Wellness Programs on the Rise

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What better way to save healthcare dollars than to help prevent the need for them in the first place? An increasing number of employers are embracing the idea of worksite wellness programs — the American Heart Association (AHA 2010) has recognized more than 1,200 "fit-friendly" companies — to encourage employees to engage in healthy behaviors, thus promoting a reduction in the use of healthcare benefits and, ultimately, lower healthcare costs.

Medco's 2009 national study (Medco 2009) on prescription benefit management trends shows that nearly 60 percent of plan sponsors point to wellness programs as the single most important influence on healthcare cost containment over the next 3 to 5 years. While 65 percent of polled organizations engaged in these types of programs in 2008, participation last year rose to 76 percent, and more than half of companies not currently offering a wellness program intends to do so within the next two years.

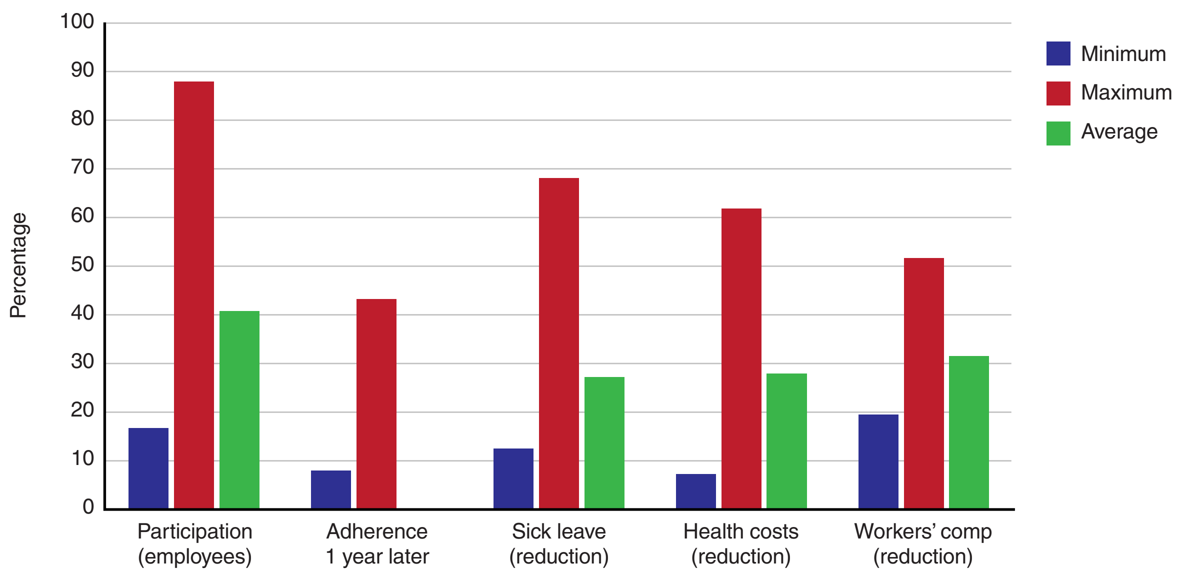
According to a U.S. Department of Health and Human Services report (2009), alcohol and drug abuse cost the United States an estimated $276 billion each year, mostly in lost work productivity and healthcare costs related to abuse. These costs have caused employers to raise employee premiums, copayments, and deductibles significantly, effectively reducing access to needed medications.

A meta-analysis of the literature on costs and savings associated with workplace wellness programs found that medical costs fall by about $3.27 for every $1 spent on wellness programs, and that absenteeism costs fall by about $2.73 for every $1 spent (Baicker 2010). Considering that more than 130 million Americans are in the labor force, wellness programs have the potential to significantly impact employers' bottom lines.

Until some quantitative research was conducted, employers were hesitant about the up-front investment of such programs.

"Employer wellness program implementation has seen some real peaks and valleys, but over the last 10 to 15 years, repeated studies have verified a positive return on investment when programs are implemented, monitored, and measured appropriately, and more employers are becoming interested," says Steven Noeldner, PhD, principal and senior consultant in the Total Health Management specialty practice of Mercer Consulting in Newport Beach, Calif. "Employers can go only so far with cost shifting to employees; they now recognize there are other ways to address the healthcare cost challenges they're facing."

Impact of wellness program participation on employee costs



Source: Recess Newsletter 2009

Under the American Recovery and Reinvestment Act of 2009 (ARRA), $1 billion in funding has been allocated to wellness and prevention programs, and Congress is considering proposals to provide tax credits or other subsidies to employers who offer wellness programs that meet federal criteria.

"Plan sponsors are beginning to accept that in certain instances, wellness programs can produce health impacts on members that could lead to future lower costs," says Sean Brandle, vice president and national pharmacy practice leader for Segal Co., based in New York City. "The premise is that lower out-of-pocket costs will generate increased compliance with core drug therapies, lowering overall patient healthcare expenditures."

New surveys indicate that more employers are willing to sponsor employee wellness programs as a way to curb overall healthcare costs. They may even help save specialty drug dollars.

WELLNESS AS COST OFFSET?

Employees who participate in an employer's wellness program are required to fill out a health assessment. The aggregate results of the assessments are then reviewed by management to determine the top areas of need within the organization, thus creating a direct line of focus for the program. Tangible results can be seen as early as one to two years into the program, but optimal savings outcomes are recognized in the third and fourth years.

Aside from hard medical costs, wellness programs also can lead to reduced absenteeism, higher productivity, and increased morale among employees. It is important, however, that timely and consistent communication with employees is maintained and results are reevaluated. Employee incentives also go a long way to ensure employee participation. A recent Kaiser Family Foundation survey (2010) found a 14 percent increase in wellness program participation when an incentive is offered.

"One of the components that is key to the overall success of wellness programs is the development of a culture of health within the organization," says Noeldner. Not only do you need top-down support, you also need support at the grassroots level, he says. "Wellness advocates serve to promote and perpetuate the services the program is offering."

Typical services offered by wellness programs include smoking cessation, weight control, nutrition education, substance abuse counseling, exercise and fitness instruction, stress management, chronic condition management, and blood pressure and cholesterol screening. Some programs also provide CPR training and accident prevention services.

So could employee wellness programs and their healthcare savings provide an avenue for increased coverage of specialty drugs within an organization?

"We can't necessarily draw a cause-and-effect line that overall healthcare savings will lead to more specialty drug coverage, but one element we work on in health management is value-based design," Noeldner says. And while specialty drugs may impose higher costs at the onset, they may result in better long-term cost savings compared with a different, less expensive treatment. "Prescriptions should be determined not by the annual cost, but by the total cost of care and treatment for that patient over a period of time."

In other words, employers looking for the biggest return on their healthcare dollars shouldn't necessarily rule out the large-ticket drugs just because of their initial price tag, and perhaps higher employee participation in wellness programs will help diminish or even prevent some of the debilitating side effects of chronic conditions requiring specialty medications.

Specialty drugs are a growing concern for plan sponsors, says Brandle, at Segal. Based on their high cost, limited distribution, special dispensing, and administrative characteristics, plan sponsors are taking a closer look at the benefits of these drugs, he says. "There are certainly many specialty drugs that are critical components of a patient's healthcare, and more data regarding the benefits of specialty medications can help us make better informed benefit decisions in the future."

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