



Return-on-Investment Calculation: An Example

The Example Calculation: Some Caveats

The return-on-investment calculation presented here illustrates a simple tool that can be used by wellness leaders to demonstrate some of the impacts of workplace health and wellness programs. It is not a rigorous or exhaustive study of the effects of such a program. Many external factors, outside the wellness program, can lead to changes in employee behaviour that can influence organizational cost drivers such as casual absence and productivity. These external factors include management practices and financial incentives.

As well, this example supposes that all organizational programs and practices have stayed the same during the evaluation period. No overhead or administration costs other than the salaries of the wellness team have been considered in this analysis. As well, increases in salaries have not been considered during the analysis. A more rigorous ROI analysis should be calculated by an actuary or health economist.

Finally, the example ROI calculation is based on hypothetical program costs and savings. Actual costs and savings will differ depending on the organization's workforce needs and wellness program details.

Company XYZ is a fast-paced, outcomes-oriented telecommunications company with 600 employees. Four years ago, in response to a significant rise in casual absence due to health issues among its employee population, Company XYZ implemented a workplace wellness program. The goals of the wellness program are to:

1. Provide a health risk assessment and biometric screening clinic every 18 months to increase employees' responsibility for their own health and identify employees who would benefit from a health coaching program.
2. Increase participation in the HRA and biometric screening clinic each time these assessments are offered by providing incentives and implementing a targeted communication strategy.
3. Reduce the overall number of health risk factors in the workforce.
4. Reduce casual absences due to health-related issues.

A preliminary biometric screening clinic and HRA, conducted at the outset of the program, reveal several risk factors in the workforce. Using this baseline analysis, the wellness leader decides to specifically target employees' level of physical activity, smoking cessation, and stress management by implementing the following wellness initiatives:

1. An HRA every 18 months;
2. Biometric screening clinics every 18 months;
3. Health coaching by phone for smoking cessation and stress management;
4. Fitness and weight-loss initiatives;
5. Communication campaign;
6. Incentives for HRA and biometric screening clinic participation; and
7. Changes to organizational practices and the work environment to promote a mentally healthy workplace.

At the end of the wellness program's fourth year, the wellness leader evaluates the financial impact of the program since implementation. The program includes the cost assumptions shown in Table 1.

Table 1
Cost Assumptions by Program Component

Program component	Employer cost*
Health risk assessments	No cost—offered through benefits provider
Biometric screening clinics	\$50 per participant
Incentives for completing HRA and biometric screening	\$25 gift card per participant who completes both assessments
Smoking cessation program—health coaching by phone	\$75 per participant enrolment**
Stress management program—health coaching by phone	\$75 per participant enrolment**
Walking challenge program through third party	\$100 per year per participant
Monthly fitness boot camps—during summer months	No cost—paid by participant
Gym subsidies	\$250 per year per employee who joins gym
On-site weight loss program (meeting room offered at no cost)	No cost—paid by participant
On-site smoking cessation support group (employees formed an internal support group, meeting room offered at no cost, free literature provided by benefits provider)	No cost
Policy changes—smoke-free workplace, flexible work arrangements, healthier cafeteria and vending machine options	No cost
Communication campaign (e.g., brochures, intranet, newsletter)	\$2,500 per year

*These costs are for illustration purposes only. Actual costs may vary.

**Some employees may enroll in the program more than once over the four-year time period.

Source: The Conference Board of Canada.