Since their introduction in the 1970s, the key promise of employee wellness programs has been that they help employers blunt the rising cost of health care, but do they really help organizations manage health expenses and provide the ROI that chief executives demand? That all depends, according to a group of health care experts contacted by IB.

It depends on how well designed, comprehensive, and culturally ingrained an organization’s wellness program happens to be, for wellness can be much like a New Year’s resolution – launched with great determination, only to be abandoned when organizational resolve weakens. That’s just what can happen when human resources staffs are stretched thin due to a sluggish economy and resulting staff changes.

The components of the more successful wellness programs are universal: sustained commitment of senior leadership and active C-suite participation; teams of employee evangelists, representing a cross section of the organization, to organize and maintain the program; a data baseline provided by employee health risk assessments; incentives to address cost drivers like obesity and smoking; and consistent follow-through to monitor the progress of an organization’s most at-risk populations.

Of all those components, the primary difference-maker, according to our experts, is sustained executive commitment.

**WELL WORKPLACES**

Cheryl DeMars, president and CEO of The Alliance, a cooperative of self-funded employers, doesn’t think wellness alone is enough to reduce a company’s cost trend, but she has seen employers control costs with a combination of factors. “The most successful companies don’t view their wellness program in isolation,” she said. “It’s part of a broader strategy to create an environment that supports good health.”

DeMars also believes there is a distinction between self-funded employers and fully insured employers. Self-funded employers can monitor their actual health care expenses fairly easily and also monitor trends over time, so they assess the impact their efforts make, whether it’s changes to their benefit plan – which as self-funded employers, they control – or adding new wellness programs.

“Changes in workforce composition – do you have a stable workforce that is getting older and therefore more likely to incur more health care costs? – and other external factors need to be taken into consideration when attempting to assess cause and effect, but it’s more doable for a self-funded employer,” she noted.

For fully insured employers like The Alliance, DeMars said it’s much more difficult to measure the benefit in hard dollars. “We have a fairly robust wellness program, but I doubt that we’re seeing the benefits reflected in our insurance premiums,” she stated. “If our efforts mean that our employees use less, or less expensive, health care services, it’s likely that our insurance company is benefitting most directly.

“We make the investment because we want our employees to be healthy. We also have a high-deductible health plan, so if we can avoid preventable illness, that saves our employees money.”

That’s not to say employers aren’t rewarded for established wellness programs. In a relatively new trend, insurance carriers are rewarding employers that have established wellness programs and meet certain stipulations set forth by the insurer. They include Greater Madison insurers Dean Health Plan and Physicians Plus Insurance Corp.

Steve Sorenson, director of marketing and product innovation for Physicians Plus, said the success of a company’s wellness program, and the resulting impact on the experience of the group, are factored into renewal rates. The latter appears incrementally as wellness programs engage employees and their families and become part of the group’s culture.

Due to steady medical inflation, Sorenson said an organization that otherwise would face a 7.5% annual premium increase might in reality see an increase of 4%, all thanks to its adoption of a robust and engaging wellness program. “A wellness program takes

Vigorous exercise like this workout session on stationary bicycles is among the fitness options available under Lands’ End’s wellness program.
time to develop a change in behavior and, as such, risk,” he said. “Physicians Plus looks at each account as it progresses through the wellness process.

“As their experience improves, claims are reduced, and their premium is adjusted. While this process can take years to show significant changes, a wellness program is one tool many employers can utilize to slow premium increases.”

Abigail Nadler, health promotions advisor for M3 Insurance, an insurance broker that helps employers get better deals on their health insurance, expects more insurance carriers to follow suit. Moreover, she said the existence of a wellness program, especially one offering health risk assessment and behavioral change support, could influence insurance carriers that haven’t followed suit.

“They might not say if you implement x, y, z in your wellness program, that’s a 2% reduction automatically,” she said, “but it’s a point that a salesperson or employer can use to say, ‘I know they are teetering between giving us a 4% or 5% increase. The fact we have wellness might be a way to make sure we get the lower increase versus the higher one.’”

Employers interested in establishing or upgrading wellness programs aren’t alone. There are a number of free resources to turn to, including a worksite wellness kit provided by the Wisconsin Department of Health Services. (http://www.dhs.wisconsin.gov/health/physicalactivity/sites/worksitekit.htm)

Nationally, the Wellness Council of America (welcoa.org) has established seven protocols for successful wellness programs, including protocols to address the unique challenges (resources and program sophistication) of companies with 50 or fewer employees. Theresa Islo, director of operations for the Wellness Council of Wisconsin (the state chapter of WELCOA), said the key is establishing a process and, except for necessary tweaking, sticking with it.

In terms of touting ROI, Islo said the wellness community has learned some things over time. “There was a time when worksite wellness was trying to promise too much,” she acknowledged. “We’ve become more realistic in that health care costs are probably going to increase even with a wellness program in place, but certainly not nearly to the extent they otherwise would.”

**LANDS’ END TO END**

Taking comprehensiveness to a new level, Lands’ End has developed a multi-faceted wellness program that attacks the cost drivers of health care from several angles – fitness and recreation, nutrition, and preventive care.

The fitness component is reinforced by the 88,000-sq.-ft. Comer Center, a workplace fitness facility named for company founder Gary Comer and built in 1988. Lands’ End is strategically leveraging the Comer Center, plus its health promotional staff, and physical therapists, dining centers, and a campus-based medical clinic – the cornerstone of the clinic program is health screenings and preventive care – to curb health care costs.

In short, wellness is ingrained in the Lands’ End corporate culture, and not only has bent the cost curve downward, but flat-lined it, according to Tyler Stuntebeck, the company’s health and fitness supervisor. Stuntebeck cited other purported benefits of wellness, including increased employee productivity and morale, and improved employee recruitment and retention, but cost control is the prime benefit.

“We don’t talk specific numbers,” he said, “but our health care costs have stayed flat the past few years. The industry shows 8% to 10% annual increases in health care costs. We attribute our wellness program to that flat line.”

There is still work to do, however. Stuntebeck would like to see more employees sample healthier entrees in the company dining facilities, and is working with the food service contractor on that. He also wants healthier choices in vending machines, and he wants some of the company’s senior leaders to push wellness at the corporate level.

“Our wellness staff does a good job of expanding our programming, but you reach out to more people if you get that management push at the upper level,” he said. “You really do see increased participation in all those programs, so that will be a challenge for us, to continue to get more upper management into programs.”

**MANAGING WELLNESS**

Over the next decade, factors like an aging population and ramifications of the new health care law are expected to convince more employers to build their wellness programs. Anticipating growth in the health and wellness field, the University of Wisconsin-Extension will offer a new online bachelor of science degree in health and wellness management positions like wellness manager, wellness program manager, worksite wellness coordinator, and director of sports, fitness, and wellness.

It is a collaborative degree program of four UW institutions, and the need to have a sustained program is one of the reasons the UW Extension degree program will emphasize management skills in wellness, according to George Kroeninger, assistant dean for the UW Extension. “We wanted to develop a program that fit a defined need in the workforce,” he said. “We conducted some research with one of our research collaborators to identify opportunities in health care areas. This is one of the areas that needed trained professionals to help advance the field, and to provide support to help grow businesses.”

**# SOURCES**

Cheryl DeMars
president and CEO, The Alliance

Tyler Stuntebeck
health and fitness supervisor, Lands’ End

Theresa Islo
director of operations
Wellness Council of Wisconsin

Abigail Nadler
health promotions advisor, M3 Insurance Solutions

Steve Sorenson
director of marketing and product innovation
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George Kroeninger
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