

# The Real ROI of Employee Wellness

BestLifeRewarded Innovations

January 2019

## ABSTRACT

*Canadians have access to more health information than ever before, yet many remain at risk for serious chronic diseases that affect their overall well-being. Overall well-being takes into account physical, mental and financial health. Most chronic diseases are preventable—at least 80 per cent of heart disease, stroke and diabetes and 40 per cent of all cancers according to the World Health Organization.<sup>1,2</sup>*

*Many adults spend 6 to 9 hours each weekday at work, making the workplace a particularly effective setting for improving health habits.<sup>3,4</sup> However, despite growing awareness about the measurable benefits of workplace wellness programs in Canada, comprehensive wellness strategies remain few and far between.<sup>3</sup> The overall perception that our health care system covers most inpatient, outpatient and physician costs could be partially to blame for this misguided complacency. In reality, Canadian employers are losing billions of dollars each year due to employee reduced productivity, absenteeism, workplace disability and even premature death.<sup>5</sup>*

*Without innovative behaviour change interventions, these costs will only go up as chronic disease rates continue to rise. Here we explore current statistics supporting the business case for workplace wellness programs, and offer some key strategies to consider when designing an effective, comprehensive program.*

## A GROWING BURDEN FOR EMPLOYERS

**\$253.5 billion.** That's how much Canada is expected to spend on health care in 2018, totalling \$6,839 a year per person.<sup>6</sup> Direct and indirect costs related to five key modifiable chronic disease risk factors—physical inactivity, smoking, excess weight, use of alcohol and low vegetable/fruit consumption—make up the bulk of this economic burden and it's not just the government being forced to carrying the burden.<sup>5</sup>

### Canadian Health Costs: By the Numbers

- In Canada, approximately \$69.4 billion is spent annually on direct and indirect costs for five key modifiable risk factors—physical inactivity, smoking, excess weight, use of alcohol and low vegetable/fruit consumption.<sup>5</sup> Of the enormous cost attributed to these five modifiable risk factors, approximately 70 per cent are indirect, such as premature death and workplace disability costs.<sup>5</sup>
- Over one-half (51.6 per cent) of Canadian adults (20+ years of age) have a chronic disease.<sup>7</sup> 14.8 per cent have two or more chronic diseases concurrently.<sup>7</sup>

- Absenteeism due to mental health issues keeps 500,000 workers away from work each week and costs Canadian companies an estimated \$16.6 billion annually in lost productivity.<sup>8</sup>
- Stress affects 72 per cent of all employees (who identified that they want their employers to help). It's also caused one in four workers to leave their employer.<sup>8</sup>
- Disability strikes one in five Canadians due to a psychological health problem or illness in any given year. Psychological health problems are the number 1 cause of disability and cost the economy \$20 billion per year.<sup>8</sup>
- 49 per cent of Canadian employees want more focus on health and wellness in the workplace.<sup>8</sup>
- The Conference Board of Canada found that mental health conditions among working-aged Canadians cost employers an estimated \$20.7 billion annually from claims, absences, and lost productivity—and that this cost is forecasted to approach \$30 billion by 2030.<sup>9,10</sup>
- The co-existence of health conditions can greatly increase the impact on employees and employers. For example, workers with both mental health and physical health conditions have been found to have two to five times the likelihood of functional disability and absence from work.<sup>9,11</sup>
- Top drivers of excessive stress for Canadians are related to finances. A 2016 study found that 45 per cent of individuals were experiencing uncomfortable levels of stress related to personal or household finances, 32 per cent faced excessive stress in trying to maintain a budget and 31 per cent were stressed by unexpected expenses.<sup>9</sup>

## WHAT'S THE WELLNESS ROI?

While tackling these issues requires employer investment, the cost of doing nothing is simply too high to ignore. Employee well-being is a leading indicator of future human capital costs for employers. Having a comprehensive workplace wellness program in place can help companies stay competitive by reducing the costs associated with absenteeism, presenteeism, disability leave and turnover—while boosting employee productivity and engagement.

Taking a “total health” approach to wellness is key as employees increasingly see physical, mental and financial health as equally important offerings.<sup>12</sup> All three aspects are deeply intertwined and have a “cluster effect” on health challenges and benefits.<sup>12</sup> For example, excess mental stress has been shown to contribute to chronic physical illness, including high blood pressure, hardening of the arteries, obesity and diabetes, whereas people with chronic physical conditions have twice the likelihood of experiencing a mood or anxiety disorder when compared to those without a chronic physical condition.<sup>9</sup> Meanwhile, studies show a direct link between financial wellness and employee health. Those that report greater financial stress also report poorer health.<sup>9</sup> Essentially, if you want to improve the physical health of your employees, you'll need to support their mental and financial health as well.

### **Employee Wellness ROI: By the Numbers**

- In the United States, Harvard University's 2010 landmark study suggested an ROI of \$6 for every USD invested in wellness programs. Medical costs were reduced by about \$3.27 for every dollar spent while absenteeism costs fell by about \$2.73.<sup>13</sup>
- According to the Canadian Centre for Occupational Health and Safety, Canadian workplace health promotion programs cut absenteeism rates to half of the national average, and bring cost benefits of three times return for every dollar invested.<sup>14</sup>
- A Canadian 2-year study found absence rates decreased by four per cent in the program group, versus an increase of up to 23 per cent in the control groups.<sup>15</sup>
- A recent Canadian workplace wellness study showed significant improvements after 1 year in reducing poor sleep quality (33 per cent to 28 per cent), high emotional stress (21 per cent to 15 per cent), and fatigue (11 per cent to 6 per cent) in employees.<sup>3</sup>
- A one per cent year-over-year reduction of the five risk factors would save the Canadian economy over \$7 billion in the next 5 years and a staggering \$28.1 billion in the next 10 years.<sup>5</sup>
- BestLifeRewarded program members have demonstrated significant improvements in 5 modifiable risk factors, totaling an annual cost avoidance per year/person of \$73.28 (\$61.77 per female and \$98.12 per male).<sup>16</sup>

**Want to see how much your company could save? Try the [BestLifeRewarded Innovations healthy-economics.com](https://www.bestliferewarded.com/healthy-economics.com) tool today to get an evidence-based estimate in just a few easy steps.**

### **BEST CONDITIONS FOR SUCCESS**

There are many variables to consider when it comes to designing and implementing workplace well-being initiatives. First and foremost, sustainable behaviour change should always be the primary goal when it comes to employee wellness initiatives. Programs should be adaptable and easily modifiable to suit the employee and the nuances within an organization. Health is a highly personal, complicated issue and successful programs strive to address this by taking a more comprehensive, personalized approach rather than providing an "off-the-shelf" solution.

Employers enjoy various advantages with a more tailored approach. Employees can be grouped into different health risk levels, allowing companies to more strategically plan and assign relevant support services, such as offering high-risk participants live health coaching services and lower-risk participants automated health coaching. By getting a clear understanding into each group's specific needs based on their unique group data, management can offer relevant support with confidence and maximize the overall efficacy of the program, while robust reporting dashboards provide valuable insights and areas of focus, as well as helping measure success against baseline data over time.

## Program Best Practices: Eight Key Features

The following best practices can help support the development and execution of an effective workplace wellness program.

- **Apply personalization** that uses evidence-based behaviour models to address the employee's specific needs through a comprehensive health risk assessment (HRA).
- **Employ small steps action plans** that help ensure employees are not overwhelmed by what "needs" to be done.
- **Reward effort and outcome** by recognizing that every effort is meaningful, regardless of size or outcome.
- **Integrate off-line/existing initiatives** with current technology in a way that facilitates gathering better metrics.
- **Make the program easy, fun and engaging** because even if it is a best-in-class platform or product, it's useless if employees aren't using it.
- **Measure baseline and change over time** to help secure ongoing program investment and even generate organizational top employer status.
- **Communicate program results** to both senior management and people using the platform to encourage engagement.
- **Continuously improve** and evolve to meet the needs of employees.

In addition, continual assessment of employee readiness to change is encouraged in order to use findings to help drive education priorities. For example, if HRA survey outcomes show many employees don't get enough sleep, but only a minimal amount "want" to improve their sleep, set up a lunch and learn about the importance of sleep quality to help bridge the gap. Then look at results data every 6 months to course correct the program along the way.

## ABOUT BESTLIFEREWARDED INNOVATIONS (BLRI)

**People are your business. We believe better people make better business.**

**What we do works.** Most wellness offerings focus on engagement through gamification and rewards, but we deliver a comprehensive wellness solution with sustainable results. BLRI backs up rewards with proven science-based methodologies that take individuals' motivators into account, not just their health profile.

**We believe in building with science and engaging with emotion.** Science-based programming is a must, but it won't work if you forego the human element required to build true engagement. That's why we let each individual find their own path to wellness and build in the community support, encouragement and rewards that lead to long-term success.

- Science-based wellness, a focus on the individual, sophisticated segmentation and strategic analytics come together to create a turnkey wellness solution that meets your business objectives and creates real individual well-being, driving your business forward.

**Want to drive your businesses forward? BLRI does just that. It's the proven gold standard in wellness programming.**

Learn more at [bestliferewardedinnovations.com](https://bestliferewardedinnovations.com).

## References

1. Public Health Agency of Canada. (2016). How healthy are Canadians? A trend analysis of the health of Canadians from a healthy living and chronic disease perspective. Retrieved from: <https://www.canada.ca/content/dam/phac-aspc/documents/services/publications/healthy-living/how-healthy-canadians/pub1-eng.pdf>
2. World Health Organization. (2018). Chronic diseases and health promotion. Retrieved from: [https://www.who.int/chp/chronic\\_disease\\_report/part1/en/index11.html](https://www.who.int/chp/chronic_disease_report/part1/en/index11.html)
3. Lowensteyn, I. et al. (2018). The measurable benefits of a workplace wellness program in Canada: results after one year. *JOEM*, 60(3), 211-216.
4. Lowe, G. (2014). The wellness dividend. How employers can improve employee health & productivity. Retrieved from: <https://www.workplacewellnessonline.ca/pdfs/wellness-dividend-report.pdf>
5. Cision. Canadian employers bear the economic burden of the poor health of their employees. (2017, Apr 24). Retrieved from: <https://www.newswire.ca/news-releases/canadian-employers-bear-the-economic-burden-of-the-poor-health-of-their-employees-620220913.html>
6. Canadian Institute for Health Information. (2018, Nov). National health expenditure trends, 1975 to 2018. Retrieved from: <https://www.cihi.ca/en/health-spending/2018/national-health-expenditure-trends>
7. Public Health Canada. Improving health outcomes: a paradigm shift. (2015, Dec). Retrieved from: <http://www.phac-aspc.gc.ca/cd-mc/assets/pdf/ccdp-strategic-plan-2016-2019-plan-strategique-cpmc-eng.pdf>
8. Mercer. (2018). How much are you losing to absenteeism? Retrieved from: <https://www.mercer.ca/en/our-thinking/how-much-are-you-losing-to-absenteeism.html>
9. Pelletier M-H. et al. (2017, Feb 16). Understanding the links between mental, physical, and financial health. Retrieved from: <https://bpmmagazine.com/article/understanding-the-links-between-mental-physical-and-financial-health/>
10. The Conference Board of Canada. (2012, July 18). Mental health issues in the labour force: reducing the economic impact on Canada. Retrieved from: <https://www.conferenceboard.ca/e-library/abstract.aspx?DID=4957&AspxAutoDetectCookieSupport=1>
11. Das-Munshi, J. et al. (2007). Diabetes, common mental disorders, and disability: finding from the UK National Psychiatric Morbidity Survey. *Psychosom Med*, 69(6): 543-550. Epub 2007 Jul 16.

12. Alight. (2018). 2018 Consumer Health Mindset® study. Retrieved from:  
<https://ideas.alight.com/capabilities-and-technologies/2018-consumer-health-mindset-study>
13. Baicker, K. et al. (2010). Workplace wellness programs can generate savings. *Health Affairs*, 29(2): 1-8.
14. Canadian Centre for Occupational Health and Safety. (2018, Dec 10). Health and wellness. Retrieved from: <https://www.ccohs.ca/topics/wellness/promotion/>
15. Sun Life Financial. (2016). Sun Life-Ivey Canadian wellness ROI study update. Retrieved from:  
<https://www.sunlife.ca/static/canada/Sponsor/About%20Group%20Benefits/Group%20benefits%20products%20and%20services/Health%20and%20wellness/Wellness%20ROI%20Study/Files/PDF7224-E.pdf>
16. Krueger, H. (2019). Economic modelling of risk factor reduction: a report for BestLifeRewarded Innovations, Inc.