EMPLOYEE HEALTH IMPROVEMENT RETURN ON INVESTMENT

Heart Healthy Waukesha County

It's a fact. Wellness is the heart of the matter.

You've probably heard that comprehensive worksite health promotion and wellness programs save employers about $3 for each dollar invested, but just how accurate is that? Locally, WE Energies calculates that its wellness programs save $1.98 for every $1 spent on classes and prevention efforts.[1] Nationally, research suggests the average return on investments in employee health improvement is closer to $3.50.[2] And that's only part of the story. A 1999 review of data on return on investment (ROI) found that savings ranged from a low of $1.40 per dollar spent to a high of $13 per dollar spent.[3] The return comes from reductions in absenteeism, workers' comp, and short-term disability, and increases in productivity.[4]

The big three — tobacco, nutrition and exercise

Researchers have found that about half of all deaths and most chronic diseases in the U.S. are attributable to lifestyle risk factors related to tobacco use, nutrition and exercise. Investigators at the University of Michigan and elsewhere have found that lifestyle risk factors account for an average of 25 percent of medical care costs for employers. They also found that absenteeism is higher and productivity lower for people with lifestyle risk factors.[5]

[1] "Picking right mix of health benefits can pay off," *Milwaukee Journal Sentinel*, Nov. 21, 2004.

[2] Aldana, S.G. "Financial impact of health promotion programs: a comprehensive review of the literature," *American Journal of Health Promotion* (2001), 15(5), 296-320.

[3] Goetzel, R.Z., et.al. "What's the ROI ?" *American Worksite Health Promotion* (1999), Summer, 12-21.

[4] "Investing in a healthy workforce to control healthcare costs," University of Michigan News and Information Services, July 5, 2001.

[5] Dee W. Edington, "Emerging research: a view from one research center," *American Journal of Health Promotion*, (May/June, 2001): 341-349.

Weighty impact

As BMI (body mass index) increases, so do health care costs.[6] That's because obesity is a major risk factor in numerous chronic diseases including heart disease, stroke, diabetes and certain types of cancer. Medical costs for obese and overweight people average $395 more annually than medical costs incurred by people of normal weight. That's about 36 percent more per person.[7] For pharmacy costs, the extra burden is nearly $700 per year more for obese individuals.[8] Nationally, more than half of all workers are overweight or obese.[9] If your workplace is typical, the impact can be huge. Obesity is estimated to cause 39 million lost workdays and 239 million restricted-activity days annually in the U.S.[10] Repeated studies indicate that obese employees take more sick leave than their non-obese counterparts and are twice as likely to have seven or more absences due to illness over a six-month period.[11]

Up in smoke

In 1999 each adult smoker cost employers $1,760 in lost productivity and $1,623 in excess medical expenditures.[12] Men who smoke incur $15,800 (in 2002 dollars) more in lifetime medical expense than men who do not smoke; women who smoke incur $17,500 (in 2002 dollars) more in lifetime medical expense than women who do not smoke.[13] Men who

[6] Pronk, et.al. "The association between work performance and physical activity, cardiorespiratory fitness, and obesity," *Journal of Occupational and Environmental Medicine* (2004), 56(1), 19-26.

[7] Strum, R. "The effects of obesity, smoking, and drinking on medical problems and costs, *Health Affairs* (2002), 12(2), 245-253.

[8] "Mayo Clinic Study: Yearly Prescription Costs Almost $700 Higher for Obese Patients." (Nov. 7, 2004) Online: http://www.mayoclinic.org/news2004-rst/2501.html

[9] Thompson, D., et.al. "Estimated economic costs of obesity to U.S. business. *American Journal of Health Promotion* (1998), 13(2), 120-127.

[10] Koretz, G. "Employers tame medical costs: but workers pick up a bigger share," *Business Week*, January 17, 2002.

[11] Tucker, L.A., and Friedman, G.M. "Obesity and absenteeism: an epidemiologic study of 10,825 employed adults," *American Journal of Health Promotion* (1998), 12(3), 202-207.

[12] Centers for Disease Control and Prevention. "Annual smoking-attributable morality, years of potential life lost and economic costs," *Morbidity and Mortality Weekly Report.* (2002) 51(14): 300-03.

[13] Hodgson, T. "Cigarette smoking and lifetime medical expenditures," *The Milbank Quarterly* (1992) 70(1):81-125.

smoke are absent from work four days more each year than men who do not smoke; women who smoke are absent from work two days more than nonsmoking women.[14]

Walking, dancing, biking, jogging — all the way to the bank

The positive impact of increasing physical activity levels is enormous. One study summarized by Blue Cross Blue Shield estimated the annual cost of inactivity to be $670 - $1,125 per person. Another study estimated that getting the U.S. population more physically active would result in direct national healthcare savings of more than $77 billion annually. Yet another indicated that the potential annual savings jumps to more than $150 billion when indirect savings such as productivity and job performance are factored in.[15] Similarly researchers at NASA found that the productivity of non-exercising office workers dropped 50 percent during the final two hours of the work day, but exercisers performed at full efficiency all day.[16] A 1998 study by the Health Enhancement Research Organization (HERO) found that physically active individuals had mean medical expenses of $353, significantly lower than the $1,712 mean medical expenses incurred by physically inactive individuals.[17]

Why the workplace?

No one can make someone else adopt a healthy lifestyle, but studies consistently indicate that people's social and physical environments significantly influence day-to-day actions and choices about smoking, eating and exercising. Since most adults spend the majority of their waking hours in the workplace, worksite environments that support healthy lifestyles can make a dramatic difference in employee lifestyle behaviors and related health risk factors. What's more, research shows that workplace programs to improve employee health are generally effective in helping employees adopt healthier behaviors.[18] The opportunities are huge.

Short term opportunities

↓ Decreased absenteeism
- Reduced sick days
- Fewer attitude-adjustment days

↑ Increased productivity
- Improved decision-making
- Fewer mental errors
- Increased efficiency
- Improved ability to handle stress
- Increased creativity

↑ Healthier, happier workers

Long term opportunities

↑ Increases in employee retention
- Lower training costs
- Lower recruitment costs

↓ Lower healthcare costs
- Decreased disability claims
- Fewer medical claims

The biggest returns on investments in employee wellness programs come over time. When health assessments are part of the wellness program (and they should be), employers should be prepared to see an initial increase in health care claims due to the identification of health problems among employees.[19]

Heart Healthy Waukesha County

Heart Healthy Waukesha County (HHWC) is organizing a Collaborative network of area employers who are interested in developing worksite wellness plans that address the big three employee health risks. For information, contact co-chairs: Bob Speer, 414-465-3609, bspeer@covhealth.org, and Herb Rosenberger, 262-928-2708, herb.rosenberger@phci.org, or Project Director, March Jacques, 262-691-5152, mjacques@wctc.edu.

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[14] Warner, K.E., et.al. "Health and economic implications of a work-site smoking-cessation program: a simulation analysis," *Journal of Occupational and Environmental Medicine* (1996), 38(10)981-92.

[15] "Research digest on physical activity, health and healthcare costs," BlueCross BlueShield Association, June 2003.

[16] Fielding, J.E., "Getting smarter and maybe wiser," *American Journal of Health Promotion*, Vol. 11, 1996.

[17] "Goessel, et.al. "The relationship between modifiable health risks and health care expenditures: an analysis of the multi-employer HERO health risk and cost database," *Journal of Occupational and Environmental Medicine* (October 1998), (40) (10); 1-12.

[18] Goetzel, R.Z. et.al. "Assessing the financial impact and return on investment from ecological and environmental interventions at the workplace" (May 2004), University of Georgia Workplace Health Group.

[19] Shephard, R.J., "A critical analysis of work-site physical fitness programs and their postulated economic effect," *Medicine and Science Sports and Exercise*, October 1991.