BENEFIT Plan Developments

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Assessing The Efficacy Of Wellness Programs

Companies that sponsor wellness programs designed to lower health care costs and enhance the well-being and productivity of employees should consider conducting a return on investment (ROI) analysis to help them determine whether these initiatives have been effective and to provide them with information about how these programs can be improved, a report published by employee benefits consultancy Milliman has advised.

In "Is Your Wellness Program Cost Effective?" health care actuary Scott Weltz noted that, while wellness program vendors and service providers often point to studies and methodologies that show that a positive ROI is achievable with these programs, the employers paying for the initiatives often do not see a reduction in their health care spending. Measuring the success of these programs is especially difficult because the cooperation of employees is necessary for positive results to occur and because it may take a number of years before any significant changes in cost or in overall employee health are visible.

While all efforts made by employers to improve the health of their employees are laudable, having the right mix of programs is essential, Weltz observed. Interventions that fall under the heading of "wellness programs" are often preventive in nature and may include health risk assessment (HRA) screenings, smoking cessation programs, exercise programs, or informational sessions on issues such as diet or weight management. However, Weltz said, these programs should be integrated into a more comprehensive population health management initiative, which also includes programs designed to help people with chronic illness manage their disease.

Weltz further emphasized that companies should be realistic about the amount of time it takes to see a ROI on these programs, recognizing that positive results cannot be expected

Also In This Issue

Black, Gould & Associates

3800 N. Central Ave.
9th Floor
Phoenix, AZ 85012
Phone: (602) 277-2144
Fax: (602) 241-9711

4516 E. Camp Lowell Dr.
Tucson, AZ 85715
Phone: (520) 290-8822
Fax: (520) 296-0899

These evidence-based measures (EBMs) enable employers to assess adherence to the clinical guidelines provided by organizations such as the National Committee for Quality Assurance (NCQA).

to appear within the first two to three years of implementation. This is because time is needed to truly engage at-risk individuals, to modify their behavior, and to finally realize a reduction in health care costs. For example, an employee who has suffered a heart attack may actually increase his visits to the doctor, thus raising the employer's health care costs in the short run. However, if the increased care the patient receives leads to improved health, the patient may have fewer high-cost hospitalizations in the future.

Employers attempting to assess the effectiveness of their wellness and population health management initiatives within these first few years after implementation may want to consider evaluating clinical care patterns as they relate to evidence-based medicine, Weltz said. These evidence-based measures (EBMs) enable employers to assess adherence to the clinical guidelines provided by organizations such as the National Committee for Quality Assurance (NCQA). These types of measures, according to Weltz, can help employers determine what aspects of their programs have been effective in reducing costs.

For example, employers can use health claims data to estimate the number of employees at risk of developing diabetes or of having diabetes-related health problems. The employer can then assess clinical compliance with EBMs among these employees by measuring how many have had the recommended clinical tests performed and comparing these figures with known benchmarks. Finally, the employer can analyze these EBMs to determine whether the wellness programs have led to greater compliance with clinical recommendations. The assessment may reveal, for example, that additional programs to encourage the use of preventive services are needed or that high co-pays or deductibles for screenings, prescription drugs, and other services are discouraging employees from obtaining recommended care.

Similarly, Weltz advised, an employer who has found that compliance with depression management EBMs is below average and is barely improving may choose to take steps to tackle this problem, as untreated depression can affect workplace productivity in addition to driving up health care costs over time. In this case, the employer might, for example, consult with the company's pharmacy benefit manager to find ways to reduce employee co-pays on antidepressant drugs or investigate whether the various services offered to employees with depression are properly integrated.

"While employers continue to make sizable investments in wellness and population health management programs and wait for ROIs to materialize," Weltz concluded, they are finding that their claims data include valuable information regarding program effectiveness that could point to some fairly simple and effective solutions.

"Employers that mine this data effectively—before and after implementing a wellness program—may be able to make strategic decisions that can significantly improve their employees' well being in the short run and may reduce healthcare costs in the long run," Weltz said.

Employers Remain Cautious About Restoring Benefits

While growing numbers of employers report plans to resume hiring, companies remain cautious about raising pay and restoring reductions to benefits made during the economic downturn and may continue to trim benefit packages over the coming year, according to a survey conducted by recruitment website CareerBuilder.

The survey of 2,700 hiring managers and human resource professionals nationwide across industries showed that 20% of employers plan to increase the number of full-time, permanent employees in 2010, up from 14% in 2009. By contrast, 9% said they plan to decrease headcount in 2010, down sharply from 16% in 2009; 61% said they do not plan to change staff levels; and 10% said they are unsure. Meanwhile, 11% of the employers indicated they plan to hire more part-time employees in 2010, up slightly from 9% in 2009. Just 8% said they plan to decrease their part-time help in 2010, down from 14% in 2009; 69% indicated they plan no change in headcount; and 13% said they are unsure.

Around 40% of the employers reported laying off workers in 2009. Of those respondents, 32% said they plan to rehire workers, with 30% indicating they will do so right away or in the first six months of 2010. In addition, among all the employers surveyed, 27% said they are open to retaining current employees who are approaching retirement, 16% indicated they are likely to rehire retirees from other companies in 2010, and 10% said they are likely to provide incentives for workers at or approaching retirement age to stay on with the company longer. However, 37% reported plans to replace lower-performing employees with higher performers, and 39% expressed an interest in hiring more bilingual candidates.

"There have been many signs over the past few months that point to the healing of the U.S. economy, especially the continued decrease in the number of jobs lost per month, a trend that will hopefully carry over into the new year," said Matt Ferguson, CEO of CareerBuilder.

But Ferguson also observed that, while 20% of employers plan to add headcount in 2010, up from 14% last year, they still remain cautious in regards to hiring.

According to region, the survey showed that more employers in the West are planning to increase their employee numbers in 2010 than other regions of the country: Nearly one-quarter of respondents in the West (24%) said they plan to hire additional full-time workers, compared to 21% in the Northeast, 20% in the South, and 16% in the Midwest.

According to industry, 32% of IT, 27% of manufacturing, and 23% of financial services employers plan to recruit more full-time, permanent employees in 2010. Meanwhile, 22% of employers in professional and business services, 21% in sales and in health care, 18% in transportation, and 15% in retail expect to add full-time staff members.

When asked in which areas they plan to hire in 2010, the leading areas cited were technology (33%), customer service (28%), sales (23%), research/development (18%), business development (17%), accounting/finance (15%), and marketing (14%).

Results further showed that, while 57% of employers reported plans to increase salaries for existing employees in 2010, this number is down from 65% in 2009. More than one-third (36%) said they expect to raise salaries of existing employees by 3% or more, while 11% indicated they plan increases of 5% or more.

The survey also showed that 29% of employers plan to increase salaries on initial offers to new employees in 2010, down from 33% in 2009, with just 18% reporting plans to raise salaries on initial offers by 3% or more and only 7% saying they expect increases on offers of 5% or more.

The findings further revealed that, even as employers are gradually hiring more people, a significant number are continuing to trim benefits: 37% indicated they will cut perks and benefits in 2010, up from 32% in 2009. Among the benefits respondents said they plan to reduce are bonuses, health coverage, suspended 401(k) matches, and even office perks, such as coffee and tea. In addition, 43% said they anticipate cutting back on business travel.

At the same time, however, a growing number of employers said they will offer employees greater flexibility in their work schedules, with 35% saying they plan to provide more flexible work arrangements in 2010, compared to 31% in 2009. These arrangements include alternate schedules (73%), telecommuting options (41%), compressed workweeks (32%), summer hours (18%), job sharing (13%), and sabbaticals (6%).

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Mitigating Stress Is A Step In The Right Direction

As the demand for health care services increases due to higher stress levels among employees, some employers seek to offer programs aimed at boosting worker health and productivity, according to a study released by human resources consultancy Watson Wyatt and the National Business Group on Health, an association representing more than 280 mostly large employers.

Results of the survey of 282 large U.S. companies revealed that 42% of employers have seen an increase in employee utilization of the company health plan, and 47% have observed an increase in demand for the services of employee assistance programs (EAPs). In addition, 30% indicated that the number of workers filing disability claims has risen, and 22% reported that the number of unplanned absences among employees is growing.

In response to this increased demand, the study found that many employers are seeking to strengthen their benefit programs and initiatives. More than half (51%) said they are planning no change or a slight increase to their health and productivity program budgets, compared with 44% that are planning cuts. In addition, nearly three-quarters (72%) reported that they have already enhanced their onsite offerings with programs geared toward stress management, EAPs, or health coaches, or they expect to do so in the next 12 months.

"Companies are finding some relief from high benefit costs by investing in programs that improve the health of their workers," said Shelly Wolff, national leader of health and productivity consulting at Watson Wyatt. "Workers who haven't lost their jobs are under great amounts of stress and are increasingly turning to their employer for advice, treatment, or assistance that goes beyond basic coverage when they get sick."

However, while 78% of the employers cited excessive work hours as a leading cause of employee stress, only 21% indicated they are taking action to address the issue thoroughly. And, while a lack of work/life balance was cited as a leading stressor by 68% of employers, just 38% reported taking action to alleviate these pressures. Similarly, 67% acknowledged that fear of job loss is a source of stress for employees, but only 41% reported that their organizations are taking active steps to ease these concerns.

"Not only are stressed workers less productive, they are also likely to incur higher health costs for themselves and their employer," said Helen Darling, president of the National Business Group on Health. "Companies most effective at mitigating the impact of stress are moving in the right direction—helping employees become more efficient while working to lower benefit costs and strengthen balance sheets."

An analysis of the survey results showed that companies that have the most effective health and productivity programs also have superior human capital and financial outcomes, including 11% higher revenue per employee, lower medical trends by 1.2 percentage points, 1.8 fewer days absent per employee, and 28% higher shareholder returns. These companies were also found to have lower health care costs, lower levels of presenteeism, fewer lost days due to disabilities, and lower levels of turnover relative to their industry peers.

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