



How to Assess the Value of Employee Wellness Programs

Learn what factors contribute to a successful wellness program and how to account for them at your company

Intro





Employee wellness programs (EWP), sometimes known as well-being programs, are like preventative maintenance. They're designed to promote healthy living so that your employees can maintain, or work toward, a happy and healthy lifestyle.

Creating an EWP demands time, attention, and resources. Naturally, you want to see your program have tangible outcomes energized, productive employees and reduced health care costs.

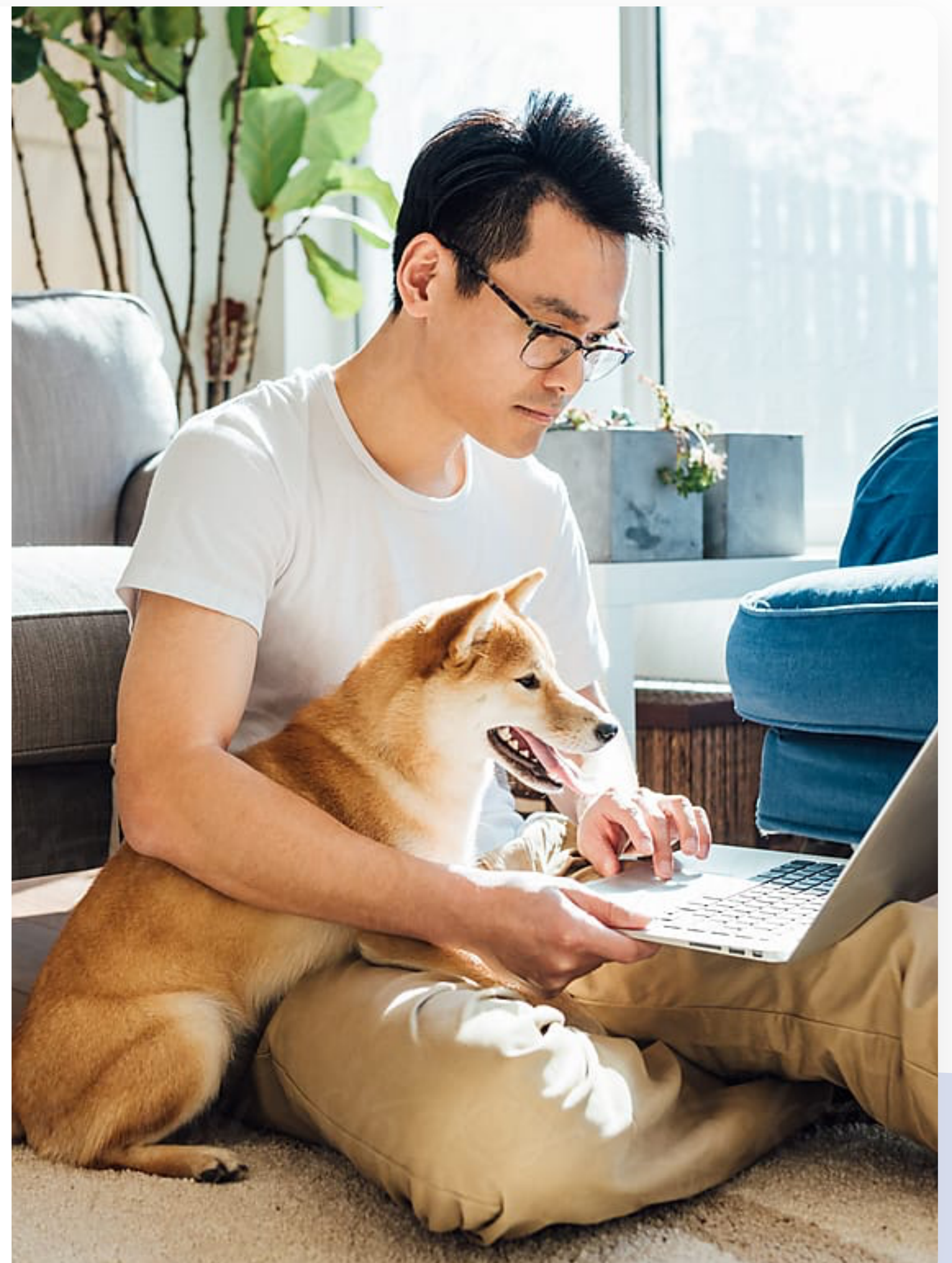
While the [World Health Organization](#) estimates a 4x return for every dollar invested in worker wellness, proving that return at your own organization can be challenging.

Wellness is multifactorial. Health indicators like weight, sleep quality, and stress are intertwined, which can make determining your EWP's benefits difficult. But it is possible to assess your wellness program's effectiveness. The key is to approach employee health holistically by monitoring multiple quality measures.

We'll share 4 measures to help you find ROI in your employee wellness programs:

-  HEALTH CARE COSTS ACCORDING TO BENEFIT TYPE
-  ABSENTEE AND SICK-DAY RATES
-  EMPLOYEE WELLNESS PROGRAM PARTICIPATION
-  EMPLOYEE SENTIMENT, ENGAGEMENT AND RETENTION

Plus guidelines to create a well-being program scorecard.



MEASURE 1

Health Care Costs According to Benefit Type

The research on employee wellness programs' impact on health care premiums is mixed. It's important to monitor how they are related at your own company, because there is strong support suggesting that the kind of wellness benefits utilized can make a huge difference.

A 2019 study looked at wellness programs featuring: *"8 modules focused on nutrition, physical activity, stress reduction, and related topics implemented by registered dietitians at the treatment worksites."* These focuses are typical of companies trying to improve workers' physical health and help them lead a healthy lifestyle.

The study found *"no significant differences in clinical measures of health, health care spending and utilization, and employment outcomes after 18 months."* Admittedly, 18 months is a relatively short period to observe, and three-year studies are currently underway. Still, Harvard Business Review argues that these lifestyle management wellness programs have a limited impact on health insurance claims.

Meanwhile, wellness initiatives that help employees manage and prevent chronic conditions—diabetes, heart conditions, depression, for example—are much more successful.

A Rand Study examining 10 years of data found that a disease management program saved a Fortune 100 employer:

\$136 per employee, each year

30% reduced hospital admissions

Health-risk assessments can help you encourage workers to enroll in such programs.

The largest drivers of healthcare costs and insurance premium increases are inflation, government regulations, and the healthcare industry at large. To mitigate these steadily rising costs, employers should pay particular attention to employee wellness programs that serve the most at-risk or chronically ill employees. Per HBR, *"[A] program that preempts 25 unnecessary emergency department visits can easily save \$50,000, while preventing four inpatient stays can save at least \$100,000. Savings like these are not unrealistic for a 2,000-employee company."*



To determine whether your employee well-being program is moving these metrics, track how participation levels in specific benefits correlate to per-employee health care costs.

MEASURE 2

Absentee and Sick-Day Rates

The **CDC reports** that missed work due to illness can cost employers

\$1,685 in productivity losses, per employee, each year.

Considering these costs, employee wellness programs that drive attendance create significant organizational savings.

Research suggests that wellness programs do improve worker productivity and reduce absenteeism. **University researchers found** that employee participation in a corporate wellness program resulted in an average increase of one productive day per month. **The Journal of Technology in Behavioral Science discovered that participants missed 50% fewer work hours after engaging in 12 weeks of messaging-based therapy.**



To assess whether your EWP is reducing absenteeism, check how many sick days each employee takes per year, and compare it with your employee wellness program's participation levels. Plot the number of sick days against employees' participation levels to see if there is a correlation between absenteeism and using the EWP.

You will likely get better insights if you can connect absentee rates with participation in specific benefit offerings. Keep in mind that not all sick days are created equal. Some employees use sick days to care for others, which doesn't reflect your EWP's quality. Separate absentee days according to the reason, where available, to better understand the underlying causes for missed workdays.

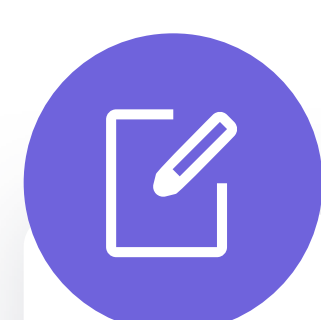


MEASURE 3

Employee Wellness Program Participation

Many employee wellness and well-being programs exist in name only. Workers may not be aware that the benefits exist, or the benefits may be too difficult to access.

Employee engagement levels in your EWP are a good indicator of whether they find the program valuable.



First, assess the average usage rate of your employee wellness program. Look at both participation for both the program as a whole and the individual benefit offerings. The more historical data you have, the more accurate this average will be. Set a benchmark based on that average, then set a goal: **increase participation levels by 5%**, for instance.

Drill down into individual EWP benefits. Consider why less frequently used features might be underutilized. Are employees aware of them? Are they easily accessible? Are they a good fit for your employees' needs?

For heavily used benefits, consider why they are popular. Note these positive factors so you know what to emphasize as you build out your employee wellness program in the future.

Besides brainstorming independently, you can also understand EWP participation by directly asking your workforce about the program.



MEASURE 4

Employee Sentiment, Engagement and Retention

Your employees have valuable insights on what works —and what doesn't—in your employee wellness program. What you think employees need to improve their well-being at work may not be what they actually want or need. In a 2019 [Harvard Business Review survey](#), employees ranked office air and light quality far above traditional perks, like onsite fitness facilities or healthy-eating options.



Build an [employee satisfaction survey](#) to gauge whether employees enjoy your wellness program. Ask them which benefits they regularly use and which they could do without. Include questions about employees' wellness goals so that you craft your benefit offerings around your team members' objectives. Consider making such surveys anonymous to encourage candor.

Pay particular attention to employees' input about mental-health benefits in your wellness program; many employees increasingly expect this benefit.

Most EWP's do offer a mental-health service. And according to [PwC's Pulse Survey](#), 84% of CHROs intend to increase mental health support benefits. But many of these offerings aren't robust. Companies will send employees a list of providers, who may or may not even be accepting new patients.

Anonymously survey your staff to see if they believe your company cares about their mental wellness and whether the benefits available to them are [accessible](#). This feedback will be invaluable in identifying improvements for your business.

Creating an [employee advisory committee](#) is another way to receive feedback and invite workers to participate in the decision-making process. Such committees include employee representatives who assess the available benefits alongside human resources.

These committees require time and attention from both employee and HR representatives, but they can be powerful tools to get honest feedback and demonstrate transparency. Be prepared to take worker concerns seriously and seek mutual understanding.

As of 2018

77%

of U.S. adults believed that workplaces should actively help their employees' mental health.

Create a Well-Being Program Scorecard

Healthcare costs, absentee rates, participation levels, and employee surveys capture different aspects of how a wellness program affects both employee health and your bottom line. Taken together, they provide a holistic picture of your employee well-being program. Next, turn them into an easily digestible metric by creating a scorecard.

There are two ways to go about creating an EWP scorecard.

Beginner

Rank each benefit on a scale of 1-10 based on how well each one is performing against company goals.

For example, if average employee participation levels are 30%, start by giving that measurement a 5. Evaluate twice a year and re-score depending on how much you have moved participation levels. Sum all of the rankings to get a total score, and track your progress.

Advanced

Identify an average annual employee cost for each measure at your current participation levels.

For example, to calculate your average absenteeism costs, take the average hourly wage of your employees and multiply that by the average hours lost annually to absenteeism.

*The formula would look something like this:
\$40/hour X 200 lost hours = \$8,000 lost annually to absenteeism at current levels of EWP participation.
Re-evaluate twice a year to identify how that cost correlates to changes in benefit participation.*

A scorecard will help you make an abstract assessment of employee well-being more concrete. But at the end of the day, be sure to put people ahead of numbers. Make it your primary goal to help employees improve their lives, knowing that an EWP also makes business sense. Features like mental-health support and disease management aren't fluffy, optional perks—they're key tools for building an energized, engaged workforce. Build your employee wellness program around these critical benefits and the business benefits will follow.

Schedule a 15 minute call with a Talkspace consultant to learn more

Contact us

