

getting
started

tools

Your plan for better health.™ | bcbsnc.com



**BlueCross BlueShield
of North Carolina**

Investing in Workplace Wellness: Cut Costs and Boost Productivity

Make workplace wellness programs work for you

You're already doing a lot to ensure the health and well-being of your employees and their families. The health insurance you provide enables your employees to receive care when they are ill, get screenings for preventable or treatable conditions, and avoid financial ruin should they or a family member suffer a traumatic injury or catastrophic illness.

But what if you could do even more to help your employees get and stay healthy without compromising your bottom line—and, in many cases, actually boosting it? By adopting a workplace wellness program, you may be able to do just that. As thousands of employers large and small across the country are discovering, programs and policies that inspire workers to get more active, lose weight, improve their diets or give up unhealthy habits make good business sense. Need more proof? Take a look at these examples:

- By lowering their insurance premiums – healthier employees cost less to insure.
- By reducing absenteeism – healthier employees don't miss as much work.
- By increasing productivity – healthier employees have higher output and are more able to focus on their jobs.
- By lowering turnover – healthier employees are generally happier and have higher morale.
- And by reducing workers' compensation and disability claims – healthier workers are better able to avoid injuries and recover faster if they are injured.

These benefits sound promising, but maybe you're wondering just how well workplace wellness programs would work for you. Maybe you're not sure you have the money, facilities, time or staff to get such programs up and running. Or perhaps you're not sure it's even your place to become more involved in your employees' health than you already are. Take note: With health care costs rising at the rate of about 7 percent annually and with more

North Carolinians suffering from the ill-effects of preventable conditions like obesity, diabetes and heart disease each year, you can't afford not to take a more proactive approach to your employees' health.

Employers who commit to workplace wellness programs invariably find that the advantages outweigh the disadvantages. As it turns out, some of your initial doubts may turn out to be misconceptions that still surround the concept of workplace wellness. Let us uncover the myths for you – and why they just aren't true.

1. "I won't see any return on my investment in workplace wellness."

Most investment managers would be thrilled to achieve the kind of ROI that successful workplace wellness initiatives deliver. Many studies have demonstrated ROIs ranging from \$1.49–\$13 per dollar invested, depending on the type of program. ROI generally includes direct medical savings and reduced absenteeism costs. According to a review of such studies by Ron Z. Goetzel, Ph.D., an expert in the economics of workplace wellness promotion, the median ROI is approximately \$3.14 in benefits per dollar spent.¹ And those benefits are realized fairly quickly: According to Dr. Goetzel, companies with comprehensive workplace wellness programs achieve a 25-30 percent reduction in medical and absenteeism costs in about 3.6 years.²

2. "Workplace wellness programs are too expensive."

While workplace wellness initiatives aren't free, they can be surprisingly affordable. For instance, some companies have found that bringing in a nutritionist or physical fitness trainer for a day of consulting with employees costs only a few dollars per worker – and often motivates people to take better care of themselves. Dr. Goetzel points out that an investment of \$100–\$250 per employee per year can achieve results for most companies.³

When factored against the positive ROI that comprehensive workplace wellness programs produce, the up-front costs become more manageable. In fact, a recent survey of 255 large employers in the U.S. found that employers with highly effective health and productivity management programs have cost increases that are:

- 5 times lower for sick leave;
- 4 ½ times lower for long-term disability;
- 4 times lower for short-term disability; and,
- 3 ½ times lower for general health care coverage.⁴

Sometimes there are few or no hard costs. Take the case of the small North Carolina city that allows its employees and their families to use municipal pools, gyms and other recreation facilities for free. What revenue city leaders forsake is more than made up by the goodwill the program generates, not to mention its potential to improve people's health.⁵

3. "Workplace wellness programs take too much time and effort."

Although having a dedicated workplace wellness coordinator certainly makes it easier to manage wellness programs, it's definitely not required. Many companies have discovered that spreading the responsibility for managing and monitoring programs across a committee minimizes the impact on staff workload. And you can start with programs and initiatives that don't require a lot of oversight and resources.

For instance, replacing the snack machine in the break room with one that dispenses healthier fare takes little more than a phone call to a vendor, yet can have a positive effect on your employees' diet. Other easy-to-implement programs include creating a smoke-free area or entirely smoke-free workplace and launching a topic-specific health awareness campaign using posters, leaflets and intranet articles. In the end, creativity and commitment trump big budgets and dedicated staff.

4. "The worksite isn't an appropriate place to have a wellness program."

Working adults spend the bulk of their waking hours in their offices, plants, labs or stores. They're with their bosses and colleagues more than they are with their spouses and children, sharing a common purpose and culture. So it makes sense that they're influenced by what they see and hear at work each day.

So why not use the trust you've gained and relationship you've developed to promote the benefits of healthy lifestyles? Coffee and lunch breaks provide an ideal time to introduce wellness programs, especially those related to nutrition and fitness. What's more, employees will support each other in achieving their wellness goals, whether it's eating healthier, quitting smoking or becoming more physically active because of the friendships they've established during working hours. And the workplace is the most logical place to introduce incentives to help motivate employees to achieve their health goals. In fact, nearly half – 49 percent – of large employers surveyed currently offer such incentives to encourage workers to monitor and improve their health, and as many as 70 percent are expected to do so by 2009, according to the 2007/2008 Staying@Work survey.⁶

In fact, a recent study by the Research Triangle Institute showed that employees who were offered a modest sum for every one percent of body weight they lost were five times more likely to lose five percent of their body weight than employees who weren't offered any money to shed pounds.⁷ An employee at a North Carolina-based boat manufacturer was so inspired by his company's wellness program that he lost 50 pounds, earning him \$1,000 from his employer—and the stamina to compete in triathlons.⁸

5. "The health of my employees shouldn't be my responsibility."

A recent report by BCBSNC suggests a disconnect between employers' attitudes about the importance of the health of their workforce and the role of employers in promoting good health.⁹ But there's no getting around the fact that unhealthy workers cost their employers money. In North Carolina, the annual cost of unhealthy nutrition, overweight and obesity, physical activity and tobacco use is approximately \$4,768 per employee.¹⁰

The health conditions that drive up employer premiums are, with few exceptions, related to lifestyle choices, and can therefore be prevented or modified. Employees with seven modifiable risk factors—high blood pressure, high cholesterol, overweight or obesity, high blood sugar, high stress and physical inactivity—cost employers an astonishing 228 percent more than their healthier colleagues.¹¹ The fact is, employers who don't help at-risk employees improve their health status will be most susceptible to the effects of health care cost inflation, which shows no signs of slowing.

It all begins with you

While the decision to invest in workplace wellness is ultimately yours alone, you don't have to go it alone. BCBSNC has a number of resources to support you. First, we have an easy, seven-step plan your company can follow to develop a workplace wellness program. These steps include:

- Building support for the program at all levels.
- Forming a workplace wellness committee.
- Gathering data to identify needs and expectations.
- Establishing goals and objectives.
- Developing a detailed action plan.
- Choosing and implementing your plan.
- Monitoring and evaluating your plan.

Our Workplace Wellness Toolkit provides ideas on how to ensure that your employees are taking full advantage of the preventive health and wellness tools and programs that come with your policy; it also contains information on easy-to-do programs. Our Physical Activity Toolkit provides ready-made physical activity programs and challenges, and our Tobacco Cessation Toolkit offers advice on how to support tobacco cessation in the workplace.

Together, you and your employees can start now to create a healthier future. The sooner you begin your workplace wellness program, the faster you can realize both financial and health benefits. After all, you've got little to lose except some collective pounds, inches and a few unhealthy habits.

¹ Goetzel, Ron Z.; Juday, Timothy R.; and Ozminkowski, Ronald J. "What's the ROI: A Systematic Review of Return-on-Investment Studies of Corporate Health and Productivity Management Initiatives." *AWHP's Worksite Health*. Summer 1999.

² Goetzel, Ron Z., and Ozminkowski, Ronald J. "What's Holding You Back: Why Should (or Shouldn't) Employers Invest in Health Promotion Programs for Their Workers?" *North Carolina Medical Journal*, December 2006.

³ Bob Brady, founder and CEO of Business and Legal Reports, Inc., citing Ron Goetzel on www.hrdailyadvisor.com.

⁴ Watson Wyatt Worldwide and National Business Group on Health 2007/2008 *Staying@Work* Survey Report (www.watson-wyatt.com).

⁵ *Working Well: 2007 State of Preventive Health*. Published by Blue Cross and Blue Shield of North Carolina. October 2007.

⁶ Watson Wyatt Worldwide and National Business Group on Health 2007/2008 *Staying@Work* Survey Report (www.watson-wyatt.com).

⁷ Finkelstein, Eric A. et al. "A Pilot Study Testing the Effect of Different Levels of Incentives on Weight Loss Among Overweight Employees." *Journal of Occupational & Environmental Medicine*. September 2007.

⁸ "Working Well: 2007 State of Preventive Health." Published by Blue Cross and Blue Shield of North Carolina. October 2007

⁹ *Ibid*

¹⁰ "Healthy Employees Create Healthy Businesses." 2004, 20 Feb. 2006. HYPERLINK "<http://www.ncpreventionpartners.org>" www.ncpreventionpartners.org.

¹¹ Goetzel, Ron Z., and Ozminkowski, Ronald J. "What's Holding You Back: Why Should (or Shouldn't) Employers Invest in Health Promotion Programs for Their Workers?" *North Carolina Medical Journal*, December 2006.