

Workplace Wellness for Small Business

BY MARK TAYLOR | SMALL BUSINESS

As small businesses grapple with rising healthcare costs and the complexities of the Affordable Care Act, some are seeking relief through programs once the domain of large companies.

Workplace wellness programs have been growing in big businesses and industrial workplaces for two decades. And since more than 60% of Americans already receive their health insurance through employer-based plans, workplace wellness programs can access a captive audience. Such programs combine education, health screenings and incentives for employees to exercise, eat and live healthier. The payoff is a healthier workforce, lower healthcare costs and reduced health insurance premiums. Workplace wellness and preventive care program components usually include health assessments, screenings and promotions to encourage healthy diet, habits and exercise.

Because they are relatively new, few studies have analyzed the effectiveness of workplace wellness programs in small business settings. However, growing evidence has quantified the benefits of workplace wellness programs for large companies. In a 2010 study in the health policy journal, “Health Affairs,” researchers found that medical costs fall by \$3.27 for every dollar spent on wellness programs and that absenteeism costs fall by about \$2.73 for every dollar spent.

Hector DeLaTorre, executive director of the Los-Angeles-based Transamerica Center for Health Studies, said the new, non-profit research organization recognizes that because workplace wellness programs are relatively new, there has been little objective study of their impact on small businesses.

Need for objective analysis of programs

“What we need is objective, evidence-based analysis of those programs and right now that doesn’t exist,” said DeLaTorre, who said Transamerica hopes to complete a study by year’s end.

He said a 2013 employers’ survey found three-quarters of small business owners believe that implementing health and wellness programs would lead to better control of healthcare costs.

He said the U.S. Center for Disease Control and Prevention (CDC) offers tools for employer to assess workplace wellness program and tips in starting them. The CDC said the highest impact programs include health assessments followed by education and counseling to reduce high blood pressure, cholesterol, diabetes and depression and tools to improve physical fitness and weight management. “Those yield the highest results,” he said.

Workplace wellness experts said companies that have adopted wellness pursue different strategies to meet the specific needs of their workforce. Some achieve reduced healthcare costs by incentivizing employees to undergo tests to detect conditions earlier when the cost of treating them is lower and the opportunity for improved outcomes is better.

Alan Katz, executive vice president of San Francisco-based SeeChange Health Insurance, an insurer that includes workplace wellness programs with all of its health policies, said by screening and detecting conditions early, employers, employees and health plans can share in improved health outcomes and reduced costs of providing healthcare. Katz said most Americans currently do not receive annual health screenings, which could detect and prevent disease.

Citing data from the Partnership for Prevention, he said if 90% of American women over the age of 50 had been screened for breast cancer instead of the 67% now receiving the test, 3,700 lives could be saved annually and millions of dollars in costly treatments. And if 90% of Americans over 50 were up to date on colorectal screenings instead of the 50% current rate, it could save 14,000 lives annually.

ACA provisions for wellness

The landmark Affordable Care Act included several provisions that encourage workplace wellness programs. The law allows employers to increase the reward for employee participation in such plans by permitting them to lower by 30% (the previous limit was 20%) the cost of insurance premiums paid and up to 50% for smoking cessation programs.

“You buy health insurance to improve health of employees,” Katz explained. “You buy a wellness program to improve the health of your bottom line by improving the productivity of your employee. Katz said that small businesses may receive some financial benefit from their insurers in terms of lower premiums. “Even if you discount the proportionately greater savings a large group would get, a small business with a robust wellness program will have a healthier work force.”

Katz said wellness programs that attract 25% participation rates can have an impact on overall employee health and programs with rates above 70% “are doing really well.” Katz said employee worries about how their personal health information is used are not unreasonable. “In this day

and age people are paranoid about privacy, but most small group wellness programs do not share personal data with employers,” said Katz.

Under Obamacare, insurers providing small group health plans for companies that employ fewer than 50 may only consider age, zip code and whether employees smoke when basing rates.

Marci Crozier, director of marketing and sales for the Franciscan Omni Health and Fitness in Schererville, Ind., said evidence documents that happier employees will be healthier employees.

“Establishing a healthy culture is key to improving employee wellness. Some small companies may be unable to afford to pay out large cash incentives for behavior changes, but they can offer size-appropriate incentives. That may be only recognition. Some small businesses offer contests, prizes and competitions,” said Crozier. “In wellness programs, the most important competition is with yourself. Wellness changes people’s lives.”

Chuck Gillespie, director of the Wellness Council of Indiana, said too many businesses view wellness through a narrow scope. “If you’re only looking at wellness as a means of reducing insurance costs, you’re ignoring other benefits, such as increased employee engagement, improved retention, stronger recruitment incentives, and employees who are fitter, with better attitudes, who provide better customer service and improved productivity,” Gillespie said.

He added that employees in workplace wellness programs have decreased absenteeism, tardiness and employee injuries because of heightened focus on workplace safety.

Behavior change

Small businesses that offer comprehensive wellness programs said they can change behavior.

Michigan architect Thomas Mathison formerly worked for architectural firm TowerPinkster in Kalamazoo and Grand Rapids, a company that offered a robust wellness program.

Mathison said in the summertime the company’s wellness program offered a fruit of the week campaign, serving free locally grown fruits to employees in lieu of unhealthy snacks, while also providing nutritional information. TowerPinkster staged weight loss competitions offering prizes for losing weight: one couple lost 100 pounds between them. Corporate running and biking teams also encouraged employees to participate in healthy exercise. A physical fitness campaign offered participation rewards like corporate apparel, athletic goods and cash prizes.

“More than half of all employees participated in these programs and it was a really cool benefit,” said Mathison, who has since launched his own firm and adopting wellness measures there. “We saw lower insurance premiums and decreased absenteeism.”

TowerPinkster Human Resources Manager Jennifer Bauer said the firm doesn't keep statistics on its wellness program. "But I know from employee feedback, morale and the change in culture that it's been a win-win for our firm," Bauer said.

Amy Aleshire, sales administrator and wellness champion for DeKalb, Ind.-based manufacturer DeKalb Molded Plastics, said the 85-employee firm is in its fifth year of a wellness program.

"We wanted to help our employees to lead healthier lives," said Aleshire, who noted that about 60% of employees participate in the program's challenges and activities. She said all employees must take an annual health risk assessment that measures blood pressure, triglycerides, weight and other indicators. DeKalb recently added a health coach to assist employees in achieving their personal healthcare goals.

"Our focus is to provide fun, educational things to do to reduce absenteeism and help our employees to make healthier decisions," she said, adding that more than 12 employees experienced significant weight losses. Twenty employees showed improvement in blood pressure from 2012 to 2013, 40 improved cholesterol readings, 15 displayed lower glucose scores and eight dropped in body mass index (BMI). Because of the wellness program, DeKalb sees very little health or sickness-related absenteeism. She said the competitions and challenges offer prizes, including gift cards and gym memberships, and recognize winners throughout the plant.

David Chase, California director for the small business advocacy organization, the Small Business Majority, said SBM is conducting a member poll about workplace wellness issues followed by focus groups around the country.

"We believe small businesses of every size can benefit from those programs," Chase said. "We're hearing that most companies would like to do this, but don't know how or where to start and don't have the time or resources to invest in this." Chase said healthcare insurance plans are becoming more interested in wellness programs and increasingly offer workplace wellness components with their insurance products, with some extending premium discounts for participation.

Molly Brogan Day, vice president of the Washington-based advocacy organization, the National Small Business Association, said the impact of not having wellness programs is more acutely felt in small businesses. "If somebody is out sick for a week or two in a small firm, that hurts a lot more than it does in a big company," Brogan Day said.

She pointed out that stress is an equally big health issue for large and small companies. "Wellness programs aren't just about weight loss and smoking cessation, but mental health as well," she said. "We think wellness is a key component in keeping health insurance costs down." She recommended that small businesses, most of whom already contract with insurance brokers to negotiate with health plans, also consult brokers to seek wellness plans.

“Workplace wellness really can save you money,” she said. “Small businesses should also ask businesses nearby or talk with local wellness councils to seek out collaborative efforts to reduce their bottom lines and make employees a little happier.”

MAKING THE BUSINESS CASE FOR WORKPLACE WELLNESS PROGRAMS

- Chronic conditions like heart disease, diabetes, high blood pressure and obesity, cause seven in 10 deaths U.S. deaths annually and contribute to 75% of all health care costs.
- The prevalence of chronic conditions is rising, from afflicting 118 million Americans in 1995 to an estimated 149 million by 2015 and a projected 171 million by 2030.
- The cost of treating diabetics averages \$9,975, versus the \$443 average annual cost of treating a pre-diabetic whose symptoms have not yet manifested into the disease.
- In 2012, the National Small Business Association and the health insurer Humana sponsored an Edelman Berland survey of more than 1,000 small business owners that found:
- While most small businesses don't offer health and wellness programs to employees, three of every four that do said those efforts positively impacted their profits.
- 93% of respondents said the health of their employees was important to their bottom line, while only 22% offered such programs.
- High stress levels were their top health concern, followed by psychological-well-being, weight management and drug or alcohol addictions.
- More than half of the small businesses employing more than 50 said health and wellness programs are critical for employee recruitment and retention.
- Lowering long term healthcare costs, followed by improved morale and increased productivity were the biggest motivators driving workplace wellness programs.
- *Information Sources: U.S. Centers for Disease Control and Prevention (CDC), the RAND Corporation, 2012 National Small Business Association/Humana report, “[Workplace Wellness Programs in Small Businesses: Impacting the Bottom Line](#)”*

Other Helpful Links

The CDC's Worksite Health Score Card

http://www.cdc.gov/dhdsp/pubs/docs/hsc_manual.pdf

Transamerica Center for Health Studies Wellness Guide to A Half Hour Walk for Fitness

<http://www.transamericacenterforhealthstudies.org/health-wellness>

A list of free resources for companies seeking workplace wellness from the Wellness Council of America.

<http://www.welcoa.org/freeresources/>