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A Simple Method to Estimate the Impact of a Workplace Wellness Program on Absenteeism Cost

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Introduction

Evidence indicates a healthier workforce can improve productivity and lower direct health-care costs, as well as indirect costs such as employee absenteeism.^{1–8} Yet, the impacts of workplace wellness programs in small- (<100 employees) to mid-sized (100–500 employees) employers are not well known.

This case study is based on CIPROMS, Inc. (CIPROMS), a mid-sized medical billing and coding company in Indianapolis, Indiana that participated in the Centers for Disease Control and Prevention National Healthy Worksite Program (NHWP).⁹ In collaboration with NHWP, CIPROMS developed a workplace wellness program with tailored interventions to improve the health, safety, and well-being of employees to create a healthy work environment.⁹ CIPROMS also built an infrastructure to maintain the wellness program and increase its potential for sustainability. This infrastructure includes establishing an active wellness committee, cultivating leadership support, providing employee coaching and counseling, and changing the physical environment. The resulting workplace wellness program included healthy choices in vending machines, tobacco cessation medication insurance coverage, and environmental changes such as stairwell signage for physical activity and on-site or nearby farmers' markets.¹⁰

In this practice-based case study, we examined the change in absenteeism cost for employees who participated in CIPROMS workplace wellness program, during the 20-month period of the intervention from July 2013 to March 2015. Thirty-seven CIPROMS employees completed the pre- and post-NHWP self-assessment survey. The survey included self-reported absentee hours and health status biometric measures. We also estimated CIPROMS' potential savings on its actual absenteeism cost between 2013 and 2015. CIPROMS provided de-identified aggregated data from 2013 and 2015, which included average employee wage per hour, number of employer paid sick days, and number of employees (Table 4).

Senior executive (C-suite) wages were excluded from the average employee wage per hour. The pre- and post-workplace wellness program implementation, program-based absenteeism costs were calculated with the following formula:

$$\text{Program-based absenteeism cost}^* = \frac{\text{Total absentee hours}^\dagger \times \text{Average employee wage per hour}^\ddagger}{\text{Number of participants}^\S}$$

where * represents per participant program-based absenteeism cost; † represents the total number of self-reported absentee hours due to health problems, from pre- and post-NHWP self-assessment surveys; ‡ represents the average employee wage per hour, \$17.08 per hour in 2015 USD, excluding C-Suite employees; § represents 37 participants who completed the pre- and post-NHWP self-assessment surveys.

The program-based absenteeism cost saved is the difference between the program-based absenteeism cost before and after the workplace wellness program implementation.

CIPROMS' actual absenteeism costs, from 2013 and 2015, were calculated with the following formula:

$$\text{Absent absenteeism cost}^* = \frac{\text{Cost of employer paid sick days}^\ddagger}{\text{Number of employees}^\S},$$

where * represents per employee actual-absenteeism cost; † represents total amount CIPROMS, Inc. paid for sick days, in 2013 and 2015; § represents the total number of CIPROMS, Inc. employees, in 2013 and 2015.

The actual absenteeism cost saved is the difference between 2013 and 2015 actual absenteeism costs. All dollar amounts are in 2015 USD. Among the 37 matched NHWP program participants, the program-based absenteeism cost per participant decreased by \$59.08, from \$144.03 pre-program implementation to \$84.95 post-program implementation (Figure 3).

As CIPROMS maintained the workplace wellness program, it saved \$64.91 per employee (2015 USD), from \$507.91 in 2013 to \$443.00 in 2015 (Figure 3). This amounted to \$8362 in total savings.

Our findings indicate potential absenteeism cost savings might occur after the implementation of a workplace wellness program in a mid-sized employer. These findings might be reproducible in other small- and mid-sized employers with the implementation of a comprehensive wellness programs, such as NHWP. Although the program evaluation is based on participants only, a comprehensive wellness program exposes nonparticipants to a healthier workplace environment. A culture of health in the workplace can positively influence nonparticipating employees and provide health improvement opportunities without active program participation. In turn, this might translate into additional employer cost savings.

A factor not fully examined in this case study is the relationship between employee turnover and absenteeism cost savings, after the implementation of a workplace wellness program in small- to mid-sized businesses. In the case of CIPROMS, there was no net turnover between 2013 and 2015; however, we did not examine the extent of any employee turnover within the total workforce during the program implementation period. Small- and mid-sized employers can use simple methods to track the savings of comprehensive workplace wellness programs on employee absenteeism cost as one indicator of success.

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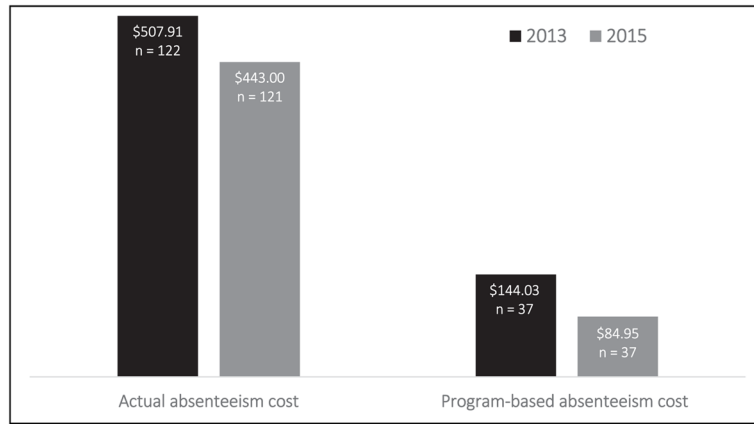


Figure 3. CIPROMS, Inc’s actual and program-based absenteeism cost per participant for 2013 and 2015.

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Table 4

2013 and 2015 CIPROMS Inc. Employee Absenteeism Data.

	2013	2015
Number of employees	122	121
Employer paid amount for sick days ^a	\$61 965	\$53 603
Cost of sick days per employee ^a	\$507.91	\$443.00

^aDollar amounts are in 2015 USD.

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