

# WELCOA's News & Views



## ROI

For Workplace  
Wellness

Dr. Ron Goetzel  
on the value of a  
healthy workplace

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## About Ron Goetzel



Dr. Ron Goetzel is the Director of the Emory University Institute for Health and Productivity Studies and Vice President of Consulting and Applied Research for Thomson Reuters. Dr. Goetzel is responsible for leading innovative research projects and consulting services for healthcare purchaser, managed care, government, and pharmaceutical clients interested in conducting cutting-edge research focused on the relationship between health and well-being, and work-related productivity. He is a nationally-recognized and widely-published expert in health and productivity management (HPM), return-on-investment (ROI), program evaluation, and outcomes research.

# WELCOA's News Views

An Expert Interview with  
Dr. Ron Goetzel

## About David Hunnicutt



Since his arrival at WELCOA in 1995, David Hunnicutt has interviewed hundreds of the most influential business and health leaders in America. Known for his ability to make complex issues easier to understand, David has a proven track-record of asking the right questions and getting straight answers. As a result of his efforts, David's expert interviews have been widely-published and read by workplace wellness practitioners across the country.

David Hunnicutt can be reached at [dhunnicutt@welcoa.org](mailto:dhunnicutt@welcoa.org).



**I**n this exclusive WELCOA interview, Dr. Ron Goetzel sits down with WELCOA President Dr. David Hunnicutt to address several critical issues plaguing workplace wellness practitioners. Specifically, in this interview, Dr's Hunnicutt and Goetzel discuss all things related to achieving a positive return-on-investment in a worksite wellness program.



**HUNNICUTT:** With healthcare costs on the rise and 80 million Baby Boomers getting older, how serious is the need for quality workplace health promotion programs right now?

**GOETZEL:** I think there's a tremendous need for workplace health promotion because as Americans get older, they will bring their unhealthy habits into Medicare and other federally funded health insurance programs that support the aging population. A recent report produced by the Centers for Health Research at Healthways showed that by increasing the proportion of low risk individuals at age 65 from 54 percent (the current proportion) to 65 percent and preventing a 10 percent upward risk transitions that would otherwise occur during the years people are in Medicare would save the government \$65.2 billion annually, or \$652 billion in 10 years. That's remarkable. It would fund more than half of the money needed for health care reform currently being debated in Congress. So, a healthier population entering Medicare would save taxpayers billions of dollars.

Not only that, we have an aging workforce that would benefit tremendously from workplace health promotion programs. About 160 million Americans go to work every day. They spend a significant portion of their waking hours at work. Why not take advantage of that situation and provide employees with health education and behavior change programs that will not only benefit them as individuals but also the organizations that employ them. The workplace provides a terrific venue for large-scale population health improvement—a setting that has not been adequately leveraged.

**H:** Is it possible to demonstrate a return on investment with worksite wellness programs?

**G:** The simple answer is yes. The caveat is that you have to do it right. Evidence-based programs that are adequately resourced, multi-component, theory-based, and well implemented have been shown to produce significant cost savings which outweigh the expense of providing these programs. There are about two dozen studies that have looked at the financial impact of workplace health promotion programs and many of these have reported positive ROIs. The returns on investment have hovered around three to one (three dollars saved for every dollar invested). However, as methods for program evaluation have improved over time, and more rigorous evaluation procedures are applied, I'm seeing a lower return on investment (typically between one point five or two to one) and this can be for a number of reasons. Certainly, methods for conducting ROI studies are improving and researchers are getting better at assessing cost savings. Another reason for lower ROIs is that employers are now investing more money in their programs, which means that the expense side is increasing. As you introduce more programs

### About WELCOA

The Wellness Council of America (WELCOA) was established as a national not-for-profit organization in the mid 1980's through the efforts of a number of forward-thinking business and health leaders. Drawing on the vision originally set forth by William Kizer, Sr., Chairman Emeritus of Central States Indemnity, and WELCOA founding Directors that included Dr. Louis Sullivan, former Secretary of Health and Human Services, and Warren Buffet, Chairman of Berkshire Hathaway, WELCOA has helped influence the face of workplace wellness in the U.S.

Today, WELCOA has become one of the most respected resources for workplace wellness in America. With a membership in excess of 3,200 organizations, WELCOA is dedicated to improving the health and well-being of all working Americans. Located in America's heartland, WELCOA makes its national headquarters in one of America's healthiest business communities Omaha, Nebraska.



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**The Facts...**

WELCOA's trademarked Seven Benchmark System for building results-oriented workplace wellness programs has been used by 1,000's of companies throughout the U.S. To learn more about this process simply visit <http://www.welcoa.org/wellworkplace/index.php?category=16>



and incentives for participation, costs increase and therefore the investment side of the equation. So, consequently the ROI will be lower.

H: How long does it typically take to demonstrate a return on investment?

G: The rule of thumb is that it usually takes about three years, although I've seen studies that have reported savings and positive ROIs in fewer years. In general, you need to give a program time to be implemented properly, and then to allow the program to mature to a point where it becomes part of the company's fabric. Programs may take a year or two to get off the ground as various components are added. In fact, most studies that have looked at cost impacts often find that costs increase in the first year as employees discover that they have certain health problems, like high blood pressure or high cholesterol. So the first year or two you may see an uptick in healthcare utilization. Consequently, you may want to ask the sponsor for about a three-year evaluation window to get an accurate measure on cost, and then calculate savings over that time period. If the program is good, you will most likely see a positive return on investment.

H: Is there a particular participation threshold that is required to achieve a positive return on investment?

G: In general, the higher the participation rate the better the return on investment.

We've developed return on investment models that show a clear relationship between participation and savings. The more participants you have, the more likely it is that you're going to affect a larger segment of the employee population. It's just logical that savings can only be realized for employees who participate, so a higher participation rate will yield more cost savings. Ideally, you want to have a participation rate of at least 50 percent; the best programs have participation rates that exceed 70 percent.

H: In your experience, what are the most important benchmarks for a wellness program?

G: Research over the past 20 years has looked at best practices and benchmarks. In fact, there's currently a project underway sponsored by the CDC called the Workplace Health Index, which aims to compile various best practice indices and benchmarks into a composite score that will rate organizations on their health promotion programs. There are about seven or eight large categories or domains that comprise best practices.

The first on the list is senior leadership support and commitment. This plays out in many different ways—adequate funding of the program, supporting a wellness committee, providing incentives for participation, being visibly involved, and leading by example.

I recently heard a story from a friend that captures the critical importance of senior management support. He told me that for years he'd been trying to get the

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cafeteria to offer healthy food options. The head of food services was not at all interested in making changes to the cafeteria. Then, all of a sudden, the CEO of the company sent out a three-line email saying, “I’ve been noticing that a lot of our employees are overweight. What are we doing about this in terms of our cafeteria offerings?” the next day, the head of food services called the health promotion coordinator and said, “We just saw this email from the CEO. We need to do something.” Within a short period of time, there were more healthy food offerings in the cafeteria, menu labeling, placement of healthy food choices in areas of higher pedestrian traffic, and greater attention placed on preparing better tasting and low fat foods. So that’s an example of how senior leadership engagement and support can make a huge difference in a program.

Other critical benchmarks include having a good health risk appraisal system in place. You need to cast a wide net to engage as many employees as possible in ongoing health risk assessments. I think it’s also critical for programs to follow a proven health promotion model. It’s not good enough to just copy and pass out an article from *Prevention Magazine*. You need to apply principles from behavior change theories advocated by experts such as Lorig, Strecher, Prochaska and Bandura. Using a sound theoretical foundation and application of theory in real-life settings is what makes a difference. Finally, you need ongoing measurements and evaluation. If you do all these things, you’ll have a successful program.

H: In your estimation, if a company wanted a ballpark figure for the ideal investment it needed to spend per eligible participant, what would that number be?

G: In the old days, \$100-150 per eligible participant, per year was a significant investment, and even today, for many companies that would be the case. However, nowadays I’m seeing programs that spend around \$200-400 per eligible employee per year. This may seem high, but it is microscopic compared to what employers are now paying for medical coverage, and that doesn’t even account for productivity costs like absenteeism, disability, safety incidents, and presenteeism (on-the-job productivity loss due to poor health). So in the big scheme of things, it’s probably less than 1 percent of what employers are now paying for health benefits. I think employers should spend at least 5 percent of their total health and productivity costs on prevention and health promotion.

H: When companies are looking to demonstrate a return on investment, should they target certain health behaviors over others? Can they realize better ROI by focusing on just depression or just smoking, as an example?

G: In The reviews of literature find that multi-component health promotion programs that target a variety of risk factors simultaneously realize the best ROI. Workplaces that only target specific program interventions like depression, blood pressure or cholesterol have a hard time showing cost savings. It’s hard because they are narrowing participation right off the bat. For example, if you have a health promotion program that only focuses on smokers your target audience may be 10 percent of all employees, and out of that, maybe two to three percent would actually sign up. So you’d be leaving out the vast majority of employees who would potentially benefit from a more comprehensive multi-component health promotion program.

### The Facts...

WELCOA has developed a FREE state-of-the-art benchmarking tool known as the Well Workplace Checklist. Once you complete the 80 question assessment, you will receive a comprehensive report detailing the specific steps you can take to improve your organization’s wellness program. To learn more simply visit <http://www.welcoa.org/wellworkplace/index.php?category=18>



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Additionally, health risks are often tied to one another. If someone is overweight, he or she is also likely to have high blood pressure, high blood glucose, high triglycerides and high cholesterol. So, it makes more sense to implement multiple programs that address all of these factors. It's better to leave the door open for everyone who wants to become involved in any given program, and when they achieve success in that one category, they can move on to another area where they can reduce their health risks.

### GET YOUR FREE ROI WHITEPAPER



*The Top Five Strategies to Enhance The ROI of Worksite Wellness Programs in Economically Challenging Times*—WELCOA Special Report—is now available at no charge. Authored by Dr. Steven Aldana, CEO of WellSteps and one of the leading minds on ROI, this report highlights five important strategies that can significantly enhance ROI on worksite wellness programs. In these fiscally tough times, you definitely don't want to miss this WELCOA Special Report:

<http://www.welcoa.org/freeresources/index.php?category=8>

H: How does a company actually go about calculating a return on investment?

G: There are two types of return on investment analyses that are done—prospective and retrospective; one is easier than the other. Let me start with the easy one—prospective. This involves using any one of a number of calculators that predict what would happen to costs if you are successful in reducing your health risks. So, if someone is able to lower his blood pressure and cholesterol, lose weight, stop smoking and manage stress that's likely to produce cost savings

simply because people at lower risk typically cost less money. There are several of these ROI calculators based on research demonstrating the relationship between risk and cost. The one on the WELCOA Web site is a great example. CDC has an ROI calculator for obesity on its LeanWorks website. Calculating ROIs using these tools is relatively easy because you just plug in some numbers and it does the calculation for you. That's suitable for most companies, especially smaller employers.

Larger companies that have thousands of employees and invest millions of dollars may want to do a more rigorous ROI study. And there is no simple formula of how to do this, because if it was easy to do, then everybody would do it. What you need to do is look at the employees participating in the program and then compare them to employees who do not. The problem is that the people not participating in the program may be quite different than those who do on a number of dimensions, like interest in health issues and motivation to change behavior. They may also be different in terms of demographics, prior health care utilization, and overall risk profile. So, you have to statistically control for those kinds of differences and you have to find comparison groups, essentially identical twins of participants, and then track their health and cost progress over time. If you're able to show that there's a difference between participants and non-participants, you can say that's because of the program and attribute cost savings to the program. Once you figure out cost savings, you then compare that to program expense, and that's how you come up with your ROI.

H: For the more rigorous evaluations, how often should that be done? Is that something that's done every three years, five years?

G: It varies. Some companies do it once, call it quits, and say, "We've proven it. We don't have to prove it again." And there's some justification for doing that. Some companies may revisit their program and its impacts every five to 10 years. I don't

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## EVERYTHING YOU WANTED TO KNOW ABOUT EVALUATING OUTCOMES



If you want to do a better job in demonstrating ROI, it would be wise to brush up on the art and science of evaluating outcomes. To help you, WELCOA has developed an Absolute Advantage dedicated exclusively to addressing the topic of evaluation. By providing a rationale for the importance of evaluating outcomes, as well as offering up the fundamentals of solid evaluation practices, this report will help you get the job done. Click here to download PDF: [http://welcoa.org/contentdelivery/pdf/aa\\_6.10\\_oct07.pdf](http://welcoa.org/contentdelivery/pdf/aa_6.10_oct07.pdf) (PDF, 3.6 MB)

think there's a magic formula; it really has to do with how important it is for the company to look at performance measures over time. You also may have different audiences at different times. You

may have a new CEO or CFO who says, "Why are we doing this? Can you show me the value? What are the benefits to the organization?" So these companies may have to provide an ongoing justification for the investment in improving employee health.

H: From your experience, what percentage of the total budget broadly should practitioners earmark for the evaluation side?

G: I usually recommend somewhere around 5 to 10 percent. So if you have a million dollar program in place, as much as \$50,000 to \$100,000 should be spent on evaluation. At the start of the program you want to set up a good evaluation strategy; you want to establish a baseline database; and then you want to track key metrics annually to make sure that the program is achieving expectations.

H: Do you feel that environmental interventions are going to prove to be more efficacious than individual behavior change initiatives or do you think it's going to be a combination of the two?

G: Environmental interventions are very important in the long run. That's probably the best way to achieve large-scale population health improvement. However, they do need to be coupled with individual interventions; those still need to be made available, because a lot of people really do need the one-on-one coaching and counseling. I think there's good evidence, especially in the smoking arena, that environmental and policy interventions work. Restrictions on marketing and advertising tobacco products, smoking bans in workplaces, increased taxes for cigarettes and changing cultural norms so that smoking is less cool than it used to be—all of these have had a tremendous influence on smoking rates in the United States.

However, we can't sacrifice the individual behavior initiatives by pursuing environmental interventions only. The combination of individual, high-risk interventions that are tailored and coupled with a healthy company culture is what works most effectively.

H: What are your thoughts on incentives or disincentives? Do you see more of an emphasis as costs go up that employers are going to move to disincentives?

G: From an employee standpoint, people respond much more favorably to incentives than disincentives. However, one person's incentive is another person's disincentive. For example, you say to an employee, "I'm going to give you X-amount of dollars if you do certain things like participate in programs." That sounds good. Now, the reality is that oftentimes you're just charging more money to the person not participating, so it's a hidden tax on non-participants. But it's presented as an incentive, as a premium reduction, credit, or rebate. I think that's

### The Facts...

More than 400 large, medium, and small-sized companies have achieved a Bronze, Silver, Gold, or Platinum level-designation for their workplace wellness initiatives. To learn more simply visit <http://www.welcoa.org/wellworkplace/index.php?category=19>







# Notable & Quotable

from Dr. Ron Goetzel

## The Facts...

WELCOA routinely distributes millions of pieces of health information each year through its award-winning line of health information products including medical-self care books, health brochures, newsletters, and behavior change guides. To learn more simply visit

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



## Health Care Reform

By reducing the risks for chronic disease by about 10 percent—I think this alone could pay for the entire cost of health reform... **PAGE 3**

## Return On Investment

The returns on investment usually hover around the 3:1 category; that is \$3 saved for every dollar invested. **PAGE 3**

## The Time It Takes To Demonstrate ROI

You typically want to ask for about a three-year window to get an accurate measure on cost, and then calculate what the investment costs are over that time period. That's when you will most likely see some kind of positive return on investment. **PAGE 4**

## Participation Rates

The higher the participation rate the better the return on investment... Ideally, you want to have a participation rate of at least 50 percent; the best programs have participation rates that exceed 70 percent. **PAGE 4**

## The Cost Of Wellness Programs Per Participant

In the old days, \$100-150 per eligible participant, per year was a significant investment, and today even, I think it's a fairly significant investment. However, I think the rule nowadays is somewhere in the neighborhood of \$200-400 per eligible participant per year. **PAGE 5**

## The Approaches That Can Produce An ROI

The reviews of literature find that multi-component health promotion programs that target a variety of risk factors realize the best ROI. Workplaces that only target specific program interventions like depression, blood pressure or cholesterol—those are the ones that have a harder time showing cost benefit and savings. They have a hard time because they are narrowing participation rates right off the bat. **PAGE 5**

## Leveraging The Environment To Change Behaviors

Environmental interventions are very important in the long run. That's probably the best way to achieve large-scale population health management. However, they do need to be coupled with individual interventions; those still need to be available, because a lot of people really do need the one-on-one coaching and counseling. **PAGE 7**

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still more palatable to employees than a penalty for not doing something. That's when you see resentment by employees who say, "Stay out of my private life. This is none of your business."

H: What's the most important piece of advice that you can give to an organization that wants to demonstrate a return on investment with respect to their wellness program?

G: Bring in people who have done this before. Don't try to reinvent the wheel. Bring in experts who've been in the trenches, and who have achieved success. Get all of the information that you possibly can out of them: What did you do that worked? What didn't work? What are the lessons learned? Where do I get my biggest bang for the buck? There are people with decades of experience who have done this before quite successfully. So, I think it's key to learn from these veterans and document the groundwork that they have laid out for us.

H: Are you optimistic that workplace wellness can stem the tide of rising healthcare costs for employers?

G: I think there's ample evidence that shows when organizations do it right, they achieve health improvement and stem the rise in healthcare costs. Several of these organizations are winners of the C. Everett Koop Annual Award found on the Health Project Web site. In fact, many smaller employers are reporting that their healthcare costs have been flat for the past several years as a result of implementing effective health promotion programs. Many people wonder how that's possible when most other companies' healthcare cost increases are in double digits. How's it possible that these employers are able to maintain their cost trends flat? Their answer is that they are providing employees with the opportunity to improve their health and well-being. They have given them the resources, support and tools to improve their health and lower their risk for disease and disability. Therefore, they have reduced unnecessary healthcare utilization. So, I think there are several shining examples out there of employers that have done this well and have succeeded, and there's a lot of evidence that more employers are beginning to pick up the mantle of health promotion and disease prevention.

There are definitely certain trends moving in the right direction like smoking rates, but others like obesity are moving in the wrong direction. There is much work still to be done. However, many more employers are "getting it." They understand that they can have an influence on health and upstream costs if they do a good job at providing their workers with health promotion programs that work. 

### The Facts...

More than a thousand business leaders and workplace wellness professionals have completed WELCOA's Level I and Level II training courses and have been certified as WELCOA Well Workplace Certified Practitioners. To learn more simply visit <http://www.welcoa.org/wellworkplace/index.php?category=17>



### WELCOA'S NATIONAL WEBINAR SERIES FOR 2010...REGISTER NOW!



If you are interested in learning more about the art and science of creating results-oriented workplace wellness programs, you'll want to consider taking part in our annual Webinar series. In 2010, we are offering a variety of sessions addressing such topics as Demystifying HIPAA, How To Promote Healthier Eating In the Workplace, and Managing Unhealthy Stress In the Workplace.

**All sessions are free to WELCOA members;** however, anyone is welcome to attend the non-certification sessions. To learn more about the 2010 workplace wellness webinar series, simply visit this link: <http://welcoa.org/consulttrain/webinar.php>

## UPCOMING TRAINING EVENTS

### WELCOA 2010 Webinar Series

We are pleased to announce our dynamic 2010 WELCOA Webinar Series. This year, we are focusing on a number of exciting topics that will help you in your quest to build and sustain a results-oriented wellness program. Each Webinar is conducted

by a nationally-recognized expert in the field of workplace wellness. And perhaps best of all, each session is offered in a Webinar format which allows you to access the information without having to leave your office.



### Register now, space is limited!

\*The Webinar series is free to WELCOA Members. If you are a current WELCOA Member and would like to register, please [visit this link](#).

If you are not a WELCOA Member, you can still reserve your spot in the paragraphs below. To learn more about WELCOA Membership, [visit this link](#).

#### FEBRUARY

**Title:** *Part 1: The Art and Science Of Changing Unhealthy Behaviors*

**Date:** Wednesday 2/3

**Time:** 9:30 – 11:00 Central

**Title:** *Part 2: Elements of Effective Behavior Change Programs*

**Date:** Wednesday 2/17

**Time:** 9:30 – 11:00 Central

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#### MARCH

**Title:** *Step By Step: How To Increase Physical Activity In the Workplace*

**Date:** Wednesday 3/17

**Time:** 9:30 – 11:00 Central

**REGISTER FOR ONLY \$69**

#### APRIL

**Title:** *Fighting Fatigue: A Practical Approach to Overcoming Fatigue And Low Energy Issues In The Workplace*

**Date:** Wednesday 4/21

**Time:** 9:30 – 11:00 Central

**REGISTER FOR ONLY \$69**

#### JUNE

**Title:** *Winning By Losing: How To Promote Healthier Eating In the Workplace*

**Date:** Wednesday 6/16

**Time:** 9:30 – 11:00 Central

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#### SEPTEMBER

**Title:** *Stressed Less: A Roadmap to Managing Unhealthy Stress In the Workplace*

**Date:** Wednesday 9/15

**Time:** 9:30 – 11:00 Central

**Date:** Wednesday 9/22

**Time:** 9:30 – 11:00 Central

**Date:** Wednesday 9/29

**Time:** 9:30 – 11:00 Central

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“...it is comforting to know that... WELCOA exists, and that they are pushing us in the right direction.”

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## WELCOA 2010 Certification Opportunities

WELCOA has certified more than a thousand of the best and brightest health and business leaders in the U.S. through its comprehensive and dy-

namic online courses. Here are the opportunities now available for 2010—all certification opportunities are FREE to WELCOA members.

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### MAY

**Title:** *Well Workplace University – Level I: The Seven Benchmarks Of Successful Workplace Wellness Programs*

**Date:** Wednesdays 5/5, 5/12, 5/19, 5/26

**Time:** 9:30 – 11:00 Central

### AUGUST

**Title:** *Well Workplace University – Level II: How To Effectively A Comprehensive Workplace Wellness Initiative*

**Date:** Wednesdays 8/4, 8/11, 8/18, 8/25

**Time:** 9:30 – 11:00 Central

### OCTOBER/NOVEMBER

**Title:** *Well Workplace University – Level III: The Art And Science Of Changing Unhealthy Behaviors*

**Date:** Wednesdays 10/20, 10/27, 11/3, 11/10

**Time:** 9:30 – 11:00 Central

“WELCOA offers valuable information that is greatly appreciated.”

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