



Challenging the Corporate Wellness ROI Myth Whitepaper

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Challenging the Corporate Wellness ROI MYTH

In the past decade, corporations have implemented several different cost-cutting measures and wellness initiatives – premium differentials, higher deductibles, wellness coaching, disease management, onsite clinics, HRAs, and education. Still it has been an uphill and largely losing battle to measure the results of these programs. Many companies have been able to create a culture of wellness and prevention, yet they are slow to see the effects spill into their bottom line. Now, with no choice but to trim the cost of health care and to push for wellness incentives mandated by PPACA, is there any better place to start? Let's talk about it.

WELLNESS PROGRAM OUTCOMES. Businesses implement wellness engagement programs with the goal of motivating employees to live healthier lifestyles, feel better, and participate in preventing or controlling disease. Generally, everyone agrees that for active participants, these programs payoff in a healthier workforce with benefits that go well beyond profit and loss calculations – increased productivity, reduced absenteeism, better job satisfaction, adherence to treatment and a 'ripple' effect in preventing future diseases through annual exams and smarter lifestyle choices.

Wellness engagement programs are now considered a significant corporate strategy, and are widely used by corporations of all sizes. Hardly anyone disputes the fact that benefits of a wellness program show up and grow over time. However, despite their popularity, most employers and industry experts agree that these programs are not reaching either the expected participation rate or the anticipated financial return. Many studies indicate that it may take as much as 3-5 years to experience a measurable financial impact. With an ever present concern for the bottom line, decision makers demand a reduction in real medical claims costs, not just in potential future savings.

YOU DON'T HAVE TO WAIT 5 YEARS. Thoughtful program design now includes some new healthcare entrants that help ensure that engagement programs begin managing direct costs within the first six months, and potentially reach a cost-neutral status by the end of the second year. Here's how.

1. Include activities that are complementary to standard wellness program metrics.

- **Alternatives to ER.** When an individual needs immediate medical care, the first line of advice has traditionally been, "Go to the nearest emergency room." But is that advice the best course of action? With visits to the ER at an all-time high, wait times have skyrocketed. And emergency room treatments for non-emergency medical conditions contribute to the rising cost of our healthcare.

Rewarding employees for getting medical care at other care settings in non-emergency situations can save huge dollars. They should be incented to get care at urgent care centers, retail health clinics or a walk-in doctor's office. These conveniently located, licensed and accredited care settings are staffed with doctors, nurses and physician's assistants. So employees get quality care, and employers often pay much less than they would for emergency care. They are usually open evenings, weekends and sometimes holidays, and generally cost the same as a doctor visit.

- **Lower Prescription Costs.** Reward employees for choosing generic drugs when available. Generic drugs have exactly the same active ingredients and effects as brand-name drugs, but they can cost 30 percent to 80 percent less. Employees also can save money on prescription drugs by discussing medically equivalent drugs with their doctor or pharmacist. Reward employees for choosing a less expensive drug that will work just as well. Many insurance plans offer mail order and 3-month drug supplies. Rewarding employees for utilizing these plans will also result in hard dollar savings.
- **Cost Transparencies.** A new survey by PwC's Health Research Institute (HRI) found that nearly one in two consumers/employees are willing to abandon traditional care venues for more affordable and convenient alternatives. Lab, imaging, tests, immunizations and treatment programs vary greatly in cost. Cost

transparency allows employees to make better pricing decisions when choosing care providers. Reward employees for choosing **equal** but less expensive alternatives for these services. Many employers negotiate special discount prices from conveniently located servicers, and encourage employees to utilize these services by rewarding them for compliance.

- Telemedicine. Your health plan may have a 24/7 nurse line where employees can call for assistance in determining the severity of your symptoms and where to go for care. In addition, there are companies that specialize in providing telemedicine. For \$38 to \$50 a use — about half the cost of the average doctor's visit — doctors perform virtual medical exams either online or over the telephone. They even write prescriptions. This type of service is perfect for after hours care, working parents, and ailments like cold symptoms, which account for nearly a quarter of office visits to the primary care doctor. Although the best care is generally received by seeing a primary care physician for a hands-on exam, telemedicine helps families stay healthy in between regular doctor's office visits, not instead of them.

The hours of telemedicine are literally 24/7, 365 days a year. Companies providing this service generally use very qualified physicians, with an average of between 15-17 years of practice before they are vetted to be on the service. There is an audio transcript of the interchange with the doctor so if individuals have a question about the outcome and want to go speak to another doctor, they have an audio and written copy of the 'visit'.

- Medical travel. Employers are increasingly looking to medical travel to purchase healthcare services at a negotiated lower cost in exchange for their workforce driving to another location or hopping on a plane for a medical procedure. The result is good for both employer and employee – lower priced healthcare, and better medical outcomes, since the idea is to choose a doctor/hospital that frequently performs a particular procedure.

2. **Go for the Low Hanging Fruit.**

Often what's missing from a wellness program is the right combination of services based on the specific needs of the company's employee population, combined with a focus on delivering an outstanding participant experience.

- Target Healthy Behaviors. Certain key risk behaviors (tobacco use, obesity, lack of exercise, medical non-adherence) negatively impact health outcomes in multiple conditions, and drive the highest healthcare costs. Lack of attention to these four areas leads to the onset of chronic illness or disease exacerbation.

Helping people improve behaviors in these key areas can have a short term and significant impact on results. For instance, studies show that a smoker who quits can save an employer up to \$7,800 a year in smoking-related medical expenses, while the cost savings for an obese person who loses just 7 percent of his or her body weight and engages in healthier behaviors can be as high as \$6,600. A diabetic patient who improves medical compliance by 10 percent can reduce healthcare costs by 9 percent to 29 percent. Rewarding employees to take simple steps that affect the most worrisome compliance problem – medication and disease management, can dramatically reduce doctor visits and emergency medical care. Slowing or reversing a disease can have huge benefits. Encouraging cancer screening and general health exams are designed to catch disease early, and take corrective/preventive measures before costs of treatment escalates.

- Design Complementary Programs. When appropriate, incorporating workplace wellness initiatives into safety and health programs usually results in a healthier, more productive workplace, and combining the programs usually means that adherence to the safety goals will defray the cost. Wellness programs tend to have a greater chance of acceptance and success when integrated with occupational health and safety efforts.

- [Ask the Experts](#). Companies that specialize in wellness program design can help you analyze past statistics and current research to determine the most powerful combination of activities and the most successful engagement strategies. As the program gains momentum, other metrics can be added to complete a more well-rounded approach.

Just one word of caution. The cost of incentive programs varies greatly. Two cost models to avoid are: a per participant monthly fee charged regardless of employee compliance and success; and a program based on the cost of the reward items, usually purchased in advance at a fixed price, regardless of market value. For better financial responsibility, employers will benefit from a 'pay for compliance/engagement' pricing model that assures they pay only when participants are successful at meeting the program goals.

3. **Ensure that participants win soon, win often and receive incentives for their adherence and progress.** Corporations can successfully use a wellness engagement program to build a bridge between what employees know and understand and what they actually DO – how they behave. What happens in all other industries when behavior needs to be changed? How do the airlines attract business and create loyalty? THEY ALL PROVIDE INCENTIVES! Incentives change behavior!

When employees were asked what would encourage them to participate, the top two answers were the opportunity to receive rewards, and a personal desire to improve health and well-being. Clearly, people value their health, and know it's something they need to consider. But they need an extra push to motivate them to take better care of themselves.

Employees want to know the burning question, "What's in it for me?" With incentives, employee wellness programs are both rewarding and motivating. They motivate employees to not only participate, but to change their behavior to meet the program objectives. When participants can choose the rewards they want most, choice becomes the primary motivating factor. Wellness engagement programs offer the extra push that keeps enthusiasm high, therefore minimizing the chance of individuals abandoning the program mid-stream.

Accurately measuring ROI can be difficult. Surprisingly, many companies avoid the challenge altogether, choosing to measure intangibles, like job satisfaction, recruitment of workers, reduction in presenteeism and absenteeism, etc. These factors are definitely an important component to wellness programs. Employees feel valued. However, most CFOs want it both ways. While your wellness program performs its magic in transforming the happiness and health of your employee, ensure that your program will be financially self-sustaining by incorporating proven cost saving, complementary activities into your wellness program metrics.

About the Author

Don is an established leader in the industry, and is widely regarded as an expert in the corporate engagement industry. For his industry leadership and the company's incentive program, **Rewards for Wellness**®, Don was named a 2011 Industry Innovator and Health Care Consumerism SuperStar by IHC Forum Magazine. His thought leadership and vast experience in motivational principles continue to revolutionize the way engagement programs are designed, developed and delivered. His motivational strategies based on scientific principles have helped companies of all kinds improve health, safety and productivity outcomes. He is in demand as a workshop leader and conference speaker for safety and wellness events. Mr. Doster has a B.A. in Psychology and Human Services from Elon University.

Don now serves as President and CEO of Global Behavioral Solutions, LLC. Don and partner Tim Robinson, CFO, started gBehavior in 2003 with a focus on improving the safety and health of the workplace through the use of proven engagement strategies. gBehavior specializes in two major verticals: health and wellness (health plans and self insured employers); and safety (transportation, manufacturing and construction). gBehavior has a proven track record with business clients in multiple industries in the continental U.S., Hawaii and Canada.

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