Companies Spend Big On Wellness Programs

BY ERIK L. GOLDMAN

If you want to see the impact that health care costs have had on corporate America, just take a look at the measures some companies are taking to encourage employee health.

Paid leave, reduced insurance copayments and premium shares, as well as straight cash rewards are among the inducements corporations now offer employees who participate in company-sponsored wellness programs centered on weight loss, smoking cessation, healthy eating, and ongoing management of chronic diseases.

When corporate wellness programs first emerged 2 decades ago, companies hoped that they would be able to woo participants with the promise of better health, and inexpensive gifts like T-shirts, baseball caps, backpacks, emblazoned water bottles, and gift cards at the local coffee emporium.

But the tchotchke era is over, according to leaders in the field, who spoke at a conference on wellness programs sponsored by the World Research Group.

These days, CEOs who want widespread employee participation in wellness programs are putting real money on the table. The myriad incentive programs now in play and the size of the rewards—which can reach thousands of dollars per employee per year on top of the basic costs of implementing the wellness programs—underscore the lengths some companies are willing to go to get their people healthy.

The first step in most corporate wellness plans is an employee-completed health risk assessment (HRA), a tool used to identify employees' risk for diabetes, heart disease, cancer and other serious diseases, and to guide nutrition and fitness plans aimed at prevention.

Some companies are offering cash incentives just for completing the HRA. For larger companies, that can become a significant line item.

A WebMD survey of more than 20,000 employees participating in corporate wellness plans at eight U.S. companies shows that when it comes to inducements, employee expectations are high, according to Larry Chapman, senior vice president of WebMD Health Services.

Almost half (49%) of respondents said their preferred incentive was a lower monthly health insurance premium, something Mr. Chapman said more companies are beginning to offer. Thirty-three percent said they preferred cash rewards. Gift cards were favored by 9%, and 1% said they would respond to logo-imprinted merchandise.

"Premium reductions are the most highly valued incentives by employees, and these incentives should be linked to the open enrollment process whenever possible," Mr. Chapman said.

He added that corporate leaders have learned some hard lessons in their 20 years' experience with wellness plans. For one, they have learned what many physicians could have told them: Most people are not intrinsically motivated to improve their health, and it takes a combination of carrots and sticks.

They also are learning how to create meaningful incentives by listening to their employees' wishes, which usually come down to time and money. Lastly, they are learning that healthy behaviors don't occur in a vacuum, and they don't just happen. They're part of a culture of health that involves community and family outreach.

The challenge for employers, according to Stuart Slutsky, chief marketing officer for Vitality Health Engagement Systems, is to right-size the incentives and link them to behaviors that will ultimately lead to net reductions in overall health care spending. Mr. Slutsky's firm provides wellness programs under contract to large corporations and serves over 1.5 million employees across the globe.

The Vitality program offers employees multiple chances to earn employer-subsidized "Vitality Bucks" that can be redeemed for a wide array of goodies—fitness club memberships, hotel accommodations, airfares, movie passes, sporting goods, home entertainment technology, and more. It's akin to a frequent flyer program: The more an employee engages in ongoing health-promoting practices, the more Vitality Bucks he or she earns.

The Kellogg Company, as part of an effort to return to its roots as a health and nutrition company, has one of the most comprehensive and proactive corporate wellness programs in the country.

Employees have opportunities to shave up to $1,100 per year off their health insurance premiums if they complete an HRA, demonstrate that they are nonsmokers (or participate in a cessation program), and engage in other healthy lifestyle change, according to David Tanis, one of the company's health promotion specialists.

Kellogg's employees have opportunities to earn additional rewards for getting vaccinated against influenza, meeting weight loss goals, participating in health coaching programs, and taking part in company fitness challenges.

Advocates for corporate wellness programs acknowledge that they can be a tough sell, especially in a down economy. No one would dispute the human benefit of improving worker health.

But the hoped-for cost-savings are realized over the long term, and on an aggregate population, while the actual costs of implementing and incentivizing a wellness program are immediate, per employee, and getting bigger by the year. ■

POLICY & PRACTICE

WANT MORE HEALTH REFORM NEWS? SUBSCRIBE TO OUR PODCAST – SEARCH "POLICY & PRACTICE" IN THE ITUNES STORE

New SAMHSA Administrator

The Senate has confirmed Pamela Hyde as the new administrator of the Substance Abuse and Mental Health Services Administration (SAMHSA). Ms. Hyde was appointed to the position by President Obama. She was formerly secretary of the New Mexico Human Services Department since 2003, and was also a chief executive of a nonprofit behavioral health care organization and was a director of the Ohio Department of Mental Health. She holds a law degree from the University of Michigan.

Alcohol Tax Saves Lives, Money

Raising alcohol taxes can save money and lives, according to a report from two Johns Hopkins University professors, David Jernigan, Ph.D., and Hugh Waters, Ph.D. They focused their efforts on the effects of raising the excise tax in Maryland, where there are 1,278 deaths due to alcohol use per year and 7,470 violent crimes. About 313,000 residents are alcohol-dependent, the researchers wrote. The state has not raised excise taxes since 1972. If the state raised the tax by 10 cents, alcohol consumption would be cut by 4.8%, and the state would raise $214.4 million in new revenues, they estimated. The state would save an additional $249 million in costs; that is, the tax increase could prevent 14,987 cases of alcohol dependence, 37 deaths, 13 forcible rapes, 316 assaults, 21 robberies, 67 incidents of severe violence against children, and 19 cases of fetal alcohol syndrome each year, said the researchers. They based their estimates on more than 110 reports looking at alcohol use and taxes. The report was prepared for the Maryland Citizens' Health Initiative and was funded by the Abell Foundation.

Tobacco Prevention Funds Cut

Many states are severely cutting back on funding for tobacco use prevention programs, despite having collected huge revenues from taxes and the 1998 tobacco settlement, according to a new report. The Campaign for Tobacco-Free Kids, American Heart Association, American Cancer Society Cancer Action Network, American Lung Association, and the Robert Wood Johnson Foundation sponsored the report. States will collect $25 billion in fiscal year 2010 but will spend only $567 million (2%) on prevention and cessation programs, according to the report. Only North Dakota funds programs at the amount recommended by the Centers for Disease Control and Prevention; 31 states provide less than a quarter of the recommended level. "Despite their current budget challenges, the states lack excuses for failing to do more," Matthew Myers, president of the campaign, said in a statement.

CMS Weighs Tobacco Counseling

The Centers for Medicare & Medicaid Services has begun to analyze the effectiveness of counseling more Medicare beneficiaries to prevent tobacco use and tobacco-caused disease. Currently, Medicare pays for such services for beneficiaries who already have been diagnosed with "a recognized tobacco-related disease or who exhibit symptoms consistent with tobacco disease." The agency is now reviewing whether the evidence supports coverage of counseling for people who are asymptomatic. It is also looking at the benefits for pregnant women who use tobacco products, with an eye toward expanding preventive services for that group as well. The agency expects to post its proposed decision in May.

Zyprexa Still a Top Seller

The atypical antipsychotic Zyprexa (olanzapine) was Eli Lilly's top-selling drug for the first 9 months of 2009, and with several additional approvals at the end of the year, it is likely to keep that top spot for the next year. Sales grew 6% worldwide over the first three quarters of the year, to about $3.4 billion. Zyprexa recently was approved in the U.S. for schizophrenia in adolescents aged 13-17 years, and for manic or mixed episodes associated with bipolar I disorder in the same age group. A long-acting injectable form (Zyprexa Relprevv) also was just approved by the Food and Drug Administration.

Drug Promotion Levels Off

After double-digit growth earlier in the decade, promotional spending for pharmaceuticals leveled off in 2008, according to the Congressional Budget Office. That year, drug makers spent $20 billion (or about 11% of total U.S. sales) on promotional activities. The companies spent $12 billion on detailing physicians and other health care providers, $3.4 billion on sponsoring professional meetings, and $400 million on journal ads. The rest was spent on direct-to-consumer ads, with $1.6 billion for television ads. Just 10 drugs accounted for 30% of all direct-to-consumer spending. Looking at drug classes, spending was greatest for (in order) erectile dysfunction drugs, bone resorption inhibitors, nonbarbiturate sleep aids, autoimmune treatments, statins, serotonin norepinephrine reuptake inhibitor antidepressants, antiplatelet agents, drugs for seizure disorders, atypical antipsychotics, and central nervous system stimulants.

—Alicia Ault