

# Establishing the evidence base for cost-benefit in workforce health programs

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# Economist perspective on WHP

**Employees spend 8.8 hrs/working day on work related activities  
(7.6 sleeping, 2.6 on leisure/sports)**

**~59% of Americans are covered by EBHI**

**~50% of private sector employees work for small firms  
(<500 employees)**

**~2/3 of firms with <200 employees offered coverage in 2010**

# Making the business case for WHP

- **Potential direct and indirect costs of poor employee health**

## Direct costs:

- Increased health insurance premiums
- Increased absenteeism
- Health related reductions in productivity

## Indirect costs

- Decreased morale
- Increased turnover
- Disability insurance and Medicare costs

# Benefits of a healthier workforce

## Potential benefits of improved employee health

### Direct benefits:

- Decreased health insurance premiums
- Decreased absenteeism
- Increases in productivity

### Indirect benefits

- Increased morale
- Decreased turnover

# The costs of WHP

- **Costs of a WHP may include**
  - **Programming costs (FTE's, consultations, tracking programs, etc)**
  - **Incentives for participation**
  - **Lost productive time**

# Current evidence on WHP cost-benefit

- Three recent meta-analyses of the evidence
- Two of these meta-analyses had broader inclusion criteria
  - Chapman (2005) found avg. ROI of 5.81 in 22 studies
  - Aldana (2001) found avg. ROI of 3.48-5.82 in 7 studies
- The third focused on those studies with a case-control design
  - Baicker, Cutler and Song (2010)

# Current evidence on WHP cost-benefit

- Baicker, Cutler and Song (2010)
  - Examined 36 studies
  - Backed out ROI for medical & absenteeism
    - ~3.27 when considering medical costs
    - ~2.73 when considering absenteeism

# Current evidence on WHP cost-benefit

- Baicker, Cutler and Song (2010)

## Of the programs included in these studies

- 2/3 were focused on weight loss and fitness
- 1/2 were focused on smoking cessation
- 4/5 included a HRA

Less than 40% offered incentives for participation or had individual counseling

# Evidence that incentives matter

- Volpp et al. (2009) show incentives may affect cessation

Employees were randomized to incentive groups versus information only

Rates of enrollment in cessation program were 15.4% vs 5.4%

Rates of cessation program completion were 10.8% vs 2.5%

Rates of persistent 6 month cessation were 20.9% vs 11.8%

Rates of persistent 6 month cessation were 14.7% vs 5.0%

Rates of persistent 15-18 month cessation were 9.4% vs 3.6%

# What's missing from the evidence

- While most of the published research evidence shows WHPs have a positive ROI, this may be due to underreporting or abandoned programs
- The full ROI has not been well measured, and this may understate the returns
- We need to assess which facets are effective to maximize the ROI of WHPs