

Wellness and Beyond: Employers Examine Ways to Improve Employee Health and Productivity and Reduce Costs

The Hewitt logo consists of the word "Hewitt" in a white, serif font, centered within a dark blue square.

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About This Material

This Hewitt report focuses on health trends in the U.S. that have led employers to implement comprehensive wellness strategies to improve employee health, reduce health-related costs, and improve productivity. It also examines the following:

- Trends in employee health and productivity, including statistics on common health problems and diseases in the U.S.;
- The components of employer-provided wellness programs and their potential impact on employee health and the bottom line;
- Ways to assess employee health concerns, conditions, and behaviors in order to tailor wellness programs around these identified health risks and employee readiness to change;
- Incentive approaches employers utilize to encourage employee participation in and completion of wellness programs;
- Best practices for employers to ensure the success of their wellness programs through promotion and communication; and
- Employers' efforts and inherent challenges in measuring the return on investment of wellness programs.

For more information on wellness programs and other health and productivity solutions, please contact your local Hewitt Consultant.

Hewitt Associates does not practice law or provide tax advice. Employers are encouraged to contact their own legal counsel to ensure their wellness programs meet various federal, state, and municipal laws.

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Trends in Health and Productivity

Employer-sponsored wellness programs and other health and productivity solutions have been on the rise in recent years as a way to tackle rising health care costs and other economic pressures. With American workers spending more than one-third of their daily lives at work, employers have an opportunity to capture employees' attention. As a result, employers have begun to weave various work-based wellness initiatives and programs into their overall benefits offerings.

Employer-based wellness programs range from smoking cessation and weight management programs to comprehensive on-site health and fitness facilities that may be tied in with condition management initiatives and other health programs. While the return on investment (ROI) varies for each employer, studies have shown that for every \$1 an employer spends on wellness programs, employers can expect a \$3 to \$6 return on their investment (see the [Measuring the Impact and Effectiveness of Wellness Programs](#) section of this report for more information). Wellness programs not only improve an individual's short-term and long-term health, but they also help curb absenteeism and presenteeism, improve productivity, and aid quicker return to work for employees on disability leave. Companies also offer wellness programs to remain competitive in the marketplace and as a recruitment and retention benefit.

The following section discusses employee health conditions and diseases that are especially concerning to employers and the potential for employer-based wellness programs to address these health problems.

Chronic Conditions Are on the Rise, and Costs Are Too

Employers have reason to worry about employees' health and productivity and resulting costs. According to the Centers for Disease Control and Prevention (CDC), seven out of ten (1.7 million) Americans who die each year die of a chronic disease. In 2003, heart disease, cancer, stroke, and chronic respiratory disease were the top four leading causes of death. In addition, the CDC estimates that chronic, disabling conditions affect more than 25 million people in America. What's more is that chronic diseases, such as cardiovascular disease (including heart disease and stroke), cancer, and diabetes, "are the most prevalent, costly, and preventable of all health problems," according to the CDC.¹ Cardiovascular disease remains America's top killer, with 2,400 people dying from the disease each day. This translates into one death nearly every 37 seconds.²

Medical costs for individuals with chronic diseases are estimated to account for more than 75% of the U.S.'s \$2 trillion medical care costs, according to the CDC. Employers are feeling the pressure through increased health and disability costs, absenteeism, and lower productivity. According to the Partnership for Prevention, U.S. employers spend nearly \$226 billion per year, or \$1,685 per employee per year, on productivity losses due to employee and family health problems.³

A chronic disease often increases the risks for other related diseases, which further deteriorates an individual's overall health. The good news is that wellness programs offered by employers can help employees turn chronic health problems and unhealthy behaviors into healthier lifestyles, which not only benefits the employee's own health and costs, but also the employer's bottom line.

Most Pressing Employee Health Conditions for Employers

The top three conditions employers believe are the most pressing are diabetes (49%), overweight/obesity (45%), and heart disease (39%), according to Hewitt's 2008 [Two Roads Diverged: Hewitt's Annual Health Care Survey](#), which includes results from Hewitt's employer survey of 508 executives, representing more than eight million employees. In addition, employers identified the following programs that are most needed for their employee populations, which are directly tied to their top three most pressing health conditions.

Top 3 Most Needed Health Improvement Programs

	Most Needed	Currently Offered	Adopting in 2008	Considering to Offer for Future Date	Not Interested in Offering
Weight Management	77%	49%	11%	36%	4%
Physical Fitness	62%	52%	6%	34%	7%
Smoking Cessation	49%	58%	12%	26%	5%

Source: Hewitt Associates, *Two Roads Diverged: Hewitt's Annual Health Care Survey, 2008*.

Smoking, overweight/obesity, and other unhealthy behaviors, such as a lack of exercise and poor diet, contribute to poor health, chronic conditions, and other health issues. These unhealthy lifestyles can increase the risk for both heart disease and diabetes—two of employers' most pressing conditions. Employers can influence these behaviors and encourage employees to live healthier lives through various health and wellness programs. The following statistics show the full impact overweight/obesity and smoking have on employees and their family members' health, as well as the potential costs to employers.

Overweight and Obesity

The rate of obesity has risen sharply in the U.S. and contributes to numerous other chronic conditions. Obesity rates in the U.S. more than doubled from 15% in a 1976–1980 survey to 34% in 2007, according to the CDC, which means that more than 60 million Americans are obese. Children are also at risk, with overweight prevalence more than doubling or even tripling for various age groups of children ages 2–19. The economic impact of obesity is staggering. In 2000, the total cost of obesity in the U.S. was estimated to be \$117 billion (\$61 billion in direct costs; \$56 billion in indirect costs).⁴

Individuals who are overweight or obese are at increased risk for other associated health conditions, such as hypertension, osteoarthritis, high total cholesterol, Type 2 diabetes, heart disease, stroke, gall bladder disease, sleep apnea, and some cancers, leading to higher lifetime health costs.⁵ A study published in *Obesity* found that individuals in their 20s who are obese will have a shorter lifespan and will incur lifetime medical costs between \$5,340 and \$29,460 *more* than healthy weight individuals of the same race. The study's authors suggest employers consider various health promotion and weight management programs and benefits, such as healthier food options in cafeterias and vending machines, gym membership subsidies, and even bariatric surgery coverage within their health plans.⁶

Furthermore, according to a study published in the *Journal of Occupational and Environmental Medicine*, obesity accounts for over 9% of the total costs of absenteeism in the workplace. Women who were obese were 61% more likely, and women who were morbidly obese were 118% more likely, to miss work compared to healthy weight women. Women who were in the professional occupational category contributed the most (28%) to obesity-related costs among women. For men, absenteeism rates varied based on their occupation and weight category. Men in sales and professional occupations missed more work as their weight increased. However, rates of absenteeism increased only for *morbidly* obese male managers, office workers, and equipment operators. Male managers contributed the most (37%) to obesity-related costs among men.⁷

Job tasks and requirements can be more difficult for overweight or obese employees in some cases. A separate study of 341 manufacturing employees found that moderate to extreme obesity contributed to increased health-related limitations at work, including the time needed to complete job requirements and physical ability to meet work demands. These health-related losses contributed to an average 4.2% decrease in productivity for moderately to severely obese workers. The study's authors conclude that workplace weight management programs can lead to substantial health and economic savings each year.⁸

See the [Wellness-Centered Benefits](#) section of this report for more information on employer-offered weight management and fitness programs.

Smoking

In the U.S. alone, approximately 8.6 million people have at least one serious illness (e.g., cancer, heart disease) caused by smoking,⁹ and smoking is responsible for approximately one in five deaths.¹⁰ More specifically, from 1997 to 2001, smoking claimed approximately 438,000 lives each year, and this trend continues.¹¹ In fact, smoking reduces a person's lifespan significantly—an average of 13.2 years for men and an average of 14.5 years for women.¹² The CDC estimates that cigarette smoking costs more than \$193 billion annually, which includes \$97 billion in lost productivity and \$96 billion in health care expenditures.¹³ In addition, secondhand smoke, classified by the U.S. Environmental Protection Agency as a known human carcinogen, is responsible for approximately 3,400 lung cancer deaths and 46,000 heart disease deaths in adult nonsmokers annually.¹⁴ A 2005 study estimates the total costs of secondhand smoke exposure in the U.S. at about \$10 billion annually—\$5 billion in direct costs and \$5 billion in indirect costs.¹⁵

A report from the U.S. Surgeon General indicates that smoking remains the leading preventable cause of disease and premature death worldwide. The report adds additional diseases to the already lengthy list of conditions caused by smoking and concludes that smoking harms nearly every organ of the body.¹⁶ It also cites other effects of smoking on a person's health and states that overall, smokers are less healthy than nonsmokers. Although smoking is most often associated with lung cancer, heart disease, and respiratory disease, smokers also suffer from other adverse health effects, which span many years and often lead to a diminished quality of life. The report states that "quitting smoking has immediate and long-term benefits, reducing risks for diseases caused by smoking and improving health in general."¹⁷ Indeed, quitting smoking has a positive effect on an individual's health within the first 20 minutes one quits and throughout one's life.¹⁸

Like other chronic conditions, smoking has a direct impact on health insurance premiums and health and disability claims, as well as indirect costs from absenteeism and lost productivity. The Center for Health Improvement estimates that smokers cost employers \$3,000 more per year in increased health care premiums, absenteeism, and lost productivity when compared to nonsmokers.¹⁹ According to a study of 300 employees, current smokers had greater absenteeism than those who never smoked. The study authors say that smokers may be less productive due to the amount of breaks they take for smoking and because they often work while they are actually feeling ill (also known as "presenteeism").²⁰

In order to reduce the incidence of smoking within a workforce, employers are encouraged to offer smoking cessation programs that include counseling and medical assistance (see the [Wellness-Centered Benefits](#) section of this report for more information).

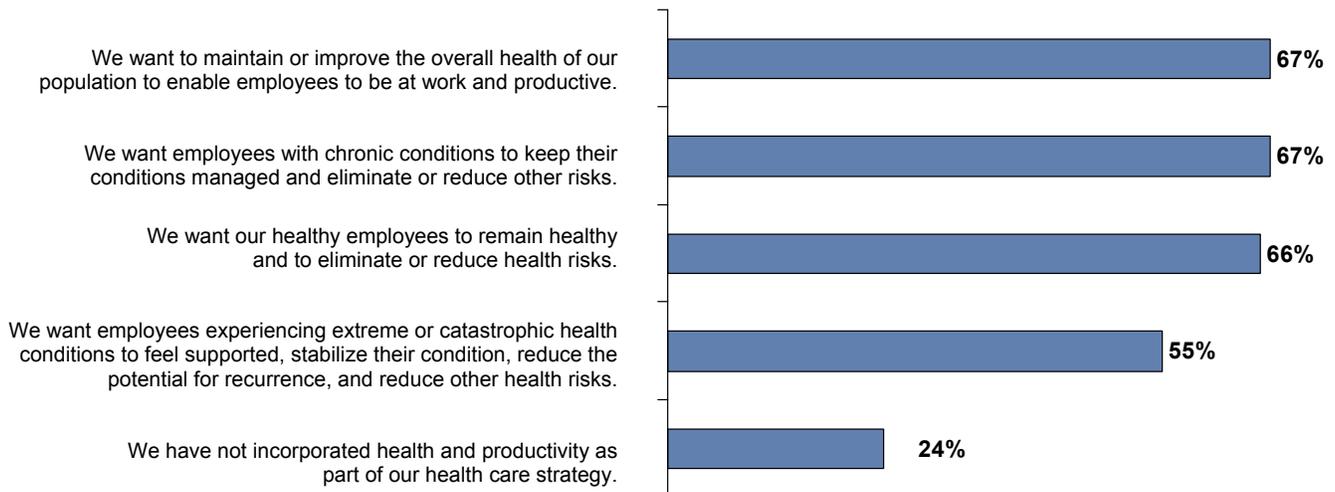
Employers Moving Toward Health and Productivity Solutions

Organizations increasingly are recognizing optimal employee health as a global competitive advantage. As a result, employers are offering wellness programs to help employees tackle weight, smoking, and other health conditions. According to Hewitt's 2008 *Two Roads Diverged* survey report, 65% of employers cited keeping employees healthy to improve productivity as one of their top three business issues, while 79% of employers responded that keeping employees healthy was among their top three workforce issues.

(Notably, this issue did not make these respective top three lists in the 2007 survey.) Furthermore, 47% of employers believe that effective treatment of behavioral health conditions is critical to controlling their health care costs, maintaining high levels of productivity, and mitigating absence.

When asked what an organization would like to accomplish with its health and productivity strategy, employers responded with the following:

Improving Health and Productivity of Employees



Source: Hewitt Associates, *Two Roads Diverged: Hewitt's Annual Health Care Survey, 2008*.

Despite the potential to improve employee health and productivity and reduce employers' costs, only 23% of employers have a formal health and productivity strategy currently in place, according to Hewitt's 2008 [The Road Ahead: Driving Productivity by Investing in Health](#) survey. Still, nearly 60% of employers indicate they anticipate developing such a strategy within the next five years.

Hewitt's *Investing in Health* survey found that for employers that do have a formal health and productivity strategy:

- 35% include wellness programs and coaching that are seamlessly integrated with chronic disease programming to address all levels of health risk; and
- 32% evaluate drug utilization to identify where doctors' prescriptions do not match expected treatment guidelines.

These findings suggest that employers that already have such programs understand the broad spectrum of health among their employees—from healthy to chronically ill—and that initiatives to maintain health and reduce risk can positively affect health care costs and productivity. Still, the majority of employers do not have a formal strategy in place. As a result, employers considering a formal health and productivity strategy should consider one that integrates comprehensive health promotion and wellness initiatives with various health benefits programs as a way to improve employees' health and influence health-related costs.

The following sections focus on one key aspect of a comprehensive health and productivity strategy: wellness programs.

Wellness Programs: The Basics

An essential part of any wellness strategy is developing an internal wellness infrastructure that supports the wellness program initiatives offered by an employer. This infrastructure often includes senior level support, wellness champions who evangelize wellness initiatives, and multidisciplinary teams of employees at every level of the organization to instill a wellness culture within the organization. Once the strategy for a wellness infrastructure is established, employers can assess which specific wellness programs they would like to offer their employees based on health risk and employee readiness to change.

Wellness programs generally provide resources to help prevent illnesses and maintain good health; assist with current health conditions; and educate employees on health care issues and how to lead healthy lifestyles. Various employer-provided benefit programs influence and can be integrated with comprehensive wellness programs. Employers that embark on developing and implementing a comprehensive wellness strategy must evaluate the need for such a program as well as their long-term commitment. In order to successfully implement a wellness program, employers should consider the following:

- **Health Risk Assessment:** Assess employees' health, identify top health risks, and provide direction in managing the population;
- **Wellness-Centered Benefits:** Provide health care, prescription drug, and other wellness-centered benefits to complement identified health risks and encourage prevention of future risks. Assist employees in managing their chronic conditions and returning to the highest possible level of function;
- **Employee Incentives:** Develop and promote health and behavior modification programs, providing incentives or disincentives for participation;
- **Ensuring the Success of Wellness Programs:** Promote and communicate to employees wellness program initiatives to boost participation levels and program completion; and
- **Metrics and Program Evaluation:** Measure participation and effectiveness of wellness programs, document outcomes, and adjust programs, incentives, and other aspects as necessary.

The essential components of a successful wellness strategy are outlined in the following graph and are discussed in more detail throughout the rest of this report.

Components of a Successful Wellness Program



Health Risk Assessment

Health risk assessments (HRAs) can be useful tools for employers to evaluate which health conditions are most pressing in their particular employee population, target high-risk groups and point them to various health benefits or programs, and track their progress. The assessment data can be gathered through aggregate claims data to identify prevalent health conditions among employees, health risk questionnaires (HRQs) completed by employees, and/or through biometrics screening.

Depending on the HRA results, employers may decide to target areas such as coronary heart disease, diabetes, overweight/obesity, smoking, physical activity, or other pressing health conditions. Typically, employers can prioritize which conditions to target and build their wellness programs around first based on both the prevalence of a condition/employee behavior and employees' readiness to change.

Aggregate Health Claims Data

Employers can review aggregate health and prescription drug claims data, as well as absence management data, if available, to determine the most pressing health conditions within their workforce. The benefits of using such data are that it is readily available and involves little added cost. However, a few challenges exist with aggregating claims data: 1) some individuals may be missed if a health or prescription drug claim was not filed; 2) clinical analysis is required to interpret the claims data; and 3) claims data cannot identify employees' individual behaviors.

While claims data is a good launching point, employers often complement their strategies by also offering a health risk questionnaire to employees or biometrics screening in order to obtain more specific health information and personal feedback as to what motivates employees toward achieving improved health.

Health Risk Questionnaires

Health risk questionnaires request employees to provide information about their health and lifestyle habits, which in turn, provides employers with data to evaluate an individual employee's potential health risks, as well as prevalent health risks within the workforce through aggregated data. HRQs usually ask employees about their family history, major lifestyle factors, functional health status and quality of life, health interests, and their readiness to change. They can identify an individual's risky or unhealthy behaviors and provide information about what may motivate an employee to change his or her behavior.

HRQs can be delivered to employees using a variety of formats, including online, paper, telephone, and on-site kiosks, among other formats. The success of a particular format depends on employee demographics; office or plant location and how dispersed employees are; and access to computers, the Internet, and other technology.

One challenge associated with HRQs is that they are usually voluntary, so participation varies across employers and responses may not represent accurate information. Hewitt's 2008 *Investing in Health* survey indicates that only 30% of individuals who were eligible participated in an HRQ. HRQs promoted during open enrollment, when employees are a "captive" audience, can help boost participation. In addition, employers may offer an incentive for participating in an HRQ to improve participation and the accuracy of the results. Other employers may request HRQ completion in order for employees to be eligible for health insurance or qualify for lower health insurance premiums.

The results of an HRQ are usually immediately available to employees upon completion so they understand their health concerns and behaviors and which types of wellness programs they could participate in to improve their health. In addition, employers may use the aggregate health risk and employee readiness to change results to discern which wellness programs may be most appropriate for their particular workforce.

Biometrics Screening

A biometric screening involves employee participation in medical tests and assessments that reveal an employee’s basic health indicators. Typical screenings may include cholesterol (high density lipoprotein (HDL) and low density lipoprotein (LDL)), blood glucose, blood pressure, body fat analysis, and body mass index (BMI) derived from an employee’s height and weight. The biometric screening results help increase an employee’s awareness of his or her overall health and can then be used to develop an employee’s health goals. The detailed results also can point employees to relevant health and wellness programs provided by the employer.

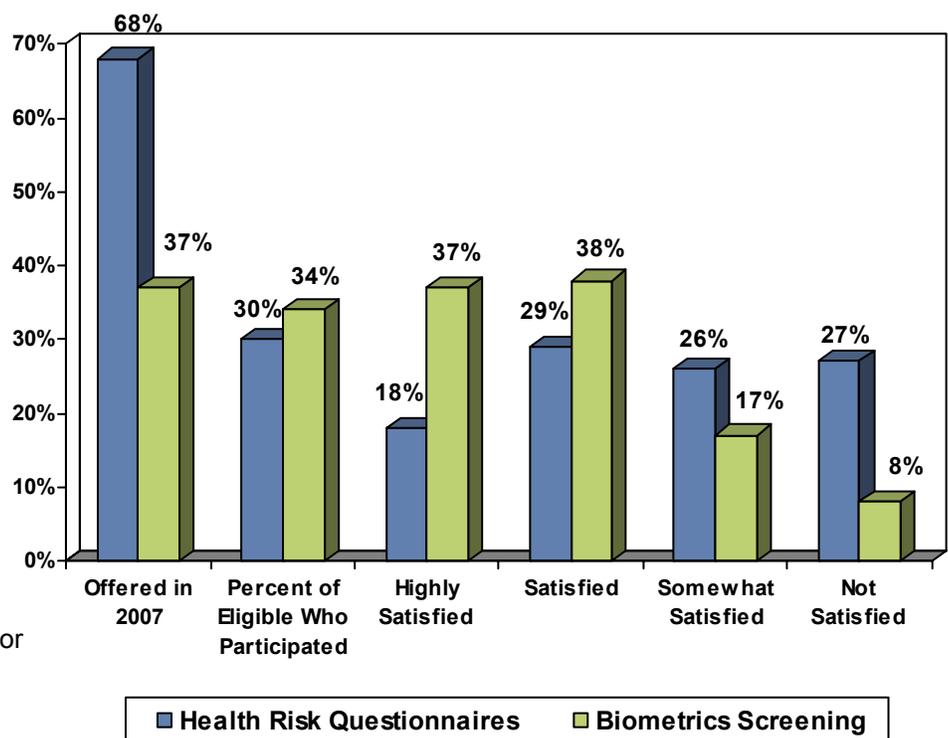
In addition, aggregate results from biometrics screenings can help employers target prevalent conditions in their workforce, similar to aggregate data gathered from health and prescription drug plans discussed above.

Success of HRQs and Biometrics Screening

According to Hewitt’s 2008 *Investing in Health* survey, about 68% of employers offered health risk questionnaires in 2007. Compared to other health programs, the percentage of employers that are *highly satisfied* with HRQs is quite low (only 18%). However, overall nearly three-quarters (73%) of employers are somewhat satisfied, satisfied, or highly satisfied with the process and results from HRQs. Twenty-seven percent of employers were not satisfied with HRQs—the highest rate of dissatisfaction among employers when compared to other health programs.

Although biometrics screening is offered by fewer employers, employers have slightly higher participation rates and are generally more satisfied with the process and results. According to Hewitt’s 2008 *Investing in Health* survey, 37% of employers offered biometrics screening in 2007. Participation by eligible individuals in biometrics screening was slightly higher than HRQs, with 34% participating. Employers have higher satisfaction with biometrics screening than HRQs, as well, with 92% of employers indicating they are somewhat satisfied, satisfied, or highly satisfied with the process and results.

HRQs and Biometrics Screening: Prevalence, Member Participation, and Employer Satisfaction



Source: Hewitt Associates, *The Road Ahead: Driving Productivity by Investing in Health*, 2008.

Targeting the Right Employees

Targeting the right employees and their specific conditions to engage them in wellness programs can be accomplished through any of the options outlined above, or through an integrated condition management program. In order for a program to be most effective, employers should assess the prevalent conditions and health concerns among their employee populations to develop complementary wellness initiatives.

According to Hewitt's 2008 *Two Roads Diverged* survey report, about half of surveyed employers are targeting the following conditions and are enhancing prescription drug and medical benefits for these specific conditions. Twenty percent of employers require a prerequisite for an employee to be eligible for such enhanced benefits, such as participation in a condition management program.

Specific Conditions Targeted and Enhanced Benefits

Condition	% of Companies Targeting Condition	Enhanced Benefit	
		Prescription Drug	Medical
Diabetes	46%	89%	87%
Cardiovascular Disease	40%	67%	81%
Asthma	36%	61%	67%
Depression	17%	31%	34%
Other	14%	15%	28%

Source: Hewitt Associates, *Two Roads Diverged: Hewitt's Annual Health Care Survey, 2008*.

Employers may focus on high-risk, medium-risk, and low-risk employees through various programs and initiatives that are appropriate for them. Generally, the highest levels of success can be achieved by helping high-risk employees lower their risk level and helping low-risk employees maintain their good health.

Wellness-Centered Benefits

After assessing employees' top health issues, employers need to ensure that their health, prescription drug, and other benefits address these health conditions and are in line with their overall wellness strategies. Employers interested in implementing wellness programs will need to examine the details of their employer-offered health plans to ensure preventive health services, such as annual exams and health screenings, are covered and also encourage employee utilization. In addition, prescription drug coverage should be tied to other wellness and condition management initiatives, such as low or no copays for diabetes maintenance medications, for example. Furthermore, employers that integrate their health plans, prescription drug plans, and condition management programs are likely to have improved success with their wellness strategies.

Summarized below are various wellness-centered benefits that can enhance employers' overall health and prescription drug plan offerings to enable employees to live healthier lives. Many of these programs also are aligned with employers' top employee health concerns.

Flu Shots

In an effort to prevent employee illness, 88% of employers offered flu shots in 2007, according to Hewitt's 2008 *Investing in Health* survey. Flu shots are by far the most frequently offered employer-based wellness program when compared to other health programs. Maintaining a healthy workforce during the flu season ensures higher levels of productivity, reduced absenteeism, and lower health care costs. In addition, flu shots help prevent certain flu viruses from spreading to other employees in the event an employee becomes sick. About 30% of eligible individuals participated in an employer-offered flu shot program in 2007, according to Hewitt's 2008 *Investing in Health* survey. In addition, 96% of employers are highly satisfied, satisfied, or somewhat satisfied with the process and results from flu shot programs.

Smoking Cessation

Smoking contributes to a variety of health problems, including but not limited to lung cancer, emphysema and other respiratory diseases, heart disease, and high blood pressure. Smoking cessation treatments are safe and effective and can include counseling, medications, or a combination of both, according to the CDC. Studies have found that face-to-face counseling and interactive telephone counseling are more effective than services that only provide self-help or educational materials. In addition, counseling sessions are more effective as the length and frequency of the sessions increase.²¹

Employees are encouraged to voluntarily sign up for the cessation program, or prospective participants may be identified through health risk questionnaires or biometrics screening. The employees are then contacted to discuss options for beginning a smoking cessation program. Over half (54%) of employers offer a smoking cessation program, according to Hewitt's 2008 *Investing in Health* survey.

Studies estimate that smoking cessation programs could cost employers as little as \$0.50 per member per month. Quitting smoking improves an individual's health beginning the day he or she quits. Experts suggest that incentives for participation in a smoking cessation program or disincentives for those who smoke be phased in over time in order to give employees an opportunity to participate and attempt to quit. Research suggests that the average person takes two to four attempts to quit smoking before he or she is completely smoke-free.²² For more information on incentives and disincentives, see the [Incentives for a Healthier Life](#) section of this report.

To learn more about smoke-free workplace trends and smoking cessation programs, please refer to Hewitt's comprehensive [Smoke-Free Workplaces](#) trends bulletin.

Weight Management Solutions

Many employers are beginning to offer comprehensive weight management solutions to help overweight and obese employees lose weight. Hewitt's 2008 *Investing in Health* survey found that over half (53%) of employers offered weight management solutions in 2007. However, participation was low, with only 5% of eligible individuals participating in such a program.

Weight management programs assess employees' weight and BMI to develop a diet and exercise program that will lead to optimal weight loss over a safe period of time. Added benefits of offering such a program at work are that employees have a network of fellow colleagues to keep them motivated and provide support, and the program is integrated in their everyday lives—both at and outside of the workplace.

Overweight and obese employees who obtain a healthy weight also have corresponding positive effects on other health factors, such as cholesterol, blood glucose, and blood pressure, and are less likely to develop diabetes and debilitating physical impairments.

Stress Management

In past years, employee stress has often been overlooked by employers. However, employers are beginning to address workers' stress by providing better work/life balance in job roles and offering stress management programs. According to the Health Enhancement Research Organization's 1998 analysis of HRQ responses from more than 46,000 employees at six large employers, uncontrolled stress contributed to annual adjusted medical costs that were 46% higher than those employees who were not stressed.²³ In addition, the American Psychological Association found that Americans feel their stress levels have increased over the past five years. High stress levels also can lead to long-term health conditions such as fatigue, obesity, and heart disease.

Managing Weight at Work

Although current participation in weight management programs is low, it appears that both employers and employees are ready to address overweight and obesity through work-based programs. According to a May 2008 survey by the National Opinion Research Center at the University of Chicago, employers are deeply concerned about how obesity affects the workplace. The study found the following:¹

- 49% of employers strongly agree that obesity is a result of poor lifestyle choices; 28% believe obesity is a preventable condition; and 11% believe it is of genetic origin.
- 67% of employers are concerned about the medical costs associated with obesity.
- The majority of employers of all sizes (71%) believe weight management programs are appropriate. Fifty-six percent of firms hope to save on premium expenses through such programs, while only 26% of firms are concerned with productivity issues.
- 73% of employers believe weight management programs are effective.

About eight out of ten employees—regardless of their weight (normal, overweight, or obese)—believe weight management programs belong at work. However, only 12% of employees strongly agree and 32% somewhat agree that their company has given them enough resources to fight obesity. These findings suggest an opportunity for employers to expand their weight management programs within the workplace.

¹ *Survey on Employer and Employee Views of Obesity*, National Opinion Research Center at the University of Chicago/George Washington University School of Public Health and Health Services, May 22, 2008 <http://www.stopobesityalliance.org/PDF/stop_May%2022%20findings_fin.al.ppt#1> (Accessed on August 5, 2008).

Stress management services identify sources of an employee's stress both at home and at work and provide ways employees can simplify their lives. These services may be provided through employee assistance programs (EAPs), but also can be integrated with wellness programs to provide guidelines to an employee for managing their workload and ways in which to combat stress—such as exercise or sports, reading, listening to music, other recreational activities, or spending time with family and friends. Stress management programs not only improve employees' health, but they also improve their day-to-day work processes and bolster employee retention. Approximately one-third of employers offered stress reduction programs in 2007, according to Hewitt's 2008 *Investing in Health* survey.

Patient Advocacy, Health Coaches, and Nurselines

Patient advocacy, health coaching, and nurseline services allow employees the flexibility to address key health and benefits concerns through a third party so they can focus their attention on their day-to-day business and personal needs. These services help employees address their health issues without taking time away from work and can be phone-based, Web-based, on-site, or offered through a physician's office.

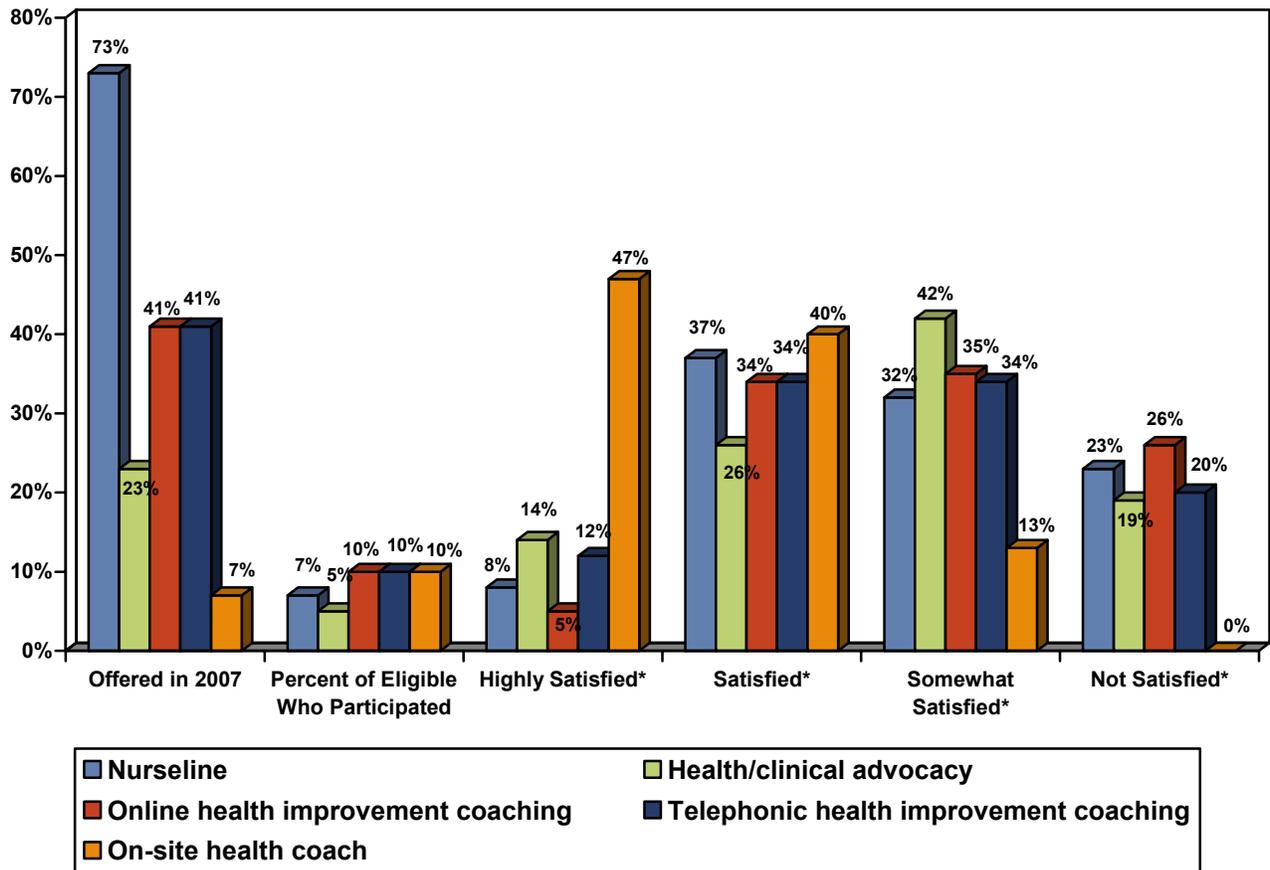
While nurselines generally provide employees with a way to address specific clinical issues, patient advocates and health coaches usually offer services such as information on medical conditions (e.g., treatment options), questions to ask health providers or insurance carriers, and general benefits information. Quite often, a patient contacts a patient advocate or health coach as a result of an ongoing health condition or for help choosing a health care provider or navigating his or her insurance claims. Other opportunities may be identified through various employer-sponsored programs, including health risk questionnaires, condition management programs, and pharmacy management, with a focus on participants with medium- and high-risk conditions. In response to the identified need, both advocates and coaches provide "tools" to patients to help them manage their situation and become an active participant in resolving their health or benefits issues.

- **Nurselines** provide a way for individuals to reach registered nurses who address clinical issues and provide home-care advice and recommendations based on physician-approved guidelines. Some nurselines are available 24/7 and can aid individuals with immediate health care needs to help avert more costly emergency room visits, when appropriate. The trained nurses answer employee questions and offer decision support for certain health conditions and diagnoses. Nurses may provide information about prescription drug and over-the-counter medication usage and drug interactions, as well.
- **Patient Advocates** speak on behalf of a patient in order to protect his or her rights and help a patient obtain needed information and services. Many advocates bring prior insurance carrier experience to the role and responsibilities. Patient advocates address access to service, claim issues, member service complaints, quality of care, and extensive coverage questions. These services are delivered by utilizing online tools to track issues, providing high-touch personalized services to patients, and coordinating resolutions with providers or insurance carriers as needed.
- **Health Coaches** provide information and guidance related to a patient's medical condition through their professional experiences (e.g., nursing, nutritional, or behavioral counseling). Coaching services can be delivered by phone, e-mail, and/or online (e.g., Web-based activity logs). Employers also are beginning to offer on-site health coaching services to provide face-to-face consultation. A health coach's role also may support many activities that help a patient address his or her chronic medical condition (e.g., diabetes, coronary artery disease). The coach will work with a patient to set goals, establish a treatment plan, provide support, and follow up with the patient as needed. In most cases, coaching sessions last six to 12 months.

Despite their benefits, employee participation in these services remains low, with various health coaching services enjoying slightly higher participation rates (10%) than nurselines (7%) and patient advocacy (5%). Interestingly, according to Hewitt's 2008 *Investing in Health* survey, 73% of employers offer a nurseline;

however, employers' level of satisfaction with the process and results are lower (77%) than other services, such as an on-site health coach, which is offered by only 7% of employers but has the highest satisfaction rate (100%). These findings suggest that on-site coaching services may be more effective. The chart below outlines some of these services offered by employers and their level of satisfaction with the process and results from these services.

Employer-Offered Patient Advocacy, Health Coaching, & Nurseline Services



* Employer satisfaction with the process and results from a program.
 Source: Hewitt Associates, *The Road Ahead: Driving Productivity by Investing in Health*, 2008.

Fitness Programs

On-site fitness facilities or discounts offer further access for employees of any weight/BMI to strive for and maintain a healthy weight. Exercise improves heart and respiratory functions and helps employees achieve and maintain healthy cholesterol and blood pressure levels. Employers generally take two approaches when promoting fitness programs:

- **Fitness Center Discounts/Subsidized Membership Fees:** Employers may offer discounts to certain off-site fitness facilities in the surrounding area or may subsidize an employee's monthly or annual membership fees at a certain rate.

- **On-Site Fitness Centers and Programs:** Employers with the ability to offer an on-site fitness center offer ease and convenience to employees for participating in an exercise regimen. Employers also may offer specific fitness programs that are integrated with their weight management programs to enable employees to track their progress toward specific weight-loss goals. Hewitt's 2008 *Investing in Health* survey indicates that 38% of employers offered an on-site fitness center and 42% of employers offered a physical fitness program in 2007.

On-Site Clinics, Programs, and Services

Increasingly, employers are beginning to offer on-site health and wellness services and facilities in efforts to improve employee health. While the prevalence of on-site programs is still relatively low when compared to other wellness programs, on-site programs and facilities are usually well-received and utilized by employees. Employers may offer a full-scale on-site health clinic or limited health services at a smaller on-site health clinic, on-site pharmacy, and/or on-site fitness facility. Hewitt's 2008 *Investing in Health* survey indicates that nearly one-fifth of employers offer on-site medical clinics and about one in ten offer an on-site pharmacy. These programs and facilities often serve as the centerpiece to an employer's broader wellness strategy since direct contact with employees is far greater than with other off-site benefits or services. To read more about on-site health clinics and services, please refer to Hewitt's trends bulletin, [Employers Implement On-Site Health Clinics to Manage Costs](#).

Because of their location and convenience, member participation in on-site programs is often higher than off-site services. According to Hewitt's 2008 *Investing in Health* survey, 25% of eligible individuals participated in services offered at on-site medical clinics and 50% used on-site pharmacy services. By far, on-site pharmacies had the highest participation rate when compared to any other wellness-related service offered by employers, according to the survey results. Employers' satisfaction with on-site medical clinics and pharmacies is also quite high—100% of employers are satisfied with their on-site pharmacies and 97% of employers are satisfied with their on-site medical clinics.

As mentioned in the previous sections, other on-site services may include on-site health coaches and on-site fitness facilities. In addition, on-site programs also may be integrated with an on-site EAP, which was offered by 14% of employers in 2007 and also had a high employer satisfaction rate (95%).

Incentives for a Healthier Life

One of the main challenges employers encounter with wellness programs is getting employees to participate and keeping employees engaged and motivated. As a result, employers often provide incentives to spur participation in or completion of a wellness program.

Incentives for employees to participate in employer-offered wellness initiatives are on the rise—they drive higher employee participation rates, engagement, and satisfaction. Employers may tailor wellness incentives to their particular employee populations through employee surveys, previous incentive program success, or by phasing in an incentive strategy. Incentives may be offered to employees to *encourage* them to participate in a program, complete a program, or reach certain milestones toward their goals, such as weight loss or smoking cessation.

In addition, employers may take the opposite tactic of offering incentives to *discourage* an employee from engaging in a certain behavior. While employers generally tend to focus on “carrots” rather than “sticks” to promote healthy behavior among their employees, some employers are moving toward approaches that deter employees from engaging in unhealthy behaviors, such as being overweight, not managing their chronic conditions, or for smoking.

Employers may offer various incentives simultaneously in order to ensure they are reaching diverse employee groups. Determining the level or value of the incentives to maximize employee participation also should factor into an employer’s incentive strategy. Incentives and disincentives should be meaningful enough to spur employees to respond. Typically, higher values of employee incentives also have the potential for higher financial savings for employers.

Wellness Incentives Offered by Employers

According to Hewitt’s 2008 *Investing in Health* survey, the majority of employers (85%) offer some type of incentive approach to encourage participation in a wellness program. The use of monetary and nonmonetary incentives is fairly split, with 57% of employers using nonmonetary incentives (e.g., premium or copay differentials, discounts on memberships, gifts, or drawings) and 43% of employers using monetary incentives such as cash awards.

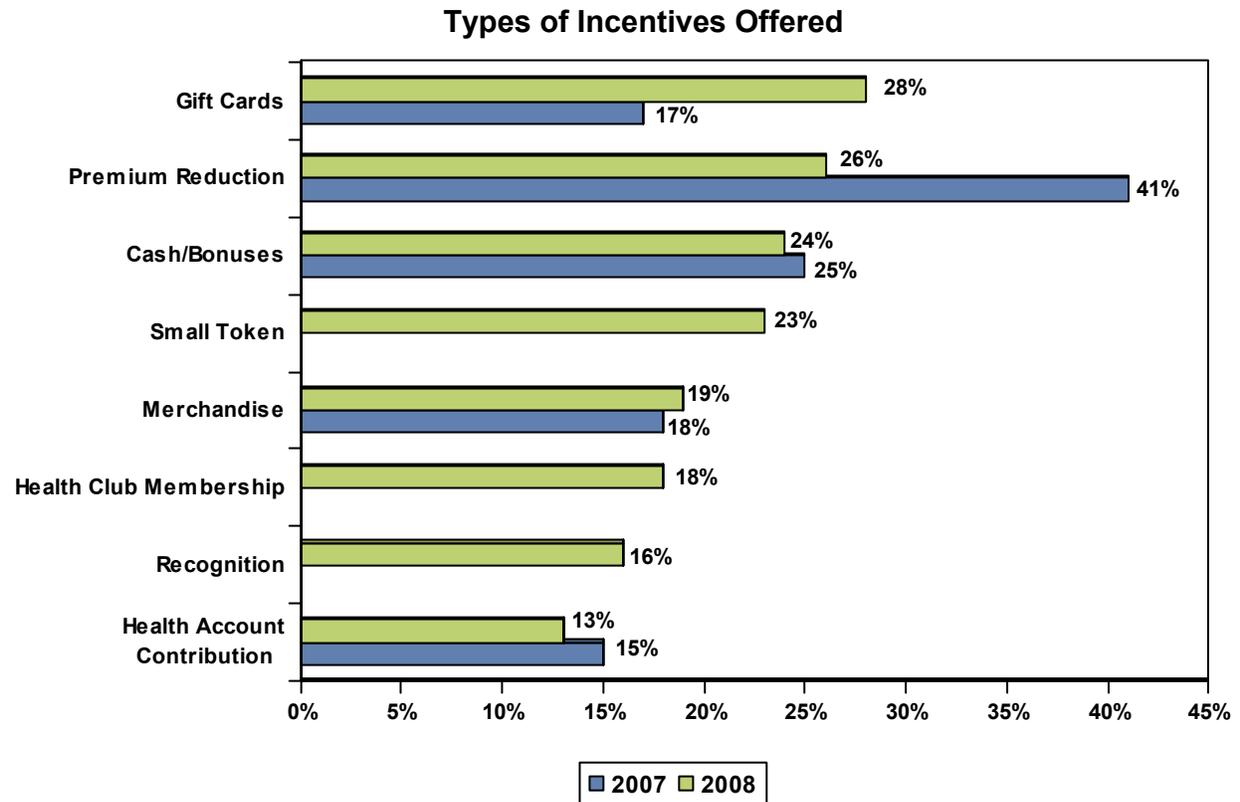
Incentives Are on the Rise

In June 2008, IncentOne published a report on incentives, which provides details on the prevalence and types of wellness incentives employers offer. IncentOne surveyed 225 National Association of Manufacturers (NAM) and ERISA Industry Council (ERIC) member companies, representing more than 7.6 million employees. The survey found that among companies that offer health and wellness programs, employer incentives grew from 62% in 2007 to 71% in 2008. Furthermore, employers were more likely to offer incentives for participating in or completing HRQs (62%), physical activity/exercise (50%), smoking cessation programs (43%), and weight management (40%) programs.²⁴

Employees may take advantage of wellness incentives through various activities and behaviors. The top three consumer behaviors indicated in the IncentOne report were participation in the program (48%), completing a program (38%), and signing up for or enrolling in a program (25%). Less common behaviors included achieving goals or outcomes during (16%) or after (12%) the program. These findings may be due to the fact that measuring health outcomes are more difficult to quantify and incentive limits may be imposed by law if an individual has to meet certain health-related standards, according to the report’s authors.

Types of Incentives

The average wellness incentive amount employers are spending per person per year is \$192, according to the IncentOne survey, with incentive amounts generally ranging from \$100 to \$300. The survey also found that employers are still trying to determine the best types of incentives to offer and may offer a combination of incentives. For example, the survey shows that gift cards outpaced premium reductions in 2008, which is up 11 percentage points from the previous year. In addition, premium reductions and cash bonuses experienced a decline in use from 2007 to 2008. The following graph shows different types of incentives offered for HRQs, physical activity/exercise, smoking cessation, weight management, and safety programs. When available, the statistics show the differences between incentives offered in 2007 versus 2008.



Source: IncentOne, *Employee Health & Productivity Management Programs: The Use of Incentives*, June 2008.

Research also shows that incentive thresholds elicit a corresponding level of employee participation. For example, a small prize drawing is expected to draw only 10% to 20% employee participation, while a \$250 or more benefit incentive attracts 70% to 95% of employees to participate in a program, according to the Mayo Clinic. Furthermore, the types of incentives offered and the employee response is usually culturally driven, and therefore employers should consider which options may be most effective for their particular workforce.

Before embarking on any incentive or disincentive strategy, employers should seek their own legal counsel to ensure their approach adheres to all federal, state, and municipal laws.

Ensuring the Success of Wellness Programs

According to Hewitt's 2008 *Investing in Health* survey, both employers and employees have barriers to addressing behavioral health issues. The greatest employer barrier to addressing behavioral health issues, cited by 51% of employers, is the lack of awareness about the value and business impact of behavioral health. In addition, the second greatest barrier (32%) for employers was communication and education difficulties. Similarly, employers also believe employees are concerned about communication and education difficulties (20%), but more pressing is the issue of stigma (59%).

Indeed, Hewitt's 2008 employee survey, *The Road Ahead—Employee Views on Health* (2008), indicates that only 37% of employees regularly stay informed of health issues and trends. Over half of employees (51%) look up health-related information on symptoms and treatment options only when they need it—if they or their family members are sick. Consequently, employers have an additional challenge of educating employees on being more proactive about their health rather than only taking action on their health care when there is a sickness or injury.

Because of these challenges, employers should consider ways to promote and communicate to employees the wellness benefits they offer to them and their dependents, as well as their potential health and cost benefits. Employers also need to remain committed to those programs and have leaders set an example for employees. For example, managers who openly participate in a weight reduction program can motivate others who may fear the associated stigma. In addition, competitions among employees to reach certain health goals, such as weight loss, cholesterol levels, or smoking cessation, also can break the barriers and provide an extra layer of motivation among employees to achieve their goals.

Communication Is Key!

Employers with comprehensive wellness strategies that use a variety of communication methods can improve employee participation, motivation, and program success. Employers may want to consider these questions first to determine the best communication strategy:

- Who is your population?
- What is the best method to communicate with these employees?
- What is your purpose for this communication? What outcomes do you hope to achieve (e.g., informational, to increase participation, or motivational for program participants)?

Interactive Online Tools Can Improve Outcomes

In addition to traditional communication forms (e.g., brochures, forums, company intranet), improved outcomes can be achieved by providing employees with tools that are convenient and engaging, such as interactive online tools, which can help boost participation and motivation.

For example, OptumHealth conducted research that shows that employee participation in “interactive online programs focused on behavior modification” can improve outcomes. According to the early results, “overweight and obese employees who completed this type of program were 44% more likely to lose weight and lost 63% more weight than employees who either did not participate or did not finish the program.”¹

OptumHealth attributes these positive results to the fact that interactive online programs act more like a “health coach” that provides tools, trackers, ideas for exercise and meal planning, and motivational messages that keep employees engaged.

¹ Heimes, Scott, “Obese Employees Lost More Weight When Using Interactive Health Management Programs,” OptumHealth Thought Leadership, June 3, 2008.

Based on these answers, employers may optimize a combination of electronic communications, wellness program-focused Web sites, traditional print newsletters or brochures, and on-site informational postings and forums/meetings. Employers also may develop employee focus groups to gather more information about their program effectiveness or identify “champions” within the workforce who will tout the benefits of wellness programs. Branding a program with a specific name also may increase recognition among employees and boost enthusiasm for a program. In addition, employers will need to determine ways to reach employees’ dependents (spouses and children), as well as retirees, through various communication methods.

Most Effective Types of Communication

Employers believe several types of communication can effectively deliver health and productivity strategies to employees. Hewitt’s 2008 *Investing in Health* survey found that employers find the following types of communication most effective in delivering their health and productivity message.

Most Effective Communications for Delivering Health and Productivity Messages

Type of Communication	% of Employers
On-site educational seminars	72%
Email	70%
Newsletters	67%
Web sites	63%
Employee groups	33%
Home mailings	6%
Posters	1%
One-to-one meetings	1%

Source: Hewitt Associates, *The Road Ahead: Driving Productivity by Investing in Health, 2008.*

Similarly, when asked how they like to receive health information from their employers, employees also say they prefer email at work or home and postings on Web sites, according to Hewitt’s *The Road Ahead—Employee Views on Health* (2008) survey. Surprisingly, 21% of employees say that home mailings are their first most preferred method, and 25% say it is their second most preferred method of receiving communications about health from their employers—while only 6% of employers believe this method is effective. As a result, employers may want to consider home mailings as part of their broader communication strategies. In addition, both employers and employees agree that face-to-face or one-to-one meetings are less effective and less preferred.

Furthermore, Hewitt’s employee survey also reveals that when faced with a new illness, 55% of employees turn first to Internet sites that offer health information, followed by printed materials from doctors or health plans (15%), advice from family members, friends, or coworkers (9%), and health care plans’ Web sites (5%). Only 1% turn to their employers’ health Web site first when faced with a new health concern.

These collective findings suggest that online communications are considered more effective than posters or one-to-one meetings. In addition, employers that communicate to employees reputable health information Web sites in conjunction with information about their health plans and other offered wellness programs could create a more comprehensive and attractive way for employees to seek health information when faced with an illness or injury. Regardless of the method, it is important for employers to remain dedicated to promoting wellness initiatives to encourage employee participation and health outcomes through the most effective communication tools. With any wellness strategy, employer communication and employee buy-in are essential to program success.

Measuring the Impact and Effectiveness of Wellness Programs

Employers that offer wellness programs benefit from a healthier workforce and generally lower overall costs for health, prescription drug, and disability claims and from absenteeism and presenteeism. The potential ROI for wellness programs can be difficult to accurately and comprehensively calculate, however, due to the fact that much of the cost savings stems from the *prevention* of diseases and serious conditions. In addition, despite the fact that 80% of employers believe that integrating vendors/programs is important to improving the health of covered individuals, few employers actually have integrated programs that also can foster more comprehensive reporting and accurate ROI analysis, according to Hewitt's 2008 *Investing in Health* survey.

Increasingly, studies have been published in notable journals that analyze the ROI for wellness programs. These studies have helped alleviate some apprehension regarding the value of wellness programs. Still, some employers remain hesitant to implement such programs without more concrete assurance of the ROI. It is important to remember that the levels of program investment and promotion, employee participation rates, and health outcomes are unique to each employer and can have an impact on ROI.

General ROI trends for wellness programs suggest a \$3 to \$6 cost savings per \$1 invested, with ROI generally realized two or more years after implementation. One report analyzed more than 73 published studies and found that employers saved an average of \$3.50 (due to reduced health care costs and absenteeism) for every \$1 spent on work-based wellness programs.²⁵ Furthermore, a review of 42 published studies examining the benefits of wellness programs found an average \$5.93 to \$1 savings-to-cost ratio. This same review also found an average 28% reduction in absenteeism due to illness; 26% reduction in health costs; and 30% reduction in workers' compensation and disability claim costs.²⁶

Employer Metrics Remain a Challenge

Measuring the financial success of wellness programs is a top challenge for employers. Several factors influence ROI, including initial and ongoing investment in wellness programs; prescription drug, health, disability, and workers' compensation claims; absenteeism and presenteeism; averting more serious employee health problems; and other health-related and productivity costs.

Focus on Direct Costs

Although employers would like to better capture the indirect costs associated with absenteeism and lost productivity, employers are currently focused on and have more developed capabilities of measuring direct costs rather than indirect costs. In addition, in determining ROI, 62% of employers are more focused on medical trend reduction, while only 34% are more focused on behavioral modification (2% are focused on both), according to Hewitt's 2008 *Investing in Health* survey.

The majority of employers measure the effectiveness of their behavioral health care programs primarily through utilization and cost metrics (78%). Secondary measurement includes clinical outcomes (21%) and impact on productivity, absence, disability rates, and overall health care costs (15%). These findings are further reflected in the top ways employers say they measure the success of their health and productivity programs:

- 89% of employers measure the change in overall benefit costs from year to year.
- 86% measure the change in health care and prescription drug costs from year to year.

- 72% measure the employee participation/utilization of health programs, including wellness, condition management, and EAPs and also use vendor-provided ROI reporting.
- 60% measure employee satisfaction and customer service metrics.

Employers Need Broader, Integrated Metrics for Wellness Programs

While employers' current metrics tend to focus on direct, more measurable health and health-related costs, they express their interest in and need for expanded, integrated metrics from vendors. According to Hewitt's 2008 *Investing in Health* survey, assessing the effectiveness of current wellness, health improvement, and chronic disease programs and refining their strategies ranked as the highest priority for employers over the next three years. However, more than half of employers (57%) do not receive comprehensive reporting of their programs from vendors. In addition, only 24% of organizations use a scorecard system to evaluate and track the level of program participation and compare vendor performance.

In addition, employers are seeking additional metrics to measure their health and productivity strategy's impact on presenteeism and absenteeism. Only 7% of employers currently have such metrics in place, but 81% would like to include these measures, according to Hewitt's 2008 *Investing in Health* survey findings. Without comprehensive reporting, it can be difficult for employers to obtain accurate ROI estimates for their health and productivity programs.

While obstacles still remain, ROI analysis of employer-offered wellness programs and other health and productivity initiatives could be greatly improved through program integration and more robust reporting from vendors. Through such analysis, employers can begin to adjust wellness programs and initiatives to meet employee health needs as well as employers' overall business needs.

Wellness Program Resources

Internet Resources

Wellness

Wellness Councils of America

<http://www.welcoa.org/>

Partnership for Prevention

<http://www.prevent.org/>

Society for Human Resource Management

<http://www.shrm.org/>

(membership may be required to access some content)

Managed Care Magazine

<http://www.managedcaremag.com/index.html>

General Health Organizations

Centers for Disease Control and Prevention

<http://www.cdc.gov/>

American Heart Association

<http://www.americanheart.org/>

American Lung Association

<http://www.lungusa.org/>

American Cancer Society

<http://www.cancer.org/>

Hewitt Resources and Reports

[The Road Ahead: Driving Productivity by Investing in Health 2008](#)

Hewitt's survey, *The Road Ahead: Driving Productivity by Investing in Health 2008*, collected information about the health and productivity actions organizations are taking or are interested in taking in health and clinical programs; pharmacy; behavioral health; absence management; and vendor performance assessment. Nearly 250 organizations participated in the survey, representing programs affecting nearly 4.4 million employees. The survey report presents current health and productivity trends and likely employer strategies for the next two to five years.

[Two Roads Diverged: Hewitt's Annual Health Care Survey 2008](#)

Hewitt's *Two Roads Diverged: Hewitt's Annual Health Care Survey 2008* highlights key research findings from Hewitt's 2008 employer survey, *The Road Ahead—Emerging Health Trends*, and its 2008 employee survey, *The Road Ahead—Employee Views on Health*. These surveys continue Hewitt's examination of the "roads" available to both employers and employees as they consider their roles in the increasingly dysfunctional U.S. health care system. The combined *Two Roads Diverged* report provides a holistic view of the near-term health trends employers have identified, as well as employee perceptions and actions in response to employer plans and the overall health care system. Results show that employers and employees do not always see the same issue eye-to-eye.

Hewitt's employer survey highlights responses from 508 executives collectively representing more than eight million employees, while the employee survey includes responses from more than 30,000 employees. Both surveys include responses from a broad spectrum of industries.

[Podcast and Article: Employee Skepticism of Health Risk Questionnaires](#)

In an *Employee Benefit News* podcast and article, Hewitt experts discuss the challenges employers face when trying to conduct health risk assessments, including advice on how companies can effectively communicate with employees by being sensitive to and assessing the needs of their population. The article also included data from Hewitt's *Two Roads Diverged* survey.

[Smoke-Free Workplaces](#)

Smoking has been found to cause various diseases and adverse health effects that often result in increased chronic conditions, absenteeism and presenteeism, productivity losses, and early retirement due to illness, leading to higher overall employment costs. As a result, executives are beginning to implement smoke-free policies and wellness programs that provide incentives for smokers to kick the habit. These strategies often establish healthier workplaces for all employees and encourage workers to live healthier lifestyles.

This Hewitt report outlines recent developments regarding employers' smoke-free strategies and state laws that restrict smoking in public and private workplaces or protect smokers' rights.

[Employers Implement On-Site Health Clinics to Manage Costs](#)

On-site health clinics have experienced resurgence in recent years, as employers of all sizes attempt to control rising employee health costs. The thought by many employers is that an initial investment in on-site health clinics, combined with disease management and wellness initiatives, will help avert future, more costly employee health expenses. In addition to improving overall employee health, care at these clinics costs significantly less for employers and employees than outside physicians' visits and health services, and also contributes to higher productivity.

Companies with on-site health clinics report that the clinics have curbed their annual health cost increases, reduced absenteeism, and improved productivity. In addition, an on-site health clinic can be an attractive recruitment and retention tool while also promoting preventive health care and wellness among employees. With employers focusing on these issues as they adjust their future health care strategies, it is likely that on-site clinics will continue to be a viable health strategy for some employers.

More Information

For more information on wellness programs, please contact your local Hewitt Consultant.

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