
HR Reporter

CANADIAN

THE NATIONAL JOURNAL OF HUMAN RESOURCE MANAGEMENT

WWW.HRREPORTER.COM

SEPTEMBER 23, 2002

The dollars and sense of health promotion

Most research on wellness ROI comes from the U.S.

Expect to hear a lot more about workplace health in the near future. Skyrocketing public and private health-care costs will almost certainly increase calls for workplaces to be used as venues for health promotion.

Some business leaders are already on the healthy workplace bandwagon and many more will soon find themselves there, if not by choice then by the inexorable pressures of an aging workforce.

In any case, HR almost certainly will be called upon to answer questions about what it takes to create a healthier workplace and should be ready to make the business case when the time comes.

Promoting healthy workplaces requires a multi-disciplinary, team approach. Effective workplace wellness strategies depend on co-operation among professionals in the areas of occupational health and safety, health promotion, HR and organizational development.

Here's a snapshot of what we know so far about the dollars and sense of workplace health promotion.

Canada lags behind the U.S.

Workplace health promotion is more widespread in the United States than in Canada. That's because a much larger share of overall health-care costs in the U.S. fall to employers and employees — a powerful economic incentive to take preventative



WORKPLACE RESEARCH

GRAHAM LOWE

measures inside organizations.

According to Health Canada's 1999 National Wellness Survey, just 17.5 per cent of the 422 employers surveyed offered comprehensive on-site wellness programs.

A 2001 *Canadian HR Reporter* survey of senior human resource executives found that wellness and disability programs were considered important or very important to the overall business strategy in just 38 per cent of the firms surveyed. By contrast, it is estimated that health promotion programs are now found in 80 to 90 per cent of medium and large U.S. workplaces.

The economics of health promotion

Up until now, most worksite health promotion programs have not been evaluated. That is changing.

A growing number have been subjected to rigorous cost-benefit analysis that calculates the employer's return on investment (ROI) — the most clear-cut business case one can make for employee-centred workplace programs.

The economic case for health promotion is compelling. There is now a great deal of evidence showing that workplace health promotion programs result in improved employee health, reductions in employer health-care costs and improved productivity.

The *American Journal of Health Promotion* (May/June 2001) reviewed 15 recent American studies of the clinical and economic effects of worksite health promotion and disease management programs. The review concluded there is "moderate to strong evidence" that these programs deliver both clinical and cost effectiveness.

The programs examined were either comprehensive or focused on a single initiative such as exercise and fitness, smoking cessation, back care, weight control, mammography or prostate cancer screening and referral. The key insight is that comprehensive interventions have a more positive impact than do single-focus programs.

One such comprehensive intervention is the National Wellness Program, a joint initiative between DaimlerChrysler and the United Auto Workers union. The award-winning program delivers health promotion and prevention programs to 90,000 employees in 35 U.S. locations. There are on-site health and fitness providers at all locations with more than 500 staff. (The company and the Canadian Autoworkers Union recently

launched a similar program in Windsor, Ont.)

Programs include nutrition and lifestyle counselling, fitness, injury prevention, mental health, driver safety, smoking cessation, awareness campaigns and incentive programs. Research at the University of Rochester found employees who participated had lower health-care costs of between \$5 and \$16 per month (all figures US) when compared to non-participants.

Other examples include Glaxo Wellcome's (since merged into GlaxoSmithKline) health promotion program, which saved about \$1 million in 1998 and reduced lost time due to medical problems by 20,000 workdays since 1996.

A University of Michigan study at Steelcase Corporation found that for every employee who had excessive alcohol consumption, the firm spent \$597 more annually in health costs. For every employee who was sedentary, the cost was \$488; hypertension cost \$327; smokers cost the company \$285.

Fitness programs also reduce health-care costs, absenteeism, injury rates and turnover while improving job performance, productivity and morale. There are also studies that suggest less tangible effects of fitness programs — such as employee satisfaction — may help in recruitment and retention.

Cost-benefit ratios range

Continued on Next Page

Wellness

Continued from Previous Page

from \$1.15 to \$5.52 when fitness programs are part of a comprehensive health promotion strategy. The major limitation of fitness programs, however, is low participation rates.

Canadian workplace health promotion

Virtually all of these studies are American. Comparable Canadian evidence is scant, largely because many of the health costs that American employers pay are absorbed in Canada by the public health-care system. Prescription drug and disability costs are the exceptions.

However, employers' concerns about the escalating costs of these benefit plans have yet to translate into a systematic introduction of health promotion programs.

Still, there are important initiatives underway in Canada. A study by Aventis Pharma, Atlantic Blue Cross and the Atlantic Health and Wellness Institute found rates of return of close to \$4 for every \$1 invested in a wellness program designed to reduce the risk of cardiovascular disease among blue-collar workers.

The National Quality Institute recently gave its Healthy Workplace Award to MDS Nordion, for a comprehensive workplace health program that reduced absenteeism from 5.5 to four days annually and cut turnover to half the industry average. Telus also won an award; initiatives from its Corporate Health Team saved the organization \$3 for every \$1 spent.

Weighing the evidence

Overall, studies document cost-benefit ratios of between \$3 and \$8 for every \$1 invested in health promotion programs within five years of being launched. Yet, this research may never convince skeptics.

That's because worksites are not laboratories that can be readily controlled and employees have a right to choose to participate in such programs.

Not surprisingly, many organizations shy away from ROI analysis because of the volume and quality of data required, lack of research expertise and the long-term commitment needed for both the program and the evaluation process.

That's where universities can

“One study found that for every employee who had excessive alcohol consumption, the firm spent \$597 more annually in health costs. For every employee who was sedentary, the cost was \$488.”

play a vital role. For example, the University of Michigan's Health Management Research Centre has worked with corporate partners and other stakeholders in long-term studies of the costs and benefits of healthy and productive workplaces.

The centre's health risk assessments are used to calculate an “overall wellness score” which is directly related to health costs. In manufacturing workplaces, a one-point change in the wellness score is associated with a \$30-annual-reduction in health-care costs for every employee.

Promoting wellness is the right thing to do

Some occupational health experts argue there is already more than enough research to prove that creating safer and healthier workplaces and promoting wellness among employees is the right thing to do.

Hundreds of studies already document direct and indirect effects of healthy work environ-

ments, including higher job satisfaction, lower absenteeism and turnover, improved job performance, lower accident rates, and reduced health benefit and worker compensation costs.

And in fact, not all employers need data that links financial returns from health promotion to corporate goals. As the manager of health and productivity at Chevron Corp., in California, explained: “The return we have achieved has not always been well documented from a financial point of view, but the consensus from our management is that health promotion has added to Chevron's financial success by

helping achieve Chevron's goals.”

But Chevron's philosophy is the exception and not the rule; most employers that adopt health promotion programs are doing so because they face the difficult choice of containing the rising cost of health benefits or cutting back benefit coverage.

Some firms also view these programs as contributing to a culture that is supportive of employees. Far less frequently, the main objective is to boost productivity. The challenge now is to understand how worksite wellness initiatives can contribute to all three goals.

So far, we know that firms with leading practices in health promotion that contribute to productivity have aligned these practices with business strategies, use an interdisciplinary approach, are supported by leaders who make resources available and include operations managers on the team.

These exemplary firms also view improvements in the quali-

ty of work life as a prerequisite to reduced health costs and increased productivity. They also place a premium on communicating, learning and improving when it comes to workplace health and wellness.

Creating the healthy organization

Even the most comprehensive health promotion programs only go part way to creating a truly healthy work environment.

The main criticism of workplace health promotion is its narrow focus on individuals' health-related attitudes and behaviour. This overlooks the underlying job, organization and management factors that affect employee health and well-being.

No workplace health promotion program is designed to address the impact of unsupportive supervision, routinized tasks, a lack of job autonomy or heavy workloads — all well-known causes of stress which, over time, can impair an employee's health and undermine organizational performance.

But there is a paradigm shift underway in the health promotion field. Researchers and practitioners are adopting a population health approach, which highlights how a person's environment influences their health.

Here is an opportunity to capitalize on the synergies between workplace health promotion and human resource management. The next generation of worksite health promotion and wellness initiatives will strive to create healthy organizations. This is just another way of talking about how to nurture the human capacity of an organization — the overriding goal of HR.

Graham S. Lowe is a sociology professor at the University of Alberta, research associate at Canadian Policy Research Networks, and a workplace consultant. He can be reached at graham.lowe@ualberta.ca and his website is www.arts.ualberta.ca/glowe.