ABOUT THIS SURVEY

Willis conducted its ninth annual Health and Productivity survey from May through June 2015. The study asked employer organizations about health management and wellness program design, challenges, priorities, incentives, medical costs, and health and program evaluation.

The survey was delivered to employer-based respondents electronically. All United States-based organizations were eligible to participate, regardless of employee size. Participating organizations ranged from fewer than 100 to more than 10,000 employees. Survey respondents included organizations from various industries and geographic regions, which provided a comprehensive sample of responses.

Organizations represented in the survey were not required to have an established wellness program in place. Allowing a mix of respondents with and without wellness programs provides insight into worksite health management trends and challenges. All percentages displayed in the charts and tables throughout this report are rounded to the nearest percentage point, therefore, totals may not always equal 100%.

SURVEY RESPONDENTS

Willis received completed survey responses from 703 respondents. Organizations that completed demographic information only were not included in the final survey results.

ADDITIONAL INFORMATION

For additional information or questions regarding this survey, please send inquiries to:

hcp.survey@willis.com
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## STATE OF AFFAIRS

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EXECUTIVE SUMMARY

The year 2015 will be remembered as a watershed year for employer-sponsored health and wellness programs. Organizations continue to evaluate the need to implement and/or enhance their health and wellness programs as the market demand for such programs grows. In previous years, organizations have focused on determining program return on investment (ROI) for every dollar spent on wellness. What is emerging in 2015 are two very distinct mindsets with regard to how organizations approach the measurement of wellness program success.

More organizations are realizing that the expectation of an immediate ROI for their wellness programs through medical cost reduction is unlikely. Worksite wellness requires a sustained effort, including annual program review and long-term program management. Companies who adopt a true culture of health better position themselves for increased profitability in the long run.

In 2015, survey results indicate for the first time that more organizations are increasingly focusing on the value of investment (VOI) of health management and wellness programs. Employers are recognizing that there is considerable value to a healthier workforce beyond the value of lower medical costs. VOI-focused organizations embrace a wider set of metrics that include: absenteeism, worker morale, employee turnover, presenteeism costs, workers compensation, short- and long-term disability, employee loyalty and tenure.

The focus on ROI, however, isn’t going away. A significant number of respondents indicated that they were more concerned about medical costs in the next three years, than in the past three years. With a projected increase in medical trend in 2016 and the looming Cadillac Tax in 2018 – the business imperative to lower medical costs will continue to be a top priority. In fact, the 2015 Willis Health and Productivity Survey suggests that more employers are broadening their strategies beyond the scope of traditional wellness, and utilizing more focused, data-driven solutions to achieve sustained cost reduction.

DEFINITION OF TERMS

Return on Investment Based (ROI): Organization looks to justify investment in health management and wellness programs purely based on medical cost reduction.

Value of Investment Based (VOI): Organization looks to justify investment in health management and wellness programs based on many factors, including employee morale, worksite productivity, employee absence and workplace safety, in addition to medical cost reduction.
KEY INSIGHTS

- Sixty-four (64%) of the survey respondents with wellness programs were VOI-focused versus 28% of respondents were ROI-focused.
- Nearly half of all respondents are “more concerned about medical costs in the next three years, than in the last three years.”
- Most organizations with wellness programs (58.5%) have had their program in place for three or more years.
- Forty-three percent (43%) of organizations with wellness programs view their program as “Comprehensive” or “Intermediate” in terms of program maturity.
- Of those organizations without a wellness program, the majority of respondents (29%) reported that they do not have enough time or staff to start a program.
- Over a third of employer-based respondents were “Satisfied” or “Very Satisfied” with their wellness program participation.
- Only twenty-five percent (25%) of survey respondents were “Satisfied” or “Very Satisfied” with the business impact of their wellness program.
- Organizations with a Value of Investment (VOI) focus tended to be more satisfied with the impact of their programs.
- Respondents valued “building a culture of health” over “targeting specific risks” and valued “targeting specific risks” over “shifting costs.”
- Organizations with a VOI focus were more likely to value “building a culture of health” (66%) than organizations with an ROI focus (51%).
- Respondents from employer organizations with a VOI focus were more likely to be concerned about improving productivity with their health management programs (51%) than respondents from organizations with an ROI focus (40%).
- Given a choice, respondents focused on the value of a health management program (66%) over program cost. Additionally, given a choice, respondents valued program cost (33%) over ease of program administration (6%).
- Organizations with a VOI focus were more likely to value building teamwork and morale (48%) than organizations with an ROI focus (25%).
- Twenty-seven (27%) of respondents reported their wellness program was “Partly” or “Entirely” funded by their medical carrier.
- Respondents from organizations with an ROI focus were more likely to be interested in targeting high risk and high cost claimants with their health management programs (57%) than respondents from organizations with a VOI focus (41%).
SUMMARY OF RESPONDENTS

HOW MANY TOTAL EMPLOYEES DOES YOUR ORGANIZATION HAVE?

- Less than 100 employees: 15%
- 100 to 249 employees: 20%
- 250 to 499 employees: 16%
- 500 to 749 employees: 7%
- 750 to 999 employees: 6%
- 1,000 to 4,999 employees: 26%
- 5,000 to 9,999 employees: 5%
- 10,000+ employees: 5%

WHICH OF THE FOLLOWING MOST CLOSELY REPRESENTS YOUR INDUSTRY?

- Manufacturing: 22.6%
- Healthcare/Health Services/Hospitals: 11.7%
- Financial Services: 8.8%
- Nonprofit: 7.0%
- Education: 6.9%
- Retail/Wholesale: 4.9%
- Business Services/Consulting: 4.8%
- Technology (computers, software, ISP, etc.): 4.6%
- Government: 4.0%
- Aerospace/Transportation/Automotive: 3.5%
- Construction: 3.4%
- Legal: 3.1%
- Hospitality/Food Service: 2.8%
- Oil and Gas/Mining/Energy/Utilities: 2.7%
- Grocery – Food Distribution: 1.3%
- Media/Publishing: 1.1%
- Agriculture: 1.0%
- Telecommunications: 0.9%
- Entertainment/Recreation: 0.3%
- Other (please specify): 4.7%
In which geographic location are most of your employees located?

- West region: 37.1%
- Northeast region: 34.4%
- South region: 17.8%
- Midwest region: 10.7%

Out of your total employees, what percentage are part-time employees?

- Less than 10%: 68%
- 10% to 19%: 13%
- 20% to 39%: 10%
- 40% to 49%: 3%
- 50% or greater: 6%

What percentage of your workforce has access to the internet via computer or phone?

- 90% – 100%: 57%
- 80% – 89%: 10%
- 70% – 79%: 8%
- 60% – 69%: 4%
- 50% – 59%: 4%
- 40% – 49%: 4%
- 30% – 39%: 4%
- 20% – 29%: 4%
- 10% – 19%: 3%
- Less than 10%: 1%

What percentage of your workforce works in the field and/or remote locations?

- Less than 10%: 46%
- 10% – 19%: 12%
- 20% – 29%: 8%
- 30% – 39%: 5%
- 40% – 49%: 3%
- 50% – 59%: 5%
- 60% – 69%: 3%
- 70% – 79%: 6%
- 80% – 89%: 8%
- 90% – 100%: 4%

What percentage of your workforce is unionized?

- Less than 10%: 78%
- 10% – 19%: 4%
- 20% – 29%: 2%
- 30% – 39%: 4%
- 40% – 49%: 3%
- 50% – 59%: 2%
- 60% – 69%: 2%
- 70% – 79%: 3%
- 80% – 89%: 3%
- 90% – 100%: 2%
STATE OF AFFAIRS: EMPLOYER WELLNESS PROGRAMS

HOW WOULD YOU DESCRIBE YOUR ORGANIZATION’S WELLNESS (HEALTH MANAGEMENT) PROGRAM?

- Comprehensive: 13%
- Intermediate: 31%
- Basic: 29%
- Plan to offer one in the future: 17%
- No current program: 17%

HOW LONG HAS YOUR WELLNESS (HEALTH MANAGEMENT) PROGRAM BEEN IN PLACE?

- 3 or more years: 59%
- 1-2 years: 22%
- About 1 year: 8%
- We are just getting started: 12%

Seventeen percent (17%) of employer respondents report having no wellness (health management) program in place and no plans to implement a program in the future.

Survey responses drop to less than 8% for organizations with more than 1,000 employees, but increase for organizations with less than 250 employees (31%).

Of the survey respondents with a wellness (health management) program, 44% reported that their program is “Intermediate” or “Comprehensive” in nature. Further, of those respondents with a wellness program, 59% reported that their program has been in place for three or more years.

What emerges in the 2015 survey results is a more seasoned, better-developed state of affairs for wellness programs in U.S.-based organizations.
REASONS FOR NOT OFFERING A WELLNESS PROGRAM

Of those organizations who indicated they do not have a wellness program, 10% reported they have no interest in implementing a program and 9% reported that they do not perceive the need for a wellness program. Employer organizations with no wellness programs skewed heavily towards smaller company size.

Resource constraints such as lack of staff (29%) and budget (14%) were the most prevalent reasons for not having a wellness program in place.

WHAT IS THE MAIN REASON FOR YOUR ORGANIZATION NOT CURRENTLY OFFERING A WELLNESS (HEALTH MANAGEMENT) PROGRAM?

There have been cases where an employee was found to be at such imminent risk (i.e. dangerous blood pressure) at the time of their on-site health evaluation that they were sent to the emergency room, employees who learned earlier than they otherwise would have that they had cancer and began earlier treatment, and employees who discovered they had a condition that they were previously unaware of. Our wellness program has literally saved lives.

MANUFACTURING ORGANIZATION
VALUE OF INVESTMENT OR RETURN ON INVESTMENT?

With consideration of your organization’s business values and philosophy, in regards to making the business case for your wellness (health management) program, does your organization tend to be more Return on Investment Based (ROI) or more Value of Investment Based (VOI)?

Return on Investment Based (ROI): Our organization looks to justify investment in health management and wellness programs purely based on medical cost reduction.

Value of Investment Based (VOI): Our organization looks to justify investment in health management and wellness programs based on many factors, including employee morale, worksite productivity, employee absence and workplace safety, in addition to medical cost reduction.

DOES YOUR ORGANIZATION TEND TO BE MORE RETURN ON INVESTMENT BASED (ROI) OR MORE VALUE OF INVESTMENT BASED (VOI)?

Nearly two thirds of respondents (64%) with wellness programs in place described themselves as VOI-based. In other words, the majority of employers have gone beyond the traditional rationale of putting in wellness programs for the sole purpose of lowering health care costs. This is a significant change from previous year’s survey results in which organizations were largely ROI-based.

Survey responses indicate that respondents recognize there is a greater business value to well-executed wellness programs that transcend a simple cost-based return on investment. Worker productivity, employee satisfaction, operational performance and worker loyalty are all being viewed as part of the value of a wellness program. Where ROI will increasingly play a role is for health-management strategies that transcend traditional wellness, such as disease management, case medicine and telemedicine.

The remainder of this survey report will focus on the group of ROI and VOI-based organizations to gain greater insight into how each group of employers is approaching wellness and health management programs.
COMPARING THE LONGEVITY AND SATISFACTION OF WELLNESS PROGRAMS

HOW LONG HAS YOUR WELLNESS (HEALTH MANAGEMENT) PROGRAM BEEN IN PLACE?

VOI-focused employers tend to be more experienced wellness program sponsors. These employers reported that they have offered wellness programs for a longer period of time. VOI-based organizations also reported that they have invested more resources, including staff time and capital, and that their programs receive higher levels of senior management support.

Future survey questions may assess how VOI-based organizations began evaluating their wellness programs to determine if they were initially more ROI-focused.
OVERALL SATISFACTION WITH WELLNESS PROGRAMS

HOW SATISFIED IS YOUR ORGANIZATION WITH THE BUSINESS IMPACT OF THE WELLNESS (HEALTH MANAGEMENT) PROGRAM?

**ROI FOCUSED**
- Very Satisfied: 3.7%
- Satisfied: 15.7%
- Somewhat Satisfied: 41.8%
- Not Satisfied: 20.9%
- N/A: 17.9%

**VOI FOCUSED**
- Very Satisfied: 5.5%
- Satisfied: 20.5%
- Somewhat Satisfied: 42.7%
- Not Satisfied: 19.5%
- N/A: 11.7%

Program satisfaction rates were higher for the VOI-focused group than the ROI-focused group when respondents were asked about the business impact of wellness programs. Overall, both ROI and VOI-focused organizations, reported being “Somewhat Satisfied” with their program’s impact.
GROWING CONCERN: MEDICAL COSTS IN THE NEXT THREE YEARS

IN TERMS OF MEDICAL COSTS INCURRED BY YOUR ORGANIZATION, WHICH OF THE FOLLOWING BEST DESCRIBES YOUR ORGANIZATIONS POINT OF VIEW?

The overwhelming majority of survey respondents reported they are concerned about medical costs. Nearly half of participating organizations said that they were more concerned about medical costs for the next three years than for the past three years.

Notably, the ROI-focused group reported that they are a lot more concerned about medical costs in the next three years than their VOI counterparts (35% versus 27% respectively). Organizations faced with challenges such as an aging workforce, medical inflation and the looming Cadillac Tax (scheduled to go into effect in 2018), suggest that organizations are likely to be more concerned about medical costs going forward.
PROGRAM EFFICACY: RISKS AND COSTS

TO WHAT LEVEL WOULD YOU AGREE OR DISAGREE THAT YOUR ORGANIZATION’S PROGRAMS AND INTERVENTIONS HAVE BEEN EFFECTIVE IN REDUCING HEALTH RISKS ACROSS YOUR EMPLOYEE POPULATION?

<table>
<thead>
<tr>
<th></th>
<th>ROI-Focused</th>
<th>VOI-Focused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree that wellness (health management) programs have impacted <strong>risks</strong></td>
<td>49%</td>
<td>62%</td>
</tr>
<tr>
<td>Agree that wellness (health management) programs have impacted <strong>costs</strong></td>
<td>46%</td>
<td>54%</td>
</tr>
</tbody>
</table>

More organizations in the VOI cohort group “Agree” their programs and interventions have impacted both risks and costs. It is unclear if this is because of program longevity, strategy type, or other attributes of the cohort group.

Wellness and health management programs are intended to reduce health risks in a population and lower medical costs over time. In 2015, survey respondents acknowledged that they were more effective at reducing health risks, than reducing medical costs with wellness (health management) programs.

Fifty-eight percent (58%) of employers agree that their programs are effective in reducing health risks, but only 51% agree that their programs are effective at reducing medical costs. Conversely, 42% of employers believe their programs are **not** effective at reducing health risks, and 49% believe their programs are **not** effective at reducing medical costs.
CREATING A CULTURE OF HEALTH TRUMPS REDUCING MEDICAL COSTS AS A PRIORITY FOR WELLNESS PROGRAM GOALS

Most organizations must make trade-offs given their finite resources. Survey respondents were asked to rank wellness program goals in order of importance to their organization:

WHILE THESE ARE NOT MUTUALLY EXCLUSIVE, MOST EMPLOYERS MAKE TRADE-OFFS, GIVEN THE FINITE RESOURCES THEY HAVE. PLEASE RANK THE FOLLOWING IN ORDER OF IMPORTANCE TO YOUR ORGANIZATION REGARDING GOALS OF YOUR WELLNESS (HEALTH MANAGEMENT) PROGRAM.

Focus on VOI/ROI Differences

<table>
<thead>
<tr>
<th>Ranked #1</th>
<th>ROI-Focused</th>
<th>VOI-Focused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving employee health and building a culture of wellness</td>
<td>41%</td>
<td>75%</td>
</tr>
<tr>
<td>Reducing your medical costs by targeting high risk/high cost individuals</td>
<td>41%</td>
<td>17%</td>
</tr>
<tr>
<td>Reducing your medical costs by making plan design changes that shift costs and risks to your employees</td>
<td>20%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Survey results show a difference between VOI and ROI-focused organizations. VOI-focused organizations rank improving employee health and building a culture of wellness above other program goals.

ROI-focused organizations are evenly split between improving health and building a culture of wellness or reducing medical costs by targeting high risk/high cost individuals.

It should be noted that the two top choices are not mutually exclusive. How an organization prioritizes those two choices, however, may be indicative of what strategies they select for the coming year.
PROGRAM GOALS DIFFER BETWEEN ROI AND VOI-FOCUSED ORGANIZATIONS

The top program priority for VOI-focused employer respondents is to improve the health and well-being of employees (90%). ROI-focused respondents cite reducing or containing costs as their top priority (90%).

Significantly, more VOI-focused respondents focus on improving teamwork and morale than ROI-focused employer respondents (48% versus 25%). VOI-focused respondents also place a greater emphasis on creating a culture of health (66%) compared to ROI-focused respondents (51%).

Fifty-seven percent (57%) of ROI-focused respondents focus program goals on high risk and high cost claimants within targeted programs, compared to 41% of VOI-focused respondents.

Additional goals ranked higher by VOI-focused respondents include enhancing workforce productivity, reducing absenteeism and presenteeism, meeting employees’ requests for a wellness program, empowering employees to be better health care consumers and to improve recruitment or retention.

HOW WOULD YOU PRIORITIZE THE FOLLOWING IN TERMS OF WHAT YOUR ORGANIZATION IS TRYING TO ACCOMPLISH WITH YOUR WELLNESS (HEALTH MANAGEMENT) STRATEGY?

- To reduce/contain health care cost
- To improve the health and well-being of our employees
- Empower employees to be better informed health care consumers
- Create a culture of health
- Motivate behavior change in your employees
- To enhance workforce productivity
- To improve teamwork/morale
- To impact high risk or high cost claimants with targeted programs
- To reduce absenteeism/presenteeism
- To improve recruitment/retention
- Fulfill an objective of having a health management strategy
- To meet employees’ request for wellness programs
PRIORITIES DIFFER BETWEEN ROI AND VOI-FOCUSED ORGANIZATIONS

PLEASE RANK THE FOLLOWING IN ORDER OF IMPORTANCE TO YOUR ORGANIZATION REGARDING IMPACT OF YOUR ORGANIZATION’S WELLNESS (HEALTH MANAGEMENT) PROGRAM.

ROI-FOCUSED ORGANIZATIONS

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall cost of a health management program</td>
<td>55%</td>
<td>33%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>The overall potential value of the health management program to the organization</td>
<td>38%</td>
<td>45%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>The ease of program administration</td>
<td>9%</td>
<td>22%</td>
<td>69%</td>
<td></td>
</tr>
</tbody>
</table>

PLEASE RANK THE FOLLOWING IN ORDER OF IMPORTANCE TO YOUR ORGANIZATION REGARDING IMPACT OF YOUR ORGANIZATION’S WELLNESS (HEALTH MANAGEMENT) PROGRAM.

VOI-FOCUSED ORGANIZATIONS

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
</tr>
</thead>
<tbody>
<tr>
<td>The overall cost of a health management program</td>
<td>33%</td>
<td>46%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>The overall potential value of the health management program to the organization</td>
<td>61%</td>
<td>30%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>The ease of program administration</td>
<td>6%</td>
<td>25%</td>
<td>70%</td>
<td></td>
</tr>
</tbody>
</table>

One of the areas where the greatest difference between VOI-focused and ROI-focused respondents exists is in the responses to questions about program priorities.

VOI-focused organizations were most concerned with the overall potential value of a health management program (61%) than were their ROI-focused counterparts (38%).

Conversely, ROI-focused organizations were most concerned with the overall cost of a health management program than were their VOI-focused counterparts (55% and 33% respectively).

Neither ROI nor VOI-focused organizations valued ease of program administration over cost or value of the program.
THE RISE OF CLINICAL INTERVENTIONS AND SOLUTIONS

HAS YOUR ORGANIZATION IMPLEMENTED THE FOLLOWING CLINICAL INTERVENTIONS / SOLUTIONS?

Survey respondents were asked to select the clinical interventions and solutions they leveraged in 2015.

The most prevalent programs offered are Employee Assistance Programs, Clinical Help Lines, Case Management and Disease Management.

Based on 2015 survey responses, the category that is most likely to see the largest increase is Telemedicine. Thirty percent (30%) of respondents have a telemedicine capability already in place with another 16% considering future telemedicine solutions.

Engagement of 85% of members; health care costs flat for four years, including 12% employee share; enthusiasm for Healthy Rewards incentive-based program, and participation in new workplace clinic.
HOW DO ORGANIZATIONS MEASURE HEALTH AND WELLNESS PROGRAM EFFICACY?

Measuring program participation (72%) and health care cost trend (61%) are the top two most common measurements of program effectiveness among respondents. Disability utilization data is least likely to be measured or considered among survey respondents (85%).

Fifty-one percent (51%) of organizations said that they rely on health assessment data. Nearly half (48%) said that they include employee satisfaction to evaluate their programs.

The top two program metrics respondents are considering measuring in the future include changes in biometric results (15%) and utilization and compliance with disease management (14%). These results could suggest more organizations may be considering health-contingent activity, or outcomes-based programs.

DOES YOUR ORGANIZATION CURRENTLY EVALUATE THE EFFECTIVENESS OF OUR WELLNESS INITIATIVES BASED ON THE FOLLOWING CRITERIA?

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Yes</th>
<th>Considering</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number and percentage of participation in programs</td>
<td>72%</td>
<td>8%</td>
<td>20%</td>
</tr>
<tr>
<td>Healthcare cost trend</td>
<td>61%</td>
<td>8%</td>
<td>31%</td>
</tr>
<tr>
<td>Health assessment data</td>
<td>51%</td>
<td>10%</td>
<td>39%</td>
</tr>
<tr>
<td>Employee program satisfaction</td>
<td>48%</td>
<td>11%</td>
<td>40%</td>
</tr>
<tr>
<td>Changes in risk level status year-over-year</td>
<td>41%</td>
<td>13%</td>
<td>46%</td>
</tr>
<tr>
<td>Changes in biometric measures (e.g., body weight, strength, flexibility, cholesterol, blood pressure, etc.)</td>
<td>39%</td>
<td>15%</td>
<td>46%</td>
</tr>
<tr>
<td>Utilization of Employee Assistance Program (EAP)</td>
<td>38%</td>
<td>9%</td>
<td>53%</td>
</tr>
<tr>
<td>Compliance to recommended preventive care services</td>
<td>37%</td>
<td>11%</td>
<td>52%</td>
</tr>
<tr>
<td>Workers Compensation claims</td>
<td>33%</td>
<td>9%</td>
<td>58%</td>
</tr>
<tr>
<td>Utilization and compliance with Disease Management Programs</td>
<td>27%</td>
<td>14%</td>
<td>59%</td>
</tr>
<tr>
<td>Compliance to medication management</td>
<td>25%</td>
<td>11%</td>
<td>65%</td>
</tr>
<tr>
<td>Absences (Vacation, Sick, Leaves of Absences, etc.)</td>
<td>24%</td>
<td>13%</td>
<td>63%</td>
</tr>
<tr>
<td>Utilization and compliance with Case Management Programs</td>
<td>22%</td>
<td>12%</td>
<td>66%</td>
</tr>
<tr>
<td>Disability utilization (dollars and days)</td>
<td>15%</td>
<td>13%</td>
<td>73%</td>
</tr>
</tbody>
</table>

DEFINITION OF TERMS

**Participatory Wellness Program:** The program either does not provide any reward or the offered reward is not related to any health factor or outcome.

**Activity-Only Wellness Program:** An individual is required to perform or complete an activity related to a health factor in order to obtain a reward.

**Outcomes-Based Wellness Program:** An individual must attain or maintain a specific health outcome in order to obtain a reward.
HEALTH MANAGEMENT PROGRAM SATISFACTION: PARTICIPATION AND BUSINESS IMPACT

Just over a third of respondents (35%) reported that they were satisfied with their program’s participation. Twenty-five percent (25%) reported that they were satisfied with the business impact of their wellness and health management program. These two findings suggest that there is still considerable room for improvement in wellness program design and implementation.

Overall, survey respondents are somewhat satisfied with their program’s participation (44%) and business impact (41%).

VOI-focused respondents were more satisfied than their ROI-focused counterparts with regard to participation in programs (37% versus 25%) and business impact of programs (26% versus 19%).

HOW SATISFIED IS YOUR ORGANIZATION WITH THE PARTICIPATION IN THE WELLNESS (HEALTH MANAGEMENT) PROGRAM?

![Percentage of Organizations]

- Very Satisfied: 8%
- Satisfied: 27%
- Somewhat Satisfied: 44%
- Not Satisfied: 16%
- N/A: 5%

HOW SATISFIED IS YOUR ORGANIZATION WITH THE BUSINESS IMPACT OF THE WELLNESS (HEALTH MANAGEMENT) PROGRAM?

![Percentage of Organizations]

- Very Satisfied: 6%
- Satisfied: 19%
- Somewhat Satisfied: 41%
- Not Satisfied: 19%
- N/A: 15%
INCLUDING HEALTH AND WELLNESS IN YOUR ORGANIZATION’S VISION AND MISSION STATEMENT

The Wellness Council of America (WELCOA) identifies seven benchmarks of a successful wellness program.

One of the benchmarks defined by WELCOA is an operating plan. Typically, an operating plan contains a mission or vision statement with defined goals and objectives, timeline, budget and evaluation metrics. Twenty-five percent (25%) of respondents from a VOI-focused organization included a statement concerning employee health and well-being in their organization's mission or vision statement. Fourteen percent (14%) of respondents from a ROI-focused organization included the mission or vision statement.

7 WELCOA BENCHMARKS*

1. Capturing CEO support
2. Creating a cohesive wellness team
3. Collecting data to drive health efforts
4. Carefully crafting an operating plan
5. Choosing appropriate interventions
6. Creating a supportive environment
7. Carefully evaluating outcomes

DOES YOUR ORGANIZATION HAVE A STATEMENT CONCERNING EMPLOYEE HEALTH AND WELL-BEING THAT HAS BEEN INCORPORATED INTO THE ORGANIZATION’S VISION/MISSION STATEMENT?

*www.welcoa.org
LEADERSHIP BUY-IN, support in the form of employee time and financial resources, along with participation in on-site events, are key components of a successful wellness program. Survey respondents report that senior leadership Strongly Agrees or Agrees, that a wellness program is an important investment in human capital (82%). Leadership communication is an essential part of CEO support.

The majority of respondents (59%) Strongly Agree or Agree with this statement. In addition, the majority of respondents (66%) Strongly Agree or Agree allocation of resources is also an important tenant of CEO support.

**SENIOR MANAGEMENT IS COMMITTED TO A COMPREHENSIVE WELLNESS (HEALTH MANAGEMENT) PROGRAM AS AN IMPORTANT INVESTMENT IN OUR HUMAN CAPITAL.**

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>57%</td>
<td>16%</td>
<td>2%</td>
</tr>
</tbody>
</table>

**SENIOR MANAGEMENT HAS EFFECTIVELY COMMUNICATED THE IMPORTANCE OF GOOD HEALTH IN MOST EMPLOYEE COMMUNICATION (NEWSLETTERS, MONTHLY REPORTS, INTRANET, MEMOS AND INCORPORATED INTO NEW EMPLOYEE ORIENTATION, ETC.).**

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>44%</td>
<td>38%</td>
<td>4%</td>
</tr>
</tbody>
</table>

**SENIOR MANAGEMENT ALLOCATES THE NECESSARY RESOURCES FOR THE WELLNESS (HEALTH MANAGEMENT) PROGRAM (E.G. BUDGET, MATERIALS, PEOPLE, SPACE, ETC.).**

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>51%</td>
<td>31%</td>
<td>3%</td>
</tr>
</tbody>
</table>
UNDERSTANDING THE LINK BETWEEN EMPLOYEE HEALTH AND PRODUCTIVITY

Survey respondents Strongly agree or Agree that senior management understands the link between employee health and workforce productivity (78%).

The majority (55%) of survey respondents said that senior management regularly participates in onsite wellness events. This number was even greater (61%) for the VOI-focused cohort.

SENIOR MANAGEMENT GENUINELY UNDERSTANDS THE LINK BETWEEN EMPLOYEE HEALTH AND WORKFORCE PRODUCTIVITY AND HOW THAT LINK IMPACTS BUSINESS SUCCESS.

SENIOR MANAGEMENT REGULARLY PARTICIPATES IN HEALTH AND WELLNESS ACTIVITIES AND EVENTS.
MANAGERS AND SUPERVISORS’ BUY-IN OF HEALTH AND WELLNESS PROGRAMS

A hallmark of high-performing workplace wellness programs includes manager and supervisor support.

More than half (57%) of survey respondents Strongly agree or Agree that their managers and supervisors understand the link between employee health and productivity. The majority of those responses were from VOI-focused respondents (61%).

Fifty-nine percent (59%) of survey respondents reported that their managers regularly participate in health and wellness activities. Once again, the majority of those responses (66%) were from VOI-focused respondents.

MANAGERS AND SUPERVISORS GENUINELY UNDERSTAND THE LINK BETWEEN EMPLOYEE HEALTH AND WORKFORCE PRODUCTIVITY AND HOW THAT LINK IMPACTS THEIR DIVISION/DEPARTMENT’S BUSINESS SUCCESS.

MANAGERS AND SUPERVISORS REGULARLY PARTICIPATE IN HEALTH AND WELLNESS ACTIVITIES AND EVENTS.
The majority of respondents (45%) have a wellness committee and seventy-eight percent (78%) have an internal leader or coordinator who drives the wellness program. Of the respondents who have a committee in place, the average time dedicated per month is less than 5 hours (32%). More than a third of the respondents’ wellness committees meet monthly (39%).
STATE OF AFFAIRS: STRATEGIC AND OPERATING PLAN FOR HEALTH AND WELLNESS

Fifty one percent (51%) of survey respondents do not have an operating plan created for their wellness program, and 59% percent of respondents do not communicate the goals and objectives of their program to employees.

DOES YOUR ORGANIZATION HAVE A WRITTEN, FORMAL STRATEGIC PLAN AND OPERATING PLAN WITH CLEAR, CONCISE, AND MEASURABLE GOALS FOR THE WELLNESS (HEALTH MANAGEMENT) PROGRAM?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22%</td>
</tr>
<tr>
<td>Considering</td>
<td>22%</td>
</tr>
<tr>
<td>No</td>
<td>51%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>5%</td>
</tr>
</tbody>
</table>

HAS YOUR ORGANIZATION COMMUNICATED THE SPECIFIC GOALS AND OBJECTIVES OF THE WELLNESS (HEALTH MANAGEMENT) PROGRAM TO ALL EMPLOYEES?

- Yes: 34%
- No: 59%
- Don’t know: 7%
STATE OF AFFAIRS: THE HEALTH AND WELLNESS BUDGET

Research supports the necessity of a financial investment to realize a return or benefit from a worksite wellness program. Twenty three percent (23%) of survey respondents indicate they do not have a defined budget. In a few instances, funds may be available to support the wellness program but financial support is not specifically identified in the organization’s budget. Eleven percent (11%) of respondents are spending $150 or more per employee per year on their programs.

Respondents from ROI-focused organizations spend about the same amount as VOI-focused respondents on their wellness program. Organizations use a variety of funding sources for their wellness programs. For example, wellness funds from a carrier may fund on-site biometrics screening while the employer funds the incentive to drive participation in on-site biometrics.

Of the organizations with any budget, 83% said that their programs were funded by their organization and 27% said that their programs received funding from their carrier. Eleven percent (11%) of respondents reported that they are funded by employee contributions.

APPROXIMATELY HOW MUCH MONEY IS ALLOCATED PER EMPLOYEE PER YEAR, FOR YOUR WELLNESS (HEALTH MANAGEMENT) PROGRAM, NOT INCLUDING INCENTIVES?

APPROXIMATELY HOW MUCH MONEY IS ALLOCATED PER EMPLOYEE PER YEAR FOR YOUR WELLNESS (HEALTH MANAGEMENT) INCENTIVES INCLUDING ALL TYPES OF INCENTIVES SUCH AS GIFT CARDS, PREMIUM CONTRIBUTIONS DIFFERENTIALS, ETC.?
Incentives such as premium contribution reward or penalties, cash and gift cards are often part of an incentive strategy. Respondents from VOI-focused organizations are spending more on incentives than ROI-focused organizations.
HOW ARE ORGANIZATIONS IDENTIFYING TOP COST DRIVERS: DATA-DRIVEN STRATEGIES?

Survey respondents most commonly use medical claims, pharmacy costs and workers compensation data to identify the top cost drivers in their organizations, however, the majority of these responses were from ROI-focused respondents.

More VOI-focused respondents identify top cost drivers using their employee assistance program (EAP) metrics than ROI-based (51% verses 41%). Fifty-two percent of ROI-focused respondents look at gaps in chronic condition management compared to 40% of VOI-focused respondents.

IN ORDER TO IDENTIFY TOP COST DRIVERS AND CREATE A TARGETED HEALTH MANAGEMENT STRATEGY, DOES YOUR ORGANIZATION REVIEW THE FOLLOWING DATA?

Focus on VOI/ROI Differences

- Medical Claims: 77% VOI vs 90% ROI
- Pharmacy Costs: 75% VOI vs 86% ROI
- Workers Compensation Claims: 69% VOI vs 78% ROI
- Short Term Disability: 56% VOI vs 59% ROI
- Preventive Screening: 54% VOI vs 59% ROI
- Compliance: 50% VOI vs 59% ROI
- Long Term Disability: 56% VOI vs 56% ROI
- EAP: 41% VOI vs 51% ROI
STATE OF AFFAIRS: HEALTH ASSESSMENTS AND BIOMETRIC SCREENING

A health risk assessment (HRA) and biometric screenings continue to be popular on-site wellness program offerings. Fifty-seven percent (57%) of organizations offer an HRA. It should be noted that this is a significant decrease from 2014 survey results that indicated 81% of respondents offered an HRA.

The decline of offering an HRA may be due to the self-reported, subjective nature of the HRA tool and the shift to an outcomes-based incentive strategy reliant upon biometric screening values. The most prevalent participation rate for HRA completion is less than 50%, yet 34% of organizations have a participation rate of 50% or higher.

Sixty percent (60%) of respondents offer biometric screenings. The most prevalent participation rate for biometric screening completion reported by survey respondents is less than 50%.
STATE OF AFFAIRS: CHANGING BEHAVIORS

Year after year, employer sponsored, on-site flu vaccination clinics continue to be the number one wellness program offering (83%). Lifestyle related topics such as physical activity, nutrition and healthy eating, weight loss and tobacco cessation also remain popular among survey respondents’ programs.

Areas with the greatest number of respondents saying that they were considering programs were emotional wellbeing (21%); financial well-being (19%) and stress management (18%).

HAS YOUR ORGANIZATION IMPLEMENTED THE FOLLOWING BEHAVIORAL CHANGE INTERVENTIONS OR SOLUTIONS?

We have seen a reduction in risk. The onsite face-to-face health coaching has been very successful and well received.

MUNICIPALITY

Significant health improvement in our employee population and consumerism associated with a CDHP with HSA led to 23% reduction in claim costs last year and a 40% reduction in employee premiums this year. Current trend is 9% lower than it was when we initiated our wellness strategy.

CONSTRUCTION COMPANY
STATE OF AFFAIRS: COMPANY POLICIES

Safety and emergency and alcohol and drug policies are already in place for the majority of respondents (84% and 82% respectively).

Eighty-four percent (84%) of respondents do not offer peer support programs and 61% of respondents do not offer on-site fitness.

HAS YOUR ORGANIZATION IMPLEMENTED THE FOLLOWING POLICIES / CULTURAL INITIATIVES TO DRIVE HEALTH OUTCOMES?

<table>
<thead>
<tr>
<th>Policy</th>
<th>Percentage of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety and Emergency Policy</td>
<td>84% 2% 14%</td>
</tr>
<tr>
<td>Alcohol and Drug Abuse Policy</td>
<td>82% 2% 16%</td>
</tr>
<tr>
<td>Tobacco-Free Workplace Policy</td>
<td>66% 8% 26%</td>
</tr>
<tr>
<td>Flexible Work Arrangements</td>
<td>45% 7% 48%</td>
</tr>
<tr>
<td>Health Club Reimbursement/ Subsidy/Corporate discount</td>
<td>38% 4% 57%</td>
</tr>
<tr>
<td>Safe Driving/Seatbelt Policy</td>
<td>38% 4% 57%</td>
</tr>
<tr>
<td>On-Site Fitness Center</td>
<td>35% 4% 61%</td>
</tr>
<tr>
<td>Health Club Corporate Discount</td>
<td>35% 8% 57%</td>
</tr>
<tr>
<td>Peer Support Group/Clubs</td>
<td>11% 6% 84%</td>
</tr>
</tbody>
</table>
The majority of respondents (72%) use participation-based incentives to drive participation and engagement in their organizations’ wellness program. In the last five years, we have seen the adoption of a health contingent activity or outcomes-based incentive strategy. Forty-one percent (41%) of organizations report a health contingent activity-based design and 30% report a health contingent outcomes-based strategy.

The Willis Health Outcomes Practice is seeing more organizations using a combined strategy that includes both participation-based and health contingent incentives in their wellness programs. In addition, organizations are using incentives to engage and drive more than one behavior. For example, the top three incentive strategies, combining Strongly agree and Agree responses are structured to motivate employees to take better care of themselves (84%); encourage employees to be better healthcare consumers (72%) and; reduce high-risk behaviors (68%).

TO WHAT DEGREE WOULD YOU SAY THAT YOUR ORGANIZATION’S INCENTIVES ARE STRUCTURED TO:

YOUR ORGANIZATION’S INCENTIVE CRITERIA IS BASED ON THE FOLLOWING:

- Participation: 72% Yes, 10% Considering, 17% No
- Health Contingent Activities Based (ex: complete physical activity program): 41% Yes, 15% Considering, 44% No
- Health Contingent Outcomes Based (ex: non-tobacco user, meet biometric measures): 30% Yes, 19% Considering, 52% No
STATE OF AFFAIRS: MAKING CHANGES TO PLAN DESIGN

Implementing consumer-driven health plans (CDHPs) with an employee earned health account (34%) as well as offering premium reductions for meeting wellness criteria (34%) were the top plan design changes reported by respondents. ROI-based respondents reported greater use of CDHPs than their VOI counterparts (42% and 31% respectively).

Survey respondents do not seem to be considering or offering waived copays (79%) or reduced copays (76%) for select medications treating chronic conditions.

In light of changing regulations affecting employer-sponsored wellness programs, employers may no longer be able to offer preferred plan selection based on wellness program participation, however, as of June 2015, 6% of employers had implemented this practice with another 9% considering offering this incentive. This suggests an increased need for employers to work closely with their consultants and legal advisors when evaluating current and future wellness program design and offerings.

HAS YOUR ORGANIZATION EVALUATED CURRENT PLAN DESIGNS AND MADE TARGETED CHANGES TO POSITIVELY IMPACT HEALTH OUTCOMES THROUGH THE FOLLOWING METHODS?

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implemented consumer driven health plan (CDHP) design with employee earned health account</td>
<td>34% 12% 54%</td>
</tr>
<tr>
<td>Offered a premium reduction for meeting wellness criteria</td>
<td>34% 13% 53%</td>
</tr>
<tr>
<td>Waived copays for select medications in the treatment of high cost chronic health condition, such as asthma and diabetes</td>
<td>12% 9% 79%</td>
</tr>
<tr>
<td>Reduced copays for select medications in the treatment of high cost chronic health condition, such as asthma and diabetes</td>
<td>12% 12% 76%</td>
</tr>
<tr>
<td>Offered preferred plan selection based on wellness program participation</td>
<td>6% 9% 85%</td>
</tr>
</tbody>
</table>

We increased our biometric screening and member health assessment compliance from 26% to 88% by offering discounted premiums. Many participants have told us that they have made improvements to their health and/or adopted healthier habits as a result of the knowledge or awareness they have gained due to our program.

MANUFACTURING ORGANIZATION
We have 80% participation in our biometrics and wellness coaching - which includes an annual visit to a primary care physician. We are fully insured and our annual insurance premium increases have come down significantly over the past 7 years from 42% to 5%.

PROFESSIONAL SERVICES EMPLOYER

Year over year negative medical cost trend while at the same time year over year improvement of the measured well-being of our population.

HEALTH SERVICES EMPLOYER