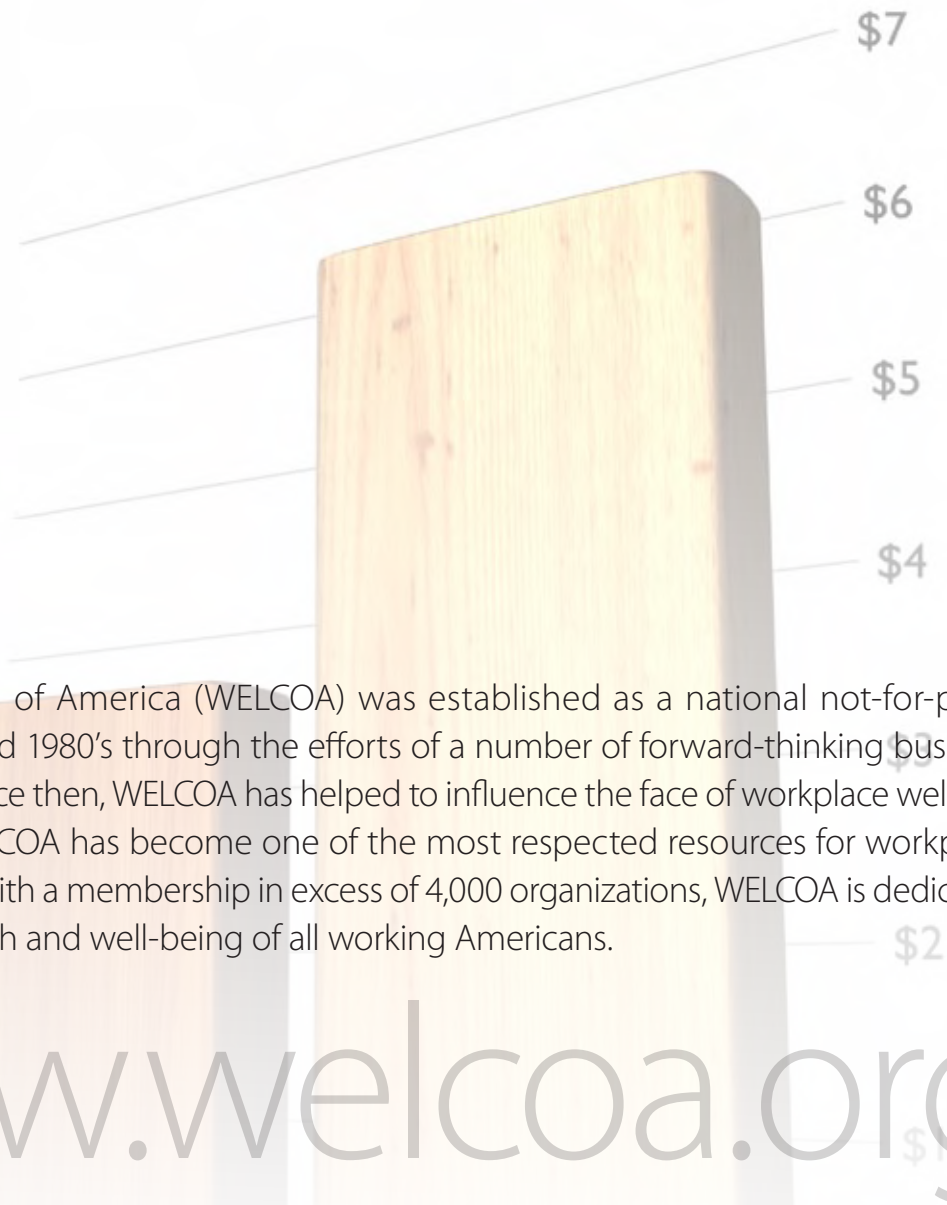




**making the case for**  
workplace wellness  
programs

Changing Lives and Transforming Culture





The Wellness Council of America (WELCOA) was established as a national not-for-profit organization in the mid 1980's through the efforts of a number of forward-thinking business and health leaders. Since then, WELCOA has helped to influence the face of workplace wellness in the U.S. Today, WELCOA has become one of the most respected resources for workplace wellness in America. With a membership in excess of 4,000 organizations, WELCOA is dedicated to improving the health and well-being of all working Americans.

[www.welcoa.org](http://www.welcoa.org)



**ABOUT David Hunnicutt PhD**

Dr. David Hunnicutt is the President of the Wellness Council of America. As a leader in the field of health promotion, his vision has led to the creation of numerous publications designed to link health promotion objectives to business outcomes.



**ABOUT Madeline Jahn**

Madeline Jahn is the Communications Associate for the Wellness Council of America. Her role is to coordinate the development of new publications and pool existing resources for WELCOA members, serving the mission of health promotion through marketing and planning support. She earned her Bachelor of Arts from Creighton University, and is currently pursuing a Master's Degree in Organizational Leadership from the College of Saint Mary. For questions about this publication, or to obtain permission for reprinting, please contact Maddy at [mjahn@welcoa.org](mailto:mjahn@welcoa.org).



**ABOUT WELCOA**

**Wellness Council of America (WELCOA)** was established as a national not-for-profit organization in the mid 1980s through the efforts of a number of forward-thinking business and health leaders. Drawing on the vision originally set forth by William Kizer, Sr., Chairman Emeritus of Central States Indemnity, and WELCOA founding Directors that included Dr. Louis Sullivan, former Secretary of Health and Human Services, and Warren Buffet, Chairman of Berkshire Hathaway, WELCOA has helped influence the face of workplace wellness in the U.S.

Today, WELCOA has become one of the most respected resources for workplace wellness in America. With a membership in excess of 3,200 organizations, WELCOA is dedicated to improving the health and well-being of all working Americans. Located in America's heartland, WELCOA makes its national headquarters in one of America's healthiest business communities—Omaha, NE.



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**On the following pages, you will find important information addressing the alarming rise in health care costs and the impact it is having on American business.**

In addition to this disconcerting information, you'll find important information about how employees' unhealthy lifestyles can be very costly to organizations. With the overall health status of the American workforce waning, employers would be well-advised to consider taking immediate & significant measures to enhance employee health and productivity.

To do nothing in a time of rapidly escalating health care costs is simply unacceptable—this “do-nothing” strategy will bankrupt the American system of health care and take American business and its employees along with it.

At the Wellness Council of America, the nation's premier provider for workplace wellness resources and material, we have found that modest investments in workplace wellness programs result in significant savings. With numerous studies documenting the specific outcomes of workplace wellness programs, now more than ever, it's an ideal time to incorporate workplace wellness programs as a primary health care cost-containment strategy.

To help you connect the dots, we've provided compelling information on the following pages.



**...In 2011, WELCOA will offer 4 Certifications and 8 Webinars.**

As part of our mission, WELCOA is dedicated to providing a variety of training opportunities each year. Drawing from the latest science as well as best practices in the field, WELCOA offers dynamic and nationally recognized seminars, webinars, and certification opportunities that engage workplace wellness practitioners, business leaders, and health professionals all across the country.

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**PART I**

**Health Care Expenditures And The Excruciating Toll On American Businesses And Their Employees**

Health care costs are taking on excruciating toll on American businesses and their employees. Consider this:

- Health care expenditures in the US have now surpassed \$2.3 trillion in 2008, more than three times the \$714 billion spent in 1990, and over eight times the \$253 billion spent in 1980.
- This means that, in 2008, U.S. health care spending was about \$7,681 for every American man, woman and child—or more than \$30,000 for a family of four.
- Presently, health care accounts for 16.2% of the nation's Gross Domestic Product (GDP); this is among the highest of all industrialized countries and more than four times what we spend on defense.
- The annual premium in 2008 for an employer-sponsored health plan covering a family of four averaged \$12,500—about as much as an entire years pay for a person working at minimum wage.
- In that same year of 2008, premiums for employer-based health insurance rose by five percent, or two times the rate of inflation; for small businesses with fewer than 24 employees, premiums rose at 6.8 percent.
- If predictions hold, a family of four in the next seven to nine years will spend around \$64,000 annually on healthcare.
- The cost of healthcare has increased to 274 times what it was in 1950 even though the average cost of all other goods and services increased only eight times.
- Recently, Starbuck's chairman recently noted that his company spends \$200 million per year on insurance for its employees—more than the company spends on coffee.
- An estimated 81 percent of all American's now take at least one prescription medication every day—the average prescription now costs \$70.
- The cost of American health care is rising so rapidly that it is predicted to reach \$4.2 trillion, or 20 percent of our GDP, by 2016.
- A recent Harvard university study showed that 68 percent of surveyed people who filed for bankruptcy had health insurance—but in spite of it they struggled with an average out of pocket medical debt of \$12,000
- Another study indicated that 1.5 million families lose their homes to foreclosure every year due at least partly to medical bills.
- One out of every five Americans already has so much medical debt that he or she is paying it off over time.
- It is estimated that approximately 237 million of the 310 million Americans are enrolled in a health care plan—employers provide coverage for 68% of this insured group.
- While consuming one-sixth of our economy—the lions' share of our healthcare expenditures do not produce any tangible products that can circulate or be sold abroad.

## PART II

### Unhealthy Lifestyles Are Very Costly To American Business

There's no question that an enormous portion of health care expenditures are driven by unhealthy lifestyles.

Consider the following:

- Chronic diseases—preventable things like heart disease, cancer, stroke, etc.—cause 70 percent of deaths in America and are responsible for three fourths of health care spending.
- What's more, lifestyle-related chronic diseases – heart disease, cancer, diabetes – are the leading causes of disability in the U.S.
- Approximately 40% of all deaths in the United States are premature and, again, largely preventable— at least 900,000 deaths annually are related to tobacco use, poor diet, sedentary lifestyle, misuse of alcohol and drugs, and accidents.
- Chronic conditions account for an estimated 75% of the nation's \$2 trillion medical care costs, which translates to over 15% of the U.S. gross domestic product.
- In another decade, when the 80 million baby boomers reach old age, the incidence of those illnesses and the costs of managing them will increase enormously.
- Almost 66% of the increase in health care spending can be attributed to increasingly unhealthy lifestyle behaviors; most prominent among these is obesity.
- Two comprehensive scientific reviews identified 83 peer-reviewed studies reporting that people with unhealthy lifestyle habits have higher medical costs.
- Employees who are considered to be high-risk for certain health conditions can be expected to account for 25% of total medical costs; this according to a large study of six large private-sector and public-sector employers. Since this analysis did not include the costs of moderate risk levels or other risk factors, the total impact of unhealthy lifestyle on employer medical costs is much higher than 25%.
- Recent research indicates that there is a direct relationship between modifiable lifestyle risks and lower worker productivity, and relevant data suggest that the costs to employers in lost productivity due to poor employee health may be substantially more than the direct medical and disability costs.
- Unhealthy lifestyles often lead to chronic disease, many of which cannot be cured and require years or decades of expensive treatments. The chart below lists estimated annual costs of selected unhealthy lifestyles and chronic diseases including obesity, smoking, inactivity, diabetes, and cardiovascular disease. (Costs are inflated to 2008 estimates based on the Consumer Price Index.)
- A hospital room in the US costs up to \$1,700 per day.
- A routine adult visit to an emergency room costs about \$700.
- The average cost of an uncomplicated hospital birth is \$8,000.
- A moderately simply cardiac stress test is about \$1,900.
- If an employee has a heart attack, you can expect to spend \$45,000 to \$50,000 but if your heart attack lands you in intensive care that will cost an extra \$850 per day.
- Average initial treatment for common cancers runs about \$40,000 with the total cost averaging about \$375,000 according to the Department of Commerce.



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<http://www.welcoa.org/wellworkplace/index.php?category=16>

## **PART III** **The Overall Health Status Of The American Workforce Is Not Good**

Stated mildly, the overall health of the American workforce is not good. And as the boomers get older, the health status of the American worker will decline even further. This is bad for your business and for the people in it.

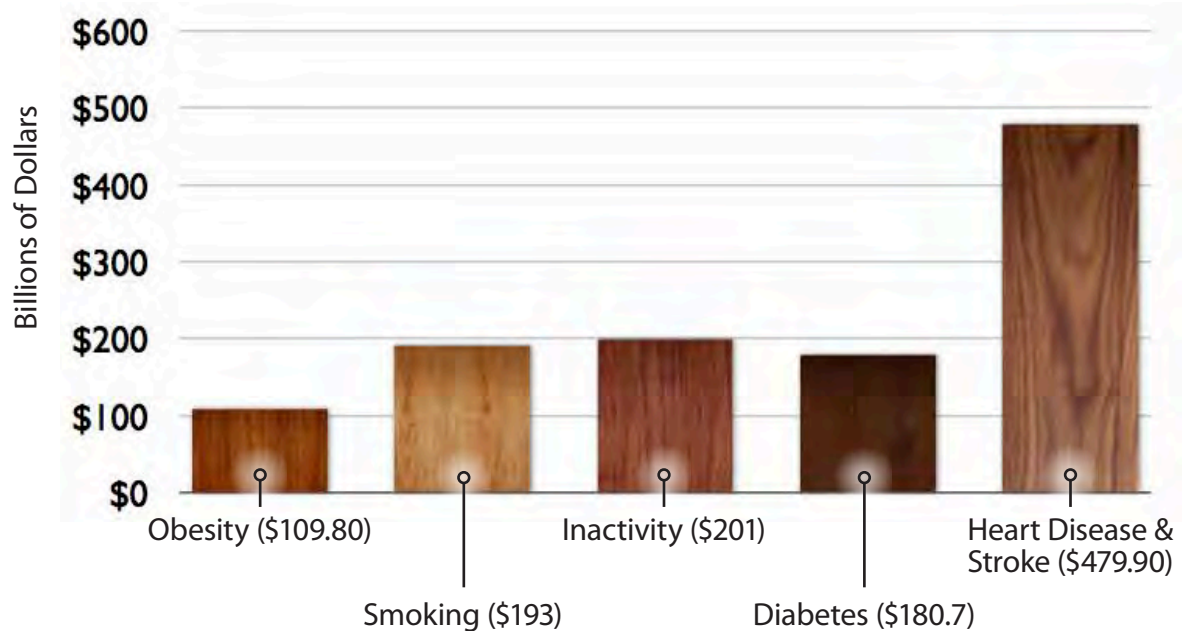
Consider the following:

- Almost one-third of Americans entering the work force today (3 in 10) will become disabled before they retire. Freak accidents are NOT the culprit. Back injuries, cancer, heart disease and other largely preventable illnesses cause the majority of long-term absences. The average long-term disability will last 2.5 years.

### **SMOKING**

- Presently, about 20 percent of the population smokes or use tobacco products.
- Smoking is responsible for approximately one in every five death in the US.
- Smokers die an average of 13 to 14 years younger than non smokers.
- Smoker develop coronary heart disease two to four times more frequently than non smokers.
- Lung cancer—most of it smoking related—is the most common fatal cancer among men and women combined and is the most common cause of cancer in the world.
- Many people underestimate the harm of secondhand smoke, which is now clearly documented.
- Many companies nationwide have implemented aggressive smoking policies and some companies such as Union Pacific Railroad are no longer hiring smokers.

**Annual Costs of Unhealthy Lifestyle**  
(Billions - 2008 Dollars)





## OBESITY

- America's obesity rate is the worst in the world and is almost universally believed to be a major predictor of future illness, particularly diseases that are most difficult and costly to manage; diabetes, cardiovascular disease and cancer.
- Obesity is linked to more than 30 medical conditions, including all of the most destructive chronic degenerative disease; heart disease, stroke, cancer, diabetes, age-related dementia, and osteoarthritis.
- Cancer is closely linked to obesity. Obesity is the greatest risk factor for colorectal cancer among women as well as uterine cancer. Women who gain more than 45 pounds after age 18 are twice as likely to develop breast cancer.
- Obesity is very closely related to with heart disease and stroke. An estimated 46 percent of all obese adults have high blood pressure, one of the major risk factors for cardiovascular disease.
- Over 75 percent of the deaths related to high blood pressure occur in people who are obese. Up to 90 percent of all people with type 2 diabetes are overweight or obese.
- Obesity is a predictor of osteoarthritis particularly of the knees and contributes to degeneration of the joints.

## PHYSICAL INACTIVITY

- Only 3 in 10 adults get the recommended amount of physical activity.
- Some 37% of US adults report they are not physically active at all.
- Heart disease is the leading cause of death among men and women in the United States. Physically inactive people are twice as likely to develop coronary heart disease as regularly active people.
- According to nationally renowned exercise scientist Dr. Steve Blair, physical inactivity and low fitness is perhaps the most important predictor of morbidity of mortality that we know of. Low fitness accounts for more sickness and deaths in the population than anything else that we've studied.

## THE IMPACT OF AN AGING POPULATION

As the boomer's age, it is estimated:

- One quarter of all Americans will have heart disease
- One in 12 Americans will have asthma
- One in fourteen Americans will have diabetes
- One in seven Americans will develop Alzheimer's.
- Approximately one in five Americans will have arthritis, already the country's leading cause of disability.

## THE BOTTOM LINE ON POOR HEALTH

If you look at it from a medical and financial perspective, the country simply cannot exist this way going forward. When we look at the issue of obesity and lack of physical activity, we will have a major fiscal and social problem in the country in the not too distant future.

— Dr. Tyler Cooper, Cooper Center

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As part of our mission, WELCOA is dedicated to providing a variety of training opportunities each year, to help practitioners take their wellness programs to the next level. Drawing from the latest science as well as best practices in the field, WELCOA offers dynamic and nationally recognized seminars, webinars and certification opportunities to support and train wellness practitioners and business leaders all across the country.

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Browse the latest and greatest selection of free reports, case studies and expert interviews to get inside tips from health experts, wellness practitioners and business leaders around the country.

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This powerful online tool will help your employees monitor their personal health status. Wellstream also includes an aggregate reporting function that allows wellness practitioners to decipher important organizational trends and introduce appropriate health interventions.

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<http://www.getwellstream.com/>

**PART IV**  
**Workplace Health And Wellness Programs Improve Health and Yields Major Saving**

To combat rising health care costs and to improve employee health, many employers are beginning to realize the workplace wellness programs are a wise investment.

Consider the following:

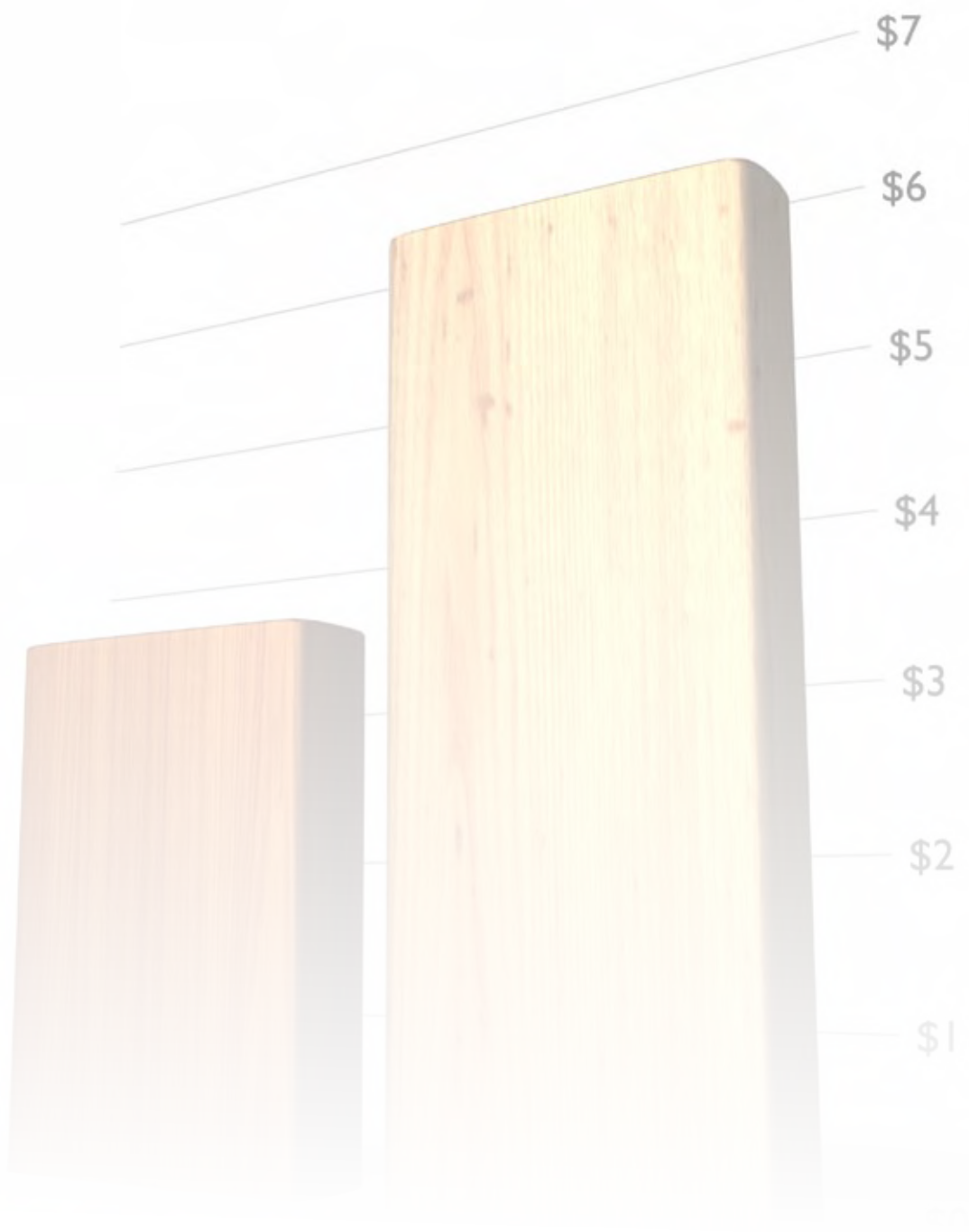
- Comprehensive scientific reviews identified 378 peer-reviewed studies showing that worksite health promotion programs improve health knowledge, health behaviors, and underlying health conditions.
- A systematic scientific review suggests that the impact of lifestyle changes on all-cause mortality in coronary artery disease patients compares favorably with cardio-preventive drug therapies.
- In a large clinical trial with a population at high risk for developing type 2 diabetes, lifestyle intervention (58% reduction) was nearly twice as effective in preventing diabetes as pharmaceutical treatment with metformin (31% reduction).
- Several scientific reviews indicate that worksite health promotion programs reduce medical costs and absenteeism and produce a positive return on investment.
- The most definitive review of financial impact reported the following:
  - 18 studies indicated that these programs reduce medical costs, and 14 studies indicated that they reduce absenteeism costs.
  - 13 studies calculated benefit/cost ratios and all showed the savings from these programs are much greater than their cost, with medical cost savings averaging \$3.48 and the absenteeism savings averaging \$5.82 per dollar invested in the programs.
- Combined workplace health enhancement and risk management intervention strategies focused on lifestyle behavior change have been shown to yield a \$3 to \$6 ROI for each dollar invested in 2 to 5 years.
- Demand management interventions (ie, self care, decision support) have been shown to yield a \$2 to \$3 ROI for each dollar expended in reduced medical costs within a one year period and limited data indicates a similar return in the second year. This makes demand management a reasonable way of offsetting much of the 5-year cost of the overall program while the much larger ROI impact of health enhancement and risk management interventions is building over the long term.
- Disease management interventions have reported up to \$7 to \$10 ROI for each dollar invested on medical costs within one year, and it's likely that disability-linked programs will yield a similar ROI although little research has yet been reported. ★

**To learn more about the power of workplace wellness programs and how they can improve employee health and transform corporate culture, be sure to log on to [www.welcoa.org](http://www.welcoa.org).**



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# How Sheboygan County Is Earning Bottom-Line Results From an Ambitious Wellness Program and Employee Clinic

by Doug Pond, Associated Financial Group



**M**ike Collard, the human resources director of Sheboygan County, Wisconsin, is aware that many employee wellness programs receive a bad rap for being “soft.” In other words, they offer few measurable results, such as verifiable cost savings, to justify their expense. In our conversation, he made it clear that Sheboygan County’s wellness program is not one of those.

In fact, Collard is remarkably focused on “verifiable” numbers and cost savings. He is even critical of the customary return on investment (ROI) analysis that many employers conduct to evaluate their wellness programs. Collard agrees that reducing employees’ chronic illnesses leads to lower health insurance costs for the employer—and that improved health promotes employee satisfaction and productivity, which in turn improves the bottom line—but he opts to discount this evidence when calculating his program’s initial ROI.

“We look at numbers that are very easy to verify,” he said. “I’ll look at a report that [Associated Financial Group Senior Benefits Consultant] Jay Scott puts together for me to find out how much we pay for employees to use outside clinics as opposed to our employee clinic. Then I can determine what percentage of office visits must be made to our employee clinic for us to break even. All we need to break even is about 23 percent of our office visits to be to our employee clinic. Fortunately, we’re close to that number already.” Sheboygan County adopted its employee clinic in June 2008.

## Facts about Sheboygan County’s Employee Clinic

The following is a partial list of facts and services offered by the clinic.

### Nurse Practitioner Training

- Master’s Degree
- Specialized training in family practice
- Passed a National Certification Exam in family practice

### Nurse Practitioner Scope of Care

- Provides primary and preventive medical care
- Diagnoses and treats illnesses
- Prescriptive authority
- Focuses on health promotion and wellness
- Partners with patients to manage chronic illnesses (diabetes, asthma, etc.)
- Orders, performs and interprets diagnostic studies such as lab work and x-rays

### Health Promotion and Wellness

- Conducts Health Risk Assessments (HRAs)
- Nurse practitioner shares results with patients
- Nurse practitioner coordinates plan for wellness at patient’s request

### Disease/Case Management

- Identifies high-risk employees through completion of HRA
- Develops customized plan based on individual results
- Monitors each case continually

## The Employee Clinic

The county’s clinic allows Collard to be picky and disciplined about which factors to include when calculating ROI. The clinic, currently staffed by a single nurse practitioner and located near the county courthouse, is the center of a robust program for which Collard has high expectations. Collard talks about the program as if it’s a gifted child who needs to be challenged—rather than patronized with goals that are too easy or vague.

“I disregard most of the studies that show the payoff of wellness programs,” he said. “They are too speculative.”

Collard’s senior benefits consultant, Jay Scott, agreed. “When you have a truly excellent program, you don’t feel the need to inflate its success. You want to be rigorous in your assessment so that you can improve the program even further. Also, Sheboygan County’s employee clinic allows us to factor in verifiable numbers more than most wellness programs do because we have distinct costs and savings that can be attributed directly to the clinic.”

Associated Financial Group Wellness Specialist Lisa Mansavage expressed another point of view. “For some wellness programs, the costs and savings are not so clear cut,” she said. “In such a case, including the reduction of chronic illnesses and major medical claims from one year to the next in your ROI study is appropriate. Your evaluation should depend on the type of program you have. If you have an employee clinic, of course, your assessment will be more definite. Yet you should still look at the softer data, such as health patterns as well as related costs and savings, when evaluating your program.”

For example, Chippewa County, Wisconsin, implemented a wellness program centered around health screenings—but without an employee clinic. The person in charge of the program, Connie Goss, would see eye to eye with Collard. Goss is a risk manager whose rigorous, number-centered approach helped reduce the employer’s health insurance premiums by 15 percent in just three years. However, Goss credited her program with the reduction of chronic and catastrophic illnesses as well as the related cost savings.

“One year,” Goss explained, “an employee had a heart attack that cost the organization \$365,000 in doctors’ fees and a long-term nursing home stay. Not long afterwards, another employee received a health screening which resulted in a quadruple bypass surgery instead of a heart attack, and that cost the organization only about \$57,000.” Therefore, Goss attributed a potential savings of \$308,000 to the county’s wellness program.

While this evidence is more anecdotal and speculative than Collard would prefer, it’s clear that health screenings result in cost savings. In fact, Collard said the Sheboygan County program identified similar health risks after only one week of health screenings. He does not deny that such resources offer bottom-line advantages.

“Those harder-to-identify, long-term savings are gravy,” he said. “They are very nice to have. But I place them in a different conversation than the one about the program’s ROI.”

### Why Adopt an Employee Clinic?

According to a recent survey by the National Business Group on Health, 23 percent of surveyed employers with more than 1,000 employees reported offering on-site medical services in 2007, while 29 percent plan to offer a program in 2008. Smaller employers are jumping on the bandwagon too because an employee clinic can reduce health plan costs significantly in the long term—and can pay

for itself even in the short term, as Collard indicated, while offering an outstanding benefit to employees.

“For the employee clinic to pay for itself each year, we just need about 23 percent of healthcare utilization to go to the clinic instead of outside sources,” he said. “In other words, the clinic saves us money when it comes to things like office visits, lab work and referral patterns. In a short time, we have received an overwhelmingly positive reaction from employees, and as time goes by I expect participation, as well as the cost savings, to improve.”

Collard can list many reasons for maintaining the clinic now that it’s functioning successfully. But what were the factors that led him to consider implementing an employee clinic in the first place? How did the need for such a resource present itself?

Collard said the high cost of health insurance was the driving factor. He discussed the problem and possible solutions with Jay Scott, who broke down the issue into contributing factors and explained how an employee clinic could help. Scott discussed the following factors that can lead to high health insurance costs—and can be remedied by an employee clinic:

- Unhealthy behavior
- People wait until it is too late to be treated
  - 75 percent of illness is preventable
- Chronic illness consumption
- Unnecessary treatment. Studies report that:
  - 41 percent of patients self-refer to a specialist
  - 60 percent went to the wrong specialist
  - 79 percent had received unnecessary tests
- Lack of knowledge among employees about where to go, whom to talk to, and what to do
- Low consumerism by patients and employees

All of these issues made sense to Collard, and he made particular mention of unnecessary treatment and employees self-referring to specialists.

“That’s a big issue to me,” he said. “We had a lot of people self-referring to specialists. Some of that can be avoided by going to a nurse practitioner who can identify more precisely what the needs are for the patient.”

Collard explained how the issue relates to a bigger picture—to all of the issues Scott outlined. “A health care provider is a business,” he said, “and must look out for its own interests. That can lead to unnecessary treatment, and that’s why I wanted our nurse to be an independent. She looks for opportunities to help employees, not generate business—so she helps reduce our costs related to referral patterns in doing so.”

The final key to the program’s success is employee communication and education. Wellness resources are successful only to the extent that employees use them. While Collard ran articles about the program in the employee newsletter, he said the high participation owes a lot to Jay Scott’s employee meetings in which he explained the advantages of the clinic. “Education is crucial,” Scott said. “Otherwise, it’s like throwing a big party without inviting anyone.”



THE WELLNESS COUNCIL OF AMERICA PRESENTS

A WELCOA  
**Case Study**

**First** Of Its Kind:

The State Of **Nebraska's**  
**Integrated** Plan  
For **Health**





## ABOUT **DAVID HUNNICUTT** PhD

**Dr. David Hunnicutt** is the President of the Wellness Council of America. As a leader in the field of health promotion, his vision has led to the creation of numerous publications designed to link health promotion objectives to business outcomes. Known for his ability to make complex issues easier

to understand, David has a proven track record of publishing health and wellness material that helps employees lead healthier lifestyles. David travels extensively advocating better health practices and radically different thinking in organizations of all kinds.

## ABOUT **MIKE WANETKA** Wellness Coordinator - Health Fitness Corporation

**Mike Wanetka** holds a Master's degree in nutritional science with emphasis in exercise physiology. Mike has over 17 years of corporate wellness experience, including international and Fortune 500 companies. Achievements include the 2002 Platinum Well Workplace Award by the Wellness Council of America in addition to earning the 2003 and 2006 Corporate Health and Productivity Award.

Mike is currently employed by Health Fitness Corporation, which is contracted with the State of Nebraska to provide the wellness program. Mike works within the State of Nebraska Wellness & Benefits team to integrate wellness into the benefits and medical plan. In addition, Mike oversees the launch, implementation, communication and reporting of the wellness initiatives for the State of Nebraska, who recently became only the second state to earn WELCOA's Gold Well Workplace Award in 2011.

## ABOUT **CARLOS CASTILLO, Jr.** Director Administrative Services - State of Nebraska

**Carlos Castillo** is responsible for leading the 11 divisions of Administrative Services that provide accounting, procurement, personnel, risk management, building management, wellness and benefit services, as well as many other services to all of Nebraska state government. In addition the agency provides financial operations, human resources, payroll, and legal services for the 250

employees in its 11 divisions, as well as 250 employees in three other divisions. Prior to joining the State in 2007, he served as a campaign manager for several successful congressional and statewide political campaigns and served as the Election Commissioner for the state's largest county. Castillo has a bachelor's degree in political science from the University of Nebraska-Omaha.

## ABOUT **ROGER WILSON** Administrator of Central Services - State of Nebraska

**Roger Wilson** is responsible for managing a staff of over 25 people that provide financial, human resources, and payroll services for the 11 divisions of the Administrative Services agency, as well as three other divisions totaling 500 employees. In addition, he manages the wellness and benefits program for all of state government. Prior to joining the

State in 2006, he was a consulting partner for 15 years, specializing in national and international retail strategies for technology companies including Microsoft, IBM, HP and Adobe. Wilson has a bachelor's degree in mathematics and actuarial science with a concentration in business, finance, and computer science from the University of Nebraska – Lincoln.

## ABOUT **MADELINE JAHN** MOL

**Madeline Jahn** is the Director of Communications for the Wellness Council of America. Her role is to coordinate the development of new publications and pool existing resources for WELCOA members, serving the mission of health promotion through editing and planning support. She has a

Master's Degree in Organizational Leadership from the College of Saint Mary. For questions about this publication, or to obtain permission for reprinting, please contact Maddy at [mjahn@welcoa.org](mailto:mjahn@welcoa.org).

## ABOUT **BRITTANY STOHL**

**Brittany Stohl** is the Graphic Designer for the Wellness Council of America. She has a Bachelor's of Fine Arts Degree from the University of Nebraska - Lincoln, and is in the process of obtaining a Holistic Health Coach

Certification through the Institute for Integrative Nutrition. She brings a fresh perspective to WELCOA's line of publications and lends creative energy to advancing WELCOA's mission on a national playing field.

## ABOUT **WELCOA**

**Wellness Council of America (WELCOA)** was established as a national not-for-profit organization in the mid 1980s through the efforts of a number of forward-thinking business and health leaders. Drawing on the vision originally set forth by William Kizer, Sr., Chairman Emeritus of Central States Indemnity, and WELCOA founding Directors that included Dr. Louis Sullivan, former Secretary of Health and Human Services, and Warren Buffet, Chairman of Berkshire Hathaway, WELCOA has helped influence the face of workplace wellness in the U.S.

Today, WELCOA has become one of the most respected resources for workplace wellness in America. With a membership in excess of 5,000 organizations, WELCOA is dedicated to improving the health and well-being of all working Americans. Located in America's heartland, WELCOA makes its national headquarters in one of America's healthiest business communities—Omaha, NE.



# A WELCOA Case Study

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## First Of Its Kind

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The State of Nebraska was one of the first state governments in the US to launch an integrated plan for health coverage tied to wellness program participation. Now, as one of America's healthiest employers, the State of Nebraska is enjoying a \$4.2 million reduction in claims, best-in-class participation rates and a majority of employees touting how the program has improved their lives.

The amazing part is that all this was accomplished in just three years. So how did they do it?

In the following pages of this WELCOA case study, we'll reveal the inner workings of this public sector powerhouse, highlighting one of the nation's top examples of workplace wellness at work.

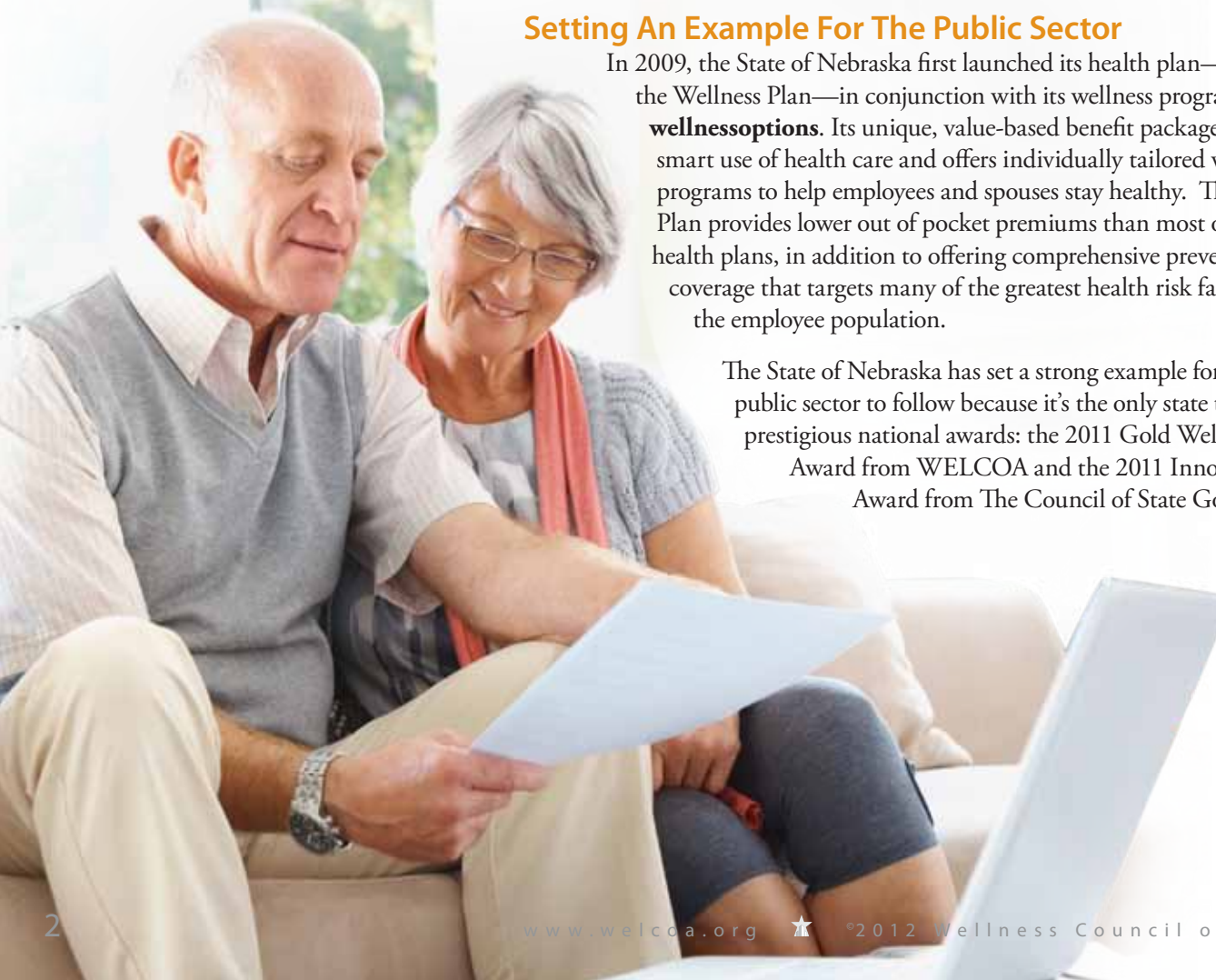
## Section I: The State Of Nebraska's Wellness Program Design

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### Setting An Example For The Public Sector

In 2009, the State of Nebraska first launched its health plan—called the Wellness Plan—in conjunction with its wellness program called **wellnessoptions**. Its unique, value-based benefit package emphasizes smart use of health care and offers individually tailored wellness programs to help employees and spouses stay healthy. The Wellness Plan provides lower out of pocket premiums than most other State health plans, in addition to offering comprehensive preventive coverage that targets many of the greatest health risk factors among the employee population.

The State of Nebraska has set a strong example for others in the public sector to follow because it's the only state to earn two prestigious national awards: the 2011 Gold Well Workplace Award from WELCOA and the 2011 Innovations Award from The Council of State Governments.



In 2009, the State of Nebraska began its pursuit of wellness for a typical reason—its costs had been getting out of control. Now, just a few years later, its wellness program is demonstrating the positive outcomes it set out to achieve—and Nebraska is getting calls from other states who want to model this successful approach.

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## Demographics

<b>Industry:</b>	State Government
<b>Average Age of Employee:</b>	45.7
<b>Average Length of Services:</b>	13 years
<b>Gender:</b>	51% female
<b>Bargaining Units:</b>	75% union
<b>Health Plan Enrollment:</b>	13,500 employees, retirees, cobra participants, and 7,000 spouses

## Wellness Program Overview

Two full-time Health Fitness Corporation staff members are located on-site to support over 80 Agencies, Boards and Commissions (e.g. Health & Human Services, Corrections, Roads, Games & Parks, Labor, Insurance and Revenue are just a few examples).

**Wellness motto:** Wellness is a journey we take together.

Eligible wellness program participants live in all 93 counties across the State of Nebraska.

## About Health Fitness Corporation

The wellnessoptions program is professionally managed by Health Fitness Corporation, an outside third-party company. Results are confidentially managed by Health Fitness Corporation, in which personal health information is not released to the State of Nebraska in compliance with federal privacy regulations.



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## Implementation History

Under current state statute, the State of Nebraska contributes 79% of the premium associated with each plan that's offered to state employees. This factor, along with rapidly rising medical costs, was creating financial challenges to the State's health insurance program just a few years ago. For example, in 2006, health insurance premiums increased 22%. The State also saw an increase of 10% in 2007 and 14% in 2008.

During this time, the State offered a portfolio of health plan options with minimal preventive care benefits. These plans included a low-deductible PPO, a high-deductible PPO, a no-deductible POS and no-deductible HMO. The State of Nebraska health claim costs were far exceeding budget, while reserves were reaching an all-time low. This pressing situation drove the State of Nebraska's Wellness and Benefits team to take immediate action.

### Main Drivers For Change:

- Overutilization of health care services
- Poor preventive adherence
- Lack of attention towards early detection / late diagnosis of conditions (with a lack of preventive coverage, employees were typically reactive, not pro-active)
- Continual escalation of premium rates.

### Developing Solutions

After identifying the main drivers for change, the State launched a feasibility study to provide the framework for rebuilding their approach to offering employee health care. As a result, the State developed a new, innovative wellness strategy known as **wellnessoptions**, which was built on three important principles:

1. Provide premium incentives for employees who meet wellness program criteria.
2. Increase preventive adherence with an effective communication strategy.
3. Reduce health care costs by building a culture that promotes and encourages healthy lifestyles.





## Unique Public Sector Challenges

The main challenge to implementation was a two year approval process that involved obtaining buy-off from the Legislature and Union regarding the funding of the wellness program. In addition, time was needed to address the associated state statute implications. Ultimately, it was determined that the wellness program would be funded through health plan premiums among all those enrolled in a State of Nebraska health plan. Because state statute included incentive limitations for those meeting wellness program criteria, employees could be offered lower premiums for their participation, but not cash or gift incentives. (See Figure A on page 6 for premium reduction rates.)

In January of 2009, the State issued an RFP to accept proposals for a wellness vendor and wellness programs. Health Fitness Corporation was selected over 20 bidders to implement a wellness program for the State. A key element in the State's selection process was to ensure that all personal data and results would be confidentially managed in compliance with all federal privacy regulations.

Prior to the launch of the wellness program, the State of Nebraska held a massive visibility campaign to educate employees about what was to come. The State held over 25 employee town hall meetings throughout Nebraska, introducing the wellness program to its diverse work force. Decision makers also used a number of other communication measures to educate employees at all levels—from agency heads to front line employees.

**Q:** *"What's In It For Me?"*

**A:** *A Quality Of Life & Premium Savings!*

## "wellnessoptions" Earns Two National Wellness Awards

In 2011, The State of Nebraska won WELCOA's Gold-level Well Workplace Award for its exemplary implementation of a results-oriented workplace wellness program. In meeting rigorous criteria around seven critical benchmarks of successful programs, the State of Nebraska is one of only two states that have earned WELCOA's Gold Well Workplace Award.

The State of Nebraska was also awarded the 2011 Innovations Award from The Council of State Governments for its breakthrough program within the first three years of operation. The Innovation Award is given for the development and implementation of exemplary programs, so the successful ideas and experiences can be applied to other states. The award recognizes newness, creativity, effectiveness, transferability and significance.



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**Making The Case: “What if we do nothing?”**

To illustrate the benefits of wellness and justify the importance of the program to both employees and senior leadership, the State of Nebraska presented a “do-nothing” perspective. They asked: “What if we do nothing?” and leveraged that if no wellness program were offered, the following negative results would apply:

- The health of the workforce would continue to decline;
- Obesity rates would continue to rise;
- Diabetes rates would continue to rise;
- Coronary and other chronic health conditions would continue to rise;
- Unnecessary doctor and emergency room visits would continue to rise;
- Health care costs would continue to increase at double-digit rates annually;
- Employees would pay more out of pocket for health care coverage;
- Employees would pay more out of pocket for prescription coverage;
- The quality of life for their workforce would suffer; and
- The 1.8 million taxpayers across the state of Nebraska would brunt the cost of these modifiable opportunities.

These challenges became opportunities when the State realized it could positively impact health care costs—and the health of employees—among its large workforce.

**Employee Participation Incentives**

The State of Nebraska offers four self-insured health plans. Employees contribute 21% of the total premiums while the State contributes 79% of the total premiums. The total premiums account for all the health-related costs as provided with the health plans including medical, pharmacy and wellness program administrative costs.

Health care premium costs among each of the four health plans are independently determined based on each plan’s utilization experience. When comparing the health care and prescription utilization among each of the four State of Nebraska health plans, the Wellness Plan utilization is significantly lower. Here’s an example of the significant out of pocket premium savings when comparing the Wellness Plan against two other State plans:

**Figure A**

Annual Employee Wellness Plan Premium Savings (per EE)				
2012-2013 Wellness Plan Savings Comparison				
Plan Name	Single	Four Party	Two Party	Family
Choice Plan	\$526.56	\$1,081.44	\$1,397.52	\$1,869.12
Regular Plan	\$218.40	\$448.56	\$579.84	\$775.44

## Comprehensive Preventive Coverage: An Additional Wellness Plan Attraction!

In addition to the Wellness Plan premium savings, additional plan benefits provide further cost savings to participants while addressing the most prevalent risk factors within the population. The purpose of the comprehensive preventive coverage is to help overcome barriers to employees managing their risk factors. In fact, preventive coverage within the Wellness Plan is greater than health care reform guidelines, in an effort to encourage the use of preventive care. The State of Nebraska's coverage includes the following:

- All blood work (including preventive) is covered up to \$500
- No age restrictions for preventive screenings
- Routine and follow-up mammograms covered at 100%
- Routine and follow-up colonoscopies covered at 100%
- Cholesterol medications at a reduced co-pay or no cost for generics
- Hypertension (high blood pressure) medications at a reduced co-pay or no cost for generics
- Diabetic prescriptions at a reduced co-pay
- Tobacco cessation medications at no cost

Two important components of this list are the lifted restrictions on age and follow-up screenings. For example, if an employee has a family history and should have a screening earlier than the recommended age, they won't be blocked from having it. Also, if follow up screenings or blood work are needed, employees and their families will be covered. This ensures that employees can better manage their risk factors or conditions and prevent those risks or conditions—and their future care costs—from escalating.

What the State of Nebraska has found is that, for people who have these risk factors or family histories, these services can be even more of an incentive than the premium discount.

“The State of Nebraska wellness options program has helped change our lives! Getting and staying healthy takes hard work and commitment. The wellness program provides a variety of tools to help employees reach and/or maintain good health. Success breeds success!”

- Bobbi and Steve Olson,  
Nebraska Department of  
Roads



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## Section II: Delivering The Program

### Qualifying For The Wellness Plan

State of Nebraska employees who take the time to invest in their personal health by qualifying for the Wellness Plan are rewarded with lower premium costs and comprehensive preventive coverage.

Any enrolled employee and enrolled spouse can choose to qualify for the Wellness Plan by completing 3 STEPS on an annual basis.

**STEP 1:** participants choose and enroll in their choice of a wellness program\*

**STEP 2:** participants complete a biometric screening option

**STEP 3:** participants complete an online health assessment

(\*Employees who do not choose the Wellness Plan can still participate in any of the wellness programs.)

### Year-Round Wellness Program Offerings

Each year, the State evaluates its wellness programs to ensure the offerings are aligned with the population's needs and interests. In addition, the State firmly believes that healthy lifestyles are a life-long commitment. As a result, all of the wellness programs are offered year-round instead of as short-lived, 12-week programs.

The wellness programs available to enrolled State of Nebraska employees and their spouses include:

- **Walk This Way®** - Participants boost their activity levels by wearing a free pedometer and tracking their steps online. With over 8,000 employees and spouses participating the past three years, this program is now being offered each year due to popularity.
- **EMPOWERED Coaching™: Lifestyle and Condition Management** - Participants work with their own personal health coach to support and guide lifestyle changes related to physical activity, healthy eating, smoking cessation and stress management. In addition to lifestyle management, individuals with chronic conditions can also work with a coach to help them manage their health. Over 7,700 participants have participated in this telephonic-based coaching program during the past three years.
- **NutriSum** - As a result of employees expressing interest in additional weight management programs, this online weight management challenge helps participants learn strategies for weight loss and maintenance of a healthy weight.
- **Cardio Log** - Based on feedback, wellness participants expressed interest in logging a variety of workouts. With Cardio Log, wellness participants can now track a variety of sports, fitness classes, cardiovascular, strength training and flexibility workouts.
- **Biometric Screening** - Onsite screenings are offered at approximately 30 State of Nebraska locations each year. In addition, home kits can be requested to obtain a finger-stick blood draw kit mailed to participant homes.





## Wellness Champions: A Resource To The Employee Wellness Program

Wellness Champions serve as a resource to the wellness program by communicating **wellnessoptions** programs to fellow co-workers, while providing constructive feedback to the wellness team. Currently, there are approximately 40 Wellness Champions at locations all across the state and among the different agencies.

The feedback from the Wellness Champions is imperative to the program. For instance, it was the Wellness Champions who first voiced the need for more preventive coverage in the health plan. Because aligning health plan coverage in this manner falls right in line with the goals and objectives of the wellness program's focus on prevention and early detection, the State changed the Wellness Plan design to include specific follow-up preventive screenings.

## Senior Leadership Support

With previous involvement in the military, Governor Dave Heineman's physically active lifestyle and personal interest in fitness and wellness is the cornerstone for the wellness program.

The Governor makes time to promote the wellness program. In fact, at the launch of the wellness program, the Governor recorded a video to support and promote the benefits of the wellness program. The video was made available for all employees to view.

A terrific example of senior leadership support is the Governor's own idea of recognizing walking program participants with a group photo session at the State Capitol. Those who achieve 1 million steps, all the way up to the individual with the highest amount of steps (10 million!) are recognized in a photo with the Governor. It is also not uncommon to hear the Governor actively promoting and challenging others to beat his own daily step count in the State Capitol hallways. Governor Heineman leads by example and makes an effort to visibly promote his active participation.

The Governor wants to be a part of employee success stories. As a result, individual testimonial stories are displayed on a quarterly basis in the State Office Building's "Wellness Wall of Fame" and on the wellness website. Wellness Wall of Fame participants get an individual picture taken with the Governor and receive a letter and certificate to honor their achievements.

### WELCOA's Well Workplace Model Offers Results

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“Nebraska can be proud to be recognized as having one of the only wellness-focused health care programs for state government in the country.”

- Governor Dave Heineman





### Walk This Way!

Participants enrolled in the State of Nebraska’s Walk This Way program literally take millions of steps during this year-round walking initiative. This year, more than 1,700 participants have logged over 1 million steps and several have logged over 6 million steps. And recently, the program celebrated its first participant to log over 10 million steps!

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## Governor’s Wellness Awards Luncheon

At one point, the wellness program staff was getting so many participants with amazing lifestyle changes and lifesaving stories that the Governor suggested holding a banquet at his residence to further recognize these achievements. This resulted in what is now the annual ‘Governor’s Wellness Awards Luncheon’ at the Governor’s residence. Wellness Champions, Agency leaders and a keynote speaker attend this awards luncheon, at which the Governor presents two awards. The first award goes to the Wellness Champion who demonstrates going “above and beyond” to promote wellness at their location. The second award goes to the Agency with the greatest wellness program participation and health improvements.

Results from the Governor’s Wellness Award luncheon have created some powerful traction for the wellness program throughout the State of Nebraska. For example, after one such luncheon, the Department of Corrections Agency Director requested to have Wellness Champion representation at every Corrections location throughout the State.

Lastly, when the State of Nebraska won WELCOA’s Gold Well Workplace Award in 2011, the Governor announced this prestigious accomplishment in a media news call and press release. The Governor ultimately strives to maximize opportunities that help build wellness into the culture of the State government.

## Section III: Health Improvements And Early Detection Efforts Pay Off

### Improved Lifestyles, Reduced Risk Factors And Increased Preventive Care

Early accomplishments are being reported after only three years of the State of Nebraska providing its **wellnessoptions** program. Results are showing improved lifestyles, reduced risk factors and increased adherence to early detection and preventive screenings.

Last year, over 5,800 employees and 2,500 spouses enrolled in a wellness program, which is approximately 42% of the employee population. Comparing 2010 to 2011, participation in the wellness programs has increased 10% and biometric screening attendance has increased 16%.

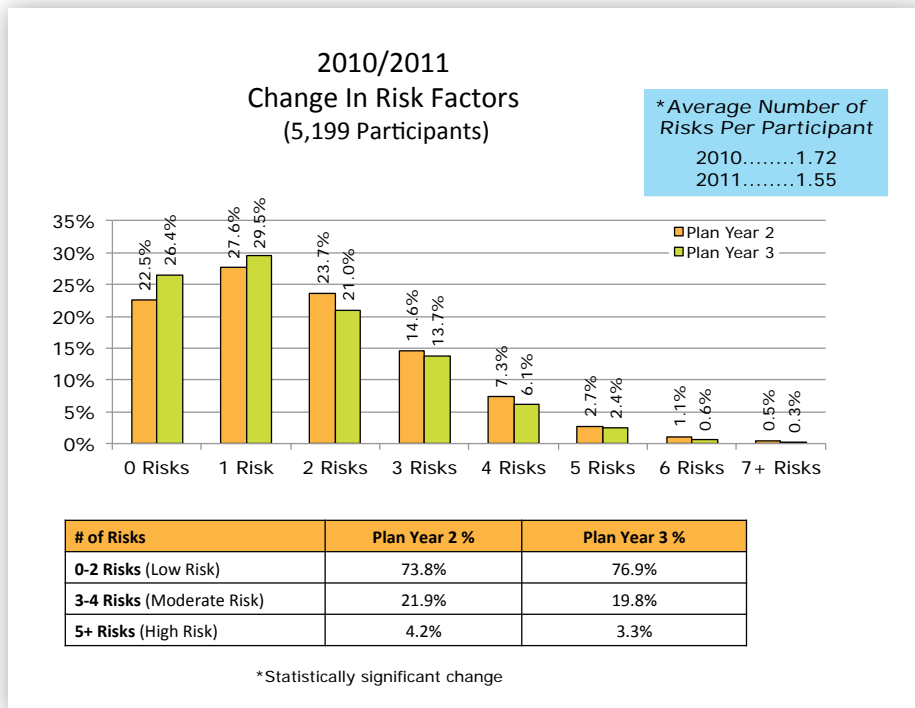
### Final Walk This Way Step Achievement (number of participants)

Date	Enrollment	Wellness Criteria Achievers	1 Million+	2 Million+	3 Million+	4 Million+	5 Million+	6 Million+	Total Steps Logged
2010	3,670	1,684	521	171	42	4	1	1	2,120,050,343 (803,049 miles)
2011	5,222	2,662	891	360	163	61	15	10	4,722,554,785 (1,788,847 miles)
2012	5,931	4,912	1,783	723	320	119	44	16	6,013,053,701 (2,77,672 miles)

Based on comparative analysis among those who completed a health assessment in 2010 and 2011, the State saw statistically significant improvements in the following high risk areas: physical activity, consumption of vegetables and fruits, tobacco, stress and depression.

- 11.3% who were previously high risk for low levels of physical activity are now exercising more than two days per week.
- 7.7% who were previously high risk for low fruit/vegetable consumption are now eating more than three fruits/vegetables per day.
- Participants reporting they use tobacco decreased from 9.3% to 7.8%.
- Those at high risk for depression decreased from 11.6 % to 9.6%.

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The overall average number of individual risks significantly declined from 2010 (1.72 risks) to 2011 (1.55 risks). The percentage of employees at low-risk status (0-2 risks) increased from 73.8% in 2010 to 76.9% in 2011. Consequently, the percentage of employees at moderate-risk (3-4 risks) decreased from 21.9% to 19.8% and those at high-risk (5+ risks) decreased from 4.2% to 3.3%.

“Our [employees’] success in leading healthy lifestyles is a great example of what is possible when you make a commitment to invest in your personal health.”

- Governor Dave Heineman



**Good Catch!**

Some have argued that the State’s targeted home mailings are not cost effective due to postage costs. But the reality is this: if a low cost home mailing catches ONE case of early-stage cancer, diabetes, heart disease, high blood pressure or other condition— just ONE—then this communication strategy has more than paid for itself. Not to mention, early detection can have a game-changing quality of life benefit.

Why? The cost to treat some conditions in the late stage can range in the tens of thousands to hundreds of thousands of dollars per year. If diagnosed early, the benefits in treatment savings are enormous to both the individual and the State. And if caught early, the odds of the person’s health status improving with time are much greater.

With its targeted messaging strategy, the State of Nebraska has helped to catch 514 new cases of early stage cancer before it was too late!

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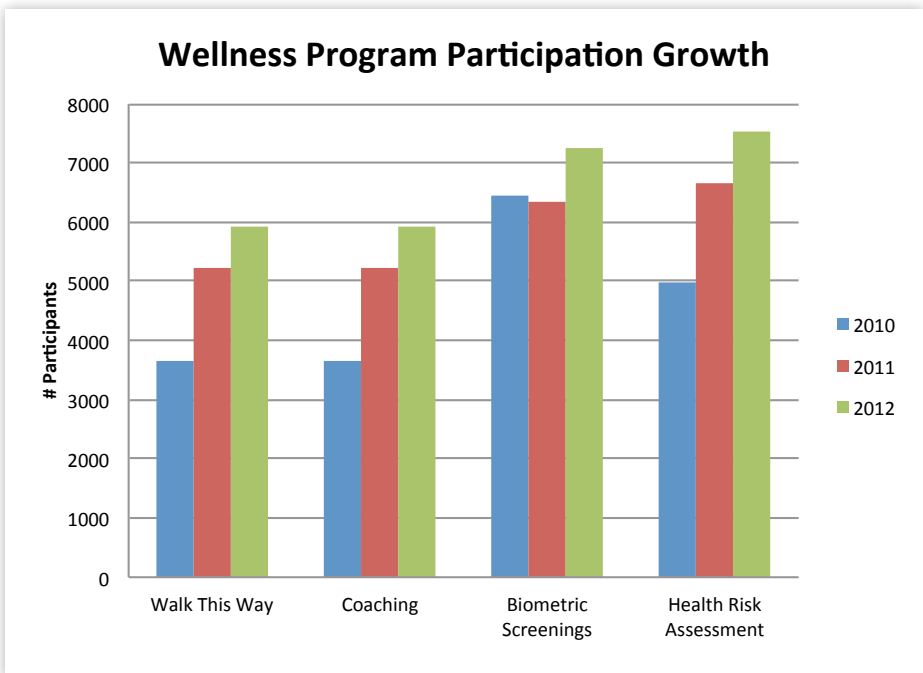
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Just as leading national research illustrates, reducing individual health risk factors has also shown to result in a reduction of health care costs at the State of Nebraska. Based on State of Nebraska medical claims analysis among wellness program participants, the findings show a positive relationship between the number of individual risk factors and medical costs. In addition, the analysis shows cost savings as the population shifts from the high and moderate risk categories to a lower risk category.

Onsite screening satisfaction survey results show that 99.2% of participants were satisfied with their experience. Post-survey results indicate that 90.6% of participants were satisfied with the EMPOWERED Coaching™ program.

A recent interest survey among wellness program participants found:

- 67% are somewhat or very enthusiastic about the wellness program
- 83.5% indicated the **wellnessoptions** program has somewhat or considerably affected health and well-being positively
- 83.8% like the premium savings with the Wellness PPO.



Aggregate results among wellness program participants have shown a reduction in the average number of individual risk factors. Associated health improvement results include increased levels of physical activity and consumption of fruits and vegetables, along with decreased prevalence of stress and tobacco use. In fact, 130 participants have now quit smoking as a result of the EMPOWERED Coaching™ program combined with smoking cessation medications available at no cost within the Wellness Plan. Other conditions newly diagnosed from onsite biometric screenings include over 1,100 new high cholesterol cases and 1,300 new high blood pressure cases— which means these risks were successfully caught and now the program can provide employees with resources and support to better manage these conditions. Results from the State of Nebraska’s interest survey indicated 85% of wellness program participants attest that the **wellnessoptions** program has positively affected their health.

## Personalized Messaging Like No Other

The State of Nebraska personalized messaging strategy started with one concept and grew like a Nebraska thunderstorm. Based on claims, the State found the preventive and chronic care screening adherence rate was extremely low among all those with health coverage. The volume of medical claims and life changing events told a clear story that contributed to a poor quality of life and health costs that were out of control.

The focus of the State's personalized messaging is on increasing preventive screenings such as mammograms, colonoscopies, cholesterol checks, etc., as well as chronic condition screenings like hemoglobin A1C and liver enzyme checks, among others. Based on U.S. Preventive Screening Task Force guidelines, the State uses its most recent claims data (health assessment, biometric screening, medical and pharmacy claims) and self-reported data to target messaging to those participants who are not current with their preventive or chronic care screening.

The diverse and disperse population at the State of Nebraska posed many communication challenges, so the State turned to a two-prong communication strategy called Personalized Messaging. This messaging system provides data-driven outreach to employees to generate meaningful actions and outcomes.

### Targeted Home Mailings:

- Inform of screening type that is due or overdue (i.e. mammogram or A1C)
- Provide participant's health plan coverage info for the specific screening
- List doctor's office near to participant's home if no primary doctor is on file

### Consumer Health Advocacy Campaigns:

- Target those who are high users of emergency rooms
- Target those taking brand name medications that have a generic equivalent
- Provide immediate cost savings both the participant and the State

### Other Personalized Messages:

- Customized: precisely targeted to specific employee populations
- Timely and data-driven: based on claims or self-reported data
- For example: seasonal musculoskeletal issues have patterned to peak in January and July, so messages with safe back care education are sent prior to those highest incident times. In addition, the location of the closest urgent care clinic is sent to those who have had a previous diagnosis of back pain and are on the list of frequent ER users.

While personalized messaging and mailings have proven effective for communicating to the State's diverse workforce, the scope of communication has also expanded to drive enrollment messages to those currently not participating in the wellness program. Reminders are also sent to those who were short of qualifying for the Wellness Plan. As you would expect, recommendations for State wellness programs are specific to the participant's risks factors and/or chronic conditions.





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## Personalized Messaging Outcomes

The impacts of the State’s personalized messaging engagement strategy are measured in data-driven outcomes reported from claims data and wellness program participation.

- Total employee preventive screening adherence rate has increased 37%
- 10% increase in wellness program participation the past year
- 10% increase in Wellness Plan enrollment the past year
- 5% increase in use of generic prescriptions the past year

### Life-Saving, Cost-Saving ‘Catches’

Before the launch of the State’s **wellnessoptions** initiative, only 33% of employees were current with their recommended preventive screenings (compared to national guidelines). And now, three years later, 70% are current with their recommended screenings!

As a result of this increase in preventive screenings, the State has also seen a spike in the amount of conditions detected in an early stage. Along with more favorable health outcomes, significant cost savings are also associated with identifying conditions in an early stage.

The good news is that over the past two years, 514 new early-stage cases of cancer were detected (mostly colon and breast), which allowed for early treatment. Unfortunately, 26 new cases of late stage cancer were diagnosed, and in many of these cases, the individuals were getting screened for the first time.

“Wellness helps us reach new levels of quality in fulfilling our mission. In a prison environment, we are much more confident in our personal safety when we know our co-workers are physically fit and mentally alert.”

- **Bob Houston, Director, Nebraska Department of Correctional Services**





## Bucking The Health Care Cost Trend

The State of Nebraska continues to attack modifiable health care costs from many different avenues. Prior to the wellness program, the State experienced double digit health care cost increases each year. Last year, the State experienced an overall cost trend of less than a 1% increase among all State of Nebraska health plans.

Major Contributors To Cost-Savings:

- Reduced prescription utilization— in fact, the total number of prescription scripts filled within the Wellness Plan reduced 3% last plan year as a result of improved lifestyles
- Reduced ER visits
- Reduced hospital admissions
- Reduced hospital stays

Just as national research illustrates, reducing individual health risk factors has also shown to result in a reduction of health care costs at the State of Nebraska. Specifically, the analysis of medical and pharmacy costs has demonstrated \$4.2 million in reduced medical and pharmacy claims spending during the first two years when comparing wellness program participant's health cost experience to non-wellness participants. The resulting return on investment is above industry average at 2.70:1 for a program that is just three years young. This means that for every \$1.00 spent on the wellness program, \$2.70 is returned in health care savings based on an independent review of claims data.

"I am very pleased with the success of our wellness program and I am even more pleased that state employees are embracing this program," Governor Heineman said in reflecting on the early progress of the wellness program.

To read more about the State of Nebraska's wellness efforts, visit [www.wellnessoptions.nebraska.gov](http://www.wellnessoptions.nebraska.gov).



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“Wellness is beginning to have a positive impact on employees' lives, both at home and at the office.”

- Carlos Castillo, Director Administrative Services



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