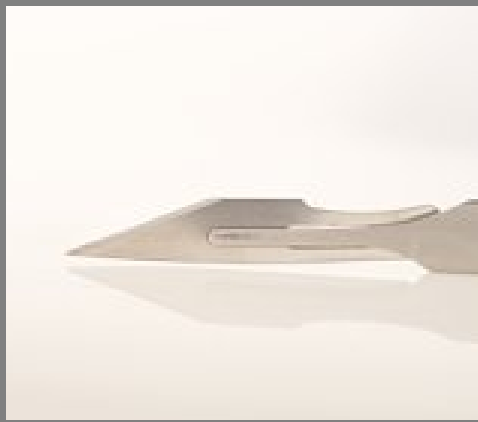




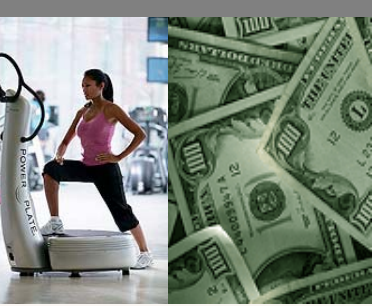
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## The Benefits of a Well Workplace: **Three Reasons Why Health Promotion Makes Good Business Sense**

Today, more than 81% of American businesses with 50 or more employees have some form of health promotion program—the most popular being exercise, smoking cessation classes, back care programs, and stress management. Most employers offer wellness programs simply because they think the benefit is worth the cost. Yet business leaders continue to ask themselves how to control huge annual increases in health insurance premiums and healthcare costs.

For many companies, medical costs can consume half of corporate profits—or more. Some employers look to cost sharing, cost shifting, managed care plans, risk-rating, and cash-based incentives. But these methods merely shift costs. Only worksite health promotion stands out as the long-term answer for keeping employees well in the first place.

Below you'll find three reasons why worksite wellness has become a national imperative. These reasons will challenge you to think twice about the investment you are making in your most valuable asset—your employees—as well as the impact this investment can have on your bottom line.

**REASON #1:** *Although we spend more dollars on health care than any other industrialized nation, our citizens are not the world's healthiest.*

### **1. Our nation's population is largely sedentary.**

- Over 60% of adults do not achieve the recommended amount of regular physical activity and 25% of all adults are not active at all.
- Approximately one half of the youth in this country are not active on a regular basis.

*Source: Surgeon General's Report on Physical Activity & Health, 1996.*

### **2. Obesity is reaching monumental proportions.**

- According to the Centers for Disease Control and Prevention, almost 1 in 5 American adults is now considered obese.
- Over half of all Americans are overweight.

*Source: Centers for Disease Control & Prevention (CDC) and National Institute of Diabetes & Digestive & Kidney Diseases.*

### **3. Despite overwhelming evidence, tobacco use continues to be popular.**

- Since the release of the Surgeon General's Report on Smoking and Health in 1964, Americans have consumed 17 trillion cigarettes and approximately 10 million people in the United States have died from smoking related causes.
- Sadly, 3,000 young people begin smoking every day.

*Source: The American Cancer Society, CDC.*

### **4. The World Health Organization describes stress as a "World Wide Epidemic."**

- 72% of Americans experience frequent stress related physical or mental conditions.
- 75-90% of visits to Primary Care Physicians are for stress related problems.

*Source: Murphy, American Journal of Health Promotion, 1996.*

### **5. High risk alcohol consumption silently takes its toll on American's health.**

- Excessive alcohol consumption causes more than 100,000 deaths every year in the United States.
- 20-40% of all Americans in general hospital beds are being treated for complications of alcoholism.

*Source: National Council on Alcohol & Drug Dependency, 1995.*

### **6. Chronic health conditions continue to plague the American population.**

- According to the National Center for Health Statistics and the National Health Survey, the typical US adult over the age of 18 has seven chronic health conditions.
- In addition, more than 90 million Americans are presently living with chronic illnesses.

*Source: National Center for Health Statistics.*



**Reason #2:** *The worksite is an ideal setting to address health and well-being.*

### **The majority of Americans work.**

In fact, of the nation's 203 million people over the age of 16, 136+ million (67.1%) are employed in the U.S workforce.

*Source: Chapman, Proof Positive, 1996.*

### **People spend most of their waking hours at work.**

Believe it or not, the average workweek has grown to almost 50 hours per week. Indeed, the typical employee now works the equivalent of one extra month per year as compared to his or her counterpart in 1970. More than one-third of Americans are now working 10+ hours a day and 39% are working on the weekends.

*Source: Schor, The Overworked American, 1992.*

### **Employers have a vested interest in health-related issues.**

Because private employers and employees are the primary purchasers of health care through the insurance premiums they pay together for coverage, it makes a great deal of sense to address individual health and well-being. In fact, of the \$585 billion that private payers expended for medical services in 1997, about 60 percent (\$348 billion) was spent by employers and employees to purchase health insurance.

*Source: Igelhard, New England Journal of Medicine, 1999.*

### **Poor health habits take an enormous toll on American business.**

Consider the following statistics:

- It costs on average \$1300 for an employee who smokes per year.
- Workplace alcohol, tobacco, and other drug use costs US companies over \$100 billion each year.
- Up to 40% of industrial fatalities can be linked to alcohol consumption and alcoholism.
- Job stress is estimated to cost American industry \$200-300 billion annually.
- National Safety Council estimates that 1 million employees are absent on an average workday because of stress related problems.
- Work injuries cost \$121 billion in medical care, lost productivity and wages.
- At least 100 million workdays are lost each year to lower back pain at a cost to employers of about \$20 billion.
- Every 5 seconds a worker is injured.
- Every 10 seconds a worker is temporarily or permanently disabled.

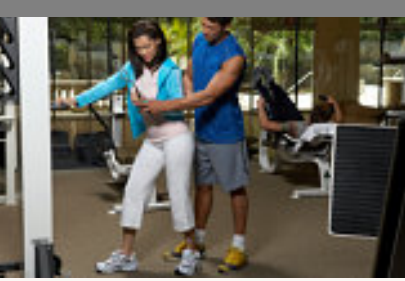
*Source: CDC.*

**Unnecessary medical care costs consume corporate profits and employee paychecks.** In many instances, medical care costs can consume half—or even more—of corporate profits.

*Source: Rosen, The Healthy Company.*

Unless employers take aggressive measures, the end appears to be nowhere in sight. In a recent article, The Wall Street Journal cited a survey of Fortune 500 benefits managers, who anticipate premium increases averaging 10.3 percent for 1999, as compared with 5.9 percent for 1998. Small businesses' costs are expected to rise even faster.

*Source: Kuttner, New England Journal of Medicine, 1999.*



**Reason #3:** Recent empirical research validates that health promotion programs can improve health, save money and even produce a return on investment

***Here is what the experts have found:***

**1) Steven G. Aldana, PhD**—In a review of literature on the financial impact of worksite health promotion covering 54 studies, Dr. Aldana notes that, “the reductions reported in medical care costs and absenteeism are significant in most cases.” Of these studies, which span from 1975 to 1997, almost all support the hypothesis that health promotion programs can reduce employee related health care costs and absenteeism. (1)

**2) Mark G. Wilson**—In a review of 316 studies which critically examined the effectiveness of worksite health promotion programs. It was found that “although the relationship is stronger in some areas than in others, the evidence generally supports the effectiveness of worksite health promotion programs.” (2,3)

**3) Larry S. Chapman**—30 articles examining comprehensive worksite health promotion programs were reviewed in Proof Positive. These publications examined more than 293,000 experimental subjects and comprise more than 120 years of formal study. All but two of the thirty studies reviewed provide evidence of positive cost savings. (4)

**4) Kenneth R. Pelletier**—Health and cost outcomes of worksite-based comprehensive health promotion and disease prevention programs indicate: (5)

- Immunization for measles, mumps and rubella can save approximately \$14 for every dollar spent
- A program to increase the use of bicycle safety helmets can yield an estimated net savings of more than \$200 million each year.
- Screening mammograms for women 50 to 70 years of age every 2 years is highly cost-effective at \$4,050 per year of life saved.
- Programs that target smoking during pregnancy can save more than \$6 for every dollar spent.

(1) Aldana, S. G. (1998). Financial Impact of Worksite Health Promotion and Methodological Quality of the Evidence. The Art of Health Promotion. Volume 2, Number 1.

(2) Wilson, M.G. (1996). A Comprehensive Review of the Effects of Worksite Health Promotion on Health-related Outcomes. The American Journal of Health Promotion. Volume 10, Number 6.

(3) Wilson, M.G. (1996). A comprehensive Review of the Effects of Worksite Health Promotion on Health-related Outcomes: An Update. The American Journal of Health Promotion. Volume 11, Number 2.

(4) Chapman, L.S. Proof Positive: An Analysis of the Cost-effectiveness of Worksite Wellness. 3rd ed. Seattle: Summex Corporation, 1996.

(5) Pelletier, K.R. A Review and Analysis of the Health and Cost-effective Outcome Studies of Comprehensive Health Promotion and disease Prevention Programs at the Worksite: 1993-1995 Update. The American Journal of Health Promotion. Volume 10, Number 5.



## ***Investing in a healthy workforce to control health care costs***

ANN ARBOR---In a comprehensive review of more than 500 worksite wellness and health care cost articles and studies conducted from 1979 to 2000, researchers with the [Health Management Research Center](#) (HMRC) at the University of Michigan show that money spent on keeping the workforce healthy is money well spent. While some scholars and employers are not entirely convinced that investing in worksite wellness programs impacts the bottom line enough to make it worthwhile, research conducted over the past 21 years show that some wellness programs do produce significant cost savings. Yet, there is concern that savings earned through worksite wellness programs will be outpaced by rising health care costs.

"Worksite Wellness programs have been proven to impact the bottom line in a very significant way. We at the HMRC are confident that employers will continue to invest in these programs we consider to be the new way to do health care," said [D.W. Edington](#), HMRC director.

Cost savings from employer-sponsored wellness programs rarely are realized immediately. Wellness programs generally must be in place for at least one year for risk reduction to occur and one- to three-years to show cost-effectiveness, he said.

Consider the results of worksite health promotion studies cited in the HMRC Cost Benefit Analysis and Report (1979-2001):

**COMPREHENSIVE PROGRAMS:** year-round health promotion programs are designed to achieve greater cost savings and most do. The numbers are nothing to sneeze at: most of the many studies cited show savings to costs ratios of more than \$3 saved for each dollar invested. Documented savings are observed in medical cost, absenteeism, worker's comp, short-term disability and presenteeism (how productive is the employee during the time on the job). (more)

**INFLUENZA:** Three studies showed that workers who received the influenza vaccine had lower absenteeism rates and lower medical costs associated with influenza-like illnesses. Another study showed that medical claims for those who didn't receive the vaccine rose by \$496. Yet another study showed that offering influenza vaccines in the worksite can be costly when the vaccine doesn't match the circulation virus.

**BACK PAIN:** Businesses lose \$20-56 billion to back pain and injuries each year (medical costs, lost production and employee training). Some companies have had success with back care programs. Boeing Corp. reduced back injuries by 34 percent saving more than \$6 million; Coca-Cola Bottling Co. reduced employee back injuries by 32 percent and Dupont Co. reported saving \$10 million in 1989 with its program.

**CARDIOVASCULAR HEALTH:** A 1993 study showed that heart disease cost employers an average of \$5,988 per patient. Other studies show that heart disease wellness programs, such as risk factor screenings and intervention programs, are cost-effective. One company saved \$1.48 for every dollar invested in a heart wellness program.

**EXERCISE:** While many studies show significant cost savings attributed to fitness programs (Canada Life Assurance, \$550,000; General Foods Corp., \$750 per employee; Steelcase Corp., 55 percent reduction in the increase of medical claims for program participants over a six-year period), cost savings and long-term exercise wellness programs are difficult to measure. Despite the cost uncertainty, exercise programs proved to hold other benefits: lower absenteeism, increased productivity, less stress, higher retention rate and increased employee morale.

**SMOKING:** Smoking cessation often receives the highest priority of worksite and community health programs. Several studies featured in the HMRC report show that smokers are hospitalized or seek medical attention more frequently than non-smokers. Other studies show that employers can save approximately \$200-\$300 per employee who attempts to quit smoking.

For more information about the Cost Benefit Analysis and Report (1979-2001), Please contact HMRC Director D.W. Edington at (734) 763-2462 or by e-mail at [dwe@umich.edu](mailto:dwe@umich.edu). Or, you can visit the HMRC on the Web at: <http://www.umich.edu/~hmrc>.

The Health Management Research Center is a research group within the U-M's [Division of Kinesiology](#). The HMRC conducts original research on worksite wellness issues. HMRC experts also act as on-site consultants with employers.

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