



## Maximizing benefits ROI: Strategic design plus corporate wellness equals value

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Friday, February 20, 2009

Employers have heard the call for wellness programs for years. Some employers embraced wellness because it was "the right thing to do." Others remained unconvinced, preferring to wait for more compelling stories and data. Yet in today's challenging economy, all employers -- both wellness believers and doubters -- should take a careful look at corporate wellness programs as a crucial part of a fiscally responsible strategy to minimize long term benefits costs while maximizing immediate value.

### Creating the formula

The right combination of employee benefits and wellness can create satisfaction and measurable results for both the employee and the employer. Three components are crucial:

¥ Strategic benefit design

¥ Data-driven assessment of health risks

¥ Measures to evaluate success

*Strategic benefit design:* As counterintuitive as it may sound, lowering costs does not mean less care. It means the right kind of care. Thoughtful benefit design should remove barriers that prevent employees from accessing health care. The employee who does not take prescribed blood pressure medication because he cannot afford the co-pay will incur much higher health care costs from a stroke than from cost of the drugs he did not take. The increased costs are passed on to the employer.



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In addition to removing barriers, plans must focus on prevention and managing health. For example, does it make sense to sponsor a "Stop Smoking" program if your health plan does not cover medication to help employees quit smoking? Another example: most benefit designs have the lowest out-of-pocket costs for generic medications. Yet currently, there are few generic medications to prevent asthma attacks; only the more costly brand-name drugs are available. By being strategic, and specifically targeting asthma by lowering or eliminating the out-of-pocket cost for asthma medication, companies provide an incentive to the asthmatic patient to adhere to prescribed treatment, which may prevent serious attacks that result in costly visits to the emergency room.

The outcome? The employer realizes cost savings and the employee benefits from improved health. And both benefit from increased productivity.

*Data-driven assessment of health risks:* The most effective corporate wellness programs start with data. Health Risk Assessments (HRAs) and health screenings are an essential foundation for analyzing a specific employee population. The results can tell a great deal about employees' current health and what they should be doing to get or stay healthy. The data helps quantify excess costs from medical care, absenteeism and lower productivity -- and it helps HR professionals tailor a benefits plan targeted at reducing these excess costs.

For example, in 2007, 78 percent of the 400 employees of a San Diego-based company participated in a voluntary company-sponsored HRA and health screenings. Based on the data obtained from this group of employees, a unique benefit design was created and a wellness program was customized to specifically address the indicated health risks.

One year later in 2008, the company sponsored the second HRA with health screenings. Nearly 80 percent of its employees participated. Year-over-year results were compared for those who took both HRAs, and improvement was shown in the following categories:

- ¥ Higher percentage of employees with low coronary risk.
- ¥ Higher percentage of employees with good coping and stress level.
- ¥ Higher percentage of employees with adequate sleep.
- ¥ Higher percentage of employees with fewer than five sick days per year.

Results also revealed a lower average number of health risk factors per employee. Utilization of preventive, prescription medication for asthma, diabetes and hypertension was higher than the national average.

Obtaining the data is a start. But knowing what to do with that data is essential. What drives improvement in employee health (and reduction in benefits costs) is awareness and a change in the culture. In the case study, employees learned what their individual results meant and what they could do to affect their results. The employer, with guidance from the insurance consultant, then provided the benefit design and programs to support employees.

*Measures to evaluate success:* One of the challenges to corporate wellness programs is measuring success. This is particularly important to those in the c-level suites who must both justify and reduce expenses. Success may be defined as reduced insurance costs; fewer workers' compensation claims; or a lower number of employee sick days. Goals should be identified from the start and evaluated at regular intervals.

However success is defined, senior management must be on board and an operating plan must be developed that lays the foundation for the structure, incentives and commitment to the goals.

### **Achieving results**

Ultimately, achieving results means employers must shift from thinking of health care benefits as an expense to viewing it as an investment -- with a measurable return. Human capital is an essential business asset. Creating a healthier, more productive work force is one clear area where businesses seeking to improve their bottom line can capitalize.

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