



BUSINESS

Wellness programs help companies save on health costs

A study showed that one program reduced medical claims by \$225 per employee per year.

By Julie A. Jacob, *AMNews* staff. March 11, 2002.

Corporate wellness and health prevention programs can save companies money and improve employee health, according to recent studies.

"There's a growing body of data" indicating that corporate wellness programs lower medical costs for employees, said Ron Z. Goetzel, PhD, vice president of consulting and applied research for the Medstat Group, a health care research firm in Ann Arbor, Mich. The numbers come as corporations are looking for ways to reduce rapidly rising health insurance costs.

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A Medstat survey, published in the January *Journal of Occupational Medicine*, concluded that medical claims costs for Johnson & Johnson Inc. employees dropped an average of \$225 per year after the company started its program in 1995.

In addition, a literature review of corporate wellness studies published in the May/June 2001 issue of the *American Journal of Health Promotion* concluded that medical costs dropped for employees enrolled for 28 out of 32 corporate wellness programs reviewed, said Goetzel.

Wellness programs are offered by 80% to 90% of large companies.

The Medstat number comes from a nine-year analysis of hospital admissions, mental health care, outpatient care and emergency department visits for 18,000 Johnson & Johnson employees, said Goetzel. The study compared employee claims costs from 1990 to 1994, before the corporation started its wellness program, with medical claims costs from 1995 to 1999, after it started the program.

About 90% of Johnson & Johnson employees participate in the corporate wellness program, which consists of free health risk assessments and physicals. Employees can then join free weight management, smoking cessation or nutrition classes and can use on-site fitness centers.

Annually, the savings in reduced medical claims total about \$5 million a year, said John McKeegan, a Johnson & Johnson spokesman. When administrative savings from combining various health services into one program are factored in, the savings come to about \$8.5 million a year, he said.

Employee medical costs dropped in almost 90% of wellness programs studied.

Union Pacific Railroad, which has offered employee health risk assessment, counseling and fitness programs for several years, saw its employee health care costs for lifestyle-related illnesses drop about 5% between 1990 and 1995, said Dennis Richling, MD, Union Pacific's assistant vice president of health services. Another study showed that rates of high cholesterol, hypertension and smoking among Union Pacific employees who participate in the program are also lower than average, he said.

Once Union Pacific employees learn of their health risks, they are encouraged to talk with their physicians about lowering their health risks, said Dr. Richling. "We provide patients with the information so they can work with the physician and engage the doctor."

George Anstadt, MD, who worked as a physician executive with Eastman Kodak for 25 years, said that employees who participated in wellness programs at Kodak were healthier than those who did not. "There were decreased absences of those who had flu shots, both compared to themselves in prior year ... and compared to co-workers who did not get the shot; [and] decreased health care claims among those who participated with a diabetes educator working in cooperation with the person's physician."

In addition, said Dr. Anstadt, co-worker support and encouragement make the workplace a good setting for smoking cessation, fitness, nutrition and weight management classes.

Support, goals are key

About 80% to 90% of large U.S. corporations offer some sort of wellness program, according to the Wellness Councils of America, a coalition representing 3,000 corporate wellness programs. Such programs may include health risk assessments, screenings, weight-loss and smoking cessation programs, nutrition counseling, exercise classes and discounts on health club memberships.

But few companies offer comprehensive, coordinated wellness programs, said David Hunnicutt, PhD, the group's president.

There are a number of keys to reducing employee medical costs and helping employees become healthier, and physicians play a pivotal role, said Dr. Hunnicutt.

"Physicians can help America get healthy by helping patients integrate healthy behavior into their work schedules. Physicians play a major role in health promotion and disease prevention."

ADDITIONAL INFORMATION:

Healthy business

Corporate wellness by the numbers:

- 74% of U.S. companies offer employee health screenings.
- 71% offer health education and information.
- 40% use financial incentives to encourage healthy behavior.
- 21% administer employee health risk appraisals.

Source: Hewitt Associates, "Health Care Expectations: Future Strategy and Direction 2001"