



Maximizing Health and Productivity Management Programs with Incentives

Just a few years ago, business leaders lacked a sense of urgency to improve the health of the American workforce. Compare that to today, where these same leaders are expending astonishing resources on employee health. Why has this change occurred? Business leaders now have strong data that shows poor employee health costs them money—providing a compelling reason to improve workforce health. Poor health drives medical costs, contributes to work loss and absenteeism, increases disability loss, and results in lower productivity. The Integrated Benefits Institute estimates that direct medical and disability costs account for 24% of the total costs of poor health. The other 76% is the cost of lost employee productivity. Other statistics are equally sobering:

- Individuals with chronic conditions such as diabetes, heart disease and arthritis cost three to five times as much as employees without these conditions.
- Medical expenses are nearly 20% greater for significantly overweight employees compared to those who are not significantly overweight, and almost 15% greater for tobacco users compared to non-smokers.
- Employees with depression may have health-related expenses nearly 70% greater than other employees.
- In one large employer study, 85% of workers compensation costs were attributed to poor health.¹



SUE LEWIS

*SVP, HEALTH AND
PRODUCTIVITY SOLUTIONS*

800-847-0863 x233
www.IncentOne.com

MORE THAN JUST WELLNESS: HEALTH AND PRODUCTIVITY MANAGEMENT

Health and productivity management (HPM) is a comprehensive approach focused on addressing the multiple organizational costs and excessive spending associated with poor health. It is really the evolution of workplace health promotion and wellness. Integrated HPM programs include a wide range of initiatives: health risk assessments (HRAs), disease or disability management programs, medical self-care, employee assistance programs (EAPs), and other programs for lifestyle coaching, occupational safety, return-to-work, treatment decision support programs, and workers compensation.

There are two challenges faced by most employers who offer HPM initiatives. One is aligning multiple vendors and activities that are spread over several departments to deliver an integrated program for employees. The wellness vendor may offer the HRA, but not the safety program; the EAP program may address stress and depression, but key chronic diseases may be left to the disease management vendor.

The second challenge—perhaps the largest challenge any employer offering HPM faces—is motivating large and diverse groups of employees to participate in diverse but critical cost-management programs and activities. Savings from HPM programs can only be achieved if employees participate; ensuring that those engaged are the same ones who are driving costs (e.g., diabetics, sedentary employees) is vital.

THE SOLUTION: INTEGRATED INCENTIVE MANAGEMENT PLATFORMS

There is a growing recognition that incentives are vital to improve engagement in HPM programs. Data from PriceWatershouseCoopers indicates that employer use of incentives as part of health and wellness programs has increased dramatically over the years, with two-thirds of large employers now using incentives.

If employers are going to reward participation in HPM programs, they must work with multiple vendors to establish the criteria for earning incentives and to determine what value to align with a specific activity or behavior (e.g., completing an HRA versus completing a diabetes program or ergonomics class). The ability to capture and track data from multiple vendors, track employee participation rates, and align those rates with cost and trend data is critical to determine if the programs will impact costs.

Also important is matching the incentive to the right target audience. Choice is key, because what motivates management may be different from what motivates employees on the manufacturing line. Both monetary (e.g., medical premium discounts, lower deductibles) and non-monetary (e.g., gift cards) incentives should be considered. Incentive programs that are linked to the health care plan involve employees in HPM programs and can reduce healthcare and other costs for employers. Being as timely as possible in rewarding healthy behavior is essential. This is where technology can play a big role in the success of your incentive program.

Is it worth it? The literature indicates that an effective HPM program implemented over a two to five year period can offer an employer a three to four dollar return for every dollar invested on medical cost savings. Based on current research involving absenteeism, disability and productivity-related cost savings, an employer's total return can be well over ten dollars per dollar invested in an HPM program. **CDHC**

References:

¹ Musich et al. *Journal of Occupational & Environmental Medicine*. 43(6):534-541, June 2001.

² *National Business Group on Health*, 2006.

