

Employee Health Promotion Programs Can Help Contain Costs

Focusing on employee wellness can produce quantifiable reductions in purchaser's health care costs.

Consider the following examples:

- At Steelcase Corporation in Michigan, high-risk employees cut their own medical costs *in half* and lowered their company's insurance costs \$618 per participating employee using the company health promotion program.
- At Berk-Tec, a manufacturing company in Lancaster County, 938 employees received instruction on self-care techniques, utilized a self-help guide, and lowered their company's health care costs almost \$22 per employee and dependent.
- United Airlines reported returns of \$16 for every dollar invested in Employee Assistance Programs (EAPs).
- Travelers Corp. found that each dollar invested in workplace health promotion yielded \$3.40 in cost containment over two years. Dupont claimed a \$1.42 return for every dollar invested. Other firms report decreases in workers compensation claims, absenteeism and tardiness through health promotion programs.

Today, more than 80% of U.S. businesses with 50 or more employees have some form of a health promotion program. More than 70% of Fortune 500 firms have EAPs. So why don't all purchasers insist that health care coverage includes an employee health promotion program? Some purchasers may be unaware of data like this:

- Princeton Survey Research reports that three-fourths of employees believe the worker has more on-the-job stress than a generation ago. One fourth of employees in America view their jobs as the number one stressor in their lives.
- Studies by the University of Michigan and Johnson & Johnson show that employers can save \$1,100 a year for every employee who kicks the smoking habit.
- In 1997, The American Diabetes Association estimated the annual per capita costs of healthcare for people with diabetes exceed \$10,000, while healthcare costs for people without diabetes amount to \$2,700. PHC4's own analysis shows that hospitalizations in 2000 with diabetes as a principal diagnosis accounted for more than 123,000 hospital days and more than \$354 million in charges. Many of these hospital days may have been avoidable, substantially reducing costs.
- OSHA reports that back injuries account for 28.6 lost work days per 100 workers annually. The National Safety Council reports that back injuries account for 22% of all disabling work injuries and 49% of workers compensation costs.

Several PHC4 Council members - purchaser representatives and others - agree that offering optional health promotion programs could be cost effective. Among other programs, they highlight the importance of exercise and fitness, back care, smoking cessation, EAPs,

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and stress management. They suggest including counseling for improved mental health, noting stress is related to high blood pressure, cardiovascular disease, gastrointestinal problems and back problems. They also recommend disability and diabetes management programs. Looking at the data, it is easy to understand why.

Insurers often suggest a good worksite program is customized, collaborative and data driven, with well-measured clinical outcomes. They add that a solid wellness program should include screening for key risks including blood pressure, breast and skin cancer, cholesterol, glucose, and body mass index. Some other widely available components are: access to a registered nurse, prenatal care, individualized education materials and wellness self-management tools. Some insurers offer health promotion programs at no additional cost to their customers, but purchasers may have to negotiate for coverage.

There have been numerous studies and cost/benefit analyses of health promotion programs. Here is a link to extensive studies on the topic, through the National Wellness Institute: <http://www.nationalwellness.org/AboutUs/costbene.asp>. The entire May/June 2001 issue of *The American Journal of Health Promotion* is devoted to the financial impact of health promotion. One valuable conclusion: it is less expensive to prevent health risks for employees than to treat medical conditions once they occur.

Some barriers remain for employee wellness programs and their incorporation into standard employee health benefits. Concerns include legal liabilities, initial cash outlays, absence of senior management commitment, lack of credible information, employer hesitancy to “invade” an employee’s lifestyle choices, and employee concerns about confidentiality with some programs such as counseling or weight reduction.

There are at least four levels of contributions to employee wellness. First, there is individual responsibility. The employee is, of course, responsible for his/

her own good health. Second, employers can become facilitators of good health, and health care purchasers can evaluate an optional wellness package for employees. An employer can also recognize that many employees may only participate in wellness programs during the workday and make some flex time available. Third, the insuring firm is often a supplier of wellness opportunities as part of a well-rounded product. Finally, health care providers may offer health education and prevention techniques.

The health care purchaser’s optimal role may be to assess the worksite, individual employee needs, and affordable health promotion programs. After evaluating the options, the purchaser can provide employees with the best opportunities to empower themselves to achieve optimal wellness. This, in turn, can offer significant improvement in overall employee health and morale, while containing costs by reducing absenteeism, physician visits, pharmacy claims, and/or hospitalizations, among others.

Many Web sites and other resources offer information about initiating or maintaining employee wellness programs. Here are three national non-profit organizations dedicated to preventing disease and promoting health. Please note that by mentioning these programs, PHC4 is neither endorsing their use, suggesting that other programs are inadequate, nor responsible for their content.

WellCOA, the Wellness Councils of America - <http://www.welcoa.org/>

The American Institute for Preventive Medicine - <http://www.healthylife.com/index.html>

The Partnership for a Healthy Workforce - www.prevent.org/phw_home.htm

Finally, the *National Institute for Occupational Safety and Health (NIOSH)* is the federal agency responsible for research and recommendations on the prevention of work-related illness and injury. Here is their link on stress prevention: www.cdc.gov/niosh/other.html

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