The Conference Board of Canada
Insights You Can Count On

Making the Business Case for Investments in Workplace Health and Wellness

Karla Thorpe

Director

Leadership & Human Resources Research

Project Overview

Project Purpose

The overarching purpose of this project is to…

"Provide employers from small, medium and large sized organizations with advice and guidance on how to make the business case for investments for workplace health and wellness programs."

Project Sponsors

The Conference Board is grateful for the support received from our sponsors:

Project Advisory Board

We have assembled a broad mix of representatives to serve on our Advisory Board including our sponsors, interested CASHC members, and other experts from:

- Acti-Menu
- Ceridian
- Co-operators
- Groupe entreprises en santé (GP^2S)
- H3 Consulting
- Health Canada
- Homewood Human Solutions
- Medavie Blue Cross
- Mercer
- Metrics@Work
- Pfizer
- Reformulary Group Inc.
- Sanofi
- Standard Life
- Sun Life Financial
- TELUS Health
- WSIB Ontario
- VON Canada

Project Phases

1. Literature Review
2. Case Study Interviews with Employers
3. Key Informant Interviews
4. Research Report

Key Areas of Investigation

- Demonstrating the impact of an organization's health and wellness programs
- Positioning and sustaining health and wellness programs in the face of competing organizational priorities
- Making health and wellness programs strategic and essential
- Exploring tangible and intangible outcome measures and metrics

Preliminary Findings

Why Should Employers Invest in Wellness?

- Control the financial costs associated with an unhealthy workforce
- Build the organization's profile as a socially responsible, top employer
- Demonstrate legal due diligence

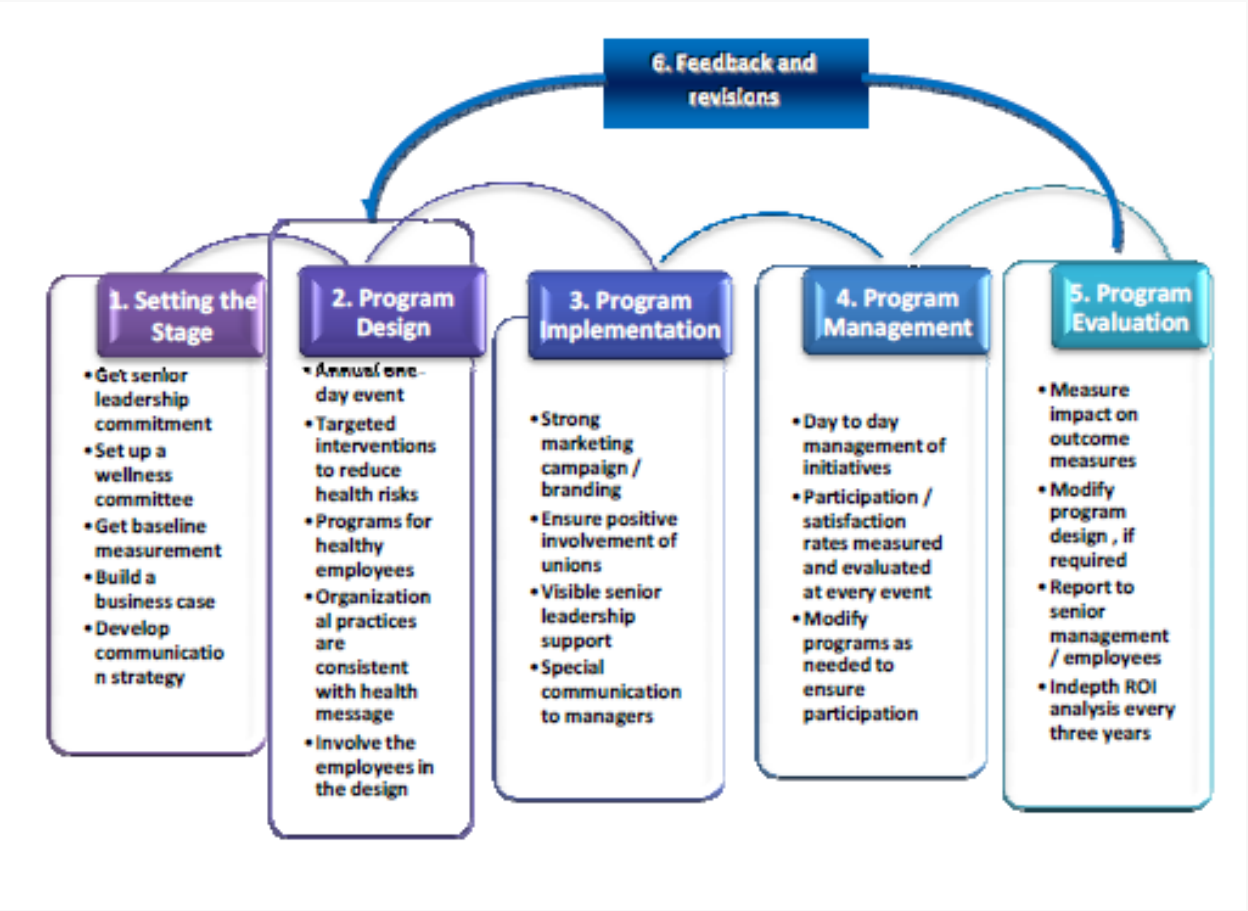
How Can Employers Promote Workplace Health?

- Create a healthy organizational culture
- Create a healthy physical work environment
- Provide resources to help employees maintain or improve their health status

Elements of a Comprehensive Wellness Program

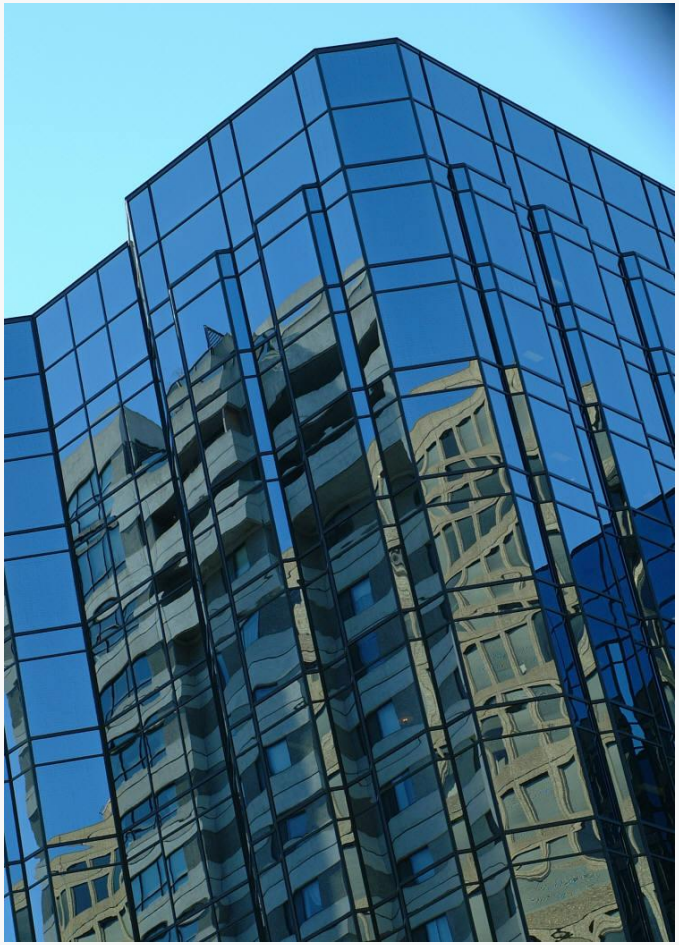
1. Data analysis/benchmarking
2. Wellness programming
3. Follow-up
4. Evaluation of program and initiatives
5. Return on investment calculation

Framework for Creating a Comprehensive Wellness Program



Source: The Conference Board of Canada.

Benefits of Measuring ROI



- Can help justify spending on programs
- Measuring the impact of wellness initiatives allows employers to target their programs more effectively
- Measurement provides feedback and the opportunity to fine tune existing programs

Benefits of Measuring ROI

- Helps rally the organization behind the program's success
- Shows non-participating employees what can be achieved
- Demonstrates that the employer cares and wants to have a healthy workforce
- Employees get direct feedback to evaluate their health status and take accountability for their own health

What is ROI?

- An economic evaluation
- Measures profits against capital employed or invested
- Used to compare alternatives or the cost of doing nothing
- Can help select the most beneficial opportunities to target

How Do You Calculate ROI?

$$ROI = \frac{(\text{Gain from Investment} - \text{Cost of Investment})}{\text{Cost of Investment}}$$

OR

$$ROI = \frac{\text{Net Benefits}}{\text{Program Cost}}$$

Measurement of Wellness Programs

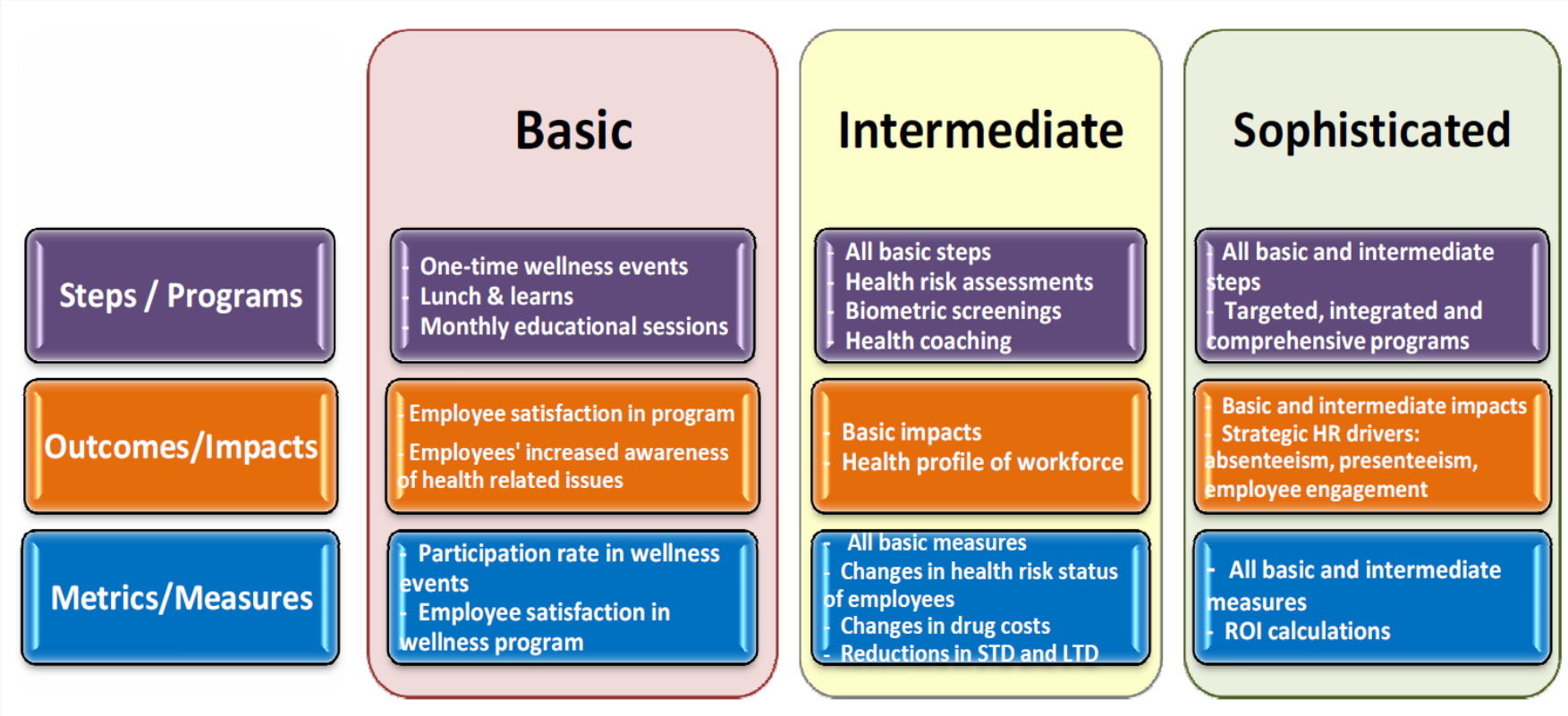
- Employers are still in the infancy stages
- About a third of employers evaluate program outcomes but very few analyze the ROI for wellness programs in a rigorous way
- Organizations are more focused on demonstrating positive impacts and outcomes than a positive ROI

Barriers to Measuring ROI

- Access to data
- Confounding effects
- Lack of staff/resources
- Lack of expertise
- Difficulty integrating data from various service providers
- Privacy/confidentiality issues
- Subjective measures
- Engaging employees in initiatives for baseline measurement

Source: The Conference Board of Canada

Measurement Framework for Wellness Programs



Source: The Conference Board of Canada.

Metrics Checklist for Employers

Short-Term Disability

- Annual Claim Incidence per 100 employees
- Average Claim Duration
- Lost Workdays per 100 employees
- Cost per Employee
- Cost per Active Claim
- Cost per Closed Claim

Long-Term Disability

- Cost per Claim
- Annual Claim Incidence
- Average Claim Duration

Casual Absences

- Total Lost Workdays per Employee
- Costs as Percentage of Payroll

Workers' Compensation

- Total Annual Premiums
- Average Cost per Claim
- Annual Cost per FTE
- Frequency Rate per 100 employees

Health Risk Assessments

- HRA Participation per 100 employees

EAP Metrics

- EAP Participation per 100 covered employees
- Program Cost

Sample Calculations

e.g. Short-Term Disability - Annual Claim Incidence per 100 Employees

$$\text{Average Claim Incidence} = \frac{\text{Total Number of New STD Claims}}{\text{Average Number of STD Covered Employees}} \times 100$$

Explanation: This metric calculates the number of new claims incurred per 100 STD covered employees during a defined period of time.

Next Steps

- Final report will be released on Monday, June 18 at the Workplace Wellness and Mental Health 2012 Conference in Toronto
- Employer case studies will be released in a series of publications called *"Wellness Metrics in Action: Employer Spotlight"*
- Translation of the publications will take place over the summer

Contact Us

Karla Thorpe
Director
Leadership & Human Resources Research
thorpe@conferenceboard.ca
(613) 526-3090 ext. 408