

CENTER FOR HEALTHCARE ECONOMICS AND POLICY

Wellness Programs Benefits Analysis

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Workplace wellness programs have the potential to play a significant role in improving population level health. In addition to general health promotion efforts, some types of programs provide a unique opportunity to reduce chronic disease prevalence for conditions such as diabetes. Chronic conditions consume over three-quarters of the total dollars spent on healthcare today and represent a significant area of opportunity for controlling escalating healthcare costs.

Despite the general acknowledgement that workforce wellness programs can drive positive change, company financial decision makers are increasingly looking for evidence that these programs provide a financial benefit *to their organization*. Assessment tools generally employed to measure return on investment, however, lack the precision to deliver accurate, reliable, and convincing evidence of the value these initiatives can provide and may not capture the full range of benefits. With this in mind, the Center developed a model that enables detailed assessment of the benefits derived from workplace wellness programs. Our model and results can influence optimal program design (i.e. program delivery methods) to ensure that wellness programs are crafted to promote a realized and measurable advantage to the employers sponsoring the program.

Estimating Return on Investment

Employers often want a more robust assessment of wellness programs that include more than just medical cost savings to use in choosing among various wellness programs. The model developed by PhD economists at the Center produces highly reliable, accurate, and detailed financial analyses of workplace wellness initiatives, including return on investment estimations. In developing the model, we considered the needs identified through our work on workforce wellness programs and the challenges organizations face in estimating their return on investment.

We designed the model to overcome shortcomings with existing methodologies. Methodologies that do not capture employer-specific tenure will not produce accurate estimates. Workplace wellness initiatives require a financial outlay to improve the health of current employees, but a portion of the return on this investment depends upon employees' tenure. If savings occur in the long run, but employee turnover is high, an employer will capture only a small portion of the total return. Factors such as uptake, selection, and the effectiveness of the program also influence the final return on investment calculation.

While wellness programs typically are offered to all eligible employees, participation in the program is not random. Specific categories of employees will have a higher probability of participation, and within that population, certain subgroups will have differential rates of success in completing the program and of reaching specific goals. Additionally, not all employees have the same medical costs or absenteeism rates – important factors in estimating an accurate return on investment. We perform detailed modeling that captures key factors that influence actual return on investment. Our model accounts for these and other critical factors across the entire relevant employee population and can be customized for employers of various sizes with different employee populations. The model’s precision is unmatched by other approaches and applies a technique that is considered to be the “gold standard” in *ex-ante* policy analysis and evaluation of program design.

Our Expertise

The Center for Healthcare Economics and Policy (Center) has extensive experience engaging with employers on workforce wellness programs and in reporting the drivers of benefits and the sources of return on investment (ROI) associated with such programs. Our experience includes assessing data and information on core metrics for wellness initiatives at 25 companies, covering almost two million employees across 125 locations; and detailed case studies focused on ROI. We bring a superior modelling approach that enables us to perform more thorough and comprehensive ROI assessments tailored to the client. Our most senior economists have over 30 years of experience in economic modeling and assessment.



FTI’s Center for Healthcare Economics and Policy collaborated with the World Economic Forum’s Workplace Wellness Alliance on its January 2013 Report on the ROI from workplace wellness programs.



Our experience pertains to similar projects that extend beyond wellness. Jen Maki, PhD, the project co-lead has experience developing, implementing, and assessing the effect of interventions designed to change employee behavior.

About the Center

The Center for Healthcare Economics and Policy applies cutting-edge economics and quantitative methods to assist clients in developing and implementing market-based solutions across the spectrum of healthcare activity. The Center assists clients and communities in achieving goals by providing empirically based, actionable metrics and quantitative analyses, including powerful tools for assessing transformative change and for discerning value and benefits that inform choice and action.

The Center uses “gold standard” models and extensive proprietary and public databases to assist clients in developing strategies that address fundamental changes in demand (e.g., declining inpatient admissions) and supply (e.g., shifts in the location of care delivery or new facilities) ongoing within a system or a community. Our particular expertise is the ability to use probabilistic or predictive modeling that takes into account the impact of future changes in population health, migration, patient mix, or utilization on operations, finances, and capacity needs for health systems. These form the basis of opportunities to evaluate how best to “optimize” or re-optimize capacity or strategies proactively and with sound simulations at lower cost.