

Productivity Research

The University of Michigan researched the effects of poor health practices and health risks on productivity for 28,375 employees. They found that productivity decreased by about 2.4% for each risk factor present.

- Reference: Burton WN, Chen CY, Conti DJ, et al. The Association of Health Risks with On-the-Job Productivity, *Journal of Occupational and Environmental Medicine* 47:769-777 (Aug. 2005).

Risks that were most closely linked to the greatest decrease in productivity include:

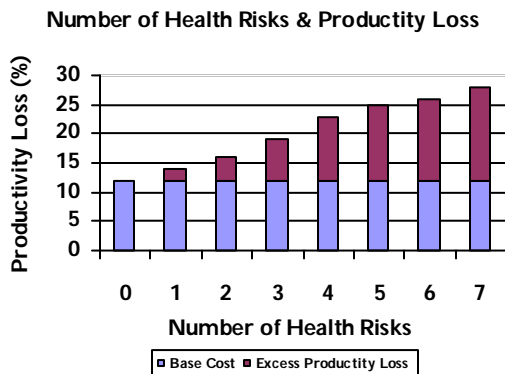
- Relaxation medications
- Life dissatisfaction
- High stress
- Job dissatisfaction
- Smoking
- Physical inactivity
- Poor health perception
- Obesity (BMI 30+)
- High blood pressure

The average employee in this study had a decrease in productivity of 5% compared to those with no health risks. This amounted to a cost of \$2,132 per employee per year.

Presenteeism* and Productivity

The graph below shows the relationship between the number of health risks and their effect on productivity in a study of over 28,000 employees. Productivity decreased as the number of health risks increased. For example, persons with three risk factors showed a 6.2% loss in productivity on the average, and persons with five or more risk factors showed a 12+% decrease in productivity.

***Presenteeism** is a term meaning employees are present at work but their productivity is impaired due to physical and emotional health problems and concerns linked to health risks.



Absenteeism

Work time lost from physical or mental health problems or injury is a direct economic cost to any organization. If an employee is absent from work, not only is productivity lost but there may be the added expense of needing to hire temporary employees during their absence.

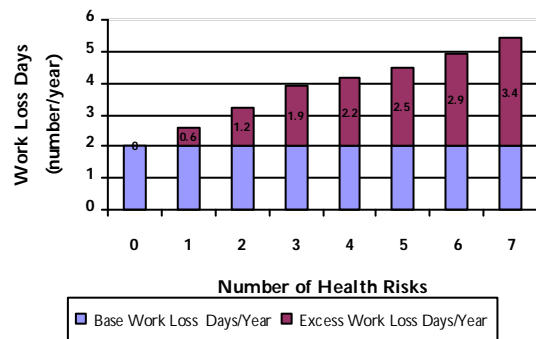
Economic Impact

Research shows that poor health practices and existing health risks of employees have a significant impact on an organization's bottom line, resulting in:

Number of Health Risks and Excess Work

Loss Days Due to Sickness or Injury

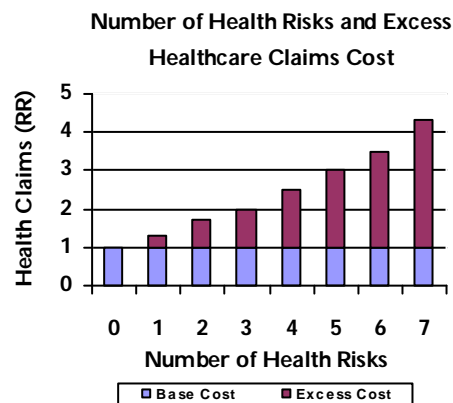
Source: Summary of 10 Mid-sized U.S. Corporations



- Increased health claims
- Decreased productivity
- Increased absenteeism
- Increased employee turnover rates

Excess Health Claims

The graph below illustrates the relationship between risk factors and healthcare costs as shown in a study of 205,216 employees by the University of Michigan. As the number of risks go up so do healthcare costs. For example, health claims double for employees with three risk factors, and increase by 3-4 times for those with 5 or more risks.



Health Risks Linked to Increased Costs

- Smoking
- Physical inactivity (no exercise)
- Seatbelt use (<90%)
- High alcohol use (>14 drinks/wk)
- Relaxation/sleep medications
- Life dissatisfaction
- Poor physical health
- Job dissatisfaction
- High stress
- High blood pressure (140/90)
- High cholesterol (240+ mg/dL)
- Low HDL (<40 mg/dL)
- Obesity (BMI 30+)
- High sick days (6+/year)
- Chronic health problem(s)

- Based on research from the University of Michigan, Health Management Research Center, Cost/Benefit Research Report, 2006

Return on Investment (ROI)¹

Companies that invest in wellness generally see significant savings. One recent review of seven corporate wellness programs showed average savings of \$3.48 for every \$1 invested. Other companies report ROIs of 6:1 and higher on long-term comprehensive programs.

While medical care plans and pharmaceuticals are expensive, preventive healthcare provided to employees is essentially “free” due to savings realized.

Productivity Savings

Potential savings from improved productivity by reducing risks and enhancing health are usually even greater than potential savings from decreased healthcare expenses.

Potential Savings

Research indicates that the improved health of employees provides savings that exceed the cost of a good wellness program. Healthy employees make good business sense.

With out-of-pocket medical expenses rising faster than family income, and a small but rapidly growing number of the insured turning to health-savings accounts and high-deductible health plans, consumers have begun shopping around, if not for the best hospital for coronary bypass graft surgery, then at the very least for prescription drugs.

Additional Benefits

Other documented economic benefits from a worksite wellness program include:

- Lower employee turnover rates
- Lower accident rates and worker compensation claims
- Lower short-term and long-term disability
- Lower costs to replace employees who retire early due to poor health or burnout
- Improved employee moral and commitment to the organization

Setting Priorities

When planning interventions to reduce costs, consider these factors:

- Prevalence of the health problem
- Economic impact of the health problem
- Resources and staff for providing the intervention
- Personal interest and readiness to change

Components of an Effective Wellness Program

The following principles for identifying and reducing risks can assist your organization in reducing its healthcare costs, productivity losses, and absenteeism.

- Conduct an annual comprehensive wellness assessment, including biometrics
- Aim for high participation rates—at least 80% of all employees over 3 years
- Provide follow-up to assist employees with identified health risks to make needed lifestyle changes
- Plan a wide variety of wellness opportunities for employees to participate in all year long including health classes, health coaching, wellness challenges, self-study, and referral to community health events and programs
- Use a health tracking system that provides incentives, rewards, and recognition for reaching personal health goals
- Include frequent health communications that encourage lifelong learning and health enhancement
- Develop a corporate culture that values wellness
- Evaluate your program and measure outcomes to document progress and continued improvement of your wellness initiative

- Reference:
Healthy People 2010 and NCQA standards for worksite wellness programs.