Workplace Wellness

How to maximize health and productivity programs.

BY KAREN SEWARD

Most organizations have come to understand the value of investing in workplace wellness. Intuitively, integrated health and productivity programs make sense. But with the continuing need to control expenses—including benefits—employers are under pressure to demonstrate how these programs directly contribute to organizational health. Or, in other words, how they show a positive return on investment (ROI).

The first step is establishing ROI metrics to measure and monitor health and productivity. Equally important, however, is articulating how wellness programs deliver ROI across four key organizational priorities: financial management, operational efficiencies, employee health and engagement, and risk management.

Financial Management

Financial management is often seen as a way to reduce the costs of increasing healthcare and HR expenses. Health and productivity programs help organizations manage and mitigate financial risks by improving the predictability around absences, managing disability and Workers’ Compensation Board (WCB) claims, and controlling benefits costs.

Absenteeism – Each day of absence can result in direct costs for an organization, such as loss of revenue and productivity, but early intervention can help. The sooner the employee receives guidance and support, the faster he or she can return to work. Casual absences are costly but often overlooked. Underlying health issues (and the associated costs) can go unnoticed, which could lead to further absences. In addition, patterned or cyclical absences (e.g., four incidents in four months) are often difficult to identify if they are not tracked formally. These are more likely to be symptomatic of underlying issues and may lead to prolonged leaves of absence or short-term disability (STD).

Disability Management – Employees who have been ill or injured need help in returning to productive and meaningful work in a safe and timely manner. But as the costs of employee illnesses and injuries increase, so does the need to control these costs. Early intervention can take many forms: timely claim referral or reporting of incidents, immediate outreach to disabled employees, modified or progressive return-to-work planning being set in motion before a claim is adjudicated and identifying modified work opportunities. These tactics can significantly improve outcomes by reducing delays and keeping employees connected to the workplace.

Key metrics to monitor include the decrease in the duration of closed cases for STD and the decrease in incidence of STD cases and new long-term disability cases.

WCB Claims – Managing Workers’ Compensation claims is complex and time-consuming. When accidents occur and...
claims are not managed carefully, costs can escalate dramatically.

Strategic programs let organizations contain costs through appeal or other strategies, such as reviewing claims for cost reduction and recovery potential. Promptly reporting Workers’ Compensation claims has a dramatic impact on the overall cost of the claims, whereas delaying them can push treatment and result in the need for much more intensive care. If an injured employee feels victimized by an unjust litigation process, this can lead to mental health conditions, such as depression, which can further complicate the employee’s recovery.

Overall Benefits – The total cost of delivering employee benefits—including everything from dental plans to massage therapy—is on the rise. According to a Conference Board of Canada report, Benefits Benchmarking 2009: Balancing Competitiveness and Cost, the downloading of health costs from cash-strapped hospitals and governments, an aging population that’s boosting utilization rates and new and expensive drugs mean employers are paying more.

Wellness at Work

Organizations that have started measuring and monitoring the ability of their health and productivity programs to support financial management and operational efficiency goals are seeing a positive return on investment.

Take this utility company. With more than 3,000 employees dispersed globally, it experienced fragmented, inefficient delivery of its employee health services, undefined metrics and monitoring, and poor employee experience.

To address these problems, the company implemented an attendance support line, short-term disability (STD) and Workers’ Compensation claims management, pre-placement medical examinations and employee assistance program services.

Here’s what it realized after less than one year:

- a 38% decrease in the average duration of closed cases for STD (from 42 to 26 days over all cases);
- a 27% decrease in the number of Workers’ Compensation Board days lost per claim (from 33 to 24 days over all cases);
- a $1 million decrease in costs (annualized); and
- a 69% decrease in new long-term disability cases (from 26 to eight per year).

Prescription drug coverage is the largest cost—ranging from 25% to 40% of a typical employer’s total benefits cost. The Canadian Institute for Health Information reports that over the past 10 years, spending on pharmaceuticals has more than doubled.

When unhealthy behaviour is identified early and support is provided, it is far more likely the behaviour can change before it worsens or results in a serious but preventable chronic condition requiring ongoing medication. Preventative measures, including the use
of an employee assistance program (EAP) and health coaching, can help mitigate downstream costs.

Reviewing an organization’s benefits costs lets organizations create targeted programs to address key areas of cost. Undertaking a drug cost analysis could highlight preventive programs that may help reduce prescription drug use and reduce overall benefits costs on benefits renewal with insurance companies.

**Operational Efficiency**

To remain competitive, businesses must operate resourcefully wherever possible. This means reducing costs, streamlining processes and redirecting resources previously needed to manage operational tasks to other initiatives.

Strategic and integrated health and productivity practices can help centralize access and support to health and productivity resources, and measure effectiveness of departments and managers in reduced health-related costs. Outcomes include increased productivity, improved predictability in staffing, better utilization of assets and improved compliance to process and procedures.

**Employee Health and Engagement**

EAPs, an essential component of wellness programs, provide a significant, immediate and long-term ROI based on their timely ability to identify and provide support and resources to resolve physical, mental and social issues. Physical health resources, including nutrition, naturopathy and health coaching—as well as family, financial and legal support services—help prevent employee health from deteriorating to the point of it becoming a distraction at work, negatively impacting employer costs.

As many studies have shown, engaged employees are more productive, while low engagement can result in excessive absence. Other benefits of health and engagement are more difficult to quantify but provide substantial ROI. These include reducing job stress, increasing job satisfaction and morale, increasing employee ownership of health, enhancing productivity and performance and reducing presenteeism.

**Risk Management**

Health and productivity programs can help organizations effectively manage risk. Large costs can be averted by an employer’s ability to satisfy legal and collective agreement requirements and to reduce liabilities associated with absence and disability.

Compliance with the *Occupational Health and Safety Act* and the *Personal Information Protection and Electronic Documents Act*, fulfilling duty to accommodate, respecting confidentiality, handling grievances and managing legal risks are all part of the ROI of a strategic health and productivity approach.

In the end, workplace wellness is about offering best practice programs and tools to generate expected results, giving the programs time to assess their impact, and clearly and effectively measuring and monitoring key metrics. This must all be done economically and efficiently, and have the employees’ health and engagement in mind. With that in place, senior management support—the driving force behind any successful program—is more likely and will allow organizations to invest in what they have and fine-tune their services to maximize ROI.

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