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Faulty Diagnosis: Employer Wellness Programs

By Paul M. Werth & Matthew J. Grawitch

Wellness programs were initially developed in the mid-1970s to manage rising healthcare costs (Reardon, 1998). As of 2013, healthcare expenditures accounted for nearly 17.4 percent of the gross domestic product in the United States, resulting in an average annual cost of $9,200 per person (American Hospital Association, 2015). As of 2014, employers still pay an average of 79 percent of their employee's healthcare premium (Kaiser Family Foundation, 2014).

These numbers have sent employers scrambling to identify strategies to minimize the financial burden associated with employee healthcare. Wellness interventions are one strategy that has gained a great deal of attention over the past few decades. In fact, a 2009 survey found that 92 percent of employers with at least 200 employees offered some form of wellness intervention (Mattke et al., 2012). Additionally, the Patient Protection and Affordable Care Act has increased grant funding to smaller employers to incorporate wellness programs and have relaxed restrictions on incentivizing employees to engage in healthy practices. As further evidence of employer demand for cost-easing strategies, insurance companies are incorporating wellness programs into their product offerings (Kaiser Family Foundation, 2010).

This support from various stakeholders suggests that wellness programming is overwhelmingly successful in reducing healthcare costs. Unfortunately, the evidence paints a more complicated picture highlighted by employee engagement issues and variability in return on investment (ROI).

Wellness Domains

There are three major domains of traditional wellness programming: health screening, lifestyle management and disease management. Though health screenings enjoy the greatest participation,

they are still used by less than half of eligible employees (46 percent; Mattke et al., 2013). This statistic should be particularly concerning to employers as information derived from health screenings is supposed to be used to develop wellness programming within the lifestyle and disease management domains to allow them to help in reducing costs.

In fact, fewer than 20 percent of eligible employees engage in wellness programming in either lifestyle or disease management (Mattke et al., 2012). Lifestyle wellness programming aims to prevent the development of chronic health conditions by supporting the reduction of unhealthy habits (e.g., smoking or obesity), while disease management programming is focused on supporting employees already coping with chronic illness (Caloyeras et al., 2014). Research that does not differentiate between lifestyle and disease management demonstrate a positive, but variable ROI (e.g., Baicker, Cutler, & Song, 2010; Milani & Lavie, 2009).

The distinction between these two wellness domains is important as research suggests that, from a ROI standpoint, disease management programming is a much better investment. Unfortunately, lifestyle management programming does not have a demonstrable impact on employer healthcare costs (Caloyeras et al., 2014). In truth, this research suggests that for every dollar spent on lifestyle programming, there is a return of 50 cents. In other words, such programming leads to a negative ROI.

As opposed to lifestyle management, research suggests that every dollar spent on disease management nets a positive return of $3.80 (Caloyeras et al., 2014). The reason for this differentiation in ROI may have an intuitive explanation.

As stated, lifestyle management is focused on preventing the development of chronic illness by limiting known precursors to the development of illnesses (e.g., smoking or unhealthy eating). Though people engaging in these activities may be at increased risk for the development of chronic illness, there is no guarantee that they will develop such an illness. It would be difficult to predict when and over what time span a disease will develop even if an employer could identify an employee that was at high risk (though unlikely an employer has the requisite tools to make such a diagnosis). Without this knowledge, it would be difficult to forecast this employee's healthcare costs in the future.

Most importantly, the success of an illness prevention program should not be based on healthcare cost reduction as the main purpose is to prevent a future increase in healthcare cost. In contrast, disease management programs are developed to combat specific ongoing illness and resulting costs. Disease management programs have been developed to alleviate symptoms of diabetes, heart disease, and chronic pulmonary conditions which are associated with increased healthcare costs. Goals of such programs with real cost-prevention applications include limiting hospital visits and identifying appropriate medications.

Employee Engagement

As stated earlier, there is a fundamental problem with engaging the employee in wellness programming. Typically, the employee entry point is a health screening to identify at-risk health behaviors, current chronic illness and physiological responses to the work environment (e.g., workplace stressors). Since the prevalence of at-risk health behaviors, current chronic illness, and

physiological responses to the work environment vary across organizations, it is important to gain an understanding of one's own workforce. This information can then be used to develop targeted wellness programming. For instance, if an organization has a large population of baby-boomers who live with Type I and II diabetes, programming can be developed to manage the condition. Alas, few employees use the health screening, making it difficult to understand what programming may be most appropriate.

Employers have attempted to engage their workforce through a variety of different strategies with varying success. Primary engagement strategies include incentivizing or penalizing employees for participation. Within an ethical vacuum, penalizing – characterized by a loss of something, such as loss of a potential benefit – is a more powerful motivator than incentivizing – which typically involves the gaining of some benefit. In other words, evidence suggests that the stick may work better than the carrot (Blumenthal-Barby & Burroughs, 2012). In reality, we live in a world with ethical boundaries where researchers and practitioners are grappling with the use of incentives and penalties for participation in wellness programming (e.g., Blumenthal-Barby & Burroughs, 2012; Schmidt, Volgt, & Wikler, 2010).

This debate is currently raging, as more organizations wrestle with the best way to engage workers in wellness programming.

Conclusions

Beyond the obstacles presented above, there are several directions researchers and employers can explore to better design wellness programming with an eye on effective outcomes.

Employers should research case studies associated with successful organizations to understand underlying factors that may be useful for engaging their specific workforce. Furthermore, and what may be most overlooked, employers should explore their own culture and environment to understand any adaptations that may be needed to incorporate features of successful wellness programming. Such an endeavor may benefit greatly from an organizational development framework. An organizational development practitioner is trained to diagnose, collect and analyze diagnostic data, develop and initiate appropriate interventions, and evaluate program success (Cummings & Worley, 2014).

Finally, further research needs to be done concerning the development and effectiveness of more advanced disease prevention strategies. As the research on lifestyle management programming suggests, more needs to be known about the precursors to various diseases to realize healthcare cost reduction goals. With this knowledge, organizations are better equipped to develop a more focused and effective disease prevention intervention.

There is momentum behind the wellness movement across the United States. Until recently, this momentum has not been focused on extant research and best practices, but more as a knee-jerk reaction to rising healthcare costs. To unlock lasting benefits, researchers and organizational leaders need to change this fundamental focus.

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