

WHITE PAPER



CREATING A NEXT-GENERATION HEALTH AND WELLNESS PROGRAM

Why employers should take the lead,
and how to do it

I INTRODUCTION

That oft-repeated adage, “people are a company’s greatest asset,” has fresh relevance today. In current business parlance it goes like this: a healthy, qualified and productive workforce is a key strategic advantage in a market where the fight for share is global.

In the upcoming decades, the continued success of American business and, for that matter, the economic fortunes of the nation, may well rest upon employers’ ability to attract, retain and develop the highest-caliber, most productive employees. Experts agree that there is a direct correlation between workplace health and bottom-line results — and that building a culture of health improvement can result in a “health dividend” that includes lower costs, improved performance and overall business success.¹

Today our nation faces an aging workforce whose health continues to deteriorate as their chronic conditions become more complex and expensive. Currently, one out of every six workers is over 55; by 2015, older workers will constitute 20 percent of the total workforce. For many Americans, a lifetime of unhealthy behaviors (poor diet, smoking, inactivity, among others) has led to the chronic diseases that account for more than 75 percent of the nation’s medical costs. In excess of half the population now suffers from one or more chronic diseases — and that number is expected to grow.²

During the past 25 years, many strategies have been adopted to try to mitigate the cost of chronic disease — managed care, government initiatives, disease management, cost shifting and more — all with limited success. Similarly, early adopters of health and wellness programs met with success “only at the margins.” Few can demonstrate less obesity, more physical activity and less disease. As Dee Edington, PhD, director of the Health Enhancement Research Center at the University of Michigan, sees it, it is now clear what was missing from those early worksite health promotion program strategies: “paying attention to everyone in the population and paying attention to the worksite culture and environment itself.”³

The movement to create holistic, scalable, next-generation health and wellness strategies has begun in earnest, and companies that succeed are creating a worksite culture that values employee wellness, helps recruit the best of the best — and keep them.

More Reasons for Urgency in the Wellness Movement

A new alarm has sounded to all stakeholders in the movement to improve our nation’s health. A recent analysis of data from the National Health and Nutrition Survey (NHANES), which is conducted regularly by the National Center for Health Statistics, warns that middle-aged individuals may be at greater health risk than anyone anticipated. In comparing the results of two large-scale studies of the U.S. population in 1988 to 1994 and in 2001 to 2006, the report shows that the number of people aged 40 to 74 adhering to healthy lifestyle habits has seriously declined.⁴

- *The percentage of surveyed adults with a body mass index greater than 30 has increased from 28 percent to 36 percent*
- *Physical activity 12 times a month or more has decreased from 53 percent to 43 percent*
- *Eating five or more fruits and vegetables a day has decreased from 42 percent to 26 percent*
- *Moderate alcohol use has increased from 40 percent to 51 percent*
- *Smoking rates have not changed (26.9 percent to 26.1 percent)*

II WHY THE WORKPLACE?

More than 60 percent⁵ of American adults spend nearly half their waking hours on the job, and in excess of 61 percent⁶ receive their health insurance through their employers. These facts alone identify the workplace as an ideal environment for health improvement programs.

However, practicality alone is an insufficient argument for employers to take up the charge.

More important, as Professor Edington so aptly points out, “the business community is what’s driving all the change because they have to. They’re the only ones in this country that benefit from people being healthy. Everyone else benefits from people being sick.”⁷

With health insurance costs rising to an increasing percentage of compensation costs, and absenteeism and presenteeism taking a dramatic toll on productivity, employers have a strong vested interest in a healthier workforce.

Net, net: Good health is good business

Until recently companies saw the return on their wellness investments in terms of lower healthcare costs, but now attention has turned to overall productivity.⁸

Many have come to realize that the indirect costs of poor health (absenteeism, presenteeism, disability), can be two or three times higher than direct medical costs.⁹

This presents business with an exciting opportunity to not only restrain the expenses of poor health but also benefit from the rewards of a healthier workforce. Companies that embrace the wellness concept and build comprehensive health improvement programs also enjoy substantive side benefits as these initiatives are proving to be nearly equally effective at boosting productivity, improving employee loyalty and demonstrating corporate responsibility.¹⁰

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Proof that wellness initiatives done right can produce tangible cost savings is demonstrated in the 2009 Towers Perrin Health Care Cost Survey. The survey categorized the companies interviewed as high performing or low performing based on whether they met health benefit objectives in key areas of managing employer and employee costs:

- enhancing efficient purchasing of healthcare services;
- improving employee understanding and engagement; and
- enhancing employee satisfaction, attraction and retention.

Results of the survey show a striking disparity. High-performing companies are spending less per employee on healthcare costs and are sharing the savings with employees in the form of lower contributions. In dollar terms, low performers expect average costs of \$10,104 per employee annually while high performers will pay \$8,904 — a difference of \$1,200 per employee. For an average-size company, that can quickly translate into millions of dollars in savings.¹¹

The workplace offers the ideal environment

When it comes to structuring and promoting an effective health and wellness program, employers benefit from a naturally captive audience, unique resources and the infrastructure necessary to institute culture change.

Communication

Organizations' existing communication networks, such as corporate intranets, employee newsletters, memos and bulletins, workplace signage, and so forth, can help employers get the message across in a clear, forthright manner. Program policies, procedures and promotions can be introduced and reinforced with relative ease and frequency so that employees can understand their roles and responsibilities.

Further, worksites present built-in viral marketing opportunities. Individuals interacting with co-workers can be an important support system for behavioral change. A recent article in the Harvard Business Journal explains why. "You may have noticed how fashions in clothes and music spread through social networks. It turns out that all kinds of conditions and behaviors — including obesity, smoking altruism, voting and happiness — can flow through them as well."¹²

COST VARIATION ACROSS COMPANIES

High-performing vs. Low-performing Companies

	High-Performing Companies	Low-Performing Companies	Difference
Cost per employee per year (composite for all plans)	\$8,904	\$10,104	\$1,200
Increase in overall cost	4%	7%	3%
Increase in employer cost	4%	6%	2%
Increase in employee cost	8%	10%	2%
Employee annual contribution	\$2,040	\$2,364	\$324

Source: Towers Perrin 2009 Health Care Cost Survey

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Environment

The work environment can support modification of employee habits and behaviors in consequential ways. For instance, campus designs that promote physical activity via walking paths with signage marking distances or break rooms with stretching aids can support healthy lifestyles. And employers who provide cafeteria and vending space and facilities, as well as fund catered meals for meetings, conferences and employee events, are in an excellent position to apply nutritional standards.¹³

An example of the effectiveness of such approaches is a recent workplace obesity program at Dow Chemical Company that demonstrated how changes implemented at 12 worksites helped employees achieve improvements in health risks, including weight management and decreasing tobacco use and blood pressure. Participants were given greater access to:

- healthy foods and physical activity through walking trails and pedometer programs;
- health education materials, leadership training, physical activity and weight management programs; and
- health assessments and individual consultations, accompanied by online behavioral change programs.

All participants reduced their blood pressure risk and maintained steady weight when compared to the control group.¹⁴

Incentives

Research shows people generally do not change their behavior without good reasons that outweigh the difficulty of giving up ingrained habits. Modifying long-standing behaviors can be difficult for most employees, and incentives help provide good reasons to change. Organizations are in the prime position to offer financial or other incentives that can engage employees in wellness initiatives and maintain participation levels.

Translating Healthcare “Speak” Into Business “Speak”

Mark Twain famously wrote, “The difference between the almost-right word and the right word is really a large matter — it’s the difference between the lightning bug and the lightning.” When creating a culture of health in the workplace, Twain was right on point. Using terms traditionally associated with competitive advantage helps clarify exactly what’s at stake for the company and its employees.

In terms of quality control, strategically integrating health into the culture translates into the mantra of Six Sigma and ISO 9000: “fix the systems that lead to the defects.” It’s more costly to wait for illness to occur in the workplace and then treat it. Why not work to avoid the “defects” in the first place?¹⁵

In terms of economic value, health is a good, and goods — whether they are clean water or a new car — are not purchased to save money. Rather, they are purchased for the nonmonetary benefits they provide. Shoppers do not buy groceries to save money, but they do save money by shopping wisely. Resources can be stretched further and more goods can ultimately be acquired by optimizing economic value, that is, getting more per dollar spent.

In terms of performance improvement, companies can achieve significant and enduring positive change in the area of health benefits costs by approaching the issue as they would any properly structured and led performance-improvement program.¹⁶

In terms of ROI, it’s important for all employers — whether small, medium or large — to look beyond healthcare benefits as a cost to be managed and rather to the benefits of good health as an investment to be leveraged.¹⁷

The U.S. Department of Health and Human Services estimates that the vast majority of workplaces in the United States with 50 or more employees have some form of a health promotion program,¹⁸ but many fail to integrate them into a holistic wellness strategy.

Too often a health and productivity program is perceived as a benefits department initiative aimed simply at saving health plan costs.¹⁹ Instead, forward-thinking organizations are undertaking a comprehensive, cultural transformation that reflects a top-down commitment to improving the well-being of every employee, regardless of age or health status. Not surprisingly, the greater the organization's commitment to health, the greater the response from its workforce.

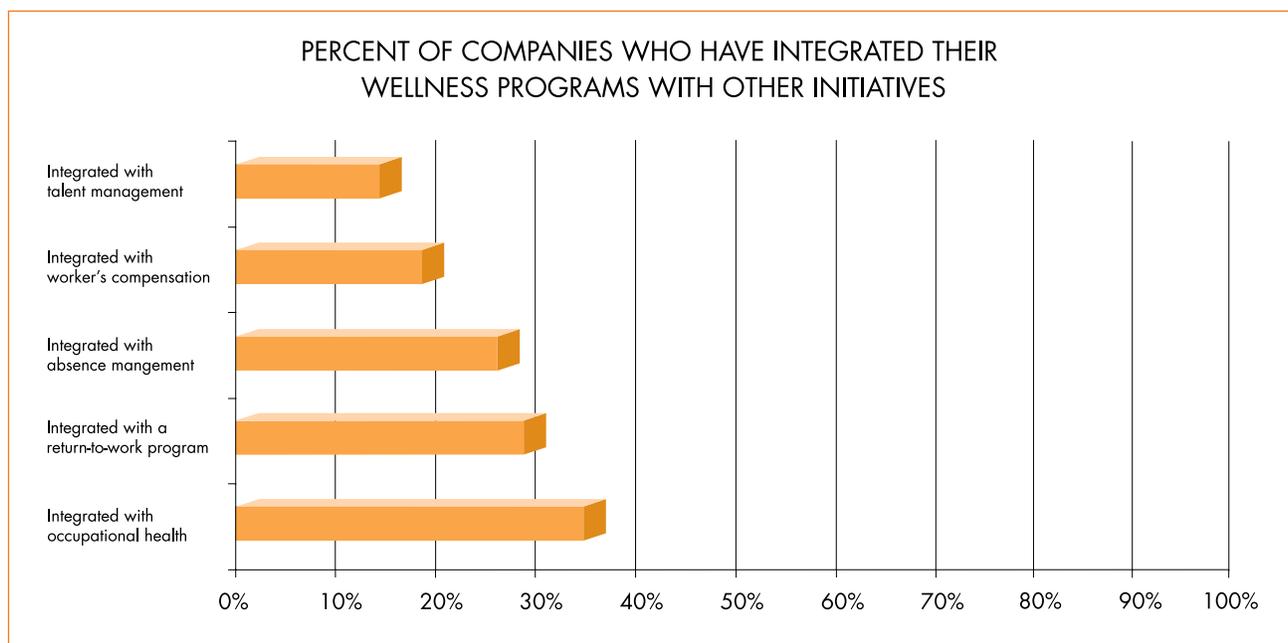
Program integration and alignment are key

Successful wellness pioneers have revamped or restructured their programs into integrated, branded, companywide initiatives focused on helping employees take responsibility for their health, becoming more effective consumers of healthcare.

The strategy of pulling together two or more health-related initiatives with the shared mission of enhancing the health of their workplace and employees has many benefits. It can

- clarify functional responsibilities and reporting relationships;
- expand the resources a company can bring to bear on health-related activities as well as the reach of those efforts;
- promote sharing of data and ideas to improve quality and manage costs; and
- allow the company to align its health-related programs and activities to support clear, companywide goals.²⁰

Unfortunately, according to PricewaterhouseCoopers' Medical Cost Trends for 2009, few companies have taken this holistic approach to wellness by combining it with related programs.²¹



Source: PricewaterhouseCoopers, Medical Cost Trends for 2009

“Must have” program components

As knowledge is shared by those companies that have seen positive results from their wellness initiatives, a short list of must-haves is developing. Interestingly, companies transitioning through merging corporate cultures or changing from a traditional to an entrepreneurial culture will recognize many elements key to success are the same.

1. *Health and productivity management model*

Business leaders understand that only what is measured can be improved.²² Wellness programs that are based on a true health and productivity management model focus attention on developing objectives that emphasize outcomes. By tracking results and using them to apply continual program improvements, employers are able to measure cost savings and, therefore, ROI, and decide which programs are efficient and which programs need to be cut.

2. *A focus on outcomes*

Wellness program managers must set clear goals based on accurate data and organizational considerations such as type of company, budget and employee population makeup. Demographics, health claims and health risk assessments can establish a baseline of health costs and behaviors. Program design, then, must include agreed-upon measures of success as well as the mechanisms for reporting progress. Typical measures include reductions in health claims, absenteeism and injuries; increases in productivity; improvements in biomarkers such as blood pressure and cholesterol; and more qualitative measures such as employee satisfaction, overall well-being and work/life balance.

3. *Senior management support*

Employee experience of corporate culture goes beyond mission statements or company rules and is heavily influenced by senior management. A recent study on employee motivation showed that employees attribute as much importance to their bosses' ability to motivate them as they do to the organization's policies and culture, saying further that “many supervisors are regarded well by their employees precisely because they foster a highly motivating local environment, even if the organization as a whole falls short.”²³ When senior management demonstrates a strong commitment to carry out the vision of a healthy workforce, the effects of a culture of health are enhanced. Senior executives who participate in health activities and programs in a visible and sincere way validate to their employees that this is an important, permanent change in corporate culture.²⁴

4. *Ease of access*

There is a direct correlation between high employee participation rates and accessibility of wellness programs offered in the workplace. While a well-designed Web portal with a user-friendly interface can reach a majority of a company's workforce and deliver many of the components of a wellness program, local physical presence is important for many of the most measurable activities and interventions. Proximity and convenience are paramount. A recent study on smoking and weight loss classes found that less than one percent enrolled when classes were off-site, but eight to 12 percent enrolled in the programs when they were offered on-site.²⁵ Large employers with multistate (or even multicountry) presence must keep in mind the importance of integrated networks of vendor partners that can deliver wellness services, such as health fairs, biometric testing and fitness workouts, at the physical plant or at locations convenient to their employee populations.

5. *Health Risk Appraisal (HRA)*

The HRA is a data collection tool based on self-reported information from employees. Designed properly, HRAs can help establish baseline workforce health information, direct environmental and individual health needs and measure progress over time.²⁶ HRAs are frequently followed by tailored health education programs in order to affect behavior change.²⁷ It should be noted, however, that because an HRA relies on self-reported information, it is not subject to audit.²⁸ While HRAs should be the first step in determining the health risks of a workforce, they should be combined with reliable data to provide a more accurate risk profile.

6. *Personalized interventions*

Today, there is a distinct shift from generalized programs to tailored risk reduction, and successful companies have become skilled at customizing their interventions for individual employees.

Experience also shows individual interaction makes a significant difference to an employee's level of engagement. Short, individualized behavioral interventions using goal-setting techniques and reflective counseling are more effective than general awareness-building and information and education programs. Some examples:

- Participants who received tailored feedback after completing an HRA were 18 percent more likely to change at least one risk factor than those participants who received generic feedback.²⁹
- Individualizing interventions, such as timing offers of help to quit smoking based on an employee's readiness to change, has proven to deliver better results than simply making smoking cessation programs available to the general employee population.³⁰

7. *Verifiable measures*

In their earliest iteration, health and wellness programs pegged success on mere participation. The quest to prove ROI is gradually leading organizations to build in measurable activities and measurable outcomes that can provide the proof of effectiveness. Marketplace experience has shown that HRAs alone can leave 70 percent or more of clinical questions unanswered or incomplete.³¹ Consequently, many programs now combine the self-reported results of the HRA with measurements of employees' biometrics, including weight and Body Mass Index (BMI), blood pressure, cholesterol, fasting glucose and assorted other metrics, to obtain a more conclusive workforce health risk summary. Verifying meaningful healthy activity is also becoming an important component as employers seek proof of program effectiveness in changing behaviors. Computer uploads from devices such as pedometers, heart monitors and even Apple iPods; card swipes at fitness clubs and health kiosks on-site that allow employees to check vitals during their breaks are growing in use as sophistication in program design increases.

8. *Incentives*

Incentives have long been proven to be a force in organizational performance. The Incentive Marketing Association reports that effectively structured programs can increase performance by up to 44 percent in teams and 25 percent in individuals.³² More recently, shared research and results are showing that incentives are proving to be highly effective in health management initiatives. Many people have difficulty changing health behaviors because it requires trade-offs between immediate consumption and delayed and often intangible health benefits. Experience proves that incentivizing initial and ongoing participation in health and wellness programs expands reach and promotes enhanced results.³³ Effectively designed incentive programs can provide individuals with quick and tangible feedback to help motivate them to participate in short-term activities that are actually in their long-term best interest.³⁴

9. *Multiple delivery channels*

Properly accommodating the needs of a diverse workforce requires organizations to employ various channels of communication and education. Communications efforts can be delivered in electronic, paper or seminar formats. On-site interactive kiosks also are gaining traction as a means of collecting and disseminating health information, particularly at companies that face the complexities of different worksite types, limited employee access to computers and 24/7 operating shifts. Properly executed education efforts will help employees understand the basic drivers of poor health and be more inclined to understand and engage in efforts to improve health and productivity.³⁵

10. *Messaging frequency*

Without constant reinforcement and follow-up, enthusiasm for and participation in health improvement initiatives can easily wane. Studies prove that in blood pressure treatment, weight loss or smoking cessation programs, one-time screening or counseling has short-term impacts (up to three months), but without follow-up, effects disappear within a year.³⁶ Successful programs have frequent contact of some form with every employee. The key is to enhance employee awareness of health and wellness opportunities and reinforce the corporate emphasis on wellness through frequent and multiple “touches.”³⁷

11. *Family involvement*

Many programs encourage spouses and other family members to participate in company wellness activities and to adopt a healthy lifestyle along with the designated employee. It is far easier for the employee to have a healthy lifestyle if his/her family does so as well.³⁸

Designed properly, HRAs can help establish baseline workforce health information, direct environmental and individual health needs and measure progress over time.

IV DRIVING ENGAGEMENT

Without significant levels of engagement across the entire enterprise, wellness initiatives cannot generate the expected results.

In fact, according to Hewitt and Associates, “promoting employee accountability” was ranked as the number one health and prevention component of organizations’ health strategies in 2009.³⁹

In general, employees who participate fully in the benefit programs offered to them tend to have a greater sense of connection to their employers that could translate into increased loyalty and greater job satisfaction. In addition, employers that experience high degrees of employee participation in benefits may receive a higher return on their benefits spending through economies of scale.⁴⁰

High engagement levels have a major effect on organizations’ bottom lines in other ways, too. High-performing companies as characterized by Towers Perrin in its 2009 Health Care Cost Survey (discussed earlier in this paper, see page 3) experience better program outcomes and workforce performance advantages, and their employees pay less for more benefits — in the form of programs, resources and tools.⁴¹

But how do successful organizations achieve high engagement levels among their populations? The following is an overview of key strategies.

Senior management involvement

Support from managers and supervisors is critical in encouraging employees to adopt the responsibilities and behaviors expected of them and in fostering disciplined execution and measurement of the wellness program. According to the Towers Perrin Global Workforce Study, senior management interest in employee well-being is the number one driver of employee engagement.⁴²

The importance of health education

Making healthy behaviors top of mind can be a challenge. Although employers realize that communicating with employees is vital in achieving their wellness goals, a recent study showed that 72 percent believe that employees do not understand or value the programs that are available to them.⁴³

Ultimately, health and wellness programs have no impact until people take action by learning about their personal health situation, adopting new attitudes and behaviors to improve or maintain their health, and actively managing their current risks and conditions.⁴⁴ The more employees understand the basic drivers of ill health, the more likely it is that they will understand and embrace employer efforts to change these factors and improve worker health and productivity.⁴⁵

Why Some Approaches Work While Others Do Not

A study at the Health, Emotion, and Behavior (HEB) Laboratory at Yale University found that how a message is framed is all important. Framing a message involves highlighting either gains (i.e., benefits or advantages) or losses (i.e., risks or disadvantages) anticipated when a behavior is adopted — while keeping the information factually equivalent. For example a gain-framed message for cancer prevention might be, “Use sunscreen lotion to decrease your risk of getting skin cancer.” A loss-framed message could be, “Without sunscreen you increase your risk of developing skin cancer.”

What works? The answer is both.

- *Gain-framed messages were more effective when targeting prevention behavior, such as sunscreen use.*
- *Loss-framed messages were more effective when targeting detection behaviors, such as mammography utilization.⁴⁶*

Getting the message out in a compelling way is critical to gaining employee buy-in at launch and achieving the ongoing participation rates necessary for success. Consistent, targeted communications across multiple media will educate, build awareness and help participants understand health management is not just about saving money; it is about promoting health.⁴⁷

Employee privacy and confidentiality are vital. When employees understand the mechanics of HRA data collection and management, it can reduce their fears that their employers or others may have access to personal health information (PHI).⁴⁸ Corporations should consider adopting a policy of total transparency on the issue of PHI, making it clear to employees that federal and state laws require the protection of worker privacy. For example, an organization separate from the employer must collect and store personal health data, and managers may use only de-identified, aggregated data to assess risk factors, choose health interventions and monitor effects.⁴⁹

It is important to note that employers remain responsible for compliance with a variety of sometimes complex legal provisions such as HIPAA privacy law, Americans with Disabilities Act equality demands, ERISA reporting and disclosure requirements and state lifestyle laws. Unionized companies must remember that a new health benefit is a mandatory subject for discussion between employers and union representatives under the National Labor Relations Act (NLRA), even though it is intended to be positive or voluntary.

Federal Laws Can Affect Wellness Program Design⁵⁰

HRA's are at the heart of every comprehensive wellness program. Their purpose is fairly clear: help participants become aware of unhealthy lifestyle behaviors that may put them at risk for serious disease and steer them to programs that can help change those behaviors. Organizations must be careful, however, when it comes to using this information in certain ways.

A recent review of current federal law provides these cautions:

Americans with Disabilities Act (ADA)

While the ADA permits asking employees disability-related questions if the information is job related, the Equal Employment Opportunity Commission (EEOC, the government body that administers the ADA) has said that companies may NOT make eligibility for health insurance contingent on completing an HRA.

Health Insurance Portability and Accountability Act (HIPAA)

HIPAA addresses the issue of providing incentives for completing HRA's. The law rules that all "similarly situated individuals" must be offered the same incentive and that incentive may not be based on meeting a particular health standard. In addition, the value of the incentive cannot exceed 20 percent of the total group health premium cost.

Genetic Information Non-discrimination Act (GINA)

This recently enacted (2008) legislation has yet to be tested, but it may have serious impact on certain HRA questionnaires in use in the marketplace. Basically, the law prohibits an insurer from using an individual's family health history to make underwriting decisions. This prohibition could be applied to HRA's that include questions about an employee's family medical background if the employer is offering a financial incentive for completing the assessment — it could be construed as a form of underwriting.

Workers are two to four times more likely to enroll in programs that help improve their health status if they receive incentives.

The power of incentives — and disincentives

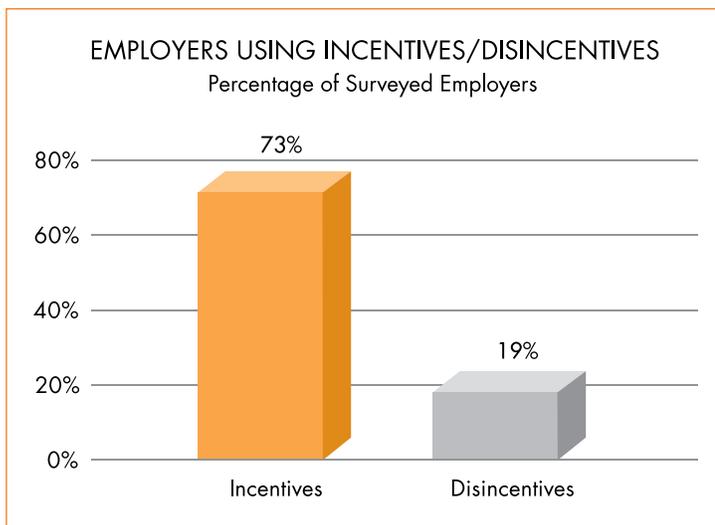
A recent study by PricewaterhouseCoopers showed that workers are two to four times more likely to enroll in programs that help improve their health status if they receive incentives.⁵¹ Employers agree. The vast majority (91 percent) believe that they could reduce their healthcare costs by incentivizing employees to adopt healthier lifestyles.⁵²

Many employers are looking at what amounts to a compensation plan — a pay-for-performance structure to encourage behavioral change. Whether employees participate to earn insurance premium discounts or other rewards, incentives must have value to the employee. It stands to reason then that employers would start with a program their workforce will tend to view as value-added and not a takeaway.⁵³ However, some organizations have adopted, or are considering, aggressive policies toward unhealthy lifestyles.⁵⁴

A recent study by the Integrated Benefits Institute (IBI), showed 73 percent of employers across all size categories offer at least one incentive or disincentive program and, of those, only 19 percent deployed disincentives.⁵⁵

Using disincentives, or penalizing employees for health issues or at-risk behavior (obesity and smoking, as examples), could result in dramatic effects. According to a recent article in the Harvard Public Health Review, “people are much more averse to losing something than they are excited about the possibility of a gain.”⁵⁶

In spite of this, the IBI determined that employers who have existing incentive or disincentive programs in their wellness initiative are more likely to use incentives. In the end, employers may find the use of disincentives to enforce a participation goal is less likely to be worth the risk of redefining the corporate culture or endangering employee good will.⁵⁷



Source: Integrated Benefits Institute

The Importance of Aligning Incentives

It is proven that, when goals are well defined for changing complex behaviors, incentives can drive change.⁵⁸ The big however: study after study shows it is extremely important that the value of the incentive aligns with the perceived difficulty of the desired result. Behavior change is difficult at best. How much is too much to pay for weight loss? For smoking cessation? Further, at what point do seemingly effective incentives exceed the potential return on investment of a company's wellness initiative? As research on incentivizing outcomes evolves, it is important that employers choose vendors whose focus is on the financial outcome as well as the health outcome of their wellness program. Models based on actuarial science, yet flexible enough to allow for demographic and cultural differences, will serve both the altruistic and the practical goals of an organization that wishes to promote a healthy workforce.

V THE NEED FOR INDEPENDENT VENDORS

While there is a sea change in the number of organizations thinking about instituting health culture strategies, employers recognize they cannot accomplish their goals without help from partners.⁵⁹ Outside vendors can be instrumental in underscoring the purpose, potential and credibility of an organization's wellness initiative.

Credibility and privacy

After a decade of cost shifting from "it's almost free" plan designs to high-deductible plans, employees are naturally suspicious of employer motives when HRAs, health improvement programs and value-based designs are introduced.⁶⁰ A belief that the company no longer cares about employees — that they can be traded like a commodity for another stock price increase — makes them ambivalent toward anything sponsored by the employer... even services.⁶¹

Convincing employees of the validity of the programs and sincerity of the employer can be an uphill battle. According to Hewitt Associates, only 12 percent of employees agree their employers have a role in helping them understand how to stay healthy.⁶² Additionally, employers' attempts at tying incentives to completing HRAs are viewed by employees as an employer tactic to retrieve sensitive personal information. Thus, a third-party vendor is an ideal way to combat employee privacy concerns.

The American Recovery Reinvestment Act of 2009 expands the scope of the HIPAA privacy and security regulations to include vendors "who generate or use identifiable health information." Vendors are now required by contract to protect identifiable health information under HIPAA standards.

The need for expertise

Health programs undertaken by any size business will inevitably face the challenge of staffing and administrating such an endeavor. A recent study conducted on the health and cost benefits of worksite health promotion programs indicated that employers sorely need accurate, evidence-based information about health promotion activities from reliable, objective sources. They specifically want to know how to judge efficacy, behaviors to target and results. And they are willing to pay for this expertise.⁶³

Employers can choose from many types of wellness vendors; however, the types and levels of services available vary widely among vendors. Major health plans offer some basic wellness initiatives such as HRAs and online health education tools. Full-service, specialty health management vendors can offer these as well as integrated behavior change and outreach programs, sophisticated Web and educational tools, on-site capabilities for health fairs and preventive screenings and customized programs. Specialist vendors can offer a la carte, single-serve wellness programs such as smoking cessation or weight management programs. Even local health systems and hospitals often offer community wellness programs.

Regardless of the partnership of choice, the need for knowledge and expertise in health management is of the utmost importance.

Suffice it to say that organizations should carefully consider design and administration of their health and wellness programs, as well as the qualifications and service deliverables of their vendors, prior to implementation.

Employers recognize they cannot accomplish their goals without help from partners. Outside vendors can be instrumental in underscoring the purpose, potential and credibility of an organization's wellness initiative.

The Value-based Design (VBD) Movement

While it is still an emerging concept, more companies are beginning to incorporate VBD changes into their healthcare programs. These types of plans remove the unnecessary barriers to care that employees face by providing them with incentives to use appropriate care/ services to manage their health.

Poor alignment with other health management programs can be a huge obstacle to success. Does it make sense to offer a wellness program for smoking cessation if medical benefits do not pay for antismoking prescription drugs? Or to offer obesity programs if nutritional counseling or weight loss prescriptions are not covered?⁶⁴

When it comes to addressing more costly chronic conditions, VBD can lower or eliminate copays for high-value prescriptions and treatments, such as medication for diabetes, asthma, and heart disease. This concept follows the logic that removing cost barriers will help employees adhere to their prescription drug usage and visit the necessary doctors for treatment.⁶⁵

However, VBD relies on effective and efficient cost management in all aspects of the health spectrum. The goal of VBD, says Jeffrey D. Munn, leader of innovation at Hewitt's Health Management Practice, is "all the care you need, but only the care you need." VBD discourages the use of services when the benefits do not justify the cost, thereby placing a cost disincentive on unnecessary health expenditures.

"We see [VBD] as part of a holistic effort to balance the issues of long-term and short-term costs, and — ultimately, from an employer perspective — to maximize the long-term health of the work force, which relates very strongly to productivity and really how successful you're going to be in the marketplace," Munn says.⁶⁶

VI CONCLUSION: A WINDOW OF OPPORTUNITY

For real behavioral change to take place, all stakeholders need to be on the same page. And for the first time in recent memory, it appears they are.

Carriers are revamping plans to help employers reduce costs and give employees more solid preventive care coverage. Government is looking for ways to cut wasteful spending and broaden wellness access. Employees are being challenged to take more responsibility for their own health. Wellness companies have evolved to a new level of sophistication and measurability and report heightened interest in demand for their services.

Employers are realizing that good employee health is an investment in economic growth⁶⁷ and are seeking holistic solutions that will give them a competitive edge.

The single greatest opportunity to improve health and reduce premature deaths lies in modifying personal behavior — and the workplace offers the greatest potential for achieving large-scale health and economic impact.⁶⁸

The timing has never been better for organizations to create a culture of health. With the focus on economic survival in an increasingly competitive marketplace, creating a culture of wellness is American business' opportunity to control medical and pharmacy costs, enhance employee health and good will, decrease absenteeism and presenteeism and increase productivity and profitability.

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About The Vitality Group

The Vitality Group is a member of Discovery Holdings Limited, a leading international financial services institution founded on the principles of consumer engagement and wellness and the originator of the Vitality health promotion program.

Today, Vitality wellness programs serve more than 1.5 million members in companies in a wide range of sizes and industry categories, improving individuals' health and well-being as well as employers' and health plans' bottom lines. Early adopters in the United States include some of America's most forward-thinking companies. They join global organizations in the United Kingdom and South Africa that together are proving the effectiveness of the Vitality health enhancement solution in reducing healthcare costs.

The Vitality Group has forged partnerships with some of the most respected and recognized names in the health and wellness field to help extend the reach and effectiveness of its mission. A true partner in risk management, the company capitalizes on its heritage of actuarial and clinical expertise to respond to the varying needs and cultures of American businesses in their pursuit of increased workforce health and productivity.



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