



Wellness in the Workplace

The Case for Building a Wellness Plan and How to Make it Happen



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Escalating healthcare costs continue to be top of mind for business leaders and employers. Today, the average annual health insurance premium is an estimated \$4,500 for individual employees and upwards of \$10,000 to \$12,000 for families. Future projections show healthcare costs will continue to escalate about twice as fast as general inflation. It is also estimated that the total healthcare cost of the nation will reach 20% of GDP by 2016. Healthcare reform has done nothing to address the drivers of cost in the system. Chronic condition rates for obesity and diabetes continue to climb. That, combined with an aging population, suggests that without material changes, there is no end in sight for the rapid growth of employee benefit plans.

HEALTH AND WELLNESS CAN HELP

Rather than simply cutting benefit levels or shifting costs to employees by increasing copayments and deductibles, best in class companies are implementing health and wellness programs as a way of controlling health benefit costs. In fact, according to survey results from the Wellness Council of America, more than 60% of larger

companies (200+ employees) are providing some form of health and wellness plan for their employees. Even 25% of smaller companies (less than 200 employees) are offering some form of health and wellness program.

Holding an annual health fair, hosting an occasional health class or providing printed health information without a detailed and organized wellness business plan won't do the trick – it's simply not enough to generate the behavioral changes necessary to bend the trend curve and really have a positive impact on cost, quality and even productivity. To change behaviors and ultimately generate savings from a wellness program, it is critical to provide:

- > A well-run program with comprehensive and effective interventions
- > On-site programs
- > Wellness coaching
- > Continuous communication to employees

A commitment to health and wellness needs to be embedded as a part of an organization's mission and culture.





BUILDING THE RIGHT WELLNESS PLAN

Most companies that are serious about managing costs, generating savings, and creating a measurable ROI establish a comprehensive program to deal with wellness. It's not for the faint of heart. It requires patience and a real commitment to changing the culture of an organization. Important steps include:

- > **Establish a wellness committee** made up of employees from various aspects of the business. Include the usual "nay-sayers" to ensure that all constituencies are represented. Engage the workforce and make them part of the solution – offering ideas and input about what may work for your business and workforce.
- > **Go after the obvious** – if you have a big smoking population, offer smoking cessation programs. If weight loss is an issue, target obesity. Keep it simple and look to install plans and programs that can have the quickest and most visible impact.
- > **Mine your pharmacy and health plan data** for obvious areas of focus. Pharmacy data is an indicator of where you are spending your dollars, so pay attention to the results. If you are spending serious dollars in diabetes, target diabetes education. If the spend is for depression, focus on stress management. Employers can't ignore the signs and successful

plans place an emphasis on what is happening within their population.

- > **Build a wellness business plan.**

Know what you want to do, decide what will work based on your workforce and business culture and ensure you can track results. Get "C-suite" buy-in, set realistic expectations, and preach patience.

- > **Select a best in class wellness company/administrator** to deliver the myriad of services that need to be embedded in successful health and wellness plans. Ideal companies should provide self-directed web services, a personal health appraisal, a health portal, coaching, web video, print communications and the ability to interface with your health plan. They should also be able to manage and run contests and programs, like walking plans or "biggest loser" events.

- > **Hold an annual health fair** and provide biometric screenings. An annual health and lifestyle assessment with biometric screenings (e.g., blood test, blood pressure, BMI) will identify needs and track improvements both for individual employees and for the company as a whole.
- > **Design meaningful incentive plans** for employees that will drive participation and create rewards for health behaviors. Rewards can be as simple as gift cards for participation or as complex as reduced healthcare contributions for losing weight (reducing body mass).
- > **Celebrate successes** – don't be bashful about profiling the employee that lowered their cholesterol, lost 15 pounds or quit smoking. Success breeds more success and people like to be recognized.
- > **Install a system for regular health communications** – online materials, daily wellness tips, text messages, etc.
- > **Create a health tracking program** for physical activity that can also be tied to incentives, recognition, and rewards. Inter-departmental contests encourage competition and motivation – they also add fun to the process which creates more interest and awareness.

- > **Provide simple tools** for people to track and measure “how they are doing.” It’s important that goals be maintained and that the participants (and the employer) can see the results.
- > **Offer simple on-site programs** like nutrition counseling, wellness coaching, and even massage therapy.
- > **Stress organizational patience.** It takes time to change behaviors and time to get results.

WHAT WILL AN EFFECTIVE WELLNESS PLAN COST

How much should you budget for an effective, comprehensive employee wellness program? There is no right or wrong answer. The amount an employer spends is dictated by a number of factors – for example, how far into wellness they are, what is the annual turnover rate and what they can reasonably afford.

The actual costs of a plan will depend upon many factors, including:

- > Will the program be run by a vendor?
- > Will you include health coaching (shown to be very effective in getting people to change)?
- > What biometric health screening tests will be conducted and how often?
- > What kind of incentives will be provided?

The full cost of the wellness program doesn’t need to be carried entirely by the company. While employers often carry the primary cost of the program, employees often share in the expense by adding some of the administrative cost into the benefit plan costs. This way, if employees share in say, 25%, of benefit premiums through payroll deductions, they will share in some portion of the cost to administer and manage the wellness plan. Plus, health plans now cover preventive care at 100% as a result of healthcare reform, so employees can be directed to their primary care physician or network lab to get their biometric screenings, eliminating the cost for on-site services.

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In our experience, the ideal amount is somewhere between \$200 and \$300 per employee, per year to achieve the best overall outcome. The Wellness Council of America recommends that at least \$100 – \$150 per employee, per year should be spent on promoting wellness and more if incentives and health coaching are in place. With careful planning, a wellness program can be effective, easy to offer, and affordable. Keep in mind that the more one invests the greater the expected results – and savings.



THE COST OF DOING NOTHING

The cost of doing nothing is likely at least 6 – 12% per year. This is just the usual healthcare trend and does not account for other influences. Some major studies have shown savings between \$1.50 to \$3 for every dollar spent on wellness. These savings often don't take into consideration the savings realized from improved productivity and reduced absenteeism. As wellness becomes part of an organization's culture, expect natural savings from avoidance of unnecessary care and the positive effects of improved morale and increased productivity.

Consider for a moment the cost of the four separate 15-minute smoking breaks the usual smoker takes a day; let alone the health costs related to smoking. While a wellness plan won't dramatically reduce healthcare costs – as part of a broader benefits strategy, it can be an effective vehicle to help achieve overall improvements in cost, quality and productivity.

IT'S EASY TO GET STARTED

Simple steps like issuing wellness tips and adding a wellness section to your benefits web site can be done easily and for virtually no cost. The key step is laying out a plan and getting started. Speak to your AIM representative about the platform of services we make available to clients to guide them through the process.

Our BeneFIT platform offers a host of services and solutions for health and wellness – each designed

to meet individual client needs. Get started today and build a culture of wellness that can help your employees, your business and your bottom line.

ABOUT THE AUTHOR

Joseph M. DiBella is the Executive Vice President of AIM's Employee Benefits Health and Welfare Consulting practice. An industry veteran with more than 20 years experience in employee benefits, DiBella is responsible for all aspects of the firm's benefits consulting practice. AIM is a leading insurance, risk management and employee benefits brokerage and consulting firm. Through proprietary approaches, the firm offers customized programs designed to align with organizational goals and drive bottom-line growth.

Founded in 1959 with offices in New Jersey, Pennsylvania, Delaware and Florida, AIM ranks among the largest insurance brokerages in the country. Each year, the company places approximately \$1 billion in premium volume and has a team of nearly 300 professionals, serving clients throughout the United States and abroad.

The firm's specialty practices include: Aviation, Construction, Construction Wrap-ups, Education, Executive Risk, Healthcare, Hospitality & Gaming, Life Science & Technology, Public Entity and Real Estate.

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