

Fifth Annual Wellness in the Workplace Study:
An Optum® Research Update



In the whirlwind of change engulfing the health care industry, employers are taking a fresh look at their strategies for keeping employees healthy and productive. The Optum Resource Center for Health & Well-being has been tracking the shifting landscape by monitoring ongoing trends in workplace health management programs for the past five years.

Our insights are contained in this fifth annual benchmark study of health management programs — a research survey of over 500 human resource professionals from companies of all sizes across the U.S. This paper offers an in-depth look at program penetration, strategy, incentives, success metrics and emerging engagement approaches. It also highlights differences among small-, medium- and large-sized companies and identifies year-over-year trends. We hope that companies use the research to see how they compare with their peers and to gain insights into evolving practices in the health management field.

Methodology Overview

The online survey of 503 human resource professionals was conducted in November, 2013. Among the respondents, 101 work at small companies, 100 are at medium-sized companies and 302 work at large companies. The surveyed companies, all of which offer at least two types of health management programs, are located across the U.S. They represent a cross section of industries, including manufacturing, health care, professional services, finance, retail and transportation.

Survey Objectives

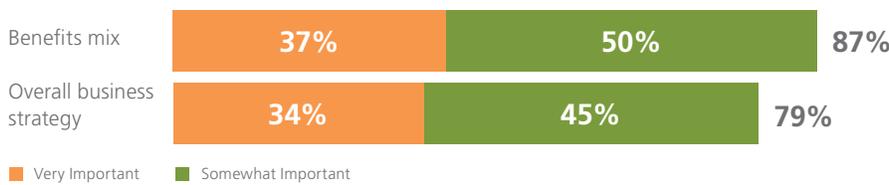


Executive Summary: Key Insights

Here is an overview of the major findings of the research, with particular emphasis on the priority of health management programs, budgeting, culture of health, program penetration, incentives, emerging engagement strategies and work environment innovations.

KEY INSIGHT #1 | Employers continued to show a strong commitment to employee health management programs.

PERCENT OF EMPLOYERS REPORTING THAT HEALTH MANAGEMENT PROGRAMS ARE IMPORTANT TO THE BENEFITS MIX AND OVERALL BUSINESS



KEY INSIGHT #2 | Despite the uncertain economic climate, many companies — of all sizes — increased their investment in health management programs.

21% Increased Spending | Employers continue to report increased investment in health management.

KEY INSIGHT #3 | The majority of employers said that it is important to establish a culture of health, although few have actually achieved it yet.



KEY INSIGHT #4

Program penetration continues to be strong—employers of all sizes offer 8 health management programs on average, large companies offer 9.3.

Average number of health management programs offered =



KEY INSIGHT #5

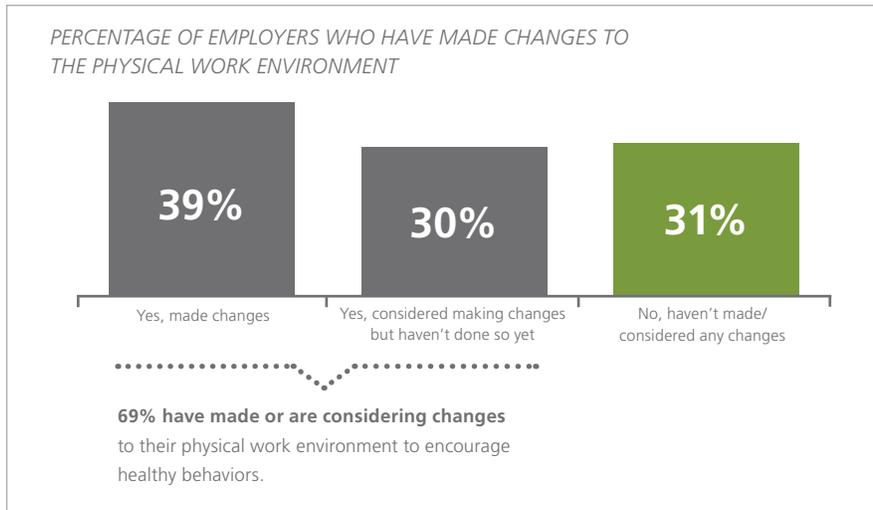
The use of incentives continued to grow, as did the average incentive dollar value per participant.

PERCENTAGE OF COMPANIES OFFERING SOME KIND OF INCENTIVE



KEY INSIGHT #6

Many employers are beginning to leverage the physical work environment to support good daily health decisions.



This next section of the paper takes an in-depth look at the key research findings in five areas: program penetration, strategic indicators, incentives, success metrics and emerging engagement strategies.

I. Program Penetration

This section discusses the prevalence of health management programs among employers, the types of programs that are most frequently offered and how such programs are administered.

Prevalence

Employers remain highly committed to health management programs, according to the survey results. On average, employers offer eight programs. Not surprisingly, the larger the organization, the more such programs are offered:

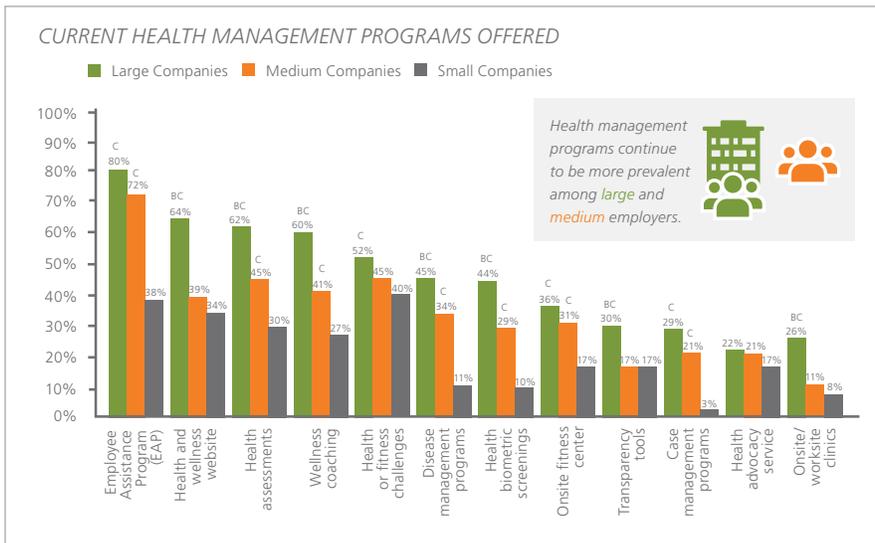
- Small companies offer 5.2 programs on average
- Mid-sized companies offer 7.4 programs on average
- Large companies offer 9.3 programs on average

Most popular programs

The most common health management and wellness program offerings are:

- Employee Assistance Programs (EAPs) – offered by 70 percent of survey respondents
- Health and wellness websites – 53 percent
- Health assessments – 52 percent
- Wellness coaching – 49 percent
- Health or fitness challenges – 48 percent

How will your program mix change in 2015 and beyond?



Administration

More health management programs are offered online or at onsite events than through other means, particularly among large and mid-sized companies. Over 81 percent are offered online, and 79 percent are offered through onsite events.

While employers are ramping up their health management programs, there’s still room to increase penetration of onsite services, coaching and disease management programs that can contribute to long-term behavior change.

KEY TAKEAWAY

II. Strategic Indicators

This section looks at employers’ efforts to create a workplace culture of health, program budgeting, penetration, eligibility, staffing and strategic planning.

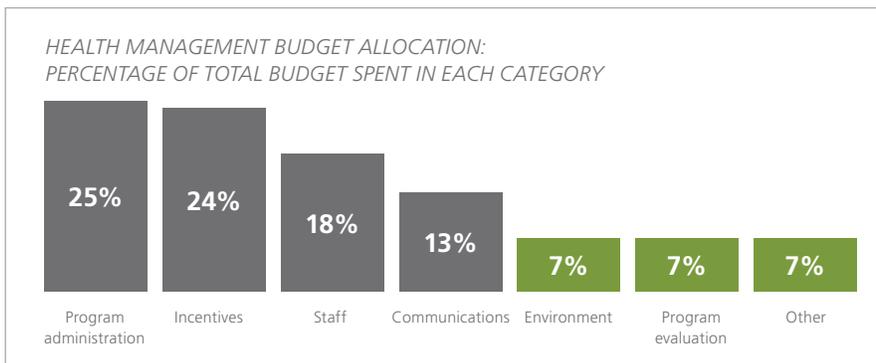
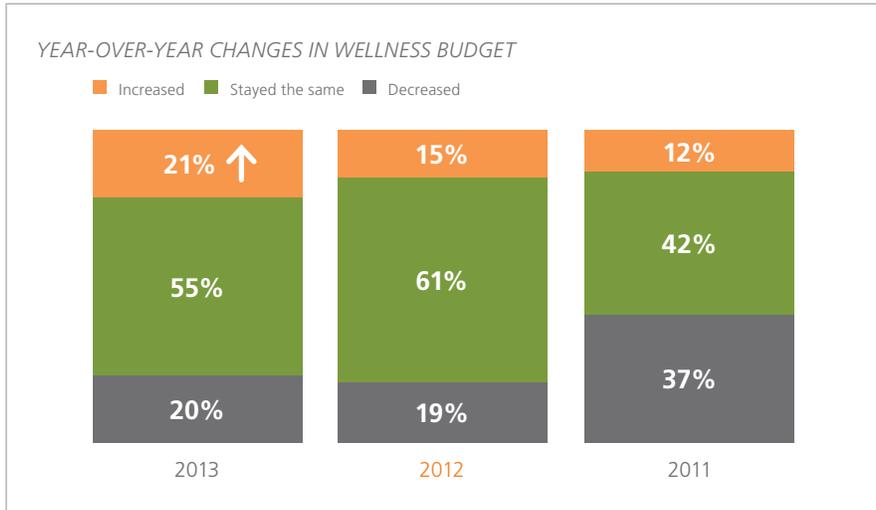
Culture of health

Our survey found that, while most employers feel that establishing a culture of health ownership is critical, they still have a ways to go. For example, 62 percent of large companies say it is important to establish a culture of health, yet less than a quarter (23 percent) have actually done so.

Budget

Although employers may be concerned about the economic outlook, wellness program budgets have largely remained stable for companies of all sizes, with a significant increase in those reporting spending more than last year:

- More than 21 percent of employers report that their budgets increased (compared with 15 percent reporting budget increases last year).
- Roughly 40 percent anticipate that spending will increase over the next three years.



How will you optimize your health management budget allocation in 2015?

Consider the following spend categories:

- Program administration
- Incentives
- Evaluation
- Physical environment
- Staffing
- Communications

Duration

While wellness programs continue to proliferate, they are still a relatively new endeavor for many small and medium-sized employers.

- On average, across employers of all sizes, wellness programs have been offered for about four years — with large companies offering them the longest.
- More than four out of ten large companies have offered wellness programs for over five years, compared to 23 percent of medium-sized employers and 29 percent of small firms.

Eligibility

More than half of employers continue to offer health management programs to family members, but far fewer do so for retirees. Only 17 percent of respondents offer such programs to retirees, a decline from 25 percent two years ago.

Staffing

Well over half (58 percent) of companies have a staff member whose sole responsibility is to promote health management — up from 53 percent last year. Large companies are more likely to have a dedicated wellness staff member than smaller companies.



Strategic planning

Nearly half of employers have either a formal, written long-term strategic wellness plan or an annual health management plan, a slight increase from last year. Not surprisingly, large employers are much more likely to have any kind of plan (73 percent) than mid-sized companies (44 percent) and small firms (43 percent).

While employers recognize that establishing a culture of health is vital, they are still in the early stages of reaching that goal.

Employers should continue the positive momentum in the following areas:

- Committing to program offerings
- Creating a long-term plan
- Investing in dedicated wellness staff
- Maintaining or increasing wellness budgets and extending programs to families

Although budgets have remained stable for a majority of employers, there is an opportunity for employers to re-align their budget spend to consider additional funds for program evaluation, onsite wellness staffing and environmental changes.

KEY TAKEAWAY

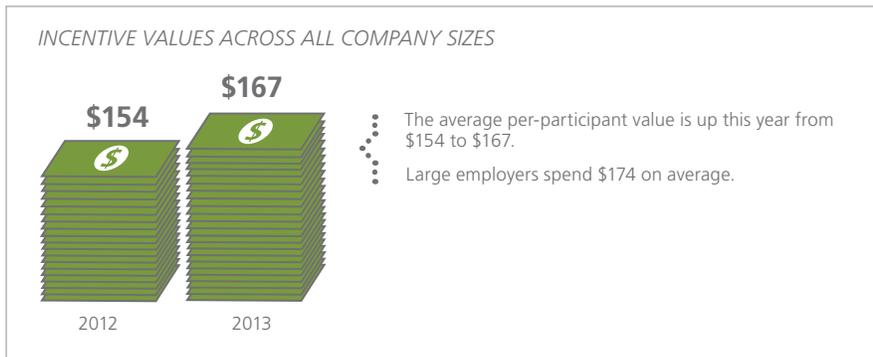
III. Incentives

This section explores the value of incentives, the programs which are most frequently incentivized, the most popular incentive types, the kinds of behaviors that are rewarded, and the impact of the ACA.

Penetration

Over 81 percent of employers offer incentives, an increase from two years ago (74 percent). Large employers are most likely to offer incentives (85 percent) compared with mid-sized (76 percent) and small firms (72 percent).

Incentives alone will not solve poor engagement: How can you leverage incentives + communications + the physical work environment to engage employees?



Value

Employers report spending an average of \$167 per participant per year on incentives, up from \$154 a year ago. Large employers spend \$174 on average. Large and mid-sized companies are slightly more likely to offer incentives in excess of \$200 than are small firms.

Top three incentivized programs are:

- Biometric screenings
- Fitness challenges
- Health assessments

Most popular incentives

Making contributions to a health account — such as a health savings account or health reimbursement account — is the most popular type of incentive. Over one-third (35 percent) of respondent companies offered such contributions, a slight increase from last year.

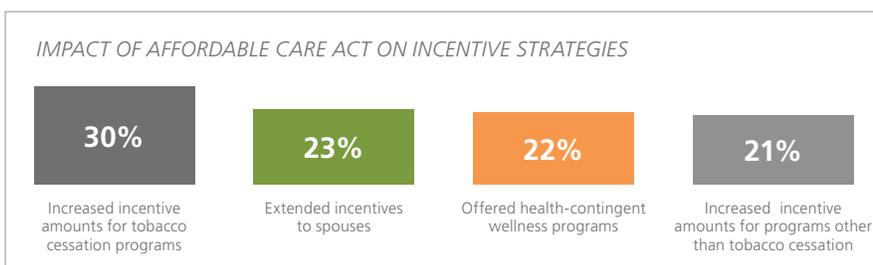
Rewarding for action

The survey reflects growing employer interest in rewarding employees for achieving specific health outcomes. While incentives are most often provided for completion of a wellness program (52 percent), many companies are rewarding for attaining health outcomes (42 percent).

The percentage of companies offering incentives for health outcomes increased from last year, while the percentages rewarding for program enrollment or completion declined. Additionally, a significant number of companies (33 percent) said that they would be interested in rewarding for specific outcomes in the future.

Impact of the Affordable Care Act

The Affordable Care Act has affected wellness program incentive strategies for over half of employers:



While incentives certainly have a role in encouraging wellness program participation, studies indicate that incentives alone — whether cash or in other form — have questionable impact in sustaining long-term behavioral change. It's important to align incentives with programs and actions that will help you achieve your overall strategic goals.

KEY TAKEAWAY

IV. Success Metrics

This section examines how many employees participate in health management programs, how successful these programs are and how employers measure success.

Number of participants

Based on self-reported data, there are significantly more employees participating in health management programs this year (55 percent) than last year (47 percent). Participation is higher at small companies (62 percent) than at large companies (54 percent) and medium-sized firms (47 percent).

Success rates

Employers report high participation/engagement success among nearly all wellness programs, regardless of company size. The most successful include:

- Biometric screenings – 90 percent report success
- Onsite fitness center – 86 percent report success
- Health or fitness challenges – 86 percent report success

Measuring success

For the first time among employers of all sizes, health risk reduction is the top factor in determining program success. Last year, claims reduction was the biggest factor for large and mid-sized companies, while health risk reduction was most important for small firms.

The top metrics used to measure success include:

- Health risk reduction
- Claims/health cost reductions
- Program participation rates
- Improved quality-of-life

The fact that health risk reduction has become the leading success metric is important since health risks are linked to lost productivity and increased medical costs. But there is still opportunity for employers to build a more complete business case for health management which includes quality-of-life indicators and operational performance metrics.

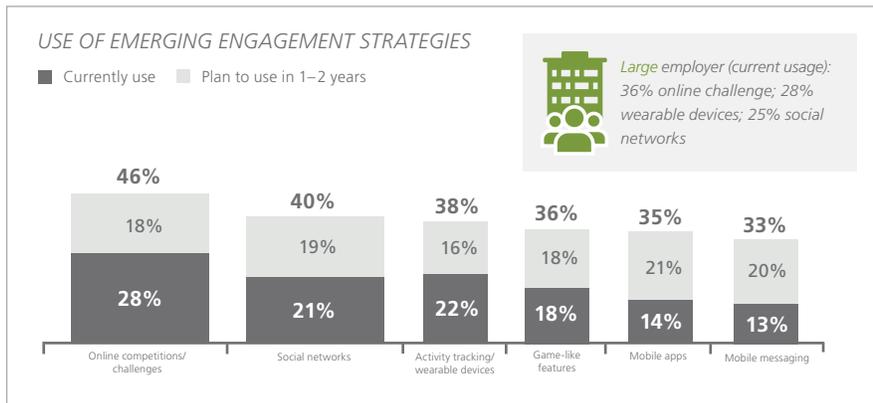
KEY TAKEAWAY

What other ways can you demonstrate the success of your health management program beyond medical cost savings alone?

- Productivity
 - Health risk reduction
 - Quality-of-life metrics
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V. Emerging Engagement Strategies

Questions relating to emerging wellness program engagement strategies were asked for the first time in our 2013 tracking study. This section looks at innovative practices and technologies that companies are using, how successful they are, and the types of environmental changes employers are making to influence healthy decisions at work.



Emerging strategies

There’s clear interest in using emerging technology as part of the health management strategy — especially online challenges and social networks — particularly among large employers.

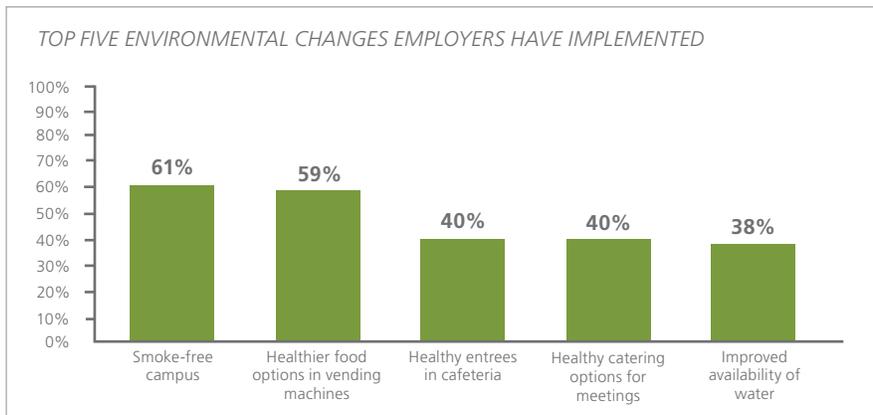
Success rates

Companies currently using innovative engagement strategies report high success rates. The most successful include: activity tracking/wearable devices, gaming and online competitions.

Environmental changes

Thirty-nine percent of companies have made physical changes to the work environment to influence healthier employee decisions at work. Another 30 percent are considering making such changes but have not yet done so.

How can emerging engagement technology complement your existing health and wellness interventions?



Employers are increasingly embracing both technology and environmental design changes in the workplace to influence behavior. Physical environment changes can include providing brighter lighting in stairwells to encourage use of stairs, providing outdoor or indoor walkway paths, holding meetings while walking, and making healthier foods more accessible in the cafeteria. These changes are key to promoting a culture of wellness.

KEY TAKEAWAY

Final Thoughts

Across the country, companies of all sizes continue to invest in health management programs and look to build a culture of health in an effort to promote wellness. Whether you currently have a health management program or are looking to develop one, you can leverage insights from our survey to achieve increased engagement — and ultimately help employees live healthier lives.

Contact us:

Call: 1-866-386-3408

Email: resourcecenter@optum.com**www.optum.com**

Appendix:

Detailed Methodology

Online surveys were conducted in November 2013 with 503 respondents based on the following individual and organizational criteria:

- Current employment in a human resource management or executive/management role with direct involvement in health benefits and instituting employee health management programs for their company
- Small, medium or large organization size as defined by employment (small = 2–99 employees; medium = 100–2,999; large = 3,000+ employees)
- Currently offering at least two types of health management programs to employees

The employers of these respondents represent a cross section of industries, with manufacturing (18%) and health care / social assistance (12%) having the largest presence. All regions of the U.S. are represented.

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Beena Thomas is a recognized innovator and thought leader in the area of population health. Her specialty areas include assisting strategic clients in developing strategies and recommending enhancements to their employee health and welfare benefit programs to promote a culture of health. She leverages her expertise in market intelligence and competitive analysis when consulting large employers and creating go-to-market solutions.

Prior to joining Optum, she held various roles in the health care technology and managed care sectors. She spent 10 years at a national health insurance company in sales, human resources and product strategy leadership roles. As their first wellness director, she led a national total health management strategy for 42,000 employees across the United States.

Beena holds a bachelor's degree in biology from Georgia State University and a Master of Public Health from East Tennessee State University. She serves on the National Business Group on Health Board's Institute on the Costs and Health Effects of Obesity and the Corporate Health and Wellness Association. She is also a member of the Health Enhancement Research Organization's Think Tank.

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Erin Ratelis is the Optum research lead for the annual Wellness in the Workplace tracking study.