

# Alliance for Wellness ROI, Inc.

An inter-company cooperative, formed to standardize the terminology and measurement of the Return on Investment of Wellness Programs

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## 2<sup>ND</sup> ANNUAL

# SURVEY OF CORPORATE WELLNESS PROGRAMS

## SURVEY SUMMARY



# INTRODUCTION

As healthcare costs continue to spiral upward with no end in sight, many companies are increasingly turning to Wellness Programs as an alternative to controlling increasing costs. Early on Wellness Programs focused on the healthcare system by controlling utilization. Examples of such programs are utilization review and the like. Current Wellness Programs are population based with the ultimate goal of healthy lifestyles with the belief that healthier individuals will need less medical attention, avoiding (or at least minimizing) medical claims by maintaining a healthy lifestyle.

However, Wellness Programs come at a cost. There are fees and other administrative costs associated with having a Wellness Program, regardless of whether a company uses an independent vendor, a medical plan vendor, or the company administers the program internally. Because of increasing healthcare costs, company healthcare budgets are increasingly under scrutiny. As a result, many benefit managers are forced to dismantle the very Wellness Programs that could help reduce their claims costs.

The Alliance for Wellness ROI, Inc. (“Alliance”) is a 501(c)(3) non-profit inter-company cooperative formed in January 2005. The mission of the Alliance is to promote corporate Wellness Programs by demonstrating, through an objective Return on Investment (“ROI”) measurement, that Wellness Programs are an investment rather than an expense to a company.

Before an objective ROI can be measured, there needs to be standardization among Wellness Program offerings or components. The Annual Survey of Corporate Wellness Programs is one step in the ongoing completion of this standardization. Not only does the annual survey provide employers with comparable Wellness Program data and benchmarks, it also serves the process of accumulating information that is being used to define the terminology standards of Wellness Programs.

Following is a summary of the Alliance’s 2<sup>nd</sup> Annual Survey. For the full survey details, click on the survey results link on the Alliance website [www.roiwellness.org](http://www.roiwellness.org).



# SURVEY RESPONDENT OVERVIEW

The 2<sup>nd</sup> Annual Survey includes many of the companies that participated in the 1<sup>st</sup> Annual survey and represents roughly 750,000 employees and 2,000,000 plan participants located in the United States. This represents an increase in responding companies of approximately 15%.

# of Employees	Response Percent
< 10,001	20.8%
10,001 to 15,000	16.7%
15,001 to 20,000	12.5%
20,001 to 25,000	8.3%
25,001 to 50,000	16.7%
50,000+	25.0%

Industry	Response Percent
Mining/Energy/Oil	4.2%
Industrial/Electrical and Transportation Equipment	8.3%
Manufacturing	33.3%
Transportation	8.3%
Retail	25.0%
Banking	8.3%
Health/Legal/Educational and Social Services	8.3%
Public Finance	4.2%

The survey respondents represent a broad array of industries, with just under 60% from the manufacturing and retail industries.

Wellness programs were initiated primarily in the Benefits and Human Resources departments. Other departments that have initiated wellness programs typically have health promotion responsibilities.

Department where Wellness was Initiated	Response Percent
Benefits	18.2%
Human Resources	63.6%
Other	18.2%

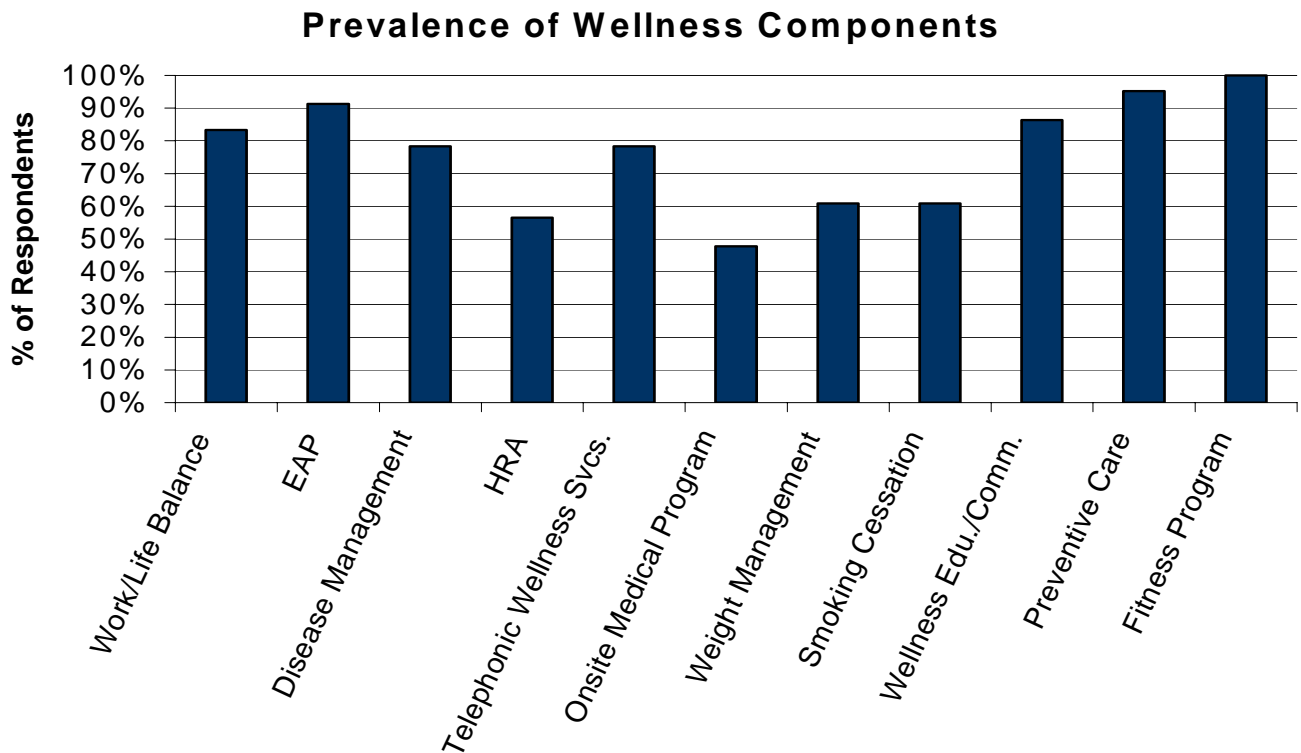
On a scale of 1 to 10 (10 being absolutely supportive), many survey respondents have senior management that is generally supportive of their wellness program.

Senior Management Support	Response Percent
1-4	0%
5	22.7%
6	9.1%
7	9.1%
8	27.3%
9	13.6%
10	18.2%



# Prevalence and Type of Wellness Program Offerings

The most prevalent Wellness Program offerings of the survey respondents were fitness programs, with 100% of those responding offering this program. 95% offer preventive care programs, and 91% offer the employee assistance program (EAP).





## Work/Life Balance Programs

The most prevalent work/life balance programs are service programs predominantly managed externally by separate vendors, with the exception of lactation support programs, which are primarily administered internally.

Work/Life Balance Program Components	Response Percent
Legal	70.0%
Financial	45.0%
Concierge	45.0%
Subsidy for Onsite Childcare	5.0%
Subsidy for Offsite Childcare	15.0%
Lactation Support	50.0%

## Employee Assistance Program (EAP)

The majority of respondents offer EAPs, typically through plan providers separate from the medical plans. Many of the EAP services dovetail with the other wellness program components, particularly the work/life balance and smoking cessation components.

EAP Components	Response Percent
Call Line	95.2%
Stress Management	42.9%
Critical Incident Services	90.5%

## Disease Management Programs

All survey respondents that offer disease management programs have program components that identify plan participants as chronically ill, and then manage the care of those chronically ill participants. The goal of these programs is to ultimately reduce hospital stays by aggressively managing these chronic conditions.

Disease Management Components	Response Percent
Disease Management for Participants with Chronic Illness	100.0%
Self-help for Participants with Chronic Illness	55.6%



## Health Risk Appraisal

56.5% of respondents offer HRAs to their employees. Of the respondents that offer HRAs, 85% offer incentives for participation. The incentives are primarily financial and include reduced medical plan contributions, gift cards, contributions added to the employee’s health reimbursement account, and reduction of the medical plan deductibles.

### Telephonic Wellness Services

The nurseline is the most prevalent telephonic wellness service. The majority of nurselines are administered by the Medical Plan Administrator. Telephone coaching programs are a relatively new program and are being increasingly added by companies.

Telephonic Wellness Services	Response Percent
Nurseline	88.9%
Telephone Coaching	44.4%

### Onsite Medical

Of the responding companies that offer onsite medical programs, the majority offer each program component and have had each component in place for at least 5 years.

Onsite Medical	Response Percent
Onsite Nurse	90.9%
Onsite Physician	77.7%
Onsite Safety	90.9%

### Weight Management

Of the responding companies that offer at least one weight management program component, most offered are administered through the medical plan, such as weight loss surgery if it is deemed to be medically necessary. In some instances, to receive coverage, the participants must meet certain requirements such as BMI above a pre-defined level.

Weight Management	Response Percent
Coverage or Discounts for Weight Loss	78.6%
Weight Loss Surgery	71.4%
Weight Loss Medications	35.7%
Nutritional Counseling	64.3%
Healthy Cafeteria Choices	85.7%
Financial Incentives to Lose Weight	7.1%



## Smoking Cessation

Of the responding companies that offer at least one smoking cessation program component, most offer discounts for smoking cessation medications. Incentives (and disincentives) for smoking cessation include financial rewards for cessation and increased monthly medical plan contributions for smokers.

Smoking Cessation	Response Percent
Rewards or Incentives for Smoking Cessation	26.7%
Rewards or Incentives for Continued Smoking Abstinence	21.4%
Benefits through Medical Plan	42.9%
Discounts for Medications	69.2%
Self Help	38.5%

## Wellness Education/Communication

The majority of survey respondents offer at least one type of wellness education and communication program component. Print and online communications are the most popular, most likely a phenomenon of the internet as well as the increase in geographically dispersed workforces. Pre-natal programs are also widely used by most survey respondents.

Wellness Education/Communication	Response Percent
Print Communications	78.9%
Online Communications	78.9%
Audio/Visual Communications	31.6%
Self-care Guide	36.8%
Pre-natal Program	73.7%

## Preventive Care

Of the respondents that offer preventive care components, both physicals inside and outside of the medical plan are commonly used.

Physicals outside of the medical plan typically consist of screenings only, however some include physicals for executives.

Preventive Care	Response Percent
Physical (as part of medical plan)	84.2%
Physical (outside of medical plan)	78.9%



## Fitness

The majority of survey respondents that offer fitness programs predominantly offer discounts for fitness clubs. Those that have onsite fitness facilities typical only have them at their largest population centers.

<b>Fitness</b>	<b>Response Percent</b>
Onsite Fitness	52.6%
Fitness Club Subsidy	57.9%
Fitness Club Discount	73.7%



## FINANCIAL OVERVIEW

The cost of wellness programs is becoming increasingly visible and as such is being scrutinized by senior management. The pressure is on Benefits and Human Resources departments to defend the financial viability of wellness programs. Unfortunately, results from return on investment (ROI) studies have been inconsistent. Published ROIs have ranged from \$1:1 to \$20:1. This lack of consistency has not helped the Benefits community effectively prove the value of wellness programs.

Only two survey respondents noted a Return on Investment (ROI) calculation for their entire wellness program. Note that most wellness ROI calculations include the cost of the wellness program therefore an ROI of \$2.53 to \$1.00 has a return of \$1.53 beyond what was spent on the wellness program.

Wellness Program ROI	ROI	Year of Measurement
Respondent 1	10% reduction in lifestyle related medical claims	2001
Respondent 2	\$2.53:\$1	2003

Some companies also indicated that they had measured ROI on a single Wellness Program Component. The following chart summarizes the range of measured ROI for individual Wellness Components.

Wellness Component	Range of Measured ROI
Work/Life Balance	\$2.53:1
Employee Assistance Plans	None Measured
Disease Management	\$1.80:1 to \$4.50:1
Health Risk Appraisals	Not Given – 1 respondent measured
Telephonic Wellness Services	One respondent indicated that 70% of individuals who intended to call 911 or go to the ER opted to use a lower-cost service after calling.
Onsite Medical	Not Given – 1 respondent measured
Weight Management	None Measured
Smoking Cessation	None Measured
Wellness Education/Communication	None Measured
Preventive Care	Not Given – 1 respondent measured
Fitness	None Measured



At least one company responded that it is difficult to make comparisons on various programs unless each company can capture specific participation and cost data. This view is consistent with the Alliance's belief that due to the lack of standardization among Wellness Programs, it is still very difficult to produce an objective ROI. As mentioned earlier, one goal of the Alliance is to provide standardization among Wellness Programs so that ROI can be objectively measured.

The Alliance is in the process of developing a modeler that will be able to calculate an ROI for a given company's Wellness Program. The Alliance hopes that the modeler will become a tool that will be used by companies to prove that investment in a Wellness Program has a positive financial return and can help curb the rising cost of healthcare.



## CONCLUSION

As the database of the Alliance continues to grow, and standardization of technology and methodology is continually expanded, the credibility of the ROI measurement of Wellness Programs will be accepted as objectively correct, thereby encouraging CEOs and CFOs to view the wellness expenditures as a true investment of company capital.