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Employers Budgeting More For Wellness Incentives

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Benefits Pro

A study by Fidelity Investments and the National Business Group on Health has found that employers plan to increase incentive budgets by 15 percent this year compared to 2013.

The study found that corporations are allocating an average of $594 per employee in wellness incentives, up from $521 last year.

"While the use and measurement of corporate wellness programs continue to evolve, it has become clear that many employers understand the value of — and are committed to — wellness-based incentives in their company health plan," said Robert Kennedy, Health & Welfare Practice Leader with Fidelity's Benefits Consulting business.

"Companies are constantly looking for new and creative ways to expand their programs and motivate their workforce, such as extending wellness incentives to spouses and offering incentives through a contribution to a health savings account. Increasingly, employers are viewing health improvement even more broadly through the lens of well-being and productivity."

Kennedy obliquely referred to several previous studies, including one by **RAND Corp.**, that have suggested wellness plans don't have impressive return on investment. Even the oft-cited RAND study conceded that wellness plans that engage employees are beneficial in the long run in terms of employee health and related health insurance savings and productivity gains for the corporation.

The study found that incentive spending had more than doubled in five years, from $260 per employee in 2009.

"The most popular wellness programs continue to be focused on lifestyle management, such as physical activity programs, weight management programs and stress management. Other popular health improvement options include disease/care management programs (e.g., managing chronic health conditions, like diabetes), lifestyle-management services (e.g., weight loss advice, gym membership discounts), health-risk management services (e.g., on-site flu shots) and environmental enhancements (e.g., bike racks, walking paths)," the report noted.

Increasingly, the enterprise views wellness plans as a standard and critical element of a benefits package, the report said. "The survey found that 95 percent of companies plan to offer some kind of health improvement program for their employees, and the percentage of companies offering incentives to participate in these initiatives has increased from 57 percent in 2009 to 74 percent in 2014," said the report.

Other findings include:

- 93 percent of companies plan to expand or maintain funding for their program over the next three to five years.
- 44 percent of companies plan to maintain or increase their investment in wellness programs, even if their company were to move away from direct involvement in employer-sponsored health coverage, such as a move to a private exchange model to provide health benefits for their employees.
- 37 percent of companies surveyed indicated their program will include spouses and domestic partners in 2014.
- The average spouse/domestic partner incentive is expected to reach $530 in 2014, more than $100 higher than the average of $420 in 2010.
- Employers with more than 20,000 employees expect to spend an average of $611 on spouses/domestic partners in 2014.
- 34 percent plan to contribute to an HSA or FSA for engaging in a disease or care management program.
- 33 percent plan to offer a similar incentive for participation in a stress management program.

- 30 percent plan to offer incentives through contributions to an HSA/FSA for enrollment in a weight management program.

“It’s encouraging to see how the use of wellness programs has evolved since 2009 and how employers continue to look for new ways to improve their plans and encourage employee engagement,” said Helen Darling, president and chief executive officer of NBGH. “Based on the feedback from this year’s survey respondents, it’s obvious that wellness programs not only play a key role in many corporate health care plans today, but they’ll continue to be an integral part of corporate benefit programs in the future.”

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