Businesses have a vested interest in the health, wellness and well-being of their employees. When employees are healthy and happy, businesses can thrive and grow. Everyone wins.

By focusing on preventive care, wellness, and managing chronic disease, businesses can create a culture of health where workers are at peak performance – helping employees and their company. Workplace wellness programs are essential to employee health.

Wellness programs range from group fitness classes, nutrition counseling, and cooking classes, to smoking cessation programs, fitness competitions, health assessments, and behavioral health awareness. These innovations improve individual health while delivering short-term and long-term value.

Workplace wellness programs have a 318-year history, predating the founding of the United States by nearly a century. In their current form, however, U.S. wellness programs are a recent invention. The 1974 passage of the Employee Retirement Income Security Act (ERISA) changed the nature of employer-provided coverage, and wellness programs emerged in the late 1970s with the country’s newfound focus on physical fitness. Their popularity has grown tremendously since then. Their structures have also evolved thanks to new understandings of chronic disease, exercise physiology, and organizational behavior—as well as new technology and laws such as the Americans with Disabilities Act (ADA) and the Affordable Care Act (ACA).
Today, industries are more invested in human capital than ever before. Nearly three out of every four workers have employer-provided health coverage. In a sense, most businesses, regardless of industry, have also become health care companies. And a focus on maximizing productivity and a desire to reduce health care costs have prompted employers to turn to workplace wellness programs as part of their coverage solutions. In fact, more than two-thirds of employers offer wellness programs.

But offerings have recently begun to decline, in part due to employer and health insurance provider concerns about regulatory compliance and uncertainty. Health care costs continue to outpace inflation, driven largely by bureaucratic taxes and the soaring costs of medical care – especially prescription drugs. In 2018, price increases for personal health expenditures are projected to rise 2.2 percent, compared with 1.9 percent for overall inflation. These costs present a tremendous burden not only on hardworking families and taxpayers, but on the businesses that employ them as they struggle to keep health insurance premiums from consuming too much of employee paychecks.

Few entities are better suited to develop new ways to control costs than businesses – particularly large businesses – who have decades of experience working with health plans, hospitals, and doctors to do just that. Today, one of the tools companies have to actually lower costs by improving health, rather than just shifting costs around, are wellness programs.

Wellness programs can succeed, but only if insurance providers and employers can effectively work together to innovate, especially to address the leading driver of health care spending: employees with chronic health conditions. This requires a new way of thinking about wellness programs. By working together on new approaches and solutions, government agencies, insurance providers, and employers can encourage greater regulatory flexibility that will allow innovation – and health – to thrive.

**KEY FACTORS FOR A SUCCESSFUL WELLNESS PROGRAM**

In 2016, researchers at Johns Hopkins Bloomberg School of Public Health conducted a study to identify key success elements of employer-sponsored wellness programs, finding two essential components.

**Building an Organizational Culture of Health**

One-off approaches do not work. “Employers with successful wellness programs have learned that isolated ‘perks’ or programs such as an on-site fitness center or menu labeling, will not have much impact unless they are part of an overall culture that permeates all aspects of company life.” To successfully create this culture requires buy-in from senior leadership, managers, and employees alike. Executives and senior leadership are essential to building a culture where wellness, well-being, and fitness are prioritized; policies to promote the goals are in place; and resources (including time off) are provided to every employee.

Managers must allow and encourage employees to incorporate wellness activities and healthy lifestyle changes into their workdays. Employees must engage with the program so their needs are properly identified—through focus groups, program evaluations, or otherwise sharing feedback.
Using Strategic Communications to Promote Wellness Programs

Be transparent with employees about why the organization promotes health. Employees know that the company pays for their health costs. Help build trust with them by letting them know this is also about saving money.

Avoid targeting a specific health ideal. The goal should not be a specific body mass index or step count, but rather gradual, reasonable, and measurable improvement for each employee, based on their health needs and abilities.

Use a variety of messaging channels, such as email, newsletters, posters, intranet, and social media. Communicate frequently to increase awareness and ongoing participation.

Deliver messages at key decision points, such as nutrition-related messages at the point of purchase.

Ensure the communication goes both ways. Ask employees for feedback and actually use their insights to improve and expand the program.

CASE STUDY

Applying Best Practices for Best Results at a Worldwide Leading Employer

The idea of a “culture of health” has become a priority at one of the world’s largest corporations with a reputation for strong corporate culture – General Electric. Jason Morgan oversees corporate wellness initiatives for the conglomerate’s 55,000 global employees. In taking over that portfolio, Morgan proposed shifting the focus from achieving certain health metrics to building a culture of health. He argued that wellness was really about four pillars: physical, spiritual, emotional, and social. The company began focusing on promoting strong social relationships among coworkers, known in the GE vernacular as an “enhanced workplace culture.” The company put full-time wellness champions in most offices and made it known that senior leadership considered these programs a priority. The company’s chief medical officer, Ben Hoffman, distilled it as, “For us to be successful ... the people need to be healthy, because if they’re not healthy, they can’t be productive and innovative, and GE is built on a history of innovation. A culture of health is not the only element of our ‘secret sauce’ that has made us successful over 100 years, but it’s certainly a very important element of that.”
RETHINKING OUR APPROACH TO WELLNESS PROGRAMS

Today, wellness programs typically include offerings such as:

- Health risk assessment
- Annual physical
- Biometric screening
- Online or in-person wellness seminars
- Fitness or exercise activities
- Tobacco cessation programs
- Health coaching

These programs have significant benefits and indicate employers recognize their role in improving employee health and wellness. For example, Johnson & Johnson was an early adopter of wellness programs, launching theirs in 1979. A study that examined the company’s health spending between 2002 and 2008 found that J&J’s annual growth in health spending was 3.7 percent lower than companies of comparable size, with each dollar they spent on the program producing a return on investment of $1.88—$3.92. Companies that have decades of experience retooling wellness programs to produce greater health impacts have learned that these wellness programs only succeed when the following factors are present:

- Regulatory certainty and flexibility;
- Ability to address chronic health conditions;
- Adaptability to employees’ unique needs; and
- Strategies to address population health and social determinants of health.

REGRULATORY CERTAINTY AND FLEXIBILITY

When designing wellness programs, employers must consider a multitude of sometimes overlapping laws including the ACA, ADA, and the Genetic Information Nondiscrimination Act (GINA). Unfortunately, conflicting requirements among these regulations mean compliance with one law does not necessarily ensure compliance with all others.

In one recent example, the U.S. Equal Employment Opportunity Commission (EEOC) issued a final rule governing how ADA and GINA apply to wellness programs on May 16, 2016. However, a 2017 federal court decision vacated that rule and ordered EEOC to propose new rules prior to Jan. 1, 2019. The limbo created by these court decisions creates bewildering challenges for wellness program sponsors who want to help employees. Employers must know whether they can offer incentives for activities such as Health Risk Assessments and what incentives will not subject them to litigation. When employers have certainty on what incentives may be offered, they can design programs that address the other key factors, such as targeting chronic health conditions and social determinants of health. The EEOC should act as quickly as possible to allow employers to offer incentives as part of their wellness programs without a risk of litigation.
ADDRESSING CHRONIC HEALTH CONDITIONS

Nearly half of American adults have at least one chronic health condition. If we were to reverse the health care cost trend, it is essential to address—and solve—chronic conditions.

According to the Centers for Disease Control and Prevention (CDC), the 10 most costly chronic diseases for health care payers (including employers) to treat are:

1. Cardiovascular diseases
2. Complications from smoking tobacco
3. Alcohol-related illnesses
4. Diabetes
5. Alzheimer’s Disease
6. Cancer
7. Obesity
8. Arthritis
9. Asthma
10. Stroke

If given flexibility to tailor programs to a particular employee population, employers and insurance providers can design programs that address chronic diseases, smoking complications, and obesity.

Today, most wellness programs focus on fitness: completing a certain number of steps, signing up for a gym membership, attending a class on meditation. While these may help to make healthy, motivated people even more healthy, they are not designed to change the lifestyle or behaviors of unmotivated patients.

While federal laws and regulations require incentives to not discriminate on the basis of disability or health status, offering activities and incentives that focus on certain chronic diseases is important to actually target costs. Companies can then work with health plans to narrow tailor programs to address the underlying causes of certain chronic conditions, aid with reducing harm from certain conditions, and promote prevention strategies.

CASE STUDY

Providing Flexibility to Mitigate Risk of Disease

Diabetes is a prime example of a disease for which more focused interventions could help both employers and employees. In its different forms, diabetes is one of the most prevalent chronic conditions in the industrialized world. Care for diabetes and prediabetes costs $327 billion annually (and rising) across the U.S. health system. A wellness program could be designed as an initiative to both mitigate the risk of diabetes and encourage effective management of the disease and its complications. Current regulations require uniform incentives for all employees and limit the ability of employers to request data on employee health conditions (or that of spouses) in a wellness program. Providing more flexibility for employers to target the needs of employees with chronic conditions and incentivize them accordingly will better position wellness programs to actually target the cost drivers of health spending.
ADAPTING PROGRAMS TO EMPLOYEES’ UNIQUE NEEDS

Too many employers view wellness programs as a one-size-fits-all tool, rather than using HRA data and an understanding of their employees to tailor the program to their unique situation. For example, employers may determine that incentivizing employees with diabetes to participate in nutritional coaching would be worth the investment—but cost prohibitive if available to all employees. Similarly, employers may wish to offer physical fitness opportunities and support to certain employees at risk for heart disease or who are obese.

Some tailored, specialized programs exist today and are readily accessible to employers. For example, the American Diabetes Association has a customizable program called “Stop Diabetes @ Work” that can be a standalone program or used in conjunction with a more comprehensive wellness benefits suite. The program focuses on awareness, detection, prevention, and management of diabetes. This is an example of a disease management program, which is one of the six personalized types of wellness programs that focus on the patient-employee in an active and responsive way. The other five personalized wellness programs include:

- health assessments (health risk assessments)
- telephone or web-based health and lifestyle coaching
- in-person health and lifestyle coaching
- health advocates
- stress management programs

CASE STUDY:

Reducing Cardiovascular Risk Among Diabetic Employees

Princeton University successfully implemented a disease management program after recognizing that diabetes was the single largest driver of costs for its faculty and employee health plan, with average claims of $13,700 annually. Plan members with diabetes were offered a medication copay waiver if they worked with a health coach, along with a cash incentive. Participation in the Princeton wellness program increased from 2.9 percent to 11 percent of the diabetic population when specially tailored activities and incentives from the American Diabetes Association were added to the program, and participants in the program saw a 60 percent reduction in cardiovascular risk, saving significant funds for the university.
ADDRESSING POPULATION HEALTH AND SOCIAL DETERMINANTS OF HEALTH

Individual health isn’t just driven by individual choices. It’s influenced by where we live, what we have access to, and what community resources are available. These social determinants of health (SDOH) include influencing factors like socioeconomic status, education, housing security, geographic location, access to nutritional food, transportation, and other access to medical care.

Too often, the health costs associated with SDOH are considered primarily an issue for the Medicaid-eligible population. The notion that only low-income individuals and families encounter challenges maintaining their health due to social determinants is misguided and incorrect – we are all influenced by where we live and the community resources that are available. Financial wellness, housing stability, reliable transportation, access to healthy foods, and family stability are equally important for the millions of Americans covered through employer-provided health insurance. Having health insurance with affordable benefits and a large provider network won’t do much to benefit an employee who lacks the ability to get to his or her medical appointments, does not have the savings to meet a deductible, or lacks access to foods necessary to make dietary adjustments.

Historically, workplace wellness programs and employers have not had a role in addressing these factors. However, an employer that truly wants to improve health outcomes and lower health costs will likely find that efforts to reduce financial, housing, transportation, or food-related stress may have a more significant effect on health than robust fitness incentives. By analyzing data reflecting the local population of its workers companies can determine what external factors are important to be addressed, not only by that company, but by others in the community through joint efforts. Wellness programs, no matter how well designed, will face limitations if employees do not have access to transportation, stable housing, strong public safety, access to recreation and nutrition. Addressing social determinants of health such as these helps create an environment where employees can be more productive and health promotion activities have an opportunity to succeed.

Employers may need to consider a shift in their thinking and realize more fully that they are central players in health care itself. As part of this, the workplace can become a site for health interventions that promote wellness and improve health, and wellness programs themselves must be viewed as long-term health investments, not a means for employers to offer a reward. The company should not be just offering the program but investing in it to the point that the workplace itself is a location to reduce health risks.
Maximizing Employee Health at the Breakers

A prime example of successful innovation is the Breakers, the world-famous hotel in Palm Beach, Florida. With 2,000 employees at the hotel and resort properties, the company made substantial investments in workplace wellness 15 years ago. In addition to more traditional wellness offerings like smoking cessation programs, biometric screenings, and on-site vaccinations, the company began offering free personal training, lactation support, flexible time off, and home care services for employees with young children or elderly parents. The Breakers employs many who live in communities where certain social needs are not adequately met and where financial challenges exist. By working to address some of these, the program was better positioned to work. They also invested in a two-day immersion program—originally designed for professional athletes—that aims to improve nutrition, exercise skills, and stress reduction skills for employees. This change in approach required substantial investment from the company and a leadership-level emphasis on making wellness part of their corporate culture. It paid off. Now, 95 percent of employees participate in the programs, and between 2012 and 2017, a $2.5 million investment in wellness programs resulted in $6.8 million in health care savings, a 172 percent rate of return. The Breakers’ experience underscores that in most instances the current lack of return on wellness programs is largely due to a lack of sufficient investment, both by the corporate leadership in the program itself, and by the business community to address social determinants of health. Increasing investment and commitment can increase the return on that investment.

CONCLUSION

You cannot be healthy without prioritizing your personal well-being. But all too often, wellness is defined by what it’s not – high disease rates, sedentary lifestyle, and high rates of smoking. Businesses are increasingly recognizing how important it is to proactively invest in employee wellness. The paradigm needs to shift to how employers and health plans can work together with others in the community to develop a comprehensive, long-term strategy for addressing the root causes of health issues. When an environment of sustainable wellness becomes a core function of the company, the employees, the company, and the community see improved health and reduced costs.
ENDNOTES

8. AARP v. EEOC, D.D.C., No. 16-2113.
11. Id.