Corporate Wellness Programs Promote Healthy Living

Companies are realizing that a healthy workforce can lead to substantial healthcare cost saving opportunities. As a result, many companies use employee incentives to persuade workers to participate in corporate wellness programs, and take charge of their health.

WIKA Instrument Corporation started their employee wellness program in 2008, at the urging of the president of the company, says Cathy Bochenek, environmental health and safety manager at WIKA.

“Before we started our wellness program, our measure was to look at the premium ratio,” Bochenek says. “This is the medical costs divided by the premium.”

Bochenek says that an 80% premium ratio is considered a breakeven point. If premium ratio rises above 80%, the company's medical insurance rates will increase the following year.

“Before we started our wellness program, our premium ratio was at 91%,” Bochenek says. “It dropped to 82% after the first year, 74% after the second year, and 68% after the third year.”

In the first year of the WIKA wellness program, Bochenek says the company offered participating employees biometric screenings (a brief physical exam) and health risk assessments.

In the second year of the wellness program, WIKA stepped up the employee incentives by offering a 10% savings on healthcare premiums to every employee that participated in the program. Bochenek says 99% of employees opted to participate, resulting in money saving opportunities of anywhere between $400 - $1,200 in health insurance premiums for the year.

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Bochenek says the company decided to increase the employee incentives in the third year of the wellness program to include spouses. They offered an additional 10% money saving opportunity on healthcare premiums if the spouse of the employee participated. WIKA achieved 87% participation from spouses, saving couples anywhere from $700 - $2,500 that year on their medical premiums.

This year, WIKA began charging smokers a tobacco surcharge on their healthcare premiums. In an effort to help smokers kick the habit, the company offered a tobacco cessation program reimbursement, Bochenek says.

Currently in order to get a discount on healthcare premiums, couples must both participate in the wellness program to earn a 10% discount, and gain an additional 10% discount by pledging that they have been tobacco free for a minimum of five months. Bochenek says that spouse participation is now up to 92%.

Bochenek says the benefits to both the company and the employees make the wellness program a win-win for everyone.

“We probably saved $300,000 just last year,” Bochenek says.

Bochenek says the money saving achieved by the company on medical costs far outweighs the cost of the wellness program, which was $45,000 last year.

Employee Incentives Entice Workers To Participate

Nikki Washington, senior marketing communications manager at Intelispend Prepaid Solutions, says that employee incentives work to motivate workers to participate in wellness programs.
A 2010 MasterCard and Harris Interactive study shows that companies offering rewards for joining wellness programs have a 61% participation rate versus only 26% without rewards,” Washington says. “An overwhelming 81% of employees say if they're offered rewards, they want monetary rewards.”

Intelispend offers companies a MasterCard® Wellness Prepaid Card, as an incentive for employees to participate in wellness programs. Washington believes that a prepaid card serves as a better motivator for employees to participate in wellness programs than extra money in their paycheck because it stands out.

“A wellness bonus on a paycheck just disappears into the employee’s checking account and ends up being used for household expenses,” Washington says. “A prepaid reward card encourages guilt-free spending and can be personalized with the recipient’s name and branded with the company’s name or wellness program, making it a more meaningful and motivating reward.”

Wellness Programs Benefit Companies and Employees

Cheryl Monkhouse, spokesperson for Blue Cross and Blue Shield of Georgia, says that wellness programs benefit a company in many ways, including increasing employee morale and productivity; improving employee health; and reducing healthcare costs, work-related injuries, employee turnover, and absenteeism.

“Having a robust wellness program is becoming a recruiting tool as job seekers are starting to view it as another valuable benefit,” Washington says. “And, of course, there is the benefit of simply having a happier, healthier, more engaged workforce.”

Monkhouse says employers aren’t the only ones to benefit from wellness programs.

“From an employee perspective, wellness programs have numerous benefits,” Monkhouse says.

She says some of the ways wellness programs may have a positive effect on employees include identification of health risks, avoidance of chronic conditions, relationship building with primary care physicians, learning how to live a healthier lifestyle, improved self-esteem, increased productivity, team-building with fellow employees, and the satisfaction of knowing that their employer cares about their health.

Monkhouse says that companies are beginning to realize the value of implementing wellness programs, because of the many benefits associated with them.

“It could take up to three plus years to see cost savings and a return on investment, but the long-term value and benefits outweigh the potential start-up costs,” Monkhouse says.