

# Workplace wellness programs can cut chronic illness costs

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Workplace wellness programs can lower health care costs in workers with chronic diseases, but components of the programs that encourage workers to adopt healthier lifestyles may not reduce health costs or lead to lower net savings, according to a new RAND Corporation study.

Examining a large [employee wellness program](#) offered by PepsiCo, researchers found that efforts to help employees manage chronic illnesses saved \$3.78 in [health care costs](#) for every \$1 invested in the effort.

However, the program's lifestyle management components that encourage healthy living did not deliver returns that were higher than the costs. The results are published in the January edition of the journal *Health Affairs*.

"The PepsiCo program provides a substantial return for the investment made in helping employees manage chronic illnesses such as diabetes and heart disease," said Dr. Soeren Mattke, the study's senior author and a senior natural scientist at RAND, a nonprofit research organization. "But the lifestyle management component of the program—while delivering benefits—did not provide more savings than it cost to offer."

RAND researchers say that with any prevention effort, it is often easier to achieve cost savings in people with higher baseline spending, as found among those who participated in the PepsiCo disease management program. Interestingly, the disease management participants who also

joined the lifestyle management program experienced significantly higher savings, which suggests that proper targeting can improve the financial performance of lifestyle management programs.

"While workplace wellness programs have the potential to reduce health risks and cut health care spending, employers and policymakers should not take for granted that the lifestyle management components of the programs can reduce costs or lead to savings overall," Mattke said.

Workplace health and wellness programs are becoming an increasingly common workplace benefit in the United States. The federal Affordable Care Act has several provisions designed to promote such efforts as a way to lower health care costs.

A recent RAND study conducted for the U.S. Department of Labor found that about half of U.S. employers with at least 50 workers and more than 90 percent of those with more than 50,000 workers offered a wellness program during 2012.

The current RAND study provides an assessment of over seven years of PepsiCo's Healthy Living wellness program. The program includes numerous components, including health risk assessments, on-site wellness events, lifestyle management, disease management, complex care management and a nurse advice phone line. The study evaluated the experiences of more than 67,000 workers who were eligible for the disease management or lifestyle management programs.

Researchers found that the disease management program reduced costs among participants by \$136 per member per month, or \$1,632 annually, driven by a 29 percent drop in hospital admissions. Among people who participated in both the [disease management](#) and lifestyle management programs, the savings were \$160 per month with a 66 percent drop in hospital admissions.

People who participated in the lifestyle management program reported a small reduction in absenteeism, but there was no significant effect on [health care](#) costs.

Provided by RAND Corporation

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