

More Employers to offer Workers Financial Incentives for Healthy Behavior

Top Programs Integrate Health Management With Business Objectives, Watson Wyatt/National Business Group on Health Survey Finds

WASHINGTON, November 7, 2007 – With continuing pressure to control health care costs, more companies plan to offer financial incentives to reward workers who adopt healthy lifestyles, according to a new survey by Watson Wyatt, a leading global consulting firm, and the National Business Group on Health, a non-profit association of 285 large employers. Those employers best controlling costs and increasing productivity are integrating a broad array of health management programs.

Nearly half (46 percent) of employers surveyed currently offer financial incentives to encourage workers to monitor and improve their health or plan to offer incentives next year. By 2009, that number is expected to surpass 70 percent, according to the 2007/2008 Staying@Work survey. A total of 355 large employers participated in the survey.

The survey also found that companies with effective health and productivity programs demonstrate superior performance. They achieve 20 percent more revenue per employee, have 16.1 percent higher market value and deliver 57 percent higher shareholder returns (from 2004 to 2006). Additionally, companies with highly effective health and productivity programs have cost increases that are five times lower for sick leave; four and one-half times lower for long-term disability; four times lower for short-term disability; and three and one-half times lower for general health coverage.

“With few options left, companies are putting significant emphasis on improving the health and productivity of their workforce” said Shelly Wolff, national practice leader for health and productivity at Watson Wyatt. “Global competition and pressure for greater efficiency are causing employers to seek new ways to help manage benefit costs and increase worker output. Increasingly, companies are looking at the health of their workers as the new growth engine to stave off health care inflation and keep employees on the job and productive.”

The survey found that more companies are planning to connect employee health to company goals. Almost one-third of employers (29 percent) currently link health and productivity programs to their broader initiatives, or plan to in 2008. Another 26 percent plan to do so in 2009. Employers are also implementing various programs to engage employees in managing their own health.

Companies Aim to Encourage Healthy Behaviors

	Offer Now or in 2008	Plan to Implement in 2009
Provide tools that encourage safety and wellness	85%	7%
Promote emotional health	82%	7%
Educate employees on safety at work	63%	9%
Involve senior management in promoting health and productivity	52%	16%
Offer economic incentives	46%	26%
Educate medical providers on work environment and health initiatives	33%	7%
Connect wellness programs to broader initiatives	29%	26%
Integrate health programs with paid leave	26%	12%

Yet, while both companies and their workers say that a healthy workforce is a priority, accountability remains low. Although 79 percent of companies think employees should be held accountable for improving and maintaining their own health, only 4 percent actually are taking action on this issue. Similarly, 68 percent believe that managers should be responsible for workforce productivity, yet only 13 percent are holding managers accountable.

“The survey results confirm that successful employers are more likely to provide tools to support health improvement, promote emotional health, educate employees on safety at work, use positive economic incentives, and involve senior management in promoting health and productivity. It's a very inspiring message," said Helen Darling, president of the National Business Group on Health.

Other findings from the survey include:

- Employers spend a median 21.2 percent of payroll on direct and indirect costs of programs for wellness, sick leave and disability, slightly less than the 22 percent they spent in 2005.
- Preventable factors lead the list of health-related items affecting business performance, followed by adverse physical conditions, such as back pain. The leading health issues are lifestyle risks (42 percent), physical conditions (34 percent), chronic conditions (31 percent), unscheduled absences (30 percent) and mental health conditions (23 percent).
- The two most commonly cited barriers to effectively managing health and productivity are lack of data (45 percent) and organizational structure (41 percent).

More information on the 2007/2008 Staying@Work report can be found at www.watsonwyatt.com

About Watson Wyatt Worldwide

Watson Wyatt (NYSE: WW) is the trusted business partner to the world's leading organizations on people and financial issues. The firm's global services include: managing the cost and effectiveness of employee benefit programs; developing attraction, retention and reward strategies; advising pension plan sponsors and other institutions on optimal investment strategies; providing strategic and financial advice to insurance and financial services companies; and delivering related technology, outsourcing and data services. Watson Wyatt has 7,000 associates in 31 countries and is located on the Web at www.watsonwyatt.com

About The National Business Group on Health

The National Business Group on Health is the nation's only non-profit, membership organization of large employers devoted exclusively to finding innovative and forward-thinking solutions to their most important health care and related benefits issues. The Business Group identifies and shares best practices in health benefits, disability, health and productivity, related paid time off and work/life balance issues. Business Group members provide health coverage for more than 50 million U.S. workers, retirees and their families. For more information about the Business Group, visit www.businessgrouphealth.org