Workplace wellness surge

Health-care costs spur companies to invest in preventive programs, lifestyle guidance

BY LISA MARSHALL
PHOTOS BY MARK MANGER

When the clock strikes 8 a.m. for employees of PCL Construction Enterprises, don't expect to find them huddled around the coffee and doughnuts in the break room.

Instead, the company's 165 full-time Denver employees start their day with a 15-minute group stretch, aimed at promoting circulation and preventing injury. »

Health clubs pumped up by wellness trend

BY LISA MARSHALL

As employers grow increasingly interested in employee waistlines, health clubs across Colorado are rolling out the red carpet for Corporate America, offering group discounts, free club newsletters, wellness and nutrition courses, and even in-office fitness classes.

"It has definitely been good for business," Colorado Athletic Club General Manager Bill Craig says.

The club's Corporate Fitness Partnership Program includes more than 150 Colorado companies, from CH2M Hill to IBM. Some "partners" negotiate a discount for their employees, while a few subsidize their monthly membership, according to the club's website. Meanwhile, others call on the club staff for help putting on fitness-oriented events or providing in-office massage or stress management courses.

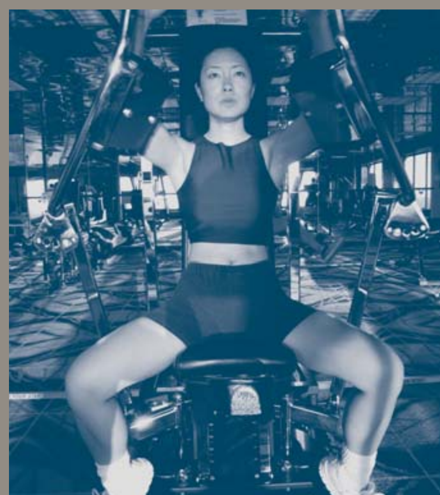
"We try to be a resource, to come alongside them and help them in an area where they may not have the expertise," Craig says.

Tom Hartman, membership director for the YMCA of Metro Denver, estimates that 40 percent to 50 percent of its members arrive at the club through some employer initiative.

"I have had a lot more inquiries from companies lately," says Hartman, whose club boasts roughly 75 corporate partners, including its newest addition: RTD. He says that only one or two of those companies pay their employees' club fees in full.

Depending on the size of the company, the YMCA may waive or greatly reduce the initiation fee and then cut 10 percent off monthly dues. The YMCA also offers a service where it will track employee use of the club, and report it to the company. (That service is more popular among companies subsidizing employee memberships).

Other clubs, such as Curves or 24-Hour Fitness, offer free tours or seven-day passes for those wishing to test the waters.



"Clubs are really starting to target the corporate market," says Tom Richards, senior manager of public policy for the International Health, Racquet and Sportsclub Association (IHRSA). "Aside from just discounts they are offering more wellness programs and educational programs about general health."

According to the IHRSA, health clubs generate 15.6 percent of their memberships through corporate programs and, on average, those who join via a corporate partnership get a 50 percent discount on their initiation and a 10 percent savings on dues.

Few companies subsidize employee memberships, in part because tax law treats those memberships as income, which employees have to pay taxes on.

"If a company wants to subsidize \$20 per month for a health club membership, that is considered a taxable fringe benefit to employees. It creates not only an economic barrier but an administrative burden for companies," Richards says.

IHRSA recently introduced a bill, the Workforce Health Improvement Program Act, which would change that. And if it passes, Richards believes even more employees will be hitting the club on their boss' dime: "It's a small step that will have a big impact."

At lunchtime, a nutritionist comes by for free one-on-one consultations. In the afternoon, when that sugar craving kicks in, there are fruit baskets — not candy dishes — on office desks and dried fruit and nuts in the vending machine.

For those wishing to slim down, PCL will kick in \$200 for a gym membership. And for those who want to kick the habit, the company will not only foot the bill for smoking cessation programs, it will also slash 150 bucks from the employee's health deductible.

"On the selfish side of the equation, anything we can do to lower medical claims saves us money," says Denny Dahl, director of human resources for PCL, an employee-owned company with 3,300 full-time employees in the United States and Canada. "But it's also just the right thing to do."

PCL, which implemented its sweeping wellness program in November, is among a growing number of companies taking a greater interest in the health of their workers in order to control health-care costs and improve their bottom line. According to a survey this year by the nonprofit National Business Group on Health (NBGH) and consulting firm Watson Wyatt, 83 percent of large companies now issue annual health surveys to their employees, up 65 percent from 2006. Seventy-four percent offer weight management programs; 60 percent provide health coaching; and 29 percent offer onsite health centers.

Smaller companies are also getting into the game. A survey of 1,100 companies of all sizes, by Chicago-based Aon Consulting, showed that 42 percent now have weight-management programs; 45 percent offer smoking cessation programs; 60 percent have disease management programs; and 47 percent offer free biometric screenings (things like cholesterol, blood-sugar and blood-pressure tests).

In Colorado, where a healthy lifestyle is a major selling point for companies wishing to recruit quality hires and wellness programs tend to be better received by employees, the trend is even more pronounced, with an estimated 40 percent of companies (slightly higher than the national average of one-third) offering some form of workplace wellness plan. With annual health-care costs rising 8 percent to 12 percent annually, those that don't have one already are probably considering it, says Michael Faughnan, Aon Consulting's Denver practice leader for health and benefits.

"Employees are realizing that by promoting wellness they will be better off in the long run, not only from lower health-care costs but also from lower absenteeism and increased engagement," Faughnan says.

WELLNESS HITS THE BIG TIME

The notion of workplace wellness is hardly new. As far back as the 1920s, Japanese workers began their day with calisthenics. And in the United States, there have always been a few fit cheerleader types coaxing co-workers to head to the conference room for a Weight Watchers class or a lunchtime aerobics class. For more than 26 years, Coors Brewing Co. in Golden has had a wellness program, which includes access to an onsite wellness center, smoking cessation programs and a pedometer program.

The difference now is that wellness is everywhere, and even the biggest corporations are investing in it.

"There have always been lone advocates tugging at the sleeve of management people in a remote location to try to get a program together," says NBGH Vice President LuAnn Heinen. "But today, you see huge national companies saying this is important and putting their logos and branding behind it."

For instance, Kellogg Co. has its "Feeling Gr-r-r-eat" employee wellness program, Union Pacific Railroad has its "Fast Tracks" program, and General Mills has its "Totally You" program.

In May, Quest Diagnostics (43,500 employees nationwide with roughly 725 in Denver), was awarded the NBGH Best Employers for Healthy Lifestyles Gold Award for its "HealthyQuest" corporate wellness program, which relies heavily on diagnostic tests and health-risk assessments to make customized wellness plans for employees. The company's director of employee wellness took the program to heart and was last year's winner of the reality TV program, "The Biggest Loser," dropping 164 pounds (49.1 percent of his body weight) in 34 weeks.

"Whether it is through tobacco cessation or stress management programs or this year's weight-loss initiative, HealthyQuest provides the education and support that can help our employees prevent health risks from escalating into serious medical conditions," said David W. Norgard, vice president of Human Resources for Quest Diagnostics, in a prepared statement.

RETURN ON INVESTMENT

Experts say a good wellness plan can ultimately result in as much as a $3 to $1 return on investment, the bulk of it coming from savings in medical costs.

Companies are expected to spend an estimated $7,720 per employee on health care this year, up from $7,211 last year, according to NBGH. With health-care costs expected to continue to rise and cash-strapped employees less able to shoulder more premium increases, employers face a dilemma.

"Companies are worried about whether they can shift any more cost to employees," Heinen says. "A lot of them can't. Their employees are going to end up opting out of coverage, and that is not good."

Enter wellness programs, which have the potential to temper those annual increases by simply reducing claims.

According to a study of 2,400 adults, published in the journal *Preventive Medicine* in 2003, people who increased their physical activity from none to three days per week or more paid $2,200 less on average per year for health care than those who remained sedentary. According to NBGH research, obesity-related health issues alone cost American companies roughly $13 billion per year.

"If the person is a smoker and has a Body Mass Index over a certain level, the costs for that individual per year can be as much as three times the average if it goes untreated," Faughnan says. "But if the employee takes steps to avoid that heart attack, that $50,000 expense never happens."

Faughnan says the companies that benefit most from corporate wellness programs are companies without a lot of turnover (so the employee doesn't quit smoking and lose 20 pounds and then go work somewhere else). Companies that are self-insured also have an increased incentive, because they are the ones paying the claim for that massive heart attack or diabetes treatment, and if it never happens, the company bottom line reflects it. "It is an immediate return," he says.

Faughnan notes companies that contract with outside insurers also benefit, because insurance companies tend to look at the overall health of a work force (including past claims) when setting rates.

Insurance aside, healthy employees also come to work more often, have fewer worker's compensation and disability claims, and are more productive when they

Fitness is a priority at PCL Construction Enterprises.

are there, Heinen says.

Kathy Yeager, vice president of human resources for The Medical Center of Aurora, adds that in an area known nationwide as a mecca for fitness and health, a good employee wellness program can be a great recruiting and retention tool.

"When we recruit, we mention these things," she says. "It shows we support a healthy lifestyle."

In 2007, TMCA launched its Wellness 2007 program, offering a $500 bonus to anyone who lost 25 pounds or quit smoking. Thus far, 31 people have gotten the bonus for weight loss, seven for smoking cessation.

The company also provides free health screenings, $5 chair massages for staff,

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and a mapped walking route (with mileage posted) for those who want to squeeze in a walk on the campus on their break.

On Aug. 1, the hospital made another sweeping, somewhat controversial move, banning smoking everywhere on campus (including outside and in cars) for patients, visitors, and employees.

"We figured restaurants are smoke-free, why aren't hospitals?" Yeager says. She estimates TMCA will spend as much as $40,000 on its weight-loss and smoking programs alone this year. But already, the company is seeing a tangible payoff.

"Our turnover rate this year is 4 percent lower than it was a year ago for all of our employees," Yeager says. "That is huge in health care. You can imagine the thousands of dollars I am saving in retaining staff."

Boulder County expects to spend roughly $200,000 annually on its new wellness program, which includes free health screenings, on-site classes, and sponsorships of after-work recreational sports teams. It, too, is tracking the program's success in several ways:

"We are looking at it as much more than a way of lowering medical premiums. We are also looking at absenteeism and productivity," senior HR analyst Ann Berg says.

AN INVASION OF PRIVACY?

The programs are not, however, without controversy.

In recent years, several disgruntled employees have taken legal action against employers that workers felt were being overly paternalistic and intruding into their privacy. And nationwide, well over half of employees typically opt out of even taking the initial Health Risk Assessment (HRA), the survey that helps many companies track employee wellness and build a program to improve it.

"It's definitely a challenge for companies," Faughnan says. "You have to determine whether you are stepping across that line and being intrusive or not. Some employees recognize that their employer is trying to manage their health, but then there are those who are skeptical and wonder: 'Why are you asking for that personal information?'"

In 2006, a lawn-care technician filed a lawsuit against Ohio-based Scotts Miracle-Gro Co. after he was fired for being a smoker. According to press reports, an employee-sponsored screening found nicotine in his blood, and the company doesn't allow employees to smoke, on or off the job. Meanwhile, the city of Taylor, Mich., discontinued its mandatory wellness program after being sued for forcing firefighters to succumb to blood screenings that looked at cholesterol levels.

Faughnan and Heinen agree companies can do many things to avoid the appearance of being intrusive: They should make wellness programs voluntary; use a third-party company to conduct health surveys and blood screenings; make it clear to employees that the data will be looked at in aggregate, not individually, and remain confidential; and use a "carrot" approach, not a "stick" approach whenever possible.

The problem is, when the program is voluntary and no "sticks" are used, will anyone use it? (In health-conscious Boulder County, for instance, HR managers stress that the program is "not a requirement." But they also say that only 33 percent to 40 percent of employees use it.)

Frustrated with building it and having no one come, some companies around the country have already begun to bring out the stick, charging smokers a higher health premium, mandating that workers take the annual health survey in order to be eligible for premium health plans, and applying pressure (via third-party health coaches or nutritionists) for people to get their weight under control — or else.

"The term health and wellness has become a euphemism for 'not fat,'" said Paul McAleer, founder of the "fat acceptance" website BigFatBlog.com, during a recent interview with CNN. "When employers set up these programs, they shouldn't penalize people for not losing weight. Your weight shouldn't be anyone's business but your own."

According to the NBGH/Watson Wyatt survey, 31 percent of employers offer rewards for healthy behavior, while 6 percent penalize those who live unhealthy lives. However, more and more companies say they intend to begin penalizing poor health behavior in the coming years.

Will there come a day when a Krispy Kreme on your desk can get you fired? Probably not, but employees can definitely expect more pressure to get healthy.

"Right now, we try to engage with incentives, but I imagine the sticks will come out in future years," Faughnan says. "I think employers are going to continuously feel the burden of providing comprehensive health care to their employees, and the financial pressures will lead to more drastic measures." CB