The 10 Essential Characteristics of Successful Worksite Wellness Programs

by
Don R. Powell, Ph.D.
President and CEO
American Institute for Preventive Medicine
Milestones in the Field of Wellness -- 1896

Invention of the automated cigarette roller by John Duke
Milestones in the Field of Wellness -- 1953

Introduction of Twinkies by Hostess
Milestones in Field of Wellness -- 1955

Ray Kroc franchises the McDonald Brothers
Milestones in the Field of Wellness -- 1972

Cap’n Crunch sets record for sugar content in a cereal – 59%
Milestones in the Field of Wellness -- 2003

“Small” Soda now bigger than a 1972 Large Soda
Total Employee/Employer Health Care Costs: 2003 - 2008

- 2003 Total Costs = $6384
- 2008 Total Costs = $9144

Source: Towers Perrin 2008 Health Care Cost Survey
Health Insurance Premiums vs Other Indicators

Exhibit 1: Increases in Health Insurance Premiums Compared to Other Indicators, 1988-2007

Source: Kaiser Family Foundation, 2008
If Food Were Health Care

If food prices had risen at medical inflation rates since the 1930’s:

- 1 dozen eggs $80.20
- 1 pound apples $12.23
- 1 pound sugar $13.70
- 1 roll toilet tissue $24.20
- 1 dozen oranges $107.90
- 1 pound butter $102.07
- 1 pound bananas $16.04
- 1 pound bacon $122.48
- 1 pound beef shoulder $43.57
- 1 pound of coffee $64.17

10 item total $586.56

Source: American Institute for Preventive Medicine, 2007
The Shape of Things to Come

Source: The Economist, Dec. 11th, 2003
Are These Your Employees?
Are These Your Employees?
How Companies Are Responding to Increased Health Care Costs

<table>
<thead>
<tr>
<th>% of companies</th>
<th>Increased copays</th>
<th>Increased participant cost</th>
<th>Increased deductibles</th>
<th>Participant pay more for prescription drugs</th>
<th>Switched providers</th>
<th>Offer wellness program</th>
</tr>
</thead>
<tbody>
<tr>
<td>66%</td>
<td>59%</td>
<td>56%</td>
<td>55%</td>
<td>31%</td>
<td>58%</td>
<td></td>
</tr>
</tbody>
</table>

Issues Most Affecting Employee/Member Productivity

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifestyle risks</td>
<td>42%</td>
</tr>
<tr>
<td>Physical conditions</td>
<td>34%</td>
</tr>
<tr>
<td>Chronic conditions</td>
<td>31%</td>
</tr>
<tr>
<td>Unscheduled absence</td>
<td>30%</td>
</tr>
<tr>
<td>Mental health conditions</td>
<td>23%</td>
</tr>
<tr>
<td>Presenteeism</td>
<td>21%</td>
</tr>
<tr>
<td>Fatigue/sleep problems</td>
<td>13%</td>
</tr>
<tr>
<td>Mental health stigma</td>
<td>11%</td>
</tr>
<tr>
<td>Substance abuse</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>18%</td>
</tr>
</tbody>
</table>

Association of Risk Levels with Several Corporate Cost Measures

<table>
<thead>
<tr>
<th>Outcome Measure</th>
<th>Low Risk (N=671)</th>
<th>Medium Risk (N=504)</th>
<th>High Risk (N=396)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term disability</td>
<td>$120</td>
<td>$216</td>
<td>$333</td>
</tr>
<tr>
<td>Worker’s compensation</td>
<td>$228</td>
<td>$244</td>
<td>$496</td>
</tr>
<tr>
<td>Absence</td>
<td>$245</td>
<td>$341</td>
<td>$527</td>
</tr>
<tr>
<td>Medical &amp; pharmacy</td>
<td>$1,158</td>
<td>$1,487</td>
<td>$3,696</td>
</tr>
<tr>
<td>Total</td>
<td>$1,751</td>
<td>$2,288</td>
<td>$5,052</td>
</tr>
</tbody>
</table>

Source: Wright, Beard, Edington, JOEM 44(12): 1126-1134, 2002
# Review of Published Studies on Worksite Wellness (ROI)

<table>
<thead>
<tr>
<th>Studies</th>
<th>ROI Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>28 Studies</td>
<td>$0 - $2</td>
</tr>
<tr>
<td>18 Studies</td>
<td>$2 - $4</td>
</tr>
<tr>
<td>42 Studies</td>
<td>$4 - $6</td>
</tr>
<tr>
<td>56 Studies</td>
<td>$0 - $6</td>
</tr>
</tbody>
</table>


Companies with the Most Effective Health Management Programs

- Achieve 20% more revenue per employee
- Have 16.1% higher market value
- Delivered 57% higher shareholder returns

Employee Health is “Human Capital”

Old Thinking

- Health of employees has been seen by companies as a “cost”
  - Originally health benefits were called “fringe benefits”
  - They are viewed as a cost of doing business which needs to be “controlled”
Employee Health is “Human Capital”

New Thinking

• **Health of employees is viewed as an investment**
  > Health and functional capacity are components of “human capital”
    • Just like knowledge and skills
  > Dollars “spent” to improve employee health and functionality are investments in human capital
    • Just like the “cost” of education and training
Employee Health is “Human Capital”

- Human capital – just like machinery – needs “preventive maintenance”
  - Companies know it costs much less to keep machinery from breaking down than it costs to fit it when it does break
    - This larger cost includes “down time” and its resulting lost production or replacement cost
  - We need to oil and grease employees the way we do machines so they “break down” less often and cost less in medical care, disability, and lost production
Improving Health – the New Business Strategy

- **Health is becoming a new source of competitive advantage**
  - Most other sources have been “equalized”
    - Training
    - Tools and equipment
    - Financial capital

- **Healthy work force is a differentiator**
  - Lower medical and disability costs
  - Large performance gains

- **Improving employee health is like improving quality of products and services**
Prevalence of Worksite Wellness Programs

Source: SHRM 2008 Benefits Survey Reports
Risk Factors for Every 100 Employees/Members

- 25 have cardiovascular disease
- 12 are asthmatic
- 6 are diabetic
- 26 have high blood pressure
- 30 have high cholesterol
- 38 are overweight
- 21 smoke
- 31 use alcohol excessively
- 20 don’t wear seatbelts
- 24 don’t exercise
- 44 suffer from stress

Source: Department of Health and Human Services
Wellness Wizard®

ABC Company

Note: The Wellness Wizard® may only be used for internal use within the recipient company for its own employees. It may not be used for marketing purposes. It may not be forwarded to or used by anyone outside of your location without the written permission of the American Institute for Preventive Medicine. The information below is a general, rather than an exact, indicator of your employees' health risks and costs.

### Calculation of Employee Health Risks & Costs

<table>
<thead>
<tr>
<th>Health Risk</th>
<th>X of Employees with Risk</th>
<th>Total Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smoking</td>
<td>234</td>
<td>$104,220.39</td>
</tr>
<tr>
<td>Overweight</td>
<td>379</td>
<td>$351,915.57</td>
</tr>
<tr>
<td>No Exercise</td>
<td>259</td>
<td>$190,821.94</td>
</tr>
<tr>
<td>Excessive Alcohol Use</td>
<td>311</td>
<td>$153,975.50</td>
</tr>
<tr>
<td>High Blood Pressure</td>
<td>267</td>
<td>$104,848.68</td>
</tr>
<tr>
<td>High Cholesterol</td>
<td>299</td>
<td>$64,795.95</td>
</tr>
<tr>
<td>Asthma</td>
<td>121</td>
<td>$63,933.00</td>
</tr>
<tr>
<td>Diabetes</td>
<td>70</td>
<td>$54,319.30</td>
</tr>
</tbody>
</table>

**TOTAL EXTRA COMPANY HEALTH CARE COSTS:** $1,439,537.22

### Calculation of Savings

<table>
<thead>
<tr>
<th>Health Risk</th>
<th>% of Employees with Risk</th>
<th>% of Employees with Risk after Goals are Met</th>
<th>Total Company Savings/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smoking</td>
<td>234</td>
<td>117</td>
<td>$52,110.20</td>
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<tr>
<td>Overweight</td>
<td>379</td>
<td>133</td>
<td>$93,933.12</td>
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<tr>
<td>No Exercise</td>
<td>259</td>
<td>199</td>
<td>$52,912.42</td>
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<tr>
<td>Excessive Alcohol Use</td>
<td>311</td>
<td>282</td>
<td>$65,576.78</td>
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<tr>
<td>High Blood Pressure</td>
<td>267</td>
<td>111</td>
<td>$59,913.17</td>
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<tr>
<td>High Cholesterol</td>
<td>299</td>
<td>57</td>
<td>$68,819.08</td>
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<tr>
<td>Asthma</td>
<td>121</td>
<td>46</td>
<td>$39,403.02</td>
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<tr>
<td>Diabetes</td>
<td>70</td>
<td>20</td>
<td>$171,969.94</td>
</tr>
</tbody>
</table>

**TOTAL COMPANY SAVINGS:** $606,246.42

You can achieve these savings with our Total Health™ Program, a year long wellness communication and education program.

The cost of the Gold level of Total Health™ for all of your employees can be as little as $11,500.00.

This comes out to only 0.88% of what your unhealthy employees are costing you.

"See next page for more information about the Total Health™ Program."

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1. Make the Program Multi-Component

- Assessment activities
- Communication materials
- Self-help materials/programs
- Health Coaching
- Group programs
2. Teach Demand Management

- Medical self-care
- Wise consumerism
Physician Office Visits Annually

Total - to non federally employed, office based physicians

- 906 million
- Approximately 3.1 visits/person

Source: National Ambulatory Medical Care Survey-2008

Unnecessary Visits

- 25% or 227 million

Source: Dunnell, K. and Cartwright, C. Medicine Takers, Prescribers and Hoarders

- Average cost - $121/visit

Source: American Medical Association, 2008
Emergency Room Visits Annually

**Total**
- 119.2 million
- 40.5 visits/100 persons

Source: National Ambulatory Medical Care Survey - 2008

**Unnecessary Visits**
- 55% or 65.5 million

Source: National Ambulatory Medical Care Survey - 2008

**Average cost - $586/visit**

Source: New England Journal of Medicine, 2008
Healthier at Home

The Guide to Self-Care & Wise Health Consumerism

Does a person with a bleeding disorder or who takes blood-thinning medicine have a hard time controlling bleeding?

Are any of these problems present?
- Frequent nosebleeds
- Small red dots or clusters of small, pinpoint-sized red spots under the skin
- Easy bruising
- Excessive bleeding from cuts
- In females, excessive or prolonged menstrual bleeding or vaginal bleeding after menopause
- Blood in the urine or stools

Self-Care / First Aid

For Severe Bleeding
- Without delay, apply direct pressure to the wound using a sterile dressing or clean cloth.
  [Note: If the cut is large and the edges of the gape open, pinch the edges of the wound while you apply pressure.]
- Call 9-1-1 or take the person to nearest hospital emergency department.

362

Placard continued in next column

To Learn More, See Back Cover

American Institute for Preventive Medicine

An Apple A Day Isn’t Enough!
## HealthyLife® Self-Care Studies

<table>
<thead>
<tr>
<th>Organization</th>
<th>Year</th>
<th># of People</th>
<th># of Months</th>
<th>Documented Cost Savings Research</th>
<th>R.O.I.*</th>
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<tr>
<td>Lebanon VA Medical Center</td>
<td>2008</td>
<td>184</td>
<td>6</td>
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<td>$24.81</td>
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<td>Stora Enso</td>
<td>2008</td>
<td>32</td>
<td>6</td>
<td>68.06</td>
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<td>United Way</td>
<td>2005</td>
<td>4,819</td>
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<td>$125.96</td>
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<td>United Way</td>
<td>2005</td>
<td>1,360</td>
<td>6</td>
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<td>$33.59</td>
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<td>Whatcom County</td>
<td>2005</td>
<td>95</td>
<td>6</td>
<td>3.47</td>
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<td>United Teachers New Orleans</td>
<td>2004</td>
<td>130</td>
<td>12</td>
<td>$17.35</td>
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<td>Teamsters Local 436-Actives</td>
<td>2003</td>
<td>91</td>
<td>12</td>
<td>28.41</td>
<td>90.99</td>
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<td>Teamsters Local 436-Retirees</td>
<td>2003</td>
<td>47</td>
<td>12</td>
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<td>2001</td>
<td>839</td>
<td>12</td>
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<td>Bloomington Hospital</td>
<td>2000</td>
<td>627</td>
<td>12</td>
<td>25.53</td>
<td>42.49</td>
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<td>Bloomington Hospital</td>
<td>1999</td>
<td>625</td>
<td>12</td>
<td>27.19</td>
<td>63.36</td>
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<tr>
<td>Dean Health Plan</td>
<td>1999</td>
<td>366</td>
<td>6</td>
<td>$44.07</td>
<td>15.50</td>
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<td>Lewis-Gale Clinic</td>
<td>1997</td>
<td>327</td>
<td>12</td>
<td>$57.79</td>
<td>14.44</td>
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<tr>
<td>Health Net</td>
<td>1996</td>
<td>165</td>
<td>6</td>
<td>$17.88</td>
<td>16.97</td>
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<tr>
<td>Western Southern Life</td>
<td>1996</td>
<td>197</td>
<td>6</td>
<td>$17.00</td>
<td>40.61</td>
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<td>Lewis-Gale Clinic</td>
<td>1996</td>
<td>79</td>
<td>5</td>
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<tr>
<td>Capital Blue Cross</td>
<td>1995</td>
<td>371</td>
<td>12</td>
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<td>13.05</td>
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<tr>
<td>Capital Blue Cross</td>
<td>1995</td>
<td>938</td>
<td>12</td>
<td>$16.45</td>
<td>5.22</td>
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<tr>
<td>Indian Industries</td>
<td>1995</td>
<td>197</td>
<td>6</td>
<td>8.88</td>
<td>66.45</td>
</tr>
<tr>
<td>Florida Hospital</td>
<td>1994</td>
<td>801</td>
<td>5</td>
<td>$18.26</td>
<td>57.81</td>
</tr>
</tbody>
</table>

**Average Totals** | 615 | 8.6 | 28.65 | 42.56 | 71.22 | 16:1 |

*Return-On-Investment - The number of dollars saved for every dollar spent on the publication.
“Health at Home® was the reason I went to see my doctor and it saved my life.”

Jeff Bilbrey
Sales Specialist, Lowe’s
Bloomfield Hills, Michigan
“Healthier at Home® was a real lifesaver. It helped me to know my husband, Jay, was having a heart attack.”

Marijo Parsons
Pharmacy Supervisor
Aurora Medical Center
Milwaukee, WI
Self-Care Program ROI Analysis

- Cost of self-care guides
- Comparison to annual health expenditures
- Utilization & cost assumptions
- Projected cost savings
3. Present Psychosocial Issues

- Self-esteem
- Anger management
- Depression management
- Laughter workshops
4. Address High Risk Employees

Sample Claims Distribution

- 50% of Employees, 2% of Claims, $100/person
- 36% of Employees, 13% of Claims
- 10% of Employees, 34% of Claims
- 4% of Employees, 51% of Claims, $15,000/person

Patients in these categories move up and down from year to year.
Address Low Risk Employees

- Keep healthy people healthy
- Low risk employees won’t remain low risk
- 10 – 20% will move to high risk in 1 year

Source: University of Michigan Health Management Research Center
5. Manage the Health Care Continuum

Wellness Management
- Healthy
- No Disease
- 55%

Risk Management
- Hypertension
- Obesity
- 25%

Demand Management
- Doctor Visits
- ER Visits
- 15%

Disease Management
- Diabetes
- Asthma
- 15%

Catastrophic Illness Management
- Cancer
- Head Injuries
- 5%

Help High Risk Become Lower Risk
Prevent Low Risk from Becoming High Risk
Wellness Program Costs

- Cost of a wellness newsletter: $0.25 - $0.50
- Cost of a health calendar: $1.00 - $3.00
- Cost of a self-care guide: $5.00 - $8.00
- Cost of an HRA: $4.00 - $10.00
- Cost of a lifestyle self-help kit: $30 - $45
- Cost of biometric screening: $35 - $60
- Cost of lifestyle health coaching: $100 - $150

Cost savings and goodwill created -- Priceless
6. Use High Tech as an Adjunct to High Touch

- No data to support cost savings
- Only 60% of U.S. population has internet access
- Only 30% goes online for health information
- Some intranets can only be accessed at work
- May not reach dependents
- Time consuming
- Many people still prefer print
- Employees thank you for books
7. Maximize Employee Participation

- Create a culture of health
- Multi-component methods
- Saturation effect
- Incentives
8. Involve Employee’s Family

- 70% of health care costs
- Women make 80% of health care decisions
9. Know Legal Restrictions

- Americans with Disabilities Act (ADA)
- Health Insurance Portability and Accountability Act (HIPAA)
10. Evaluate Your Program

Wellness Program

- Participation
- Risk Factors
- Absenteeism
- Productivity/Presenteeism
- Employee Satisfaction
- Financial
Thank you for your attention.

Questions?

Phone: 800-345-2476, extension 235
Fax: 248-539-1808
E-mail: dpowell@HealthyLife.com
Web Site: www.HealthyLife.com