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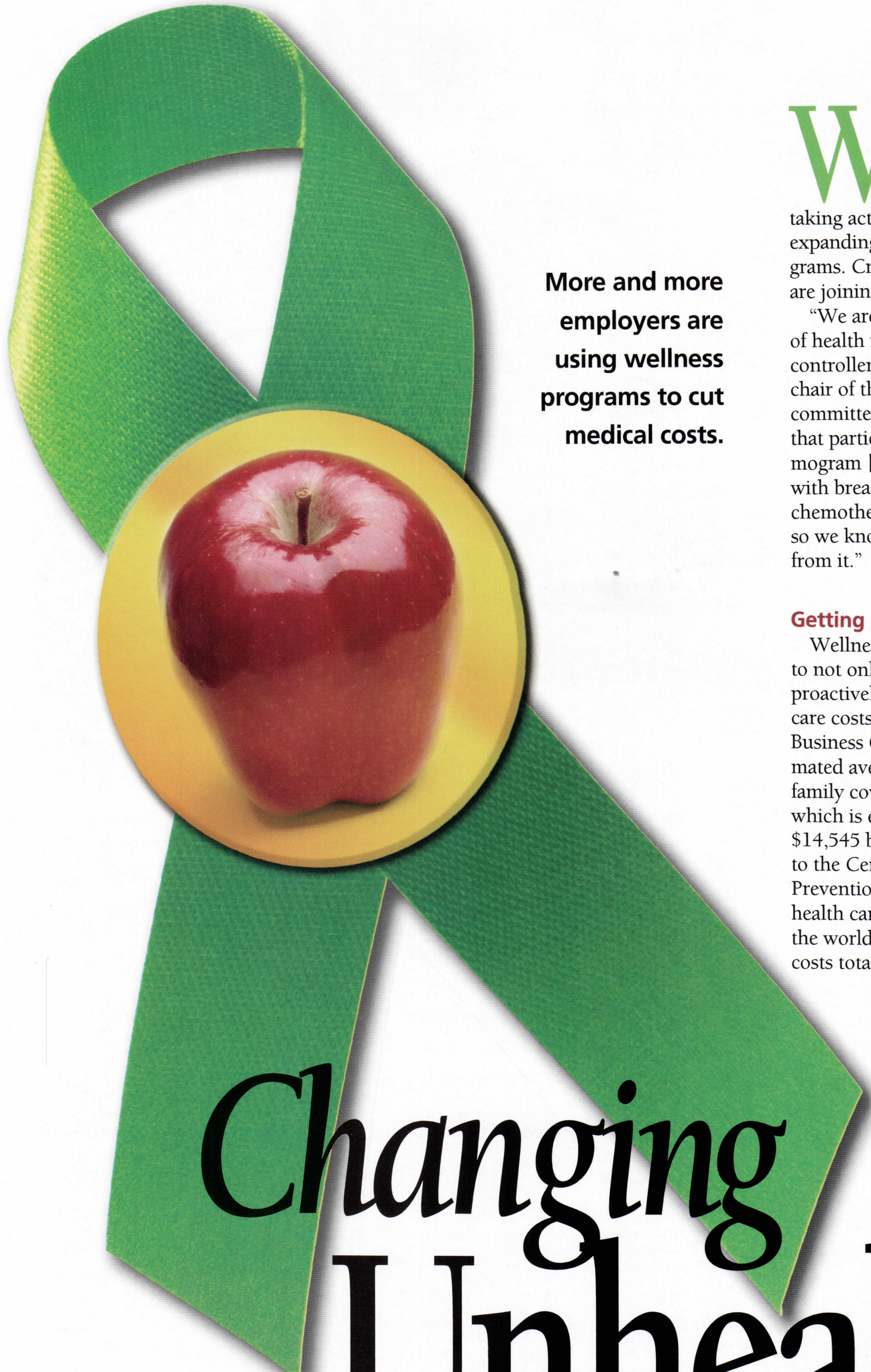

Changing Unhealthy

By Cynthia Scanlon

More and more employers are using wellness programs to cut medical costs.

With soaring health care costs and rising rates of chronic disease, organizations are sitting up and taking action by implementing and expanding their employee wellness programs. Credit unions across the nation are joining the movement as well.

"We are making people more aware of health issues," says Lori Mowen, controller for Truliant FCU and vice chair of the credit union's wellness committee. "We had one employee that participated in our on-site mammogram [program], who was diagnosed with breast cancer. She went through chemotherapy, and she's with us today, so we know we're getting benefit from it."

Getting sick over the costs

Wellness programs are an attempt to not only care for employees but proactively address spiraling health care costs. According to the National Business Group on Health, the estimated average insurance costs for family coverage in 2004 were $10,700, which is expected to increase to $14,545 by the end of 2006. According to the Centers for Disease Control and Prevention, the U.S. spends more on health care than any other country in the world. In 1980, our health care costs totaled $245 billion—an average of $1,066 for each American. In 2001, that total had risen to a staggering $1.4 trillion—an average of $5,035 for each American. Smoking alone costs businesses $80 billion a year in lost productivity and poor nutrition costs another $9 billion. The estimated nationwide cost for diabetes in 2002 was $132 billion.

"It's a train wreck," says Robert Carpenter, vice president of wellness at ComPsych Corp. He points to health care costs increasing at a greater rate than profitability for many companies. "At the point where those two lines cross is what we call the train wreck," he says. "So companies are asking how far out is the train wreck and when do we reach a point where we are no longer profitable, based on the increase in health care costs?" For one of their more recent clients—a municipality—that line was 18 months away.

As if health care costs weren't alarming enough, the health statistics behind these costs are just as unsettling. "The Power of Prevention," a comprehensive report published by the Centers for Disease Control and Prevention, notes that more than 1.7 million Americans die of a chronic disease each year in this country, which accounts for about 70 percent of all deaths.

In the past, companies have focused intently on cutting health care costs, streamlining insurance plans and increasing deductibles. "But there's a limit to how much people can tolerate that," says Stan Hochberg, medical director of Boston-based Provider Services Network. "Three-thousand dollar co-pays for a hospital admission creates real barriers to people getting needed care."

So, in an effort to provide quality health care to employees, cut costs and remain profitable, many organizations, including credit unions, are looking for strategies and solutions, and one solution whose time has come is a company wellness program.

"Many companies are telling us, 'We don't have a choice anymore, we know we have to do this, so what do we have to do?'" says Carpenter.

In the beginning

Wellness programs began sprouting up in the early '90s, usually offering some form of health-related newsletter, perhaps a discounted gym membership or nutritional guidance class. Employees may or may not have participated.

"We call that 'spray and pray' wellness," says Carpenter. "You put literature out and hope the right people grab the right brochures. But that doesn't work because it's the healthy people that keep picking up the brochures."

That's now changing. Today, many employers offer a host of medical screenings: blood pressure, cholesterol and cancer, as well as a variety of online health screenings, seminars and on-site medical clinics. At the heart of all these offerings is the desire to change unhealthy behavior, says Andrew Scibelli, manager, Health Management Programs at Florida Power & Light in Juno Beach, Fla. "We typically attack the costs," he says. "Well, what drives costs? Illness. What drives illness? Disease. What drives disease? Risk. What drives risk? Behavior. So we have to attack the root cause: behavior."

To address this change in behavior, Scibelli says we must focus on prevention, rather than on treatment, and wellness programs may well point the way. "We spent $1.7 trillion dollars on health care last year, and most of that spending was in diagnosis and treatment, with very little going toward prevention," Scibelli says. "Sixty percent of our costs are driven by lifestyle-related chronic, degenerative diseases, but we only spend 5 percent on prevention. By investing our dollars in prevention, we will see returns down the road."

And many, many companies are beginning to understand and embrace that equation. According to the Society for Human Resource Management, 62 percent of employers now offer a wellness program and another 6 percent plan to implement one.

"Workplace wellness efforts appear to be gaining traction, albeit slowly," says Dr. Richard A. Chaifetz, chairman and CEO of ComPsych. "The improvements we're seeing are a step in the right direction as ingrained employee behaviors can take months and years to change."

Truliant FCU in Winston-Salem, N.C., is one credit union that has taken its wellness program far beyond the "healthy recipe in a newsletter." Started in 1996, the wellness program has grown to include health screenings, smoking cessation and weight loss programs, a flu shot clinic, on-site mammograms, health-related "lunch and learns," a wellness library and a full-fitness facility for its 400 employees.

"We have had a dietician from our local university hospital here to discuss proper nutrition and weight management, and we've used the American Red Cross, several folks from the area's hospitals and people internally to talk about stress management and safety," says Mowen. "We've had three people quit smoking through our smoking cessation program. We feel we are saving money if we help anyone adjust their habits because they are healthier employees."

Another company that has developed a "full-blown lifestyle management program" is Pitney Bowes, with its "Count Your Way to Health" program. The cornerstone of the program is based

Behavior

on five key numbers, and employees can earn up to $200 for use toward their benefit selection.

"We base our program around zero, five, 25, 30 and 100," says Dr. Brent Pawlecki, associate medical director at Pitney Bowes. "Zero is no tobacco use, five is five fruits and vegetables per day, 25 is a body mass index of 25 or less, 30 is 30 minutes of activity per day and [100 is] 100 percent seat belt use," he says. "We wanted to make it as simple as possible for people to [embrace] a lifestyle which would do the most for them."

In addition to health screenings and smoking cessation and weight loss programs, the company also offers on-site medical clinics and fitness facilities. Pawlecki adds, "We think of health care as an investment in our employees. We do these things to provide a healthy work environment and to motivate people so that they can take care of themselves."

Many happy returns

So what are companies spending on these programs, and is it worth it? According to the National Business Group on Health, nearly 60 percent of a company's after-tax profits are spent on corporate health benefits, and an estimated 25 percent to 30 percent of a company's medical costs per year are being spent on employees with excess health risk. To offset these costs, more than 80 percent of small employers and almost all large employers are currently offering their employees some form of health promotion or preventive services program.

According to the American Journal of Health Promotion, of 32 studies it analyzed, 28 showed a positive ROI for prevention, averaging $3.48 in benefits for every dollar invested. "In well-run programs, the savings appear to exceed the program costs, but it's an area that is a bit difficult to measure," says Hochberg. "You start a program, and you may not see the improvements for six months to a year or two later. So sometimes those investments are hard to make when the immediate return is delayed."

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If you're looking for help in starting a wellness program but not sure how to find a consultant, check out **www.emloyerhealth.com**. This site has a national directory of consultants.

Still, many companies recognize that efforts toward building wellness programs are a good thing, even with modest monetary investment. Take Denali FCU. Located in Anchorage, Alaska, where temperatures can reach sub-zero, the credit union has developed a wellness program that offers its 210 employees a $350 stipend to either go to the gym or to buy exercise equipment. "We believe exercise is important," says Gordy Miller, the credit union's HR director.

Keith Fernandez, Denali's assistant vice president of marketing, adds, "Over 70 percent of our employees said our wellness program was an important benefit to them, and we recognize it's an important benefit to keeping happy employees."

Perhaps one of the more impressive programs around is at Florida Power & Light. The energy company began its wellness program in the early '90s with health promotion screenings for blood pressure and vision and followed with exercise facilities. Today, the company provides its employees not only with health screenings, but mobile mammograms, prostate cancer testing, health risk assessments, a customized health care Web site and on-site medical centers.

"Our [employees] told us what they were interested in and what they would use, and we built the program around that," says FPL's Scibelli.

In 2000, FPL opened its first on-site medical center, which started out as an urgent care resource and grew into a primary care facility, complete with a family practice physician, a nurse practitioner and a registered dietician.

For many companies, implementing a wellness program is important, but enticing employees to participate is even more crucial, according to Ken Thorpe, chairman of the Department of Health Policy and Management at Emory University's Rollins School of Public Health in Atlanta, Ga. "If we're going to deal with this in the medium and long-term, we're going to have to get serious about developing these programs," he says. "And for these programs to be successful, they have to be engaging and exciting, and they've got to get people to participate and sustain their participation. Those are the challenges."

Looking to the future

Things are beginning to look up. According to ComPsych Corp., 30 percent of U.S. workers now report having a healthy diet, up from 25 percent in 2005. At the same time, those describing themselves as "very overweight" decreased from 24 percent to 22 percent. Additionally, those describing their workplace as "not healthy" declined from 40 percent to 32 percent.

"I'm guardedly optimistic," says LuAnn Heinen, director, Institute on the Costs and Health Effects of Obesity at the National Business Group on Health.

To bolster this optimism and make a difference, credit unions across the nation can help lead the charge in wellness by taking a leadership role in implementing and supporting these programs within their organizations. Says Scibelli, "We've got to move in this direction because there's nothing else left. Cost shifting is not working."

ComPsych's Carpenter couldn't agree more. "People are getting a sense that they don't have a choice anymore because it's reached such a critical level," he says. "The only way we can address this is to all join forces and be proactive."

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