What’s Holding You Back: Why Should (or Shouldn’t) Employers Invest in Health Promotion Programs for Their Workers?

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A question we are often asked is: How can I convince my senior management that investing in the health and well-being of workers will save money and produce a positive return on investment (ROI)? If leadership of the organization has already made up its mind that health promotion programs are a waste of time and money, then it is next to impossible to convince them otherwise. If, on the other hand, leaders have not yet made up their minds, and importantly, if they have not been exposed to the body of evidence suggesting that worksite programs have the potential to improve workers’ health and lower company expenses, then there is hope.

Below, we offer the main arguments in favor of increased employer investment in health promotion. We emphasize the economic rationale for such investment, rather than arguing that it is the “right thing to do” and a socially responsible way of treating one’s workers. We contend that health promotion programs not only improve worker health and well-being, but also produce bottom line effects.

Reasons to Invest In Worksite Health Promotion Programs

Some support for our view can be found in the book, Corporate Responsibility and Financial Performance: The Paradox of Social Cost, written by two accounting professors, Pava and Krausz. They analyzed the financial performance of 53 companies identified as “socially responsible,” and compared them to a control sample of firms matched by industry and size. Among the activities considered reflective of social responsibility were health promotion programs, which the authors described as “viable and legitimate” institutional mechanisms to alleviate an important social problem—poor health habits among workers. The authors concluded that, across almost every one of the financial outcome measures examined, “socially responsible firms … perform no worse and, perhaps, … better than non-socially responsible firms.”

But, should employers pay additional money for health promotion programs? We believe the answer is “yes.” The rationale for such investment can be summarized as a series of hypotheses, stated as follows.

1. Many of the diseases and disorders from which employees suffer are preventable.
2. Modifiable health risk factors are precursors to a large number of these diseases and disorders.
3. Many modifiable health risks are associated with increased healthcare costs and reduced worker productivity, within a relatively short-time window.
4. Modifiable health risks can be improved through workplace-sponsored health promotion and disease prevention programs.
5. Improvements in the health risk profile of a population can lead to reductions in healthcare costs and absenteeism and improve worker productivity.
6. Well-designed and well-implemented worksite health promotion and disease...
prevention programs can save companies money. Below, we note some of the salient studies addressing the previous hypotheses.

Many Diseases and Disorders Are Preventable, Yet Costly

A large body of medical and epidemiological evidence shows the links between common, modifiable, behavioral risk factors and chronic disease. Preventable illnesses make up approximately 70% of the total burden of disease and their associated costs. Half of all deaths in the United States are caused by behavioral risk factors and behavior patterns that are modifiable. In particular, the United States has been witnessing alarming increases in obesity, diabetes, and related disorders for many years. These diseases strain the resources of the healthcare system, as individuals who experience them generate significantly higher healthcare costs. Employers pay over one third of the total national annual medical bill for these and other conditions.

Modifiable Health Risks Increase Employer Costs

Analyses by Anderson et al. show that 10 modifiable health risk factors account for approximately 25% of all healthcare expenditures for employers. Moreover, employees with seven risk factors (tobacco use, hypertension, hypercholesterolemia, overweight/obesity, high blood glucose, high stress, and lack of physical activity) cost employers 228% more than those lacking those risk factors. Workers with these risk factors are more likely to be high-cost employees in terms of absenteeism, disability, and reduced productivity. Synthesizing the health promotion literature spanning 15 years, Aldana concluded that there is consistent evidence that a relationship exists between obesity, stress, and multiple risk factors, and subsequent healthcare expenditures and worker absenteeism.

Workplaces Offer an Ideal Setting for Health Promotion

Most people agree that the workplace presents an ideal setting for introducing and maintaining health promotion programs. Individuals generally spend over half of their waking hours at work. The workplace contains a concentrated group of people, usually situated in a small number of geographic sites, who share a common purpose and common culture. Communication and information exchange with workers are relatively straightforward. Individual goals and organizational goals, including those related to increasing profitability, generally are aligned with one another. Social support is available when behavior change efforts are attempted. Organizational norms can help guide certain behaviors and discourage others. Financial or other incentives can be introduced to encourage participation in programs. Measurement of program impact is often practical using available administrative data collection and analysis systems.

Worksite Health Promotion Can Positively Influence Employees’ Health Risks

Given the previous information, is there evidence that worksite programs can change habits of worker populations? It appears the answer is “yes.” Heaney and Goetzel examined 47 peer-reviewed studies, over a 20-year period, focused on the impact of multi-component worksite health promotion programs on employee health and productivity outcomes. The authors concluded that there was “indicative to acceptable” evidence supporting the effectiveness of multi-component worksite health promotion programs in achieving long-term behavior change and risk reduction among workers. The most effective programs offered individualized risk-reduction counseling, coaching; and self-management training to the highest risk employees within the context of a healthy company culture and supportive work environment. The reviewers concluded that a more comprehensive approach to worksite health promotion across multiple risk factors was preferred to one that is single-risk factor-focused where only a small selected group of employees benefit.

Worksite Health Promotion Can Achieve a Positive Return on Investment

So, if worksite programs can change health habits, can they also save money and even pay for themselves? Several literature reviews that weigh the evidence from experimental and quasi-experimental research studies suggest that programs grounded in behavior change theory and that utilize tailored communications and individualized counseling for high-risk individuals achieve cost savings and produce a positive return on investment. The ROI research is grounded in evaluations of employer-sponsored health promotion programs. Studies often cited with the strongest research designs and large numbers of subjects included those performed at Johnson & Johnson, Citibank, Dupont, the Bank of America, Tenneco, Duke University, the California Public Retirees System, Procter and Gamble, and Chevron Corporation. Even accounting for certain inconsistencies in design and results, most of these worksite programs produced positive cost outcomes.

In the most recent review summarizing results from 42 qualifying financial impact studies conducted over the past two decades, Chapman concluded that worksite programs achieve a 25–30% reduction in medical and absenteeism costs in an average period of about 3.6 years. In a widely cited example of a rigorous ROI analysis, Citibank reported a savings of $8.9 million in medical expenditures from their health promotion program as compared to their $1.9 million investment on the program, thus achieving an ROI of 4.56 to 1.0.

Conclusion

In this commentary, we put forth the main arguments in favor of employer investment in health promotion programs for their workers. There are also legitimate and powerful reasons...
why some employers have been reticent to spend money on health promotion. Generally, these have to do with philosophical reasons that reflect a desire to avoid the potential for perceived intrusions into the private lives of employees, despite the fact that an economic business case in support of these appears incontestible.

As for small businesses that cannot afford to conduct and/or evaluate their own programs, we recommend that they press federal agencies to support collective health promotion purchaser consortia. These consortia would define common health and business objectives, achieve consensus on health promotion program designs, issue a request for proposal to vendors and health plans that can offer desirable programs, and put in place specific guarantees regarding the performance of these programs. Importantly, purchaser consortia should include a requirement for vendors to support rigorous, independent evaluations of the health and economic outcomes from their programs, with reasonable definitions of success and a timetable for reporting results. Making the result of such evaluations public will enhance the credibility of the vendor's programs and contribute to the ability of the human resources manager to make a successful business case. NCMedJ

REFERENCES