteeism. It just seeps out of an organization. However, every month worksites spend lots of money for health care costs. We actually see the money leave a company account and get sent to a health insurer or health care provider. This cost then shows up in the balance sheets as an expense where it gets lots of senior level attention because it's usually a big number. It's a glaring cost to the company and it's there every single month. It seems to drag a company down, keeping it from increasing profitability. When considering the best strategies to produce a positive ROI, it's important to consider not just the amount of the cost, but also its importance to the company.

Presenteeism and absenteeism are real employee expenses, but they don't get even a fraction of the scrutiny and attention health care expenses get.

## The Top 5

Of all things worksites currently do in the name of wellness, which ones have the greatest potential to result in a good return on investment? Researchers who do ROI analyses of wellness programs look at whole programs. It's difficult to impossible to split out different wellness components to see which ones are the best. We just don't have that level of analysis. So in trying to list the top five strategies to enhance the ROI of worksite wellness programs, I'm going to rely on a mix of wellness programming cost, ROI evidence from existing wellness programs, opinions of other respected experts, and a pinch of dumb luck.

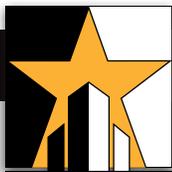
## Top 5 Strategies To Enhance The ROI of Worksite Wellness Programs

1. Tap into your insurance plan's willingness to pay for wellness.
2. Create a benefit plan design so wellness can be cost neutral.
3. Implement worksite policies and environmental changes that support healthy living.
4. Use the right wellness message to increase participation, improve morale and enhance engagement.
5. Make use of all your free community resources.

### 1 Tap Into Your Insurance Plan

This strategy refers to the low hanging ROI fruit that is within reach of almost every wellness program. Most insurance companies have a preventive health benefit for their members and you should tap into this source of wellness funding. These benefits offer each member, spouses and dependents \$200-500 dollars to be used for age and gender appropriate cancer screenings such as Pap smears, PSA and mammograms. These benefits can also include routine immunizations and annual physical exams. Because they are a benefit, they cost your employees very little, most don't even require office co-pays.

Insurance companies are good at making money. That's what they do. They have done the math and have determined that paying for these services will cost money up front, but they will save way more than they cost. If they find one or two early stage cancers, they prevent a lot of unnecessary suffering and health care expense. By offering free or low-cost



#### ABOUT WELCOA

Based in Omaha, Nebraska, the Wellness Council of America (WELCOA) was founded in 1987 as a national non-profit membership organization dedicated to promoting healthier life styles for all Americans, especially through health promotion initiatives at the worksite.

**Working Well**—Specifically, WELCOA focuses on building Well Workplaces—organizations that are dedicated to the health of their employees. The Well Workplace process provides business leaders and members with a structure or blue print to help their organizations build results-oriented wellness programs. Ultimately these programs help employees make better lifestyle choices, and positively impact the organization's bottom line. To date, over 700 companies have received the prestigious Well Workplace award.

**Leading-Edge Wellness Information**—In addition to helping organizations build structurally sound wellness programs, WELCOA serves as a national clearinghouse and information center on worksite wellness. WELCOA responds to thousands of requests for information and materials by publishing a number of source books, a monthly health and wellness newsletter, an extensive line of brochures, as well as conducting numerous training seminars.

#### Wellness Council of America [WELCOA]

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The ROI Calculator for health care costs can help you determine whether an investment in a wellness program makes sense for your company. Just go to [wellsteps.com](http://wellsteps.com) and click on the Tools link at the bottom of the page. There you'll find the ROI Calculator and several other tools. All of our tools are free.



# The **5** Strategies

to Enhance the ROI of  
Worksite Wellness Programs

[ IN ECONOMICALLY CHALLENGING TIMES ]

**Tap into your insurance plan's  
willingness to pay for wellness**



**Create a benefit plan design so  
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**Implement worksite policies  
and environmental changes  
that support healthy living**



**Use the right wellness message  
to increase participation, improve  
morale and enhance engagement**



**Make use of all your free  
community resources**

flu vaccinations, they will likely use far fewer health care services. Best of all, there is no (or very little) cost to you or your employees.

If your worksite does not have a preventive health benefit, talk to your benefits department or insurance company. Some may have the benefit, but still charge an office co-pay or deductible. Work to get this cost barrier removed. When it's free to your employees, they'll go. To take advantage of this wellness activity, you'll need to communicate it to your employees. Send them age-based reminders. Make it super easy for them to do the screening. Some worksites will have outside vendors bring screening equipment to the worksite. Others will create a block of appointments and have employees sign up. Keep your messages positive. New behavioral research found that constantly emphasizing the negative consequences of a lack of cancer screening can actually make them less likely to go for screening.

## **2** Create A Wellness Benefit

Next time your benefits department calculates how much the employee contribution will be for the upcoming year, create a wellness program increase. Raise your benefits cost by at least \$100-200 per employee. Some worksites like to split this new cost between the employee and the employer. This extra money is your wellness budget. Now start communicating your new wellness incentive plan which is that employees who participate in a variety of your wellness activities can actually get \$100-200 back at the end of the year. This program incentive can be paid back in cash, premium reductions, gifts, or any other number of ways. For a well organized wellness effort between 35 and 65% of your employees will qualify for the incentive. The employees who do not participate in your wellness



Learn about ROI on worksite wellness programs by watching Dr. Aldana's 2-part webinar, "Understanding Return-On-Investment." To access the video presentations, log-on to WELCOA's online magazine, ***AbsoluteAdvantage.org***.



programs don't get their money back. In essence, program non-participants pay for the wellness programs for the those who do participate. In this way, your wellness efforts are cost neutral. Participants get rewarded for making healthier choices while non-participants get slightly punished. The goal is to get everyone to participate, but that never happens. There are always some employees who will refuse to do much to improve their health. These employees will have dramatically higher health care costs over time and it's not unreasonable to expect them to pay a bit more.

The trick is to make your incentive tracking easy for employees to follow. WellSteps has created an Incentive/Rewards Tracking Program that makes administering this program extremely easy. Employees can report participation online or with paper and pencil and the employer gets a real time tracking report.

### **3 Implement Worksite Policies And Environmental Changes**

There is a large body of evidence that suggests that worksites that have policies and environments

that support healthy behaviors have healthier employees. Work with your leadership to implement changes in all the policies and environments at your workplace that discourage healthy living. I know of one worksite that actually asked their elevator contractor to make the elevator slower. The result: everyone opted to take the two flights of stairs. The elevator is now used by those carrying heavy loads or those who don't have any work to do. I admit that this is pretty drastic policy change, but it works to the benefit of all. You can create a healthy environment and implement policies that impact a wide variety of health behaviors and habits. The Checklist to Change at the "tools" link at [www.wellsteps.com](http://www.wellsteps.com) will help you pick a few things your worksite can do to create a worksite culture that promotes, rather than discourages healthy living.

### **4 Use The Right Wellness Message To Increase Participation, Improve Morale and Enhance Engagement**

One thing I've learned outside of academia is that marketing is king. The

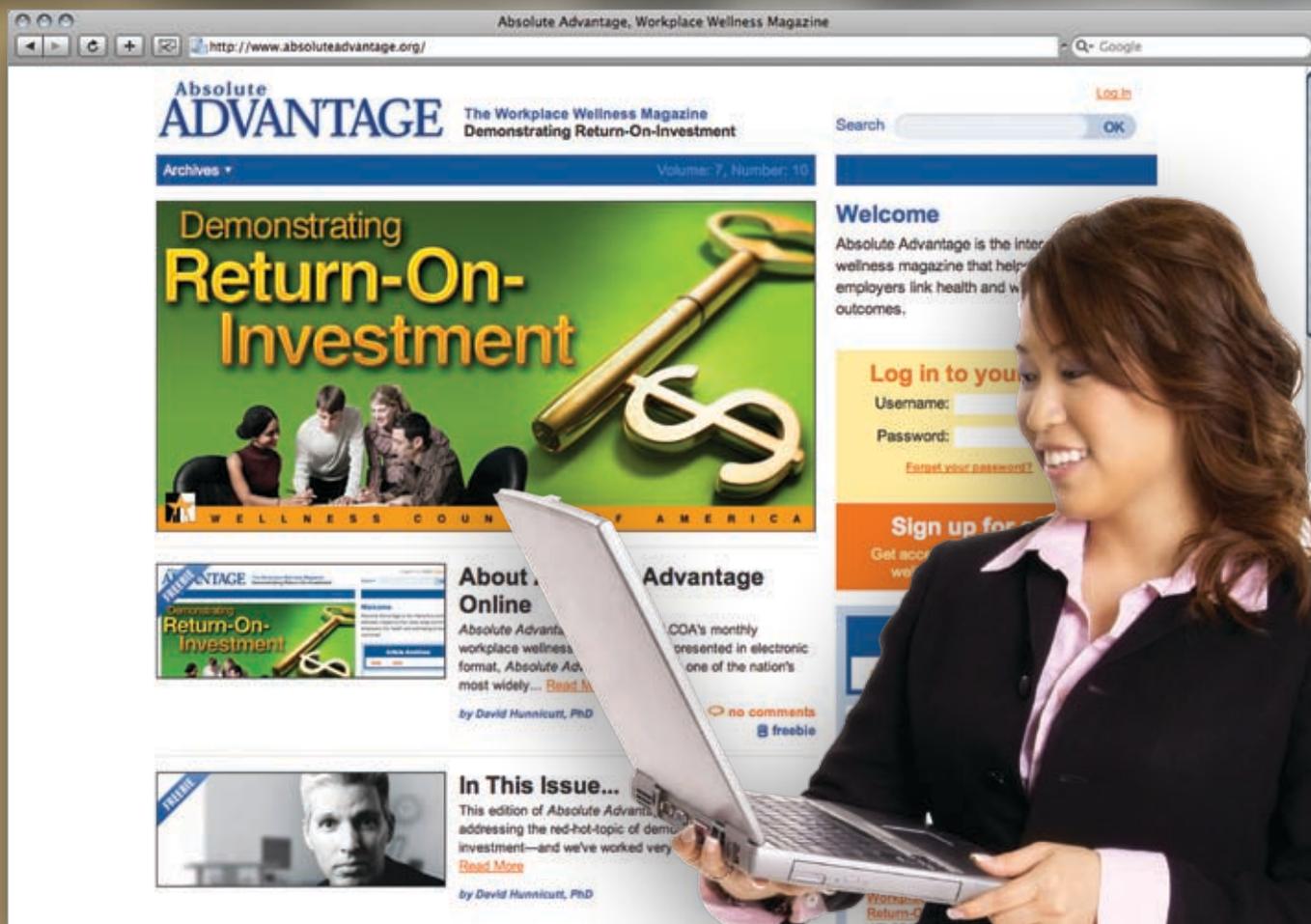
way we communicate will determine how successful our wellness programs will be. Use the right communication messages. Worksite wellness programs have a dual outcome. They can transform lives by improving health and they can impact a worksite's bottom line. Because these programs accomplish two things, we need to be careful how they are communicated. When communicating with employees about wellness programs, think like an employee. Do your employees really care about how wellness programs are going to improve the company bottom line? From my experience, wellness program communications that talk about, or even mention how much the worksite will save are doomed to failure. Employees care about what's in it for them, so tell them. You'll feel better. Your spouse will think you look hot! You'll be able to spend time with your grandkids. You'll be able to stop taking your cholesterol medication... you get the idea. Use communication messages that are important to your employees, not your employer. Tell them how their lives will be better.

If your employees know you are doing wellness because you want them and their families to have healthy, happy lives, they will feel wanted and



# Goodbye, paper...Hello, web!

## **Absolute Advantage** is now online!



*Absolute Advantage Online* is WELCOA's workplace wellness magazine. Now presented in electronic format, *Absolute Advantage Online* is one of the nation's most widely-read workplace wellness publications.

Each issue of *Absolute Advantage Online* is unique in that it contains Feature Articles, Expert Interviews, Useful Tools, Great Resources, AND full-length Webinars conducted by some of the best and brightest minds in the country.

Developed as a key benefit of WELCOA Membership, *AAOnline* offers WELCOA Members timely and practical workplace wellness information.

Learn More About ROI At  
[AbsoluteAdvantage.org](http://AbsoluteAdvantage.org)



valued. Morale will increase and this will have a direct impact on all three major employee costs: health care, absenteeism, and presenteeism. When you communicate with positive, employee-directed messages, you will have an impact on morale and the savings will come.

## 5 Make Use of All Your Free Community Resources

There are lots of great community resources that you can use to supplement your wellness activities and you should make the most of them—one of the best resources is your WELCOA membership. In addition, the American Cancer Society has some of the best smoking cessation materials available. One worksite sponsored a walking event and got lots of free media coverage. They helped their employees get physically active and they were recognized as a one of the best places to work.

County health departments, chambers of commerce, health care providers, and city governments can provide some great programming you can use. You can use them to help put together a health fair, sign up worksite softball teams or other sporting teams, find speakers who will come to your site and teach employees about different health topics. Local universities can offer student interns to help run your program. These interns can work for free and they will likely come with a lot of energy and ideas to make your programs better.

Wellness grants can be found from non-profit organizations and health departments. Local health care providers are always looking for ways to work with local worksites to market their services and help you improve the health of your employees. You need

their help and they want your health care business. Dig around and see what you can find. Do some internet searches for groups in your area that do anything with wellness. You might be surprised what you can find.

## A Final Note

Four of these top five ROI strategies were chosen because they are low cost. Every ROI calculation is made up of the investment (cost) and the return (the financial benefit). To get a good return on investment you need either a low investment or a big return. Highlighting low-cost efforts is much more appealing when the economy is struggling or management isn't ready to adequately fund a wellness effort. Some might argue that low-cost programs don't work, because they're low cost. They adhere to the argument that you get what you pay for. If we use this same logic, expensive wellness programs should provide an even greater return on investment. I just don't see this happening. Take personal health coaching for example. It's expensive to have a health professional meet with each of your employees for 30 minutes every 15 days. This high-touch, one-on-one behavior change counseling may result in some improvements in health risks, but at what cost, especially when compared to other behavior change programs. The same is true for on-site fitness facilities. They cost a lot and would have to produce a very large savings if they are to be cost effective. Most often on-site fitness centers are under utilized and have a difficult time producing meaningful savings. There's just too much cost.

Some worksites will do an HRA and biometric screening every year. It's good to make employees aware of health risks, but every year is overkill and does nothing to help employees change. If anything it just becomes a

yearly pain in the neck and a waste of precious wellness funding.

Using this same low-cost philosophy WELCOA and WellSteps have tried to provide the best wellness materials and programs at the lowest possible prices. This low pricing increases the odds of a positive ROI.

The personal investment ROI that we talked about in the beginning of this article is one last example of how low-cost investments can produce the best ROI's. Several academic papers have shown that the biggest single predictor of mutual fund investment returns is the cost charged by the fund. Some funds charge up to 2% of your account every year, others charge close to 0%. You get what you pay for doesn't work in the mutual fund industry either because the biggest predictor of good returns is low cost. It makes sense that wellness efforts following this same strategy will have the greatest chance for success. ★



ABOUT **Steven G. Aldana** PhD

Dr. Steven G. Aldana is a former professor of Lifestyle Medicine in the Department of Exercise Sciences at Brigham Young University in Provo, Utah, and he is an adjunct faculty member of the University of Illinois School of Medicine. Currently, Dr. Aldana is the CEO of WellSteps.com. He has spent his career researching and teaching about the impact of lifestyle on disease and quality of life.



ABOUT **David Hunnicutt** PhD

Dr. David Hunnicutt is the President of the Wellness Council of America. As a leader in the field of health promotion, his vision has led to the creation of numerous publications designed to link health promotion objectives to business outcomes.



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**SPECIAL**  **REPORT**  
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