

The culture of health chasm: Exploring the gap

7th Annual Wellness in the Workplace Study



It's easy to get behind the idea of a culture of health in the workplace. Ideally, it's an environment that encourages employees to perform at their best professionally while enabling healthy choices throughout the workday.

In addition to happier, healthier employees, a culture of health offers economic benefits as it boosts productivity and drives down health care costs.

While 60 percent of large employers say it is very important to achieve a culture of health at work, not nearly as many are realizing it. In fact, only 20 percent of employers report achieving a culture of health.¹ This has created a culture of health chasm — a profound divide between employer preferences and workplace reality.

This white paper highlights results from the Optum® “7th Annual Wellness in the Workplace Study,” leveraging data-enabled insights to explore why this culture of health chasms exists, identify culture-building opportunities and provide strategies for bridging the void.

Six key insights

The research identified several insights that help us understand why employers struggle to realize their vision of creating a sustained culture of health.

- 1 **Diverging perceptions** — Human Resource professionals and business leaders have divergent perceptions about their company's culture of health.
- 2 **Navigating the unknown** — Employees continue to struggle with navigating the health care system — health advocacy services can help, but they are underleveraged.
- 3 **Focusing on physical** — Employers strive for total employee well-being, but their investment remains primarily on physical health.
- 4 **Extending incentive design** — Traditional incentive strategies continue to primarily focus on individual rewards that are financially driven.
- 5 **Overlooking the environment** — The powerful influence of the on-site health environment is an oftentimes overlooked lever of behavior change.
- 6 **Valuing the investment** — Vendors and employer partners need to extend the value proposition for health and wellness while quantitatively strengthening outcomes.

In the following pages, we'll look more closely at the data driving each insight.

SURVEY BACKGROUND

- The online survey of 554 respondents was conducted in December 2015.
- Statistically, the survey has a 95 percent confidence level.
- Employers of all sizes were included in the survey. Large employers (3,000+) represented 60 percent of the sample.
- All surveyed companies offer at least two types of health and wellness programs.
- Individuals responding to the survey had to be involved in benefits decision-making.
- A cross-section of industries was represented.

Only **20%**
of large employers report
achieving a culture of health.¹

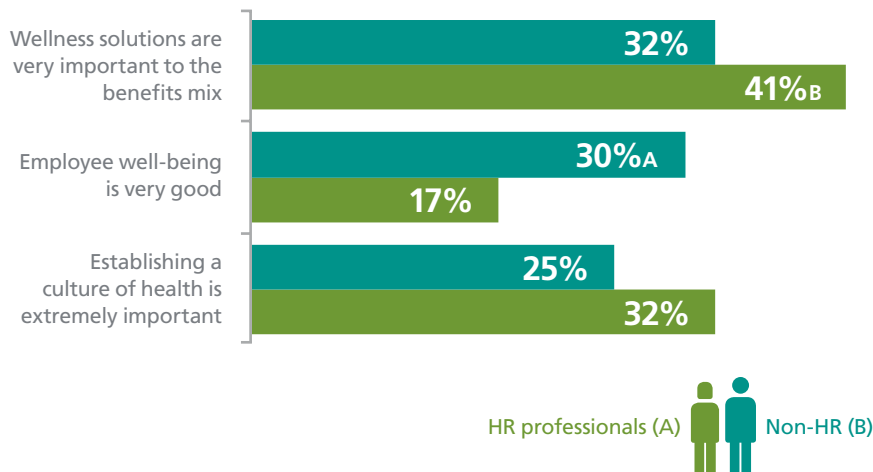


1 Divergent perceptions



Human Resource professionals and business leaders have divergent perceptions about their company's culture of health.

Sponsorship from business leaders (line management) is a significant enabler of any corporate strategy. Establishing a culture of health is no different. That's why the lack of alignment identified by the survey is an important opportunity. Clearly, HR professionals currently place greater value on a culture of health than business leaders do, and they may also have a more realistic gauge of employee well-being.

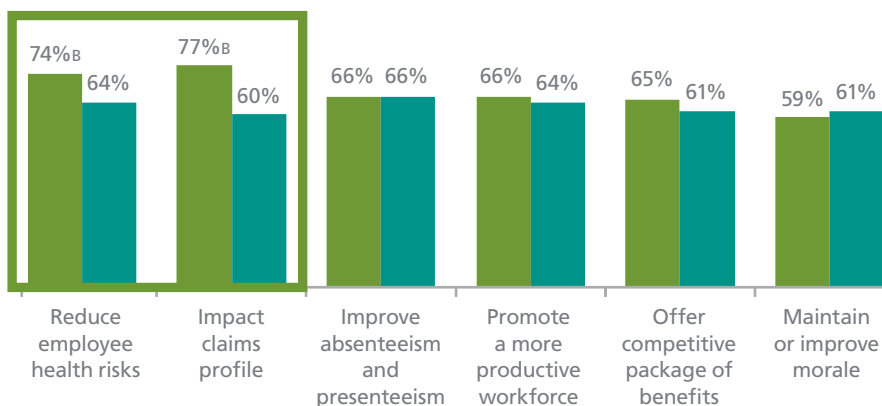


How to cross the chasm: Optum viewpoint

Business leaders will get behind initiatives that drive business performance. As an industry, we need to do a better job connecting the value of a culture of health to business (and people) performance metrics. Give business leaders the data they need to champion workplace wellness.

Additionally, human resource professionals look to health and wellness programs primarily to reduce employee health risks and impact the claims profile of their population. However, business leaders are most interested in a variety of other metrics primarily focused on productivity improvement.

Why offer health and wellness programs?



Letters (A/B) note statistical significance between groups.

2 Navigating the unknown



Employees continue to struggle with navigating the health care system — health advocacy services can help, but they are underleveraged.

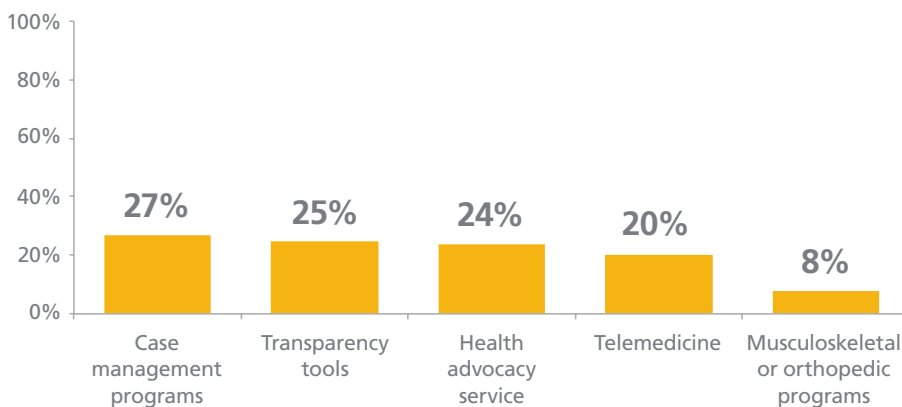
At a time when employees are being asked by employers to take more responsibility for their health care, they are navigating a system that has never been more complex. It's not surprising that many have trouble getting the care and information they need.

Just **20%** of employers strongly agree with this statement:
 "My employees know how to navigate the health care system."



Health advocacy services are designed to address this problem by connecting employees with specially trained advisors who can help answer health care questions and navigate the system. Unfortunately, penetration of this much needed service has remained stagnant since 2013. For those employers who do offer advocacy services, participation remains low: Just 26 percent of employees (on average) participate in health advocacy services, according to employers.

Current penetration of programs that are designed to help employees navigate the health system



How to cross the chasm: Optum viewpoint

Expand your health and wellness portfolio to include innovative solutions that embrace a health advocacy model. An advocacy model that leverages a single point of contact can drive engagement and optimize health care decision-making, efficiency and outcome effectiveness.

3 Focusing on physical

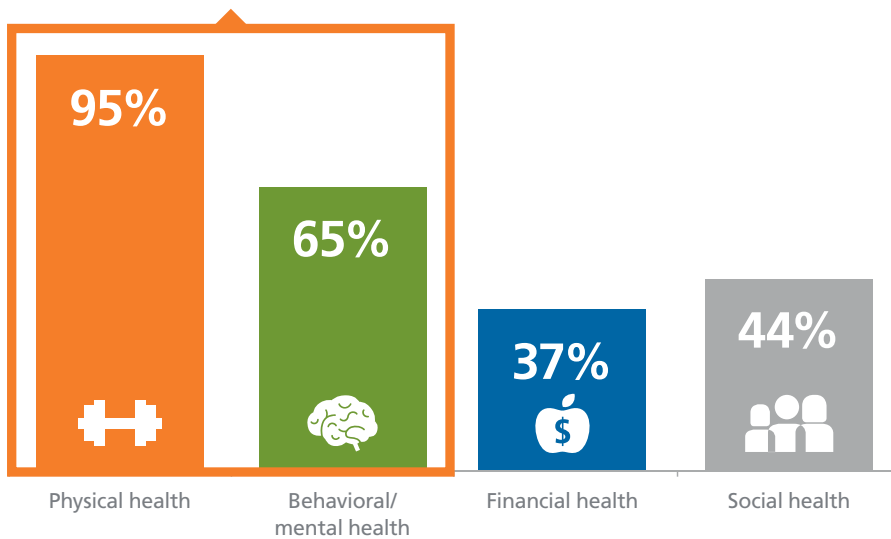


Employers strive for total employee well-being, but their investment remains primarily on physical health.

More than ever, conversations about health and wellness include discussion around the importance of total well-being — physical, behavioral, financial and social. Despite this rising awareness and interest, employer responses in our survey indicate we need to do more to achieve a holistic approach.

What aspects of employee well-being does your wellness strategy address?

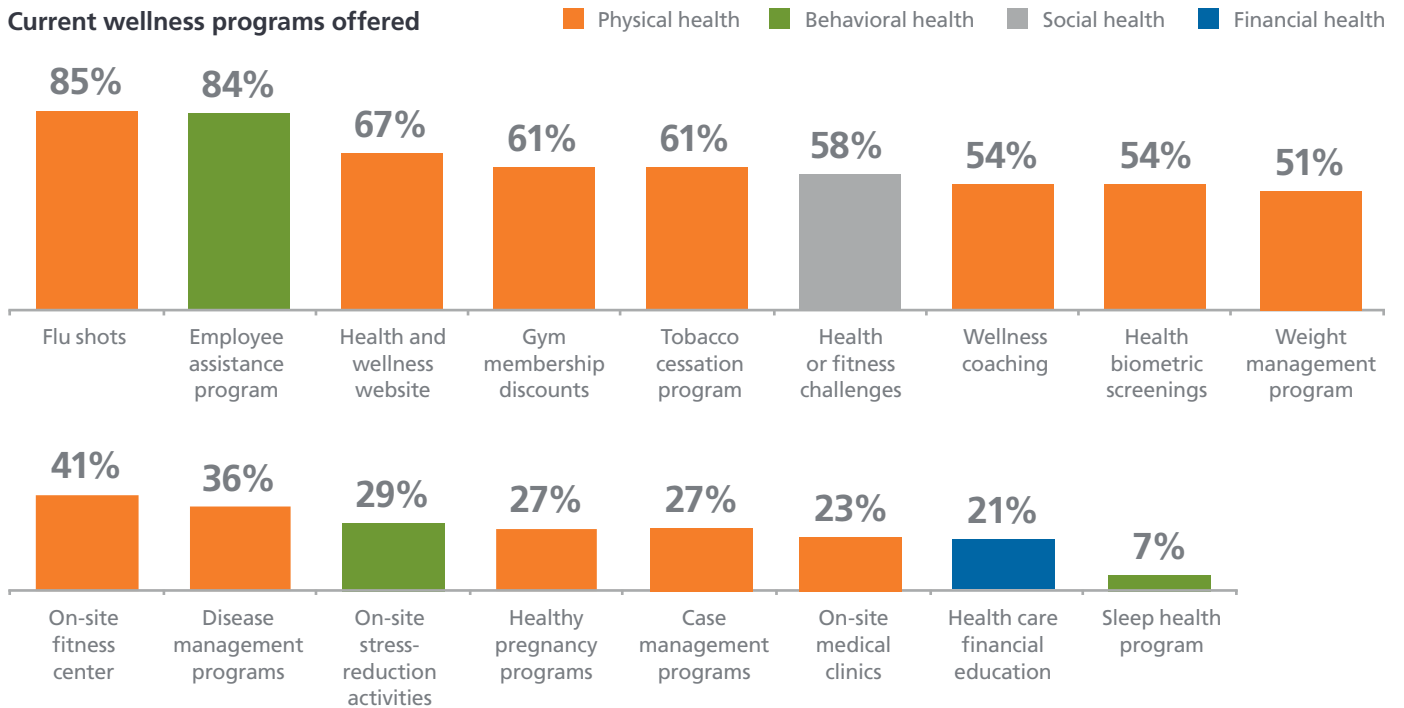
Physical health wellness programs are nearly universal, followed by behavioral/mental health.




Similar findings surface when employer health and wellness offerings are assessed. Based on the graph below, employers are clearly focused on physical health interventions.

When it comes to behavioral health, employee assistance programs (EAPs) are the most heavily penetrated offering (84 percent), but only 29 percent offer on-site stress reduction, 21 percent offer financial education and 7 percent offer sleep health.

Current wellness programs offered





How to cross the chasm: Optum viewpoint

We need to introduce new behavioral, social and financial health solutions to employees and also reimagine our existing physical health interventions so they embrace additional dimensions of well-being.

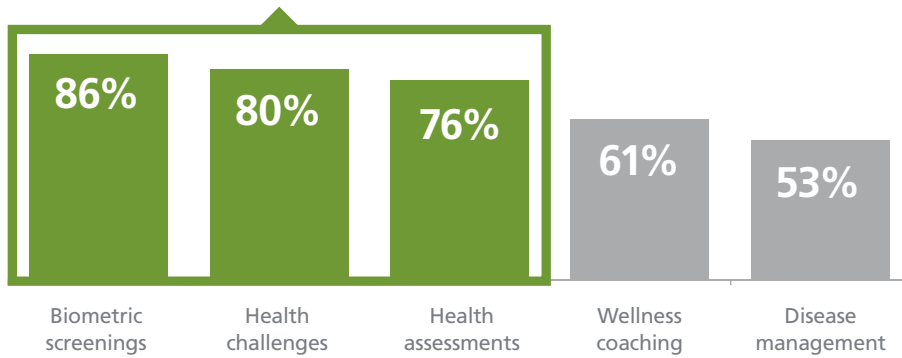
4 Extending incentive design



Traditional incentive strategies continue to primarily focus on individual rewards that are financially driven.

It's clear that employers believe in rewarding good health decisions. Today, 84 percent of all employers offer health and wellness incentives. They're the second largest line item in an employer's health management budget — only program administration expenses are higher. And while incentive programs are popular, industry experts are beginning to question if they are rewarding the right behaviors.

Today, employers focus on rewarding individual health awareness. Consider that the top three incentivized programs are biometric screenings, health challenges and health assessments. These are primarily awareness-building activities, with the potential exception of health challenges. In comparison, behavior change programs like disease management and wellness coaching are under incentivized.



What's more, today's reward strategies are typically dependent on individual engagement. Certainly individual engagement is important, but what about the power of peers? What if rewards for individual health assessment completion were reframed in favor of group engagement strategies? For example, all employees receive a \$100 incentive if we achieve a 70 percent health assessment completion.

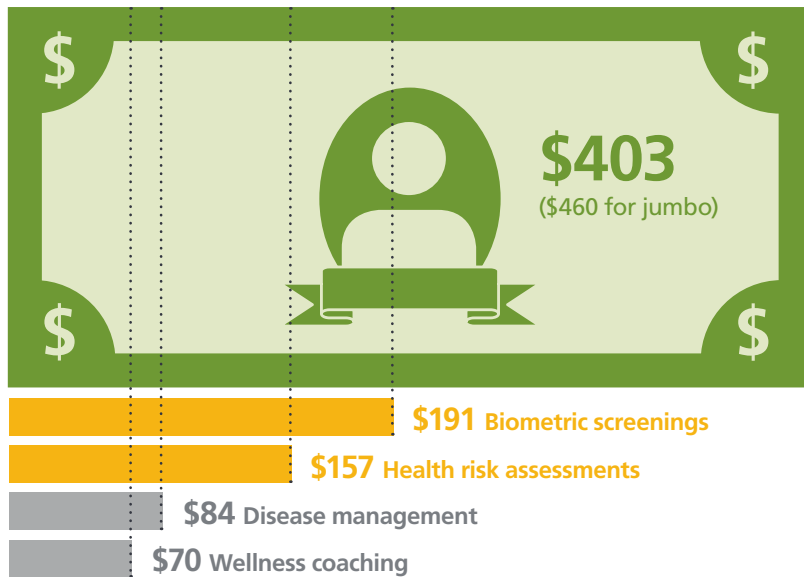
84%

of all employers offer health and wellness incentives.¹



In 2015, employers allocated an average of \$403 per participant per year for engaging in health and wellness programs. (Jumbo companies reported the highest potential incentive value at \$460.) The majority of incentive investment was focused on health risk assessments and biometric screenings. While these activities are relatively easy for employees to complete, they are essentially “one and done” individual health awareness activities that may not translate into long-term behavior change.

Contrast these activities with the lower spend on more robust behavior change programs like disease management and wellness coaching, and it’s clear why some are re-evaluating how incentives are used to leverage behavior change.

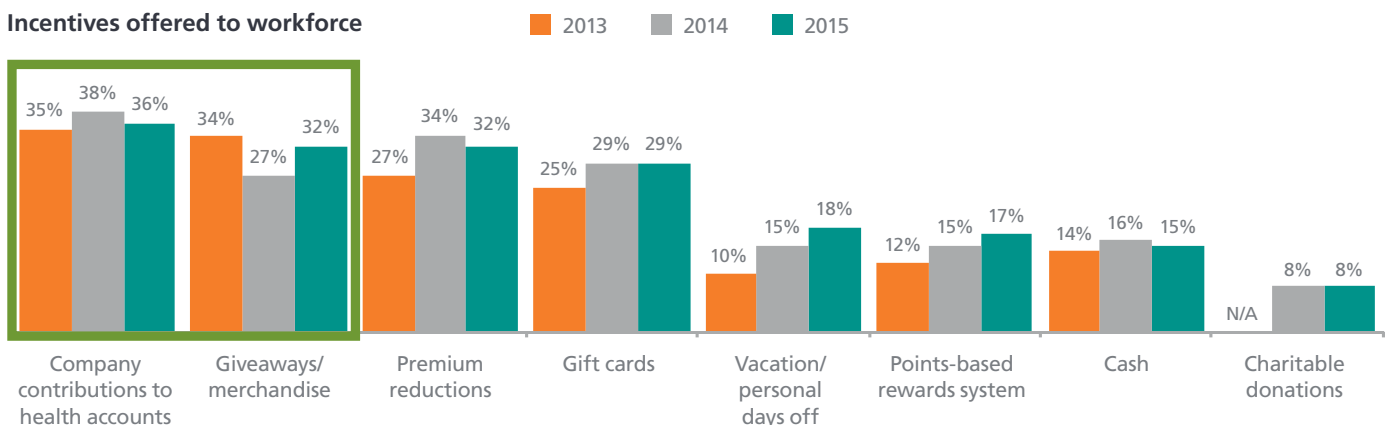


How to cross the chasm: Optum viewpoint

Move beyond financial-only rewards (think social recognition from peers and leaders). Incorporate group-based incentive activities and more immediate, high-frequency rewards.

Finally, our research shows most employers are focused on financial rewards such as premium discounts and contributions to health accounts. Financial rewards are important, but employees often have to wait until the following year to receive a premium reduction. Behavioral economics research confirms that reward frequency and timing is an important lever for change. Employers should incorporate non-financial rewards — like merchandise, social recognition and time off — as complements to an existing premium-based strategy.

Incentives offered to workforce



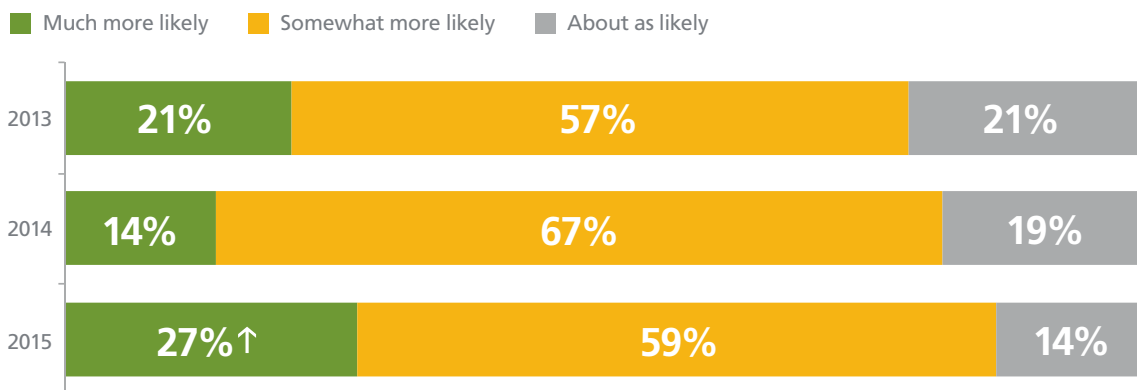
5 Overlooking the environment



The powerful influence of the on-site health environment is an oftentimes overlooked lever of behavior change.

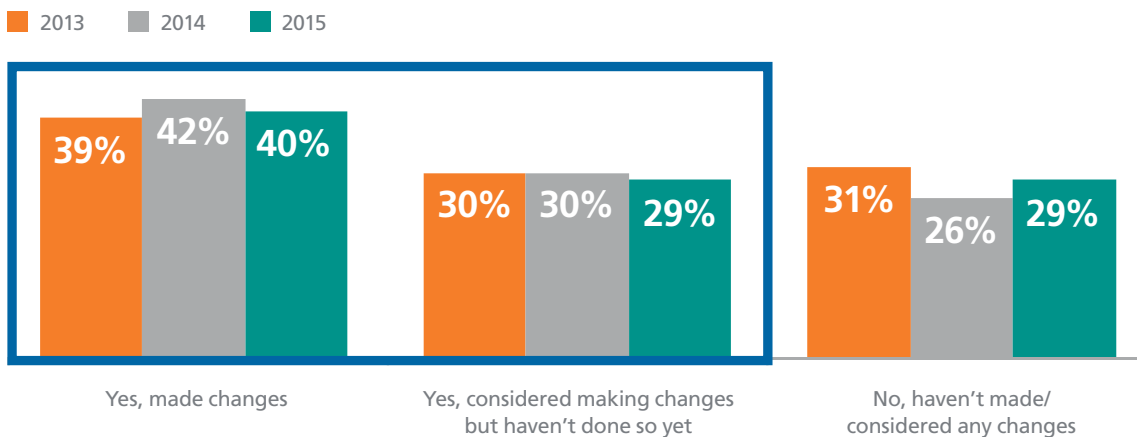
There is a growing body of research suggesting the choice environment exerts strong unconscious influences on decision-making. All day long, our best intentions compete with environmental cues that nudge us in the wrong direction — unappealing stairwells, sedentary, desk-based jobs and comfort foods in the cafeteria. There is a real opportunity to leverage the on-site health environment as a change agent.

Impact of environmental changes on employees' likelihood to make healthy decisions



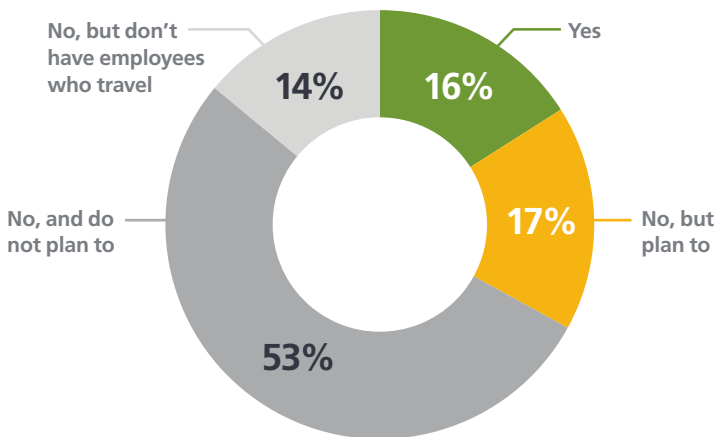
It's encouraging that in 2015, 86 percent of survey respondents said environmental changes are at least somewhat likely to help employees make healthy decisions. Conversely, only 8 percent of health and wellness budgets (on average) are allocated to environment. Additionally, fewer than half of employers have made changes to the health environment at work, and that trend has remained relatively flat over the last few years.

Has your company recently made (or considered making) any changes to your physical work environment to help employees make healthy decisions at work?

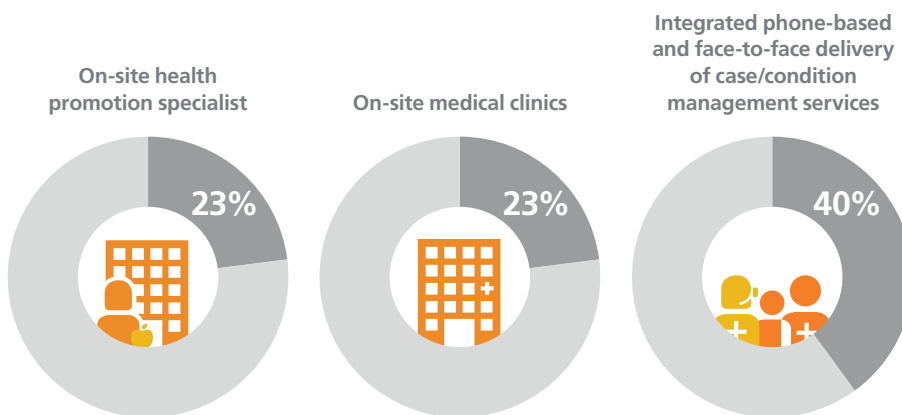


And, more than ever, today's office environment extends far beyond the conference room to airports, airplanes and hotels. Despite unprecedented levels of employee travel, only 16 percent of employers support good health decisions while their employees travel.

Does your health and wellness strategy support employees during business travel?



Finally, just as the on-site environment plays a critical role in the behavior change process, so do people. The presence of health professionals who are qualified to motivate, educate and engage employees in healthy behaviors needs to be a highly visual component of the on-site health environment. Yet, very few employers are investing in this important area of opportunity.



How to cross the chasm: Optum viewpoint

On-site strategies can greatly enable healthy intentions. They also maximize outcomes from existing phone-based and digital interventions. We believe HR budgets are typically not scoped to include the built environment at work and as a result, there is an opportunity for partnership between HR and real estate services teams.

6 Valuing the investment



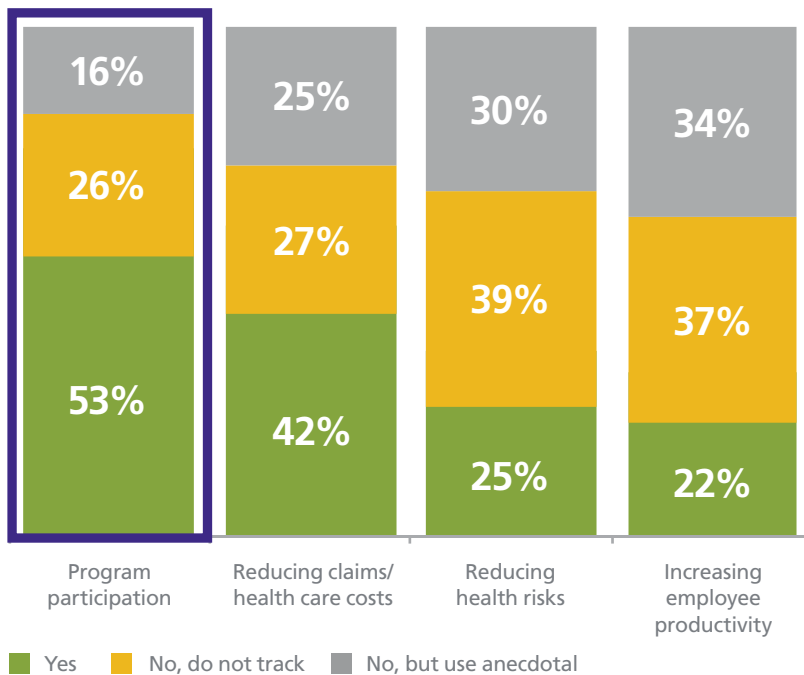
Vendors and employer partners need to extend the value proposition for health and wellness while quantitatively strengthening outcomes.

Traditionally, the business case for health and wellness programs’ return on investment (ROI) has been built on financial measures driven primarily by health care cost savings. Today, there is a movement underway to build a broader business case and performance story for health management. Based on results from our survey, employers are on board, but the metrics are still missing.

The majority of employers want to show value of investment, and yet, less than half (42 percent) of employers report they are able to demonstrate the value of health and wellness to their organization.² Only a third say they have the metrics needed to justify their investment.²

Although many employers track a variety of metrics, only a small number are tracked quantitatively. Participation is more often tracked quantitatively (particularly among larger companies), while health risks and productivity are tracked anecdotally.

Does your company use any of the following metrics to quantitatively track the following?



How to cross the chasm: Optum viewpoint

It’s time for vendor partners to help employers connect the dots between wellness program activity and a broader set of metrics that demonstrate overall value of investment — recruitment, retention, morale, quality of life and productivity. These metrics are meaningful to employees, HR professionals and business leaders alike.

The opportunity ahead

Bridging the gap

To help employers successfully create a culture of health, the chasm must be bridged. Begin by asking the following questions.

- 1 Diverging perceptions** — *Human Resource professionals and business leaders have divergent perceptions about their company's culture of health.*
 - How does our health and wellness program contribute to our business performance?
 - Do we have a shared vision for and definition of culture of health across the organization?
 - How can we do a better job quantifying and qualifying employee well-being and communicating this message across the organization?
- 2 Navigating the unknown** — *Employees continue to struggle with navigating the health care system — health advocacy services can help, but they are underleveraged.*
 - How can we help our employees better navigate the health care system?
 - How might health advocacy services benefit our employees and organization?
 - How can our advocacy vendor help boost engagement in our existing programs?
- 3 Focusing on physical** — *Employers strive for total employee well-being, but their investment remains primarily on physical health.*
 - What are we doing to promote total well-being?
 - Can we integrate behavioral, social and financial strategies into our existing physical health-focused interventions?
 - How can we expand behavioral, financial and social health offerings?
- 4 Extending incentive design** — *Traditional incentive strategies continue to primarily focus on individual rewards that are financially driven.*
 - How can we start to leverage the power of group rewards in our incentive strategy?
 - Is the majority of our incentive investment focused on awareness-building activities — like health risk assessments and biometric screenings? If so, why?
 - What non-financial rewards can we start to consider?
- 5 Overlooking the environment** — *The powerful influence of the on-site health environment is an oftentimes overlooked lever of behavior change.*
 - Do we have a “healthy” on-site presence — fitness center, health promotion specialist, on-site coach, etc.?
 - How can we align Human Resources and Real Estate Services?
 - Are we supporting good health decisions when employees travel?
- 6 Valuing the investment** — *Vendors and employer partners need to extend the value proposition for health and wellness while quantitatively strengthening outcomes.*
 - Are we able to quantitatively demonstrate the value of health and wellness programs to our organization?
 - How will we justify the investment?
 - Are we tracking health risk reduction, health care cost reduction in addition to productivity improvements?

Contributors

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Serxner brings the breadth of his experience in academia, industry and consulting to his role as chief health officer and senior vice president of population health for Optum Prevention Solutions.

Serxner earned a master of public health from the University of California, Los Angeles, and a doctorate from the University of California, Irvine, where his research focused on health promotion and disease prevention in social ecology. He is a board member, executive committee member and vice president of the C. Everett Koop Health Project. He also sits on the editorial review board of the *American Journal of Health Promotion* and edits and is a reviewer for peer review journals such as the *Journal of Occupational and Environmental Medicine* and *Health Affairs*.

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Karkula has over 15 years of experience in designing, delivering and evolving population health management programs with employer clients.

Today, she serves as vice president of employer health management solutions. She is responsible for product development, business management and value delivery of population health solutions for fully insured and ASO employers of all sizes.

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Kichlu has over 20 years of marketing experience. He has led the marketing for iconic U.S. brands including Lipton® Tea, Lipton Iced Tea Mix, Promise® margarine and I Can't Believe It's Not Butter!®. He has also served as the director of marketing for Gerber® baby food and Gerber's portfolio of health and wellness products. He has three U.S. Consumer Product patents to his name. At Optum, Kichlu oversees the Optum Resource Center for Health and Well-Being. Kichlu has an MBA in marketing and strategy from the J.L. Kellogg Graduate School of Management at Northwestern University.

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Ratelis has worked in the health and wellness industry for over 15 years. As a health cost management consultant at a regional benefit consulting practice, she built custom wellness strategies for hundreds of employers. Ratelis also held a product development role at a national health plan, where she developed and marketed health assessments and wellness coaching programs. At Optum, she leads the content development strategy for the Optum Resource Center for Health and Well-Being. Ratelis holds a BA in community health education from the University of Wisconsin, La Crosse, and a master of business communication from the University of St. Thomas. She is additionally certified as a community health education specialist (CHES).

References

1. Optum "7th Annual Wellness in the Workplace Study."
2. Beyond ROI: Building employee health and wellness value of investment. Optum white paper. 2015.

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