WELLNESS INCENTIVES

AN EMPLOYEE-FOCUSED PROFIT MULTIPLIER

By: Jacob Hansen

"One must spend money to make money."

Though you've all heard the proverbial phrase, one question always remains: How should you spend that money to make a greater profit?

The answer your company seeks is employee wellness incentives. Katherine Baiker, renowned economic analyst, found that every dollar put towards wellness programs saves a company over three dollars in healthcare costs and over two dollars in absenteeism costs.[1] By promoting healthier lifestyles, your business could join the thousands worldwide that are decreasing annual fees and increasing profits.

This article analyzes what wellness incentives are; how organizations implement them; and how wellness incentives increase company profits by making employees (1) more healthy, (2) more satisfied, and (3) more productive.

What are wellness incentives?

Wellness incentives are company programs that encourage better employee health through sleep, exercise, and diet. Like any incentive, companies offer benefits to their workers in exchange for participation in a wide variety of activities. Companies across the globe are participating in these wellness programs.

Some organizations offer cash rewards when their employees participate in wellness activities. For example, JetBlue Airlines has paid activities ranging from doctors' visits to race registrations. When employees attend the dentist for a tooth cleaning, they receive $25. When they accomplish a major athletic event like an Ironman triathlon, they are compensated up to $400.[2] While this airline offers cash, other businesses reward their employees by decreasing health insurance co-pay or premium fees.

Employees of Johnson & Johnson can submit a comprehensive health profile to their employer for a $500 health insurance premium reduction. These health records are kept confidential. If employees give consent, the company analyzes the profile and returns personalized health guidelines for each individual.[3] This process is ideal for optimizing wellness in the areas where each employee needs it most.

As an intern for Idaho National Laboratory (INL), Rachel Foist received a free COVID-19 vaccination on the government campus. Although she is not currently on the health insurance policy for INL, she remarked, “When employees are vaccinated, they receive company points. These points can be redeemed for decreased co-pay on health insurance.”[4]

JetBlue, Johnson & Johnson, and INL are a few examples of the thousands of companies using incentives to improve their employees’ wellness. Though many people want to live healthier lives, it takes effort. Many people don’t normally have the time or support, but wellness incentives make the difference. Whether employees receive an increased paycheck, a decreased insurance fee, or simply a slimmed waistline, they are inspired to live healthier.

"Inspired to Live Healthier"

While bonuses, perks, and rewards are an employee’s dream, how does a company increase profits by spending more on employee wellness?

How do profits increase?

The answer is simple. Without people, you are without profit. Wellness programs result in employees who are (1) more healthy, (2) more satisfied, and (3) more productive.When workers are more engaged in these ways, companies multiply their earnings.

More Healthy

Health challenges are a significant hinderance to employee performance. In a recent report, the Milken Institute stated that obesity’s economic drag exceeds $1.4 trillion annually.[5] This outrageous cost is manifest in two categories: (1) direct healthcare expenses and (2) loss of production due to absenteeism and presenteeism. Wellness incentives combat these potential dangers to profits.

When employees are incentivized to work out and eat right, the risk of heart disease, diabetes, and other chronic disorders are steeply reduced.[6] With less doctors’ visits, medications, and treatments, companies spend less on healthcare and insurance each year. Blake Marchant, HR manager for Blender Bottle, explained that companies with healthy employees are lower risks for insurance agencies. Marchant notes, “Good health lowers yearly bids for insurance policies.”[7] This means lower premium, co-pay, and insurance fees for the company and employees.

Costs associated with absenteeism are reduced by wellness programs. When employees are healthy, they take fewer sick days. They have more energy to get out of bed and get to work. They experience less stress, anxiety, and depression, which can be debilitating to workers whether they stay home or attend work.

Likewise, wellness incentives decrease presenteeism. This term describes a lack of production when employees are present.[8] Employees who combat physical, emotional, or mental health challenges cannot often focus or perform at their best.

RECRUIT

87%

of applicants consider wellness offerings before choosing an employer.

RECOMMEND

67%

of workers with wellness incentives are more likely to recommend their employers to others.

RETAIN

45%

of mid-market employees stay longer in a company due to wellness programs

Endorphins released during exercise decrease stress, enabling employees to be more present while working. Wellness programs not only save money by improving employee health, but they also increase employee satisfaction.

More Satisfied

Employers who promote healthy living and well-being increase employee satisfaction and loyalty. Through health programs, employers show they care about the life and wellness of their employees. People want a company that appreciates them for more than eight hours a day. Recent studies show that these wellness incentives play a key role in recruiting, recommending, and retaining the most qualified employees (see Figure 1 above).

A study by Virgin Health Miles/Workforce Magazine reported a striking 87% of employees considering wellness programs before signing with a company.[9] With thousands of businesses to choose from, professionals consider jobs more than a means to make money. They want to work for a company that values their life, their well-being, and their skills. Wellness programs demonstrate just that,

Similarly, in an Aflac workforce study, researchers reported that 67% of employees with wellness benefits are more likely to recommend their employers to others.[10] When workers feel they are treated with care, they want friends, family, and acquaintances to be treated the same. These referrals often lead to the most trustworthy and qualified hires. Because of their relationship, the referral and referrer are more likely to stay in the company long term.

Another compelling reason employees stay is wellness programs. An SHRM study showed that in mid-market corporations, 45% of employees stay longer because of wellness incentives.[11] With the average cost-per-hire at $4,000 and the required time to fill a given position at 42 days,[12] employee turnover is a major parasite to profit. These health programs encourage employee engagement and satisfaction. When employees are engaged, they invest in their employer. Less employees quit or switch companies—thus, lowering the cost of hiring.

By implementing an effective wellness program, companies attract more talent, retain more employees, and save more money.

WELLNESS

More Productive

In a Leeds Metropolitan University study of 200 employees, researchers reported an improvement in the workers' time management, productivity, and professionalism due to daytime exercise in the company gym.[13] This study demonstrates that when employers provide a means for exercise, employees work harder

and more efficiently.

In a similar study at Harvard, Ron Friedman found that the results of exercise on employee productivity are the following:

-Enhanced creativity

-Quicker learning

-Sharper memory

-Improved concentration.14

Employees are the life force of a company. When they are able to actively create new ideas, they bring an edge to the market. Quicker production, better memory, and greater innovation help a company stay ahead of competitors. This advancement of mental capacity and productivity can lead to exponential increases in revenue. Clearly, wellness incentives save a company money.

Show care for your workers today by researching which incentives match their needs. As you implement a wellness program, not only will you multiply your profits, but you will also pave the path to a more healthy, happy, and fruitful way of living inside and outside of the office for each employee.

Notes

1. Baicker, Katherine et al. "Workplace wellness programs can generate savings." Health affairs (Project Hope) vol. 29,2 (2010): 304-11. doi:10.1377/hlthaff.2009.0626.

2. Wieczner, Jen. "Health Care (A Special Report) --- Your Company Wants to make You Healthy: A Look at the Pros and Cons of the most Popular Wellness Programs used by Companies." Wall Street Journal, Apr 09, 2013.

3. Ibid.

4. Foist, Rachel. Personal interview. 6 July 2021.

5. "Americans' Obesity Weighs Down U.S. Economy by $1.4 Trillion." Milken Institute, Milken Institute, 29 Nov. 2016.

6. Kohll, Alan. "Why We Pay Our Employees To Exercise At Work." Forbes, 9 Jan. 2019.

7. Marchant, Blake. Personal Interview. 15 July, 2021.

8. "Control Health Care Costs." Centers for Disease Control and Prevention, Centers for Disease Control and Prevention, 4 Dec. 2015.

9. Wein, Debra. "Council Post: Win With Wellness -- Attract And Retain Talent." Forbes, 29 Aug. 2018.

10. Ibid.

11. Ibid

12. "Average Cost-per-Hire for Companies Is $4,129, SHRM Survey Finds." Press Releases, SHRM, 19 May 2017.

13. Coulson, J.C., et al. "Exercising at Work and Self Reported Work Performance." International Journal of Workplace Health Management, vol. 1, no. 3, 2008, pp. 176–197., doi:10.1108/17538350810926534.

14. Friedman, Ron. "Regular Exercise Is Part of Your Job." Harvard Business Review, 5 Nov. 2014.

Designed By: Becca Gibb