

# THE BUSINESS OF HEALTHY EMPLOYEES:

A Survey of Workforce Health Priorities  
(2012)



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Sponsored by:  
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### Introduction

A healthy workforce is a critical component of a healthy business. How organizations get there is the subject of this report. Virgin HealthMiles surveyed 772 organizations to find out about the goals, programs and investments American organizations are making in health and wellness. This study reveals which programs are most popular, how they are communicated, and if the outcomes are measured. The results in general are encouraging, although there is still room for improvement.

### Top Five Findings

1. Reducing health care costs was, not surprisingly, the most common priority of respondents, but creating culture of health was a close second.
2. Over half of organizations believe their employees have a good understanding of health and wellness programs, the others are unsure or feel employees do not understand. Other data suggests that this estimate of how much employees understand is overly optimistic and that a critical awareness gap exists.
3. Over two-thirds of organizations offer incentives to promote health and wellness programs. Most frequently there are incentives for both participation and outcomes.
4. While social media is a hot topic for HR, few organizations (9%) have adopted new consumer-driven communication channels to promote their employee health and wellness benefits.
5. Employers face a significant challenge when it comes to program measurement. Only 36% are confident they get the information they need to make necessary decisions that will maximize their employee health investments.

## Health and Wellness Priorities

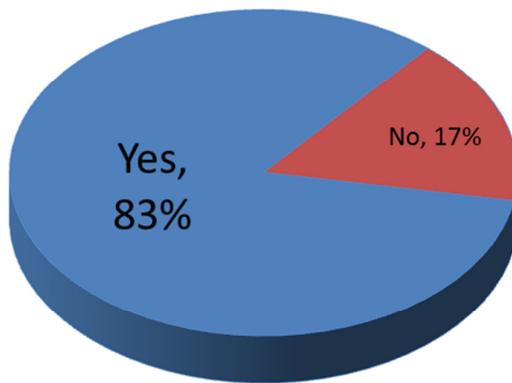
Organizations are increasingly turning to employee health and wellness benefits as a key strategy to create healthier, less costly workforces.

“More companies are implementing prevention-based wellness initiatives and using tools such as incentives and social connections to drive long-term participation and healthy behavior change. The value of these strategies is powerful, and our survey results show they create healthier workforces,” said Chris Boyce, CEO, Virgin HealthMiles.

Most organizations surveyed (83%) report their organization offers employee health and wellness benefits and/or programs (Figure 1).

While this result is a resounding vote of confidence in the importance of health and wellness, one has to be curious about the few organizations that do not have these benefits/programs. The main reason people give for not having these programs is lack of budget. However, the vast majority of organizations do invest in employee health and wellness and that is the group we focus on in this study.

Figure 1: Does your organization offer employee health and wellness benefits/programs?



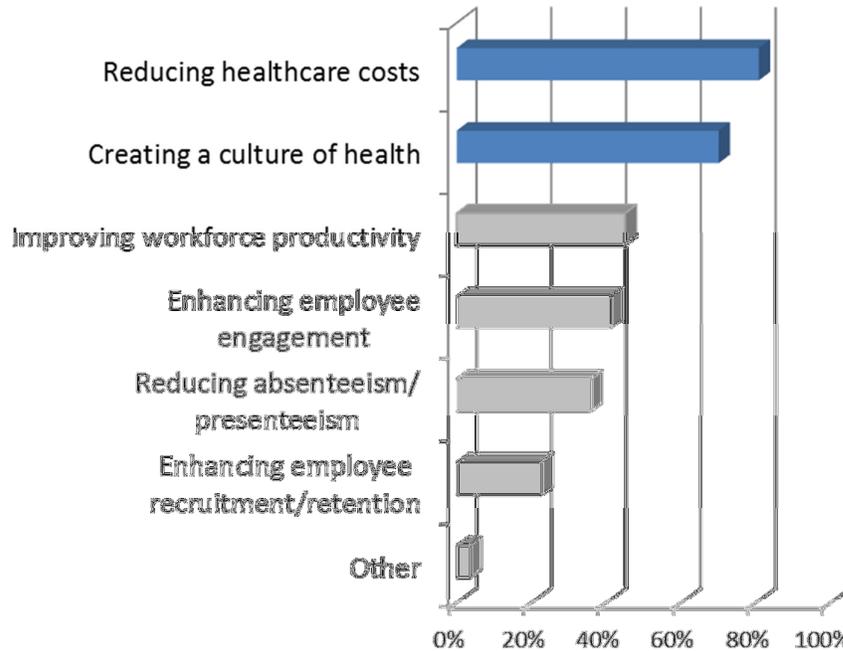
**Reducing costs and creating a culture of health were the top priorities.**

### Top priorities

We asked those who do have health and wellness programs what their priorities were. As Figure 2 demonstrates *reducing costs* and *creating a culture of health* were the top priorities.

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Figure 2: What are your organization's top priorities with your employee health and wellness investments?



The need to reduce costs is a fact of life for organizations in a world where health costs have been rapidly rising for many years. Were health costs to stabilize, we might find this factor was no longer the number one priority.

The popularity of *creating a culture of health* shows how far organizations have shifted from the old mindset of 'fixing' illness. There is widespread recognition by benefits professionals that promoting wellness to prevent illness can reduce costs while simultaneously creating a more energetic workforce.

"For years, creating a 'culture of health' has been a goal for many organizations. Yet, failed 'Wellness 1.0' solutions aren't the answer. To improve the health of their organizations, employers need to combine motivation, opportunity and triggers for the actions they want to encourage. Based on experience working with leading employers, Virgin HealthMiles has learned all three elements are a necessity, whether employers are seeking to create healthy habits or healthy cultures," said Boyce.

Many of the people who responded that they had "other" top priorities said it was the well-being of the employees that was their main concern. This is consistent with the popular emphasis on creating a culture of health. One other interesting priority

was addressing financial well-being as part of the health program because financial problems are such a common source of health-damaging stress. Another respondent mentioned a specific concern with the aging workforce: an issue that clearly looms large for health and wellness in some organizations. The aging workforce not only has the potential to increase costs (Ted Fishman, author of *Shock of Gray* says health care costs for workers 50-65 are twice that of their 30-40 year old peers), but also may require designing a set of programs that are attractive to an older population.

### Choosing and Communicating Programs

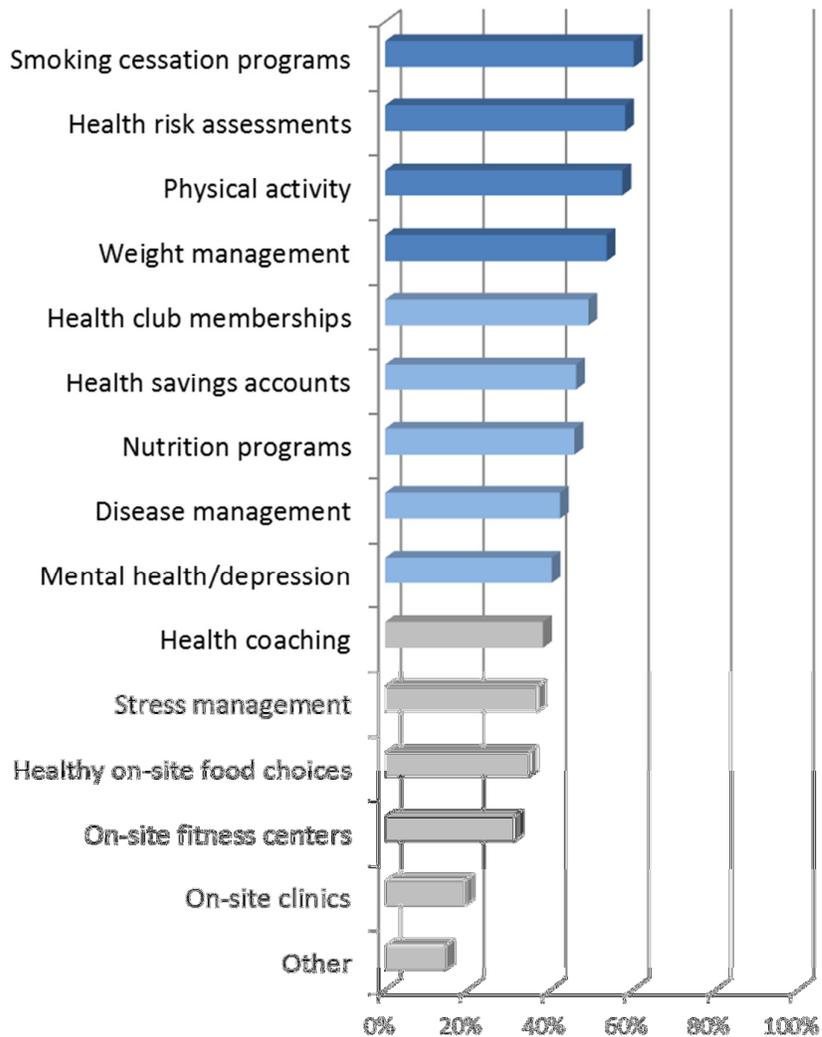
Health and wellness programs are complicated by the fact that there are many different elements. Figure 3 shows the prevalence of 14 different types of programs plus 'other'. What jumps out is that even the most popular programs (smoking cessation, health risk assessments, physical activity, and weight management) were used by fewer than 60% of the organizations surveyed. One might expect that the top programs would be universally recognized as valuable and adopted by the vast majority of organizations—this is not the case. The lack of consensus indicates either a lack of good evidence about what works or else a lack of familiarity with the evidence.

The relative rarity of the three least popular programs (healthy on-site food choices, on-site fitness centers, and on-site clinics) is easier to understand. While many organizations may like the idea of such programs, on-site facilities are not practical for everyone.

**The most popular programs include smoking cessation programs, health risk assessments, and physical activity programs**

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Figure 3: Types of health and wellness programs offered employees



In addition to the choices given in the survey respondents listed the following other programs:

- Annual health fairs
- Biometric screening
- EAP
- Ergonomics programs
- Flu shots
- Financial fitness
- Fitness competitions
- Health and wellness employee groups
- Health and wellness champions
- Massage
- Pre and post natal care
- Yoga

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This long list of options represents a challenge for HR professionals who need to make the best choices in terms of cost and effectiveness for their particular workforce.

“There’s no shortage of programs and tools to help improve employee health. Prevention-focused programs, intervention programs, assessments and diagnostics... employers want to offer a variety of them, but often get overwhelmed at the thought of managing all the programs, the vendors, the incentives. And employers don’t want their employees to have a disjointed, confusing experience, preventing them from participating. That’s why an integrated approach is the way to go. An integrated approach brings everything together under one umbrella. It provides a consistent, familiar experience across programs for employees. It enables employers to easily make adjustments, swap programs in and out, and adapt to changing business needs. And it helps them better measure and manage the impact of their overall employee health strategy,” said Tom Abshire, SVP, Products and Marketing, Virgin HealthMiles.

Organization size had a consistent impact on the results with large organizations (>2500 employees) being more likely to offer any given program than mid-sized ones (500-2499 employees), and mid-sized organizations being more likely to offer a program than small ones (<500 employees). In fact, of the 14 programs listed in the survey, large organizations offer eight of them on average, mid-sized organizations offer seven programs, and small organizations five.

### Communicating programs

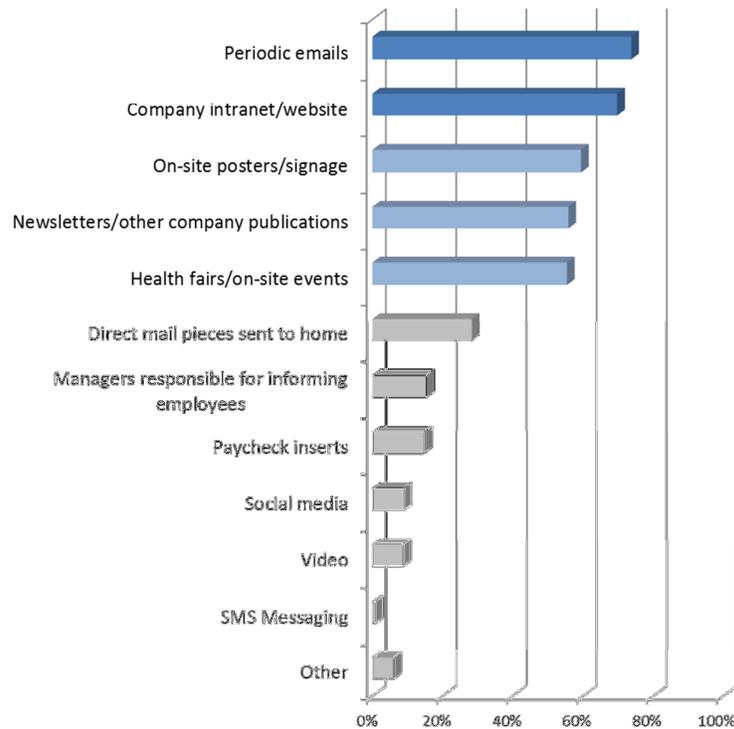
If employees don’t know about the health and wellness programs their employers offer, they won’t participate in them. And if employees don’t participate in them, health behaviors won’t change. If health behaviors don’t change, then offering excellent health and wellness programs won’t provide the impact companies seek from these investments. Thus, communication is one of the most important aspects of health and wellness benefits management.

Figure 4 shows the many approaches organizations use to communicate their programs to employees; and most organizations use four or five different techniques. The most popular techniques, used by around 70% of respondents, are internet based: periodic emails and company intranet/website. However traditional paper and face-to-face methods are still important: posters, newsletters and on-site events were used by more than half of the respondents.

While social media is a hot topic for HR, few organizations (9%) have adopted new consumer-driven communication channels to promote their employee health programs. And even though employers struggle to drive employee awareness and understanding of their benefits, they primarily turn to traditional methods to promote benefits. Top methods include periodic emails, intranets/websites, on-site posters/signage, newsletters/ company publications and health fairs/on-site events.

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Figure 4: How health programs are promoted



The other communication methods respondents mentioned included:

- Staff meetings
- As part of the onboarding process
- A wellness team
- Champions
- Flat screen TVs in the facility

Getting the attention of busy employees can be a challenge so organizations typically use multiple methods for driving home their health and wellness message. Large organizations generally do more communication of all types than mid-sized ones, and mid-sized organizations do more than small ones.

Is all this communication working? Over half of employers (57%) think so (Figure 5). However, a study by Forrester Research reported that 63-86% of employees do not know about specific health promotion programs their employer puts in place. It would be useful for organizations to do some checking to see if their perception of employee understanding is accurate.

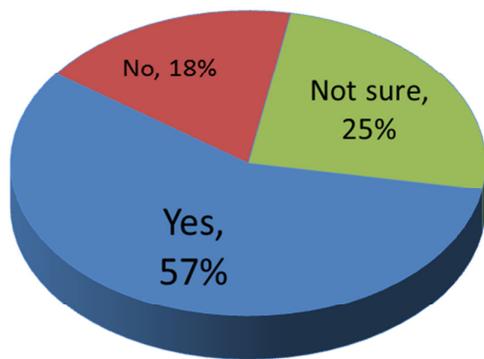
This brings us back to the issue of social networking. Social media used in conjunction with employee health and wellness benefits can have a huge impact on both driving awareness and understanding of available benefits, as well as engaging employees in programs and helping drive behavior change.

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A true social media approach would aim not only to distribute messages from the organization to employees but also to get employees talking to each other through social media. If the programs offer something interesting to talk about, and there are some champions to kick off the conversation, social media could be an important means for spreading the word on wellness.

“We know there’s a high correlation between social connections and our health, and that a community can be a powerful ally in creating a more productive workforce. Creating a culture of health in your workplace doesn’t have to be a top-down mandate. It can be an organization-wide, participatory change in the culture – one that’s designed to create a lasting impact on both the cost of healthcare, and the productivity and competitiveness of your organization,” said Abshire.

Figure 5: Do you believe your employees have a good understanding of your organization’s health and wellness programs and how they can participate?



Added Boyce, “If employees aren’t aware of their employer’s programs and how to participate, health behaviors won’t change. This is a traditional problem with how employee health and wellness has historically been done. If organizations don’t get this right, they won’t get the business impact they seek from their employee health investments.”

## Incentives to encourage participation

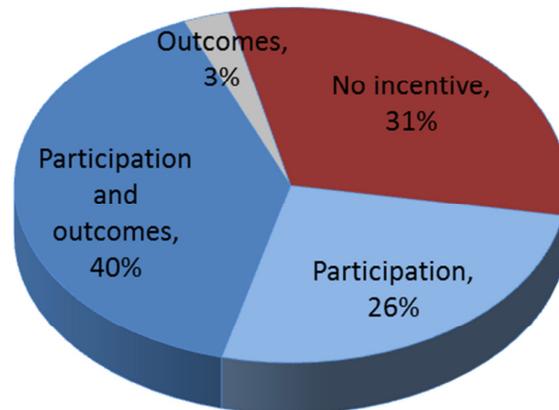
Communication is one way to encourage participation, incentives are another. Most organizations (69%) do use some sort of incentive. Figure 6 shows the most common tactic is to base incentives on a combination of participation and outcomes (39%), although quite a few organizations based incentives on participation only (26%). It is rare to base them on outcomes only (3%).

While **social media** is a **powerful tool** less than 10% of organizations use it for communicating health and wellness programs

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It is important to remember that incentives work through two mechanisms. One is the direct reward “Do A and you will receive B”, the other is through signaling what matters “There are rewards for A because we really believe it is important.” The design and communication of incentives should leverage both mechanisms.

Figure 6: Types of incentives



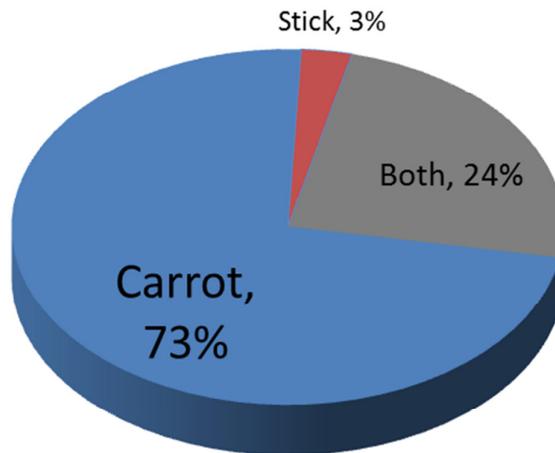
**Most organizations use some sort of incentive to encourage participation in health programs.**

Incentives can be positioned as a carrot (“If you do X, you will get Y”) or as a stick (“If you don’t do X, you will not get Y”). The psychology of this can be tricky. On the one hand people react more strongly to perceived loss than perceived gain; on the other hand people appreciate carrots and resent sticks. As shown in Figure 7 the use of only sticks is very rare (3%). The most common approach is to use only carrots (73%), but interestingly about a quarter of organizations (24%) use both carrots and sticks in an attempt to get the best of both worlds.

A mid-way point between carrot and stick might be called the “kiasu” approach. Kiasu is the Hokkien word for “fear of losing out.” This approach emphasizes “lots of other people are getting the carrot,” a tactic that can encourage reluctant people to participate without positioning it as a stick.

Organization size does have an impact on incentives with small organizations less likely to provide incentives than mid-sized ones, and mid-sized ones less likely to provide incentives than large organizations.

Figure 7: Positioning of incentives as carrots or sticks



“Employees are two to four times more likely to join their company’s wellness program if incentives are included. But for incentives to work, to actually help improve employee health – which is the goal of good health and wellness programs – they should align with ongoing employee behavior. Too often, employers define incentives as a free t-shirt or a discounted gym membership to sign up for a program. Problem is, employees join, get the free stuff, and call it quits. Dispensing incentives over time, giving employees something to keep striving for, using ‘the more you do, the more you earn’ approach will reinforce the fact that only with sustained healthy behavior comes long-term health benefits and cost savings,” said Abshire.

He continued, “Rather than handing out money to get your employees to do something once, combine all of your separate programs and incentives in one comprehensive program that engages employees in adopting healthy lifestyle habits. You’ll increase employee engagement, get more from your incentives budget, and be more agile in adapting your incentives to changing business needs.”

## Measurement + Service Provider Satisfaction

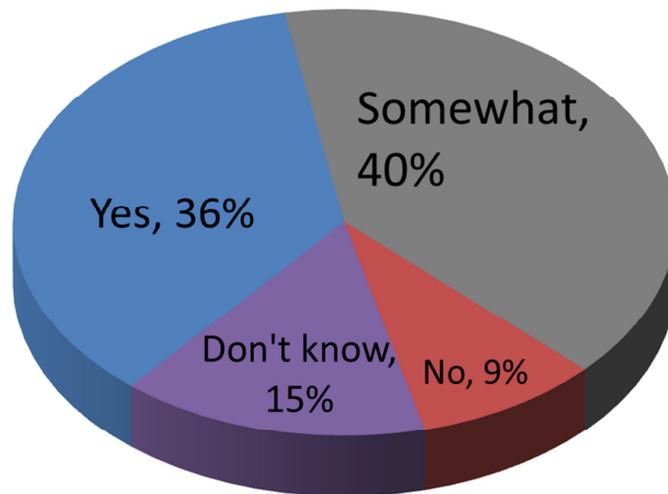
In an ideal world, organizations would have robust data to guide their employee health strategy, evaluate the performance of their programs, and target areas for improvement or future investment. Yet it’s clear employers face significant issues when it comes to program measurement.

The ultimate test of program measurement is whether employers get the information they need to make actionable decisions. The survey asked “With your employee health and wellness investments, are you getting the information you

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need to make actionable decisions about your overall employee health strategy?” Only 36% of employers said “Yes – we are getting the information we need to make the necessary decisions.” Nearly 49% said they either get “some” or none of the information they need to make strategic, actionable decisions (Figure 8). The remaining 15% were uncertain as to whether they were getting the information they need. What’s more, just 14% are “very satisfied” with their provider’s ability to help measure the impact of their investments.

Figure 8: Are you getting the information you need to make actionable decisions about your overall employee health strategy?



**There is substantial room for improvement in satisfaction with service providers.**

This lack of insight further impacts service provider satisfaction levels: only 16% of employers are “very satisfied” with their provider’s impact on helping employees change behaviors.

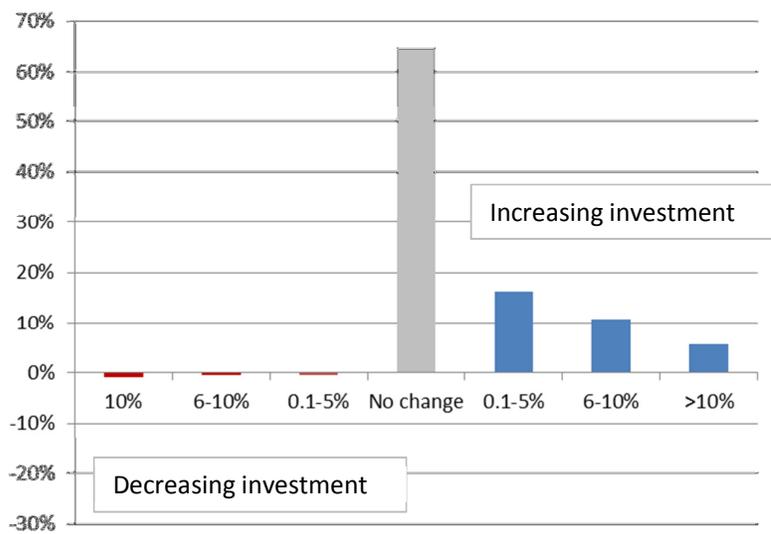
Health and wellness is an area where organizations often rely heavily on their service provider. Clearly, there is substantial room for improvement.

“Progressive employers know employee health and wellness benefits are vital in helping to lower healthcare costs and retain top talent,” said Abshire. “Our research shows most employees want to engage. But employers really need to focus on how to promote and manage these programs, and how to get the data they need from their providers so they can make actionable decisions that improve their employee health strategies.”

## Investment in health and wellness

In an economy where organizations are raising budgets sparingly, employee health and wellness is one area that's getting a boost from many employers. We asked employers how they were approaching their investment in employee health and wellness for 2013. More than 32% of employers say they plan to increase their investment between one and 10%. Just two percent say they are decreasing their investment. The remaining are holding budgets flat (Figure 9).

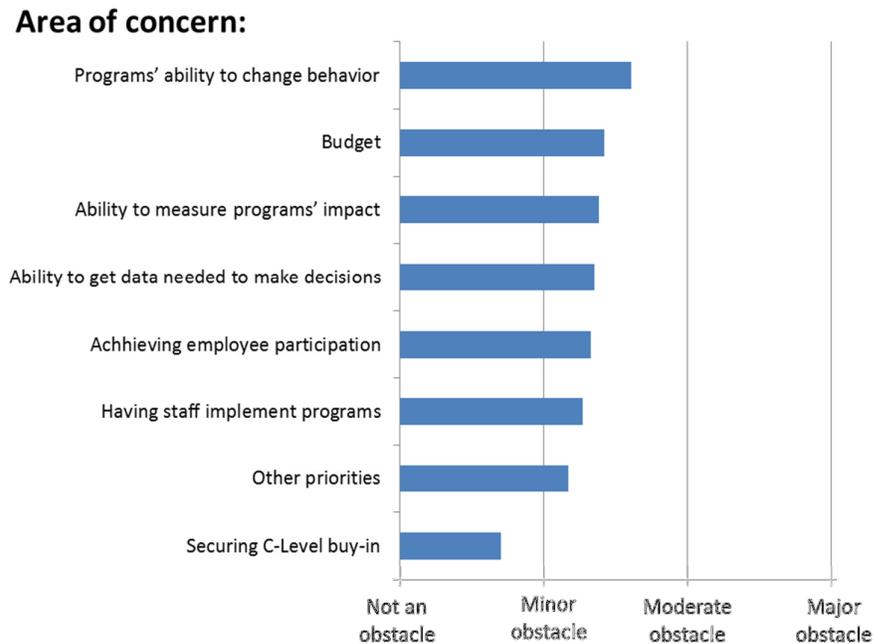
Figure 9: Plans for investing in health and wellness in 2013



Whatever plans HR may have for health and wellness programs, there are always a range of obstacles to be considered. When faced with a list of potential obstacles, the average responses were encouraging. Respondents felt these potential problems were not much more than minor obstacles (Figure 10). The factor most highly rated as an obstacle was the programs' ability to change behavior, which was rated mid-way between being a minor and moderate obstacle.

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Figure 10: Obstacles to implementing health and wellness programs in 2013



The other barriers participants mentioned include:

- **Internal change** – whether it’s a change in leadership, a re-organization, or an acquisition, the disruptive effects of internal change are a barrier to implementing health and wellness programs.
- **Health care reform** – several respondents mentioned concern with health care reform, particularly the uncertainty around the impact of the act.
- **Unions** – a union may make it more difficult to implement change.
- **Employee buy-in** – ultimately wellness programs depend on employee buy-in and a number of respondents commented that buy-in was hard to get.

## Conclusion

Leading organizations across the country are turning to employee health and wellness benefits as a key strategy to improve workforce health and reduce healthcare costs. And that’s evident in the increased emphasis we see on incentives-based employee health and wellness programs. But success and impact from wellness investments will rest on how effectively organizations can promote and manage the range of employee health programs they offer, and the data they can glean from their service providers.