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## Worker Health and Productivity Report

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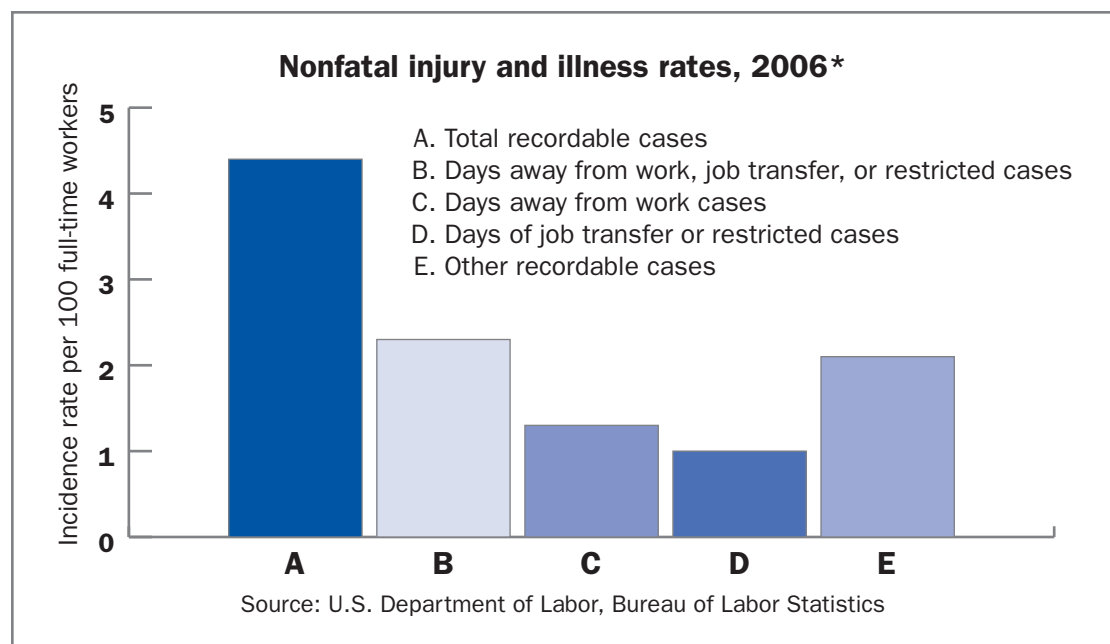
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# Stopping the Bleeding: Overcoming Employee Health Problems to Prevent Productivity-Related Losses

Decades of research show that maintaining a well-informed, health-conscious workforce is the most effective way for companies to reduce absenteeism and raise productivity on the job. However, providing the necessary information and motivation remains challenging for human resources professionals.

Research from the U.S. Bureau of Labor Statistics shows that among private industry employees, workplace injuries and illnesses in 2006\* occurred at a rate of 4.4 per 100 full-time workers, resulting in **4.1 million cases**. Further, the total rate of injury and illness was highest among mid-size companies employing 50 to 249 workers, while the rate was lowest among small companies employing fewer than 11 workers. In addition, **2.1 million injuries and illnesses** resulted in missed work days, job transfers, or restricted work duties.



\*Latest government data available.

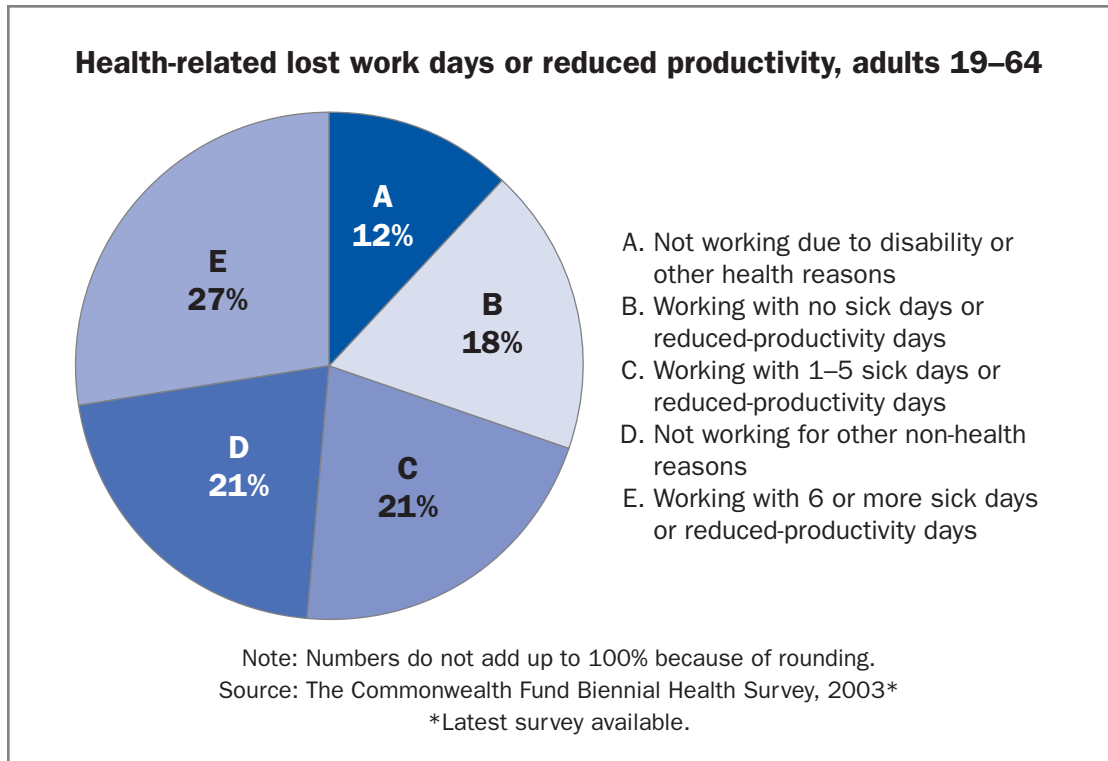
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## Productivity losses exceed direct medical costs

Many employers underestimate the broad impact of unhealthy employees. They are often surprised to learn that the cost of lost productivity on the job far exceeds the cost of medical care for their workers. In 2008 the Journal of Occupational and Environmental Medicine reported on a study of four companies with a total of 15,000 employees; it showed health-related lost-productivity costs along with direct medical spending — on medical and pharmacy claims — were four times greater than direct medical spending alone. Musculoskeletal problems, depression, fatigue and sleeping disorders were cited as primary factors driving costs upward.

A recent study by the MedStat Group examined on-the-job slowdowns, also called “presenteeism” by economists. It found that workers who are present and working with health problems incur productivity losses that exceed the costs of absenteeism and medical/disability combined. The study also identified the employee health conditions that are most costly to employers. When factoring in other costs, such as disability and health benefits, with productivity losses due to worker slow-downs and absenteeism, the costliest conditions are hypertension, heart disease, and mental health problems.



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Of the nation's total lost productivity tab of \$250 billion annually, the estimated presenteeism cost runs as high as \$180 billion.

## 407 million days lost

A recent Commonwealth Fund study shows that 69 million workers reported missing work days because of illnesses, which translates into a total of 407 million days of lost worker productivity per year. In addition, **55 million workers** reported that they were “unable to concentrate” at work due to their own illnesses or the illnesses of family members...another 478 million days of reduced worker productivity. The study reports that one-half of all workers experienced at least one day in which they were unable to concentrate at work because of their own or a family member's illness, and about 20 percent of all workers missed at least six work days due to their own health problems or those of family members.

## Healthy workers are 3.1 times more productive

An Australian study commissioned by Medibank Private reports that healthy workers are 3.1 times more productive than their unfit co-workers. The study found that healthy workers produced 140 “effective working hours” per month, while the least healthy employees produced only 45 “effective working hours” per month.

Of course, companies need to factor out the “costs” of lost productivity. As one Matria Healthcare study reports, health-related productivity costs were more than **four times greater than medical and pharmacy costs**.

## Control costs through health and productivity management

The annual average cost for health care premiums per employee nearly doubled from 2001 (\$4,336) to 2008 (\$8,331), according to Hewitt Associates. But this does not include losses due to worker absenteeism and presenteeism, which lower productivity.

A majority of the costs attributed to unhealthy or unsafe employees stem from negative lifestyle habits, such as smoking, being unfit, and experiencing stress. For example, smok-

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ing remains the leading cause of preventable death in America, annually costing the U.S. \$80 billion in lost productivity and \$96 billion in medical expenses. (Centers for Disease Control and Prevention)

The good news: A majority of U.S. businesses believe that health and productivity management can significantly reduce the overall cost of employee health care, raise on-the-job morale, and lead to workforce retention.

## Investing in employee wellness

A 2005 Pricewaterhouse Coopers Health Research Institute survey of large U.S. companies shows that 72% of respondents categorize their senior management as actively promoting wellness and positive lifestyles among their employees. One of the best proactive measures that a company can take is providing their employees with helpful wellness information. According to Oakstone Publishing (“Final Report: Health and Wellness Product Preferences,” 2005), a periodical newsletter is historically the most fundamental, effective corporate wellness option because of its affordability, portability, and high level of ongoing participation. From a survey of 152 random buyers of wellness products, 63% viewed **newsletters as *the most valuable tool***.

According to another Oakstone publication, *Why Wellness?*, routinely providing newsletters to employees and their families can reinforce health and safety goals, provide practical lifestyle advice to prevent and manage chronic conditions, promote behavioral changes proven to result in fewer injuries, reduce the incidence of minor conditions that inhibit productivity, and boost morale by supporting the general health and well-being of employees and their families.

## Do employees want help managing their health?

In a Hewitt survey of 39,000 employees, 93 percent said they are ready to assume responsibility for better health but have not yet received clear, targeted messages from their employers that encourage them to act. Most employees appreciate health management programs. Providing them with clear information about how to improve their personal behaviors can ultimately influence health care use — and productivity.

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## A \$3.50-to-\$1 savings-to-cost ratio

Partnership for Prevention cites a research study conducted by the University of Michigan Health Management Research Center that shows how a company saves about \$350 annually per employee by keeping workers at low health risk. In addition, the Center's Director, D.W. Edington, Ph.D., estimates that there is a **return of at least \$3 for every \$1 invested** by a company in improving employee wellness (as reported in *USA Today*, August 1, 2005, "Companies Step Up Wellness Efforts" by Julie Appleby). According to *Why Wellness?*, published by Oakstone Publishing, a review of 73 published studies of worksite programs, shows an average \$3.50-to-\$1 savings-to-cost ratio in reduced absenteeism and health care costs.

### Annual employer savings-to-cost ratio

Employer health care investment:  $\$100 \times 100 \text{ employees} = \$10,000$

Employer savings-to-cost return:  $\$350 \times 100 \text{ employees} = \$35,000$

Employer "health profit" =  $\$25,000$

Source: Oakstone Publishing, review of 73 published worksite program studies

## Strategies and tactics for better employee health

The following examples were excerpted from Oakstone Publishing's health promotion and wellness newsletter *TopHealth* (go to [www.personalbest.com/Promo/TH3](http://www.personalbest.com/Promo/TH3) for more information on *TopHealth*).

- Walking just one mile a day may reduce your heart disease risk by more than 80%.
- The best protection against influenza each year is a flu shot, now recommended for everyone, starting at age 6 months. Best time for vaccination is October or November, but December is not too late.
- Losing just 10 pounds can significantly lower your blood pressure.
- Drinking water can help prevent kidney stones. The National Kidney Foundation suggests drinking three to four quarts of fluid per day. If kidney stones have previously occurred, these steps may help prevent them from returning: don't eat exces-

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sive amounts of animal protein; reduce salt in the diet; don't take extra vitamin C, vitamin D, or calcium supplements; and follow your health care provider's advice.

- ☛ Exercise is one of the best things you can do for yourself since it can increase strength and flexibility, boost energy, trigger the release of endorphins (the body's natural painkillers), improve sleep, reduce weight, and enhance mood.
- ☛ There may be **relief for chronic pain** through simple physical manipulation. For instance, progressive muscle relaxation can reduce arthritis pain.

Of course, enlightened managers want to discover the very best ways to achieve good health in the workplace, and the accompanying increase in productivity. For more information on how to engender good employee health practices, go to **www.personalbest.com** or call *TopHealth* toll free at **800-871-9525**.

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*TopHealth*, Personal Best, a division of Oakstone Publishing.