

# A Call to Action: Creating a Culture of Health

January 2011



A report of the AHA Long-Range Policy Committee:

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| <b>John W. Bluford III, Chair</b> | Leonard Kirschner, MD, MPH    |
| Richard P. de Filippi             | Gregory W. Lintjer            |
| Thomas M. Priselac                | Jeffery Payne, SPHR           |
| Richard P. Afable, MD, MPH        | W. Paul Rutledge              |
| Steven M. Altschuler, MD          | James Skogsbergh              |
| Ruth A. Colby                     | Glenn D. Steele, Jr., MD, PhD |
| Teri G. Fontenot                  | Alfred G. Stubblefield        |
| A. Hugh Greene                    | Steven J. Summer              |
| A. J. Harper                      | Carol A. Watson, PhD, RN      |
| J. Thornton Kirby                 | Scott Wordelman               |



American Hospital  
Association



### Acknowledgments

The AHA Long-Range Policy Committee would like to acknowledge the following organizations and individuals for their invaluable assistance in the committee's work.

- American Society for Healthcare Human Resources Administration for promoting committee survey
- Brian Burns, Blue Cross Blue Shield of Kansas City, for presenting at April 2010 committee meeting
- Bernadette Harrity, Truman Medical Centers, for presenting at July 2010 committee meeting
- Fikry Isaac, MD, Johnson & Johnson, for presenting at April 2010 committee meeting
- Adrian Mason, tai chi instructor, for presenting at July 2010 committee meeting
- Kevin Van Dyke, Health Research & Educational Trust, for drafting committee report

### Suggested Citation

American Hospital Association. 2010 Long-Range Policy Committee, John W. Bluford III, chair. A Call to Action: Creating a Culture of Health. Chicago: American Hospital Association, January 2011.

### For Additional Information

Maulik S. Joshi, DrPH

Senior Vice President of Research, American Hospital Association

155 N. Wacker, Suite 400, Chicago, IL 60606

(312) 422-2622, [mjoshi@aha.org](mailto:mjoshi@aha.org)

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## Executive Summary

### Purpose

In 2010, as an extension of the American Hospital Association's (AHA) Health For Life: Better Health. Better Health Care roadmap for improving America's health care system, the AHA's Long-Range Policy Committee (LRPC) focused on the "Wellness" pillar by identifying emerging, successful practices in hospital employee health and wellness. The importance of this topic is evident in the critical role hospitals play in their communities, the financial case for creating a culture of health, the national set of public health goals found in Healthy People 2020, and the incentives to become accountable for overall population health found in the Affordable Care Act of 2010.

This report is a bold call to action for hospitals to be leaders in creating a culture of health. To meet this purpose, this report highlights current practices that hospitals use today with their own employees, gives examples of promising practices, and provides how-to recommendations to the field as we continue to be leaders of health in our communities.

### Background

The AHA LRPC embarked on the important issue of health and wellness in January 2010. LRPC members shared their organizations' current programs and their own thoughts on promoting employee health and wellness and expanding programs to their communities. Members also heard from two external best practice organizations, Johnson & Johnson and BlueCross BlueShield of Kansas City, and fielded a survey of all hospitals to identify current and emerging best practices.

The LRPC members noted from their own employee health and wellness experiences that:

- A **range of programs** are being offered such as tobacco-free campuses, health risk assessments, Weight Watchers "Biggest Loser" programs, gym member discounts, updated cafeteria menus, and altered premium discounts based on participation.
- **Little ROI data** has been compiled to date, and most programs are less than three years old.
- **Engaging all employees** in health and wellness (i.e., getting participation from the high-risk /high-ROI populations and not just the "gym rats") is a challenge.
- **Leadership commitment** that demonstrates values and encourages staff participation is critical to success.
- Moving toward a "culture of health" and **population health management**, rather than a program-by-program approach, is essential.

The external speakers stressed the importance of creating a culture of health. Key elements needed to create this culture include:

- Leadership and commitment
- A comprehensive set of programs
- Ongoing promotion and communication
- Participation and outcome metrics
- Use of both “carrots” and “sticks” as incentives

The survey results from 876 hospitals indicated that, while most hospitals have a wellness program, there is a wide variety of hospital program offerings. Most hospitals offer health risk assessments, but more intensive one-on-one activities such as personal health coaching and a 24-hour nursing hotline are rare. The results also show that employee participation levels in wellness programs could be improved at most hospitals.

One of the top motivators for hospitals to improve their health and wellness programs is to provide an example of health to the community. Many hospital wellness programs face financial constraints and limitations that inhibit sustainability. The survey results show that one of the biggest challenges to employee health and wellness programs is motivating employees over time.

Most hospitals currently use more participation incentives than incentives based on program completion or outcomes. A sizable minority of hospitals do not currently use incentives, and very few hospitals use negative incentives. While many hospitals use participation measures such as the number of overall participants to evaluate the impact of their health and wellness programs, fewer use outcome measures, such as the number of employees with cholesterol improvement.

The survey results also demonstrate that while most hospitals struggle to measure return on investment (ROI), those that have effectively measured ROI show positive results. The literature and case studies show that demonstrating positive ROI usually takes several years.<sup>1</sup> Most hospitals are currently only collecting the data necessary to measure overall direct health care costs. Fewer hospitals are looking at health care costs for specific subpopulations or at employee productivity metrics such as absenteeism or presenteeism (i.e., employees who perform below capability due to illness).

## Recommendations to the Field

Based on the literature, survey results, and highlighted best practices, the AHA makes the following seven recommendations to the field:

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<sup>1</sup> Ha T. Tu and Ralph C. Mayrell, “Employer Wellness Initiatives Grow, But Effectiveness Varies Widely,” National Institute for Health Care Reform Research Brief No. 1, July 2010: 1-13, <http://www.nihcr.org/Employer-Wellness-Programs.pdf>

## Qualitative Health and Wellness Dashboard

Recommendation	Goal/Action Steps	Examples of How Hospitals Can Meet This Goal
Recommendation 1: Serve as a Role Model of Health for the Community	As part of fulfilling their mission, hospitals are beacons of trust in the community. Hospitals must create robust health and wellness programs as examples to the communities that they serve.	Hospitals can work with local employers to build an integrated, regional approach to health and wellness that shares both risks and rewards.
Recommendation 2: Create a Culture of Healthy Living	Improving employee health is more than implementing individual programs. Hospitals need to strive for a culture of healthy living for all employees, which starts at the top with the CEO and the board of trustees. Wellness should be a strategic priority for the hospital.	Health and wellness indicators can be included in dashboards, and executive compensation can be linked to meeting wellness program objectives. Hospitals can eliminate environmental inconsistencies (e.g., unhealthy foods at meetings).
Recommendation 3: Provide a Variety of Program Offerings	While health and wellness is more than a set of activities, it is important for hospitals to offer a variety of activities to promote health within their organizations.	Hospital wellness programs can include a health risk assessment (HRA), a biometric screening, and at least one intensive coaching activity, based on the risks and health status of its employees.
Recommendation 4: Provide Positive and Negative Incentives	Positive and negative incentives are effective in improving health and wellness program participation levels. Hospitals can use incentives to increase participation and to improve outcomes.	Hospitals can expand the use of incentives in order to improve participation levels. As participation levels increase, hospitals can begin to shift toward more outcomes-based incentives.
Recommendation 5: Track Participation and Outcomes	To track the success of their health and wellness programs, hospitals must first measure and increase participation and then build systems to track outcomes.	Hospitals can track participation and outcome targets (e.g., overall participants, number completing an HRA, number enrolled in a smoking cessation program, and number with cholesterol improvement).
Recommendation 6: Measure for ROI	A strong financial case accompanies the strategic case of striving for robust health and wellness programs. In order to achieve ROI, hospitals must first commit to effectively measuring ROI over several years.	Hospitals can ensure a multi-year commitment to evaluation and improvement. Hospitals can use both health care cost savings and savings due to improvements in productivity (e.g., presenteeism and absenteeism).
Recommendation 7: Focus on Sustainability	For program effectiveness, hospitals must motivate employees over time, effectively communicate, and constantly reinforce wellness as a leadership priority.	Hospital boards, CEOs, and full executive teams can communicate wellness as a long-term priority for the hospital and ensure that wellness programs have dedicated resources.

## Introduction

### What are Health and Wellness Programs?

Though programs vary greatly, for this report we define employee health and wellness programs to include some combination of risk identification tools, behavior modification programs, educational programs, and changes to the work environment.<sup>2</sup>

A robust wellness program will also be integrated with the strategic goals of the organization, supported by strong incentives for participation, and backed by a strong multi-year financial commitment to sustainability. A strong program also will have senior leadership support and include robust measures that gauge program success.

### Why Health and Wellness?

In 2010, as an extension of the American Hospital Association's Health For Life: Better Health. Better Health Care roadmap for improving America's health-care-system "Focus on Wellness" pillar, the AHA's Long-Range Policy Committee (LRPC) focused on identifying emerging practices in hospital employee health and wellness. The importance of this topic is evident in the critical role hospitals play in their communities, in the financial case for creating a culture of health, in the national set of public health goals found in Healthy People 2020, and in the incentives to be accountable care organizations as described in the Affordable Care Act of 2010.



### Hospitals and the Community

Hospitals and health systems and their employees are critical loci in their communities because of their leadership and mission. It is paramount for hospital and health system employees to lead the way and serve as role models for healthy living and fitness for their communities. Hospital health and wellness strategies and tactics are crucial to providing the environment, resources, programs, and incentives for hospital employees to serve as such role models.

<sup>2</sup> Ha T. Tu and Ralph C. Mayrell, "Employer Wellness Initiatives Grow, But Effectiveness Varies Widely," National Institute for Health Care Reform Research Brief No. 1, July 2010: 1-13, <http://www.nihcr.org/Employer-Wellness-Programs.pdf>

## Financial Rationale

Overall, U.S. businesses could save \$1 trillion in health benefits over the next decade through employee health and wellness programs.<sup>3</sup> Personnel costs are the largest expense associated with health care, and a stable, high-quality health care workforce has been shown to be essential to efficient and effective health care delivery.<sup>4</sup> Hospitals that self-insure have even more financial incentives in improving the health of their employees.

A recent meta-analysis of existing peer-reviewed literature on costs and savings associated with workplace disease prevention and wellness programs in whole has demonstrated significant ROI. Across all studies, costs fall about \$3.27 for every dollar spent on wellness programs, and absenteeism costs fall by about \$2.73 for every dollar spent on wellness programs. Overall, the literature shows that building incentives into wellness programs likely helps to raise participation among employees.<sup>5</sup>

In addition, wellness can be used as an effective recruitment and retention tool to address long-term provider shortages. A global comparative study of workplace wellness programs in 15 countries found that employees are 8 times more likely to be engaged when wellness is a priority in the workplace and 1.5 times more likely to stay with their organization if health and wellness are actively promoted. Wellness is essential to employee engagement, organizational productivity, talent retention, and creativity and innovation.<sup>6</sup>

## Healthy People 2020, Health Reform, and Beyond

Finally, Healthy People 2020 provides a national framework and set of important goals for the health of our nation. The Affordable Care Act of 2010 (ACA) builds on the Healthy People framework to establish the National Prevention, Health Promotion and Public Health Council, which will coordinate and lead the activities of more than a dozen federal agencies.<sup>7</sup>

The ACA also includes various incentives to promote employee health and wellness programs. For example, beginning in fiscal year 2011, the legislation provides incentives for small businesses and organizations to offer comprehensive workplace wellness programs that include health awareness, employee engagement, behavioral change, and a supportive environment. The newly created Prevention and Public Health Fund will invest \$12.9 billion over the next 10

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<sup>3</sup> Dan Hieb, "Healthways: Businesses could save nearly \$1 trillion through wellness programs," *Nashville Business Journal*, 9 Jun. 2010, <http://www.bizjournals.com/nashville/stories/2010/06/07/daily16.html>

<sup>4</sup> Linda H. Aiken, Sean P. Clarke, Robyn B. Cheung, Douglas M. Soane, and Jeffrey H. Silber, "Educational Levels of Hospital Nurses and Surgical Patient Mortality," *The Journal of the American Medical Association*, Vol. 290: 1617-1623 (2003).

<sup>5</sup> Katherine Baicker, David Cutler, and Zuri Song, "Workplace Wellness Programs Can Generate Savings," *Health Affairs*, Vol. 29, No. 2: 304-311 (February 2010).

<sup>6</sup> Alistair Dornan, "The Wellness Imperative: Creating More Effective Organizations," World Economic Forum in partnership with Right Management (A Manpower Company), 2010, <http://www.weforum.org/pdf/Wellness/RightMgmt-Report.pdf>

<sup>7</sup> Howard K. Koh and Kathleen G. Sebelius, "Promoting Prevention through the Affordable Care Act," *The New England Journal of Medicine*, 25 Aug. 2010, <http://healthpolicyandreform.nejm.org/?p=12171>



years in health, prevention, and public health programs.<sup>8</sup> In addition, the ACA incentivizes prevention, an important component of wellness, by requiring group health plans and private health insurers offering group or individual health insurance to cover recommended preventive services, immunizations, and other screenings with zero enrollee cost sharing.<sup>9</sup>

Finally, the ACA also includes incentives for hospitals to become accountable for the care of a defined population.<sup>10</sup> For hospitals interested in testing accountable care organizations, wellness is an important ingredient to achieving better health for their communities.

## Purpose

To meet the goals of Health For Life and the unprecedented opportunities created by the ACA, this report is intended to be a bold call to action for hospitals and their employees to be leaders in creating a culture of health. To meet this purpose, the report highlights current practices, gives examples of promising practices, and provides how-to recommendations to the field.

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<sup>8</sup> Patient Protection and Affordable Care Act, Sections 10408 and 4002, United States Public Law 111–148, 23 Mar. 2010, 124 Stat. 119, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf>

<sup>9</sup> Patient Protection and Affordable Care Act, Section 2713, United States Public Law 111–148, 23 Mar. 2010, 124 Stat. 119, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf>

<sup>10</sup> Patient Protection and Affordable Care Act, Section 3022, United States Public Law 111–148, 23 Mar. 2010, 124 Stat. 119, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf>

## Approach

To inform its recommendations to the field, the committee received feedback on the current state of hospital health and wellness programs and promising practices via two primary mechanisms:

### Hospital Survey

From May to June 2010, the AHA surveyed all U.S. hospitals with an online and paper-based instrument about their employee health and wellness activities. Survey categories included wellness programs and initiatives; employee participation; use of incentives; evaluation and measurement; challenges; opportunities and motivators; and leadership assessment. Survey questions were multiple-choice restrictive, multiple-choice nonrestrictive, and scale ranking, and each question included a comment field. Survey questions were pretested with eight hospital human resource and wellness leaders. The AHA, several state hospital associations, and the American Society for Healthcare Human Resources Administration (ASHHRA) helped to promote the survey. Eight hundred and seventy-six (876) hospital human resource leaders, CEOs, and wellness leaders participated in the survey. Results were analyzed independently for accuracy by two researchers. Overall, respondents were nationally representative of all hospitals in terms of hospital size (number of beds), teaching status, and census region. Urban hospitals (65% of respondents versus 56% nationally) and hospitals that were members of a health system (56% versus 49%) were slightly overrepresented in the sample.

### Speakers and Interviews

At its March 2010 in-person meeting, the committee invited two organizations to present their innovative health and wellness programs: Johnson & Johnson and BlueCross BlueShield of Kansas City. In addition, committee staff interviewed seven hospitals and health systems identified inductively through the survey process about their health and wellness activities. Phone interviews of 30 to 60 minutes were conducted with one to two individuals from each hospital. Each interview covered a specific best practice in depth, as identified through the survey process.

## Findings

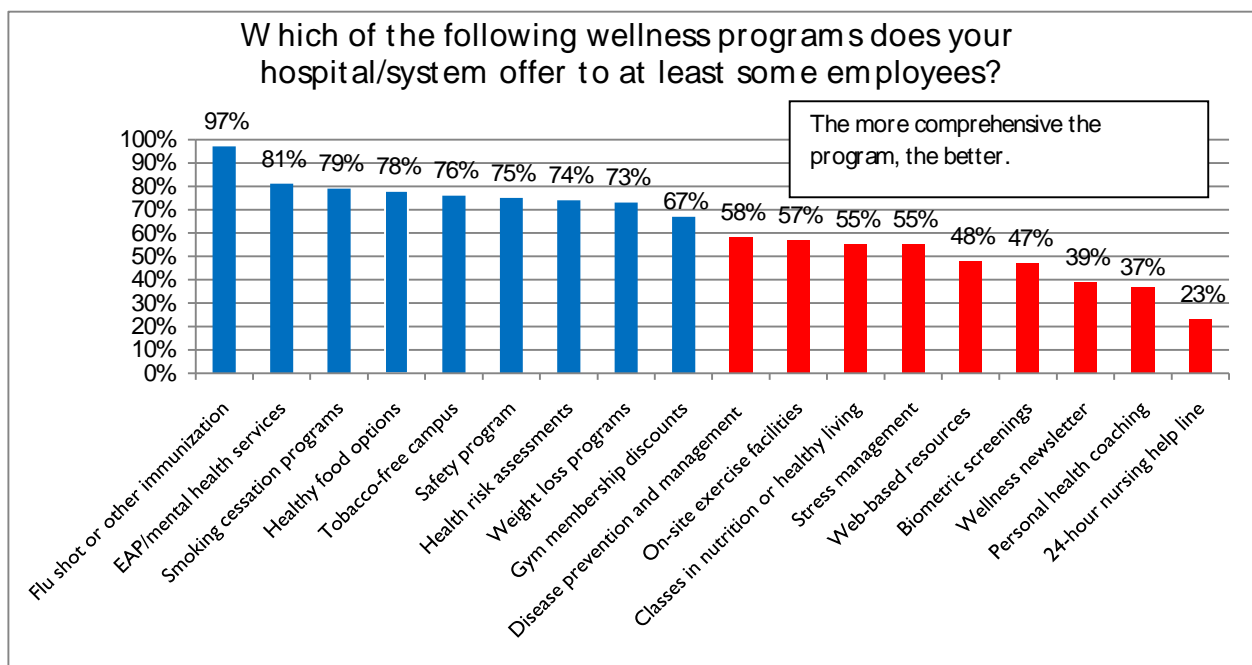
Overall, 86% of hospitals have an employee health and wellness program. Of these programs, 80% are directly administered by the hospital or health system.

### Motivators

Hospitals cite a number of reasons for offering health and wellness programs. The most important motivator reported is reducing health care costs (mean of 8.92 on a scale of 1-10, with 10 indicating the most important motivator). Also reported as important motivators are improving the health of employees and reducing absenteeism/presenteeism (8.53), improving employee morale and productivity (8.40), and providing an example to the community (8.18).

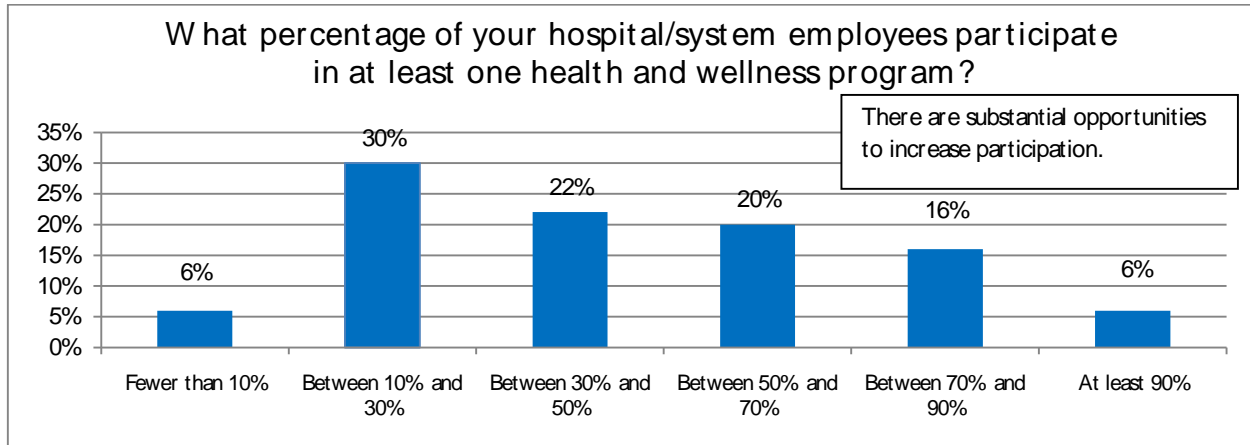
### Program Offerings

Overall, hospitals offer a wide variety of health and wellness programs for their employees. Nearly all hospitals offer flu shots or other immunizations. A large majority of hospitals also offer EAP/mental health services, healthy food options in cafeterias and vending machines, a tobacco-free campus, a safety program to reduce workplace accidents, health risk assessments, weight loss programs, and gym membership discounts. About half of hospitals offer disease prevention and management programs, on-site exercise facilities, classes in nutrition or healthy living and stress management, web-based resources for healthy living, and biometric screenings. Only a minority of hospitals offer one-on-one activities such as personal health coaching and a 24-hour nursing help line. Overall, urban hospitals, hospitals with more than 200 beds, and hospitals that are members of systems are more likely to offer more intensive, behavioral-based interventions. Programs offered by at least two-thirds of hospitals are in blue below.



## Participation Levels

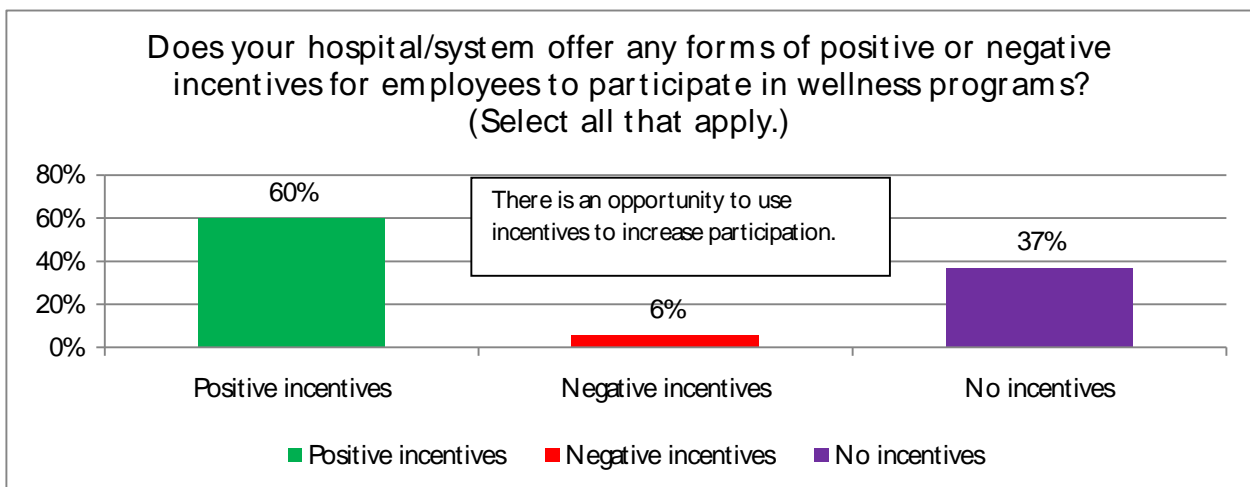
There is a wide variation in the percentage of hospital employees participating in health and wellness programs. While 30% of hospitals with wellness programs report that between 10% and 30% of their employees participate in at least one health and wellness program, 42% of hospitals report that at least half of their employees participate in one or more programs.



In addition, 77% of hospitals with wellness programs offer at least some wellness benefits to spouses, significant others, and/or dependents, and 19% of hospitals offer their health and wellness programs to the community; the majority of these hospitals do not charge for this service.

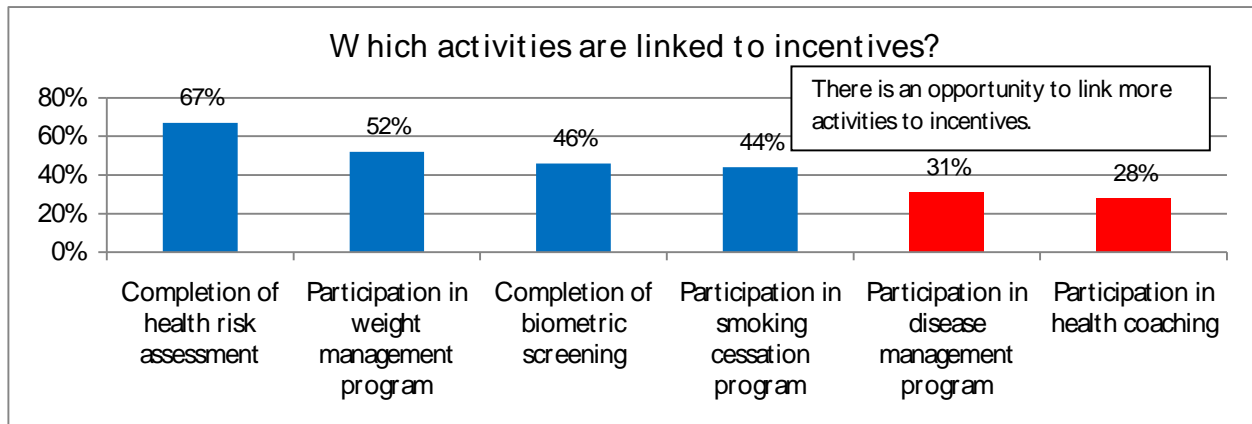
## Incentives

To encourage participation, hospitals promote their wellness programs through health fairs (76%), health risk assessments (70%), and incentives (66%). The overwhelming majority of hospitals that offer incentives use positive incentives such as health insurance premium discounts or gift cards.

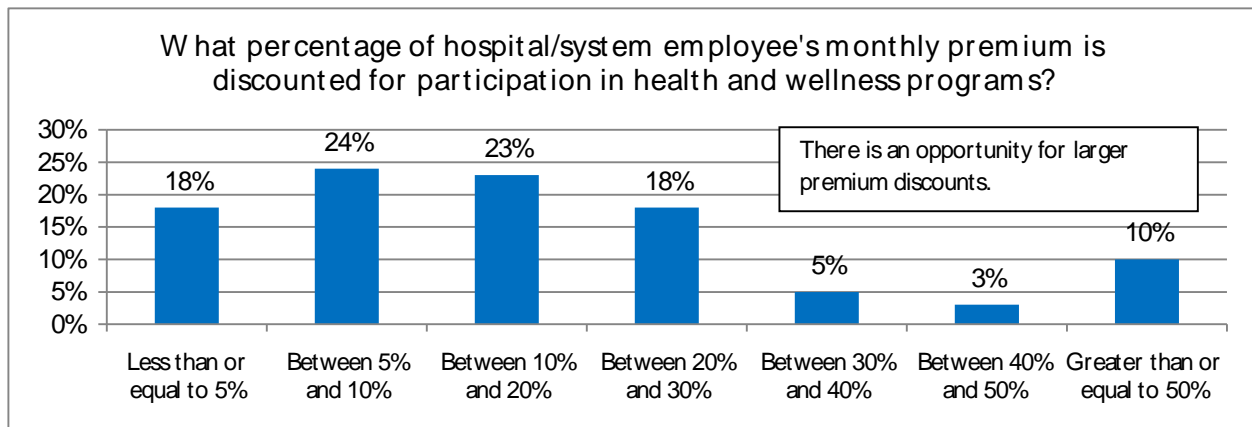


To meet wellness incentives, most hospitals require that employees participate in at least one wellness program (76%). Many hospitals also offer incentives for employees who complete a wellness program (50%) and achieve outcomes based on participation (39%).

Activities commonly linked to incentives include the completion of a health risk assessment, participation in a weight management or smoking cessation program, and completion of a biometric screening. Hospitals with more than 200 beds are more likely to utilize incentives. The most common activities linked to incentives are shown in blue below.



On average, slightly less than half (47%) of hospitals that use incentives discount between 5% and 20% of an employee's monthly premium for participating in health and wellness programs.

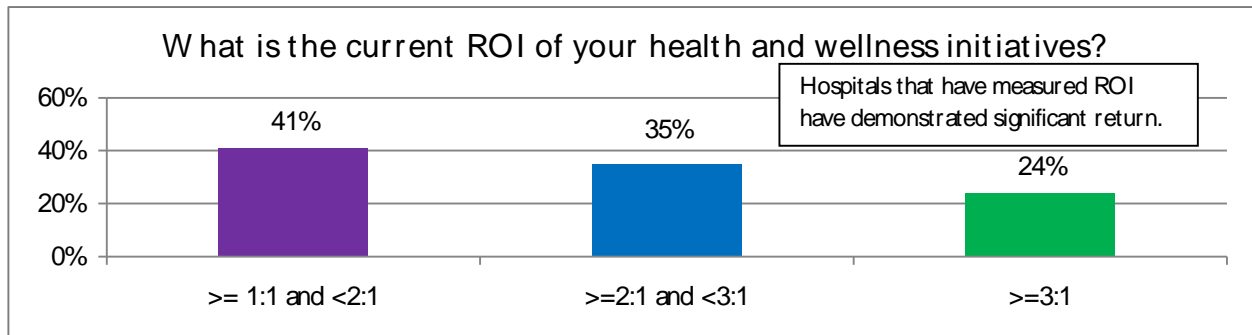


Thirty-three percent (33%) of hospitals that use incentives award employees who meet health and wellness incentives between \$100 and \$300 annually. An additional 41% of hospitals award \$100 or less.

The median amount given to hospital employees for meeting participation incentives is \$250 for hospitals that offer lower health insurance deductibles, \$225 for yearly health savings account contributions, \$150 for yearly subsidized health club membership, \$50 for gift cards/travel/merchandise/cash, \$25 for monthly insurance premium discounts, and \$10 for small tokens.

## Costs/Benefits

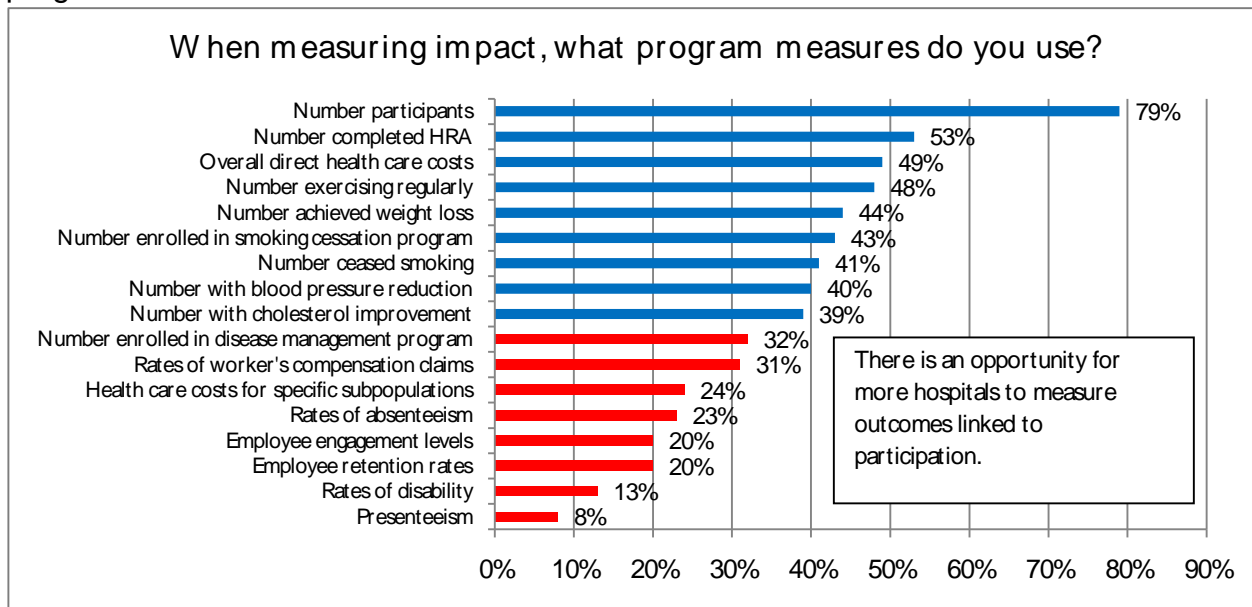
Overall, one-third of hospitals have made an attempt to measure the return on investment (ROI) of employee health and wellness programs, and only 7% have successfully measured ROI. Urban hospitals, hospitals with more than 200 beds, and hospitals that are members of a system are more likely to have attempted to measure ROI. Of those who claimed to have successfully measured ROI, the current ROI of health and wellness initiatives is distributed fairly evenly with a median between 2:1 and 3:1.



Eighty-two percent (82%) of respondents who measure ROI report that their ratio is equal to or exceeds expectations.

## Measurement

Hospitals use a number of participation and outcome measures to evaluate the impact of their health and wellness initiatives. While many hospitals use participation measures or measures linked to overall direct health care costs, fewer hospitals look at health care costs for specific subpopulations or at employee productivity and engagement metrics. The most common program measures are shown in blue below.



## Challenges to Adoption

Overall, hospitals note a number of challenges to program effectiveness. Motivating employees over extended time periods, financial restrictions or limitations, measuring program effectiveness, and creating a culture of health are noted as the most serious challenges. Urban hospitals and hospitals with more than 200 beds find it more challenging to communicate to their employees about health and wellness activities.

Challenges	Mean Response (1-10) 10 = Insurmountable Barrier
Motivating employees over extended time periods	6.71
Financial restraints or limitations	6.47
Measuring program effectiveness	6.45
Creating a culture of health	6.07
Obtaining employee health information	4.78
Communicating with employees	3.97

## Opportunities

Given that most hospitals do not measure ROI, it is not surprising that hospitals report getting better ROI data as the most important opportunity for improving health and wellness programs. Additional opportunities include providing more incentives to employees, providing new programs, and providing different types of incentives.

Opportunities	Mean Response (1-10) 10 = Most Important Opportunity for Organization
Getting better ROI data	7.37
Providing more incentives to employees	7.00
Providing new programs to employees	6.90
Providing different types of incentives to employees	6.85

## Leadership Commitment

Overall, respondents moderately agree that their senior leadership teams and boards of trustees view employee health and wellness programs as a vital tool for improving the health of their employees (7.91 and 7.26, respectively, with 10 representing strongly agree) and as an important factor in improving the health of their communities (7.64 and 7.12, respectively). Respondents are less confident that their employees see the value of improving their health as setting an example for the community (6.57).

## Best Practices

Below is a sample of hospital health and wellness best practices. More detailed information is provided in Appendix A and can be found on the AHA Hospitals in Pursuit of Excellence website ([www.hpoe.org](http://www.hpoe.org)).

### Incentivizing Wellness: Truman Medical Centers

In July 2010, Truman Medical Centers implemented a “PTO for Wellness” program that allows employees to trade up to \$1,800 in paid time off (PTO) hours for reimbursements for wellness-related expenses. With this program, Truman is able to infuse a projected \$200,000 annually into employees’ personal wellness investments, at no additional cost to the system. Truman’s leaders stress the importance of giving employees a choice in how they use their benefits to meet their wellness goals and removing as many obstacles to wellness as possible.

### Incentivizing Wellness: Ochsner Health System

Ochsner offers a voluntary wellness program with a significant insurance premium discount of about \$500 for an employee and \$2,000 for a family. Currently, 82% of employees participate in the health and wellness program. With 40-plus locations and employees with various educational levels and computer access capabilities, Ochsner finds that communication is the largest obstacle to program success.

### Mission, Demonstrating ROI, and Incentivizing Health: Sentara Healthcare

In 2008, Sentara Healthcare implemented Mission: Health, an incentive-based wellness and disease management program. After two years, overall health care cost trends have lowered significantly, outcome measures have improved dramatically, and the estimated ROI is 6:1. Tying the program to Sentara’s mission of health and creating significant participation incentives have been paramount to program success.

### Mission and the Community: Saint Elizabeth’s Medical Center

Saint Elizabeth’s Medical Center has built a robust wellness program that includes a myriad of wellness offerings for staff and family members. Prevention efforts are paying off as measured by growing participation rates and overall improvement in health status. Between 2005 and 2010, Saint Elizabeth’s wellness program participants realized an 11% improvement in biometric



screening levels. Its wellness committee plans, implements, and evaluates health promotion activities. The committee stresses the importance of gaining administrative support, integrating wellness initiatives into its strategic plan, and continually enhancing and improving services to meet the needs of its workforce. As the largest employer in its community, Saint Elizabeth's Medical Center tests and trials its internal wellness interventions in an effort to share resources and knowledge with other local and area employers. In doing so, Saint Elizabeth's is fulfilling its mission and improving the overall health of its community.

### Demonstrating ROI: HCA

In 2008, HCA launched a diabetes pilot program at several campuses with individualized diabetes management with a certified diabetes educator. HCA calculated ROI in multiple ways, with a focus on clinical outcomes and claims-reduction data. After two years, average annual claims costs of participants were \$664 less than the average claims costs of nonparticipants in a matched group. HCA cautions that hospitals should clearly define how they will measure ROI before implementing a wellness program.

### Partnering with the Community: Henry Ford Health System

In 2007, Henry Ford Center for Integrative Wellness implemented an interventional, randomized, controlled trial with Chrysler employees having chronic back pain. This group wellness program eliminated back pain for 55% of participants. Group programs have now been offered to over 1,400 people at corporations and various community organizations. Henry Ford is currently developing a comprehensive health and wellness package to offer to all local employers and to community groups. Devoting significant time to data-collection methodology at the beginning was vital to accurately capturing program successes.

## Recommendations

Based on the literature, survey results, and best practices, the AHA makes seven recommendations to the field. For each recommendation, the rationale is given for selection along with the specifics of how hospitals can apply the recommendation to improve their wellness program activities.

### Recommendation 1: Serve as a Role Model of Health for the Community

#### Goal/Action Steps:

As part of fulfilling their mission, hospitals are beacons of trust in the community. Hospitals must create robust health and wellness programs as examples to the communities that they serve.

#### Examples of How Hospitals Can Meet This Goal:

Hospitals can work with local employers to build an integrated, regional approach to health and wellness that shares both risks and rewards.

### Recommendation 2: Create a Culture of Healthy Living

#### Goal/Action Steps:

Improving the health of employees is more than implementing individual health and wellness programs or activities. Hospitals need to strive for a culture of healthy living for all employees, which starts at the top with the CEO and the board of trustees. Wellness should be a strategic priority for the hospital.

#### Examples of How Hospitals Can Meet This Goal:

Health and wellness indicators can be included in board dashboards, and executive compensation can be linked to meeting health and wellness program objectives. Hospitals can eliminate environmental inconsistencies (e.g., unhealthy foods at meetings).

### Recommendation 3: Provide a Variety of Program Offerings

#### Goal/Action Steps:

While health and wellness is more than a set of activities, it is important for hospitals to offer a variety of activities to promote health within their organizations.

#### Examples of How Hospitals Can Meet This Goal:

Hospital wellness programs can include a health risk assessment, a biometric screening, and at least one intensive coaching activity, based on the risks and health status of its employees.

#### Recommendation 4: Provide Positive and Negative Incentives

##### Goal/Action Steps:

Positive and negative incentives are effective in improving health and wellness program participation levels. Hospitals can use incentives to increase participation and to improve outcomes.

##### Examples of How Hospitals Can Meet This Goal:

Hospitals can expand the use of incentives to improve participation levels. As participation levels increase, hospitals can begin to shift toward more outcomes-based incentives.

#### Recommendation 5: Track Participation and Outcomes

##### Goal/Action Steps:

To track the success of their health and wellness programs, hospitals must first measure and increase participation and then build systems to track outcomes.

##### Examples of How Hospitals Can Meet This Goal:

Hospitals can track participation and outcome targets (e.g., overall participants, number completing an HRA, number enrolled in a smoking cessation program, and number with cholesterol improvement).

#### Recommendation 6: Measure for ROI

##### Goal/Action Steps:

A strong financial case accompanies the strategic mission of striving for robust health and wellness programs. To achieve ROI, hospitals must first commit to effectively measuring ROI over several years.

##### Examples of How Hospitals Can Meet This Goal:

Hospitals can ensure a multi-year commitment to measurement, evaluation, and improvement. When measuring ROI, hospitals can use both health care cost savings and savings due to improvements in productivity (e.g., presenteeism and absenteeism).

#### Recommendation 7: Focus on Sustainability

##### Goal/Action Steps:

For program effectiveness, hospitals must motivate employees over time, effectively communicate, and constantly reinforce wellness as a leadership priority.

##### Examples of How Hospitals Can Meet This Goal:

Hospital boards, CEOs, and full executive teams can communicate wellness as a long-term priority for the hospital and ensure that wellness programs have dedicated resources.

## Recommendation #1: Serve as a Role Model of Health for the Community

As part of fulfilling their mission and vision, hospitals are beacons of trust in the community. Hospitals must create robust health and wellness programs as examples to the communities that they serve.

Hospitals should have a strong ownership and responsibility over the health of the communities that they serve. According to wellness expert Dee Edington, it is critical to engage the wider community, because when people leave work and go back into an unhealthy community, it will minimize or eliminate all successful efforts in the workplace.<sup>11</sup>

Those on the cutting edge of wellness, such as the Cleveland Clinic, view their hospitals as living laboratories that reward healthy behavior. They believe that a wellness philosophy can spread from the hospital to the community to the state to the nation. In Minnesota, a regional collaborative has helped share risk and reward and provide an incentive for investing in the long-term health of a mobile workforce.<sup>12</sup>

The survey results show that one of the top motivators for hospitals to improve their health and wellness programs is to provide an example to the community. Seventy-seven percent (77%) of hospitals with wellness programs offer at least some wellness benefits to spouses, significant others, and/or dependents, and 18% of hospitals offer their health and wellness programs to the community; the majority of these hospitals do not charge for this service. Henry Ford Health System's experience highlights the potential of working with local employers and community groups on wellness initiatives.

### How Do Hospitals Meet this Goal?

- Hospitals can use their wellness programs as pilots to export to the whole community as part of a population-based approach to health care.
- Hospitals can offer health and wellness program benefits to all dependents of employees.
- Hospitals can work with local employers to build an integrated, regional approach to health and wellness that shares both risks and rewards.
- Hospitals can provide free wellness programs at local community centers.

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<sup>11</sup> Alwyn Cassil, "Innovations in Preventing and Managing Chronic Conditions: What's Working in the Real World?," HSC Issue Brief 132, Center for Studying Health System Change, June 2010, <http://www.hschange.com/CONTENT/1130/>

<sup>12</sup> Alice Park, "This Doctor Does Not Want to See You," Time Magazine, 17 Jun. 2009, [http://www.time.com/time/specials/packages/article/0,28804,1903873\\_1903925\\_1903787,00.html](http://www.time.com/time/specials/packages/article/0,28804,1903873_1903925_1903787,00.html)

## Recommendation #2: Create a Culture of Healthy Living

Improving the health of employees is more than implementing health and wellness programs or activities. Hospitals need to strive for a culture of healthy living for all employees, which starts at the top with the CEO and the board of trustees. Wellness should be a strategic priority for the hospital.

Effective wellness programs have been shown to be customized, integrated, comprehensive, diversified, linked to an organization's business strategy, and championed by senior leaders and unit level managers throughout the organization.<sup>13</sup> Overall, wellness is about organizational effectiveness, not just health and wellness, and should be linked to talent recruitment and retention. As such, effective wellness programs will set ambitious goals, track progress toward those goals, and align the organization around those goals.<sup>14</sup>

The survey results and case studies demonstrate the importance of creating a culture of health and wellness that goes far beyond a list of programs. Changing culture, especially when dealing with individual behaviors and attitudes toward personal activities such as exercise and healthy eating, takes time and is cited as significant challenge by most hospitals.

### How Do Hospitals Meet this Goal?

- Hospitals can promote a holistic approach to wellness.<sup>15</sup> Regardless of how robust their employee health and wellness programs are, hospitals can focus on improving their culture through wellness education and leadership commitment to healthy living. Hospitals can also remove environmental inconsistencies, such as unhealthy foods at meetings, in vending machines, or in the cafeteria.
- Commitment to culture change starts at the top, with the CEO and the board of trustees. Health and wellness indicators can be included in board dashboards, and CEO compensation can be linked to meeting health and wellness program objectives. Wellness priorities can be integrated and aligned with other strategic priorities.
- Hospitals can consider creating a wellness department led by a chief wellness officer who reports directly to the CEO. Wellness can be an organizational strategic priority with dedicated staff. Unit-level champions can be enlisted to help spread the culture change.
- It is important for hospitals to make changes to the work environment to promote healthy behavior. When planning new capital expenditures, hospitals can consider their effect on wellness.

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<sup>13</sup> Caralyn Davis, "Hospitals cut costs with on-site staff wellness programs," Fierce Health Finance, 28 July 2010, <http://www.fiercehealthfinance.com/story/hospitals-cut-costs-onsite-staff-wellness-programs/2010-07-28>

<sup>14</sup> Alistair Dornan, "The Wellness Imperative: Creating More Effective Organizations," World Economic Forum in partnership with Right Management (A Manpower Company), 2010, <http://www.weforum.org/pdf/Wellness/RightMgmt-Report.pdf>

<sup>15</sup> Faiza Elmasry, "Moving for Money: Financial payouts encourage hospital workers to exercise, eat better," voanews.com, Voice of America, 16 July 2010, <http://www.voanews.com/english/news/american-life/Moving-for-Money-98594004.html>

### Recommendation #3: Provide a Variety of Program Offerings

While health and wellness is more than a set of activities, it is important for hospitals to offer a variety of activities to promote health within their organizations.

According to the survey results, there is a wide variety of program offerings by hospitals. While 74% of hospitals offer health risk assessments (HRAs), compared to 55% of all firms nationwide with more than 200 employees,<sup>16</sup> fewer than half of hospitals (47%) offer biometric screenings to employees. More intensive one-on-one activities, such as personal health coaching (37%) and a 24-hour nursing hotline (24%), are offered by even fewer hospitals.

#### How Do Hospitals Meet This Goal?

- All hospital wellness programs can include a health risk assessment (HRA) and a biometric screening.
- HRAs and biometric screenings only add real value if they are followed up by effective health coaching and participation in wellness programs.<sup>17</sup> Hospitals can implement at least one intensive coaching activity, based on the risks and health status of its employees.
- All hospitals can have smoke-free campuses and offer healthy food options. Hospitals are also encouraged to go a step further and make smoking cessation mandatory for all smokers and subsidize and/or only offer healthy food options in all hospital cafeterias and vending machines.
- Hospitals cannot view their wellness programs as static offerings. Every year, wellness program offerings can be reevaluated, and if necessary, adjusted to meet the evolving needs and preferences of employees.

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<sup>16</sup> The Kaiser Family Foundation and Health Research & Educational Trust Employer Health Benefits: 2010 Annual Survey, <http://www.hret.org/reform/projects/employer-health-benefits-annual-survey.shtml>

<sup>17</sup> Ha T. Tu and Ralph C. Mayrell, "Employer Wellness Initiatives Grow, But Effectiveness Varies Widely," National Institute for Health Care Reform Research Brief No. 1, July 2010: 1-13, <http://www.nihcr.org/Employer-Wellness-Programs.pdf>

## Recommendation #4: Provide Positive and Negative Incentives

Positive and negative incentives are effective in improving health and wellness program participation levels. Hospitals can use incentives to increase participation and to improve outcomes.

The survey results show that employee participation levels in wellness programs can be improved at most hospitals. Overall, most hospitals currently use more participation incentives than incentives based on program completion or outcomes. The survey results also show that a large minority (37%) of hospitals do not currently use incentives, and very few hospitals use negative incentives. Three out of four hospitals that offer incentives do not offer more than \$300 in yearly incentives.

### How Do Hospitals Meet this Goal?

- Hospitals can expand the use of incentives in order to improve participation levels. The literature shows that financial incentives are linked strongly to increased program participation.<sup>18</sup> For example, Ford Motor Company increased HRA participation from 4% to 85% by offering a \$600 deductible differential.<sup>19</sup> Most recently-surveyed benefits consultants and wellness vendors believe that at least \$100 is needed to motivate a single behavior.<sup>20</sup>
- Hospitals can experiment with various types of incentives and accurately measure their effect on participation and outcomes. Under ACA, the maximum reward or penalty allowed will increase from 20% to 30% of total cost of coverage by 2014, with an option for the federal government to raise this level to 50%.<sup>21</sup> If hospitals have no previous experience with offering incentives, they can start with positive incentives and, if necessary, move to negative incentives to increase participation.
- According to a recent survey, across industries, more firms are moving toward program completion and outcomes-based incentives.<sup>22</sup> As participation levels increase, hospitals can begin to shift toward more outcomes-based incentives.

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<sup>18</sup> Katherine Baicker, David Cutler, and Zuri Song, "Workplace Wellness Programs Can Generate Savings," *Health Affairs*, Vol. 29, No. 2: 304-311 (January 2010).

<sup>19</sup> Ha T. Tu and Ralph C. Mayrell, "Employer Wellness Initiatives Grow, But Effectiveness Varies Widely," National Institute for Health Care Reform Research Brief No. 1, July 2010: 1-13, <http://www.nihcr.org/Employer-Wellness-Programs.pdf>

<sup>20</sup> Ha T. Tu and Ralph C. Mayrell, "Employer Wellness Initiatives Grow, But Effectiveness Varies Widely," National Institute for Health Care Reform Research Brief No. 1, July 2010: 1-13, <http://www.nihcr.org/Employer-Wellness-Programs.pdf>

<sup>21</sup> Patient Protection and Affordable Care Act, Section 2705, United States Public Law 111-148, 23 Mar. 2010, 124 Stat. 119, <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf>

<sup>22</sup> Francesca Lunzer Kritz, "Healthcare perks may be harder to come by," *Los Angeles Times*, 19 April 2010, <http://articles.latimes.com/2010/apr/19/health/la-he-your-money-20100419-25>

## Recommendation #5: Track Participation and Outcomes

To track the success of their health and wellness programs, hospitals must first measure and increase participation and then build systems to track outcomes.

According to the survey results, there is a wide variation in the percentage of hospital employees participating in health and wellness programs, with 42% of hospitals reporting that at least half of their employees participate in one or more programs.

The survey results also show that hospitals use a variety of participation and outcome measures to evaluate the impact of their health and wellness initiatives. While many hospitals use participation measures such as the number of overall participants (79%), fewer use outcome measures such as the number of employees with cholesterol improvement (39%).

### How Do Hospitals Meet this Goal?

- Hospitals just beginning to develop robust wellness programs can first focus on measuring and increasing participation levels. Once participation targets are achieved, then hospitals can move on to tracking outcomes. Tracking outcomes before meeting participation targets risks creating a robust wellness program for only a small subset of employees.
- Hospitals can track participation targets in a number of ways, including the following metrics: number of overall participants, number completing an HRA, number exercising regularly, number enrolled in a smoking cessation program, and number enrolled in a diabetes management program.
- Hospitals can track outcome targets in a number of ways, including the following metrics: number who achieved weight loss, number who ceased smoking, and number with cholesterol improvement.



## Recommendation #6: Measure for ROI

A strong financial case accompanies the strategic mission of striving for robust health and wellness programs. To achieve ROI, hospitals must first commit to effectively measuring ROI over several years.

The literature and case examples demonstrate overall ROI across industries for employee health and wellness programs, and that wellness is correlated with improvements in innovation, engagement, retention, productivity, and performance.<sup>23</sup> The survey results show that while most hospitals struggle to measure ROI (93%), those that have effectively measured ROI show positive results. The literature and case studies show that demonstrating positive ROI usually takes at least several years.<sup>24</sup> Most hospitals are currently only collecting the data necessary to measure overall direct health care costs (49%). Fewer hospitals are looking at health care costs for specific subpopulations (23%) or at employee productivity metrics such as absenteeism (23%) or presenteeism (8%).

### How Do Hospitals Meet this Goal?

- Since finding a ROI normally takes at least several years, hospital leaders can ensure a multi-year commitment to measurement, evaluation, and improvement.
- If hospitals have no experience measuring ROI for their wellness programs, one solution is to start off small by robustly measuring ROI for a subset of wellness activities. Once ROI is effectively demonstrated for specific programs, hospitals can build on this success to garner the organizational commitment to measuring ROI for all wellness activities.
- It is important for hospitals that have not yet measured ROI to focus attention on finding effective metrics for their institutions. When measuring ROI savings, hospitals can use both health care cost savings and savings due to improvements in productivity (e.g., presenteeism and absenteeism). These “hard” and “soft” ROI numbers can be reported separately and collectively and shared with all employees.
- For validity, when measuring ROI of specific interventions or programs, hospitals can match employees who have undergone an intervention (e.g., diabetes management) with employees with similar behavioral and demographic characteristics who did not participate in the intervention.

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<sup>23</sup> Alistair Dornan, “The Wellness Imperative: Creating More Effective Organizations,” World Economic Forum in partnership with Right Management (A Manpower Company), 2010, <http://www.weforum.org/pdf/Wellness/RightMgmt-Report.pdf>

<sup>24</sup> Ha T. Tu and Ralph C. Mayrell, “Employer Wellness Initiatives Grow, But Effectiveness Varies Widely,” National Institute for Health Care Reform Research Brief No. 1, July 2010: 1-13, <http://www.nihcr.org/Employer-Wellness-Programs.pdf>

## Recommendation #7: Focus on Sustainability

For program effectiveness, hospitals must motivate employees over time, effectively communicate, and constantly reinforce wellness as a leadership priority.

The survey results show that two of the biggest challenges to employee health and wellness programs are motivating employees over time and managing financial constraints or limitations that inhibit sustainability. Getting better ROI data, providing more and different types of incentives to employees, and providing new programs to employees are cited as opportunities to overcome these challenges.

### How Do Hospitals Meet this Goal?

- Addressing sustainability is paramount, and hospitals can approach wellness as a constant activity, not a once-a-year event. It can be communicated from the board, CEO, and full executive team that health and wellness is a long-term priority for the hospital.
- Wellness programs can have dedicated resources (i.e., FTEs) to constantly communicate with staff, educate, and incentivize participation. It is vital to measure success and demonstrate results from the beginning. Appropriate resources can be devoted to data collection and analysis. Hospitals can use multimodal communication strategies, including email and text messages, to reach all employees and dependents of different ages and social and economic backgrounds.
- If implementing a full program at first is not possible, hospitals can start small, effectively measure improvements in health and improvements and ROI, effectively communicate success to all employees, and build on that success to expand to a full range of activities.
- Hospitals can change their wellness programs and incentives over time to maintain high levels of participation. Wellness programs should be varied enough to meet different preferences and needs of different groups of employees. Each program can be customized to meet the needs of the hospital and community that it serves.<sup>25</sup>

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<sup>25</sup> Ha T. Tu and Ralph C. Mayrell, "Employer Wellness Initiatives Grow, But Effectiveness Varies Widely," National Institute for Health Care Reform Research Brief No. 1, July 2010: 1-13, <http://www.nihcr.org/Employer-Wellness-Programs.pdf>