Wellness transformation
Wellness industry: How we got here

The “wellness” industry has achieved success helping individuals become healthier and more productive by rewarding and encouraging them to be more physically active, lose weight, reduce stress, quit smoking and become aware of important personal health statistics regarding blood pressure, cholesterol and blood glucose levels.

However, the case for wellness must continually be reinforced and the value proposition broadened, particularly since some concern with wellness may be warranted in terms of an industry that may have been slow to innovate services and demonstrate value beyond ROI.

Employers bear the brunt of employee and family health in the form of higher health care costs, lower productivity and poor business performance — all of which should be measured and included in the overall value on investment (VOI) equation. Therefore, employers have been highly motivated to address the health of their population through a range of programs and services, including but not limited to wellness.

In fact, according to the 8th Annual Optum Wellness in the Workplace Study, in 2016, large employers offered 10 programs on average. These programs focused on many dimensions of well-being, showing growth in the areas of financial and social health specifically.

Traditionally, wellness focused on modifiable lifestyle risk factors such as smoking, diet, physical activity, stress management and alcohol consumption. This focus came about as research indicated that the leading causes of death in the United States were not as much related to access to health care or biology, but were more related to lifestyle and environment. This research led to the realization that changing behavior could have a significant impact on individual health. Follow-up research documented the higher costs associated with those with lifestyle risk factors and how those costs accrue at the population level.

### Percentage of employers addressing dimensions of well-being

<table>
<thead>
<tr>
<th>Dimension</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical health</td>
<td>84%</td>
<td>96%</td>
<td>96%</td>
</tr>
<tr>
<td>Financial health</td>
<td>51%</td>
<td>38%</td>
<td>42%</td>
</tr>
<tr>
<td>Behavioral mental health</td>
<td>68%</td>
<td>65%</td>
<td>64%</td>
</tr>
<tr>
<td>Social health</td>
<td>47%</td>
<td>37%</td>
<td>36%</td>
</tr>
</tbody>
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State of the art: Impetus for change

Over the years, wellness researchers and practitioners have identified best practices in employee health management. Several organizations have developed best-practice guidelines and scorecards to help employers, vendors and consultants implement effective programs. For examples of successful programs, see industry awards from organizations such as The Health Project, National Business Group on Health (NBGH) and Welcoa as well as literature reviews of successful programs. However, one key to greater program success is participation, which requires broadening the relevance of the programs and services, particularly for hard-to-reach, less educated, low-wage earners, and those with the greatest health disparities. Many employers provide comprehensive wellness and population health services at no cost to the participant and, in many cases, provide financial incentives for participation. Yet, it remains difficult to have employees and spouses take advantage of the services. The 8th Annual Optum Wellness in the Workplace Study indicated that 95 percent of employers offer some sort of incentive, with biometric screenings, health assessments and activity challenges as the most commonly rewarded activities. The total award value averages $532 across employers of all sizes. Much has been written about best practices in engagement that revolves around culture, but ultimately, the industry needs to move to a consumer-oriented model where employees and families are demanding wellness services.

The current wellness approach has had considerable success establishing the business case. However, future challenges relate to building a compelling value proposition for employee engagement. The consumer approach allows for a self-determined course of action on a preferred modality on a topic of interest. Currently, programs are marketed in terms of risks to future health to motivate taking advantage of “lifesaving” services. And yet, we know humans are bad at delaying gratification and worse at translating population risk to future personal exposure. A new approach is needed to take the lessons learned in communications, incentives, culture, design and consumer experience to drive significantly higher engagement than experienced today, leveraging concepts of immediate benefits of quality of life.

Today’s health and wellness vendors exist in a highly competitive, price-sensitive market. There is limited tolerance of mistakes, tremendous product commoditization, high cost of entry, ongoing program monitoring by consultants and clients, on-site audits, rigorous reporting requirements and constant feedback from the user community. Vendors accept this business environment and hold themselves to high standards to remain in business. Ambiguous or contradicting guidelines around preventive services add to the complicated wellness landscape. This may come at odds with an employer who wants to provide comprehensive services, such as an annual on-site biometric screening to support increased engagement, health awareness, motivation and development of a culture of health as well as implement early-detection programs. Best practice is to provide programs and services based on the evidence and recommended guidelines.

Wellness to well-being

The shift from wellness to well-being is being driven by the science of well-being, which focuses on longevity and quality of life, leverages newly available technology and promises a strong consumer experience. There are many definitions of well-being. However, the key themes include a holistic perspective of the individual, taking into account domains such as physical, emotional, social, financial and spiritual. This approach serves to increase participation through consumer relevance as well as drive outcomes. At the same time the new focus on the consumer is occurring, the research investigating who lives long, fulfilled lives versus what behaviors kill people prematurely is becoming more salient. The convergence of consumer-centricity, new research on longevity, recognition of social determinants of health and advancements in technology are coming together in the “perfect storm” of well-being.
Wellness transformation

As noted earlier, the themes of well-being involve better consumer experience and how to live long, happy lives with a higher quality of life, facilitated by relevant programs and services. The challenge is to operationalize these principles and transform wellness without getting stuck in the same product-driven approach that wellness has been in for the past two decades. One way to think about the transformation is as a process of movement from traditional to evolutionary to transformative programs and services. Wellness transformation is an enhancement and repositioning of current worksite health promotion efforts that are focused on risk factor reduction to a more comprehensive set of services focused on creating greater well-being. The ultimate goal is to move to a consumer-first model that builds appropriate services and resources around identifying goals and life purpose of the individual. The research on life purpose shows health impacts on many outcomes, including mortality, diabetes, heart attack, stroke and Alzheimer’s as well as greater likelihood to engage in positive health behaviors.

In addition to the overall nature of shifting from wellness to well-being described above, a key element of wellness transformation is a shift in modality from primarily telephonic and on-site to enhanced digital resources. This user-driven approach offers a preferred modality for a consistent user experience. The metrics for this transformation need to build on health risks and ROI to more comprehensive VOI (value of investment) metrics and consumer metrics such as net promoter score (answering the question: “How likely are you to recommend this service to a friend?”). The transformation also involves a change to the underlying business model and vendor partnership. The move would involve changing from per-employee per-month pricing to utilization-tiered pricing with metrics for engagement and consumer experience (see Table 1).

Table 1. Wellness transformation

<table>
<thead>
<tr>
<th>Current</th>
<th>Evolutionary</th>
<th>Transformative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worksite health promotion and disease prevention</td>
<td>Comprehensive worksite health and well-being programs</td>
<td>Consumer-centric approach to life journey</td>
</tr>
<tr>
<td>Modifiable behavioral risk factor reduction focus</td>
<td>Physical, emotional, social, financial, community</td>
<td>Health risks; quality of life, longevity factors</td>
</tr>
<tr>
<td>Print, telephonic, online and on-site</td>
<td>Tailored programs</td>
<td>Individualized action plan informed by data</td>
</tr>
<tr>
<td>Health risk assessments</td>
<td>Enhanced digital and apps</td>
<td>Curriculum to support goal and life purpose</td>
</tr>
<tr>
<td>Biometric screenings</td>
<td>ROI and VOI metrics</td>
<td>Consumer preference modality</td>
</tr>
<tr>
<td>Coaching</td>
<td>Emphasis on culture</td>
<td>Program relevance with perceived intrinsic value</td>
</tr>
<tr>
<td>Challenges</td>
<td>Case rate pricing</td>
<td>Utilization and outcomes-based pricing</td>
</tr>
<tr>
<td>Incentives</td>
<td></td>
<td>Engagement, VOI and net promoter scores</td>
</tr>
<tr>
<td>Communications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health risk change and ROI</td>
<td></td>
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To achieve well-being, the science says ... Get enough sleep

Be active

Be positive

Eat well

Be mindful

Be social

Don’t smoke

Be creative

Be financially secure
Incentives can shift from individual, financially focused to group-oriented philanthropic models whereby, if a group of employees achieves a certain activity level, a donation is made to a charitable organization. At the individual level, if an employee gets a cancer screening, a similar service will be provided for someone in need. Other nudges might appeal to naturally occurring competitive personalities or leveraging default options or opt-out approaches to things like healthy food choices unless expressly asking for something different (for example, entrees come with fruit unless you request otherwise). While incentives linked to benefit design may continue, there is also a need to balance the delayed reward with immediate rewards that might allow someone to purchase consumer goods, or fund an upgrade to music or video streaming services or other more relevant consumer-oriented incentives, such as social recognition. Moving to the new program service offerings is also critical to this transformation, involving an entirely new set of program categories around social and financial well-being. As noted, the delivery model needs to change as well to transform the current approach. The well-being model provides an opportunity, not only to add content areas, but to deliver the content in new and innovative ways. People are now accustomed to a high standard of service via multiple channels, and they expect consistency across phone, online, digital and in-person experiences. The shift from phone-based programs to digital will also allow more cost efficiency for the provider.

Also mentioned earlier, the measures of success also change with this paradigm shift from measures of interest to the employer (ROI and VOI) to a personal return on investment or “what’s in it for me” value to the consumer. Was the experience fun, easy, simple, time-saving, sharable and delivered as promised in addition to generating the desired outcome? With these changes in the metrics comes a change in the value proposition and funding model. This will bring an opportunity where the consumer may want to share in the cost of services or in the upgrade in services given that now they see the value for themselves. Perhaps there will be an employer seeding funding, but then employees need to continue to fund if they see the value. Or, the employer will continue to fund if the employee stays actively engaged. Maybe there is a money-back guarantee to the consumer or employer if the participant is dissatisfied. This new approach to program delivery, metrics, funding and overall philosophy requires vendor characteristics of flexibility, openness to innovation and feedback, ability to pilot and prototype services, willingness to enter into shared risk and funding models, and a continued focus on flawless execution. At the same time, vendors are still obligated to be compliant with business and legal regulations, adhere to best practices in clinical and behavioral science, and always serve the best interest of the consumer. Ultimately, much of the success of future wellness programs will be based on the effective use of multiple types of data to support clinical models, integrated reporting, but most importantly, a relevant and potent consumer experience (see Table 2).
Table 2.  
**Current and future wellness models**

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incentives</strong></td>
<td>Integrated benefits, financial focus, delayed abstract reward</td>
<td>Relevant consumer rewards, philanthropic focus, immediate concrete rewards</td>
</tr>
<tr>
<td><strong>Program topics</strong></td>
<td>Stress management, weight management, tobacco cessation, physical activity</td>
<td>Physical, behavioral, social and financial; sleep, energy, resiliency, money management, mindfulness</td>
</tr>
<tr>
<td><strong>Program delivery</strong></td>
<td>Call center hours/web-based online content</td>
<td>Omni channel, 24/7/365 digital, native app, mobile, streaming video, virtual programs, chat, text, telephonic and on-site</td>
</tr>
<tr>
<td><strong>Measures of success</strong></td>
<td>ROI/VOI</td>
<td>Consumer value; personal ROI</td>
</tr>
<tr>
<td><strong>Business case/ funding</strong></td>
<td>Health care cost management/ employer funded</td>
<td>Business performance/ employer-consumer funded</td>
</tr>
<tr>
<td><strong>Vendor characteristics</strong></td>
<td>Standard pricing and packages, customization at a cost for larger clients</td>
<td>New pricing models, flexible, pilot phased in approaches, customizable, design partners</td>
</tr>
<tr>
<td><strong>Data integration</strong></td>
<td>Individual and population level data for clinical prioritization, recommendations and reporting</td>
<td>Integration of multiple data sources, including consumer characteristics and behaviors to provide highly relevant messaging and recommendations to create a better consumer experience</td>
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</tbody>
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Traditional wellness had good logic and rationale, but isn’t evolving fast enough to keep pace with technology and consumer demands.
Discussion: Vision of wellness transformed

Traditional wellness had good logic and rationale, but isn’t evolving fast enough to keep pace with technology and consumer demands. Wellness is challenged with maintaining relevance to the consumer, and the well-being model is critical in addressing that challenge. There is a list of things that wellness needs to get right going forward, such as incorporation of cultural diversity in design and implementation, use of health literacy principles, improved reporting that provides actionable insights, and a rethinking of incentives, particularly as they relate to promoting services such as annual screenings and health care utilization. However, there is a tremendous tailwind for wellness to get it right by focusing on the consumer, using more holistic solutions, providing multimodal channels of delivery, making continued enhancements to metrics and transparency, creating provider linkages and leveraging evidence-based approaches to support consumer preferences. Further encouraging dynamics in the field involve the recognition of employer-community collaboration, the influence of culture on behavior and the leadership that many employers are taking in this effort.

A vision of wellness transformed is one in which the consumer (employee, spouse, dependent, member) sees such inherent value in the services and resources being provided that they would be willing to pay out of their pocket. The vision is one of relevancy to the consumer addressing real-life issues that include social, financial, emotional issues as well as physical and behavioral ones. Wellness transformation is a model that employers invest in as part of their overall business and human capital strategy. The investment in wellness is viewed as a critical element in achieving business performance goals based on talent development, leadership engagement, customer service, quality and corporate values, as well as the need for active, energetic, creative, mission-driven team members. The vision provides a path to happier, healthier employees using technology to experience more interesting, fun and effective services. These robust workplace programs will be part of the decision process for joining and staying with a given employer as well as seen as a clear illustration of the corporate values.

— Seth Serxner, PhD, Chief Health Officer, Optum
1. 8th Annual Optum Wellness in the Workplace Study, 2016/2017.
7. hero-health.org/scorecard/
8. businessgrouphealth.org/scorecard_v6/index.cfm?event=logon.landing
9. cdc.gov/workplacehealthpromotion/initiatives/healthscorecard/index.html
10. thehealthproject.com/
11. welcoa.org/about/well-workplace-awards/
12. businessgrouphealth.org/bestemployers/
36. Robert Wood Johnson, HealthyWorkplaces/Healthy Communities website: get-hwhc.org/