

The Cost of Doing Nothing: A Principal Wellness Company Client Beats Negative Trends

By Lee Dukes, President and Sue Stainbrook, Ph.D., Chief Scientific Officer, Principal Wellness Company

Many organizations have an interest in adding wellness to their employee benefit package but often delay taking action due to lack of time, resources and money. Since wellness programs have been proven to help organizations save money with healthier employees, it might be a surprise that the decision to wait, or do nothing, can end up costing more in the long run.

Research shows wellness programs help prevent three negative health trends that are costly to both the employee and the employer.

TREND #1: Low-risk employees can move to moderate or high risk.

TREND #2: Moderate-risk employees can remain moderate risk or move to high risk.

TREND #3: High-risk employees can remain high risk.

In this white paper, employees with common health risks, such as weight management issues, physical inactivity, chronic

diseases, poor nutrition, stress, lack of sleep and tobacco use, are categorized into three groups. The groups also correlate directly to an organization's medical costs.¹

LOW RISK: Employees with 0-2 risks.

MODERATE RISK: Employees with 3-4 risks. Average medical cost per moderate-risk employee is 157% higher than a low-risk employee.¹

HIGH RISK: Employees with 5+ risks. Average medical cost per high-risk employee is 251% higher than a low-risk employee.¹

This paper demonstrates the cost of doing nothing by showing how:

- Health risks can worsen in organizations with no wellness program.
- Wellness programs can maintain and improve the health of employees.
- Organizations can learn how to overcome unfavorable health trends by evaluating the results of an actual Principal Wellness Company client.

Why wellness? Why now?

The overall health of any employee group changes from year to year. Some employees will improve their health on their own; some will stay the same; and others will become worse because unaddressed health risks have intensified. This is known as the natural flow of risks. Without an effective wellness program, it is likely that a group's health will worsen; the low-risk group will decrease and the moderate- and high-risk groups will increase.

Results of wellness programs based on evidence and research can be estimated before the program even begins. By offering this type of program, employers can overcome the natural flow of risks and help keep employees healthier. This results in more low-risk employees staying low risk and more moderate- and high-risk employees improving their health. And when it comes to health and wellness, the sooner action is taken, the better the results.

Due to the natural flow of risks, every year that implementation of a wellness program is delayed, the worse the overall health of the organization will be once a wellness program begins. This delay reduces the program's results compared to having started wellness efforts sooner.

With wellness programming, the overall organization becomes healthier. Key results of a healthier organization include increased productivity; reduced medical costs; and fewer short-term disability and workers' compensation claims. According to a 2010 wellness study, medical costs improve by an average of \$3.27

and absenteeism costs improve by an average of \$2.73 for every dollar spent on wellness.²

When these savings are compared to the cost of developing a wellness program, employers cannot afford not to incorporate wellness to help keep healthy employees healthy and reduce the risks of unhealthy employees.



Beating the trends

The first-year results of a highly-evaluated Principal Wellness Company client demonstrate how an evidence-based wellness program helped the organization produce three positive health trends.

TREND #1: Low-risk employees can remain low risk.

TREND #2: Moderate-risk employees can stabilize or move to low risk.

TREND #3: High-risk employees can move to moderate or low risk.

The client's actual results were compared to projected results with no wellness program based on the natural flow of risks model developed by Dr. Dee Edington.¹ The charts below show the percentage of people who transitioned from one risk group to another — with (actual) and without (projected) a wellness program.

Client profile	Program	Results
<ul style="list-style-type: none"> A construction company with more than 12,000 employees throughout the United States. Corporate leaders and executives strongly support wellness and consider it an important initiative. 80% of the client's employees participated in the first year of the wellness program. 	<ul style="list-style-type: none"> Employees were offered a year-round wellness program that included: <ul style="list-style-type: none"> Consistent communication Engaging activities Effective incentives 	<ul style="list-style-type: none"> After the first year of wellness, the client: <ul style="list-style-type: none"> Kept more employees low risk Minimized the number of employees who slipped from low risk to moderate or high risk Improved the status of more employees in the moderate- to high-risk groups

Results for each risk group with wellness

LOW-RISK GROUP

- 90% of low-risk employees remained in the low-risk group, a 29% improvement compared to the natural flow of risks model
- Fewer employees slipped to the moderate- and high-risk groups

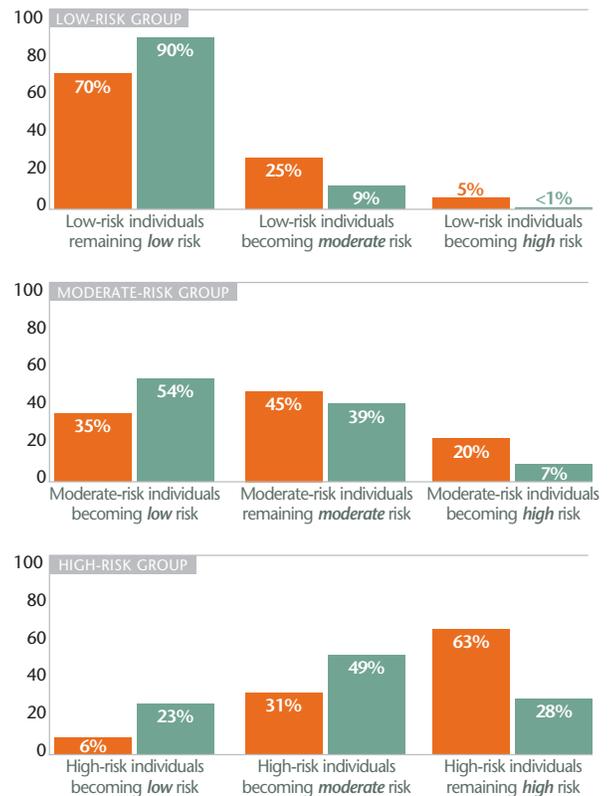
MODERATE-RISK GROUP

- 54% more employees improved to low risk
- Fewer employees remained moderate risk
- 2/3 fewer employees slipped to high risk

HIGH-RISK GROUP

- 4 times as many high-risk employees improved to low risk
- Almost 1/2 of the group improved to moderate risk
- Only 28% of the group remained high risk

Risk Transition Comparison by Group



Overall results

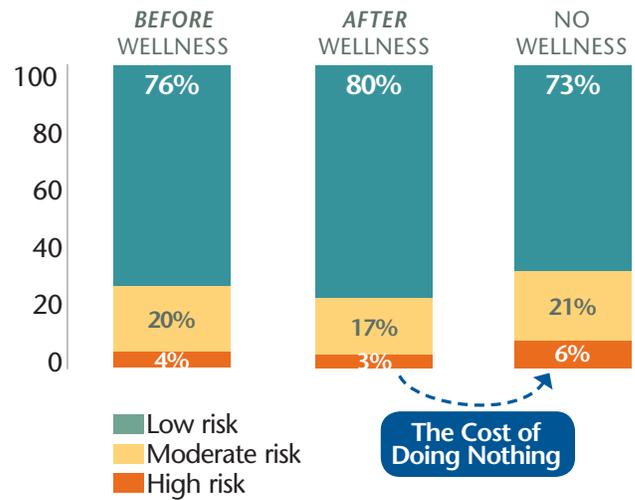
The client's results demonstrate how evidence-based wellness programs create healthier organizations. After one year of wellness, all risk groups improved — the low-risk group increased and the moderate- and high-risk groups decreased.

This chart shows the client's actual results for each risk group before and after they started a wellness program. The chart also demonstrates the natural flow of risks model developed by Dr. Dee Edington, representing probable results if an effective wellness program had not been implemented.

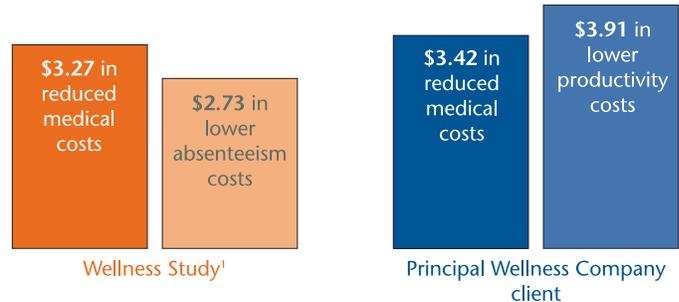
The "After Wellness" results compared to the "No Wellness" results demonstrate the success of the wellness program based on the difference in the percentage of employees in each risk group. This difference is the cost of doing nothing.

For the client, this is a 7% difference in the low-risk group; a 4% difference in the moderate-risk group; and a 3% difference in the high-risk group.

The client experienced a higher return on investment with Principal Wellness Company's program than what is typical of other wellness programs.² The client's medical cost trends improved by \$3.42 for every dollar spent on wellness programs. Their productivity costs, including absenteeism, improved by \$3.91 for every dollar spent on wellness.



Every
\$1
spent on
wellness



¹ Workplace Wellness Programs can Generate Savings, Health Affairs, February 2010.

Summary

In order to overcome negative health trends, a wellness program must keep low-risk employees low risk and help moderate- and high-risk employees improve to low risk. When a wellness program succeeds in becoming part of an organization's culture, both the employee and employer can experience health and financial benefits. For the employee, this can mean overall personal and professional satisfaction, more confidence and a longer life expectancy. For the employer, this can lead to increased productivity and reduced medical, short-term disability and workers' compensation costs.

ENDNOTES

¹ Edington D, Emerging research: a view from one research center. Am J Health Promotion. 2001; 15: 341-349

² Workplace Wellness Programs can Generate Savings, Health Affairs, February 2010. <http://content.healthaffairs.org/content/29/2/304.abstract>



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The results reported in the case study are not typical. Health improvement and savings are not guaranteed. Results obtained from program participation depend upon health status and how the information provided is applied. Principal Wellness does not diagnose or treat any medical condition or provide medical advice. Wellness and wellness incentive programs are subject to regulation under federal and state law. Consult with a legal advisor regarding the design of any wellness or incentive program.

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