



A Guide for HR and Benefits Managers

EVALUATING THE SUCCESS OF YOUR WELLNESS PROGRAM



Measuring the Effectiveness (and the Right Metrics) of Your Corporate Wellness Program

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FIRST, LET'S DEFINE THE TERMS

Around 85%¹ of employers today have a corporate wellness program, according to Gallup. Offering wellness programs as part of a comprehensive benefits package can help you attract and retain employees, but there is one question that often arises in the process of examining all the options for wellness programs out there: are they worth the cost?

This guide will help you determine the metrics to measure the success of your wellness program, and arm you with the right tools to make the case for wellness to your C-suite.

Before we talk about how to measure a wellness program's effectiveness, let's define two central terms to the conversation: "wellness" and "return."

What exactly do we mean by wellness?

A corporate definition of “wellness” has long focused on specific physical fitness and lifestyle management activities—such as eating a healthy diet, exercising regularly, and quitting smoking. Advocates argue that focusing on these things can help lower the cost of healthcare claims, thus benefiting an employer’s bottom line. However, this definition misses an important and overarching reality: physical fitness alone does not constitute wellness. Certainly it is one part of wellness, but there are so many more factors.

Gallup and Healthways developed a more comprehensive tool² to measure five elements of well-being:

- Career purpose
- Social connectedness
- Financial stability
- Community engagement
- Physical health

While it’s not explicitly stated, mental health is woven throughout all five elements and plays a big role in whether an employee is thriving, getting by, or struggling in the workplace.

When we define wellness, we are referring to things that improve all these elements of well-being for your employees.

How do we define a return for companies?

Corporate wellness programs are often classified as an expense without taking into account the financial benefits they can provide. The primary reason for this is that many companies don't understand exactly how to measure and assign value to employee health and wellness outside of a single metric: savings on healthcare claims and insurance costs.

When we discuss measuring the return that a company can achieve with a better and more comprehensive wellness program, we want to use a more holistic measurement that calculates multiple success factors. We'll discuss what metrics to measure, and how to measure them, in more detail later in this guide.

How Does Wellness ROI Compare to VOI?

One phrase that has emerged recently in corporate wellness program discussions is value on investment (VOI). It's a divergence from return on investment (ROI), which can only be calculated using hard numbers. To some that might sound like semantics, or a term used to avoid justifying the dollar value of a workplace wellness program, but the difference between ROI and VOI is actually a very important concept to understand.

The Pitfalls of Solely Measuring ROI

Most companies view wellness program ROI through a lens of how much money they will save by reducing total healthcare claims, thus lowering the amount an employer must spend on benefits (health insurance) for employees. The calculation uses year-over-year changes in healthcare claims and subtracts the cost of the wellness initiative to determine savings.

The problem with this definition is that it focuses too narrowly on one metric that is easy to quantify—total claims costs—while ignoring other factors that affect a company's bottom line. The actual benefits of a wellness program ranges from things that are easy to assign a monetary value to those that are “softer” but no less important.³

The Benefits of Measuring VOI

Using VOI to measure the success of a wellness program means taking into account things like employee engagement, morale, recruitment, and feelings of belonging and purpose. It can also use quantifiable numbers from metrics like:

- Higher customer satisfaction ratings
- Increased profitability for the company
- Increased productivity from the employee
- Lower turnover
- Fewer safety incidents
- Lower levels of shrinkage (employee theft)
- Fewer missed workdays
- Better product quality (measured by product defects)
- Lower healthcare claims costs

Taken together, ROI and VOI provide a better and more complete picture⁴ of whether your wellness program is beneficial and exactly how valuable it is to your company.

WHY LIFESTYLE MANAGEMENT PROGRAMS AREN'T ENOUGH ANYMORE

The number of Americans with chronic health conditions has been steadily rising for several decades, and today it represents a significant health crisis.

- An estimated 157 million people⁵ in the U.S. have one or more chronic health conditions
- About 30% of people with these conditions report that it limits their daily activities
- According to the Centers for Disease Control and Prevention (CDC), 90% of \$3.5 trillion in annual healthcare expenditures⁶ goes toward treating chronic and mental health conditions
- The economic cost of chronic disease⁷ in terms of lost productivity was \$1.24 trillion in 2016

It's no surprise, then, that companies thinking about incorporating wellness programs have focused a lot of time and effort on lifestyle management. Most of the time these efforts are centered around encouraging physical fitness, smoking cessation, healthy eating, and exercise.

While these are all good things, the benefits of lifestyle interventions are often long-term. Companies will not achieve much (if any) short-term savings on healthcare claims and may not realize any significant long-term benefit either. Lifestyle management also does not address the very immediate downsides of chronic disease on employee wellness.

Employees with chronic conditions like obesity, high blood pressure, diabetes, and depression are more likely to miss work and to incur costs in the healthcare system. As part of a comprehensive wellness program, companies and employees will be better served by disease management programs to help people:

- Better manage their disease with personalized care management programs
- Get appropriate care in the most cost-effective settings—for example, avoiding the emergency room or hospital admissions whenever possible

These simple factors can generate significant savings, boosting the short-term value of a wellness program and dramatically lowering claims costs. They can also improve the long-term health and well-being of employees with chronic

A Rand study⁸ examined 10 years of data from wellness programs at Fortune 100 companies and found that for those with both lifestyle and disease management components, only the latter contributed significantly to a reduction in healthcare claims costs. Disease management delivered an average of \$136 in savings per member per month, and reduced hospital admissions by 30%. For a large company (2,000+ employees), this could realistically save hundreds of thousands in healthcare costs.

DOES EMPLOYEE WELLNESS REALLY MATTER? EXPERTS AGREE IT DOES

Making the case for employee wellness as an essential investment means understanding all the ways it can benefit your company. Several studies reinforce the financial benefits:

- Employees with high overall well-being have **41% lower health-related costs⁹** compared to employees who are struggling, and **62% lower** compared to those who report they are suffering
- Companies with 9.3 engaged employees for every 1 disengaged employee report **147% higher earnings per share (EPS)** than competitors
- Companies in the top quartile for employee engagement and well-being had **65% lower turnover** and outperformed bottom-quartile companies by **22% in profitability**
- Employers report major financial returns and competitive advantages¹⁰ with **higher employee engagement, productivity, and workplace morale** from wellness programs
- In one study, **57% of high-health-risk employees** who participated in a worksite cardiac rehabilitation and exercise program subsequently **reached low-risk status**, saving an average of \$1,421 in medical claims¹¹ per patient compared to the prior year
- Physical and emotional health lead to **increased productivity** in what the Society for Human Resource Management¹² calls an **“Employee Positivity Factor”**

HOW TO DEFINE AND MEASURE ROI AND VOI FOR YOUR WELLNESS PROGRAM

Now that you know measuring the effectiveness of your wellness program requires a much more holistic approach than just a reduction in healthcare claims, where do you start? While there is no one-size-fits-all approach to the exact metrics you should use, here are a few to consider.

1: Employee retention

We already discussed that engaged employees who report high levels of well-being are less likely to look for a new job or voluntarily leave your company. Year-over-year comparisons of voluntary turnover can provide insight into benefits like your wellness program. There are many factors that contribute to turnover, though, so use tools like exit surveys to remove employees who leave for other reasons (for example, relocation for a spouse's job) that might skew this metric.

2: Cost of turnover

Losing employees because they don't feel fulfilled, healthy, and happy with your company is costly and could be avoided. Tracking the cost of turnover (lost productivity with open positions, recruitment, training, and onboarding), and combining that with your metrics on better retention can provide a cost justification for wellness programs that reduce turnover.

3: Employee happiness

Use surveys to gauge overall morale and general well-being for employees. They provide a valuable tool to show a correlation between wellness programs and higher satisfaction.

4: Absenteeism

Missed workdays cost employers in lost productivity. Measuring your absenteeism rates can provide insight into a couple different wellness-related items. Increases in missed work days for health reasons (e.g., chronic health conditions) might indicate that your wellness program isn't providing enough support for short-term disease management, or that your mental health resources are not adequate to help employees deal with stress and anxiety. A high volume of missed workdays could also indicate low employee morale and low job satisfaction. Conversely, a reduction in absenteeism could indicate success with your wellness program and support, leading to a happier and healthier workforce and ultimately, higher productivity.

5: Productivity per employee

Knowing how much revenue each employee brings in and comparing it year over year can uncover red flags for low morale, disengagement, and other job satisfaction indicators that impact revenue.

6: Benefit costs per employee

Calculating benefit costs per employee helps you allocate the right amount toward wellness programs. Along with other metrics it can demonstrate the ROI and VOI of wellness programs by showing a relatively low cost relative to the rewards.

7: Customer satisfaction

Employees who feel better are more likely to take good care of customers, leading to higher customer satisfaction ratings. This is not only true of customer service departments, but across the workforce ranging from product, sales, on-site staff, and more.

8: Wellness program enrollment and engagement

Track the number of employees who are enrolled and actively participating in your program. Gather regular feedback from all employees about why they do (or don't) participate, and what they would like to see offered in a wellness program. Some programs have high enrollment but low engagement, meaning there was initial interest that wasn't sustained. Others have lower enrollment but high engagement, which means it may not be a program that was widely communicated enough for more employees to know about, or it serves a specific audience.

9: Healthcare claims

We've talked a lot about how healthcare claims shouldn't be the sole measurement for the success of a wellness program, but tracking healthcare claims data can show positive results over time as your wellness program improves the physical, emotional, mental, and social well-being of employees.

This certainly isn't an exhaustive list of all the ways you can measure success, and your company may have its own specific metrics for a wellness program. The most important thing is to have the metrics in place and track the data for a wide variety of factors to prove the value of this benefit.

GATHERING EMPLOYEE FEEDBACK ON YOUR WELLNESS PROGRAMS

One of the easiest and most effective methods for determining employee satisfaction and participation in your wellness program is through surveys. There are a wide variety of free survey tools online,¹³ as well as more sophisticated tools¹⁴ that offer in-depth analysis and reporting. Or you can always go with an old-fashioned printed paper survey.

No matter how you gather your data, follow these best practices:

- **Keep it simple** – limit the number of questions to only the most relevant ones so employees don't have to spend a significant part of their day filling it out.
- **Include a variety of questions** – ask about general satisfaction and happiness, company culture, growth opportunities, pay, benefits, and your wellness program.
- **Use a number scale** – this makes it easier to quantify and analyze results.
- **Send follow-up surveys regularly** – a one-time survey provides a snapshot in time, but regular surveys uncover trends (both good and bad). Send out surveys at least once a year, or consider quarterly or monthly to get even more trend data. If you plan to send them out more often, make them short so it's not a burden.
- **Test your survey** – before sending it to all employees, test your survey on a small focus group and make any necessary tweaks for clarity, conciseness, or organization.
- **Allow anonymity** – to get the most relevant and unbiased information, gather survey data anonymously.

Organizations like the Wellness Council of America¹⁵ and the CDC¹⁶ offer sample surveys to help if you're not sure where to begin.

NOW WHAT? QUICK TIPS TO HELP YOU TAKE THE NEXT STEPS

Now that you know how to measure the success of your wellness program, the next step is to get management and employees involved.

- **Get management buy-in:** the most successful wellness programs¹⁷ are the ones that are supported at every level of your organization. Make wellness part of your culture and get everyone from your C-suite to your managers to promote it.
- **Promote it to your employees:** one of the main reasons¹⁸ employees don't participate in wellness programs is simply not knowing they exist. Make sure employees know what benefits are available and how to sign up.
- **Make your case:** help employees understand how your wellness program will make their work (and personal) lives better. Be transparent about healthcare costs and trends, and how those numbers can improve through participation in wellness initiatives. Employees want to be healthy and happy, and knowing their employer has resources to help can go a long way toward getting buy-in.
- **Incentivize rather than penalize:** employers cannot force employees to be healthy, so it's better to offer incentives—for example, lower healthcare premiums for meeting certain participation levels—than penalties (subtle or obvious) for non-participation.

NEXT STEP: FINDING THE RIGHT WELLNESS PARTNER

At [BurnAlong](#), we're passionate about helping employers find better ways to engage employees and improve physical health and well-being. We've taken what we know works offline – the choice of classes, instructors, and interactions with friends – and make it available online. Since the start of the current health crisis, BurnAlong clients have seen significant increases in virtual engagement.

— How BurnAlong Works —

We provide 1000's of live-streamed and on-demand classes across 45+ health and wellness categories from 100's of certified instructors all over the country. With so many options to choose from, people can find classes to specifically fit their needs.

Classes go beyond just physical activity to incorporate key categories that address and support overall health and well-being for happier, healthier employees.

Companies can also create virtual challenges and other activities that encourage engagement and foster social connections. Every class is accessible from any internet connected device – smartphone, tablet, computer, or television – and any location. Each corporate account comes with 4 free family sub-accounts, so employees can invite friends and family members who motivate them to participate, keeping them connected when health concerns or geographic distance may keep them apart.

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