Committed to the Cause – Health Improvement Efforts Here to Stay

Results from the Fifth Annual Joint National Business Group on Health/Fidelity Investments Health Improvement Survey.

Fidelity Investments and the National Business Group on Health (NBGH) recently conducted a joint survey to identify key trends and issues facing employers in their efforts to improve the health of their employees. The survey is the latest in a series of studies Fidelity and NBGH have conducted since 2009 to analyze the impact of health improvement programs across various industries nationwide.

The results show that employers have deepened their commitment to wellness programs and regard them as an essential part of their benefits strategy. They continue to search for new ways to improve their plans and encourage employee engagement, while taking a broader view of health improvement through the lens of well-being and productivity.

The survey was conducted online with select Fidelity clients and NBGH member companies in November and December 2013 and was completed by 151 employers from numerous industries with sizes ranging from 2,000 to more than 100,000 employees. The respondents were asked questions related to their company’s health improvement programs that covered a number of areas, including types of programs offered, level of incentives, use of outcome-based incentives, health activity challenges, and the future of health improvement investment in light of health care reform.
TOP THREE KEY FINDINGS:

The results demonstrate that employers continue to rely on the power of incentives and other best practice strategies to engage employees in their health improvement programs. Employers view wellness programs as integral to their benefits strategy and continue to support them financially, even as they grapple with health care reform.

1. Deepened commitment to health improvement – 95% of companies offer some kind of health improvement program for their employees, and the percentage of companies offering incentives to participate in these initiatives has increased from 57% in 2009 to 74% in 2014. Employers are committed to health improvement programs, with spending on corporate wellness incentives expected to increase nearly 15% in 2014.

2. Emerging best practices – Employers are expanding programs to include spouses and domestic partners. Nearly four out of ten (37%) companies surveyed indicated their program will include spouses and domestic partners in 2014. Employers are moving toward outcome-based incentives, with 31% of employers offering financial rewards for progressing toward or achieving defined health goals. Employers are also focusing on health activity challenges as a means to engage employees, with 72% of employers offering or planning to offer them in 2014.

3. Future of health improvement – Employers are committed to health improvement. 93% plan to expand or maintain their investment in this area over the next 3 to 5 years (Figure 1). Even under a hypothetical scenario where the role of employer-sponsored health care was deemphasized (i.e., a move to private health insurance exchanges), a significant number of employers (44%) plan to maintain or expand their investment in employee health improvement programs.

Incentives are entrenched and expanding.

Employers are strongly committed to incentives to encourage participation in programs that promote good health among their workforce, and spending on incentives has increased. They expect to continue this support, even as they deal with changes brought about by the Affordable Care Act.

Figure 1: Steady Outlook for Incentive Programs

Long-Term Strategy of Incentive Programs (3 to 5 years)

Further expand the incentive program 57%  
Maintain the same incentive program 36%  
Reduce the incentive program 3%  
Remove the incentive program 5%  

N = 151
Figure 2 highlights the dollar growth in incentives since 2010. Employers plan to spend an average of $594 per employee this year, an increase of nearly 15% from 2013. While incentives are important to companies of all sizes, the largest increase is among companies with fewer than 5,000 employees, where the per-employee average climbed to $595, one-third higher than the average of $444 in 2013. In companies with more than 20,000 employees, the incentive has risen to an average of $717.

**Figure 2: Amount of Incentives, by Year and by Size of Company**

<table>
<thead>
<tr>
<th>Year</th>
<th>Mid-Market &lt;5,000 employees</th>
<th>Large 5,000–20,000 employees</th>
<th>Jumbo 20,000+ employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$430</td>
<td>$460</td>
<td>$595</td>
</tr>
<tr>
<td>2011</td>
<td>$338</td>
<td>$400</td>
<td>$493</td>
</tr>
<tr>
<td>2013</td>
<td>$521</td>
<td>$500</td>
<td>$500</td>
</tr>
<tr>
<td>2014</td>
<td>$594</td>
<td>$500</td>
<td>$717</td>
</tr>
</tbody>
</table>

Mid-Market <5,000 employees  Large 5,000-20,000 employees  Jumbo 20,000+ employees

Average  Median  N = 109

Figure 3 highlights the commitment employers have made toward investing in wellness, despite facing changes brought on by health care reform. 44% of employers reported that they plan to maintain or increase their investment in wellness programs, even if their company were to deemphasize their involvement in health coverage, such as transitioning to a private exchange model.

**Figure 3: Role of Health Improvement if Employer Were to Deemphasize the Role of Employer-sponsored Health Care Coverage (e.g., a Move to Private Health Exchanges)**

44% of employers will continue to expand role

- Expand health improvement at a greater level than we do currently
- Continue to invest in health improvement at the same level as we do currently
- Continue to invest in health improvement at a reduced level
- No longer invest in health improvement

Don’t Know

48%

15%

29%

5%

3%
Employers focus on risk factors, chronic conditions, and lifestyle management.

The most popular wellness programs continue to be smoking cessation, disease management, biometric screenings, and physical activity.

Employers continue to support lifestyle choices that influence good health. Figure 4 demonstrates that while smoking cessation programs continue to receive the most financial support from employers, other healthy activities are also encouraged.

**Figure 4: Median Employee Only Incentive Amount**
Emerging best practices: spouse/domestic partner involvement and healthy activity challenges.

Employers are making wellness a family affair by increasingly including spouses and domestic partners in financial incentive support. A majority of employers are using healthy activity challenges as a visible way to motivate employees.

Figure 5: Spouse/Domestic Partner Incentive by Year

Supporting spouses and domestic partners is a trend gaining steam. Nearly four out of ten (37%) companies surveyed indicated their program will include spouses and domestic partners in 2014. Figure 5 illustrates that the average spouse/domestic partner incentive is expected to reach $530 in 2014, more than $100 higher than the average of $420 in 2010.

Figure 6: Presence of Health Activity Challenges in the Workplace

As shown in Figure 6, 72% of employers are either using health activity challenges in the workplace (63%), or are planning to introduce them (9%). These include weight loss, physical activity, and individual health goal challenges.
Employers provide rewards for outcome-based goals.

Many employers are linking incentives to health goals and biometric outcomes such as achieving a healthy weight or cholesterol level, or becoming tobacco-free.

Figure 7 illustrates the most common outcomes employers measure, with healthy weight, blood pressure, and cholesterol levels cited as leading goals. Figure 8 lists the biometric tests most often linked to incentives, with weight and cholesterol tests the most prevalent.

**Figure 7: Prevalence of Reward for Progressing toward or Achieving Goal/Outcome**

<table>
<thead>
<tr>
<th>Goal/Outcome</th>
<th>Achieving Goal/Outcome</th>
<th>Progressing toward Goal/Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthy Weight</td>
<td>36%</td>
<td>43%</td>
</tr>
<tr>
<td>Healthy Cholesterol Levels</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>Healthy Glucose Levels</td>
<td>28%</td>
<td>32%</td>
</tr>
<tr>
<td>Healthy Blood Pressure</td>
<td>40%</td>
<td>36%</td>
</tr>
<tr>
<td>Tobacco-Free</td>
<td>38%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Figure 8: Biometric Outcomes Tied to Incentive Programs**

- Weight: BMI: 77%
- Cholesterol: Total: 70%
- Cholesterol: HDL: 57%
- Cholesterol: LDL: 57%
- Fasting glucose: 53%
- Weight: Waist circumference: 43%
- Non-fasting glucose: 34%
- HbA 1C: 26%
- Blood pressure: 19%
- Nicotine/Tobacco cessation: 6%
- Weight: Other measure: 6%
- Other, please describe: 9%
Six Ways to Engage Employees in Health Improvement

Employers are more committed to health improvement in the workplace than ever before, despite the challenges they face in complying with health care reform. They have not only stepped up their investment, they are continuing to look for new and creative ways to motivate their employees, including extending incentives to spouses/domestic partners and tying their use to healthy outcomes.

While the use of health improvement programs continues to evolve, it’s clear that many employers see the value in wellness-based incentives and understand the relationship between wellness and employee productivity. Beyond the effectiveness of incentives, employers may want to consider the following strategies to engage their employees in health improvement:

1. **Create top-down support** – Organizations that enjoy support such as funding and visible participation from its leaders, including local permission from managers for employees to attend workplace programs, may see greater results and penetration.

2. **Target your efforts** – As you consider increasing the number of health improvement programs your organization offers, take care to focus your efforts on those that achieve the best results for maximum employee engagement and return on your investment.

3. **Personalize** – Make sure employees understand what you want them to do, how it directly benefits them (a healthier lifestyle, reduction in premiums, contributions to their Health Savings Account, etc.) and how it fits into the broader vision of the organization.

4. **Socialize** – Studies show that people can get healthy together, lose weight together, and encourage each other. Consider using social media or mobile technologies to boost collaboration and engagement.

5. **Make it easy** – Make communications simple and focused. Provide easy-to-use tools that encourage ongoing participation and engagement.

6. **Make it fun** – Many organizations are enjoying success by encouraging healthy competitions and grass roots interest. Consider using site champions who can bring energy and interest to the local level, and help emphasize wellness year-round, not just at annual enrollment.

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