

Redbourne

Healthier employees, happier employees

Making a real difference

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Background

Modern life throws challenges at all of us and the search for a well balanced existence in today's hectic environment is high on the agenda. There's more to health than just how long it's been since you last saw your GP – it's about feeling good about life and being able to function fully. A general state of well-being incorporates health, happiness and a feeling of prospering. In the employee context, this is often associated with the physiological contract that exists between an employer and an employee. Many factors contribute to the success or failure of this relationship but research shows that delivering an employment environment that promotes good health can deliver real business benefits.

Employees are often offered a range of support products and services which include health insurances, access to counselling and a variety of other "add ons", which may or may not be particularly valued by employees. Often these have been implemented in a piecemeal way with little ability to measure the impact each has on the health or performance of the individual or the business.

The problem with these services is that they are of little value to employees until they need to use them. Certainly this will apply to the insurances because that's what insurance is: protection against a risk. Herein lies the problem – most health related employee benefits are really about protection against being unwell. They are there to help when things go wrong. For example, something like a stress counselling helpline will only be used by employees with stress related issues.

If employee health is one of the leading factors defined by well-being then what are employers doing to support this aspect? A few will be employers are embracing positive agendas for improving employee health and, of course, the legislators are also becoming involved in workplace health - the recent smoking ban being a great example.

Are lifestyle choices really a problem?

Simply put, yes. One in two long-term smokers will die prematurely as a result of smoking – half of these in middle age. The most recent estimates show that around 114,000 people in the UK are killed by smoking every year, accounting for one fifth of all UK deaths¹. Deaths caused by smoking are five times higher than the combined total from traffic accidents, poisoning and overdose, alcoholic liver disease, other accidental deaths, murder/manslaughter, suicide and HIV infection in the UK during 2002².

Another leading contributory factor to poor health is physical inactivity and diet. As an example, it is estimated that up to 1 out of every 11 deaths in the UK can be attributed to obesity.

What this demonstrates is that poor health is now largely down to the lifestyle choices that people make. A recent World Health report found that 7 out of the top 10 diseases affecting

¹ Peto, R. et al Mortality from smoking in developed countries 1950-2000 (2nd edition) Oxford University Press

² Mortality statistics 2002., Office for National Statistics, 2002; General Register Office for Scotland, 2002; Registrar General Northern Ireland, Annual Report, Statistics & Research Agency, 2002

the developed world had strong links with lifestyle factors. This shift is being recognised in public health practice with campaigns like the “Small change, big difference” from the Department of Health which encourages people to make minor changes to their lifestyles to give them a better chance of living longer, healthier lives. Another good example is the “5 a day” fruit and vegetable campaign from the NHS.

Why bother?

Employers have statutory requirements to care for their employees but need to go further than this as part of a strategy to develop positive relationships with their employees. In addition, employee absence costs need to be controlled and the use of employer funded health and other support services can provide support for employees when things go wrong. Good health management helps control insurance as well as payroll costs.

In practice, this means that some employers pay for private medical insurance and counselling services, whilst others may also provide access to discounted or subsidised health clubs and more senior executives get employer funded health screening. The challenge for most organisations (especially in small and medium sized sectors) is the high costs associated with providing employees with all these benefits and how to develop an integrated strategy that benefits their business.

This leads back to the fundamental problem with the current market for these services – they generally fail to recognise the shift towards unhealthy lifestyles being the predominant cause of illness and most still seek to cover the costs of treatment with little or no emphasis on health promotion.

Developing a strategy for better health

There are 3 key areas that can be supported to help encourage better employee health:

- Provide strong incentives to change behaviour towards a healthier lifestyle by providing immediate value/incentives
- Provide choice and education to enable your employees to engage with the program
- Support employees who suffer poor health

A new approach

A new breed of healthcare providers has recognised the drawbacks of the traditional methods of dealing with employee health related issues and have developed innovative solutions of integrated well-being and positive health elements that deliver employee engaged solutions founded on the key areas shown above.

As an example, one of these packages provides attendance based discounts at leading health clubs which enable employees to pay nothing for their gym memberships, a saving of up to £900 per employee per annum.

Other health driven discounts cover health screening, stop smoking courses and health spas.

Employees can also undertake a wide range of health related activities ranging from regular exercise to check ups at the GP. All these activities are measured using advanced online systems and generate a health score which is used to provide a range of rewards (cash back, discounts, etc).

What makes these plans different is that they are based on positive aspects of health and benefit every employee rather than just claimants. This marks a fundamental shift in the recognition that lifestyle is now a leading factor in health and delivers the tools to employers to enable them to do something that has a positive and measurable impact.

Value to the employee

Typically costing about the same as traditional private medical insurance, these plans deliver enormous additional value in both nominal terms (up to £2,000 per employee per annum)³ and improve the physiological contract with the employee by providing an environment focussed on health and well-being. On top of this, and as part of a carefully managed program, absence costs can also be reduced.

Cash incentives are used to discourage non-essential claims leading to a more responsible approach. Rather than penalise employees that claim, those that do not are rewarded with cash. The amount of cash is based on their level of engagement with the scheme, another positive message.

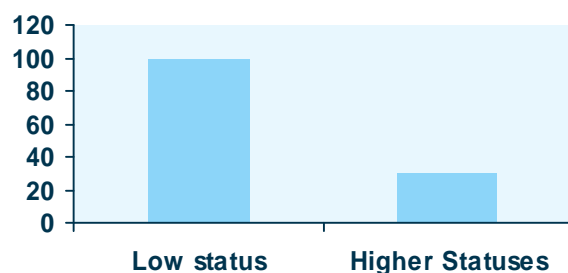
Does it work?

In order to work, these programs need to change behaviour. One of the leading UK providers of integrated employee well-being plans showed that 48% of employees in this type of scheme believed their health had improved. Research by another leading global provider, Discovery Health, showed that over 60% of plan members were exercising more frequently and had improved their diets.

Also, their research showed that over time there was an increase in the use of health related engagement activities (gym use, health screening, etc) as more people made personal decisions to become involved with improving their health.

In terms of claims, which contribute to the cost of health cover to employers, employees that engage with the programs show a significant reduction in the claims (see chart 1). Combinations of general health improvements have a positive impact on controllable health issues (i.e. those related to lifestyle) and cash incentives help reduce non-essential claims.

Chart 1 - Relative health claims



Looking ahead

Employee well-being will continue to be high on the HR agenda as organisations strive for higher employee productivity whilst working to improve the quality of the working environment they provide. Positive health promotion will become increasingly important and is one of the areas that an employer can make a real difference by empowering employees to take control and change their behaviour.

Whilst these types of plans are currently rare in the UK, we expect to see them become prevalent over the coming years in line with good practice by employers and in parallel with a more positive and preventative approach to health care from the state.

³ Based on £900 per annum health club discount, £475 health screen discount, £350 cash back, £100 personal health fund, £175 Champneys Spa discount

About the author

Richard Stewart has over 20 years experience as an employee benefit consultant and works with organisations to develop high impact employee benefit offerings with a strong emphasis on innovation and communication. He has written employee benefit guides for Tolley's and is a regular commentator on employee benefit issues.

About Redbourne

Redbourne specialise in the implementation and administration of modern employee benefits for smaller and medium sized employers. They offer advice across all benefit types and also provide a full management service backed by their advanced online systems. They work with a range of leading UK businesses to deliver innovative and high impact employee benefit arrangements.

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