

EMPLOYEE WELLNESS IS A BOTTOMLINE BUSINESS ISSUE

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The healthcare of South Africans in the workplace should be one of the top priorities of employers; but evidence across many industries reflects a dire situation which suggests employers do not have employee's wellness top of mind. The backbone of employees' wellness borders on the disastrous, and this is exacerbated through the huge failure of service delivery in the public sector and the unaffordability of medical schemes to the bulk of the employed population. Despite this burning platform, the government's plan to reform healthcare through the National Health Insurance (NHI) -- although highly commendable -- also raises concern because it may not roll out in the foreseeable future on a national level.

In the meantime medical scheme contribution rates are continuously raising the bar for employers and their employees. The *2012-2013 Annual Report of the Council for Medical Schemes* reveals that medical schemes have an average annual increase rate of four percentage points more than the national inflation rate of 5.90% (as measured by the Consumer Price Index). Simply put, employees must expect an average of 10% increase in their medical scheme contributions each year. In real terms, given the downturned economy, employees are generally getting less medical benefits as they are unable to keep abreast with the rising medical scheme contributions. When medical scheme contributions continue to exceed inflation rates, and whilst employee salary increases are also below this threshold, there's no denying that circumstances such as these become unsustainable with negative implications upon business practices. Expectedly, in response to the escalating medical scheme contributions, employees tend to downgrade their medical scheme benefits to lower options, whilst forking out more and more healthcare expenses from their own pockets. For employers, the increase of healthcare costs -- combined with high levels of labour unrest, absenteeism, including non-communicable diseases and disability claims -- is a relentless burden and is becoming increasingly more difficult to manage. Moreover, statistics surrounding unhealthy behaviour and morbidity (illness and disease) is rocketing.

The recently released *SA National Health and Nutrition Examination Survey* showed that South Africans suffer from a quadruple burden of disease: from HIV and AIDS, Tuberculosis (TB), high levels of maternal and child mortality, intentional and non-intentional injuries and non-communicable diseases. Non-communicable conditions such as cardiovascular diseases, diabetes, cancer, chronic respiratory diseases, mental disorders, oral and eye diseases and muscular skeletal disorders contribute to a significant level of employee absence and morbidity. However more than half of South Africans who have these health risk conditions are undiagnosed and do not receive any primary health care or treatment. Clearly, the outcome of this deteriorating health status of employees (and their families) places greater burdens upon their employer organisations to remain productive and sustainable, and it worsens as more employees struggle to maintain a healthy lifestyle and to afford the care they need. Expectedly employers must take some of the responsibility, especially where the working environment and conditions exacerbate the employees' ability to promote their overall health and wellness.

Health and productivity management

As part of the national strategy against non-communicable disease, the Department of Health ('DoH') has adopted a "whole of society" approach. This strategy emphasises the prevention of illness and the promotion of health as well as care and treatment of the sick which is to be achieved by 2030. The goals stated in the DoH's *Declaration for Prevention and Control of Non-Communicable Diseases* should in fact



be adopted as part of an employer's strategic objectives, as it directly affects their employees, including their productivity and profitability. These targets include the reduction of tobacco use, alcohol consumption, salt intake, high blood pressure and cervical cancer. The Declaration also targets increased levels of physical activity and health screenings for hypertension, diabetes, asthma and mental disorders. Whilst the Deputy Minister of Health, Dr Ramokgopa made it clear that more investment in innovation, scientific enquiry, health system reforms and legislative interventions are required, she neglected to mention *who should be responsible* for these interventions. At this point in time it seems inevitable that the fight against non-communicable disease and healthcare reform can only be achieved with the support and collaboration of public-private partnerships (PPP). Obviously employers are profoundly affected, and they will increasingly be required to contribute towards government's initiative, presumably through the employer's corporate social and sustainability imperatives. Clearly in order to improve the overall wellness of employees, employers who are unprepared for this level of partnership will require the implementation of sustainable health and productivity management systems that benefit the well-being of employees, not least their bottom line.

Employee health and productivity management systems, also known as *workplace wellness programmes*, are well organised employer-sponsored initiatives that are designed to support employees (and their families) to adopt a healthy lifestyle that reduce employee health risks and improve their quality of life. These programmes are designed to enhance personal effectiveness in the workplace, whilst at the same time contributes towards the efficiency of the organisation. Workplace wellness programmes culminate in the *intentional management* of an employee's health, such where the employer seeks to avoid unnecessary employee related injuries, chronic illnesses, etcetera. Programmes of this nature furthermore aim to reduce an employee's total health-related costs, while at the same time promoting their overall wellness. The ultimate goal behind an effective health and productivity management system is to address the burden of medical expenditures, unnecessary absence and lost performance from work in order to increase the organisation's profitability.

There are a number of characteristics that differentiate health and productivity management systems from other healthcare initiatives. One such differentiator is the fact that effective workplace wellness programmes manage organisational performance through optimal employee wellness. In addition, an effective programme will be thorough, integrated, and a pro-actively managed process. Workplace wellness programmes that are optimal, must be built upon honest commitment on the part of the employer, and designed to care, support and develop all the organisation's employees. For it to be sustainable, the programme must be multi-dimensional, with strength-based change processes that assists employees to flourish both within and out the organisation. Health and productivity management systems promote sustainable business development and an organisation's performance. Considering that organisations are increasingly expected to provide an integrated report covering its *profit, people and planet* factors, organisations will need to show their commitment towards improving the 'health' of all three areas within their internal and external supply chains. Accordingly, it is therefore important that employers understand the critical role they play, including their responsibility to assist in combatting non-communicable diseases in this country.

Getting it wrong

A typical management pitfall occurs when organisations half-heartedly implement so-called "employee wellness programmes" but in reality, these programmes are no more than commoditised loyalty programmes which masquerade to attract employees who specifically align themselves with organisations that implement employee wellness programmes. These "employee wellness programmes" contribute very little toward behavioural change, neither do they manage the overall risk of the organisation. Employers should carefully consider whether outsourced employee wellness programmes or additional medical scheme support services are the ideal health and productivity management



solution? In order to realise the significant business benefits, workplace wellness programmes should be customised to address specific corporate governance, risk management and compliance challenges as they relate to wellness programmes. Best practice health and productivity management programmes are subject to accurate management information and they should continuously monitor and evaluate the employee's health care and behavioral practices. Organisational outcomes such as the return of the investment (or costs thereof) derived from wellness interventions should be regularly monitored, evaluated and the programme's progress and impact should be reported to top management, including the board. When the business case for employee wellness is properly managed, members of the board will be able to ask questions such as:

- What is the total direct cost of employee health for the organisation in absolute terms?
- What is the total direct cost of employee illness for the organisation as a percentage of payroll?
- Which risk management procedures should be implemented if the direct cost attributed to employee health is in excess of 30% of payroll (as is often the case)?
- Do medical scheme contributions count for the bulk of employee health care and do these costs escalate faster than the organisation's salary rates?
- What is the prevalence rate for obesity, diabetes, stress, hypertension, cardiovascular disease and of substance abuse amongst the entire workforce? (i.e. not only the minority who participate in health risk assessments on wellness days)
- Is the health and wellness profile of the top-performing employees and executives, as measured against the mediocre performers, noted in the organisations' remuneration, incentive and succession plans?
- What is the economic value for an engaged, committed, thriving, healthy employee?

Respectively, the board of directors and senior management are primarily accountable and responsible to disclose, and to manage the organisational risks which are attached to their human capital. However, they may have both inadvertently given the control (and management information) over to medical schemes, including the designated service providers who operate in this arena. Increasingly, these inter-dependent business relationships will expose many employers, particularly when their service providers (and whom they depend heavily upon) do not comply with good governance, neither good health and productivity management practices. To this end, some organisations find it extremely difficult (or even impossible) to maintain the organisation's wellness reports or employee health records that demonstrate compliance with the respective legislative requirements. They struggle to establish, implement and maintain procedures for the identification, storage, protection, retrieval and retention of employee health records with due regard to confidentiality. Neither do they manage the organisational risks, or identified causes of disease, to address those employee health risks that have a significant impact on the organisation's performance and sustainability. These employers neglect to manage operational controls and the impact mitigation procedures that include wellness and disease related education, communication and behaviour change processes. In many cases where employers half-heartedly implement a tokenism of workplace wellness programmes, they will not be able to evaluate (or receive) a healthy return for their investment because they have mismanaged the risks associated with their employees' health and productivity.

Conclusion

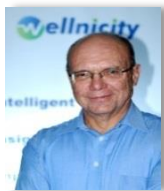
The best defence for proper employee health and productivity management is to take managerial control and ensure that all employee diagnosis, treatment and wellness programme interventions are of the requisite standard, and furthermore that employee health care processes are thoroughly managed and well documented. Protocols and procedures must be recorded and all record-keeping and reporting related to workplace wellness programmes must be comprehensive, accurate and accessible. Through



the requirement of Integrated Reporting and Wellness and Disease Management Certification, organisations are increasingly required to disclose their wellness and disease management performance, including the progress, impact, effectiveness and wellness programme evaluation certification status as a component of their sustainability reporting.

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Words: 1,802



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