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Employers promote wellness

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The recent teacher's strikes in Colchester and Barre have highlighted the effects of the spiraling costs of health care. Both of these strikes were largely triggered by the increasing share of the health care burden that teachers were being asked to bear. This is a scenario that has repeated itself in the private sector where many businesses are asking employees to pay more for their health care or are canceling coverage altogether. Health care costs have increased by 38 percent in the last five years, and are projected to increase another 36 percent in the next five years. Employers are seeing two options: Either they watch their bottom line erode (or their budgets increase to untenable levels), or they shift these costs onto their employees. Fortunately, there is a third way: to change the demand for health care services by promoting wellness and prevention among employees. Poor diet, lifestyle, and exercise habits are risks for the chronic diseases that account for 70-80 percent of all health care costs. Wellness programs help people to change these habits, to identify risks, and to get appropriate treatment. This reduces costs.

This third way is being used by the Washoe County School District in Reno, Nevada. That district achieved a 7 percent reduction in its average medical claims from 2001 to 2004 through its wellness program. This approach is also being used by many large employers such as Union Pacific Railroad, Xerox, and Dow Chemical to slow the growth of their health care spending. Union Pacific's program, for example, has resulted in a 10 percent reduction in lifestyle-related health care claims. Closer to home, the state of Vermont has been using this approach with their employees. Their wellness program made headlines in November when it was announced that employees would get a premium holiday in December because of the cost savings realized.

Health and wellness programs are not just for large employers, however. For

the past year, most of the auto dealerships in the state have participated in a program run by the Vermont Automobile Dealers Association. These dealerships average about 25 employees each. Their program has included on-site wellness screenings to check things like cholesterol and blood pressure, on-site flu clinics, and a physical activity incentive program in which employees wore pedometers to measure the number of steps they took every day. Most Americans take 3,000-5,000 steps per day. With this pedometer program, however, the auto dealer employees were able to increase their average number of steps to nearly 12,000 per day. This is roughly equivalent to walking six miles per day.

Any gains that employees can make in physical activity can have a significant impact on their health and quality of life, as well as their employer's bottom line. This is because physical inactivity is a risk factor for nearly every chronic disease, including heart disease, obesity, stroke, diabetes, and many cancers. The Health Enhancement Research Organization (HERO) study identified that people who are physically inactive have health care expenses that are, on average, 28 percent higher (approximately \$773) every year compared to those who are physically active. Those with diabetes and high blood pressure have health care expenses that are 54 percent and 24 percent higher, respectively. Diabetes and high blood pressure, as well as most of the diseases examined in the HERO study, are greatly influenced by things we can change: diet, lifestyle, and exercise habits.

While it is not easy to get people to change these habits, it can and has been done by the employers mentioned above, as well as many others with well-designed health and wellness programs.

The savings from health and wellness programs are not limited to actual health care costs. The consequences of poor dietary, lifestyle, and exercise habits contribute to lowered productivity and increased absenteeism, disability, worker's compensation, and employee turnover. In another study performed by some of the same researchers in the HERO study, the authors determined that those with diabetes cost employers \$5,040 per year in lowered productivity. The total cost of obesity, in terms of medical and absenteeism expenses, was estimated at \$285,000 per year in a company with 1,000 employees.

Numerous studies have now demonstrated that well-designed wellness programs can translate into dollars in the bank. Research shows that every dollar invested in wellness programs saves \$3.48 in health care costs and \$5.82 in absenteeism costs. It is also estimated that the savings from increased productivity are \$7-10 per dollar invested. This means that a company that invests \$100,000 in the health of its employees through a well-designed wellness program can expect to save \$1,630,000 or more.

Wellness programs are a viable solution to spiraling health care costs. What we are now seeing with teacher's strikes is the tip of the iceberg compared to what we can expect to see five years from now when health care costs are another 36 percent higher. The promotion of health and the prevention of disease by employer-sponsored wellness programs is a proven and effective way for employers, whether public or private, large or small, to change this future.

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