What is the Evidence for the Economic Effectiveness of Worksite Wellness?

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Need to know the economic effectiveness of Worksite Wellness

Problem Statement…
Agenda

- Context for economic analysis
- The five key economic variables
- Overview of findings of major reviews
- The new Harvard Meta-Analysis
- Summary of evidence
- Summary of main points
- Q & A session
- Self-quiz
- Download attachment

Key Terms

**Economic Return:**
The monetary benefit (savings) associated with a program.

**Return-on-investment (ROI):**
The monetary benefit (savings) associated with a program divided by the cost of that program expressed as a percent.

**Cost/Benefit (C/B) Ratio:**
The monetary benefit(savings) associated with a program divided by the cost of that program expressed as an integer and/or a decimal.

**Net Present Value:**
A commonly accepted way of estimating the time adjusted net monetary benefit(savings) associated with a program expressed as a dollar amount.
You Need a Logical Framework for Economic Analysis

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More Productive Employees

Healthier People

Behavior Change

Derivable Economic Gains
• Health plan costs
• Sick Leave costs
• Workers’ comp costs
• Disability costs
• Presenteeism

Potential Economic Gains
• Decision Quality
• Stamina & resilience
• Inter-personal skills
• Positive attitude
• Strength & Flexibility
• Company loyalty
• Morale/Recruitment
• Retention
• Turnover

Context Issues for Economic Return

- Who receives the savings associated with the program?
- When do they receive it?
- Who pays for the program?
- When do they pay for it?
- What savings and what costs are included?
Key Economic Variables

1. Health plan costs
2. Sick leave absenteeism cost
3. Workers’ Compensation costs
4. Disability management costs (STD & LTD)
5. Presenteeism costs

One Summary of C/B Studies

- Bank of America
- Blue Shield of CA
- Duke University
- Citibank
- City of Birmingham
- Coors
- DuPont
- General Foods
- General Motors
- GlaxoSmithKline
- Indiana BCBS
- Johnson & Johnson
- Life Assurance
- Nortel
- Prudential
- Travelers
- Union Pacific
- Washoe County

Other Literature Reviews

Aldana

- "The initial search identified 196 studies, but only 72 met the inclusion criteria and were included in the review."
- "There are good correlational data to suggest that high levels of stress, excessive body weight, and multiple risk factors are associated with increased health care costs and illness-related absenteeism."
- "Health promotion programs are associated with lower levels of absenteeism and health care costs, and fitness programs are associated with reduced health care costs."
- Average health care savings = 1:3.48
- Average sick leave savings = 1:5.82


New Meta-Analysis...

**ABSTRACT** Amid soaring health spending, there is growing interest in workplace disease prevention and wellness programs to improve health and lower costs. In a critical meta-analysis of the literature on costs and savings associated with such programs, we found that medical costs fall by about $3.27 for every dollar spent on wellness programs and that absenteeism costs fall by about $2.73 for every dollar spent. Although further exploration of the mechanisms at work and broader applicability of the findings is needed, this return on investment suggests that the wider adoption of such programs could prove beneficial for budgets and productivity as well as health outcomes.

Source: Katherine Baicker, David Cutler, and Zirui Song, Workplace Wellness Programs Can Generate Savings, HEALTH AFFAIRS February, 2010, 29(2) 1-8.

C/B = 1:6.0
Summary of Evidence

- Strong epidemiological literature documenting the relationship of health risks to increased costs.
- More than 60+ peer review studies
- New meta-analysis

Reasonable Expectations?

Usual Outcomes:
- 45% to 95% participation
- 10% to 35% increase in behavior change
- 2% to 12% reduction in risk prevalence
- 17% - 28% reduction in sick leave
- 0% to 47% reduction in per capita health costs
- 15% to 25% reduction in per capita health cost trends
- ROI = 1:1.7 to 1:7.4
Summary of Main Points

- A consistent economic framework is important to the field of Worksite Wellness.
- There is a potential of five separate economic variables that an employer can use to determine the economic return of a Wellness program.
- Virtually no employer has used all five variables to determine the economic return from their Wellness program.
- There is a significant amount of evidence about the increased cost associated with risk factors that Wellness programs address.
- There are more than 60 peer review studies that demonstrate the economic value of Wellness.
- A new meta-analysis from some Harvard economists establishes the clear economic benefit of Wellness programs.
- We still need additional studies on the economic return of Wellness programs.

Q & A Session

- Why do self-insured employers have a greater incentive to do Wellness?
- How much knowledge of the ROI studies do most senior managers have?
- What economic variables make the most sense for small employers?
- What is likely to happen to ROI analysis with the implementation of health care reform?
- What would you do with evidence of economic return?
- How much does a comprehensive economic analysis of a Worksite Wellness program cost?
- How can our Wellness program’s economic return be increased?
- What factors influence the economic return of a Wellness program?
- Why is our senior management so focused on ROI?