

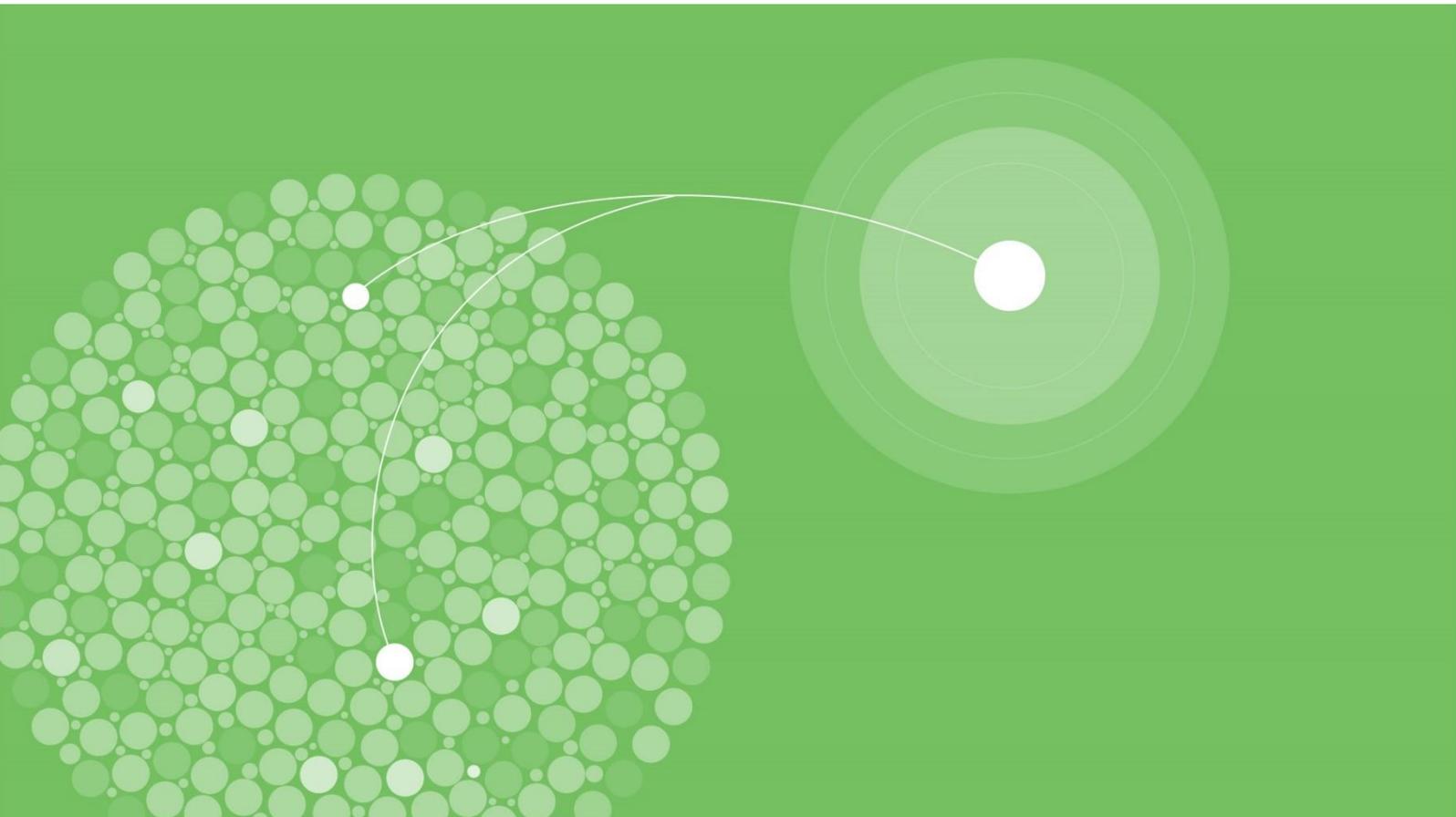
MILLIMAN REPORT

# How to implement a wellness programme

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Lalit Baveja, MSc  
Alison Counihan, FFA, FASSA  
Tanya Hayward, FIA  
Monika Lis, FMSA  
Neha Taneja, FIAI



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## 1. Executive summary

As well-known public radio journalist Brian Reed once said, 'Everything is designed. Few things are designed well.' This adage can equally be applied to the world of wellness programmes. While many organisations offer them, few are well-designed and meet the dual objectives of improving participant health and reducing overall healthcare costs.

Wellness programmes present insurers and employers with opportunities as well as challenges. The hope for sponsoring organisations is that a well-designed and implemented wellness programme will have a significant impact on both improving the health of participating members and reducing their overall healthcare claims costs. The exact steps and implementation processes required to develop a successful wellness programme will depend on the objectives of the programme, the local market and the applicable regulatory framework.

Having a clear definition of the wellness programme is a crucial first step. Outlining why the programme exists, the target audience and the programme features will ensure that the offering is designed with the objectives and target membership in mind. The ultimate wellness programme design will also depend on who is offering the wellness programme as these sponsors will differ among employers, insurers and government wellness programmes.

Critical enablers include:

- Structuring collaborative teams with suitable skills
- Setting up processes to address all elements of the programme (from design and implementation through to customer engagement, data management and evaluation of the programme success)
- Harnessing the power of technology to enhance the programme offering and generate operational efficiencies

Many wellness programmes will also involve developing an ecosystem with third-party relationships. Having robust third-party relationships can enhance the wellness programme's effectiveness and, for certain elements of the programme (e.g., retail discounts on fitness activities, healthy food, wearables and travel), the use of third parties will be unavoidable.

From inception, the success of a wellness programme requires active participant engagement. Organisations will need to consider their communication strategies, assess the perceived value of the incentives offered and cultivate environments that encourage engagement. The use of behavioural economic techniques can prove valuable to understanding how members might engage with the programme as well as designing the programme with members' potential behaviours and habits in mind. Engagement will also need to factor into the business plan of a wellness programme to ensure that the programme is not in danger of 'too much engagement,' which could result in reputational damage if benefits have to be scaled back subsequent to the programme launch. To mitigate against this type of reputational risk, organisations should allow some flexibility in the plan design and be able to respond appropriately to market reactions.

In most countries, there is currently limited regulation that relates specifically to wellness programmes. However, these programmes will have to work within the constraints of existing regulations, such as those for insurance and data protection.

When evaluating wellness programme performance, organisations will need to have clearly defined objectives and outcome measures and ensure that the appropriate data exists to measure the desired outcomes. The methodology will need to be considered carefully to ensure that evaluation pitfalls such as selection bias, confounders and regression to the mean are well understood and dealt with appropriately.

This paper outlines best practices for designing and implementing a wellness programme and is structured as follows:

- **Section 2** introduces the main objectives of wellness programmes with global examples.
- **Section 3** discusses the importance of defining a wellness programme.
- **Section 4** explains which types of organisations offer wellness programmes and the differences in the offering for each type of organisation.
- **Section 5** outlines what enablers may be required to implement a wellness programme.
- **Section 6** discusses the principles of driving wellness programme engagement.
- **Section 7** explains how regulations applicable in certain geographies may affect wellness programme design.
- **Section 8** addresses wellness programme evaluation and describes the key elements of an effective evaluation framework.
- **Section 9** contains our concluding comments.

## 2. Introduction to wellness programmes

Wellness programmes typically have two main objectives: 1) to improve the health of the members they serve by incentivising healthy lifestyle behaviours and, consequently, 2) reduce downstream healthcare resource utilisation.

Most wellness programmes focus on lifestyle management and interventions to promote healthy living habits, typically across an entire population. They differ from disease management programmes, which help individual members manage chronic conditions or illnesses, though disease management can be a component of a wellness programme offering.<sup>1</sup>

In this paper, we discuss the key design elements that should be considered when implementing a wellness programme. Insurers, employers and others wishing to implement or refine such programmes should find the principles and examples discussed in this paper a useful source of insight when developing their propositions.

We have identified a few examples of wellness programmes that have been implemented in different markets by health insurers (as well as the corporate wellness programme offered by Volkswagen) to bring the concepts that we discuss in this paper to life and to provide real-world examples of wellness programme implementation. Brief descriptions of these wellness programmes are included in Figure 1.

**FIGURE 1: EXAMPLES OF WELLNESS PROGRAMMES**

WELLNESS PROGRAMME	GEOGRAPHY	PROGRAMME DESCRIPTION
Aditya Birla Health Insurance's Health Rewards <sup>2</sup>	India	The programme assesses members' health using an online questionnaire and allows members to earn health rewards by earning 'Active Days' through prescribed physical activities. The health rewards range from earning back 0% to 30% of the policy premium based on the number of 'Active Days' or a 'Fitness Result Assessment.'
Aetna <sup>3</sup>	United States	Members on employer-sponsored insurance plans, self-funded employer plans or individual insurance plans have access to a programme that provides discounts on health and wellness products, such as gym memberships, health coaches and nutrition products.
LivFit by Oman Insurance Company (OIC) <sup>4</sup>	Middle East	LivFit is a free wellness programme for corporate health insurance clients. Members start with a health assessment survey and receive a customised report on their health, which they can discuss with a wellness coach. Members are incentivised to stay engaged through social media, the website, an app, corporate wellness challenges and financial discounts on health check-ups and fitness products. There are also specific health interventions, such as a weight loss programme, a smoking cessation programme and stress management workshops.
Vitality wellness programme <sup>5</sup>	South Africa, UK, USA, China, Singapore and Australia	The programme uses evidence-based interventions and behavioural economics. Members earn Vitality points by getting active, eating well and conducting health checks. Members achieve various Vitality statuses based on their points, which entitle them to a variety of rewards such as discounts on healthy food, travel, wearable devices, fuel and movie tickets.
Volkswagen Poznań Health Strategy <sup>6</sup>	Poland	This corporate worksite wellness programme focuses on medical care, occupational health and safety, workplace ergonomics, health education, reducing absenteeism and corporate social responsibility. The embedded wellness programme covers activities such as personalised health recommendations, stress management and information campaigns. Experts from Men's Health, Women's Health and Runner's World prepare motivational content for employees on a monthly basis. Engagement in healthy lifestyle behaviours is encouraged through monetary rewards added to employees' base remuneration as well as through recreation and sports vouchers. <sup>7,8</sup>

1 Caloyeras, J.P., Liu, H., Exum, E. et al. (January 2014). Managing Manifest Diseases, but Not Health Risks, Saved PepsiCo Money Over Seven Years. Health Affairs Research Article. Retrieved 8 December 2019 from <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2013.0625>.

2 See the Aditya Birla Capital website at <https://www.adityabirlacapital.com/multiply-wellness#!/home>.

3 See the Aetna corporate wellness programme website at <https://www.aetna.com/employers-organizations/mid-sized-business/corporate-wellness-program.html>.

4 LivFit. A Corporate Wellness Program for a Healthier Workforce. Retrieved 8 December 2019 from [https://www.tameen.ae/PDFs/LivFit\\_Fact\\_Sheet.pdf](https://www.tameen.ae/PDFs/LivFit_Fact_Sheet.pdf).

5 Discover. Discovery Around the World. Retrieved 8 December 2019 from <https://www.discovery.co.za/portal/individual/about-us-map>.

6 Podhorecka, W. & Niedbalska, D. Health care program at Volkswagen Poznań. Harvard Business Review. Retrieved 8 December 2019 from [https://www.hbrp.pl/b/program-opieki-zdrowotnej-w-volkswagen-poznan/P10eH4eR8?NO\\_COOKIES=1](https://www.hbrp.pl/b/program-opieki-zdrowotnej-w-volkswagen-poznan/P10eH4eR8?NO_COOKIES=1).

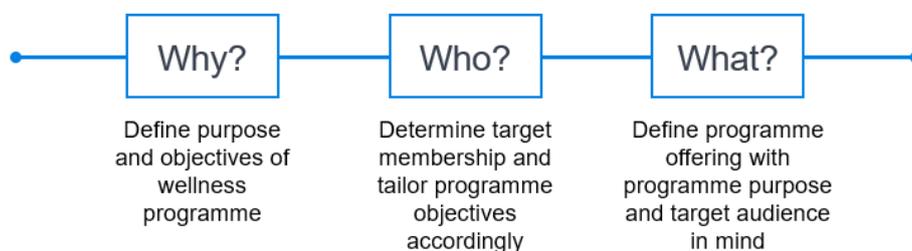
7 Ibid.

8 Promocja zdrowia w zakładzie pracy: wsparcie dla zdrowego odżywiania się i aktywności fizycznej pracowników (December 2017) Retrieved 8 December 2019 from [https://www.researchgate.net/publication/322097009\\_Promocja\\_zdrowia\\_w\\_zakladzie\\_pracy\\_wsparcie\\_dla\\_zdrowego\\_odzywiania\\_sie\\_i\\_aktywnosci\\_fizycznej\\_pracownikow](https://www.researchgate.net/publication/322097009_Promocja_zdrowia_w_zakladzie_pracy_wsparcie_dla_zdrowego_odzywiania_sie_i_aktywnosci_fizycznej_pracownikow).

### 3. Defining a wellness programme

A clear wellness programme definition is a crucial first step in designing a successful offering. Three simple guiding questions that can help frame this definition are shown in Figure 2.

FIGURE 2: DEFINING A WELLNESS PROGRAMME



#### 3.1 WHY?

Defining the key objectives, integration and alignment with the sponsoring company's overall strategy and vision is a critical first step. Outlining why a wellness programme should exist will help define the overall programme and key performance indicators to help measure the stated objectives.

The stated purpose of a wellness programme will often extend beyond improving health and/or reducing claims costs. For example, an insurer may use a wellness offering to strengthen its market position. In that case, analysing the existing offerings of competitors will be a useful exercise to undertake. Wellness programmes could also be used by insurers as a means to improve the risk profiles of their insured portfolios, as the wellness programme may be more attractive to healthier lives who already actively engage in healthy lifestyle habits.

Employers may offer such programmes to attract and retain high-quality staff and, for this purpose, employee feedback is valuable to understand whether this is an attractive proposition for employees. Wellness programmes could also exist to ensure that health plans are compliant with regulations. For example, the draft guidelines on the standardisation of individual health products in India consider it essential to include wellness and preventive programmes with health check-ups and consultation services, disease management, fitness activities and outpatient consultations or treatment.<sup>9</sup>

#### 3.2 WHO?

Some programmes may be targeted towards certain subpopulations according to factors such as gender or age group. Targeting a certain subpopulation means implicitly excluding other members and fairness and equity concerns may arise. Certain programmes may be available to the total membership base but with subcomponents specifically targeted to certain member types. For example, preventive screening tests may only be offered to males or females in certain age ranges or wellness programmes with certain fitness goals and discounts on fitness-related goods and services may be in place to attract younger, healthier people. Matching appropriate interventions to population segments may be more effective at achieving the wellness programme's objectives than a 'one-size-fits-all' approach but may increase the operational costs of the programme.

Considering the target population is also important, as in some cases it can influence the programme's effectiveness. For example, one study revealed that the size of a company and the employees' gender can influence the impact of worksite wellness programmes, where impact was measured as the percentage of the company's cost reduction for employee health expenses.<sup>10</sup> The study found that larger and smaller companies experienced better results with different program features. For example, smaller firms had greater success with investments in facilities, fitness and safety programmes while larger firms had greater success with smoking cessation programmes. The study also found that participant gender made a difference in intervention effectiveness. For example, firms with larger proportions of female employees had greater success with reward systems and programmes for fitness, nutrition/weight management and substance abuse while firms with larger

9 IRDA (19 February 2019). Draft Guidelines on Standardization of Individual Health Product. Retrieved 8 December 2019 from [https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral\\_Layout.aspx?page=PageNo3739](https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo3739).

10 Punam Anand Keller, Donald R. Lehmann, & Katherine J. Milligan. Effectiveness of corporate well-being programs: A meta-analysis. *Journal of Macromarketing*.

proportions of male employees had greater success with safety programmes. This study demonstrates that what works for one company may not be as effective for another. Rather, each wellness programme should be tailored to unique characteristics of the company and target group within the company.<sup>11</sup> Compliance with the relevant country's regulations should also be considered. For example, the U.S. Americans with Disabilities Act (ADA)<sup>12</sup> prohibits employers from discriminating on the basis of disability, including employees' access to wellness programmes.

### 3.3 WHAT?

Wellness programmes will have different structures and offerings according to their objectives and target members. Upon reviewing the structure and offering of over 10 wellness programmes offered by insurers, corporations and governments, we have identified that they typically have some or all of the following three main components.



#### 1. Evaluate health status and identify areas for improvement

- Assessing a member's current health status is a key component for any wellness programme. This can help to identify high-risk areas for members (e.g., predispositions towards chronic conditions) and can help steer members towards the appropriate lifestyle modifications. This step can be achieved through online health risk assessments, in-person health screening tests or a combination of both.
- Ongoing health status evaluation can be built into the wellness programme design by encouraging members to use wearable devices to track their activity and health metrics and offering health-risk assessments to members on a regular basis (i.e., annually).

#### 2. Encourage action to improve health

- Based on the results of the health assessment, members can be advised as to what course of action to take to improve or maintain their health. These offerings can be broken down into two broad groups, depending on the members' particular risk areas: 1) preventive wellness, e.g., encouraging exercise, healthy eating, vaccinations and regular health screens, and 2) targeted interventions, e.g., disease management, weight loss programmes, fitness trackers and smoking cessation programmes.

#### 3. Receive incentives and rewards for evaluating and improving health

- Attaching rewards to wellness programmes is an effective tool to encourage healthy behaviours and increase engagement. To be effective, the reward structure should be simple to understand and engage with, have attractive rewards that are broad enough to appeal to the target membership base and be compliant with any regulation that applies in the region. The rewards offered should also align with the overall programme objectives. For example, rewards associated with fitness and other healthy lifestyle behaviours will provide a more cohesive offering than rewards associated with unhealthy lifestyle behaviours such as discounts on fast food.

'The basic idea is that some actions just aren't sufficiently motivating by themselves, so we create rewards for them that aren't necessarily relevant but still get us to do what we're supposed to.' – Dan Ariely<sup>13</sup>

11 Mazur, B. & Mazur-Matek, M. (2016). Evaluating the effectiveness of a worksite wellness program. *International Journal of Contemporary Management*. Retrieved 8 December 2019 from <http://www.ejournals.eu/piki/art/9348/pl> (PDF download).

12 US Equal Employment Opportunity Commission. EEOC's Final Rule on Employer Wellness Programs and Title I of the Americans With Disabilities Act. Retrieved 8 December 2019 from <https://www.eeoc.gov/laws/regulations/qanda-ada-wellness-final-rule.cfm>.

13 This concept is explained in his book *The Upside of Irrationality* as well as in the blogpost at <http://danariely.com/2016/01/09/ask-ariely-on-mint-deficit-beverage-behavior-and-focused-feelings/>.

## 4. Who offers wellness programmes?

Wellness programmes can be offered in various formats by various organisations. In this section, we set out specific considerations for wellness programmes offered by insurers, employers and governments.

### 4.1 INSURANCE-INTEGRATED WELLNESS PROGRAMMES

Insurance-integrated wellness programmes are becoming increasingly popular around the globe as they not only help enhance insurance product offerings and allow for product and brand differentiation but also encourage greater consumer engagement. Increased engagement is a powerful tool to help understand the customer base and align offerings with customer preferences. It also helps to achieve one of the main objectives of wellness programmes by engaging members in healthy activities to improve their health and well-being, which may potentially decrease their claims costs in future.

Integration of wellness programmes with insurance offerings can happen in multiple ways with multiple effects. Integration may make the insurance product more attractive overall. It may attract new lives that would not have otherwise purchased policies. It may improve retention rates. This is particularly true in markets where health insurance is a supplementary or complementary product or where not all insurers in the market have attractive wellness propositions. Having a wellness programme increases the number of touch points an insurer has with its customers (allowing for continuous risk assessment), rather than only having contact with them at the point of claim or renewal and therefore enabling development of more valuable and relevant propositions.

Being able to classify a member according to their 'wellness score' may add predictive power to generalised linear models (or similar models) used to predict future risk and can allow for more meaningful risk stratification of the portfolio.

Further, if the relevant regulation allows, this wellness score or state can be used to offer premium discounts on renewal or may be combined with the scales used in traditional no-claims discount structures. For example, rather than using a no-claims discount structure, VitalityHealth in the UK calculates renewal premiums based on a member's age, claims, Vitality status and medical inflation.<sup>14</sup> Insurers will need to ensure that the rewards offered align with the goals of both the insurance product as well as the wellness programme. For example, offering heavy discounts on premiums without establishing a clear link to claims experience can result in increased loss ratios and negative financial results.

Wellness programme data will need to be collected over a long enough period of time to make credible inferences about the relative risks of policyholders within the membership base. It is also important to recognise that the differences in claims costs of members by wellness status may be explaining differences in health status that would have occurred even if the wellness programme did not exist. That is, the wellness programme may be adding predictive power and helping to explain the risk profiles of members rather than actually influencing members' health. This could occur when the programme is attracting members who are actively engaged in healthy lifestyle behaviours regardless of the programme's existence and the habits and health status of these members are not being influenced by the programme.

Insurers will need to ensure that their policy terms include the appropriate clauses to inform policyholders of the benefits and obligations associated with the wellness programme as well as how the wellness programme integrates with the insurance product. Further, the insurer will need to have the capability to securely store, maintain and manage data collected through the wellness programme. For example, data from health risk assessments and wearable devices comes with member privacy concerns which must be considered.

<sup>14</sup> Vitality. How We Work Out Your Health Insurance Renewal Premium Retrieved 8 December 2019 from <https://www.vitality.co.uk/health-insurance/renewal-rates/>.

## 4.2 CORPORATE WELLNESS PROGRAMMES

For corporations, the idea is that corporate wellness programmes encourage a more productive, focused and healthy workforce, with decreased absenteeism and presenteeism<sup>15</sup> and, for those countries where medical insurance is a large cost to the employer, reduced medical claims costs in the longer term.

A corporate wellness programme can be offered through insurance integration or as a standalone employee benefit. For example, Perkbox<sup>16</sup> in the UK is a standalone digital engagement platform that offers employees discounts, opportunities for performance recognition and telehealth.

### Examples of Perkbox corporate rewards and benefits

#### Perks and discounts<sup>17</sup>

Perkbox 'perks' are divided into three main categories

1. Surprise and delight: This includes discounts on products from leading brands, food and travel as well as seasonal discounts, e.g., for Mother's Day or Halloween.
2. Save on the important stuff: This allows members to spread the cost of large purchases over monthly instalments.
3. Never stop learning: This offers discounts on educational e-learning modules and courses.

#### Recognition<sup>18</sup>

Employers can develop company-wide polls to recognise and reward outstanding employee efforts.

#### Medical and telehealth<sup>19</sup>

Members are able to access 24/7 general practitioner (GP) support, referrals and prescriptions through Perkbox's telehealth service.

Corporate wellness programmes will have many features similar to those offered through insurers on an individual basis. However, having the employer involved means that the offering can have additional enhanced features. For example, on-site wellness days and workshops to maximise convenience, customised programmes to suit the employers' objectives and employee risk profiles. Corporate wellness opens additional channels to encourage participation and engagement. For example, email campaigns and desk-drops with educational and motivational material, group exercise, dedicated medical facilities on-site, office ergonomics and the scope to run company-wide wellness competitions and initiatives. Although these additional channels can be used for corporate wellness programmes, engagement may still be lower than for wellness programmes where individuals have actively chosen to enroll.

A corporate wellness programme will require a certain level of engagement from within the company. For example, senior management must be responsible for defining the overall wellness programme objectives and ensuring that the strategy is effectively implemented. There will be human resources (HR) considerations to ensure that the offering is inclusive and does not result in any discrimination or unfair treatment of employees or other compliance issues. Further, employees may have concerns about their employer having access to sensitive health and wellness information. Employers will need to have policies in place to ensure that any wellness programme data they collect is handled appropriately and that the confidentiality of sensitive employee information is preserved.

<sup>15</sup> Presenteeism relates to employees who continue to work while sick, which leads to productivity and financial losses.

<sup>16</sup> See the Perkbox website at <https://www.perkbox.com/uk>.

<sup>17</sup> Perkbox. Perks. Retrieved 8 December 2019 from <https://www.perkbox.com/uk/platform/perks>.

<sup>18</sup> Perkbox. Perkbox Recognition. Retrieved 8 December 2019 from <https://www.perkbox.com/uk/platform/recognition>.

<sup>19</sup> Perkbox. Perkbox Medical. Retrieved 8 December 2019 from <https://www.perkbox.com/uk/platform/medical>.

### 4.3 GOVERNMENT WELLNESS PROGRAMMES

Wellness programmes offered by governments may not be branded as ‘wellness programmes’ but may instead be part of a government’s overall strategy to improve population health or part of its public healthcare strategy. Although the initiatives may be structured differently from insurance-integrated and corporate wellness programmes, the overall objectives are broadly similar: improve the health of the population and reduce healthcare resource utilisation. Population health management is discussed in more detail in a related paper included in this series.<sup>20</sup>

Government wellness programmes could be developed by specific government organisations to encompass the general population or can be targeted to a specific subpopulation or objective. For example, in the UK, Public Health England (PHE) is an executive agency of the Department of Health and Social Care and exists to ‘protect and improve the nation’s health and wellbeing, and reduce health inequalities.’ The responsibilities of PHE<sup>21</sup> include making the public healthier, protecting the nation from health hazards, promoting healthier lifestyles and researching, collecting and analysing data to improve its understanding of public health challenges and develop answers to public health problems. Both PHE and the National Health Service (NHS) have more targeted ‘population health management’ initiatives in place to address improving the health and wellness of specific subpopulations or encouraging specific lifestyle changes, for example smoking cessation programmes. Government wellness-type programmes can also be developed at a local level rather than nationally. For example, the Wirral Community Health and Care NHS Foundation Trust in England offers pregnant women several discounts and special offers to encourage breastfeeding. The programme also includes various initiatives to support breastfeeding in public places.<sup>22</sup>

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20 Buckle, J., Counihan, A., Hayward, T. et al. (17 October 2019). How to Implement a Population Health Management Programme. Milliman Research Report. Retrieved 8 December 2019 from <http://www.milliman.com/insight/2019/How-to-implement-a-population-health-management-programme/>.

21 PHE. About Us. Retrieved 8 December 2019 from <https://www.gov.uk/government/organisations/public-health-england/about>.

22 NHS Wirral Community Health and Care. Baby Welcome Scheme - Breastfeeding Friendly Reward Card. Retrieved 8 December 2019 from <https://www.wirralct.nhs.uk/you-and-your-health/healthy-living/breastfeeding/rewards>.

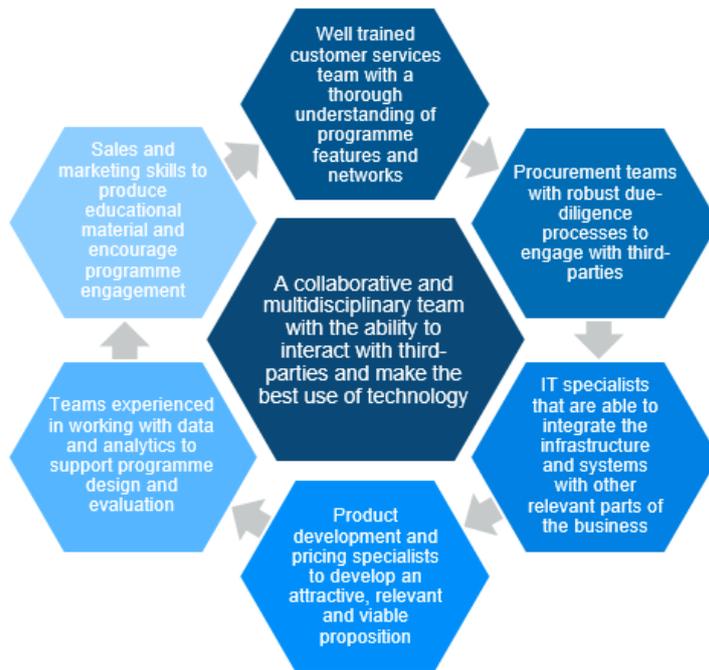
## 5. Enablers for your programme

Once the wellness programme proposition has been formulated, providers will need the appropriate enablers to implement the programme. The traditional ‘people, process, technology’ segments provide a simple framework for understanding the various enablers. Further, developing third-party relationships will be central to successful wellness programme design.

### 5.1 PEOPLE

Although providers will rely on certain third-party relationships to deliver part of their wellness programme offerings, developing the appropriate complementary in-house capabilities will also be crucial to a programme’s success. The wellness industry is evolving rapidly, which is partly driven by the increased use of social media, mobile applications and other wellness platforms in recent years. Agile and creative teams are critical in these rapidly evolving business models and having teams with the key skill sets shown in Figure 3 will prove valuable.

FIGURE 3: DESIRABLE WELLNESS PROGRAMME SKILL SET



### 5.2 PROCESS

The exact processes required will depend on the objectives of the programme as well as the type of sponsoring organisation. A few broad well-developed processes would be applicable to most wellness programmes, as shown in Figure 4.

FIGURE 4: WELLNESS PROGRAMME PROCESSES



The **design and implementation process** ties in with the ‘why, who and what’ questions raised in Section 3 above. This involves establishing the programme objectives, identifying stakeholder needs and tailoring programme features and rewards accordingly, as well as integrating the relevant systems, platforms, wearables (if applicable) and apps used in the programme. Design processes will also need to include tools to help the sponsoring organisation manage any fraud or ‘gaming of the system’ that may occur. For example, a Humana employee was found guilty of accessing Amazon gift card codes that were intended for wellness programme participants.<sup>23</sup> Insurers will need to develop methods to guard against new types of fraud that arise as a result of new technologies. Further, the introduction of games and insurance products that offer rewards for step counts has created a market for tools that simulate steps. For example, the Wiggle Device<sup>24</sup> is an inexpensive device that can be easily purchased online to help members simulate steps, with one of its product features listed as ‘pretend you’re running.’

A targeted **engagement process** will ensure that members are able to easily interact with the programme and that the incentives and rewards being offered are accessible and perceived to be attractive. Strategic communication processes are key to driving engagement and will ensure regular touch points with customers through the appropriate platforms, e.g., targeted messaging and auto-notifications.

**Data management** processes will need to be set up to collect, store and analyse the potentially large volumes of data generated by the wellness programme. Data protection regulations will need to be complied with and the privacy and security of sensitive member data will need to be preserved. Data management will also play an important role in driving engagement. For example, data analysis can generate actionable insights into customer engagement and preferences, which can inform communication strategies.

Finally, a robust **evaluation process** will need to be in place to monitor the programme experience and identify whether the programme outcomes could have been better or worse or are in line with expected.

### 5.3 TECHNOLOGY

Technology is an enabler for wellness programmes from multiple perspectives. The use of appropriate technology can assist with member engagement, operational efficiencies and managing third-party relationships as well as data analytics. Integration of various technologies will assist with strengthening the wellness programme offering. For example, wearable devices can track activity and other health metrics and the use of apps and integrated platforms are valuable in helping members keep track of their performance as well as feeding the information back to insurers. The types of technology that are used in the wellness programme arena have proliferated and continued growth in the use and types of technology can be expected. Figure 5 identifies a few of the main technologies that are currently prevalent.

FIGURE 5: WELLNESS PROGRAMME ENABLING TECHNOLOGIES



23 Centlivre, A. (7 May 2019). Humana employee pleads guilty to federal fraud charges. Wave 3 News. Retrieved 8 December 2019 from <https://www.wave3.com/2019/05/07/humana-employee-pleads-guilty-federal-fraud-charges/>.

24 Amazon. Mobile Phone Holder Shake Wiggle Device. Retrieved 8 December 2019 from [https://www.amazon.co.uk/Mobile-Holder-Wiggle-Device-Program/dp/B07S73YWG9/ref=sr\\_1\\_3?keywords=phone+motion+swing&qid=1562160799&s=gateway&sr=8-3](https://www.amazon.co.uk/Mobile-Holder-Wiggle-Device-Program/dp/B07S73YWG9/ref=sr_1_3?keywords=phone+motion+swing&qid=1562160799&s=gateway&sr=8-3).

The Carrot Health and Wellness product (Carrot)<sup>25</sup>—which operates in the United States, Switzerland and Finland—is an example of how multiple technologies are integrated to provide a cohesive wellness programme offering. Carrot can be purchased by organisations to provide employees with a wellness programme that offers financial rewards for walking and meeting personalised activity goals. Members interact with Carrot through a free app and the programme has a strong focus on gamification. Members earn ‘Carrot currency’ for completing their daily personalised activity goals, which can be used to unlock their employer’s exclusive rewards. The app incorporates team challenges and leaderboards to further stimulate engagement. Members receive personalised messages of encouragement and celebrations of accomplishments. Through an integrated portal, employers receive analytic information and are able to monitor the ongoing performance of their programmes in real-time. Carrot recognises that ‘no single carrot motivates everyone’ and the sophisticated use of technology enables a personalised wellness programme offering to maximise perceived value and engagement.

#### 5.4 THIRD-PARTY RELATIONSHIPS

A successful wellness programme will develop an ecosystem with third-party relationships that includes partnerships from within and outside of the healthcare industry. This provides members with an offering that includes services and benefits from multiple sources through a single platform. In many markets, the wellness industry is growing independently of health insurance and this presents wellness programme service providers with a growing base of third parties with which to collaborate.

**Third-party relationships typically encompass three main areas:**

##### 1. Health and wellness assessments

Assessments may be offered at inception as well as at subsequent regular intervals (e.g., annually). These assessments can be online, face-to-face, through continuous use of wearables or a combination of all of them. For example, the dacadoo Health Risk Quantification tool calculates a health score between 0 and 1,000 for members, taking into account ‘who you are (body), how you feel (mind) and how you live (lifestyle).’<sup>26</sup>

Wellness assessments could be conducted in-house (e.g., Bupa UK’s health assessments are provided by Bupa Occupational Health<sup>27</sup>) or the insurer, employer or government entity could partner with wellness service providers and/or pharmacies to provide wellness assessments to members. The wellness assessment should be carefully selected to match the overall wellness programme objectives. Not only will the assessment provide the member with insight regarding that person’s health and wellness, but it will also enable the organisation to better understand customer needs and identify appropriate interventions, rewards and product modifications.

##### 2. Wellness services

Services provided to members through wellness programmes to encourage lifestyle behavioural changes and improve health will generate further opportunities for third-party relationships. For example, gyms or other organised exercise fora, dieticians, counselling services, physician clinics and diagnostic centres.

##### 3. Rewards and benefits

Certain wellness programme rewards may be provided directly by the programme provider (e.g., renewal premium discounts) but some providers may partner with third parties to enhance the rewards offered to members. These rewards could span multiple industries and organisations, such as airlines, hotel groups, wearable device companies, sports equipment shops, entertainment and gas stations to name a few. Through these relationships, wellness programme providers will be able to provide attractive incentives to their policyholders through meaningful discounts and rewards while the partner organisations benefit from the additional business that is directed to them through the programme.

Having a common platform with an integrated offering will provide an attractive, user-friendly product to members. Providers will be able to expand their wellness and reward networks over time to strengthen their offerings and entice more members to actively engage with their programmes.

<sup>25</sup> See the Carrot website at <https://carrotwellness.com/>.

<sup>26</sup> See the dacadoo website at <https://www.dacadoo.com/>.

<sup>27</sup> Bupa. Specialised Assessments. Retrieved 9 December 2019 from <https://www.bupa.co.uk/health/health-assessments/specialised-assessment>.

For insurers, forming relationships with third parties is nothing new. For example, medical insurers have ongoing relationships with a range of organisations that operate along the healthcare value chain. They include healthcare providers, disease management organisations, pharmaceutical companies and third-party administrators. The value from these existing relationships can extend to wellness programmes but wellness programmes will also need their own separate relationships. Forming these relationships will require a certain level of research, engagement, negotiation and contracting. Ultimately having a strong network will be a major differentiator for providers in terms of customer experience and the attractiveness of the offering.

Entering into third-party relationships means that wellness programme providers have a certain level of dependency on external organisations. A robust vendor selection process is therefore critical. Providers should have confidence that the vendors will be able to provide a sustainable, high-quality service to avoid putting their own ability to service customers at risk and cause them reputational damage. Providers may also want to consider whether the third-party vendors' overall visions and missions align with their own.

#### **Outsourcing your wellness programme**

Some insurers and employers may opt to outsource their entire wellness programme offerings. This is made possible by organisations that provide comprehensive wellness programme platforms. For example, CoreHealth Technologies offers an all-in-one corporate wellness platform to companies around the world. Its product offerings range from configuration and analytics to coaching and education, health assessments, screening, challenges, engagements and communications as well as collaboration and incentive management.<sup>28</sup>

While the sponsoring organisations can benefit from greater expertise and cost-effectiveness by using third parties, it exposes them to risks like data protection issues, less control over processes, default risk and the quality of services offered. Such issues can cause reputational risks for the sponsoring organisations but can be managed by having appropriate service level agreements in place.

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<sup>28</sup> See the CoreHealth Technologies website at [Corehealth.global](https://www.corehealth.global).

## 6. Driving engagement

There are two aspects to driving engagement in a wellness programme. The first is getting people to sign up for the programme (if it is optional) and the second is to get those individuals who have signed up to actively participate. The essence of driving engagement will be to ensure that the programme is easy for members to engage with and that the incentives for participating are attractive.

'If you want to encourage someone to do something, make it easy.' –  
Richard Thaler<sup>29</sup>

**When considering how to increase engagement with a wellness programme there are a few key components to consider:**

### 1. The communication strategy

At the sign-up stage, this will involve effective marketing of the wellness programme. Communication to the target population should be clear and directed through appropriate channels, such as email or social media, depending on the population of interest.

An engagement study performed by Vitality in 2017 found that the number of monthly activities per member was highly correlated with the variety and frequency of communication adopted to encourage members to take action to improve their health. Strong communication strategies included monthly newsletters, posters in common areas, inserts in corporate newsletters and a higher number of wellness challenges.<sup>30</sup>

### 2. The incentives offered

A variety of incentives can be offered to encourage participation in the wellness programme. These incentives could be related to the insurance product (e.g., insurance premium discounts), to improving health (e.g., discounts on gym, healthy food and wearable devices) or unrelated to either but attractive for members (e.g., retail and travel discounts).

To achieve the desired outcomes, sponsoring organisations may want to consider how well the required activity and rewards align with the overall healthcare objectives of the wellness programme. For example, requiring participants to achieve certain physical activity targets with rewards that make participating in wellness activities more affordable or easier to monitor would assist in meeting the objective.

### 3. A culture for engagement

Creating a culture of engagement with the wellness programme can drive both take-up rates and participation. This culture can easily be encouraged in the workplace for a corporate wellness programme, but there are also ways of achieving this outside of the workplace. For example, allowing participants to create groups of friends or family members, which can then be used to compete on various physical activity goals.

### 4. The danger of 'too much' engagement:

One could argue that, in terms of driving healthy habits and physical activity, there should be no possibility of having members 'too engaged' in the programme. However, any costs associated with an engaged member in terms of the incentives offered should be carefully considered, along with the goals that are set for individuals to receive these incentives. If engagement is higher than expected or if individuals can reach the rewards more frequently than anticipated, the cost of the incentives may become burdensome for the organisation. This could lead to a requirement to restructure the wellness programme and potentially reduce the level of benefits that members have access to. This in turn could lead to reputational risks if there is a perception of 'moving the goalposts' when people have achieved a reward.

29 Thaler, Richard H. & Sunstein, Cass R. (2008). *Nudge: Improving Decisions About Health, Wealth, And Happiness*. New Haven: Yale University Press.

30 Vitality (2017). 2017 Vitality Engagement Study: Insights From Vitality. Retrieved 9 December 2019 from <https://www.vitalitygroup.com/wp-content/uploads/2017/01/Insight-from-Vitality-2017-Engagement-Study-1.pdf>.

An example of this was seen in the first year of Vitality's Active Rewards programme in South Africa. The programme was launched towards the end of 2015 and the take-up rates and engagement levels surpassed expectations. The points system was tweaked twice within the first year of operation to make points more difficult to earn and to increase the level of points required to achieve a reward. These changes also impacted the Apple Watch reward, which allowed members to reduce their monthly payments on the device for every week in a month that they reached their activity targets. As the points per activity reduced and the weekly targets increased, members found that they were paying more on their watches than they had anticipated, based on the rules of the reward at the time of purchasing the watch. Members took to social media to express their frustrations. Discovery responded to the backlash by saying that the intention was always to make the programme dynamic to ensure that the right behaviours were motivated.<sup>31,32</sup>

## 5. Diminishing returns on increasing financial incentives

A report published by the National Bureau of Economic Research (NBER)<sup>33</sup> on a study of workplace wellness incentives at a large employer in Illinois in the US showed that increasing financial incentives to greater levels may have little effect on participation rates. The results of the study showed that increasing incentives from \$0 to \$100 increased participation by 12 percentage points, from 47% to 59% for the 12,000 participants, whereas increasing the incentive from \$100 to \$200 only increased participation by 4 percentage points, from 59% to 63%. The study also found that incentives tied to completing downstream wellness activities were more cost-effective than up-front incentives tied to completing the initial health screening.

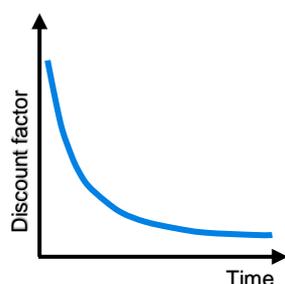
## 6.1 BEHAVIOURAL ECONOMICS

Successful wellness programmes often rely on using behavioural economics techniques to drive engagement and develop attractive product offerings. Examples of behavioural economics techniques used in wellness programmes include solving the problem of hyperbolic discounting, using the concept of loss aversion and engaging members by playing on their optimism biases.

FIGURE 6: USE OF BEHAVIOURAL ECONOMICS TECHNIQUES IN WELLNESS PROGRAMMES

### Hyperbolic discounting

Hyperbolic discounting is a cognitive bias which results in people preferring smaller rewards now rather than better or larger rewards later. In the context of healthcare, this could relate to people preferring to eat badly and not exercise in the present rather than being healthier in future decades.



**Wellness programmes address this cognitive bias by associating short-term rewards with short-term healthy behaviours while still banking the longer-term rewards (i.e., being healthier in the long term). For example, in many wellness programmes, members are encouraged to complete wellness activities to achieve immediate rewards rather than being motivated purely by the long-term health benefits of the activities.**

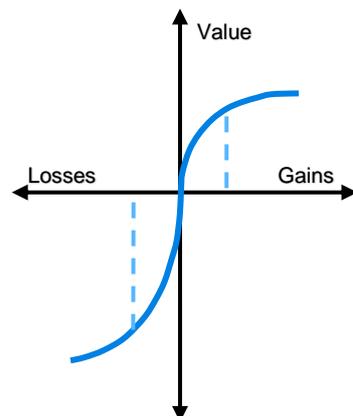
31 Tarrant, H. (21 July 2016). Discovery tweaks Vitality Active Rewards – again. Tech Central. Retrieved 9 December 2019 from <https://techcentral.co.za/discovery-tweaks-vitality-active-rewards-again/67118/>.

32 Lamprecht, I. (8 March 2016). Controversy over Discovery rewards changes. Tech Central. Retrieved 9 December 2019 from <https://techcentral.co.za/discovery-active-rewards-apple-watch-controversy/63721/>.

33 Jones, D., Molitor, D., & Reif, J. (June 2018). What Do Workplace Wellness Programs Do? Evidence From the Illinois Workplace Wellness Study. NBER Working Paper 24229. Retrieved 9 December 2019 from <https://www.nber.org/papers/w24229.pdf>.

**Loss aversion**

Loss aversion is where people tend to prefer avoiding losses to acquiring equivalent gains. For example, it is better to not lose \$5 than to find \$5.



**Loss aversion techniques in wellness programmes could involve introducing penalties for not achieving certain programme goals. For example, if certain wellness activities are not completed within certain timeframes, the retail discounts that typically form part of the wellness programme offering are decreased. Sponsoring organisations may find that, for their members, the risk of losing benefits is a greater motivator than the opportunity to gain benefits.**

**Optimism bias**

Optimism bias is a cognitive bias where people tend to be too optimistic about their future actions and outcomes. This is best summarised by Dan Ariely:

*'We all think that in the future, we are wonderful people. We will be patient, we will not procrastinate, we will exercise, we will eat well... The problem is we never get to live in that future. We always live in the present.'*

**Through attractive rewards and incentives, wellness programmes encourage their members to overcome their optimism biases by taking action in the present to get closer to becoming the wonderful people they thought they would be!**

## 7. Regulation

Few countries have explicit legislation that relates to wellness programmes but other general pieces of legislation may apply (e.g., insurance and labour laws). Wellness programmes are likely to involve the collection, storage and use of personal data and, consequently, the relevant data protection legislation should be considered. For example, European wellness programmes will need to comply with the General Data Protection Regulation (GDPR) when collecting, storing and processing members' personal information.

In the box below, we demonstrate how the health insurance regulations in India and the US have specific provisions for wellness programmes.

### India (Health Insurance Regulations, 2016)

In India, the Insurance Regulatory and Development Authority (IRDA) has introduced rules to encourage rewarding policyholders for 'wellness and preventative' habits. Insurers can promote wellness by offering policyholders diagnostic services, pharmaceuticals and in-network consultations and discounts on these services as well as on renewal premiums. The regulations restrict insurers from promoting or offering discounts on any third-party services or merchandise that are not part of a medical provider network.<sup>34</sup> Draft guidelines suggest that this restriction may be lifted in the future.<sup>35</sup>

Draft guidelines on the standardisation of individual health products consider it essential to include wellness and preventive programmes.<sup>36</sup> As per the guidelines, the following wellness features should be made available to insured persons:

- Health check-ups and consultation services across network providers and empanelled hospitals.
- Disease management services: Under this cover, insureds should be provided access to professional medical services and post-hospitalisation follow-up care.
- Fitness activities: Under this cover, the insurer should provide parametric indices based on fitness regimes to be followed by insureds and a reward mechanism to incentivise insureds to continue the fitness regime.
- Outpatient consultations or treatment.

### United States

Several pieces of legislation apply to wellness programs in the US.<sup>37</sup>

#### Health Insurance Portability and Accountability Act (HIPAA)

HIPAA mandates that individually identifiable health information from wellness programmes is considered protected health information (PHI) and is protected by HIPAA rules.

#### Patient Protection and Affordable Care Act (ACA)<sup>38</sup>

The ACA divides wellness programmes into two categories:

1. **Participation only:** Generally available without regard to an individual's health status. Examples of participation-only programme activities include completion of a health risk assessment (HRA), health education sessions or health coaching and biometric screening without any targets.
2. **Health-contingent:** Participants are required to satisfy a standard related to a health factor to obtain a reward. These programmes can be 'activity-only' or 'outcome-based.'

34 Dhawan, S. (17 August 2016). 6 important changes brought about by new health insurance rules. Economic Times. Retrieved 9 December 2019 from <https://economictimes.indiatimes.com/wealth/insure/6-important-changes-brought-about-by-new-health-insurance-rules/articleshow/53735274.cms?from=mdr>.

35 IRDA (7 November 2019). Exposure Draft on Guidelines on Wellness and Preventive Features/Benefits. Retrieved 9 December 2019 from [https://www.irdai.gov.in/ADMINCMS/cms/whatsNew\\_Layout.aspx?page=PageNo3949&flag=1](https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo3949&flag=1).

36 IRDA, Draft Guidelines on Standardization of Individual Health Product, op cit.

37 Zimmer, E.D. & Wakefield, L.S. (20 April 2019). Wellness Program Design and Compliance. LexisNexis. Retrieved 9 December 2019 from <https://www.lexisnexis.com/lexis-practice-advisor/the-journal/b/lpa/posts/wellness-program-design-and-compliance>.

38 CMS. The Affordable Care Act and Wellness Programs. Retrieved 9 December 2019 from <https://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/wellness11202012a.html>.

The ACA includes several provisions for both types of programmes. For example, health-contingent programmes:

- Should be designed to promote health or prevent disease. Programmes are required to offer different and reasonable means of qualifying for rewards for individuals who do not meet the standard based on the measurement, test or screening.
- Should not be overly burdensome for individuals.
- Should be designed to be available to all similarly situated individuals. Reasonable alternatives for reward qualification should be available for individuals with medical conditions that make it unreasonably difficult or inadvisable to meet the specific health-related standard.
- Should notify individuals of opportunities to qualify for the same rewards through alternative means.

For a participation-only programme to comply with the HIPAA Wellness Program Regulations, participation in the programme must be available to all similarly situated individuals regardless of health status. Participation-only wellness programmes can vary among groups of similarly situated individuals, as long as the programme is available to all of the individuals in that group regardless of health status. For example, the opportunity to earn a reward by completing an HRA could be offered to full-time employees only, but that opportunity would have to be offered to all full-time employees and not just those who have never been diagnosed with heart disease. Rules can be established for individuals with adverse health factors that are different from those for individuals without such adverse health factors, so it is permissible to discriminate in favour of individuals with an adverse health status. For example, the opportunity to earn a reward by participating in a health coaching session could be offered only to employees who have high blood pressure.

#### **Americans with Disabilities Act (ADA)**

The ADA prohibits employers from discriminating against individuals based on their disabilities, including access to wellness programmes.

#### **Genetic Information Nondiscrimination Act (GINA)**

GINA prohibits employers from requesting, requiring and using genetic information for pricing and underwriting and discriminating against employees based on their genetic information. As an exception, employers are allowed to offer wellness programme financial incentives based on the genetic information of employees and health assessment information (but not genetic information) of their spouses.

#### **Other**

Wellness programmes may also need to comply with legal requirements under the Employee Retirement Income Security Act (ERISA) to provide access to plan information and under Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage.

#### **Accreditation**

Accreditation is another important incentive for health insurance companies to offer wellness programmes. The National Committee on Quality Assurance (NCQA) is a national accreditation organisation for managed care organisations (MCOs). In order to receive accreditation, an insurance company's MCO plans must include preventive healthcare services, which often include wellness programmes. While this accreditation is not mandatory for insurance companies, many employers have this as a prerequisite when selecting an appropriate health plan. Therefore, wellness programmes can give an insurance company a competitive advantage over those companies that do not offer them.

## 8. Monitoring and evaluating your programme

Depending on the wellness programme design and objectives, different evaluation considerations will apply but there will be certain principles that apply to wellness programmes in general. A robust evaluation framework should be a key component of the programme design and incorporated in two distinct phases:

1. Before launch, when an effective evaluation framework can help determine which aspects of the programme should be prioritised and can help frame expected outcomes and potential unintended consequences.
2. After launch, when the framework can assess programme outcomes against expectations and, critically, allow further ongoing refinements to help maximise the programme's ability to deliver its targets.

A key element of building an effective evaluation framework is identifying the goals of the programme and planning in detail how you will measure success. Success can be measured in multiple ways, for example using return on investment (RoI) or value on investment (VoI).<sup>39</sup> Defining appropriate measures of success that compare the outcomes of the programme to the stated objectives is an important part of the design phase. This will also allow ongoing refinement to the project to improve results.

These measures of success can cover a range of potential factors including:

- Healthcare claims costs, e.g., measured by identifying healthcare services that wellness programmes would be expected to impact.
- Absenteeism rates for employer-based wellness programmes.
- Patient experience and satisfaction, e.g., measured through surveys, engagement rates and persistency rates.
- Reduction of inequalities or distribution of outcomes, rather than just movement of the mean or average outcome. In some situations, the mean outcome may get worse, but the distribution of outcomes may become narrower and that could be considered successful.

There are a number of significant challenges in evaluating the impact of a wellness programme. Typically, the more powerful and sophisticated an evaluation methodology is, the more complex and challenging it is to implement, and the more onerous the data requirements will be. At one extreme, evaluation methodologies can be largely qualitative and observational, focusing on case studies or a series of related case studies. At the other extreme, evaluation approaches can focus on randomised controlled trials (RCTs) or even meta-analyses<sup>40</sup> of RCTs.

Evaluation approaches for wellness programmes typically focus on a before and after (observational) analysis. This will typically measure an outcome for a population after allowing for the impact of wellness programme, comparing it to the experience for the same population pre-intervention. Before and after comparisons of this nature can have the benefit of being quantitative and data-driven, but they can also be fraught with pitfalls. The key challenges to look out for are selection bias, the impact of regression to the mean and confounders. We address each of these in more detail in Figure 7. By comparison, RCTs can avoid these pitfalls but are onerous or impractical to implement in most circumstances.

<sup>39</sup> RoI compares the benefit of an investment to the cost of an investment in monetary terms while VoI attempts to capture the intangible benefits that contribute towards the investment's performance.

<sup>40</sup> Meta-analysis involves aggregating results from multiple RCTs.

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**FIGURE 7: WELLNESS PROGRAMME EVALUATION PITFALLS****Selection bias**

Any situation where an individual is making a choice will introduce the potential for selection bias. For example, is a wellness programme successful at improving health outcomes in its own right, or has the programme attracted those who would have had better health outcomes anyway? Bias can typically arise when an individual chooses to participate in a programme, when participants for a project are chosen based on particular criteria or where an individual remains in a programme based on choice or eligibility.

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**Confounders**

The age-old maxim of statistical analysis that correlation does not equal causation applies in the same way here. Often data in results may point to interesting outcomes but may mask the true underlying picture. For example, study results may find a strong correlation between high levels of alcohol consumption and lung cancer, which could lead to the conclusion that excessive alcohol consumption causes lung cancer. Without considering additional relevant factors, the correlation between smoking and excessive alcohol consumption and the result that smoking is a more likely cause of lung cancer may be missed. The only way to fully address confounders of this nature is to gather sufficient data to analyse across a range of variables.

In all observational studies there is an added complexity where the outcomes for the population, if the intervention had not taken place (i.e., the 'counterfactual'), will be unknown. It will be important to make appropriate allowances for trends and other factors such as changes in risk profile, which could influence the experience for the population, rather than simply attributing any changes to the wellness programme. This can require complex modelling of potential outcomes and will add further uncertainty to any analysis.

Failure to identify and adjust for the effects of confounding variables will also compromise the ability to generalise or transfer the learnings and design elements of wellness programmes from one setting to another.

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**Regression to the mean**

This can be another key challenge in evaluating any wellness programme, in particular because the impact on results can be significant, both in terms of magnitude and even directionally. The highest claimants in one year may not be the highest the next year, and regression to the mean will pull outliers towards the centre over time. Regression to the mean could also be a concern when considering the health metrics that wellness programmes are trying to improve. For example, repeated measures of blood pressure, cholesterol and glucose levels could also be pulled towards the centre over time. Similarly, for health risk assessments, extreme health score values may be random for certain members and repeated measurement could pull them closer to the average.

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Measuring outcomes successfully will therefore typically require:

- Gathering sufficient data to provide a baseline assessment
- Identifying a suitable control group with which to compare outcomes, whether that is a different population at the same point in time, or the same population before the wellness programme was in place
- Assessing the impact of selection bias and adjusting appropriately for it
- Allowing for other challenges such as confounders and regression to the mean

A critical element of any evaluation mechanism will be a feedback loop that allows ongoing results to influence the design of the system, facilitating iterative improvements over time.

Improvements in outcomes cannot be expected overnight and the programme will need to run for a sufficient amount of time to observe any real changes. For example, the study of PepsiCo's wellness programme illustrates how cost savings were only observed for three years following the programme commencement.<sup>41</sup>

Wellness programmes can impact areas other than the programme's stated objectives. A study at the University of Illinois at Urbana-Champaign (UIUC) involved designing and implementing a workplace wellness programme for research purposes. While there were no significant observed impacts on medical spending, productivity, lifestyle behavioural changes or self-reported health, employees' perceptions of management experienced a positive change and employees perceived the programme as the employer placing a high value on their health and safety.<sup>42</sup>

Wellness programme success and engagement can also depend on unexpected factors. For example, one study<sup>43</sup> showed that employees' well-being and engagement was significantly better for employees who believed that their company 'cared about their health and wellness.'

The usefulness and success of the most popular measure, RoI, has been reported in multiple studies and publications with very mixed results. For example:

- A Harvard University study<sup>44</sup> found worksite wellness programmes can ensure a sixfold RoI but most of the savings come from decreases in healthcare costs.
- Johnson & Johnson's<sup>45</sup> assessment of its wellness programme, which has been in place for more than 30 years, estimated RoI to be within a range of \$1.88 and \$3.92 for every dollar invested. This result is also based on having lower inflation-adjusted growth in total medical expenditure than similar large companies.
- A RAND Corporation study<sup>46</sup> on workplace wellness programmes concluded that results are company-specific and attributable to unobservable differences, including healthcare coverage, health management and programme maturity.
- Another RAND Study, sponsored by the US Department of Labour,<sup>47</sup> concluded that the reduced costs and utilisation of healthcare services were statistically insignificant.

These conflicting reports highlight not only that wellness programmes are diverse, with differing levels of financial benefits, but also that evaluating them is not straightforward. Measuring the appropriate outcomes with statistical credibility is important. Many cases studies include confounding factors, non-normal data distributions, self-selection into the programme, unexplained attrition rates and legal or practical constraints.

41 Caloyeras, J.P., Liu, H., Exum, E. et al., op cit.

42 Jones, D., Molitor, D., & Reif, J., op cit.

43 Global Wellness Institute (2016). Unlocking The Power of Company Caring, Retrieved 9 December 2019 from <https://globalwellnessinstitute.org/industry-research/unlocking-the-power-of-company-caring/>.

44 Wein, D. (2015). Worksite wellness programs offer valuable benefits to both employers and employees, Employment Relations Today.

45 Goetzel, R.Z., Henke, R.M., Tabrizi, M. et al. (September 2014). Do workplace health promotion (wellness) programs work?, JOEM. Retrieved 9 December 2019 from <https://pdfs.semanticscholar.org/7090/2db02e100341f2a0e502031377d438006ce9.pdf>.

46 Matke, S., Kapinos, K.A., Caloyeras, J.P. et al. (2015). Workplace Wellness Programs: Services Offered, Participation, and Incentives. RAND. Retrieved 9 December 2019 from <https://www.rand.org/pubs/periodicals/health-quarterly/issues/v5/n2/07.html>.

47 Goetzel, R.Z., Henke, R.M., Tabrizi, M. et al. op cit.

## 9. Conclusion

The popularity of wellness programmes is increasing in many healthcare systems around the world. Implementing these programmes presents new opportunities for insurers and employers. Clearly defining a wellness programme will be a crucial first step in its development to ensure that the objectives are clear and quantifiable and that the offering has been designed with target membership in mind. The development process will need to include identifying and setting up the appropriate enablers and third-party relationships and ensuring strategies are in place to drive member engagement. Evaluating the performance of a wellness programme is not straightforward and it is important to have robust evaluation frameworks in place to ensure that the appropriate data is available and that the methodologies used produce statistically credible results while recognising the impact of identified pitfalls.

## Authors

Lalit Baveja, MSc, is a principal with the New Delhi office of Milliman. Contact him at [lalit.baveja@milliman.com](mailto:lalit.baveja@milliman.com).

Alison Counihan, FFA, FASSA, is a consulting actuary with the Dubai office of Milliman. Contact her at [alison.counihan@milliman.com](mailto:alison.counihan@milliman.com).

Tanya Hayward, FIA, is a consulting actuary with the London office of Milliman. Contact her at [tanya.hayward@milliman.com](mailto:tanya.hayward@milliman.com).

Monika Lis, FMSA, is a consulting actuary with the Warsaw office of Milliman. Contact her at [monika.lis@milliman.com](mailto:monika.lis@milliman.com).

Neha Taneja, FIAI, is a consulting actuary with the Riyadh office of Milliman. Contact her at [neha.taneja@milliman.com](mailto:neha.taneja@milliman.com).

## How Milliman can help

Milliman has vast and deep technical knowledge of understanding healthcare systems and wellness programmes as well as experience working with health insurers, employers and government organisations. Whether you want to understand more about the interaction of wellness programmes with insurance products, technical tools and data or how to set up an evaluation framework, we can bring our global experience of best practices combined with local knowledge.

If you have any questions or comments on this paper, or on any other issues affecting wellness programmes, please contact any of the consultants below or your usual Milliman consultant.



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### CONTACT

**Lalit Baveja**  
[lalit.baveja@milliman.com](mailto:lalit.baveja@milliman.com)

**Alison Counihan**  
[alison.counihan@milliman.com](mailto:alison.counihan@milliman.com)

**Tanya Hayward**  
[tanya.hayward@milliman.com](mailto:tanya.hayward@milliman.com)

**Monika Lis**  
[monika.lis@milliman.com](mailto:monika.lis@milliman.com)

**Neha Taneja**  
[neha.taneja@milliman.com](mailto:neha.taneja@milliman.com)