

## ■ THE HUMAN SPIRIT

with Tracy Lindow



# CUTTING ILLNESS — AND CUTTING COSTS

By investing in employee wellness, companies can make their bottom line healthier, too.

Health care costs continue to rise. Employee morale continues to decline. And employers continue to need the right people in the right seats on the bus.

More employers are turning to workplace wellness programs as a way to save money, improve morale and productivity, and attract – and retain – key talent.

### Saving money

By promoting and rewarding healthier employee behaviors, wellness programs provide companies with significant opportunities for short- and long-term cost savings. There have been more than 200 scientifically conducted studies demonstrating that wellness programs save money. In a University of Michigan study on Johnson & Johnson, for instance, data revealed a \$1,100 cost savings per year for every employee who stopped smoking. Similarly, \$269 is reportedly saved every year for the employee who progresses from couch potato to fitness enthusiast.

Sharply rising health care costs force employers to apply a risk management mind-set to their employees' health. The best strategy for containing costs in the long-term is to keep employees healthier so that they'll use less health care. Common incentives for participation in wellness initiatives include gift certificates and merchandise discounts, but the most effective reward is lowering health insurance premiums.

Health reform legislation signed into law by President Obama in March permits increased incentives. The law will permit premium discounts of up to 30 percent of the cost of coverage for participation in wellness programs, or for meeting certain health status targets.

### Improving morale and productivity

Organizations that promote employee health and well-being experience greater employee engagement and organizational productivity. In a 2009 study by Right Management, 28,810 employees were surveyed across 10 industries in 15 countries. Key findings include the link between attitudes on work/life balance and attitudes directly related to the effectiveness of the organization. If employees perceive that health and well-being is actively promoted, they also rate employee satisfaction more favorably. This higher level of employee satisfaction and engagement links directly to a higher level of creativity and innovation.

### Attracting and retaining key talent

Lean organizations mandate that the right people are working in the right positions. Therefore, companies large and small must attract and retain key talent. In a late-2009 survey by Principal Financial Group, 45 percent of employees said they would stay at their jobs longer because of employer-sponsored wellness programs. At face value, retention rates are improved when the overall health of employees improves. Less chronic illness translates into reduced absenteeism and longer tenure. And the length of time an employee stays at a job can be improved when they are satisfied with their job and likes their work environment.

### A case study in wellness

In partnership with Cigna, Mid-America Apartment Communities – one of BusinessTN's "Best Places to Work" – encourages associates to establish

healthy lifestyles. Through Cigna's Healthy Rewards, Mid-America offers programs to help employees lose weight, stop smoking, exercise regularly, eat healthier, deal with stress better and utilize preventative healthcare benefits. Linda Kleeberg, Mid-America's Benefits Manager, said the company began promoting wellness more vigorously in January 2009 by sending monthly reminders about the Healthy Rewards programs to associates' homes.

Interest has steadily increased, Kleeberg says. She is receiving more calls from associates who reside outside the Memphis area about the availability of health clubs in their geographic areas that will honor the Healthy Rewards discounts.

Meanwhile, Mid-America has also added benefits to their medical plan fully covering the cost of preventative and diagnostic exams.

Kleeberg believes that improved overall associate health will provide several benefits. When associates stay well, absenteeism will decline. Employees will feel better and be happier. And this will promote positive morale and positive customer relations.

Also, while it's too early to consider it a trend, the cost of health care claims at Mid-America decreased in February.

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