



WHITE PAPER

# MAKING THE CASE FOR EMPLOYEE HEALTH & WELLNESS



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# WHY EMPLOYERS

Employers nationwide are paying close attention to the need for wellness programs and benefits. Historically, one of the main drawbacks to providing wellness benefits is that it costs money, and the return on that investment isn't always clear-cut. However, as the labor market continues to fluctuate and health care costs continue to climb, employees are seeking out more benefits from their employers than ever before.

As more employers are investing in wellness, companies are shifting away from basic physical wellness initiatives. Instead, there's been a shift to integrate total wellness, particularly with a focus on mental health and wellness.

In fact, employee mental health has become a top concern this year, as the COVID-19 pandemic has created immense uncertainty, change, and stress for employees across the country. According to [a survey by FlexJobs](#), a telecommuting firm, employed workers are more than three times as likely to report poor mental health now versus before the COVID-19 pandemic.

Generally speaking, an increased focus on employee wellness can improve employee health and wellness. Happy and healthy employees translate into higher

# SHOULD PROVIDE WELLNESS BENEFITS

recruitment and retention results and employee engagement levels, as well as lowering a company's overall healthcare costs. This Medical and Life Care Consulting white paper explains why employers should provide wellness benefits.

**AS COVID-19 HAS CREATED IMMENSE UNCERTAINTY...AND STRESS NOW'S THE TIME FOR TOTAL WELLNESS**

## WHAT ARE WORKPLACE WELLNESS PROGRAMS?

Traditionally, workplace wellness programs are initiatives that employers offer to encourage employees to lead healthier lives. According to the [2020 Employer Health Benefits Survey](#) from the Kaiser Family Foundation (KFF), a nonprofit organization that focuses on U.S. health issues, 53% of small firms and 81% of large firms offer a program designed to help employees address health risks and unhealthy behaviors.

In many cases, these programs focus on improving the physical health of the employee through encouraging exercise (e.g., walking contests, discounted gym memberships, and on-site fitness centers), smoking cessation, and healthy eating. Traditionally, employers that invest in these programs measure their return on

## Firms providing health and wellness programs



investment in the form of cost containment, as healthier employees typically use fewer health care services and can effectively manage a chronic condition (e.g., diabetes and heart disease). In some cases, depending on their health plan structure, employers can provide employees with incentives for participating in these programs.

While offering these types of traditional workplace wellness programs is still a great way to promote health and wellness at work, employees are looking for more robust offerings. Modern and effective workplace wellness programs are ones that focus on total employee wellness—not just one aspect, like physical wellness. At a basic level, modern wellness programs should address an employee’s mental health and wellness in addition to their physical wellness.

Workplace wellness programs will vary in construction and scope depending on the organization. However, many programs in

place today offer a variety of discounts, workplace initiatives, memberships, and resources designed to help employees lead happier and healthier lives.

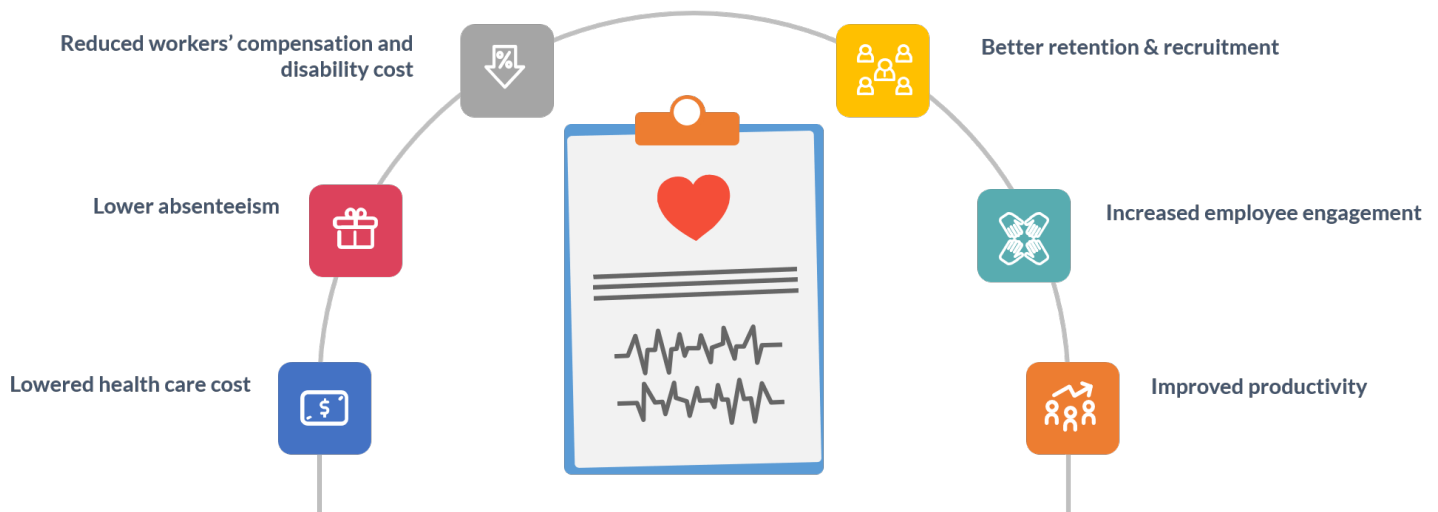
## WHY ARE WORKPLACE WELLNESS PROGRAMS IMPORTANT?

As previously mentioned, workplace wellness programs have become commonplace offerings at organizations across the country. However, because they are so common, it can be easy to forget the reasoning behind why offering such programs is important.

At the end of the day, an investment in workplace wellness programs is an investment in your company’s greatest asset—its employees. Your employees spend the majority of their waking hours at work, which makes the workplace the perfect setting to help them prioritize their health.

Employee wellness has a direct effect on your company’s bottom line, but not in the traditional way that you may be used to. You may not see a direct ROI when it comes to wellness, like you would with purchasing new software to automate processes. Instead, your investment in wellness will be returned in the form of lowered health care costs; reduced workers’ compensation and disability costs; increased employee engagement, retention, and recruitment; improved productivity; and lower absenteeism.

# Workplace wellness promotes



## LOWER HEALTH CARE COSTS

It's no secret that health care costs in the United States rise every year. According to the KFF's 2020 Employer Health Benefits Survey, the average premiums for both family and individual coverage rose 4% in 2020. Many health and benefits experts are predicting steep increases in 2021, following a year of high claims due to the COVID-19 pandemic.

As such, it's never been more important for employers to find ways to mitigate rising health care costs. That's where wellness programs can help. It's estimated by the [Centers for Disease Control and Prevention](#) (CDC) that 90% of the nation's overall spending on health care is tied to treating chronic conditions. A chronic condition is a health condition that requires ongoing management over an extended period of time, according to the CDC.

Some chronic conditions can significantly limit an employee's agency to perform everyday tasks, while other conditions present very few symptoms. It's estimated that 133 million Americans live with one or more chronic conditions, including asthma, diabetes, and heart disease.

Providing health care coverage for employees who have a chronic condition costs approximately five times as much as providing coverage for those without a chronic condition or disease. Fortunately, in many cases, chronic conditions can be kept at bay with preventive care and healthy lifestyles, both of which can be promoted through workplace wellness programs.

Encouraging employees to practice prevention and lead a healthy life can help mitigate more than the cost of chronic conditions for employers—it can also help lower spending on mental health services and claims. According to [Open Minds](#), mental health spending rose

52% from 2009 to 2019, reaching \$225 billion.

Public health officials are also saying that 2020 has been a catastrophic year for everyone's mental health due to the COVID-19 pandemic resulting in stay-at-home orders, mass layoffs, fear, uncertainty, and stress. To keep overall health care costs down, employers must provide offerings designed to support their employees' mental health, such as telehealth services, meditation apps, and employee assistance programs.

In addition to helping employers lower their health care costs, investing in wellness can help prevent future costs and create happier and healthier employees.

## **REDUCED WORKERS' COMPENSATION AND DISABILITY COSTS**

Similar to how workplace wellness programs can help employees and employers enjoy lower health care costs, they can also help reduce workers' compensation and disability costs. As employees make changes to their lifestyles to become healthier and practice prevention, they become less likely to get hurt on the job.

This results in fewer workers' compensation and disability claims, thus saving employers money in the long run. As an added bonus, employers can enjoy cost savings as they won't lose money on a lack of productivity or on needing to hire a replacement for an employee who is out

of work.

As medical management providers within workers' compensation we have witnessed firsthand the negative impact a workers' compensation or disability claim can have on both the employee and the employer far beyond health care and claim cost.

## **INCREASED EMPLOYEE ENGAGEMENT, RETENTION, AND RECRUITMENT**

Did you know that about [70% of U.S. workers](#) aren't engaged at work? This startling Gallup Poll statistic should be concerning to employers. Poor employee engagement can result in reduced productivity, high employee turnover, and poor employee morale. On the other hand, highly engaged employees outperform their peers by 20%, and organizations with a highly engaged employee base outperform their competition by 147% in terms of earnings per share, according to a [Gallup Poll](#).

A [PwC analysis](#) noted that employees' sense of job fulfillment is directly tied to their workplace engagement. This, in turn, contributes to their overall sense of wellness. What this means is that when your organization invests in employee wellness, you're investing in your bottom line in regards to having increased employee engagement, which exhibits itself in higher productivity, higher quality work, and lower turnover.

Employee retention is a top HR concern, as replacing an employee is extremely

expensive. Moreover, the United States is currently experiencing a tight labor market, where it's tough to attract and retain top talent. In times such as these, employers need to set themselves apart from the competition in any way that they can.

Offering a robust wellness program and a variety of initiatives to appeal to prospective and current employees is a great way to do this. And when current employees are happy at work they're more likely to spread the word to their peers, which can increase recruitment efforts for you without requiring much additional investment or work on your end.

## **IMPROVED PRODUCTIVITY AND DECREASED ABSENTEEISM**

Healthier employees are less likely to miss work and are more productive at work. This phenomenon is known as reduced presenteeism—a condition where employees come into work but don't perform at their highest potential—and absenteeism.

For example, [CDC research](#) shows that male employees who are obese miss 56% more days of work than male employees who are at a healthy weight. Female employees who are obese are 53-141% more likely to miss days of work than their healthy-weight counterparts.

In addition, the [World Health Organization](#) estimates that mental health disorders like depression and anxiety cost the global economy \$1 trillion in lost

productivity, and for every \$1 invested in providing treatment and resources for mental disorders, there's a \$4 ROI in improved health and productivity.

Workplace wellness programs can help reduce presenteeism and absenteeism, which results in increased productivity for employers. Additionally, it's possible that employees who use workplace wellness programs to improve their health will encourage their families to follow suit. This may result in employees missing fewer days to help take care of their loved ones, which is an added bonus and ROI.

## **LET US HELP YOU**

Workplace wellness programs are not only an essential part of your benefits offerings, but a part that can help you lower your health care costs, reduce workers' compensation and disability claims, increase employee engagement, improve retention and recruitment, and increase productivity while decreasing absenteeism. All of these elements will translate to cost savings and a boost to your bottom line, while your employees enjoy the benefits of becoming happier and healthier.

If you're interested in evaluating your current offerings, revamping your program, or getting started, you don't have to go it alone. Contact us today—together, we can help you create a workplace wellness program that meets your needs and fits your budget.

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## ABOUT MEDICAL & LIFE CARE CONSULTING

Medical & Life Care Consulting (MLCC) is a Northeast leader in medical management services, including workers' compensation case management, medical case management, and employee health and wellness services. MLCC also provides nationwide professional nursing solutions and services, including life care planning, medical cost projections, medical chart review, medical chronologies, Medicare Set-Aside allocations, and legal nurse consulting.

With over 200 years of combined nursing and professional service experience, the experts at MLCC can handle all your comprehensive medical consulting and employee health and wellness needs.

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