**Designing and Managing Wellness Programs**

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**Background**

As health care costs continue to increase, employers and employees are searching for ways to keep these costs under control and as manageable as possible. Preventive health and wellness benefits are designed to help maintain or improve employees' behavior to achieve better health and to reduce health risks. By warding off health problems or lowering their incidence among employees, organizations hope to save on long-term health costs.

Recent studies illustrate the current scope and impact of wellness programs in the United States. According to SHRM's 2022 Employee Benefits Survey, 41 percent of employers provide wellness resources and information.

By offering employees the means and the educational tools to take control of their wellness, employers promote a healthier, more productive work environment. A well-executed program can reduce health care costs, augment productivity and increase employee retention, providing further support for the correlation between personal health and job satisfaction.

**Prevalent Wellness Programs**

Wellness benefits can take many forms, and they can be as simple or as complex as the employer desires.

Some wellness benefits help employees deal with preventable and chronic conditions such as obesity, high glucose and elevated cholesterol. Other wellness benefits are incentive programs designed to motivate employees to complete certain health and wellness activities such as annual health risk assessments, smoking cessation programs or weight loss programs.

Often employers offer preventive health and wellness information through varied channels, including wellness publications or health fairs, to help make employees aware of wellness issues and provide them with tools to live a healthy lifestyle. In addition to these common types of wellness benefits, employers may offer programs and activities such as a 24-hour nurse line, CPR and first-aid training, massage therapy services, or onsite nap rooms, sick rooms or medical clinics.

Before implementing a wellness program or initiative, an organization should carefully consider the possible costs, advantages, levels of employee participation and potential legal concerns. Some popular wellness activities include the following.

**Vaccination Clinics**

An easy way to begin a workplace wellness program is to host or participate in a vaccination clinic. Many employees already arrange for annual vaccinations on their own, but an employer's support for vaccinations can make it easier for employees to get them—and increase the numbers of employees who do. Such support can also help employees get used to the idea that the employer can have a beneficial role in their health maintenance.

**Nutrition Education**

Nutrition-oriented wellness efforts focus on matters such as obesity (which affects organ function and mobility), salt intake (which affects blood pressure) and carbohydrate intake (which affects diabetes).

Larger organizations with their own cafeterias can encourage healthy eating by designing various healthy menus. Smaller organizations can offer healthy foods at staff meetings in lieu of the standard fare of unhealthy snacks.

The Workforce Nutrition Alliance offers a [nutrition education guidebook](https://workforcenutrition.org/webapi/public/guidebook_nutrition_education.pdf) to assist employers in building nutrition education campaigns in their workplaces.

**Exercise Programs and Activities**

Another key component of wellness is regular physical exercise. Walking or other low-impact aerobic exercise programs can be organized at the worksite before and after work or during meal breaks or designated exercise breaks. These are low-cost alternatives to having an onsite health club or paying for memberships at a fitness center.

**Fitness Centers and Fitness Club Memberships**

Onsite fitness centers can be an excellent employee benefit, but employers should be aware of the potential costs and the liability issues involved, including the following:

* The facility and the equipment will require significant overhead costs.
* Trained staff may be needed to instruct employees on proper exercise techniques.
* Providing an onsite fitness center may attract only employees who are already fit, and those who are out of shape or intimidated by a health club environment will not benefit.
* Employees who are injured while engaging in onsite aerobics or resistance training may be eligible for workers' compensation.

Consequently, paying for employee fitness club memberships may be a prudent alternative approach. There would be no liability on the organization's part, and employees would probably benefit from the availability of childcare, a greater variety of aerobic programs and more flexible hours of operation.

**Health Screenings**

Health screenings often measure blood pressure, total cholesterol, triglycerides, glucose, waist and hip size, weight, height, body fat percentage, and body mass index (BMI). A test of aerobic capacity is also a good indicator of a person's overall fitness. Employees can use their screening results to compare their health with averages for a larger population.

Screenings typically take 15 to 20 minutes and are done during work hours. In larger organizations, the employer's medical department can provide health screenings. Organizations that do not have medical facilities can arrange for screenings through their health care providers or through the proliferating number of companies in the wellness business.

Employees may have varied perceptions of health screening programs. Many employees view them as a free health benefit; other employees may see them as an intrusion into their private lives. An employer must ensure that health screenings do not violate the Health Insurance Portability and Accountability Act (HIPAA) or the Genetic Information Nondiscrimination Act (GINA).

**Health Risk Assessments**

Health risk assessments have become valuable tools for helping employees understand and start to manage their health. However, it can be challenging to persuade employees to fill out a risk assessment and, more important, to persuade them to use the resulting insights to become proactive about their health.

Popular incentives include cash, reductions in employee contributions to health insurance premiums and employer contributions to the employee's health savings account or flexible spending account. Other incentives range from T-shirts or hats to lower health care costs in the form of reductions in deductibles, co-payments and co-insurance.

A few employers make risk assessment participation a requirement for health care coverage eligibility, a strategy that creates its own legal risks. Employers that institute health risk assessments within their workforces must be mindful that the Americans with Disabilities Act (ADA) and GINA allow employers to offer voluntary wellness programs but prohibit them from requiring involuntary disclosure of disability-related information and genetic information.

Under the ADA, health- and disability-related inquiries and employee medical examinations must be completely voluntary, but employers can ask for medical information if they reasonably believe that employees will be unable to perform an essential function of the job because of a medical condition or will pose a direct threat to themselves or others because of the condition.

**Weight Loss Programs**

Obesity is a major wellness challenge in the U.S. workforce, contributing to a host of health problems. Managing obesity within the workforce can involve nutrition, exercise and mental health programs. Employers interested in sponsoring weight loss programs for employees have a variety of options, including the following:

* Offering onsite classes through weight loss providers.
* Providing discounts for employees to attend offsite classes.
* Participating in weight loss programs from universities, hospitals and other health care providers.
* Referring employees to weight management content on their insurers' websites.
* Providing access, via health insurance plans, to coaches, health advocates and online tracking tools.
* Contracting with vendors to offer online and telephone-based programs that enable employees to work with coaches to address lifestyle management issues, including weight management.
* Sponsoring campaigns such as giving employees pedometers and having them pledge to walk 10,000 steps a day.

Employer-sponsored weight loss initiatives may also include exercise programs, fitness centers, nutritional education and food options, and incentives for participating in a weight loss program.

**Smoking Cessation Programs**

Providing tobacco-cessation programs can improve employees' health and longevity while cutting health care expenditures and improving employers' bottom lines. Such programs can include the following:

* Mandating a smoke-free workplace and creating a culture of quitting with effective marketing and messaging.
* Encouraging health risk appraisals and tobacco counseling from employees' own physicians.
* Providing access to telephone quit lines.
* Covering pharmacological therapy on a first-dollar basis—that is, without deductibles or other cost-sharing.
* Eliminating employee co-payments for cessation-related expenses and providing other incentives.

**Stress Reduction Programs**

Although stress at a certain level can be an effective motivator and may spur productivity, employer-sponsored stress reduction programs can help participants understand when their stress has become unhealthy and has affected aspects of their personal and professional lives. Given the potentially severe personal and financial costs of excess stress on employees, employers should consider increasing wellness program efforts in this area. Some common programs and practices include the following:

* Employee assistance programs (EAPs). These programs are the main strategy that 73 percent of employers around the globe use to address employee stress.
* Work/life balance programs and flexible work schedules.
* Stress management resources, including books, music and online resources.
* Concierge services.
* Yoga classes.
* Onsite nap rooms.

**Financial wellness**

Financial wellness programs typically seek to improve employees "financial literacy" by addressing challenges such as creating and maintaining a household budget and taking steps to reduce long-term debt. Other frequently addressed topics include savings for milestone events such as buying a home or funding a college education.

**Health and Wellness Incentives**

Employers are increasingly relying on incentives to motivate employees to take part in wellness programs and to improve their health-related behaviors.

Employers use several different types of incentives to encourage employees to participate in health improvement programs. These include offering cash and gift cards and making additional contributions to health savings accounts. Also, some employers reduce their contributions to health plans if employees do not engage in any programs.

Many experts say health premium reductions are the most effective incentives for persuading employees to participate in wellness initiatives. Such discounts, which are becoming more popular with employers, may be offered to employees for getting an annual risk assessment, participating in a weight loss program or not using tobacco products.

Employers should make sure their wellness incentives are designed so they do not inadvertently lead to unhealthy behaviors. For example, a per-pound weight loss incentive with no limits may encourage unhealthy weight loss practices. Or an incentive for attending a fitness center that expires after one year may result in employees ending their regimens.

Employers have a great deal of latitude in designing employee wellness plans, and the list of options goes beyond those previously described.

**Managing a Wellness Program**

Certain components of a wellness program are critical to its success. In addition to adopting a variety of proven wellness program management methods, organizations should take steps to increase employee participation and engagement in wellness programs and activities.

**Increasing Employee Participation**

Effectively designed and managed wellness programs will not succeed without sufficiently high levels of employee participation and engagement to achieve program goals.

A more customized approach to wellness program participation may increase participation levels. Best practices in this regard include the following:

* **Identifying prospects with smart communications.** With appropriate authorization in place, organizations can use data from health risk assessments, claims data or personal health records (including electronic medical records, if available) to identify participants who have an epidemiological need and are ready for change. The best way to customize a participation program is to send personalized messages.
* **Broadening the reach with a tailored promotional campaign.** HR should work with program providers to create a strategic communications plan tailored to the employer's brand, population and health initiatives.
* **Increasing motivation with best-in-class incentive campaigns.**Incentive campaigns that provide employees some extra motivation to get involved—and stay involved—gain the greatest participation rates.

**Increasing Employee Engagement**

Engagement in the wellness program context refers to employees' active involvement and commitment to personal wellness and to the organization's wellness programs.

Organizations that want to maximize wellness program engagement should be aware of the various influences and obstacles affecting engagement, such as the following:

* Family and loved ones are strong motivators for healthy change but could present barriers because of their strong influence on the employee's behavior.
* Employees need the confidence to act, and they need the tools, resources and support to get started.
* Employers need to focus on gaining employee trust, which tops the list of barriers to participation in worksite health programs.
* Co-workers can exert a major influence on employees to become involved in worksite programs, and so can senior management if organizational morale is high.
* Employees want clear and concise communications about coverage, cost, choice and benefits changes.
* Employees prefer activities that are personalized and targeted to their specific needs and that support work/life balance. Consequently, employers need to move beyond traditional programs that focus only on health risk factors.

Adhering to the following rules of engagement can help employers maximize the ROI on employee wellness program endeavors:

* **Keep it relevant.** A wellness program should speak to all interests and concerns of employees, be clearly aligned with corporate goals and be linked to incentives that are personally or financially meaningful to employees.
* **Make it social.** Recent research demonstrates how behaviors tied to obesity, alcohol consumption and smoking travel through social networks. According to social learning theory, peers—those we like and respect—encourage behavior change by modeling and supporting it. Successful programs take a "we're all in this together" approach with relevant health-enhancing activities within a social network.
* **Stay positive.** Employers should opt for positive approaches for improving well-being, such as those that are improvement-oriented, that encourage rather than threaten and that reward rather than punish. When people feel good about themselves and what they are doing right, they have the fortitude to tackle what is not working.
* **Integrate.** Employers typically contract with multiple vendors to provide a variety of services, such as wellness, training, ergonomics, EAP, disease management, screening, vaccination and others. To help employees navigate the various offerings, HR should seek vendors that are open, partner-friendly, integration-oriented and, most important, determined to make a potentially complex user experience simple for employees.
* **Play it safe.** Organizations with wellness programs should ensure that they have covered all the bases regarding data integrity, safety, security and regulatory compliance. Wellness incentive programs need a clear set of rules that are reasonable and fair. Getting these details right will inspire employees' confidence, earn their respect and win their engagement.

**Legal Issues**

Numerous legal issues and compliance requirements are related to wellness programs. Federal laws that apply to the design and management of wellness programs include the following:

* Americans with Disabilities Act (ADA).
* Genetic Information Nondiscrimination Act (GINA).
* Health Insurance Portability and Accountability Act (HIPAA).
* Patient Protection and Affordable Care Act (PPACA).

**Americans with Disabilities Act and the Genetic Information Nondiscrimination Act**

The Americans with Disabilities Act (ADA) and Genetic Information Nondiscrimination Act (GINA) generally prohibit employers from collecting employee health and genetic information. But both laws have an exception that permits the collection of such information as part of employer wellness plans, as long as an employee provides such information voluntarily. A wellness program is voluntary if employees are neither required to participate nor are penalized for abstaining.

In 2016, the EEOC issued a rule under the ADA and GINA stating that employers could implement penalties or rewards of up to 30 percent of the cost of employee-only health care coverage to encourage employees to disclose ADA- and GINA-protected information without causing the disclosure to be involuntary. The rule took effect Jan. 1, 2017.

However, AARP sued, contending that a 30 percent incentive or penalty made an employee's disclosure of ADA- and GINA-protected information involuntary. In the summer of 2017, a district court agreed with AARP and sent the regulations back to the EEOC for further revisions. In December 2017, the court then vacated the regulations, effective Jan. 1, 2019.

Therefore, until the EEOC released new proposed regulations, employers must work with their attorney to determine whether a monetary incentive (and how much) is right for their organization.

**Health Insurance Portability and Accountability Act and The Affordable Care Act**

HIPAA prohibits group health plans from discriminating against individuals based on health-status factors. The law divides wellness programs into two general categories: participatory wellness programs and health-contingent wellness programs. In participatory programs, rewards are based only on an employee's involvement, and in health-contingent programs, incentives are attached to outcomes. *See* [HIPAA and the Affordable Care Act Wellness Program Requirements](https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/caghipaaandaca.pdf).

Health-contingent wellness programs generally reward individuals who meet a specific standard related to their health. Examples of health-contingent wellness programs include programs that provide a reward to those who do not use or decrease their use of tobacco, or programs that reward those who achieve a health-related goal, such as a specified cholesterol level, weight or body mass index, as well as those who fail to meet such goals but take certain other healthy actions.

**Health-contingent wellness programs are required to follow five main standards related to nondiscrimination:**

* Participants must be given the opportunity to qualify at least once per year.
* The incentive or penalty must be limited to 30 percent of the cost of the premium for the health plan and 50 percent for programs related to reduction of tobacco use. (Keep in mind, an incentive of 30% is not currently allowed under the ADA and GINA).
* The program must be reasonably designed to promote health or prevent disease.
* The program must be uniformly available and provide a reasonable alternative for participants.
* Notice must be provided of the availability of a reasonable alternative.

Participatory wellness programs are generally compliant with HIPAA so long as participation in the program is made available to all similarly situated individuals, regardless of health status. There is no limit on financial incentives for participatory wellness programs.

**Examples of participatory programs that would be in compliance are as follows:**

* A program that reimburses all or part of the cost of membership in a fitness center.
* A diagnostic testing program that provides a reward for participation rather than for outcomes.
* A program that encourages preventive care by waiving the co-payment or deductible requirement for the costs of services like prenatal care or well-baby visits.
* A program that reimburses employees for the cost of a smoking cessation program without regard to whether the employee quits smoking.
* A program that provides a reward to employees for attending a monthly health education seminar.

The Affordable Care Act requires that employees be offered a waiver or a "reasonable alternative standard" to earn the incentive if it is unreasonably difficult for them because of a medical condition or if it is medically inadvisable for them to satisfy a health standard during the incentive period. One way to design a reasonable alternative standard is to combine a points system with a menu of program options personalized to the participant's health needs and to offer the support of a health coach to guide participants through the process.

**Communications**

Regardless of the types of wellness program initiatives an organization decides to adopt, effective communication is key to gain the level of employee participation and engagement in the program necessary to reap expected benefits. Employers should use communication to create a social culture where being healthy is valued. This can be done in many ways using well-established techniques of marketing and changing behavior, such as the following:

* An attention-generating program rollout.
* A wellness program logo and slogans for various components of the program, such as "Every Body Walk Now," "Wellness Wednesday," "Recess" or "Time Out for Tai Chi."
* Visible endorsement and participation by upper management.
* Education of employees about wellness based on sound research.
* Persuasion of employees based on anecdotal situations.
* Sustaining the message and the program over several years.
* Multiple avenues of communication such as e-mail, fliers and presentations.
* Repetition of the message.
* Keeping the message fresh with new information.

Employers should discuss legal considerations in wellness program communication with an attorney. Considerations include the following:

* Acquire informed consent from all employees who participate in the program.
* Communicate to employees that they should consult with their doctors, trainers or nutritionists before starting any diet, exercise or weight-loss program.
* Provide a clear statement that employees assume the risks of their wellness activities.

Organizations should inform employees that they are protected under HIPAA and the ADA, which ensure that the medical information they voluntarily provide to HR will be kept private, and that if it is medically inadvisable or unreasonable for them to attempt any standard of the program, another method will be designed so the employee can earn an equivalent reward.

**Metrics**

Applying metrics helps measure wellness program success. Employers should examine not only program participation but also the ROI that the organization sought in launching the program. Key questions that an organization may wish to ask itself in measuring program effectiveness include the following:

* Has the number of sick days decreased since the program was launched?
* Have the number and costs of health insurance claims decreased?
* Has productivity increased?
* Has workplace stress been reduced?
* Has the workforce become less obese?
* Has the workforce become more physically fit?
* Has tobacco use among employees gone down?
* Has the program reduced addiction problems?
* Have workplace injuries decreased in number and severity?
* Has employee engagement improved?
* Has retention been improved?

Employers should be prepared to wait three to five years to see the real ROI on wellness programs. Employers should also be cautious about implementing too many changes after they launch a wellness program because the more changes there are, the harder it will be to reliably measure ROI.

**Technology**

Traditional wellness programs rely on hard-copy handouts, instructor-led classes and coaching in person or by telephone. All are difficult to deliver when employees work at multiple sites, and they can be quite costly. Today, web-based solutions can deliver the same information to a limitless number of employees, 24 hours a day, from any location with Internet access and for a fraction of the cost.

Online solutions should be one part of a coordinated wellness program, not a substitute for offline wellness programs. Online wellness offerings vary widely, as do their costs. For example, online solutions can provide basic nutrition and support for physical activity. An open-access site can provide a forum for individuals and groups to set health goals, track progress and share experiences through bulletin board postings and blogs.

Employers can create private teams and invite employees to join by e-mail via a hyperlink. More sophisticated solutions include capabilities such as online health risk assessments; digital health coaching; disease management and support modules; and automated, personal medication, diet and exercise reminders

**Online wellness programs offer many advantages over traditional approaches:**

* Scalability is one of the most obvious benefits of online delivery. In the past, health and wellness initiatives were often limited to employees at headquarters. Organizations with multiple sites or with large numbers of field or remote employees had difficulty distributing, collecting and tracking information.
* Online wellness programs can provide customized information. Many web-based wellness programs can populate a report of current health issues and recommended goals and action plans based on the results of an employee's health risk assessment.
* Technology can also improve the affordability of typically expensive high-touch interventions, such as instructor-led education and coaching. For example, web-based personal coaching can effectively simulate a face-to-face or telephone coaching experience for about one-fifth the cost.
* If implemented correctly, web-based wellness programs offer tremendous savings in the cost of delivery.
* Younger employees are accustomed to accessing information and services online, and they may prefer online wellness solutions over more traditional approaches. However, with the fastest-growing group of Internet users being older adults, technology-based health interventions, such as digital health coaching, can be a good fit for the Baby Boom generation as well.
* Many online wellness programs offer robust reporting, allowing employers to stratify, compare and contrast aggregate data in a few keystrokes. This allows sophisticated analyses such as tracking a disease management module's effect on participants' key disease markers or identifying a hidden issue that puts many employees at risk. Web-based programs report only aggregate data, so individual results cannot be connected to specific employees. Before partnering with any web-based provider, employers should ask how employee information is protected and verify that the provider's site is HIPAA compliant.
* Providing wellness tools through a web-based, third-party provider may actually help alleviate employees' privacy concerns. For this reason, some web-based wellness vendors advise against co-branding wellness sites. Although the look of many off-the-shelf HR technologies can be tailored to an employer's corporate identity, some see that as a liability in this arena.

**Additional Resources**

**Forms**

[Sample Notice for Employer-Sponsored Wellness Programs](https://www.eeoc.gov/laws/regulations/ada-wellness-notice.cfm)

**Information tools**

[Surgeon General’s Framework for Workplace Mental Health and Well-Being](https://www.hhs.gov/surgeongeneral/priorities/workplace-well-being/index.html)

[EBSA Wellness Program Information](https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/affordable-care-act/for-employers-and-advisers/wellness-programs)

Transamerica Center for Health Studies: [Finding Fit: Implementing Wellness Programs Successfully](https://transamericainstitute.org/workplace-employers/uc-berkeley-collaboration)