

# The Business Case for Employee Health: What We Know and What We Need To Do

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Chronic diseases—such as heart disease, stroke, and cancer—are the leading causes of death in the United States and account for seven of every 10 deaths (over 1.7 million deaths each year).<sup>1</sup> The Centers for Disease Control and Prevention estimate that over 400,000 deaths each year are attributable to smoking, and over 300,000 deaths are associated with obesity—two modifiable risk factors associated with the leading causes of death.<sup>2</sup> Disability affects a reported 47.5 million people (21.8% of Americans) and diminishes both work productivity and the quality of life for nearly 90 million Americans.<sup>3</sup> The two leading causes of disability (arthritis and lower back/spine problems) affect over 16 million Americans.<sup>4</sup> Over 17% of working age individuals report having a disability, and 133 million Americans (one out of two adults) report having at least one chronic disease.<sup>5</sup> Since more than 60% of US adults over age 18 are employed and spend nearly half of their waking hours at work, the workplace represents an important setting for reaching adults with evidence-based programs that prevent or manage chronic disease and disability among employees.

Unfortunately, the results of the most current national worksite health promotion survey show that only 6.9% of employers with at least 50 employees report offering a comprehensive worksite health promotion program.<sup>6</sup> Is there not a business case to be made for having healthy employees? Why are so few employers offering a comprehensive health promotion program for their employees? What are evidence-based approaches that employers may consider? The purpose of this commentary is to help build a business case for improving employee health, emphasize evidence-based approaches for improving employee health, and advocate for strategies that create a healthier workplace as a means of improving employee health. By working in partnership with

employers and employees to adopt evidence-based, health-promoting practices and policies, we can begin to address the alarming burden of chronic disease and disability and build the business case for healthy employees and healthy workplaces.

## How Might the Business Case for Improving Employee Health be Conceptualized?

Leatherman and colleagues<sup>7</sup> believe that a business case for any new initiative exists if an investor “realizes a financial return on its investment in a reasonable timeframe, using a reasonable rate of discounting” (e.g., which may result in

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“bankable dollars” (profit), a reduction in losses for a given program or population, or avoided costs). In addition, they believe a business case may exist if an investor believes that “a positive indirect effect on organizational function and sustainability will accrue within a reasonable timeframe.” Ultimately, cost and potential cost savings appear to be central to making the business case. Yet, the value or benefit of a particular health initiative may lead to cost savings via indirect means such as improved job satisfaction or morale that leads to more productive employees and, ultimately, better organizational efficiency. In these economically

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challenging times, it is critically important to build a foundation for health promotion from a sound evidence base in order to ensure that there is good value per dollar spent on these efforts. Thus, a business case for healthy employees may result from potential benefits that are both direct (via health care cost savings) and indirect (via better job satisfaction, fewer absences, and greater productivity) with quality programming as a foundation from which to build on.

## **The Cost of Health Care and Ill Health Among Employees**

Currently, US health care spending is approximately 16% of the nation's gross domestic product.<sup>8</sup> Employers pay more than one-third of the estimated \$2 trillion that are expended on health care. Medical costs from chronic disease account for 75% of those costs.<sup>9,10</sup> For example, the costs of heart disease and stroke are projected to be \$448 billion, certain chronic disease risk factors such as smoking are estimated to exceed \$193 billion, and obesity costs may exceed \$117 billion.<sup>1</sup> Since 2001, wages have risen 19%, inflation has risen 17%, but premiums for family health care coverage have increased 78%.<sup>11,12</sup> Employee pain and suffering from chronic diseases are often not captured in these alarming cost estimates yet they contribute to diminished productivity, job loss and, in some cases, to business closings. Clearly, the cost of ill health among employees takes an enormous toll on the personal health and well-being of individuals, families, and the organizations where they are employed.

## **Is There Evidence That Improved Employee Health Is Linked To Cost Savings?**

Employers have tried a wide range of approaches to address the rising cost of health care, including increasing health insurance premiums, raising deductibles and co-pays, reducing coverage, and/or dropping the option of health insurance coverage altogether. Meta analyses of comprehensive health promotion programs offered by employers as one approach to controlling health care costs showed that they experienced an average 26% reduction in health care costs and an average of \$5.81 returned for every \$1 invested in worksite health promotion programming.<sup>13,14</sup> Others report a return on investment that ranges between \$3 and \$5 for each \$1 invested in worksite health promotion.<sup>15</sup> The metrics used to build a business case can be influenced by the type of health problem that an employer is aiming to address (e.g., chronic vs. acute), the cost of the intervention offered (more intensive programs tend to be more costly), the likelihood of relapse (certain behaviors have higher relapse rates than others), the type of employees who suffer the most (e.g., higher wage workers will "cost" more to replace due to absence or death), and the magnitude of the health behavior or condition in the workforce (e.g., investment costs differ when prevalence is high vs. low). However, regardless of the metrics chosen, employers are wise to start with a core set of evidence-based interventions

as the foundation of a comprehensive worksite health promotion effort.

## **Core Elements of Comprehensive Programs and Obstacles to Adoption**

The Office of Disease Prevention and Health Promotion defines a comprehensive worksite health promotion program as having five key elements: (1) health education programs; (2) supportive physical and social environment; (3) health screening and appropriate educational follow-up; (4) linkages to other related programs (e.g., safety, employee assistance programs); and, (5) integration within the organization (e.g., staff, budget, resources).<sup>6</sup> Among a nationally representative sample of employers, only 6.9% reported that they had all five key elements in place, 9.7% had at least three elements, and 16.7% reported offering at least two elements.<sup>6</sup> Having a dedicated staff person for wellness was an independent predictor of having a comprehensive program. Larger worksites were more likely than smaller worksites to offer all types of health programs, policies, environmental supports, and services. Thus, smaller worksites face the double jeopardy of offering fewer health promotion programs and services, as well as being less likely to offer any type of health insurance for their employees. For example, only 59% of firms with less than 200 workers offered health benefits to employees, while 98% of businesses with 200 or more employees offered health benefits.<sup>16</sup> A lack of health insurance severely limits access to health and medical care for employees and places them, their family members, and the employer in a precarious financial position if injury or illness strike.

Employers in a national survey reported that lack of employee interest in programs was the single most common barrier (over 60%) to offering worksite health promotion programs, followed by lack of staff resources, lack of funding, and low participation among high-risk employees.<sup>6</sup> However, larger social, structural, and political factors may prevent employers from adopting these programs as well. For example, businesses with traditionally high turnover of employees (e.g., retail) may not see the investment in employee health as something they will benefit from in the short run because their employees will likely leave their positions before benefits are realized. If one state agency implements a comprehensive health promotion program that results in health care cost savings from its employees, but those savings are returned to the General Fund, there is less incentive for any individual agency to start a new health promotion initiative that may require an initial investment when budgets are tight. Similarly, self-insured employers are more likely to adopt comprehensive programs because they see the direct financial benefit returned to the organization without filters from third party administrators. Taken together, a wide range of social, political, structural, and financial factors serve as barriers (or potential enhancers) to the adoption of comprehensive worksite health promotion programs.

## Evidence-Based Approaches for Improving Employee Health and Building the Business Case

Comprehensive worksite wellness programs which focus on the health of employees *and* the workplace can be effective in improving morale and job satisfaction,<sup>17,18</sup> reducing absenteeism<sup>19</sup> and health risk behaviors,<sup>20-23</sup> and increasing presenteeism<sup>24,25</sup> (e.g., on-the-job productivity)—all of which are essential steps for building an effective business case. The national Task Force on Community Preventive Services is an independent group of public health and prevention experts who oversee systematic reviews, carefully consider and summarize review results, make recommendations for interventions that promote population health, and identify areas within the reviewed topics that need more research. Several worksite-related evidence-based reviews have been completed that guide employers and decision-makers who are attempting to build an evidence-based, comprehensive worksite health promotion program. Table 1 is extracted from the Task Force’s *Guide to Community Preventive Services* and illustrates that there is *sufficient evidence* to support assessing employee health risks with feedback when coupled with health education in order to change health behavior; use of incentives and competitions when combined with additional interventions for decreasing tobacco use; smoke-free policies to decrease smoking at work; and the use of worksite programs improving nutrition, physical activity, or both to reduce body weight and BMI.<sup>26</sup> Taken together, these evidence-based approaches can be the foundation of a comprehensive worksite health promotion

program. The assessment plus feedback approach can be used to assess employee risk, create awareness, motivate, and monitor changes in employee behavior over time. This data can be fed back to employees with tailored information to stimulate behavior change.<sup>22,23,26,27</sup> Data may also be aggregated to the workplace level and shared with decision-makers for strategic wellness planning. The evidence is clear for addressing smoking and obesity, as well as healthy eating and physical activity. While the *Community Guide* recommendations are mostly aimed at individual behaviors, the business case for healthy employees will only be complete when one considers the larger workplace context and the independent influence it exerts on health via psychosocial stress, work demands, work-family spillover issues, hazard exposures, policies, work decision-latitude and effort-reward balance, discrimination, and support from co-workers/management.<sup>28,29</sup>

In 2008, the National Institute for Occupational Safety and Health’s WorkLife Initiative issued the *Essential Elements of Effective Workplace Programs and Policies for Improving Worker Health and Wellbeing* which identifies 20 components of a comprehensive work-based health protection and health promotion program intended to “identify and support comprehensive approaches to reduce workplace hazards and promote worker health and well-being” (see Table 2, page 72).<sup>30</sup> These 20 practices and policies address four categories: organizational culture and leadership, program design, program implementation and resources, and program evaluation. These categories emphasize the work environment—both physical and organizational—as well as personal health risks of individual employees. Specific

**Table 1.**  
**Selected Worksite-Specific Findings: Task Force on Community Preventive Services**

Intervention	Findings
Assessing employee health risks	<ul style="list-style-type: none"> <li>■ Evidence is <i>sufficient</i> to offer an assessment of health risks with feedback plus health education in order to change employees health based on <i>strong evidence</i> of effectiveness in improving one or more health behaviors or conditions in populations of workers.</li> <li>■ Evidence is <i>insufficient</i> to recommend use of only an assessment of health risks with feedback.</li> </ul>
Decreasing employee tobacco use	<ul style="list-style-type: none"> <li>■ Evidence is <i>sufficient</i> to recommend incentives and competitions when combined with additional interventions are effective in decreasing tobacco use.</li> <li>■ Evidence is <i>sufficient</i> in recommending smoke-free policies to reduce tobacco use among workers.</li> <li>■ Evidence is <i>insufficient</i> to determine whether or not worksite-based incentives and competitions alone work to reduce tobacco use among workers.</li> </ul>
Reducing body weight and BMI	<ul style="list-style-type: none"> <li>■ Evidence is <i>sufficient</i> that worksite health promotion programs aimed at improving nutrition, physical activity, or both, are effective in reducing body weight and BMI.</li> </ul>

evidence-based strategies for addressing the multiple influences on worker and workplace health are depicted in Figure 1 (page 73) which draws on an excellent resource adapted from a Robert Wood Johnson Foundation briefing entitled *Work Matters for Health*.<sup>29</sup>

## Healthy Employees, Healthy Workplaces— What to Do Next

Chronic illness has a powerful impact on employee health, health care costs, and the health of businesses. Creating healthy workplaces by building a foundation of evidence-based strategies for improving employee health is an important first step toward establishing the business case for worksite wellness. Measuring the impact of these efforts is critically important—on individual employees, the bottom line of the business (e.g., productivity, cost-effectiveness and return on investment), and the impact on the health of the larger community. The business case is strengthened when

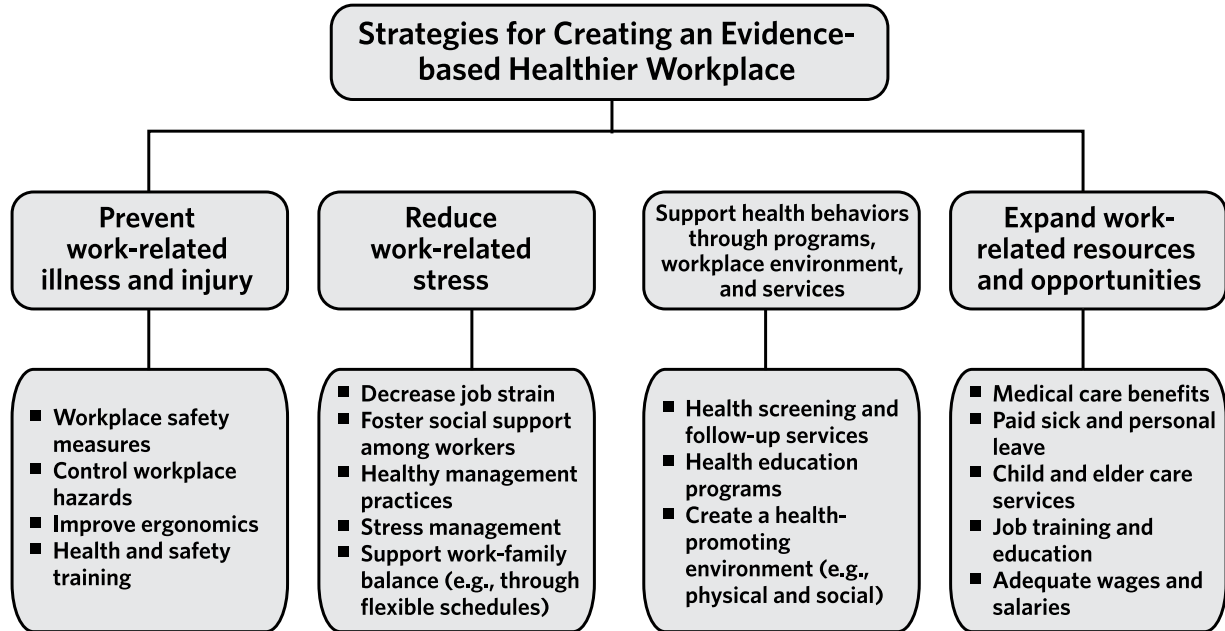
data are available from best practice evaluations<sup>31</sup> and/or rigorous worksite-based research results. Yet information alone will not be enough to move employers to adopt these programs. Instead, key partnerships, accurate data, and the political will to overcome structural, political, and economic barriers to adoption must be undertaken.

In 2009, The North Carolina Institute of Medicine (NCIOM) issued a *Prevention Action Plan* which proposed two important worksite wellness initiatives.<sup>32</sup> First, they recommended the creation of a partnership (e.g., a worksite wellness collaborative) of employers, providers, public health and hospital officials, and researchers, which could drive a strategic planning process for statewide wellness efforts. This collaborative could be useful in mobilizing the political will needed to overcome some of the barriers to adoption of these programs. Second, the NCIOM responded to a call for action on addressing the needs of small employers by recommending that the North Carolina General Assembly award tax credits for small businesses that offer comprehensive, evidence-based worksite wellness programs. Since many adults work in small businesses, and since small employers are less likely to offer health insurance and/or health programming, this tax credit represents an important step toward structural change in support of comprehensive, evidence-based worksite wellness.<sup>16</sup> Specifically, the collaborative “should help businesses implement healthy workplace policies and benefits, implement health risk appraisals, develop comprehensive employee wellness programs, and implement data systems that track outcomes at the organizational and employee level.”<sup>32</sup> Employers need technical assistance and support to select and implement evidence-based programs, but they also need help to do strategic planning for wellness that is tailored to their business and employees. Evidence suggests that with minimal technical assistance and resources, program adoption among employers will increase.<sup>33</sup> The North Carolina State Health Department and representatives from local hospitals, insurers, the State Health Plan, voluntary health agencies, NC Prevention Partners, and members of the research community who participate in this collaborative are in a position to create efficiencies for offering needed monitoring, technical assistance, and support to interested employers. This would include creating valid and reliable measurement tools (employee and organizational level measurements), databases that allow monitoring of change over time, and determining ways to best share data with employers to catalyze worksite wellness efforts and create opportunities for North Carolina to lead the way in building and maintaining a convincing business case for healthy employees and healthy workplaces. **NCMJ**

**Table 2.**  
**Essential Elements of Effective Worksite Programs and Policies for Improving Employee Health and Well-Being<sup>30</sup>**

<b>Organizational Cultural Leadership</b>
1. Develop a “human centered culture.”
2. Demonstrate leadership.
3. Engage mid-level management.
<b>Program Design</b>
4. Establish clear principles.
5. Integrate relevant systems.
6. Eliminate recognized occupational hazards.
7. Be consistent.
8. Promote employee participation.
9. Tailor programs to the specific workplace and the diverse needs of workers.
10. Consider incentives and rewards.
11. Find and use the right tools.
12. Adjust the program as needed.
13. Make sure the program lasts.
14. Ensure confidentiality.
<b>Program Implementation and Resources</b>
15. Be willing to start small and scale up.
16. Provide adequate resources.
17. Communicate strategically.
18. Build accountability into program implementation.
<b>Program Evaluation</b>
19. Measure and analyze.
20. Learn from experience.

**Figure 1.**  
**Strategies for Creating an Evidence-Based Healthier Workplace<sup>a</sup>**

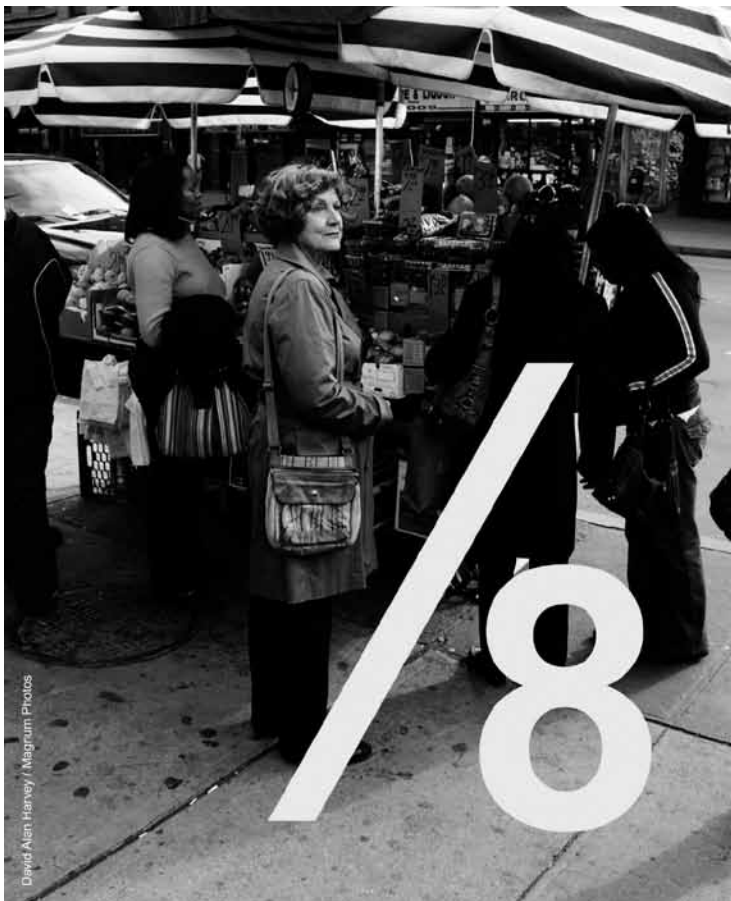


a. Adapted from *Work Matters for Health*.<sup>29</sup>

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