

# An Authoritative Look at the ROI of Worksite Wellness

Larry S. Chapman MPH  
President and CEO  
Chapman Institute  
Seattle, WA 98155  
(206) 364-3448


[LChapman@ChapmanInstitute.net](mailto:LChapman@ChapmanInstitute.net)



# Agenda

- Potential ROI of worksite wellness efforts
- Current ROI evidence
- Major Wellness tools for controlling health costs
- Summary of main points





# Potential ROI of worksite wellness efforts

# Key Terms

## **Economic Return:**

The monetary benefit (savings) associated with a program.

## **Return-on-investment (ROI):**

The monetary benefit (savings) associated with a program divided by the cost of that program expressed as a percent.

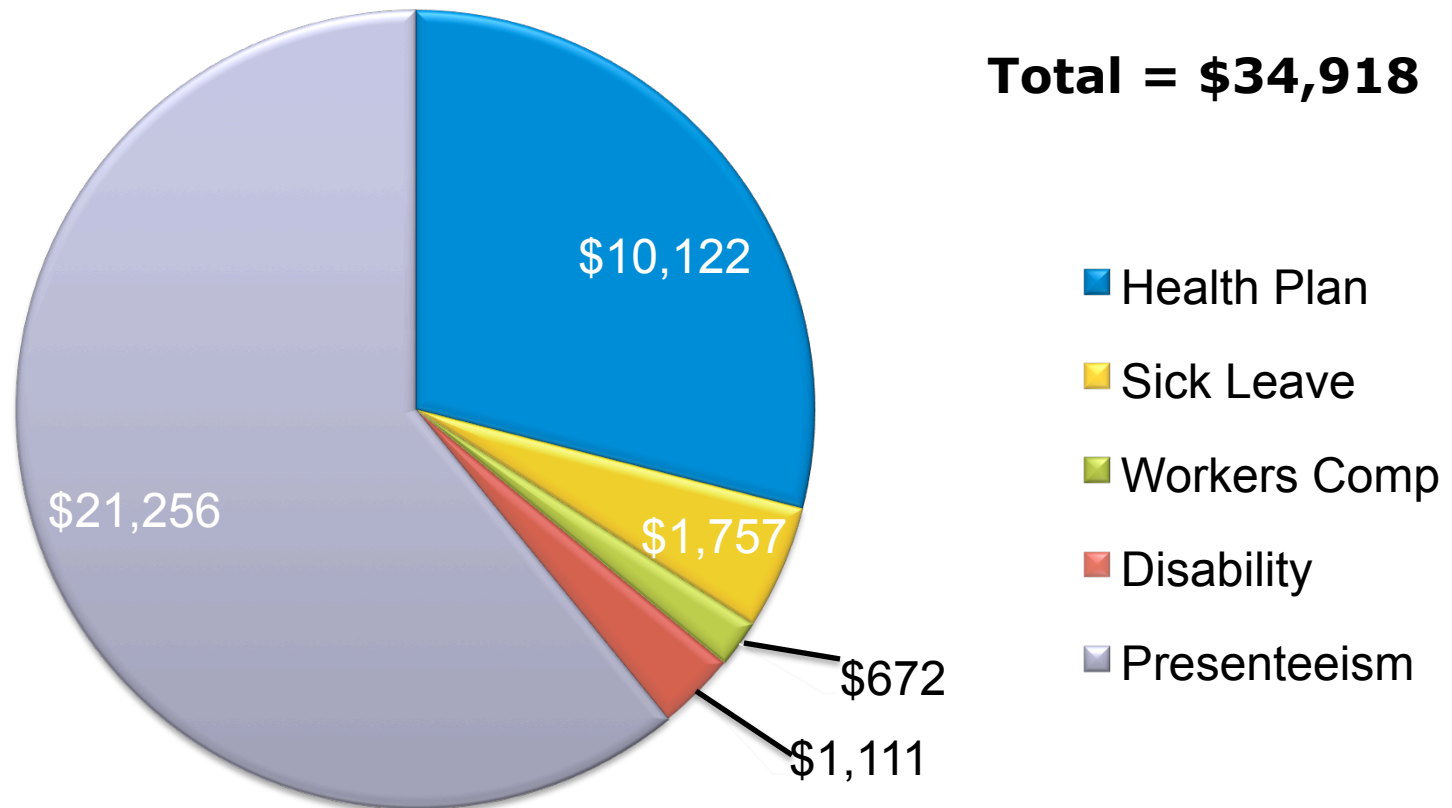
## **Cost/Benefit (C/B) Ratio:**

The monetary benefit(savings) associated with a program divided by the cost of that program expressed as an integer and/or a decimal.



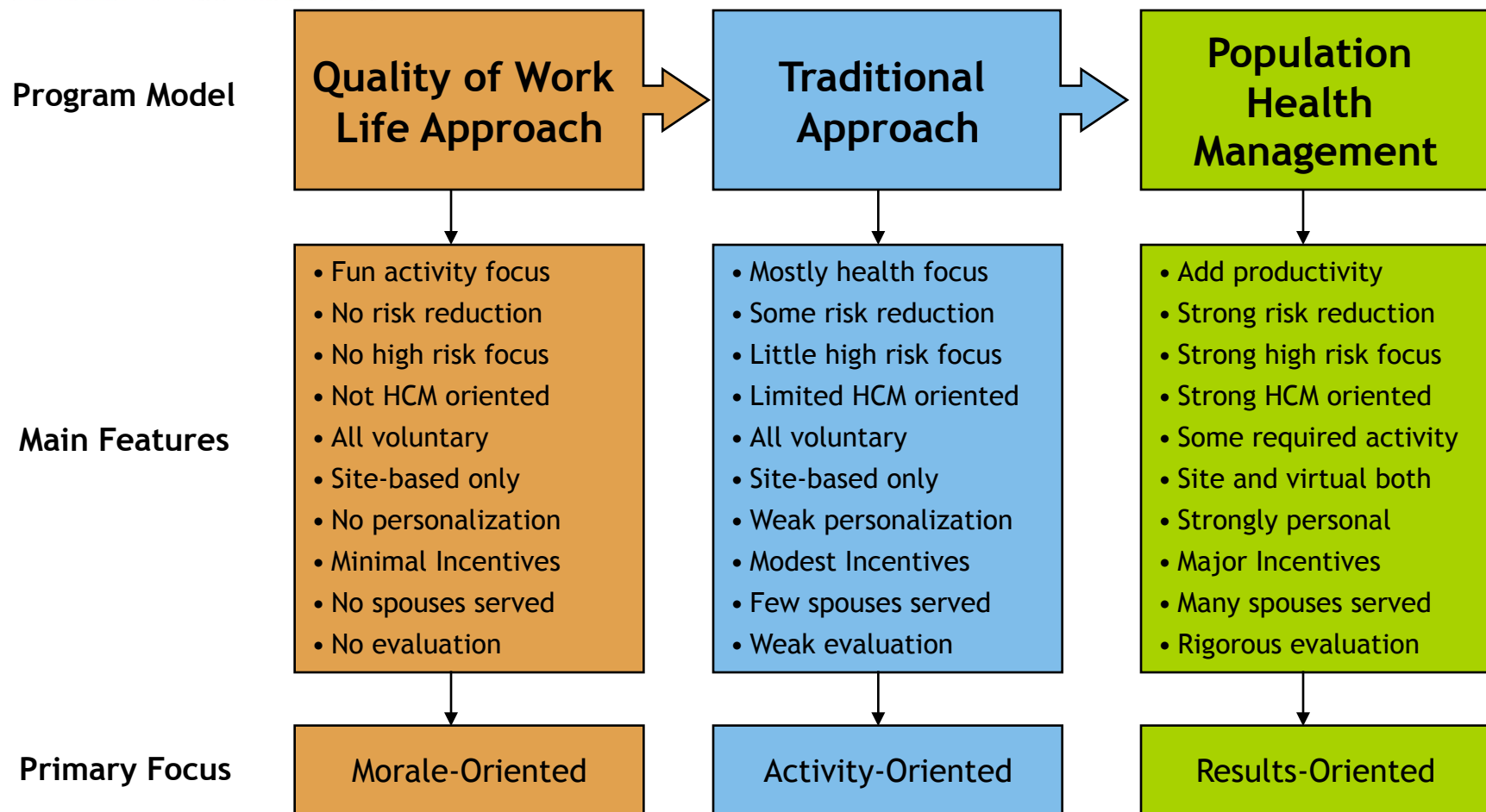
# Costs of Employee Health

## Average Annual Cost Per Employee in 2010




Source: Goetzel, JOEM, (2004) data adjusted to 2010 by Mercer Employer Survey Results and by Collins Presenteeism study (2005) of Dow Chemical that was used for determining the Presenteeism cost.

# Program Model will Affect ROI

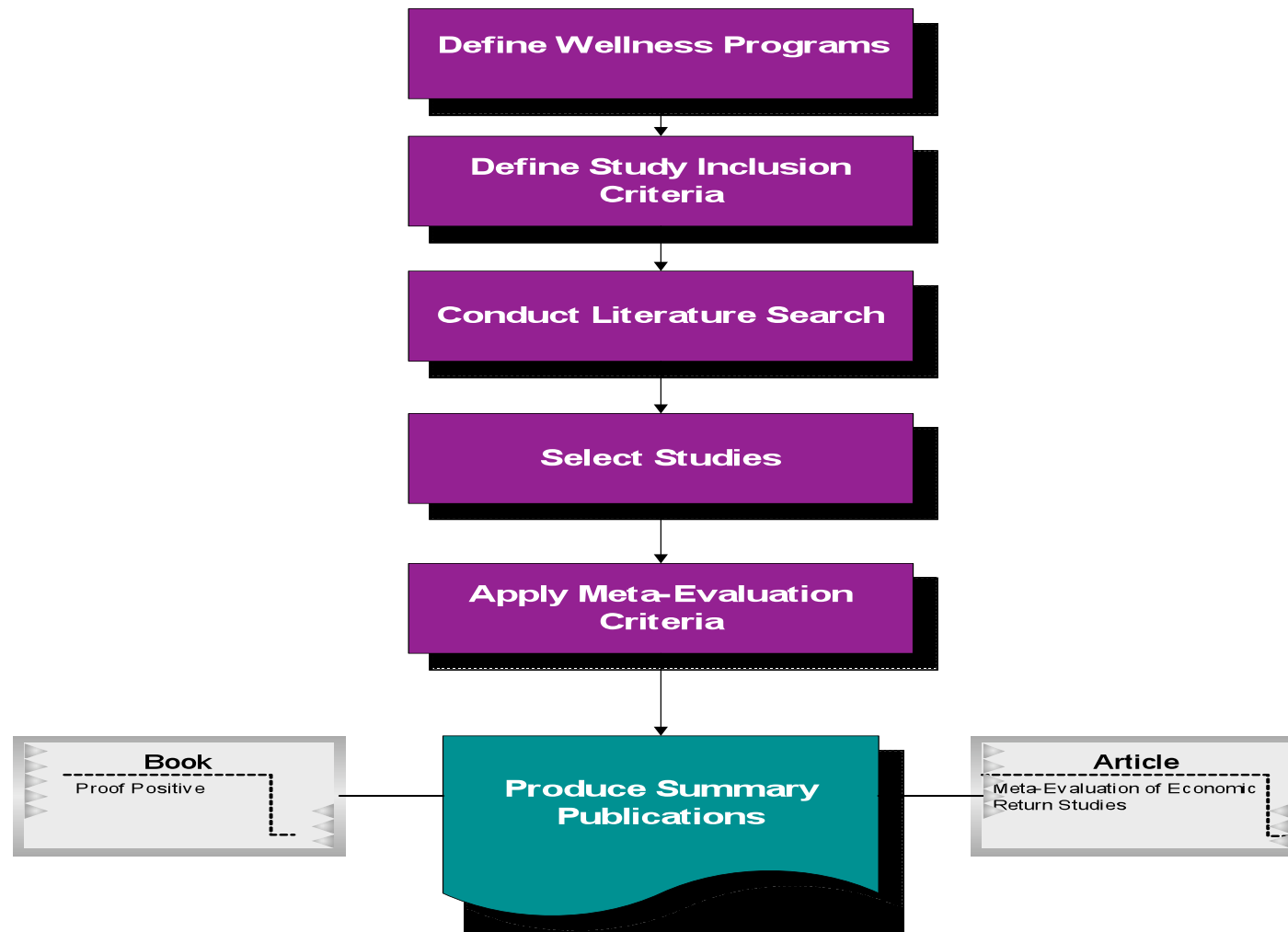


Source: Chapman, Planning Wellness, Chapman Institute, 2008, p. 213. (available on Amazon.com)

A photograph showing a person's hand in a blue long-sleeved shirt holding a red and yellow apple on a wooden desk. To the right, the back of a silver laptop is visible, showing ports and a glowing light. The background is a light blue wall. The image is framed by an orange and blue decorative border at the top and bottom.

# Current ROI evidence

# Visual Overview of Meta-Evaluation Methodology





# Meta-Evaluation Study Inclusion Criteria

- Multi-component programming
- Workplace setting only
- Reasonably rigorous study design
- Original research results
- Examines economic variables
- In peer review journal
- Use comparison or control group
- Use statistical analysis
- Must be replicable approach
- At least 12 months in duration



Source: Chapman, L., Proof Positive: An Analysis of the Cost-Effectiveness of Worksite Wellness, Seventh Edition, 2012.

# Meta-Evaluation Criteria

- Quality of research design
- Sample size
- Quality of baseline delineations
- Quality of measurements
- Appropriateness and replicability of interventions
- Length of observational period
- Recentness of experimental period



Source: Chapman, L., Proof Positive: An Analysis of the Cost-Effectiveness of Worksite Wellness, Seventh Edition, 2012.

# Example of Meta-Evaluation Criteria Application

## #2 Sample size

Points	Criteria Sub-Components
5	Sample size > 50,000
4	Sample size from 25,000 to 49,999
3	Sample size from 10,000 to 24,999
2	Sample size from 1,000 to 9,999
1	Sample size $\leq$ 999
1 bonus	For controlling for sample attrition



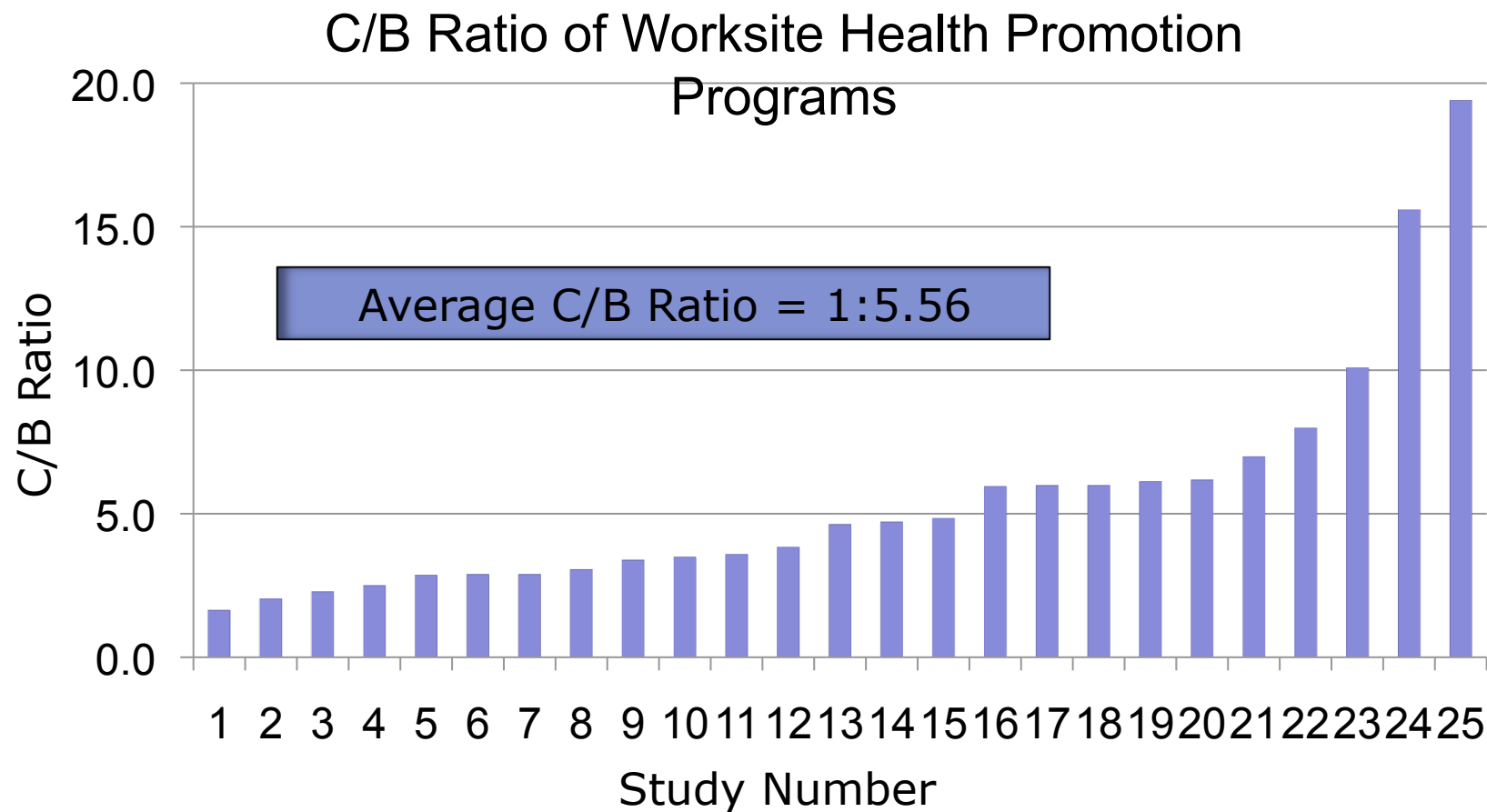
Source: Chapman, L., Proof Positive: An Analysis of the Cost-Effectiveness of Worksite Wellness, Seventh Edition, 2012.

## 2012 Meta-Evaluation Findings: Overview

Study Parameter	Averages & Totals (N=62)
Average Study Years	3.83
Observational Years	241.3
Year Reported (Median)	1996
# of Study Subjects	546,971
# of Control Subjects	213,291
Average # of Program Targets	5.2
% Change in Sick Leave	-25.1% (26)
% Change in HCs	-24.5% (32)
% Change in Workers' Comp	-40.4% (4)
% Change in Disability Mang.	-24.2% (3)
<b>C/B Ratio</b>	<b>1:5.56 (25)</b>

Source: Chapman, L. Meta-Evaluation of Economic Return Studies of Worksite Health Promotion Programs:2012 Update, America Journal of Health Promotion, March/April, 2012, 26(4): 1-12.

# 2012 Meta-Evaluation Findings: Summary of C/B Ratios



Source: Chapman, L. Meta-Evaluation of Economic Return Studies of Worksite Health Promotion Programs, America Journal of Health Promotion, March/April, 2012, 26(4): 1-12.

## 2012 Meta-Evaluation Findings: Organizational Sites

- Blue Shield of CA
- Kansas BCBS
- Indiana BCBS
- Highmark BCBS
- Prudential
- Life Assurance (Canada)
- City of Birmingham, AL
- Washoe County, NV
- Salt Lake County, UT
- Swedish IRS
- Citibank
- Bank of America
- Unilever
- Coors
- DuPont
- General Foods
- General Motors
- Johnson & Johnson
- GlaxoSmithKline
- Nortel
- DirectTV
- Duke University
- Union Pacific
- Regional Hospital




Source: Chapman, L. Meta-Evaluation of Economic Return Studies of Worksite Health Promotion Programs, *American Journal of Health Promotion*, March/April, 2012, 26(4): 1-12.

## Even More Authoritative Meta-Analysis...

**ABSTRACT** Amid soaring health spending, there is growing interest in workplace disease prevention and wellness programs to improve health and lower costs. In a critical meta-analysis of the literature on costs and savings associated with such programs, we found that medical costs fall by about \$3.27 for every dollar spent on wellness programs and that absenteeism costs fall by about \$2.73 for every dollar spent. Although further exploration of the mechanisms at work and broader applicability of the findings is needed, this return on investment suggests that the wider adoption of such programs could prove beneficial for budgets and productivity as well as health outcomes.

Source: Katherine Baicker, David Cutler, and Zirui Song, *Workplace Wellness Programs Can Generate Savings*, **HEALTH AFFAIRS** February, 2010, 29(2) 1-8.

C/B = 1:6.0




# Major Wellness tools for controlling health costs



# Major Wellness Tools for Controlling Health Costs

- High risk intervention
- Health risk reduction
- Medical self-care
- Consumer health skills
- Early detection
- Targeted follow-up
- Injury prevention
- Treatment decision support
- Point-of-use cost sharing
- Comparative price information
- Comparative provider information
- Avoiding iatrogenic risk





# Summary of Key Points

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- Wellness has significant economic potential.
- Wellness needs to consider the full range of economic variables. (HP, SL, WC, DI and Presenteeism)
- Wellness needs the same level of attention that anything else of value deserves.
- Wellness can be a major platform for HR simplification and integration.
- There are a variety of proven strategies that can increase the economic return from Wellness programs.
- Determine what you want from your Wellness efforts and program accordingly.

# The Chapman Institute



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# Questions...



Larry S. Chapman MPH  
(206) 364-3448  
[LChapman@ChapmanInstitute.net](mailto:LChapman@ChapmanInstitute.net)  
[www.ChapmanInstitute.net](http://www.ChapmanInstitute.net)