

Building the Business Case for Wellness

Business Health Seminar

Presentation prepared by
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Objectives

- Review definitions of wellness and health care
- Explore the benefits of wellness for corporations
- Consider the benefits of wellness for the employee
- Look at case studies how companies benefited from a wellness program
- Learn what a comprehensive wellness program looks like – elements to include

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Definitions

- **What is healthcare?**

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Definitions

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Most people think healthcare is
medical or sickness care

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- **What is life insurance?**

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It's really death insurance.

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Definitions

- **What is healthcare?**
Most people think healthcare is medical or sickness care
- **What is life insurance?**
It's really death insurance.
- **What is Wellness?**
Wellness is ...
(list word descriptions)

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Wellness is...

- Feeling good
- Being physically active
- Eating well
- Being happy
- Taking responsibility for your own health
- Getting adequate rest and relaxation
- Having a healthy weight
- Emphasizing prevention more than cure

Ideas expressed in previous classes

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Reactive Care

- Seeking medical care after you have a problem or get ill

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Reactive Care

- Seeking medical care after you have a problem or get ill
- What percent of health care is reactive?

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Reactive Care

- Seeking medical care after you have a problem or get ill
- What percent of health care is reactive?
- Problem with reactive care:
 - Much damage has already occurred
 - Treatment is very expensive

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High Cost of Reactive Care

- Head injury from biking without a helmet
- Trauma from a motor vehicle accident and not wearing a seatbelt
- Cost of a heart attack, stroke, or by-pass surgery?
- Cost of a back injury?
- Cost of a baby born with FAS (fetal alcohol syndrome)
- Cost of treating diabetes for 30 years

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Proactive Care

Taking action early to prevent disease or minimize complications

Prevention

- Primary prevention
- Secondary prevention
- Tertiary prevention

Health promotion

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Most Effective Way to Lower Health Care Costs

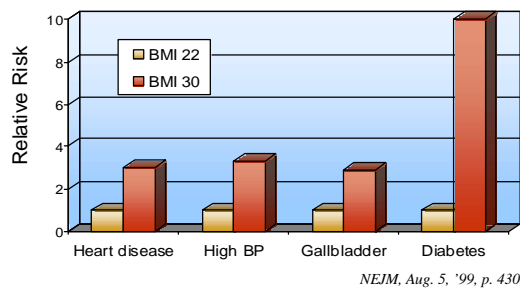
“Promoting healthy habits and consumerism is the most effective way to lower medical costs.”

- Healthy habits
 - Not smoking
 - Regular physical activity
 - Healthy eating
 - Maintaining a healthy weight
- Consumerism
 - Wise use of the health care system
 - Practice good self care
 - Money saved goes to the individual (e.g. HSAs)

Lewis Devendorf, principal at Mercer Human Resource Consulting, Benefit News Sept. 15, 2005

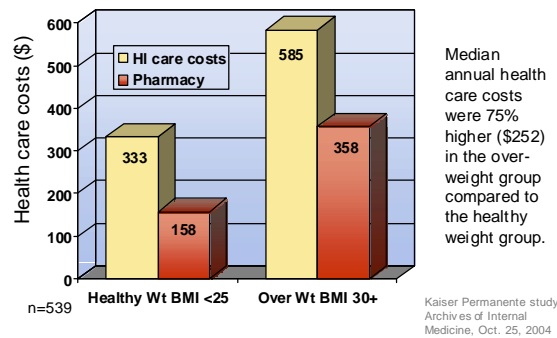
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For Example: Overweight and Health Risks



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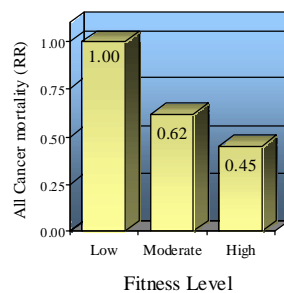
For Example: Overweight and Health Care Costs



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For Example: Fitness and Cancer Risk

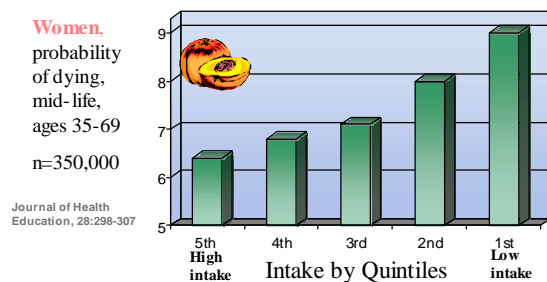
Study 25,892 men age 30-87, followed for 10 years
Results High fit persons had a 55% lower cancer mortality rate than low fit persons
 Controlled for smoking, age, BMI, alcohol, diabetes
Medicine & Science in Sports and Exercise, Fitness 34(5):735-739, May, 2002



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For Example: Fruits & Vegetables & Risk of Dying Mid-life

Women.
 probability of dying, mid-life, ages 35-69
 n=350,000

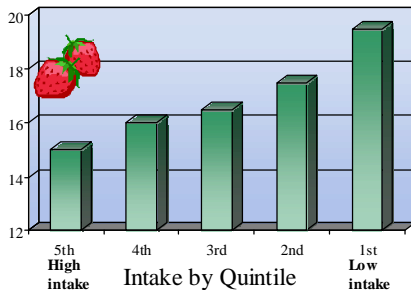


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For Example: Fruits & Vegetables & Risk of Dying Mid-life

Men,
probability
of dying
mid- life,
ages 35-69
n=200,000

Journal of Health
Education, 28:298-307



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Proactive Care or Wellness

Questions to consider ...

- Where can people go for proactive care?
- What health care entities provide wellness care?
- Who takes responsibility for promoting personal wellness?
- Who has the most to gain from promoting personal wellness?

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Wellness Care Partners

Your Health Plan



Employer Employee

Each player benefits from improved health

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Why Employers Pursue Wellness

Worksite health promotion helps...

- Improve productivity (reducing absenteeism and lost work time due to illness and disability)
- Improve on the job performance and time utilization (reduce "presenteeism")
- Improve employee morale and foster organizational commitment
- Reduce conflict and build good-will toward management
- Reduce employee turnover
- Attract good workers in a competitive market
- Reduce health care costs

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Employer Survey Results

Top reasons given by employers for instituting health promotion programs includes:

- Help control high health care costs (94%)
- Retain good workers (77%)
- Attract good employees (67%)
- Improve productivity (64%)

Source: National Worksite Health Promotion Survey, 1,544 public & private workers with at least 500+ employees

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Why invest in health promotion?

1. To Control High Healthcare Costs

Current Trends in U.S.

- Health care costs in U.S. account for over 16% of GDP in 2008
 - Up from 11.1% in 1990
 - Projected to be 20% in 2015
- Average increase in cost of health insurance is about 10% per year since 1970



Source: Kaiser Foundation Health Care Cost Report
And the Center for Medicare and Medicaid Services

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What's Driving High Cost?

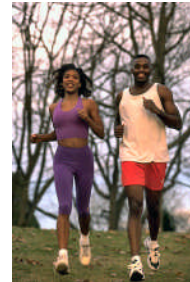
- Our results reveal that the rise in treated disease prevalence, rather than the rise in spending per treated case, was the most important determinant of the growth in private insurance spending in the last 15 years.
- A rise in population risk factors and the introduction of new technologies underlie these trends.

Source: Ken Thorpe, Chair of the Department of Health Policy and Management, Emory University, Health Affairs, June 27, 2005

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Health Care Costs

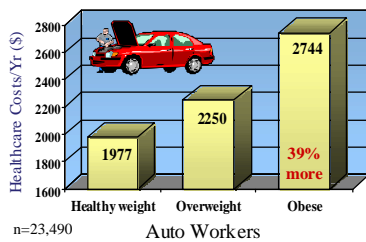
- Research shows that health care costs are linked to health practices and risk factors.
- Healthy, fit employees generally have lower health care costs



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GM Study-- Overweight and Healthcare Costs

- Overweight workers cost \$273 more/yr than healthy weight workers
- Obese workers (BMI 30+) cost \$767 more per year than normal weight active employees

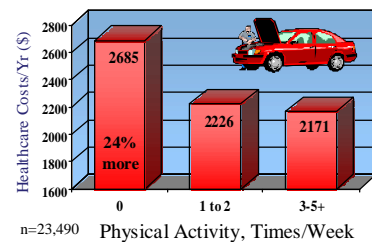


Journal of Occupational and Environmental Medicine, May 2004

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GM Study -- Physical Activity and Healthcare Costs

Compared to sedentary workers, those getting regular physical activity cost \$459 to \$514 less per year in health care costs



Journal of Occupational and Environmental Medicine, May 2004

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GM Study -- Physical Activity Summary

- **In the healthy weight category (BMI <25)**
 - Moderately active people cost \$229 less than sedentary people
- **In the obese category (BMI 30+)**
 - Moderately active obese people's medical claims were \$498 less than sedentary obese people
 - If you can't get people to lose weight, at least get them to start exercising regularly

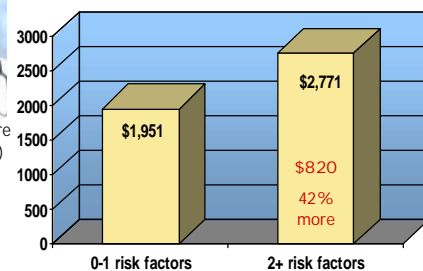
GM Study, JOEM May, 2004

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GM Study - Multiple Health Risks and Health Care Costs



Healthcare Costs (\$)



GM Study, JOEM May, 2004

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Risk Factors Linked to Higher Claims

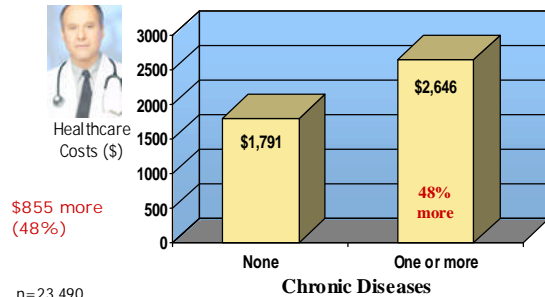
1. Current smoker
2. Use of safety belts less than 100%
3. Blood pressure 140/90+
4. Cholesterol level 240+
5. HDL cholesterol <35
6. Alcohol intake, more than 14 drinks/week
7. Perceived physical health – fair to poor
8. High stress score
9. Life satisfaction – partly satisfied or not satisfied



GM Study, JOEM May, 2004

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Chronic Diseases and Health Care Costs



n=23,490

GM Study, JOEM May, 2004

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Chronic Diseases

Included problems:

- Allergy
- Arthritis
- Back pain

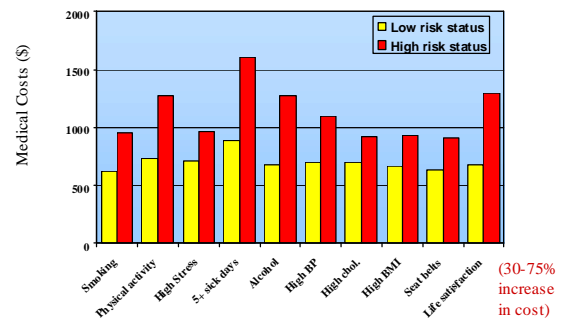
Primary chronic diseases were excluded:

- Heart problems
- Cancer
- Diabetes
- Past stroke
- Chronic lung disease

GM Study, JOEM May, 2004

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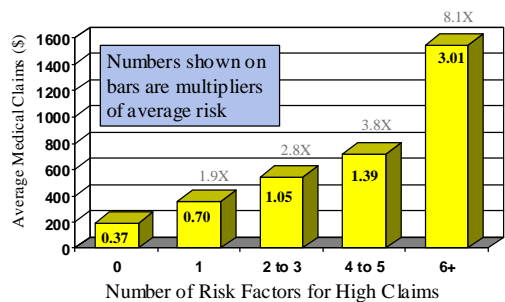
Steelcase Study -- Health Risks and Medical Claims



Steelcase study, University of Michigan Health Management Research Center

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Multiple Risks and Medical Claims



Steelcase study: Amer. J. of Health Promotion, Vol. 6, No. 1:46-54

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Multiple Risks and Medical Costs

Subject	Low risk	High risk	Diff.
White women	\$3,994	\$5,939.51	\$1,946
White men	3,123	4,644	1,521
Nonwhite women	5,266	7,831	2,565
Nonwhite man	4,117	6,123	2,006

High risk: BMI 27.5+, smoker, no regular physical activity

Low risk: BMI 25, nonsmoker, physical activity 3+ days/week

High risk persons have average increased medical costs of 49% compared to low risk persons

HealthPartners Study: JAMA, Vol 282(23):2235-2239

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Why invest in health promotion?

2. To Improve Productivity

- Employees are more likely to be on the job and performing when they are physically and mentally healthy.
- Health promotion activities are likely to yield greater returns from increased productivity than from medical care cost-savings. (M. O'Donnell, Amer J HI Promotion)



Source: Healthy Workforce 2010, Partnership for Prevention

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Productivity

- The University of Michigan Health Management Research Center reports
 - After studying 2 million workers, those with multiple risk factors were less productive than workers without risk factors.
 - An "at risk" workforce is a business liability
 - Managing employee health is an essential but often overlooked component of productivity management
 - You often save more money from reduced presenteeism than absenteeism

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Why invest in health promotion?

3. To reduce absenteeism/disability

- Control Data Corporation estimates a savings of \$1.8 million in reduced absenteeism due to their wellness program over a 6 year period.
- A fitness program in a police force and a banking firm reduced sick leave by an average of 4.8 days per year.
- Back injuries, common in overweight and unfit workers, is a major cause of work loss time and disability (very costly to a company)



Source: Healthy Workforce 2010, Partnership for Prevention

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Why invest in health promotion?

4. To improve employee morale

- A study in a university setting found that employees who exercised regularly had significantly greater job satisfaction
- A two year study comparing employee attitudes between companies with a wellness program vs those without, found significant, favorable changes in:
 - Organizational commitment
 - Supervision and working conditions
 - Benefits and pay



Source: Healthy Workforce 2010, Partnership for Prevention

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Why invest in health promotion?

5. To improve corporate image

- Companies that show an interest in the health and well-being of its employees project a positive corporate image
- Nike corporation provides a state-of-the-art gym and fitness program to attract and retain key employees
- Responsible employers are interested in the health and welfare of their employees and communities. This attitude provides good will and long-term benefit to any company.



Source: Healthy Workforce 2010, Partnership for Prevention

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Benefits to Employee

Why would an employee want to participate in a wellness program?

List personal benefits:



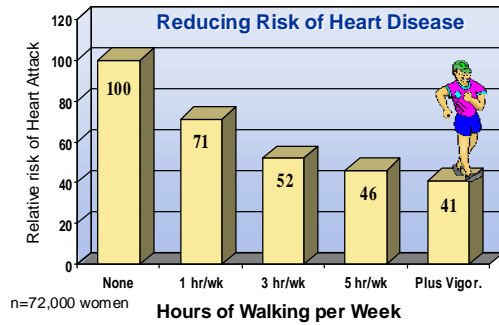
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Why Employees Pursue Wellness

- Screenings for high risks/prevent disease
- To feel better and have more energy
- To reduce stress
- To lose weight
- To avoid serious health problems, heart attacks, cancer, diabetes, back pain
- To decrease health costs
- To be more a more productive person
- To live longer/higher quality of life

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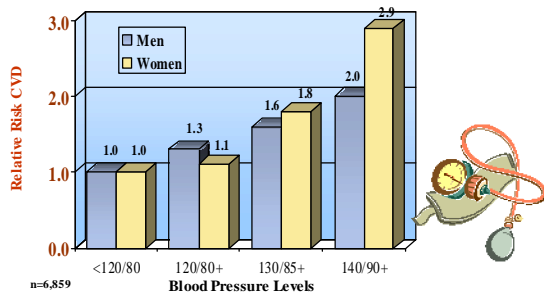
For Example: To prevent heart disease



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Source: New England Journal of Medicine, Aug. 1999

Examples: To participate in health screenings

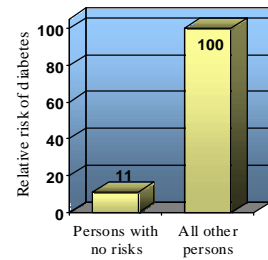


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New England Journal of Medicine, 345:1292-97, Nov. 1, 2001

Examples To prevent diabetes

- 16 year study 84,941 women
- Studied 4 major risks:
 - Overweight
 - Sedentary lifestyle
 - Smoking
 - Poor diet (low fiber, high trans fats, high glycemic index)
- Women with none of these risks:
 - Cut their risk of diabetes by 88% compared to all other women
 - Those with a family history of diabetes cut their risk by 91%

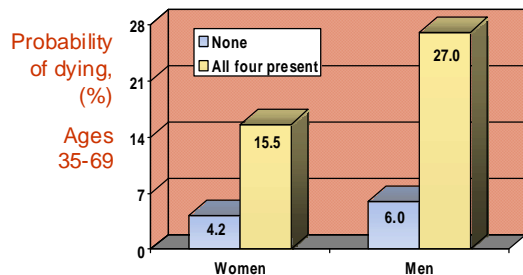


JAMA, Dec. 1, 1999

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Example: To live longer

Healthy Behaviors Increase Longevity
(smoking, overweight, physical inactivity, low fruits/ veggies)



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Source: Journal of Health Education, Vol128, No. 5

Case Studies

- Manufacturing
- Hospital
- Bread plant
- School district



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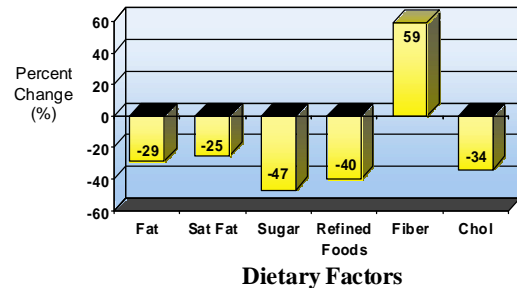
Case Study Tektronix Executives

- Initial concern: preventing a heart attack
- Started with a health/fitness assessment (PWP)
- Lifestyle intervention program
- Challenge -- who can make the most improvement in six months?
 - Based on pretest and six month post test
 - Reward -- weekend for two at a beach resort

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Case Study Tektronix Executives

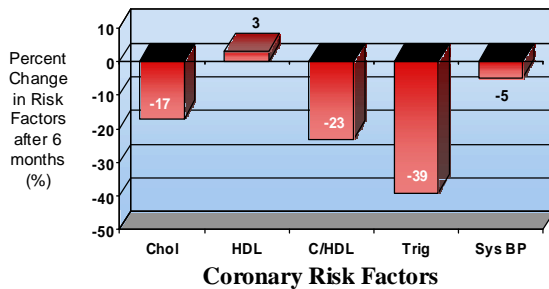
Nutrition Factors



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Case Study Tektronix Executives

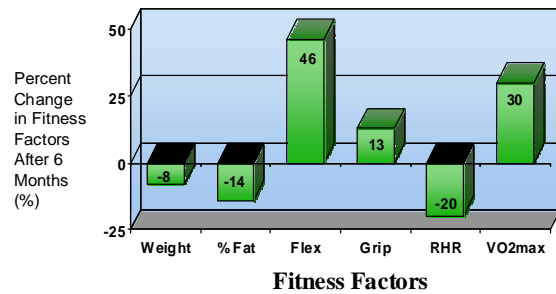
Coronary Risk Factors



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Case Study Tektronix Executives

Fitness Factors



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CEO's Evaluation

Written evaluation by a corporate executive about his management staff, 6 months after beginning their wellness program:

“My employees look better, feel better, and work better.”

Tektronix general manager

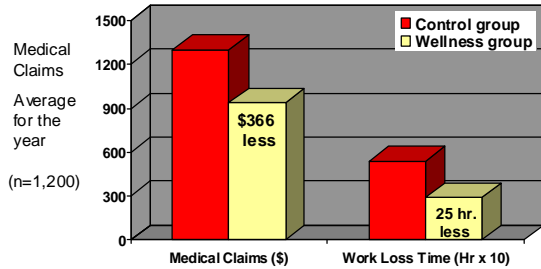
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Hospital, 1200 Employees

- **Monthly progress report**
 - Aerobic miles, events completed, good health practices achieved, etc.
- **Quarterly drawing**
 - Must earn 100 points that month to qualify
 - Many small prizes (10-12)
 - One weekend vacation package, dinner for two
 - Larger prize, mountain bike, xc-ski package, etc.
- **Annual drawing, vacation for two to Hawaii**
 - To qualify, must earn 1,000 points for the year

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Hospital Staff



Data provided by Blue Cross Insurance Co.

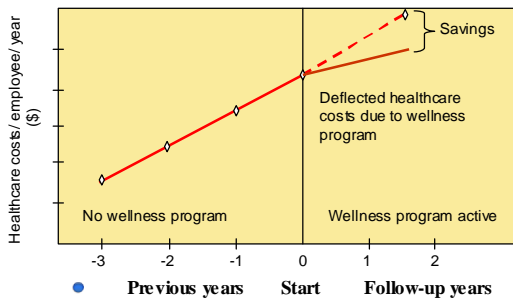
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School District, 600 Teachers

- Point system similar to PAMC
 - Health activities and programs planned by the school wellness committee
- Had quarterly drawings
 - Small prizes, many donated by local businesses
- Year end cash award
 - Half of any savings for the year was returned to participants who earned at least 1,000 wellness points that year. This amounted to \$438/qualified employee

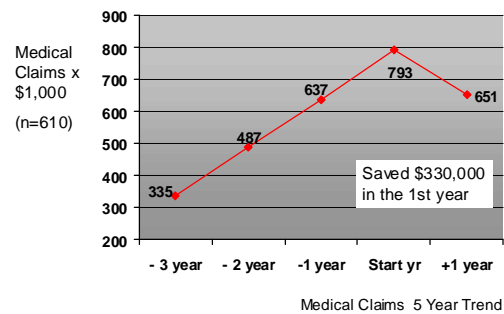
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Calculating Savings from Your Wellness Program



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School District Outcomes



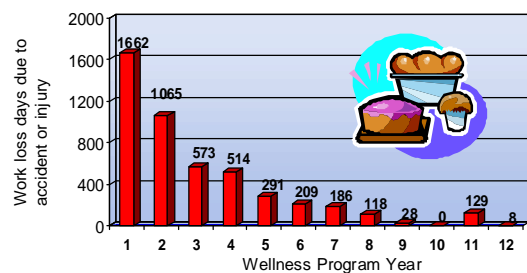
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Safeway Bakery, 150 employees

- Incentives based on fitness test scores
 - Scores, 0-100. 50 = "average", 60+ = "good"
- Club named, "Safeway Buns on the Run"
- Award T-shirts given based on fitness scores achieved:
 - Score of 60+ ("Good") - Supper Bun T-shirt
 - Score of 80+ ("Excel") - Awesome Bun T-shirt
 - Score of 90+ ("Excel +") - Totally Awesome Bun
- If they got a score higher than the boss, they got a day off with pay

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Safeway Bakery, 150 Employees

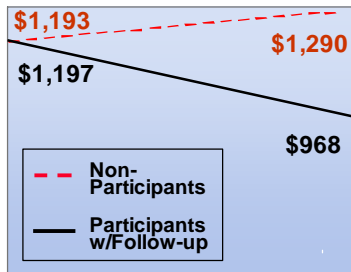


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Medical Claims of Participants and Non-participants in a Corporate Wellness Program

Time 1 vs. Time 2

Average claims for PWP participants with follow-up compared to average claims for people who did not participate



Average Claims pre and post test (n=242)

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Other Case Studies -- ROI

Evidence in the U.S.

- Bank of America — \$5.96/\$1
- PacBell — \$3.10/\$1
- Wisconsin School District — \$4.47/\$1
- Prudential Insurance — \$2.90/\$1
- General Mills — \$3.50/\$1
- Citibank -- \$6.30/\$1
- A recent study of 8 companies with wellness programs had an average ROI of \$3.35/\$1

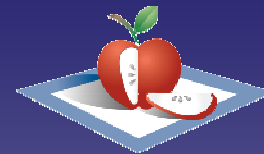
Active Living at Work, Public Health Agency of Canada, 2004

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Summary

- Taking no action guarantees continued rapid increases in health care costs
- Promoting healthy lifestyles is one of the best strategies for slowing health care costs
- Healthy, fit employees are an asset to any company
- Investing in the health of your employees is good business

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Wellsource
Bringing Health to Life

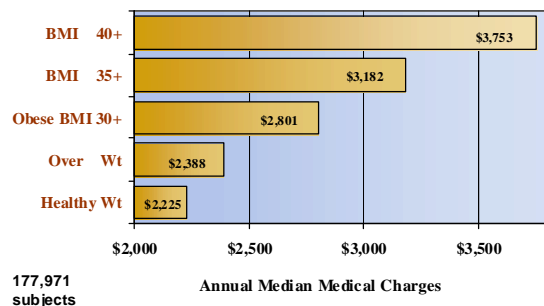


"Tools for Promoting Healthy Lifestyles"
Sign up for the free newsletter
Making Healthy Choices



<http://wellsource.com>

Weight and Health Care Costs



Source: American Journal of Health Promotion, Jan-Feb 2003

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