

# Winning With Wellness

## EXECUTIVE SUMMARY



**U.S. CHAMBER OF COMMERCE**



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## EXECUTIVE SUMMARY

As the leading voice of the business community, the U.S. Chamber of Commerce compiled a guide discussing the importance of workplace wellness programs. The Chamber commissioned leading academics and paired them with practitioners to explain how to set up well-designed wellness programs, the return and value on investing in employee health, and applicable legal rules.

This executive summary is based on the content in the booklet *Winning With Wellness*, which was released in April 2016.

### I. A Review of Employer Best Practices and Well-Designed Workplace Wellness Programs

#### Assess an Appetite for Wellness

To begin, employers need to assess their organizations' readiness to adopt a comprehensive workplace wellness strategy.



Randy Johnson, senior vice president of the U.S. Chamber of Commerce's Labor, Immigration & Employee Benefits Division, discusses the Chamber's long involvement promoting workplace wellness activities as a way to control health care costs.

## Fundamentals of a Well-Designed Workplace Wellness Program

There is no one-size-fits-all wellness program. When designing a program, employers should rely on evidence-based best practice strategies and tailor interventions to their populations. When developing a well-designed comprehensive workplace wellness initiative, consider the following components that spell out the acronym IDEAS<sup>1</sup>:

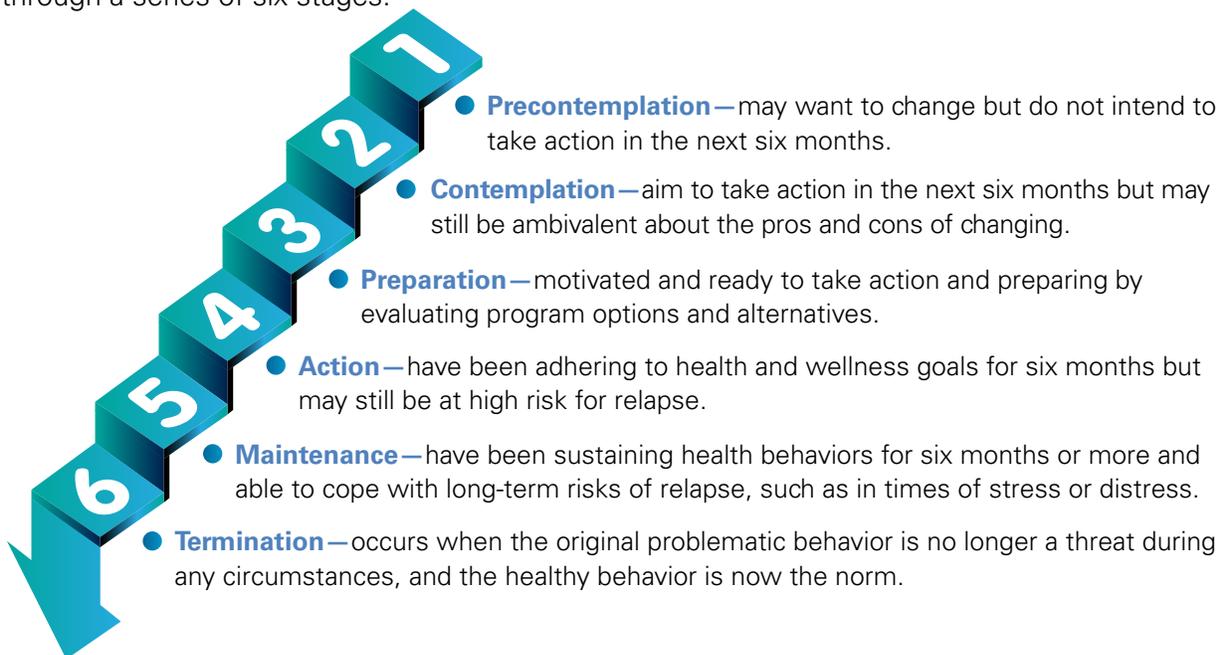


### IDEAS

- **Infrastructure:** Build an internal foundation to sustain wellness initiatives. An internal foundation includes senior leadership support and wellness champions and teams. A focus on well-being encompasses policy and environmental interventions designed for the workplace.
- **Data:** Collecting baseline data is important to build a targeted workplace wellness program tailored to the population.
- **Evaluation and Planning:** After putting in place the workplace wellness infrastructure and collection of baseline data, evaluate the information collected and then move to craft a customized strategic work plan.
- **AEI Programming:** Programs encompass a blend of awareness, education, and behavior change interventions (AEI) that appeal to a wide variety of participants and those who are at different levels of preparedness to change.
- **Success:** Measuring, evaluating, and monitoring workplace wellness programs on a regular basis lead to success. Making regular adjustments to the program and the strategic plan helps improve engagement and outcomes.

## The Science of Behavior Change: Moving Toward Action

Well-designed workplace wellness programs are based on theories from the behavioral and social sciences. The Transtheoretical Model (TTM) helps employers understand how to structure workplace wellness programs to create sustainable behavior change. TTM is based on the stages of change model, which defines individuals' ability for behavior change as they progress through a series of six stages.<sup>2</sup>



James O. Prochaska, Ph.D., director, Cancer Prevention Research Center and professor of clinical and health psychology, University of Rhode Island, and founder, Pro-Change Behavior Systems Inc., underscores how the six stages of behavior change are intertwined with components of workplace wellness programs to achieve sustainable results.

## Matching Programs to Stages of Change

| Wellness Components               | STAGES OF CHANGE |               |             |        |             |
|-----------------------------------|------------------|---------------|-------------|--------|-------------|
|                                   | Precontemplation | Contemplation | Preparation | Action | Maintenance |
| 1. HRA                            | →                |               |             |        |             |
| 2. HRA Based on Stages of Change  | →                |               |             |        |             |
| 3. Biometrics                     | →                |               |             |        |             |
| 4. Health Coaching (stage based)  | →                |               |             |        |             |
| 5. Health Coaching (action based) |                  | →             |             |        |             |
| 6. Outcome Incentives             |                  | →             |             |        |             |
| 7. Participation Incentives       | →                |               |             |        |             |

## II. Workplace Wellness Programs: A Win-Win Strategy

Do workplace wellness programs benefit both the business and the participant? From a business perspective, the employer's engagement should be consistent with the values of the organization and the financial value of the investment. However, when the investment is for the company's most important resource, its people, there are additional benefits beyond financial returns.

Table 2 summarizes existing case studies and other data regarding an employer's and an employee's return on investment (ROI), whether financial or other.

These studies demonstrate that well-designed wellness programs lead to a ROI ranging from \$1.5 to more than \$3 invested over a time frame of two to nine years.

| TABLE 2                                    |  |
|--|--|
| Medium-Size Business                       |  |
| <b>Midwest Utility Company<sup>3</sup></b> | <p>A long-term study used four different groups of employees during four time periods from 1999 to 2007 measuring health care and time away from work data from a comprehensive worksite health program at a Midwest utility company.</p> <p>The study showed that the historical trend analysis demonstrated a ROI of \$1.58 for continuous participants and \$1.57 for sporadic participants. For the time period analysis, from the start of the program in 1999 to the end of 2001, 2003, 2005, and 2007, the cumulative ROI was \$1.29, \$1.54, \$1.58, and \$1.66, respectively.</p> |

**TABLE 2** (continued)

**Large Employers**

|   |   |
|---|---|
| <p><b>PepsiCo Inc.</b><sup>4</sup></p>          | <p>An evaluation of PepsiCo’s wellness program, Healthy Living, over seven years (from 2002 to 2011 including two baseline years of data collection) determined the cost impact of its lifestyle and disease management programs. The study revealed that after seven years of continuous participation in either the lifestyle or disease management program, Pepsi had an average reduction of \$30 in health care costs per member per month.</p> <p>The authors concluded that “workplace wellness programs may reduce health risks, delay or avoid the onset of chronic diseases, and lower health care costs for employees with manifest chronic disease.” The authors also urged employers and policymakers not to take for granted lifestyle management components as they can head off future risk, reduce health care costs, and lead to net savings, particularly over time.</p> |
| <p><b>Johnson &amp; Johnson</b><sup>5</sup></p> | <p>In 2011, an evaluation of Johnson &amp; Johnson’s health programs compared a matched cohort sample of the 31,823 employees with similar companies with an equal number of employees. The findings showed that from 2002 to 2008, “Johnson &amp; Johnson experienced a 3.7% lower average annual growth in medical costs compared to the comparison group.” Research demonstrated that Johnson &amp; Johnson’s wellness programs produced a ROI of \$3.92 for every dollar spent. With a higher, yet still conservative, annual program cost per employee of \$300, the ROI is a \$1.88 cost savings per every dollar spent. Overall, these programs delivered a positive ROI between \$1.88 and \$3.92 for each dollar invested.</p>   |

**TABLE 2** (continued)

**REPORT**

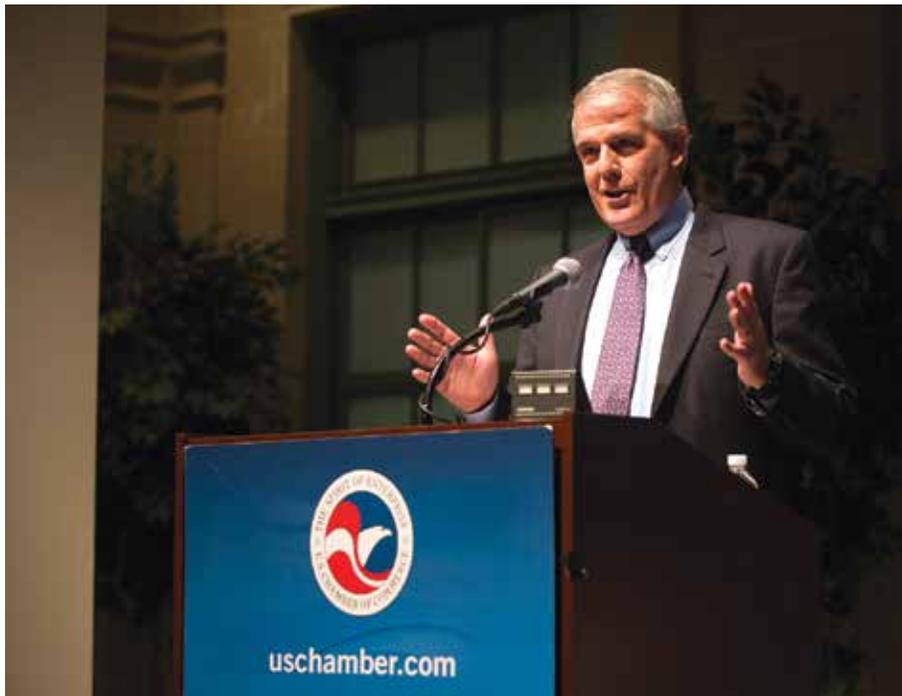
|  |   |
|--|---|
| <p><b>Workplace Wellness Programs Study: Final RAND Report</b><sup>6</sup></p> | <p>A RAND report found that while it may be unclear if health-related behavior will, in fact, directly lead to reduced health care costs, there is solid evidence to be optimistic. More than 60% of survey respondents reported that workplace wellness programs reduced their organizations' health care costs. Respondents reported reductions in inpatient costs making up 68% of the total cost reduction, compared with 28% of outpatient costs, and a decrease of 10% in prescription drug costs. Respondents also reported an overall decrease in health care service utilization, which, in turn, reduced the health care cost burden. Finally, the study found significant "clinically meaningful" and long-lasting improvements in employees' weight, smoking status, and physical activity.</p> |
|--|---|

**JOURNAL ARTICLES**

|   |   |
|---|---|
| <p><b>"Workplace Wellness Programs Can Generate Savings"</b><sup>7</sup></p>        | <p>In a critical meta-analysis, Harvard economists reviewed the literature on costs and savings associated with workplace wellness programs. Their findings concluded that money spent on well-designed programs led to a ROI of approximately \$2.73 for every dollar spent. The economists acknowledged that there is a need for further exploration on the broad application of these programs, but wider adoption of well-designed programs could be beneficial for other health and business outcomes.</p> |
| <p><b>"Do Workplace Health Promotion (Wellness) Programs Work?"</b><sup>8</sup></p> | <p>Multiple authors published an article in the <i>Journal of Occupational and Environmental Medicine</i> that asked the question, "Do Workplace Health Promotion (Wellness) Programs Work?" The authors concluded that programs using evidence-based strategies produced a ROI between \$2 and \$3. Employees adopted healthy habits, less time away from work, and lower medical and pharmacy costs.</p>  |
| <p><b>"Positive Intelligence"</b><sup>9</sup></p>                                   | <p>An article published in the <i>Harvard Business Review</i> says that employees who scored low on "life satisfaction" stayed home 1.25 days per month more than those who had higher scores for life satisfaction. This difference resulted in a decrease in time at work of 15 days per year.</p>  |

### III. Wellness Incentives and the Interplay Between HIPAA, ADA, and the GINA

Wellness programs that provide incentives are governed by federal regulations. HIPAA (the Health Insurance Portability and Accountability Act) sets forth the framework for a comprehensive final set of regulations for employers to follow in designing and implementing wellness programs. The Equal Employment Opportunity Commission (EEOC) is responsible for interpreting ADA (the Americans with Disabilities Act) and GINA (the Genetic Information Nondiscrimination Act). Tables 3 through 10 discuss wellness incentives and the interplay between HIPAA, ADA, and GINA.<sup>10</sup>



Ronald Loeppke, M.D., M.P.H., FACOEM, FACPM, vice chairman, U.S. Preventive Medicine, Inc., talks about how converging financial, political, and cultural trends is transforming the health care system from treating diseases toward prevention.

## To What and to Whom Regulations Apply

| TABLE 3   |   |  |
|---|---|--|
| HIPAA   | ADA   | GINA   |
| <ul style="list-style-type: none"> <li>• All wellness programs that are part of a group health plan, including—               <ul style="list-style-type: none"> <li>– Health-contingent programs (activity-based and outcomes-based)</li> <li>– Participation-based programs (with very limited requirements)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• All wellness programs, <b>regardless</b> of whether they are part of a health plan, as long as they include—               <ul style="list-style-type: none"> <li>– Disability-related inquiry</li> <li style="text-align: center;">or</li> <li>– Medical exam (HRA or biometric screening)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• All wellness programs, <b>regardless</b> of whether they are part of a group health plan, as long as they include an incentive for employee or spouse to provide information about manifestation of disease or disorder (e.g., through HRA or biometric screening)</li> <li>• Program cannot ask for genetic information</li> </ul> |
| <ul style="list-style-type: none"> <li>• Covers               <ul style="list-style-type: none"> <li>– Employees</li> <li>– Spouses</li> <li>– Dependents</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>• Covers               <ul style="list-style-type: none"> <li>– Employees</li> <li>– Job applicants</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>• Covers               <ul style="list-style-type: none"> <li>– Employees</li> <li>– “Family members”</li> </ul> </li> </ul>  |

## Permissible Limits

| TABLE 4   |   |  |
|---|---|--|
| HIPAA   | ADA   | GINA   |
| <ul style="list-style-type: none"> <li>• All wellness programs that are part of a group health plan, including—               <ul style="list-style-type: none"> <li>– Health-contingent programs (activity-based and outcomes-based)</li> <li>– Participation-based programs (with very limited requirements)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• All wellness programs, <b>regardless</b> of whether they are part of a health plan, as long as they include—               <ul style="list-style-type: none"> <li>– Disability-related inquiry</li> <li style="text-align: center;">or</li> <li>– Medical exam (HRA or biometric screening)</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• All wellness programs, <b>regardless</b> of whether they are part of a group health plan, as long as they include an incentive for employee or spouse to provide information about manifestation of disease or disorder (e.g., through HRA or biometric screening)</li> <li>• Program cannot ask for genetic information</li> </ul> |
| <ul style="list-style-type: none"> <li>• Covers               <ul style="list-style-type: none"> <li>– Employees</li> <li>– Spouses</li> <li>– Dependents</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>• Covers               <ul style="list-style-type: none"> <li>– Employees</li> <li>– Job applicants</li> </ul> </li> </ul>   | <ul style="list-style-type: none"> <li>• Covers               <ul style="list-style-type: none"> <li>– Employees</li> <li>– “Family members”</li> </ul> </li> </ul>  |

## Kinds of Incentives

| TABLE 5  |   |  |
|--|---|--|
| HIPAA  | ADA   | GINA   |
| <p><b>All incentives</b></p> <ul style="list-style-type: none"> <li>• Financial</li> <li>• In-kind</li> <li>• Taxable</li> <li>• Nontaxable</li> <li>• Reward</li> <li>• Penalty</li> <li>• De minimis</li> </ul> <p>Incentive does not have to be paid directly to spouse</p> | <p><b>All incentives</b></p> <ul style="list-style-type: none"> <li>• Financial</li> <li>• In-kind</li> <li>• Taxable</li> <li>• Nontaxable</li> <li>• Reward</li> <li>• Penalty</li> <li>• De minimis</li> </ul> | <p><b>All incentives</b></p> <ul style="list-style-type: none"> <li>• Financial</li> <li>• In-kind</li> <li>• Taxable</li> <li>• Nontaxable</li> <li>• Reward</li> <li>• Penalty</li> <li>• De minimis</li> </ul> <p>Incentive does not have to be paid directly to spouse</p> |

## Use of Tobacco

| TABLE 6  |  |                |
|--|--|----------------|
| HIPAA  | ADA  | GINA           |
| <p><b>Participatory programs—</b></p> <ul style="list-style-type: none"> <li>No limit on incentive</li> </ul> <p><b>Health-contingent programs—</b></p> <ul style="list-style-type: none"> <li>Incentive limit is <b>50% of total cost of elected coverage</b> for programs that include tobacco use (no testing)</li> </ul> | <ul style="list-style-type: none"> <li>Incentive is limited to <b>30% of total cost of self-only coverage</b> for programs that include tobacco use (testing)</li> </ul> | Not applicable |

## Qualification Rules

| TABLE 7   |  |   |
|---|--|---|
| HIPAA   | ADA  | GINA  |
| <p><b>Participatory programs—</b></p> <ul style="list-style-type: none"> <li>• Must be provided to similarly situated individuals</li> </ul> <p><b>Health-contingent programs—</b></p> <ul style="list-style-type: none"> <li>• Qualify at least annually</li> <li>• Uniformly available</li> <li>• Reasonable alternative standards must be provided</li> <li>• Additional rules apply, e.g.,               <ul style="list-style-type: none"> <li>– Plan must find and pay for reasonable alternative</li> <li>– Time and commitment must be reasonable</li> <li>– Full incentive must be made available</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Can't require employees to participate</li> <li>• Can't deny coverage under any plan or option for nonparticipation or limit extent of benefits except for financial incentives</li> <li>• Can't take any adverse employment action for refusal to participate</li> <li>• Can't provide medical information to employer except in aggregate terms that do not and could not identify an individual</li> </ul> | <ul style="list-style-type: none"> <li>• Can't deny access to health insurance or benefits to employee, spouse, or covered dependents due to employee's or spouse's refusal to provide information about manifestation of disease or disorder</li> <li>• Can't provide incentive for individuals to provide genetic information</li> <li>• Can't provide incentive for information about manifestation of disease or disorder in employee's children</li> </ul> |

## Other Rules

| TABLE 8  |  |   |
|--|--|---|
| HIPAA  | ADA  | GINA  |
| <p><b>Participatory programs—</b></p> <ul style="list-style-type: none"> <li>• Must be provided to similarly situated individuals</li> </ul> <p><b>Health-contingent programs—</b></p> <ul style="list-style-type: none"> <li>• Must be “reasonably designed” to promote health or prevent disease—               <ul style="list-style-type: none"> <li>– Reasonable chance of improving health or preventing disease</li> <li>– Not overly burdensome</li> <li>– Not subterfuge for discrimination based on health factor</li> <li>– Not highly suspect in method chosen to promote health or prevent disease</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Can’t require employee to agree to sale, exchange, transfer, sharing, etc., or waive confidentiality to receive incentive</li> <li>• Must be reasonably designed to promote health or prevent disease—               <ul style="list-style-type: none"> <li>– Reasonable chance of improving health or preventing disease</li> <li>– Not overly burdensome</li> <li>– Not subterfuge for violating ADA or other laws</li> <li>– Not highly suspect in method chosen to promote health or prevent disease</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Can’t require employee or spouse to agree to sale, exchange, transfer, sharing, etc., or waive confidentiality to receive incentive</li> <li>• Must be reasonably designed to promote health or prevent disease—               <ul style="list-style-type: none"> <li>– Reasonable chance of improving health or preventing disease</li> <li>– Not overly burdensome</li> <li>– Not subterfuge for violating GINA or other laws</li> <li>– Not highly suspect in method chosen to promote health or prevent disease</li> </ul> </li> </ul> |

## Notices and Authorizations

| TABLE 9   |   |   |
|---|---|---|
| HIPAA   | ADA   | GINA  |
| <p><b>Participatory programs—</b></p> <ul style="list-style-type: none"> <li>No specific notice requirements</li> </ul> <p><b>Health-contingent programs—</b></p> <ul style="list-style-type: none"> <li>Must disclose availability of reasonable alternative standards, including contact information and statement that recommendations of personal physician will be accommodated</li> </ul> | <ul style="list-style-type: none"> <li>Must provide notice that describes—           <ul style="list-style-type: none"> <li>Medical information that will be obtained</li> <li>Purpose for which information will be used</li> <li>Restrictions on disclosure of medical information, with whom information will be shared, and methods used to protect information from improper disclosure</li> </ul> </li> <li>Existing notices may be used if they meet these requirements</li> </ul> | <ul style="list-style-type: none"> <li>Both employee and spouse must sign an authorization that is knowing, voluntary, and written that explains—           <ul style="list-style-type: none"> <li>Restrictions on disclosure of information</li> <li>Individually identifiable genetic information provided only to individual receiving services</li> <li>Individually identifiable genetic information only available for purposes of health or genetic services and not disclosed to employer except in aggregate form</li> </ul> </li> </ul> |

## Effective Dates

| TABLE 10   |  |  |
|--|--|--|
| HIPAA  | ADA  | GINA   |
| <ul style="list-style-type: none"> <li>• <b>Right now</b></li> </ul> | <p><b>For incentive limits and notice requirements—</b></p> <ul style="list-style-type: none"> <li>• First day of plan year beginning on or after January 1, 2017</li> </ul> <p><b>For all other requirements—</b></p> <ul style="list-style-type: none"> <li>• “Clarification” of existing law and currently applicable</li> <li>• In other words, “right now”</li> </ul> | <p><b>For incentive limits—</b></p> <ul style="list-style-type: none"> <li>• First day of plan year beginning on or after January 1, 2017</li> </ul> <p><b>For all other requirements—</b></p> <ul style="list-style-type: none"> <li>• “Clarification” of existing law and currently applicable</li> <li>• In other words, “right now”</li> </ul> |

## Endnotes

1. Anne Marie Ludovici-Connolly, *Winning Health Promotion Strategies* (Champaign, IL: Human Kinetics, 2010), 18–42.
2. James O. Prochaska and Janice M. Prochaska, “Behavior Change” in *Population Health: Creating a Culture of Wellness*, ed. David B. Nash et al. (Sudbury, MA: Jones & Bartlett Learning, 2011), 23–41.
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8. Ron Z. Goetzel et al., “Do Workplace Health Promotion (Wellness) Programs Work?” *Journal of Occupational and Environmental Medicine* 56 (9) (September 2014): 927–934.
9. Shawn Anchor, “Positive Intelligence,” *Harvard Business Review* (Jan.–Feb. 2012).  
<https://hbr.org/2012/01/positive-intelligence/ar/1>
10. Aon Hewitt Legal Update, “EEOC Issues Final Wellness Program Rules under ADA and GINA,” by J.D. Piro, Kerri Willis, and Peter O’Hara (May 20, 2016).



## Notes



## Notes



## Notes





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1615 H Street NW  
Washington, D.C. 20062-2000  
[uschamber.com](http://uschamber.com)