



Health Policy Snapshot

Public Health and Prevention

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POLICY BRIEF

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How can wellness programs save employers money while making employees healthier and more productive?

Takeaways:

- Companies and governments nationwide are implementing employee wellness programs.
- Wellness programs are a cost-effective way to reduce employers' healthcare expenses and promote better health and productivity among employees.
- Wellness programs often include a variety of measures, such as health assessments and screenings; tobacco cessation and weight loss programs; and subsidized gym memberships.

Overview

More than half of all Americans receive health insurance through their workplace. Increasingly, employers are complementing health insurance benefits by offering wellness programs that help improve employee health and productivity, lower healthcare costs, and boost the bottom line.

WELLNESS PROGRAMS ARE WIDESPREAD, REACHING MOST AMERICAN WORKERS

In 2011, the Kaiser Family Foundation reported that two-thirds of companies with three or more employees that provided health benefits also offered at least one wellness program and more than half offered benefits to employee spouses or dependents.¹

Virtually all larger companies (those with 1,000 employees or more) offered a wellness program.

Building on this foundation, the Affordable Care Act of 2010 authorizes \$200 million in grants through 2015 to help small employers (fewer than 100 employees) implement wellness programs.² The law also increases the health insurance premium discounts an employer can extend to participating employees from 20 percent to 30 percent by 2014, and as high as 50 percent under certain circumstances.

WELLNESS PROGRAMS WORK IN THE PRIVATE AND PUBLIC SECTORS

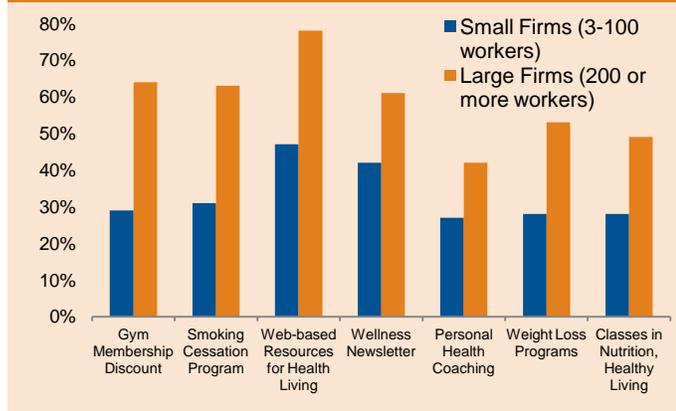
In 2010, researchers reviewed 36 studies of corporate wellness programs. They calculated that employers saved an average of \$6 for every \$1 spent, including \$3.27 saved in medical costs and an additional \$2.73 gained because of reduced absenteeism.³

An earlier analysis of 56 studies found that health promotion programs in organizations of all sizes reduced sick leave, health plan costs, and worker compensation and disability costs by about 25 percent.⁴

Examples of successful wellness programs include:

- **Hernando, MS:** Mayor Chip Johnson implemented a comprehensive wellness program for city employees which featured free health screenings, a smoking cessation program, and incentives to use a new exercise facility. The program reduced Hernando's health premium costs by 15 percent in 2011, saving taxpayers

Percentage of Companies Offering a Particular Wellness Program to Their Employees, by Firm Size, 2011



Source: <http://ehbs.kff.org/pdf/2011/8225.pdf>

\$130,000. This revenue funded a 2 percent salary increase for the city's entire municipal workforce. Hernando's wellness program and other initiatives lead to the city being named the "Healthiest Hometown" in the state by the Blue Cross & Blue Shield of Mississippi Foundation in 2010.

- **FedStrive:** In 2010, 6,000 employees participated in the federal government's wellness program. Sixty-one percent of the participants who completed a cardiac risk profile and worked with a FedStrive nurse to address their risk factors lowered their cholesterol by an average of 16 points within a year.
- **Safeway:** In 2010, 11,000 employees participating in the supermarket chain's wellness program lost a collective 45,000 pounds. Many employees also earned health insurance premium discounts for achieving health gains. Between 2009 and 2011, there was a 73 percent increase in the number of employees who reached the benchmark for healthy blood pressure, a 25 percent increase in the number of employees who quit smoking, and a 21 percent increase in the number of employees who achieved the benchmark for a healthier body weight.

NOT ALL PROGRAMS ARE CREATED EQUAL

Wellness programs tend to vary depending on a company's available resources. Employers utilize a number of strategies to boost employee health and productivity, often starting with a health risk appraisal that plan administrators use to evaluate employees' health status and risk factors. Smoking cessation programs, gym membership discounts, and/or weight loss programs are commonly included in wellness plans. Newsletters, Web-based resources, classes, and other educational components also can help provide personalized guidance to promote healthier living.

CONCLUSION

Worker productivity lost to diabetes, depression, cardiovascular health, and other chronic and preventable illnesses is estimated to reach \$1.1 trillion annually.⁵ In response, an increasing number of private and public sector employers are implementing wellness programs which provide a strong return on investment for employers and employees alike.

WANT TO KNOW MORE?

- [Workplace Wellness Programs \(Health Affairs\)](#)
- [2011 Survey of Employer-Sponsored Health Benefits \(KFF\)](#)
- [What's the Hard Return on Employee Wellness Programs? \(HBR\)](#)
- [Healthier Americans for a Healthier Economy \(TFAH\)](#)
- [Workplace Wellness Toolkit \(US Chamber of Commerce Small Business Nation\)](#)
- [Federal Occupational Health \(FOH\)](#)
- [Health Outcomes, Health Factors \(County Health Rankings\)](#)
- [Employers and Businesses \(County Health Rankings\)](#)

¹<http://ehbs.kff.org/pdf/2011/8225.pdf>

²<http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf>

³<http://content.healthaffairs.org/content/29/2/304.abstract>

⁴<http://www.inspirationaljourneys.org/wp-content/uploads/2010/04/Meta-evaluation-of-worksite-health-promotion-economic-return-studies-2005-update.pdf>

⁵<http://www.milkeninstitute.org/healthreform/pdf/AnUnhealthyAmericaExecSumm.pdf>