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Optimizing Health Outcomes through Employee Wellness Programs



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ABSTRACT

Background: Lack of exercise and poor dietary habits are significant causes of employee illness; they result in increased costs for both the employer and employee. Employee wellness programs should not be a luxury but a necessity in the workplace. **Purpose:** The purpose of this review was to espouse the optimization of health outcomes through employee wellness programs. **Method:** The method was a review of the pertinent literature using the keywords: Employee assistance programs (EAP), health outcomes, return on investment (ROI), employee wellness, and healthcare costs. **Result:** Return on investment is positive not only monetarily but also in increasing the value of retaining qualified individuals, improving morale, employee satisfaction, and job productivity. **Conclusion:** A wellness program is cost-effective and is likely to improve health and decrease health care expenses.



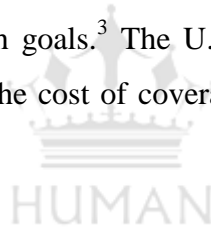
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INTRODUCTION

Employee wellness programs are essential in controlling soaring health care costs. Wellness programs address disease prevention, health improvement, health promotion, general health and well-being, and preventive medicine. Lack of exercise and poor dietary habits are major causes of employee illness; they result in increased costs for both the employer and employee. Wellness programs focus on increased physical activity and healthy eating, thus incorporating a healthy lifestyle. In nearly 40 years, the prevalence of obesity has increased in the U.S. by over 50%, and currently, this accounts for two out of three American adults being overweight or obese.¹ The purpose of this review was to espouse the optimization of health outcomes through employee wellness programs.

For a person who maintains a healthy weight, the cost of healthcare is \$1,244 less than for a person who is obese.² Employee wellness programs help decrease members health care use and in turn decrease insurance claims. Under the United States Patient Protection and Affordable Care Act of 2014, employers were able to begin offering incentives to employees who participated and met their health goals.³ The U. S. law provides for rewards such as premium discounts of up to 30% of the cost of coverage; however, this includes provisions for penalties as well.³



1 Key Inputs and Outputs

Healthcare administrators' willingness to start a wellness program and support its activities requires employee input and engagement. For example, the employer paying 50% of employees' health club fees, awarding gift certificates for actively using the gym membership, maintaining regular check-ups, donating blood, or participating in wellness classes.⁴ The program's ultimate goal is to reduce unnecessary healthcare and costs through the practice of good personal health habits. Consequently, the insurance carrier may decrease the organization's annual premium if most of the employees are healthy and thus present less risk to the company. Investment in employee health results in improved outcomes; a healthy employee can save medical costs for the organization.⁵ A comprehensive wellness program addresses employee motivation, health promotion, increased labor productivity, improved quality of work life, weight loss, and smoking cessation.⁵

Investment in wellness programs or EAP's help control health care costs and strategize towards leading a more productive workforce.⁶ For example, one organization may contribute

to yoga classes, health club memberships, yearly flu shots, or smoking cessation classes that encourage employees to improve or maintain a healthy lifestyle.⁷ A convenient and less expensive approach to using the wellness programs for employees would be to create a healthy work-life balance by allowing the use of this program during the workday. Diet and nutrition are important for an employer to consider obtaining in the workplace to create consistency within the program. Half of the healthcare costs are attributed to decisions involving behavior and lifestyle. Many people choose to work for companies providing good health benefits. Employers who do not provide competent healthcare plans may lose top talent and may also have difficulty recruiting talented workers.⁸

The outcome of wellness programs, such as improved health and decreased health care costs are positive results. For example, the change from a sedentary lifestyle to an active lifestyle is a positive outcome. In addition to decreasing healthcare costs, wellness programs help improve productivity, reduce absenteeism, increase morale, attract and retain employees. Stress, fatigue, and burnout are constant threats of healthcare employees. Counseling through the employee assistance programs (EAP) can also help some of the employees to address their emotional health.⁹

2 Economic and Pharmacological Considerations

Healthy individuals will incur less medical expenses and control the use of medications. Lifestyle changes such as regular exercise and eating a healthy diet are beneficial especially to reduce symptoms of type-2 diabetes. The economic and health benefits are remarkable with a diet and exercise regimen. Return on investment (ROI) involves the benefit minus the amount of money invested in efforts to make life better, the costs in time, and labor. Worksite efforts focusing on risk reduction, cost saving related to medical expenses and prevention of ill health have had positive economic influence.¹⁰

3 Return on Investment

The cost-based analysis is derived by establishing the net gain of a program, minus the extra cost of implementing the program.¹¹ Creating a positive ROI is the goal of wellness programs in the workplace. ROI contributes not only to reduced premiums and decreased healthcare costs but also affects increases in productivity, attraction or retention of highly qualified individuals, less absenteeism, and boosts morale.¹⁰ The average reductions in health care costs within the organization were down by 25%.¹² Fewer than half as many employees who

participate in workplace wellness programs call in sick compared to those employees who do not participate in wellness programs.¹³ A sedentary lifestyle also contributes to obesity, diabetes, and heart disease.¹³

Billions of dollars are spent annually by the U.S. employers to provide employees with health insurance. In the United States, health care spending accounts for 18% of the gross domestic product (GDP) and has increased exponentially faster than the economy for approximately the last 31 years.^{14,15,16} As of 2024, health care spending is estimated to reach 19.6% of the GDP in the U.S.¹⁷ Health care costs have increased 76% in the last 10 years as income growth increased by only 30%.¹⁴ In the U.S., Americans health issues contribute to the 576 billion dollars spent on health care expenses, medications, lost productivity, and replacement of wages.¹⁸ As of 2015, insurance premiums went up 4% comparatively with an income increase at only 1.9%.¹⁹ The average deductible in 2006 was \$303, whereas in 2015 the average deductible climbed to \$1077 which reflected an increase of 255% for the average American.^{19,20} Expenditures in the U.S. are rising at a higher rate than any other country, and thus far these costs have not helped Americans have a healthier outlook.^{14,21,22} Although employees have access to health care and insurance, accessing care in a timely or convenient manner causes Americans to overuse the emergency departments and walk-in clinics.²³ With employee wellness programs, the employee has direct access to prevention and promotional healthcare which will help to alleviate the extra visits (costs) to the primary care physician, walk-in clinics or emergency departments.²³

Studies show for every \$1 spent on health promotion and employee wellness activities in the organization; an average return is approximately \$3.²⁴ If the mean cost of a yearly health insurance premium for an individual is \$5000 in an organization with 1000 employees, the total cost would be $1000 \times \$5000 = \$5,000,000$. The employees of the organization will be healthier if \$1,250,000 (one-third) is spent on the wellness program and the remaining is \$3,750,000. Based on the decrease in spending because of healthier employees, the organization can request the insurance provider to decrease the premium. For example, if an organization spends \$3,000,000 for insurance premiums and \$1,250,000 on wellness programs, for a total of \$4,250,000. The organization still projects to save \$750,000. This savings takes into consideration the increase in morale, decrease in absenteeism, increase in self-esteem, increase in productivity, decrease in health care claims, and fewer workmen's

compensation claims. Hiring a wellness program coordinator, with an annual salary of 50,000, will not affect the projected ROI of 700,000 per year.

4 Challenges and First Steps

To be effective, the initial implementation of an employee wellness program does not take large capital expenses. The challenges include convincing the employees the program will work and motivating them to participate in the program. Work schedules can be a hindrance to consistently managing personal fitness and health goals. Preparation of healthy food may not be possible if one does not allow adequate time. Therefore, the workplace is an ideal environment to promote health and wellness programs that provide healthy food choices.²⁵ The Centers for Disease Control and Prevention (CDC) support the employer's promotion of health behaviors and outcomes that aim to get the attention of the employee or employees' work environments.²⁶—A sedentary work makes the situation even more complicated. However, the wellness program may suggest ideas such as sitting on a Bosu ball verses slouching in ones' chair. This would promote one to engage their core for better posture. A supportive wellness coordinator is necessary to improve and maintain employee health. The wellness program coordinator should be able to support a range of health-related topics and educate employees based on their individual needs.

Initial steps in starting a wellness program include: (1) support from the administration; (2) A wellness coordinator to organize committee members to plan and implement programs with representatives from each department or division; (3) Planning simple dietary changes such as ordering salads, water, and fruits instead of burgers, pop, and chips; (4) Starting an active lifestyle by asking participants to take shorter lunch to include 15-minute walks within the 30-minute lunch break, using the stairs rather than the elevator whenever possible, and parking further away from the building; (5) Becoming involved in a weight loss program and tracking success of lifestyle changes (see Figure 1).

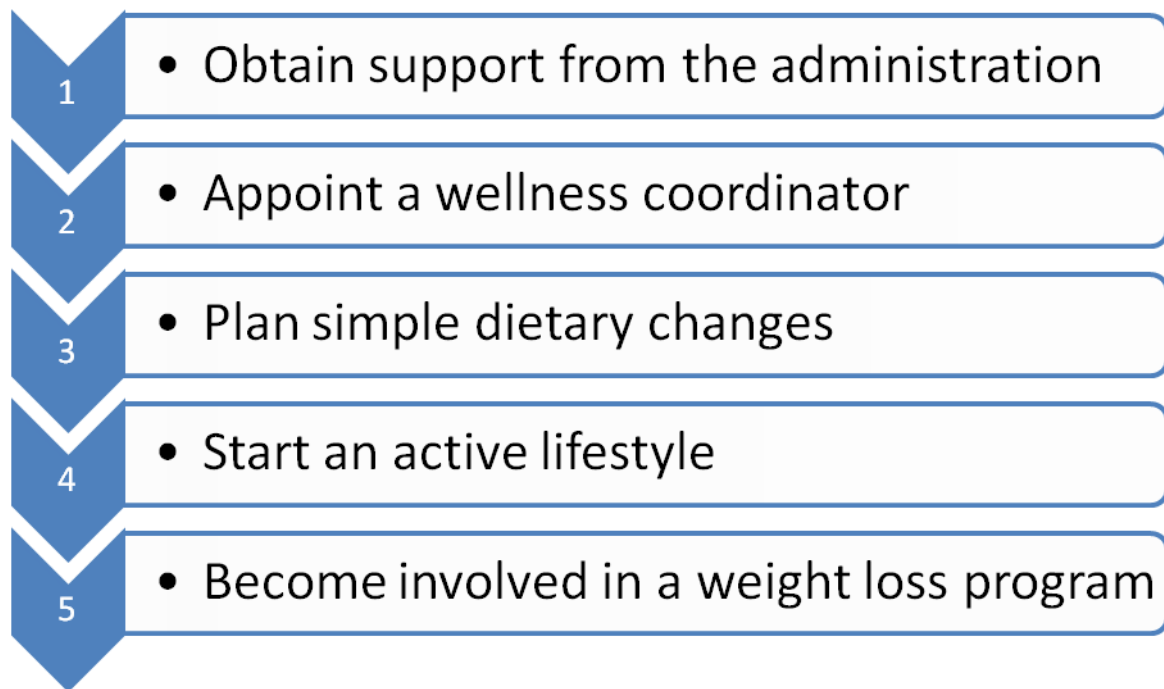


Figure 1. Initial steps in starting a wellness program

RECOMMENDATIONS

Investment in the workplace wellness is of benefit to the organization and the employees. Wellness programs decrease health care and insurance cost, increase workplace morale, increase loyalty and responsibility, reduce absenteeism, and increases productivity. Administrators must plan a budget for services including a wellness program. Social and organizational support including that of senior leaders is necessary for the success of the program. Change in policies and procedures may need to be introduced to promote certain behaviors. Communicating and disseminating activities in promoting the benefits of the program take priority. Stakeholders involved in the program must include health plans, health equipment, healthcare providers, employees, and government or public entities to be successful.

CONCLUSION

Based on research, a wellness program is cost-effective and is likely to improve health and decrease health care expenses. Employee wellness promotion programs help to identify and correct behaviors that put employees at high risk for disease, absenteeism, and performance problems. ROI is positive not only monetarily but also in increasing the value of retaining qualified individuals, improving morale, employee satisfaction, and job productivity. It can

reduce insurance premiums for both the organization and the individual and can lead to decreased medical costs. With management support and employee engagement in the wellness program, one can create a healthier lifestyle.

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