



Making the Business Case for Investments in Workplace Health and Wellness

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Project Purpose

The overarching purpose of this project was to...

“Provide employers from small, medium and large sized organizations with advice and guidance on how to make the business case for investments for workplace health and wellness programs.”



Project Sponsors

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Canadian Alliance for Sustainable Health Care



Project Advisory Board

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- Pfizer
- Reformulary Group Inc.
- Sanofi
- Standard Life
- Sun Life Financial
- TELUS Health Solutions
- WSIB Ontario
- VON Canada



Project Phases

1. Literature Review

2. Case Study Interviews with Employers

3. Key Informant Interviews

4. Research Report



Key Areas of Investigation

- Demonstrating the impact of an organization's health and wellness programs
- Positioning and sustaining health and wellness programs in the face of competing organizational priorities
- Making health and wellness programs strategic and essential
- Exploring tangible and intangible outcome measures and metrics



Why Should Employers Invest in Wellness?

- Control the financial costs associated with an unhealthy workforce
- Build the organization's profile as a socially responsible, top employer
- Demonstrate legal due diligence



How Can Employers Promote Workplace Health?

- Create a healthy organizational culture
- Create a healthy physical work environment
- Provide resources to help employees maintain or improve their health status



Elements of a Comprehensive Wellness Program

1. Senior management buy-in
2. Establish your baseline/benchmark
3. Wellness programming
4. Follow-up with employees
5. Evaluation of program and initiatives



Framework for Creating a Comprehensive Wellness Program

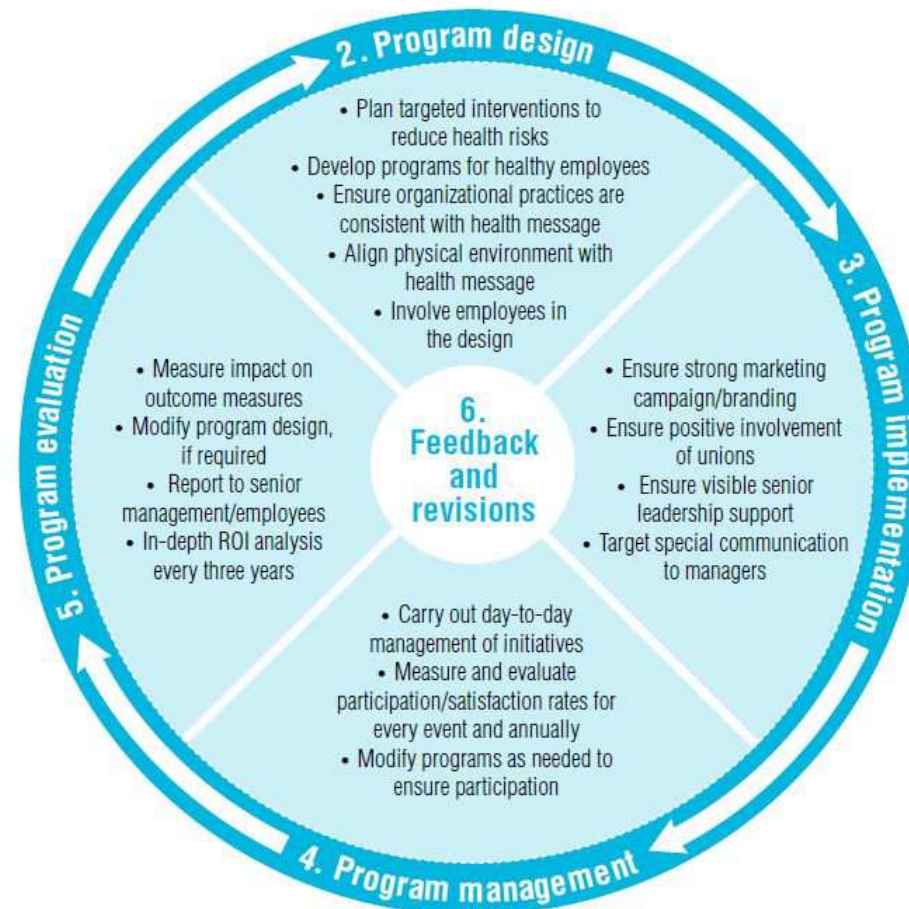
1. Setting the stage

- Get senior leadership commitment
- Set up a wellness committee
- Get baseline measurement
- Build a business case
- Develop a communication strategy
- Leverage partnerships with stakeholders

Source: The Conference Board of Canada.



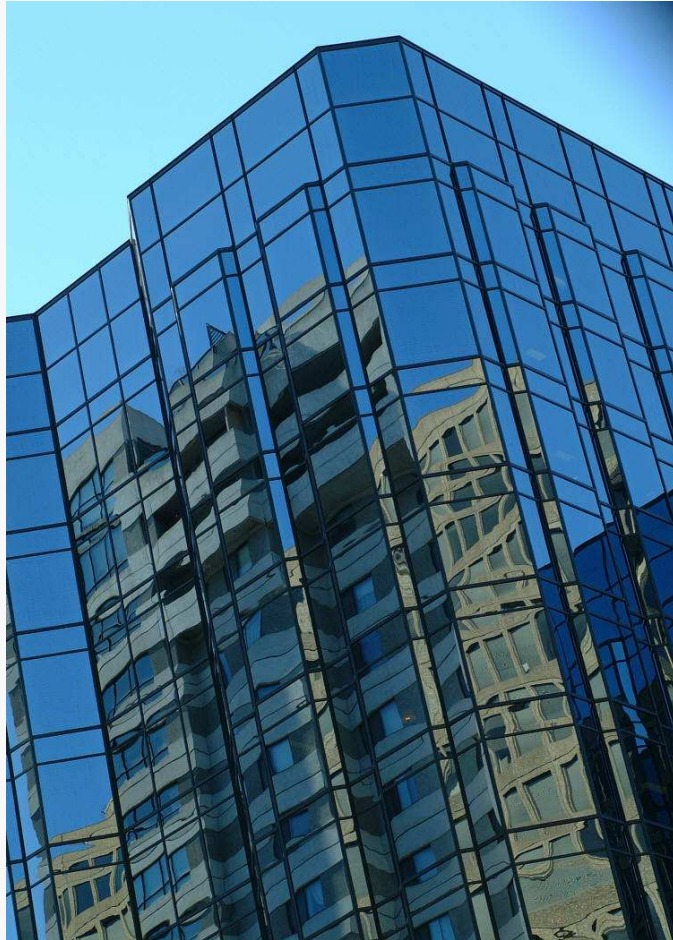
Framework for Creating a Comprehensive Wellness Program



Source: The Conference Board of Canada.



Benefits of Measuring ROI



- Can help justify spending on programs
- Measuring the impact of wellness initiatives allows employers to target their programs more effectively
- Measurement provides feedback and the opportunity to fine tune existing programs



Benefits of Measuring ROI



- Helps rally the organization behind the program's success
- Shows non-participating employees what can be achieved
- Demonstrates that the employer cares and wants to have a healthy workforce
- Employees get direct feedback to evaluate their health status and take accountability for their own health



What is ROI?

- An economic evaluation
- Measures profits against capital employed or invested
- Used to compare alternatives or the cost of doing nothing
- Can help select the most beneficial opportunities to target



How Do You Calculate ROI?

$$\text{ROI} = \frac{\text{Gain from Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

OR

$$\text{ROI} = \frac{\text{Net Savings}}{\text{Program Cost}}$$



Measurement of Wellness Programs

- Employers are still in the infancy stages
- About a third of employers evaluate program outcomes but very few analyze the ROI for wellness programs in a rigorous way
- Organizations are more focused on demonstrating positive impacts and outcomes than a positive ROI



Barriers to Measuring ROI

- Access to data
- Confounding effects
- Lack of staff/resources/funds
- Lack of expertise
- Difficulty integrating data from various service providers
- Privacy/confidentiality issues
- Subjective measures
- Engaging employees in initiatives for baseline measurement



Source: The Conference Board of Canada



Measurement Framework for Wellness Programs

	Fundamental	Intermediate	Sophisticated
Steps/programs	<ul style="list-style-type: none"> • One-time wellness events • Lunch and learns • Monthly educational sessions 	<ul style="list-style-type: none"> • All fundamental steps • Regular health risk assessments • Biometric screenings 	<ul style="list-style-type: none"> • All fundamental and intermediate steps • Targeted, integrated, and comprehensive programs • Health coaching
Outcomes/impacts	<ul style="list-style-type: none"> • Employee satisfaction within program • Increased employee awareness of health-related issues 	<ul style="list-style-type: none"> • All fundamental impacts • Shifts in health profile of workforce 	<ul style="list-style-type: none"> • All fundamental and intermediate impacts • Strategic human resources drivers: improvements in absenteeism, presenteeism, employee engagement
Metrics/measures	<ul style="list-style-type: none"> • Participation rate in wellness events • Employee satisfaction with wellness program 	<ul style="list-style-type: none"> • All fundamental measures • Changes in health risk status of employees • Changes in drug costs • Reductions in short-and long-term disability claims 	<ul style="list-style-type: none"> • All fundamental and intermediate measures • Changes in strategic human resource drivers • Return-on-investment calculations

Source: The Conference Board of Canada.



Where to Get Support

- Benefit plan insurers
- EAP providers
- Health and benefits consultants
- Wellness and health promotion providers
- Pharmaceutical companies
- Federal/provincial/territorial/regional public health authorities
- Disease advocacy organizations



Source: The Conference Board of Canada



Getting What You Ask For...

In order to get the right information from your providers you need to...**BE PREPARED!**



Think about:

- Format of data you need
- Level of detail needed (by business unit? for the organization as a whole?)
- Time period of data
- Categories of employees you want included



Metrics Checklist for Employers

Short-Term Disability

- Claim incidence per 100 insured employees
- Claim duration
- Lost workdays per 100 employees
- Cost per employee
- Cost per diagnosis

Long-Term Disability

- Claim incidence per 100 insured employees
- Claim duration
- Cost per diagnosis

Casual Absences

- Lost workdays per employee
- Cost as percentage of payroll

Workers' Compensation

- Total premiums
- Cost per claim
- Cost per employee
- Accident frequency rate per 100 employees

Health Risk Assessments

- HRA participation per 100 employees
- Health status of employees
- Top risk factors

EAP Metrics

- New cases per 100 covered employees
- Reasons for access
- Program cost per employee



Sample Calculations

e.g. Short-Term Disability: Claim Incidence per 100 Employees

$$\begin{array}{l} \text{Claim} \\ \text{incidence} \\ \text{per 100} \\ \text{employees} \end{array} = \frac{\text{Total Number of New STD Claims}}{\text{Average Number of STD Covered Employees}} \times 100$$

Explanation: This metric calculates the number of new claims incurred per 100 covered employees during a defined period of time.



Fictional Example: Smoking Cessation Program

Program Costs

- 74 smokers identified during a HRA, 19 enroll in the smoking cessation program
- Assume it costs \$75 per participant for health coaching by phone (offered through EAP provider)
- Total program cost: $19 \times \$75 = \$1,425$



Fictional Example: Smoking Cessation Program

Total Savings

- Of the 19 employees enrolled in the program, 9 were successful in quitting (3 in Year 1, 2 in Year 2, 2 in Year 3, 2 in Year 4)
- Employees who smoke cost organizations approximately \$3,396 more per year than do nonsmoking employees¹

¹ Hallamore, *Smoking and the Bottom Line*, p. 10.



Fictional Example: Smoking Cessation Program

Total Savings

Year 1: 3 people X \$3,396 X 4 yrs = \$40,752

Year 2: 2 people X \$3,396 X 3 yrs = \$20,376

Year 3: 2 people X \$3,396 X 2 yrs = \$13,584

Year 4: 2 people X \$3,396 X 1 yrs = \$6,792

Total: \$81,504



Fictional Example: Smoking Cessation Program

ROI

= Net savings / Total costs

= $(\$81,504 - \$1,425) / \$1,425$

= \$56.20 : \$1.00

Question:

- **Is this ROI correct?**
- **Why not?**



Fictional Example: Smoking Cessation Program

ROI

- Should calculate the ROI for the wellness program overall
- Otherwise significant costs and savings are missing

e.g. cost of HRA, incentives for HRA, program communications, salaries of wellness team



Related Reports

- A French translation of the report is also available
- Employer case studies were released, in both English and French, in a series of publications called “*Wellness Metrics in Action*”

CMP Advanced Mechanical Solutions

Desjardins Group

Lakeside Process Controls

Marine Atlantic

Nova Scotia Liquor Corporation

Société de l'assurance automobile du Québec

TELUS Corporation

The Williamson Group

Town of Conception Bay South

Toronto East General Hospital



Conclusion

- The trend towards greater accountability for all corporate expenditures is going to continue
- Senior leaders know that investing in workplace wellness make sense – but wellness practitioners will still need to prove it
- While the benefits (and costs) of workplace wellness program are not easy to quantify, practitioners can take incremental steps to improve measurement and tracking



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