

Module 1: Why Care About Health in the Workplace?

Handout C-2: Reduce Health Care Costs ^{2 3 4}

Northern Telecom's health program combined information, environmental change, social support, and primary and secondary prevention services to motivate employees to practice healthy behaviors and use the health care system wisely. The company analyzed insurance claims data on diagnostic categories likely to be affected in the short run by lifestyle change and found total costs dropped 5.8%. The program's return on investment was three to one.

AT&T instituted a comprehensive health promotion program called Total Life Concept (TLC). Core components are: exercise, back care, weight management, smoking cessation, blood pressure control, cholesterol/nutrition monitoring, cancer screening/awareness, stress management, and interpersonal communications. The savings associated with the 1,000 employees who quit smoking are an estimated \$4,000 per employee per year. These employees will visit a doctor less often, have fewer total sick days when faced with a serious illness, and enjoy a heightened quality of life.

Control Data began StayWell in 1978. The program includes an awareness phase for managers and employees; two health-risk assessments—one for the organization and one for individual employees; and a behavior change phase with instructor-led and self-study courses on fitness, smoking cessation, stress management, driving safety, nutrition, weight control, back care, and health care consumerism. The activities can be used as a coordinated program or stand-alone.

The company hired an actuarial firm to study excess costs of bad health habits. They divided employee health behavior into three risk categories. The excess claims of the high-risk group over the low-risk group were 11% for weight, 114% for exercise, 118% for smoking, 11% for hypertension, and 113% for seat-belt use. Looking more closely at one risk: seriously overweight employees are 48% more likely to have claims exceeding \$5,000 during a one-year period than those at normal weight levels.

GE Aircraft Engines of Cincinnati, Ohio, compared medical costs for members of its fitness center with a control group of nonmembers. They found that although members experienced higher medical costs than the control group prior to joining, members' medical costs were significantly lower 18 months later. The study concluded that the fitness center helped control costs by increasing the speed with which members recover from illness. GE Aircraft Engines estimated its annual savings at \$540,000, plus productivity savings of 760 fewer days spent in the hospital per year.

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McDonnell Douglas Corporation restructured its Employee Assistance Program (EAP) in 1995 to add more effective early intervention for employees with substance abuse or mental health problems, greater involvement of supervisors, more intensive tracking of employees during treatment, and long-term follow-up. A five-year cost-benefit study revealed that the restructured EAP yielded a return on investment of four to one, a projected savings of \$5.1 million over the next three to four years.

Coca-Cola targeted back injuries in its disease and disability prevention programs, offering daily stretching activities and workshops on back care and exercise. Special Nautilus machines to enhance back safety are available at 12 bottling sites. The four-minute daily stretching program alone saved the company \$300 per employee per year in employee replacement costs.

Levi Strauss & Company reduced the number of low birth weight babies among its female employees through its Healthy Beginnings prenatal health program. A pregnant employee responds to a questionnaire on medical history and lifestyle and, if found at risk for delivering a low birth weight baby, she receives regular telephone calls from a nurse to answer questions, remind her of doctor appointments, and remind her to follow her doctor's advice. Employees not at risk can call the nurse with questions about pregnancy and childbirth. Research shows that every instance of low birth weight baby averted by prenatal care saves \$14,000 in health care costs.

Baltimore County School District instituted a wellness program for school staff that offered fitness rooms, health screenings, and walking teams. The coordinator reported that last year Baltimore County's insurance rate increase was the lowest in the state. The wellness program definitely played a role. Blood pressure and breast cancer screenings resulted in early detection of life-threatening illnesses.

² National Resource Center on Worksite Health Promotion, *Promoting Health at Work*, (Washington, D.C.: 1992).

³ Stephen M. Weiss, Jonathan E. Fielding, and Andrew Baum, eds., *Health at Work*, (Hillsdale, New Jersey: Lawrence Erlbaum Associates, 1991).

⁴ NEA Today, "Wellness at Work." (February 1992).