

# **Healthy Economics: Why Improving Workplace Wellness Helps Canadians and the Economy**

BestLifeRewarded Innovations

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## **ABSTRACT**

*The Canadian government has been struggling with healthcare costs related to smoking, physical inactivity and unhealthy food choices by the Canadian population for years. This growing economic burden, however, isn't just taking a financial toll on governments – it's also adding billions of dollars a year in costs for Canadian employers in the form of employee absenteeism, turnover and reduced productivity rates.<sup>1</sup> In recent years, studies have shown that workplace wellness programs can be effective in reducing such costs, however, many companies either remain unaware of the economic benefits or believe they don't have the resources to implement such programs. According to a recent Conference Board of Canada survey, only one-third of Canadian employers have a formal wellness strategy in place.<sup>2</sup> In this commentary, the authors explore the economic impact of workplace wellness programs and make the argument that Canadian employers are increasingly well positioned to play a vital part, and in turn, benefit from lower health benefit costs and improved productivity.*

## INTRODUCTION

Healthcare costs have a profound impact on the Canadian economy, monopolizing both funding and resources. While Canada is generally considered a healthy country, our aging population and continued struggle with chronic disease are serious public health challenges now and for the foreseeable future. Major chronic diseases, such as cardiovascular disease, respiratory disease, cancer and diabetes are the cause of 65 per cent of all deaths per year in Canada and cost the economy an estimated \$69 billion annually.<sup>3</sup> Despite years of government education and prevention efforts, approximately four in five Canadian adults have at least one of the five major chronic disease risk factors: excess weight, physical inactivity, smoking, excessive use of alcohol and low fruit and vegetable consumption.<sup>4</sup>

Given the clear need for better public health education and support, it's not surprising that health and wellness programs are growing in popularity and offering greater capabilities than ever before. The use of real-time incentives is just one of the latest tactics employed by such programs. It provides a wealth of new possibilities—not only for governments, but employers looking to mitigate some of the indirect costs associated with employee absenteeism and reduced productivity. Given the scale of Canada's chronic disease problem, it's estimated that even a small one per cent year-over-year reduction of the five main risk factors would save the economy \$7 billion in the next five years and \$28.1 billion over the next 10 years.<sup>5</sup> Despite the potential for savings, many Canadian businesses are still struggling when it comes to actually implementing comprehensive health and wellness programs due to factors like up-front costs, and difficulties measuring ROI (return on investment). It is with both these opportunities and challenges in mind that this article explores the value of such programs for Canadian employers, governments and the economy.

## HEALTH IN THE WORKPLACE

When it comes to Canadian employee health, modifiable risk factors have a profound impact on business profitability. Approximately 17 per cent of Canadians smoke daily or occasionally,<sup>6</sup> 54 per cent of Canadians are overweight or obese,<sup>7</sup> 46 per cent of Canadians do not meet Health Canada's recommended 150 minutes of physical activity per week<sup>8</sup> and 68 per cent of Canadians eat fewer than half of the recommended 10 servings of fruits and vegetables per day.<sup>9</sup> These behaviours put individuals at a higher risk for chronic disease, and a variety of other health issues, which in turn, puts financial pressure on their employers in the form of additional drug benefit claims, disability leave, absenteeism and lost productivity.<sup>5</sup> In today's highly competitive business environment, employers simply can't afford to continue absorbing these costs.

There is, however, some good news for Canadian businesses. Small steps towards improving employee wellness can have significant financial benefits long-term. According to the Canadian Centre for Occupational Health and Safety, workplace health promotion programs can cut absenteeism rates to half of the national average, and bring costs benefits of three times return for every dollar invested.<sup>10</sup> These returns are achieved by not only improving employee productivity rates and reducing absenteeism, but by encouraging better engagement and retention long-term. A recently launched tool ([healthy-economics.com](http://healthy-economics.com)) developed by Canadian health behaviour change program provider, BestLifeRewarded Innovations, can now help bring these numbers to life. Based on years of research originally conducted for Canadian governments and non-profit organizations by Dr. Hans Krueger, a health economist and epidemiologist, the tool factors in a company's size, location and breakdown between male and female employees. The tool then calculates both the costs of unhealthy employee behaviours, as well as the potential savings that would result from even a small reduction in a workforce's health-risk factor profile.<sup>11-17</sup>

## SUCCESSFUL PROGRAM DESIGN

While calculating the costs of employees' unhealthy behaviours is an important new tool for Canadian employers considering a workplace wellness program, it is also important for employers to remember that not all programs are created equal. Health is a highly personal and complicated issue. Successful programs strive to address this by taking a more comprehensive, personalized approach rather than providing an "off-the-shelf" solution.<sup>18</sup> The best programs combine established behavioural economics strategies with emerging technologies such as health tracking apps and wearables. Studies show that programs with the highest participation rates have three elements in common: they offer incentives; have a multi-component design (e.g., offering a combination of fitness, education, counselling, nutrition, health risk assessments, stress management, smoking cessation, etc.); and focus on multiple health behaviours rather than just physical activity.<sup>18</sup> When choosing a behaviour change program, employers should look for solutions that are scalable and adaptable for any workforce so the program can be tailored to fit within the company's existing structure and integrate easily with any pre-existing wellness initiatives rather than having to replace them entirely.

The benefits of comprehensive, personalized workplace wellness programs are not limited to just employees. 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. Having a clear understanding of each group's specific needs based on their employee data, management can offer relevant support with confidence and maximize the overall efficacy of the program. Robust reporting dashboards provide valuable insights, areas of focus and measure success against baseline data over time.

## CHALLENGES FOR EMPLOYERS

Despite the various benefits outlined above, many Canadian employers are not investing in comprehensive workplace wellness programs. While program uptake has generally been on the rise since 2009, a recent national survey found that nearly half of Canadian employers are still only taking an informal approach to employee wellness initiatives, while 20 per cent offer no wellness initiatives at all.<sup>19</sup> For those employers that do have programs in place, the monitoring and evaluation of wellness initiatives appear to be particularly challenging. Fewer than half of those employers said they conduct a program review at least once per year and only seven per cent of those surveyed calculate the ROI of their overall wellness program.<sup>19</sup> This is one of the biggest barriers to entry for many employers as health is a long-term investment. That specific challenge, coupled with a general lack of information and resources, means many Canadian employers simply do not have the ability to execute comprehensive workplace wellness programs.

Given the challenges – and the potential benefits – ROI predictors like the [healthy-economics.com](https://www.healthy-economics.com) tool can go a long way in helping employers make the financial case for wellness programming in the workplace. These types of tools allow employers to identify a tangible return for disease prevention, versus chronic disease management. This information can help companies justify the up-front costs of program implementation and better estimate ROI, given the majority of program results won't be immediately visible. For example, while a smoking cessation initiative may result in a reduction in the number of employees smoking right away, the health benefits associated with the program (i.e., reduced risk of lung cancer) and financial savings (i.e., reduced sick leave) will take years to emerge. ROI calculator tools help employers quantify a workplace wellness program's long-term financial benefits and justify its implementation and maintenance.

## CONCLUSION

*Chronic disease is on the rise in Canada. Chronic disease risk factors such as smoking, physical inactivity and poor food choices are costing the Canadian economy billions of dollars a year in both direct and indirect costs – and it's not just governments paying the price. Employee absenteeism, turnover and reduced productivity rates have huge financial implications for employers. The benefits of workplace wellness programs are increasingly well known, yet many employers have difficulty implementing such programs in effective, measurable ways. The newly launched [healthy-economics.com](http://healthy-economics.com) tool provides employers with information that can be used to make the financial case for wellness programming in the workplace. It is time for government, employers and health behaviour change program providers to come together and take a coordinated approach to combating chronic diseases. Together, we can make a positive, measurable impact on this growing economic burden.*

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