

# Building a Culture of Health: Why, How, and What's the Payoff?

## WHITE PAPER



Efforts to control healthcare costs often focus on expense management and cost shifting. But that's no longer enough to control cost increases that are outpacing growth in both personal income and gross domestic product. Today's companies are aggressively addressing prevention and wellness, with the expectation that investments in a corporate culture of health will drive meaningful change and big dividends.

### EMPLOYERS ARE UNIQUELY POSITIONED TO ADDRESS "IMPACTABLE" HEALTHCARE COSTS

Of all the statistics relating to the pace of rising healthcare costs, some of the most compelling address what can be done about it. Individual lifestyle choices—including smoking, nutrition, weight, exercise, and stress—account for 40% of individuals' health status<sup>1</sup> and 88% of their healthcare claims costs<sup>2</sup>. In response, more than 60% of large companies have implemented wellness programs<sup>3</sup> to help improve these "impactable" healthcare costs.

Employers who implement a broad culture of health in the workplace are ideally positioned to affect their population's health through:

- > Value-based health benefit design
- > Extensive, consistent interaction with their population
- > Meaningful incentives for behavior
- > Oversight of the physical environment, processes, and programs

Cultural transformation efforts can ultimately reduce healthcare expenses and improve employee satisfaction. WebMD has identified best practices across six key cultural elements, and provides snapshots of customer success that illustrate significant return on investment for a strong corporate culture of health.

## SNAPSHOT OF SUCCESS

L.L.BEAN

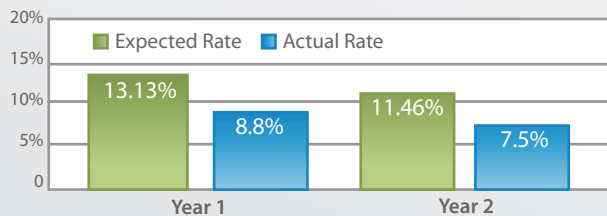
“We believe healthy people lead fuller, more productive lives. Our employees and other stakeholders should feel their association with L.L.Bean contributes to their health and wellbeing.”

### WELLNESS CULTURE ELEMENTS

- > 12 on-site fitness centers
- > Tobacco-free campuses
- > Health education & activity classes
- > Availability of healthy foods
- > Annual health risk assessment
- > Generous wellness incentives
- > Paid preventive care
- > Onsite health screenings
- > Telephonic health coaching
- > Premium discount for participants

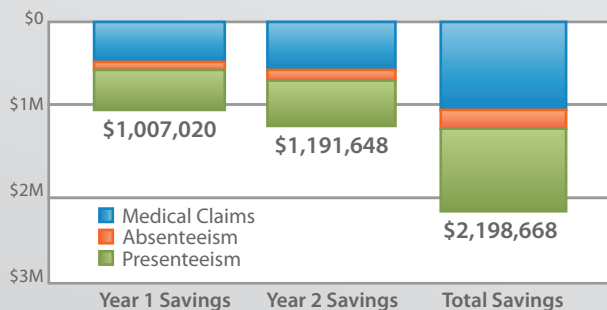
### RESULTS

#### Lower Medical Trend Rates



Overall medical trend rates, which include factors for both medical trend and aging of the population, were lower than expected.

#### Overall Program Savings



Overall return on investment, including medical claims, absenteeism, and presenteeism, was **4.3 to 1** over two years.

## BEST PRACTICES IN BUILDING A CULTURE OF HEALTH

### LEADERSHIP COMMITMENT, POLICIES & BENEFITS

A corporate culture of health requires active, visible support and participation in health programs by company leaders. Some initiatives that illustrate a true culture of health include:

- > A dedication to a culture of health in the corporate mission statement
- > Support for a culture of health advisory committee
- > Management evaluation based on wellness program participation and support
- > Benefits design that reduces costs for those who engage in wellness programs
- > Company-subsidized healthy food choices, exercise clubs, and other wellness programs
- > Communication campaigns that feature leaders as examples

### WELLNESS PORTAL, HEALTH PROGRAMS & COACHING

Organizations influence changes in health behavior by investing in a wellness portal, health coaching, and interactive tools that employees can use to assess and manage their health. Portals function as the experience and messaging hub for cultural health initiatives and are the most cost-effective way to communicate and enable self-directed health management. The addition of health coaching leverages the social psychology of behavior change on both the individuals being coached as well as those in their social and peer networks.

### STRATEGIC COMMUNICATIONS

A multi-channel, segmented communication strategy delivers personalized health messages via secure and standard e-mail, mobile applications, direct mail, live events, telephone, coaching, and web-based content. Full transparency builds credibility and encourages ongoing participation. WebMD uses a discovery-design-delivery model to develop a strategic, long-term communication plan:

- > Interview leaders and employees and brainstorm ways to improve engagement
- > Refine messages and create a detailed calendar and measurement model
- > Execute the plan, including regular reporting on results

## INCENTIVES & REWARDS

The right incentive strategy can significantly increase participation in health assessments and wellness programs. Incentives encourage and support onsite health screenings, portal utilization, coaching participation, and program partners. Innovative cost-neutral programs require non-participants to pay higher premiums that cover the cost of generous incentives for those who participate. An effective rewards strategy is woven into policies, benefit structures, and cultural expectations across the organization.

## WORKSITE EVENTS, CONTESTS & GAMES

Integrating health events into the workplace creates energy and identifies program participants. Large employers have established a range of onsite resources, such as biometric kiosks, health clinics, seminars or webinars, health fairs, and biometric screenings. Contests that offer friendly competition and the chance to win something can drive a significant increase in participation in health and wellness programs. Communication and leadership support are essential for the success of these activities.

## REPORTING & TRANSPARENCY

Measurement is necessary to identify effective interventions, align programs, and optimize investments. Comprehensive value reporting and dashboards must be available on demand with period-specific and time-over-time results. Results provide a basis for ongoing activities and return-on-investment analysis. Reporting back to consumers is a great opportunity for transparency, which can help engagement. A culture of health depends on open, honest reporting that highlights successes, explains changes, and encourages buy-in.

## RETURN ON INVESTMENT

A February 2010 Health Affairs study found that for every dollar spent on wellness programs, medical costs fall by about \$3.27 and absenteeism costs fall by about \$2.73<sup>4</sup>. WebMD customers who have instituted a broad-based culture of health have seen even more dramatic results. (See sidebars.)

## SNAPSHOT OF SUCCESS

### MEDTRONIC

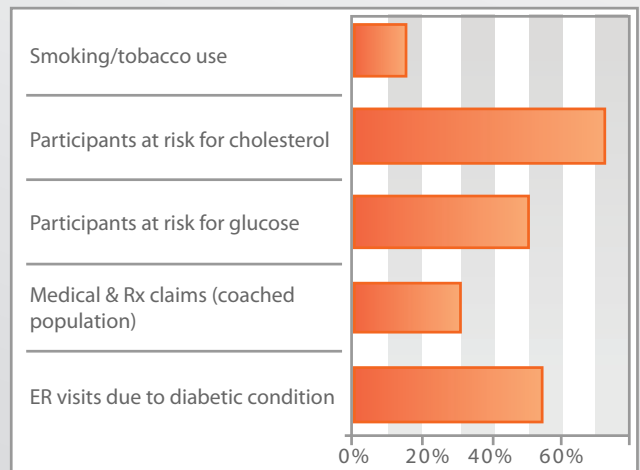
“Our guiding principles are focused on investing in health rather than the cost of treatment, educating participants around consumerism and using tools and resources to make wise health care decisions, and improving health through behavior change.”

### WELLNESS CULTURE ELEMENTS

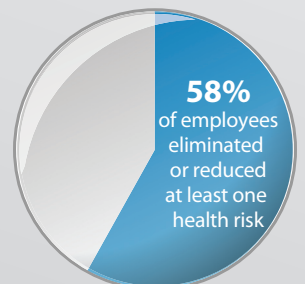
- > Extensive health and wellness programs
- > Onsite wellness centers
- > Walking paths
- > Bike storage
- > Subsidized healthy cafeteria food
- > Health risk and physical assessments
- > Full range of integrated health programs
- > Personalized Total Health web portal
- > Health coaching
- > Incentives for participation

### RESULTS

#### Reduced Risks



Overall, Medtronic saw a \$3M cumulative cost avoidance from reduced risks from 2007 to 2009, resulting in an **ROI of 2:1**.



## CULTURE OF HEALTH BEGINS WITH A VISION AND TRANSFORMS THROUGH BEST PRACTICES

### Behavior Change Prompted by WebMD Portal



Some elements of cultural transformation are more obvious than others. A wellness culture becomes visible when smoking is eliminated on the premises, or when large groups take part in walking challenges or health fairs. Meaningful behavior change occurs as employees take action to maintain or improve their health. A study of 20,000 users across eight WebMD Health Services clients found that many respondents took positive actions to improve their health after using their employer's online health site. (See sidebar.)

Other elements show results over time, such as subsidizing healthy foods to help reduce obesity. Ultimately, a successful wellness culture manifests itself when the health expense trend line goes down along with rates of absenteeism and presenteeism, and employee satisfaction goes up.

Creating a culture of health begins with a vision for where the organization wants to go. Successful organizations create a set of priorities that encompass that end vision, execute a strategic plan to accomplish them, and take the temperature of the organization along the way. If the vision is established properly, priorities clearly set, and best practices followed, the organization will transform into a culture of health that pays off in reduced health-related costs and increased employee satisfaction.

## ABOUT WEBMD HEALTH SERVICES

WebMD Health Services provides comprehensive health management programs and benefit decision-support solutions for more than 250 of the country's leading employers and health plans.

WebMD Health Services is a subsidiary of WebMD, the leading provider of health information services for consumers, healthcare professionals, employers, and health plans. The WebMD Health Network includes the leading health sites WebMD.com, Medscape, MedicineNet, eMedicine, eMedicine Health, RxList, Drugs.com, and theHeart.org.

1. Schroeder, SA. We can do better—improving the health of the American people. *N Engl J Med* 2007; 357:1221-8.
2. Indiana University-Purdue University, Fort Wayne (IPFW) Study, 2006
3. MetLife 8th Annual Study of Employee Benefits Trends, 2010
4. Workplace Wellness Programs Can Generate Savings, *Health Affairs* 29, No. 2 (2010): 304-311.

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