OVERVIEW
Research shows that the health status of your employees directly influences their work behavior, attendance and on-the-job performance. Therefore, improving employee well-being will result in a more productive workforce. That’s why 75 percent of high-performing companies now measure employee health status as a key part of their overall risk management strategy, and many pursue active wellness programs. However, for wellness initiatives to succeed, they must be an intrinsic part of an organization’s culture. This requires persistent and engaged leadership at all levels. By creating an integrated plan of action, HR professionals can strategically cultivate and leverage on-site resources to generate a healthier workforce, culture and financial bottom line.

EMPLOYEE HEALTH: DEVELOPING METRICS
A variety of modifiable health risk factors, such as excess weight, poor diet, smoking and lack of daily exercise, affect both medical costs and work performance. The best way to measure the prevalence of these risk factors in your workforce is through a health risk assessment, the cornerstone of a good risk management plan. For detailed guidance on how to conduct an in-house estimate of lost productivity costs in your organization, please see the SHRM Foundation publication Promoting Employee Well-Being.

Research has revealed that although illness is the most common cause of absenteeism, being unwell can affect performance through other means, such as presenteeism. This is defined as being at work but not fully functioning due to illness or other health condition. Presenteeism costs actually far exceed the costs of absenteeism and other health-related losses incurred by organizations. Effective wellness strategies can help alleviate both absenteeism and presenteeism, and their related costs.

CONTAINING HEALTH CARE COSTS
The results of the health risk assessment can be used strategically to drive high-performing health and work behavior outcomes, thus containing health care costs. There are at least five vehicles for achieving these outcomes.

1. Create an organizational culture that promotes health and wellness.

Building a healthy organizational culture involves both the physical work structure and the employees’ perception of the work environment. The work environment includes the physical characteristics of the workplace, such as safety policies, noise levels, lighting, air quality, and ergonomically adapted equipment and furniture. The work environment also includes healthy eating options and updated cafeteria menus, smoke-free policies, and opportunities for physical activity.
Of course, building a healthy organizational culture cannot be done in a day. It takes time and is best done gradually. Health risk levels can change in a relatively short period of time, and even minor changes in these levels can significantly alter cost patterns.

PCL Builds a Healthy Workplace Culture
PCL Construction Services, Inc., an employee-owned company based in Denver, Colo., has made Fortune magazine’s “100 Best Companies to Work For” list for five consecutive years. PCL moves beyond standard health insurance and vision coverage to make health and wellness part of the everyday work culture. The company provides healthy snack alternatives in its vending machines and covers the costs of gym memberships, local 5K runs and marathons, flu vaccines, and annual on-site health screenings. PCL targets four “Keys to Wellness:” physical well-being, social and community well-being, financial well-being, and mental and emotional well-being. “We really wanted to focus on the whole person,” HR advisor Canzona-Hindman says. “If you can incorporate all these different pieces, you’re going to achieve your goal of a healthy work environment. It has to be part of the culture, not an add-on.”

Ways to Promote Healthier Behavior

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<thead>
<tr>
<th>Cultivate multi-level leadership</th>
<th>Solicit input and engagement at all levels to successfully drive a wellness-initiated cultural transformation.</th>
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<tbody>
<tr>
<td>Increase employees’ physical activity</td>
<td>Post signs by the stairwell to remind employees to walk up the stairs instead of taking an elevator, offer fitness classes, encourage employees who sit a lot to take stretch breaks, offer subsidies or discounts for fitness club memberships, and create departmental competitions, rewarding teams that meet designated monthly exercise levels.</td>
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<tr>
<td>Encourage good nutrition</td>
<td>Change vending-machine items to healthier options, organize a healthy potluck or recipe exchange, offer fruit and vegetable snacks instead of junk food at meetings, and subsidize or discount the cost of heart-healthy entrées in the company cafeteria.</td>
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<tr>
<td>Educate employees on healthy lifestyles</td>
<td>E-mail health tips to all employees, create and maintain bulletin boards with health information in high-density areas, create a library of books and CDs for employees to check out or use on-site, include a personal health column in the company newsletter.</td>
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2. Ensure polices enhance employee health and productivity.

The scope and type of company policies reflect an organization’s philosophy and commitment to employee health and well-being. These policies should align with and support your health and wellness goals. Examples of these policies include rules on smoking, drug testing, sick and personal leave, disability insurance, health care benefits, and vacation policies. Of all the benefits employers offer, health care benefits are arguably the most financially and politically challenging in today’s economy.

As you assess your organization’s health and work behavior policies, including the employee health plan options, take some time to gauge what is working, what is not working, and what employees like and dislike. Since the employee benefits package is likely the most visible policy in your organization, it is a good place to start.

3. Offer incentives that motivate employees to engage in healthy practices.

Most employers that offer wellness programs use some type of incentive to drive employee participation, and nearly two-thirds of these are financial incentives.
Whatever incentive structure you design, it is vital to establish appropriate standards for employees to meet in order to earn incentives. To be successful, the incentive must target the primary behaviors that influence wellness.

Keep in mind these guidelines when implementing incentive programs:

- Reward behaviors that are realistically achievable.
- Make incentive-targeted programs easily available to employees.
- Provide employees with regular feedback regarding progress toward incentives.

Creating Effective Incentives

- Survey your employees to determine what incentives are likely to motivate them.
- Provide a variety of incentives to sustain long-term employee participation.
- Start with a modest allocation ($100 per employee per year) to boost or maintain participation; if needed, gradually increase the allocation.
- Monitor the impact of existing incentives on participation.
- Revise the incentive mix when participation levels drop initially, rather than waiting until participation rates have substantially declined.
- Adjust the type, level, variety and timing of incentives to maximize results.

Some of the more common health status indicators employers use include body mass index, cholesterol level, blood pressure, physical activity, and tobacco and alcohol use. In many cases, employees are required to meet a minimum number of specified health status indicators (six out of eight, for example) to qualify for an incentive. Another option is to assign a designated dollar amount that can be earned for each health status target achieved.

Ensuring Legal Compliance

When establishing a wellness incentive plan, an employer must ensure it complies with federal law, most notably the Americans With Disabilities Act (ADA), the Health Insurance Portability and Accountability Act (HIPAA) and the Genetic Information Nondiscrimination Act (GINA). To ensure compliance, follow these rules in the design and implementation of wellness programs:

- The program must promote health or prevent disease.
- The incentive or penalty cannot exceed 20 percent of the cost of employee-only health care coverage; starting in 2014, this rate increases to 30 percent.
- The program must give eligible individuals the opportunity to qualify at least once a year.
- A reasonable alternative standard must be offered, with the opportunity to earn the reward, for any individual not able to satisfy the standard due to a medical condition.
- The plan must disclose program terms and conditions in all printed or online materials.

The right incentive system—a blend of financial and nonfinancial incentives—in conjunction with quality wellness programs and a healthy work site culture can generate valuable business results.

4. Create wellness programming that includes customized employee-centric health programs.

Today, more than 80 percent of America’s businesses with 50 or more employees offer some form of employee wellness program or activity. The table on the next page includes the most common features of a comprehensive work site wellness program.

What does it take for a work site wellness program to be successful? Research on effective wellness programs identifies the following keys for success:

- Multi-level leadership. Leadership and support for employee wellness is provided at all levels.
The wellness program is a natural extension of a firm’s core values and aspirations.

**Scope, relevance and quality.** Programs are comprehensive, employee-focused and of high quality.

**Accessibility.** Low- or no-cost services and on-site availability are offered.

**Partnerships.** Active, ongoing collaboration with internal and external partners is encouraged.

**Communication.** Wellness is not just a mission, it’s a message. Sensitivity, creativity and media diversity will increase the chance of success.

Over the past two decades, the trend for work site wellness has shifted away from facility-based fitness centers to a broader array of informational, educational and motivational programs and activities. This holistic approach is designed to promote the physical, mental, emotional, social and spiritual aspects of a person’s health and well-being.

**5. Integrate HR functions with employee wellness and work-life quality initiatives.**

The greatest influence on the overall success of your organization’s health management performance is the collective ability of HR, benefits, wellness, safety, medical and other managers to work together.

**Common Features of a Comprehensive Work Site Wellness Program**

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<tr>
<th>Program Elements</th>
<th>Operational Features</th>
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<tr>
<td>Health education</td>
<td>Health coaching (person-to-person, telephone or Internet), on-site wellness manager and telephone health line</td>
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<tr>
<td>Supportive social and physical environments</td>
<td>In-house health management center, volunteer health teams and discretionary program budget</td>
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<tr>
<td>Integration of the program</td>
<td>Health scorecard integrated with business goals</td>
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<td>Linkage to related programs</td>
<td>Cross-functional team (wellness, benefits, EAP) for strategic health promotion planning</td>
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<tr>
<td>Screening programs</td>
<td>Reduction of cost and access barriers to preventive screenings via the benefits plan</td>
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<tr>
<td>Follow-up interventions</td>
<td>Benchmarking health data to set short- and long-term objectives to reduce at-risk behavior</td>
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<tr>
<td>Evaluation and improvement process</td>
<td>Evaluation of return on investment (ROI) on selected interventions, integrated data warehouse, measurements of presenteeism for selective health conditions (arthritis, diabetes, etc.)</td>
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**CONCLUSION**

An organization’s health and prosperity is directly influenced by the health and well-being of its employees. In today’s competitive business environment, it is critical for organizations to step forward and invest in human capital as a competitive advantage. To contain health care costs, managers should take an active leadership role in measuring health status and then developing and promoting wellness strategies based on those data. With some creativity and innovative planning, HR professionals can improve employees’ health status, resulting in a healthier, more engaged and more productive workforce.
About the Author

David Chenoweth, Ph.D., FAWHP, has more than 30 years of experience in work site health promotion. As president of Chenoweth & Associates, Inc., an econometric data analysis and work site health management consulting firm, Dr. Chenoweth has designed health and productivity management programs, policies, tools and incentive strategies for public- and private-sector organizations. He has conducted risk factor cost analyses for eight states and developed programming and ROI tools in Europe, Scandinavia and the United States. Dr. Chenoweth is a Fellow of the International Association for Worksite Health Promotion and professor emeritus at East Carolina University, where he served on the faculty for 31 years and directed the work site health promotion academic program. He has written nine books on work site health promotion and health care cost management and frequently speaks on various work site health issues throughout the United States.

About the SHRM Foundation

At the SHRM Foundation, we help predict where the workforce is headed because we've been studying its evolution for over 40 years. Our mission is to offer unmatched human capital knowledge for the benefit of professional organization leaders with a total focus on studying and reporting the management practices that work. Supporting the Foundation is a chance to contribute to an ongoing study about the direction of human resources in society. Our vision is a world of “HR aware” leaders who maximize business performance by maximizing employee fulfillment. The Foundation is governed by a volunteer board of directors, comprising distinguished HR academic and practice leaders. Contributions to the SHRM Foundation are tax-deductible. The SHRM Foundation is a 501(c)(3) nonprofit affiliate of the Society for Human Resource Management (SHRM).
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