How optimizing employee health enhances their productivity – and your bottom line

Changing the health care conversation

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Businesses have long defined health care spending in two ways:

1. Providing health insurance for employees is a required expense that eats into the bottom line.
2. Focusing on employees who are ill and getting them better.

This is a flawed approach to health care. A better approach is to redefine the impact of employee health to your bottom line:

- The price of health insurance and well-being programs for employees is an investment, and the return on this investment is a workforce of healthier, happier, more productive employees, who can help the company grow financially.
- Paying to treat an employee with an illness or injury costs far more than paying to prevent it.

Health insurance is how a company protects its greatest asset – its employees. They develop ideas and products, manage operations, solve problems, grow sales and serve customers. Healthy employees miss less time from work for sick days and disability, are better focused on projects, are less sleepy on the job, move better, worry less about their health and have more energy. Healthy employees deliver better quality work, have better attitudes and morale, and provide better participation and teamwork – all of which make for a successful company. In this paper, we will review the impact productivity has on a company’s bottom line and how you can start changing your definition of health care.

Aetna is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies, including Aetna Life Insurance Company and its affiliates (Aetna).
Healthy employees are vital to business success.
Consider this: The stock values of 26 public companies that received the C. Everett Koop National Health Award appreciated by 325 percent compared with the average appreciation of 105 percent for the Standard & Poor's 500, based on a simulation study from 2000 to 2014 reported in the *Journal of Occupational and Environmental Medicine*. The Koop award represents the highest recognition for a workplace health program among experts. Award applicants need to show expert reviewers that their program achieves measurable health and economic benefits.

How do you change the conversation and address chronic conditions to create an environment of healthy, happy and productive employees? Look at how the math adds up.

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**Showing up to work, but little work to show**

Dave⁺ is the top salesperson at All-Star Sales, and he is on a hot streak having increased his sales numbers four years straight. He is one of the company’s most important assets to growing income, but his streak of increasing sales will end this year.

His obesity has forced him to have a hip replacement and his morale is low. He has trouble walking, which impacts his ability to meet with customers. He will miss three months of work for hip replacement surgery and rehabilitation. All-Star Sales has to pay for Dave’s medical costs and allocate resources to serve his clients while he is away, and three months of lost sales from the top salesperson means revenue will drop. At work, poor health prevents Dave from performing his best. While out of work to recover from surgery, Dave can’t do much. Dave’s health care costs are going up, and his productivity is going down.

*If All-Star Sales offered a weight loss program and financial incentives in the form of health care premium credits for participating, Dave might have lost enough weight to avoid surgery and continue his streak of high sales.*

⁺For illustrative purposes only. All-Star Sales is not a real company, and Dave is not a real person.
Value of investment in employee health, productivity and well-being

The Integrated Benefits Institute reported that poor health costs the U.S. economy $576 billion per year. Of that, $227 billion is lost productivity because of absenteeism and presenteeism from poor health. Presenteeism measures how much health problems negatively impact the job performance and productivity of employees when they are at work.

"Employers can save an average of $3 for every $1 they invest in improving their workers’ health, so there are opportunities for companies to increase profits and wages while they improve worker health."
- Sean Nicholson, a professor of policy analysis and management at Cornell University.

Components of a value of investment analysis³

If the value of the incentives is built into the service fee or premium, incentives would be cost-neutral to the employer.

Research by the Global Corporate Challenge, a Virgin Pulse company that works with businesses to improve employee health and work performance, shows that on average, employees in a sample group took about four sick days off each year, but when they reported how many days they lost while on the job because of presenteeism, that number increased to 57.5 days per year per employee.⁶

"That's almost 12 full working weeks – or one quarter of the entire year – that employees admit they really aren’t performing at their best."

- Olivia Sackett, data scientist for the Global Corporate Challenge.⁶

As employers assess their employee health strategies, their most compelling cost issue is the link between poor health and reduced productivity. On average, for every $1 employers spend on worker medical or pharmacy costs, they absorb at least $2 to $4 of health-related productivity costs in the form of absenteeism and presenteeism associated with chronic conditions, according to a study in the Journal of Occupational and Environmental Medicine. “Integrating productivity data with health data can help employers develop effective workplace health human capital investment strategies,” the study said.⁷
Solutions for health risks in the workforce

Employers and health insurance companies have shifted beyond just addressing basic health issues, such as healthy eating, physical fitness and smoking cessation, to focusing on the overall physical and mental health and social well-being of employees and their chronic conditions.

Robust behavioral health and lifestyle management programs, plus disease management tools, mitigate the future high costs of treating more serious conditions. These offerings also include biometric and metabolic syndrome testing to increase awareness of health risks and well-being programs for emotional health.

<table>
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<tr>
<th>Behavioral health and lifestyle management</th>
<th>Disease and illness management</th>
<th>Metabolic syndrome (a group of risk factors)</th>
<th>Biometric testing</th>
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<td>Weight loss</td>
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<td>Body mass index</td>
<td>Mind-fullness</td>
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Employees who engaged in well-being programs experience 17 minutes per week of improved productivity, and 36 percent of employees who participate in stress reduction programs in the workplace experience decreased stress levels.

Doctors Richard Milani and Carl Lavie studied a random sample of 185 workers and their spouses at a single employer, according to the *Harvard Business Review*. The participants were not heart patients, but they received cardiac rehabilitation and exercise training from an expert team. Of those classified as high risk when the study started – based on body fat, blood pressure, anxiety and other measures – 57 percent were converted to low-risk status by the end of the six-month program. Medical claim costs declined by $1,421 per participant, compared with those from the previous year. A control group showed no such improvements. Every dollar invested in the intervention yielded $6 in health care savings.
Employee participation is crucial for successful health and wellness programs. Employers who offer incentives to employees, such as discounts on health insurance contributions or gift cards, for health screening activities report higher participation rates than those who do not (63 percent versus 29 percent for completing a health risk assessment and 57 percent versus 38 percent for clinical screenings), according to research by the RAND Corporation.¹¹ A health risk assessment is a questionnaire on health-related behaviors, such as exercise, and risk factors, such as body weight, and may include clinical screenings to collect data on height, weight, blood pressure and blood glucose levels. Employers use health risk assessments to determine health needs of their employees and the type of programs to offer.¹¹

These five factors boost wellness program participation, based on the RAND Corporation’s research¹¹

1. Strong communication to employees
2. Convenient and easily accessible wellness activities
3. Senior manager participation and support
4. Integrated approach
5. Continuous evaluation and quality improvement

Refocusing your health benefits strategy to create a more productive culture

Employers also can drive productivity improvement in their workforce by making worker productivity part of their benefits strategy. And this doesn’t mean disrupting your program or complicating things for your employees:

• Collaborate with your medical, disability, workers’ compensation and well-being vendors to align and integrate health promotion and health protection.
• Follow guidelines from reputable national organizations and think tanks, such as the Integrated Benefits Institute and the Institute of Health, Productivity and Human Capital.
• Examine the physical and mental health of job candidates, post offer, to assess their work ability prior to hiring. Measure the employee’s functional capacity against essential job functions in the job description.
• Work with the employee’s health care provider, or an occupational health provider, to address issues connected to the Americans with Disabilities Act through a reasonable accommodation process.
• Introduce or update your drug and alcohol policy to ensure testing for current drug abuse, such as synthetic opioids.
• Implement an exam policy to assess work-fitness after employees return from short- or long-term disability.
• Work with your employee assistance program partner to train supervisors how to recognize common workplace physical and mental conditions in their workforce.
Healthy employees = A healthier bottom line

Healthier employees are more productive and companies supporting workplace health have a greater percentage of employees at work every day, according to the Centers for Disease Control and Prevention.12

“We prefer to define health like this ‘A healthy individual is productive, a productive individual is economically viable and an economically viable person is happy,’ rather than as the absence of illness that must be fixed when it’s broken. Using our definition, we can create better health person by person and community by community. And this is the way we can rebuild the health care system as a whole.”13

- Mark Bertolini, Aetna chairman and CEO

Focusing on sick days is gone. We prefer to refocus thinking on creating more healthy days. This creates a cycle of continuous improvement – healthy individuals are happier, and happier individuals are more productive. A more productive workforce means you reach your goals faster and continue to grow your company.

How to get started or learn more

For more information on how productivity can impact your balance sheet, contact your Aetna representative.

A well-known quote on the study of health care and employee productivity says, “Worklessness is the single greatest cause of poor health, morbidity and early mortality.”

A significant opportunity for employers to impact their bottom line in the future is to invest dollars into programs that target their potential risks. The idea is to get employees - human capital - to do something different tomorrow than they did yesterday to become healthier.
Sources:


⁸Program results are based on self-reported information 2/2013 - 11/2014 for participants provide during the pre- and post-program assessments.


¹³Techonomy Media interview, September 20, 2015.