Does Wellness REALLY Measure Up?

Some Say ROI is Unattainable, While Others Focus on Outcomes

Written by Bruce Shutan

Employee health and wellness programs elevate the power of self-insurance, but some industry insiders say it's impossible to produce credible numbers showing a positive return on investment.

Meet Al Lewis and Vik Khanna, whose critical view on the subject spotlights several caveats. The pair is so sure of their hypothesis they've offered a legally binding $1 million reward for anybody who can show that wellness breaks even, pointing out that so far there are no takers.

Too many wellness initiatives are seen by employees as a chore or even punishment, which they suggest undermine program results along with morale, job satisfaction and productivity. They also point to a perverse system deeply mired in over-diagnosis and over-treatment, charging that experts eschew legitimate evidence-based measures because it would decimate their profits.

Others, however, prefer to focus on designing group health plans with clinical pathways targeting higher-level risks that ultimately will improve health outcomes or at least make employees happy. Happier employees, they argue, will lead to happier customers, regardless of whether there's a price tag associated with that result.

They also support more consumer-oriented solutions that help employees better understand the connection between their health and cost of treatment, including tools to sustain healthy habits. Only then, the thinking goes, will workplace wellness reach the level of success that has eluded so many well-intentioned sponsors of these programs.

The quickest and most efficient way to ROI is through an increase in employee premiums, deductibles and coinsurance alongside a consumer-driven health plan with high barriers to care, explains Ron Goetzel, Ph.D., who's often at odds on this issue with Lewis and Khanna.

But that short-sighted philosophy does nothing to encourage a clear understanding between employee health and the cost of their medical care, says the VP of consulting and applied research for Truven Health Analytics.

He believes employees need to be armed with the right tools, resources, skills and knowledge that will help them adopt healthier habits in adherence with evidence-based medicine. "There's a lot of science out there behind behavior change that ought to be inserted into these programs to help you quit smoking and lose weight," he says.

Eventually, he adds, employees who take better care of themselves will be less likely to visit their doctor or a hospital ER, or use medication to manage disease. And while there have been eye-popping claims made about wellness ROI, Goetzel says a 1:1 baseline result is good enough as long as the health and wellbeing of the workforce is improved.

That's a far cry from the roughly 30% ROI attributed to McKesson Corporation, one of two C. Everett Koop National Health Award recipients from 2015. The number was based on preliminary findings from an independent research group at Harvard University over a three-year analysis period. Goetzel plays a leadership role in vetting and recognizing program applicants.

The true value of a wellness program isn't necessarily identified in ROI or any given number, but rather whether employers are able to perform a population risk evaluation. So says Joe Hodges, founder and president of INETICO, Inc., as well as a veteran in the medical cost-containment field. Under that scenario, they'd be able to appropriately apply programs and consumer-friendly tools that are meaningful to health plan members.

"Only then can you influence a positive outcome for them that actually has an influencing component to the cost of a claim," he says. His approach is built around four pillars: wellness, condition or disease management, utilization or case management and claims management.

Recognizing the challenge of producing credible ROI for employee wellness, the industry has proposed an alternate metric called "value on investment," which critics say falls short because program intangibles simply cannot be measured.

Elevating Self-Insurance

Self-funded companies have more to gain or lose by improving the health and wellbeing of their employees than under a fully insured plan that's akin to community rating, Goetzel observes. They can also use their own analysis of ROI, he says, instead of relying upon insurer proposing a formula, algorithm or model.

In fact, most recipients of the Koop award over the past two decades that recognition has been in place were self-insured, according to Goetzel. "They have kind of a clearer picture of what their utilization, cost experience and health risk experience is," he says.

Wellness programs at self-insured companies have "more fluidity" than fully insured arrangements, Hodges observes. He believes there's "a greater opportunity, from a self-insured perspective, to measure the success of a wellness program because the cost of claims and services on the front end are much more transparent."

Less than 60% compliance or adherence to treatment of employees with a chronic condition will result in a greater than 15% chance of an inpatient admission or ER visit, Hodges explains, which will escalate plan costs. But he says raising that rate to at least to be 80% will drastically lower the chance of an inpatient hospitalization or ER visit to less than 4%.

Credible Measures

The best way to measure program success is by a wellness-sensitive medical event rate, according to Lewis, CEO of Quizzify, a consumer health education company and author of "Why Nobody Believes the Numbers: Separating Fact from Fiction in Population Health Management" (John Wiley & Sons).

He describes it as "the only methodology that tallies hospitalizations for conditions targeted by a wellness program – statistically avoided heart attacks, etc." Another reason is it's the only one among seven methodologies from the nonprofit Health Enhancement Research Organization (HERO) considered acceptable to researchers.

Two highly respected entities that use this rate are the *Health Affairs* journal and a GE-Intel joint venture known as the Care Innovations Validation Institute, whose mission is to employ "the highest standards of validity" when evaluating population health outcomes. But since "it rarely, if ever, shows any impact" in terms of program savings, Lewis says industry consultants and suppliers aren't using the measure.

"Nobody knows how to measure the success of their wellness programs and nobody does it well, no matter whether they're self-insured or fully insured, or some mix in between," observes Khanna, an independent health consultant, who has written extensively on the topic with Lewis.

If anything, Lewis says wellness actually *increases* health care spending. He cited as a recent example results associated with Connecticut's state employee wellness program, as well as a report compiled by HERO and the Population Health Alliance. Those organizations estimated wellness program costs at $1.50 per employee per month, excluding what Lewis noted were incentives, consulting fees, staffing costs, additional medical expenses and other items.

Consumer-Friendly Approach

Employers need to replace wellness programs being done to employees with ones that are being done *for* employees, Lewis recommends. The trouble is that this approach "doesn't require much in the way of vendors or brokers or consultants, so there's no revenue model," he explains.

One Quizzify client described as a large medical technology company has sought to make wellness enticing to its roughly 2,000 U.S. employees. Aside from offering a conventional wellness program that Khanna says employees hate but participate in only grudgingly because of a financial incentive, "they are inching towards figuring out that employees are much happier" when their needs are met.

For example, the company hired a certified Zumba instructor who holds

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classes in a conference room three times a week. "She's standing room only," Khanna notes. In addition, the company subsidizes about half the cost of a catered salad bar and encourages employees to take home on Fridays any leftover fresh fruit that's delivered to the office in unlimited quantities.

Khanna believes a more holistic view of employee health is necessary to encourage healthier living. "There has to be a balance struck between the growth and the needs of the organization and the welfare of the employees," he says, noting the importance of breaks for lunch or exercise. "If you aren't paying attention to people's emotional health and their stress levels, you're not going to have employees who can grow your company they way they're growing."

Another way to improve program engagement is through gamification. "But we have to be really cautious because we don't want to be the game of the week where someone gets bored playing it," Hodges cautions.

It all boils down to participation, which he describes as "the absolute key to the success of any wellness program if we're going to look at the effect of ROI in the plan." His larger point is to provide a valued and appropriate incentive to participate, such as deep discounts on monthly premiums vs. a $50 gift card or trinkets.

With regard to reversing over-diagnosis and over-treatment patterns, two pet peeves of Lewis, he says there's an easy fix. It involves following guidelines for screening frequencies and medical testing put out by the U.S. Preventive Services Taskforce. But once again, he cites the issue of profits trumping lives, noting how broker and vendor compensation would plummet about 75% under that scenario.

In an effort to help employers police their wellness programs, Quizzify created a free website called www.theysaidwhat.net where Lewis says they can learn the facts about their vendors. The company also has partnered with Harvard Medical School to ensure that its material is valid. ■

Bruce Shutan is a Los Angeles freelance writer who has closely covered the employee benefits industry for 28 years.