

Local Government Wellness Programs: A Viable Option to Decrease Healthcare Costs and Improve Productivity

By Abraham David Benavides, PhD, and Hailee David

In an effort to reduce the rising costs of health care many local governments are turning to alternative and innovative strategies to mitigate the problem. One solution has been to offer a wellness program for employees. The article reviews the research on employee assistance programs and differentiates between them and the current wellness programs that are in place today. Wellness programs have proved to be cost effective and the return on investment has been well worth the initial cost. A recent study is reviewed to show the current profile of wellness programs in the Dallas-Fort Worth Metroplex. More local governments in this area have initiated wellness programs and the results so far have been encouraging. The article argues that, though wellness programs at the local level of government are not new, they have been repackaged as a positive alternative to reduce costs. A win/win situation arises for the public employee when their health is promoted and they are being productive stewards of tax payer dollars.

Tipping the scales at more than 350 pounds, City of Coppell, Texas, employee Stephanie Tumilson knew she needed to do something about her weight. Her unhealthy eating habits and sedentary lifestyle made her feel tired at work and at home. Her weight problem not only resulted in her agonizing about her appearance, but increasingly created worries about her health. In 2004, Tumilson finally decided to take matters into her own hands when she joined the City of Coppell Living Well Program. "I've lost 210.6 pounds. It was the foundation of the [city's] program that got me to the point to say, okay this is what I'm going to do."¹ Tumilson's story of success and her battle with unhealthy lifestyle choices is echoed all across America. The City of Coppell, like many other local governments across the Dallas-Fort Worth Metroplex, are increasingly joining the ranks of organizations across the nation that are looking at ways to help employees succeed in their own personal health goals.

Helping employees develop a healthy lifestyle can ultimately benefit an organization's bottom line in a number of ways. Not only can a city increase productivity and decrease absenteeism, but it can also save hundreds of thousands of dollars a year in escalating insurance premium costs. Coppell deputy city manager Clay Phillips noted that "spending a few dollars on the front end makes sense not only for the organization and the employee, but also for the taxpayer. Health insurance premiums are flat, the city is being recognized nationally by the Wellness Councils of America, and success stories like those of our employees are inspiring."²

The rising cost of health care has caused a number of municipalities to look for viable alternatives to increasing premiums. One such alternative has been the now popular health promotion programs or wellness programs that are geared to improve employee's physical, emotional, and psychological health. A failure to try something new would invariably lead to increased premiums and deductibles and dramatically scale back benefit levels. The principal reasons therefore, for the rise in employee wellness programs all over the nation, are mainly due to employers seeing the programs as a means to help reduce rising healthcare costs and maintain a healthy workforce.

U.S. health care spending is expected to increase for the next decade reaching \$4 trillion in 2015, or 20 percent of GDP.³ In 2005, employer health insurance premiums increased by 9.2 percent – nearly three times the rate of inflation. The annual premium for an employer health plan covering a family of four averaged nearly \$11,000. The annual premium for single coverage averaged more than \$4,000.⁴

The effects of rising health care costs are giving both private and public employers limited options for providing total compensation packages. To attract and retain top professionals both sectors need to balance the demands on the organizations' funds with appealing benefit packages. The 2006 U.S. Chamber of Commerce's annual Employee Benefits Study showed that employee benefit costs swelled in 2005 and now account for more than 44% of payroll expenses. The report goes on to say that the cost of employee benefits, as a percent of payroll, has risen 4 percentage points over the past year. Medically related expenses cost employers \$5,924 per employee, or 14.5% of payroll, up from 11.9% as cited in last year's Employee Benefits Study.⁵

A second reason for concern for local governments is the state of health of their employees. The Center for Disease Control recently reported that obesity increases employer costs – including medical expenditures and absenteeism, by \$460 to \$2,500 per obese employee per year.⁶ The leading cause of death in the United States today is heart disease. A major contributor to this disease is the sedentary life style and poor eating habits of a majority of the people. According to the National Center for Health Statistics 30 percent of U.S. adults 20 years of age and older – over 60 million people – are obese, defined as having a body mass index (BMI) of 30 or higher. An estimated 65 percent of U.S. adults aged 20 years and older are either overweight or obese, defined as having a BMI of 25 or higher.⁷ H.M. Blanck concludes that the prevalence of obesity increased during 1995-2005 in all states.⁸ The cause for concern in these statistics is that being overweight or obese increases the risk of many diseases including: hypertension, coronary heart disease, stroke, type two diabetes, sleep apnea, gallbladder disease, and

some cancers. All of these diseases contribute to lower productivity and decrease efficiency for cities.

Over the course of the century, improvements in medicine and public health have added 25 years to the life expectancy of the average American and have significantly improved the diagnosis, treatment, and prevention of disease and disability. Traditional medicine has largely restricted itself to treatment and cure. There are inherent costs in this reactive approach with organizations across America picking up the tab in terms of increased insurance premiums, loss of productivity, and increased absenteeism. Clearly acute intervention alone cannot be the sole strategy for a productive work force. Proactive solutions such as wellness programs as a means to help address the growing health care crisis affecting our nation's workforce and population as a whole are widely needed.⁹

The purpose of this article is to fill a void that exists in the literature on research devoted to wellness programs at the local level of government. The article first reviews the research on employee assistance programs and then differentiates between them and wellness programs. Next, a number of examples are used to show that wellness type programs are cost effective. In other words, the return on investment is worth the initial cost. At this point, local government efforts and private sector initiatives are reviewed. Finally, a recent study is examined to show the current profile of wellness programs in the Dallas-Fort Worth Metroplex. The article concludes with an argument that Wellness programs at the local level of government are not new but they have been repackaged into a positive alternative to reduce costs. A win/win situation arises for public employees when their health is promoted and they are being productive stewards of tax payer dollars.

Traditional Employee Assistance Programs

An employee assistance program (EAP) traditionally has had the purpose of helping an employee with non-work related problems that had the potential to interfere with performance on the job. For instance, some of the first EAPs focused on alcohol and substance abuse problems, which adversely affected job performance. Today some of the plans offer legal advice, assistance with aging parents, marital or family counseling, psychological counseling, stress reduction sessions, financial planning assistance, and a number of other programs to assist employees with personal problems. Donald Klingner and John Nalbandian suggest that these programs are "designed to diagnose, treat and rehabilitate employees whose personal problems are interfering with work performance. From the employee's viewpoint, the objective is to treat personal problems before they have an irreparable effect on job status. From the employer's view point, the objective is to rehabilitate employees whose personal problems are a threat to productivity."¹⁰

An EAP is a reactive program designed to mitigate existing negative circumstances by addressing core problems (personal, medical, and emotional) as they affect an employee's productivity. As a result, some employees see an EAP as a means to only address performance deficiencies and are reluctant to take advantage of other services

for fear of being labeled unproductive. The stigma associated with EAPs is its biggest drawback in making an impact on the organization. Some EAPs are strictly designed to identify and assist troubled employees and do not make overtures to current productive employees. The scholarly literature is filled with instances where EAPs are studied and the dependent variable is the problematic employee. For instance, Arthur Johnson and Nancy O'Neill describe "Employee Assistance Programs and the Troubled Employee in the Public Sector Workplace."¹¹ T.D. Hartwell continues the negative stereotype of EAPs by conducting a study entitled, "Aiding Troubled Employees: The Prevalence, Cost, and Characteristics of Employee Assistance Programs in the United States."¹² These studies and the general negative characteristics associated with EAPs have kept some productive employees from participating in their positive aspects. In essence, it's how they are perceived. However, they offer many services that can be beneficial to all employees. Additionally, many EAPs have been successful in helping employees with substance abuse problems, regain confidence, and become productive once again. Overall, studies have shown that EAPs are now an integral part of an organization's benefit package and have proved to be cost effective.¹³

Wellness Programs

In contrast to an EAP, a wellness program is designed to be a positive experience focusing on preventative measures by helping an employee with lifestyle changes. This proactive approach removes any stigma an EAP may create and establishes a "holistic health care environment."¹⁴ Some organizations use an EAP as an umbrella type structure and will include a wellness program as one of the items offered to employees. Others use a different model and a wellness program is separate from the EAP. This latter model is more beneficial in the interim until the overall stigma of EAPs fades. According to the National Wellness Institute, wellness is an active process of becoming aware of, and making choices toward, a more successful existence.¹⁵ An employee wellness program should be responsive to employer demands while enabling employees to take responsibility and control over their own health.

A properly constructed wellness program will have a number of components that have at their center the health and well being of all organization members. This is best done by creating a culture that values good health. Scholars have identified the basic areas of a wellness program as: Physical fitness, stress management, psychological and mental health issues, nutrition and dietary related needs, and alcohol and chemical dependency programs.¹⁶ According to Don Powell the programs that show the greatest return on investment include four major components: assessment activities, communication materials, self-help materials, and group programs.¹⁷ Tony Jewell reported on a recent study of the nation's leading companies that organizations offered a variety of options under the heading of a wellness program to promote employee health. His study noted the percentage of organizations that offered these options. For instance, 61 percent offered health risk assessments, 56 percent provided smoking cessation programs, 50 percent had on-site workout facilities, 48 percent had healthier food choices at work cafeterias, another 48 percent facilitated employee diet groups,

43 percent subsidized gym memberships, 32 percent offered other miscellaneous components such as, free flu shots, healthier vending machine choices, wellness websites, and on-site massage therapy, 27 percent had employee exercise programs, and finally, another 27 percent had diet counseling sessions.¹⁸

According to Carolyn Hirschman wellness programs strive to "prevent at-risk workers from developing diabetes and other chronic diseases. Disease management helps ill people better manage their conditions so they don't get worse."¹⁹ The goal in essence is to keep healthy people healthy and to give those with health issues opportunities to improve their physical and mental condition. Part of the methodology is to lower the risk factor by even a small percentage. This policy can have an enormous impact on the bottom line of the employer. This strategy differs from the usual approach where an employee would access the EAP program only after performance deficiencies and a clear problem existed. A wellness program is proactive, seeking to mitigate problems before they emerge or become unmanageable.

The connection between family friendly management practices including wellness type programs to physical and mental well being has been substantially documented.²⁰ Prevention programs can help control costs and improve productivity. Studies show that wellness programs may also alleviate common work related problems. Significant improvement can be seen in work performance indicators, reduction in absenteeism, grievances, disciplinary actions, work accidents, staff turnover, tardiness, improved employee health, reduced health care costs, and improved morale.²¹

Employers and other employee benefit consultants agree that wellness programs are the current wave in health care cost containment and productivity improvements.²² According to a survey released in 2004 by the Deloitte Center for Health Solutions and the ERISA Industry Committee, organizations are increasingly turning to employee wellness programs to get a handle on rising health care costs, and most believe these programs will have a long-term impact. The survey of 365 of the nation's leading corporations found that 62 percent of companies said they implemented wellness programs to improve employee health, and another 33 percent said they were considering such programs. Of those companies with a wellness program, 64 percent said rising health care costs were a big factor in their decision.²³ Finally, additional research on the benefits of increased employee fitness for employers has shown a possible 300 percent return on investment per employee for employer facilitated exercise. Of employees participating in employer facilitated exercise programs, one study found 61 percent of participating employees agreed they were more confident as a result of regular exercise. Sixty-seven percent of employees felt more motivated at work and 65 percent felt they could take on more at home and at work than ever before.²⁴

Wellness Programs and the Return on Investment

The public private wage differential, although diminishing, is still noticeable in many public sector jobs. To complicate the issue, health care benefits for public employees

are either being reduced significantly or in some cases eliminated because of rising costs. In 2005 the U.S. spent 2 trillion dollars on care or \$6,679 per person. Last year, 61% percent of business offered health benefits to at least some employees, down from 69% in 2000. As costs become too great, organizations in both the public and private sector will be forced to eliminate benefits or find other solutions. Employers in both the public and private sectors have been faced with the ever growing task of trying to reduce the total costs of health care expenditures or eliminate benefits. One method that caught hold during the 1990s was to put the majority of the burden for healthcare expenses back onto the employee. This was known as cost shifting or cost containment.²⁵ Employers would benefit by paying a smaller portion of the insurance cost. Additionally, they would attempt other techniques such as only covering the employee (not the whole family), increasing the deductible, and using providers that put limits on such services as prescription drugs and non-emergency room visits. The major problem with this practice for local governments was that cutting back on employee insurance coverage put at risk the quality of the employee that the city could attract. Traditionally the benefit package for local governments compensated for lower salary and other perks common in the private sector. Therefore adapting these new techniques were appropriate only to a certain point because it would cause cities to be less competitive.

According to a recent survey by the International Public Management Association for Human Resources (IPMA-HR) a number of its members have reported an increase of 11 to 20 percent over the past three years in health care costs. They go on to note that "90 percent of public agencies said they have either made changes to their health insurance plan or that they intend to make changes within the next year to reduce the employer's health insurance costs." IPMA-HR also asked survey respondents about best practices in relation to health care cost management, and a number of organizations responded "that they were able to control costs by implementing health and wellness programs. Healthier employees generally visit the doctor less often, using the health insurance benefits less frequently. Insurers are then more likely to lower their experience rating and reduce the cost to the employer of providing the benefit."²⁶

Wellness programs are not a quick fix solution to years of employee disregard for their health condition. In most cases at least a two year window is necessary to begin to see positive results. In any case, it is an option that provides a sustainable way to lower health care costs and improve the physical and mental well being of employees. As any other business practice, companies and local governments are spending money to save money. In most cases the benefits are worth the investment. The Wisconsin Public Health and Health Policy Institute recently reported that several studies indicated that the return on investment on wellness programs ranged from \$1.81 to \$6.15 per \$1 invested in a company's wellness program.²⁷ Similarly, the Texas Coalition for Worksite Wellness notes that for every dollar invested in corporate health promotion a savings of between \$3.50 and nearly \$6.00 is achieved through reduced absenteeism, higher productivity and fewer health care related costs.²⁸ By any measure these ratios – using the return on investment metric – are a phenomenal success and merit further investigation.

In looking at specific local government examples, the City of Mesa, Arizona realized a return of \$3.60 for every dollar invested in the health of city employees. This return is demonstrated through reduced health premiums, decreased absenteeism, and increased productivity.²⁹

The city of Maple Grove, Minnesota for the past five years has been able to save an average of \$6.70 in health care premiums for every dollar spent on wellness type activities. The city of Aiken, South Carolina has had its insurance premiums level off and its sick days reduced in every one of the past three years; and finally, Green Bay, Wisconsin's Municipal Sewage District also experienced decreases in its insurance premiums.³⁰ Finally, the Wisconsin School District saw a \$4.75 return for every dollar spent on their employee wellness programs.³¹

Other studies have shown that wellness type programs can reduce health care costs and employee absenteeism as well as improve employee productivity.³² Furthermore, some research shows that the costs associated with employees who exhibit unhealthy lifestyles can be exorbitant. For instance, Fred Drennan contends that "lost productivity (due to worker's compensation injuries, healthcare costs and low output) when bundled together were more than \$16,000 per employee in 2002. Using this model, this means that 60 percent of the 138 million workers in the U.S. are costing about \$1.5 trillion in lost productivity."³³ The healthier an employee, the fewer sick days they use and the more productive they are. Ron Finch argues that a "comprehensive health promotion and disease prevention program benefits employees and the organization in the short and long term. From increased health and productivity to reduced medical costs, preventative services have been shown to be beneficial."³⁴

The managed care phenomenon that includes a Health Maintenance Organization (HMO), a Preferred Provider Organization (PPO), and Point of Service (POS) plans, are all part of a trend to find efficiencies in the cost of health care. These programs have been around since the 1980s and supporters claim they have been very successful. Detractors, to the contrary, argue that managed care has been unsuccessful and has increased the cost of health care. The relevance here is that many local governments use some type of managed care and these plans offer discounts if city employees remain healthy. Thus wellness programs not only increase the health of the employee, but also have a direct impact on the insurance premium paid to a managed care organization.

Local Government Efforts

Early research on health care cost containment efforts by local governments and agencies across the United States was conducted by Perry Moore. His results showed that although the public sector lags behind the private sector in cost containment, local governments are beginning to take notice and explore viable options to reduce insurance costs.³⁵ While tangible information was scarce at the time of study, today there is ample evidence to show that local governments, like their private sector counterparts, are saving considerable dollars in health care benefits. In 2006 the

League of California Cities adopted a resolution to create a clearinghouse of information that cities can use to promote wellness policies and healthier cities. This effort assists the many cities that already provide health and wellness programs and healthy environments for their employees. The information is housed on the League's website (in the form of a toolkit) for cities to develop and share successful models of health and wellness.³⁶

In the International City/County Management Association public management magazine Christine Shenot notes that "weight gain has become one of the nation's chief health threats. Public health experts cite increasingly unhealthy diets and inactive lifestyles as two of the chief causes, and many employers are responding by promoting wellness through exercise and healthy eating programs." She goes on to talk about the health and wellness program of the city of Austin, Texas called HealthPlus. The program provides blood and bone density screening, health risk assessments, a smoking cessation program, weight management program, healthy living seminars and a unique PE. program. The PE. program recently underwent a cost-benefit analysis study that showed "a \$40,400 reduction in claims costs for PE. participants, at a time when claims costs for the entire workforce rose." The city saw a decline in sick time used and the city is committed to continue to track various indicators to measure the true fiscal impact.³⁷

In another effort to promote healthy living, the University of Arkansas for Medical Sciences College of Nursing established a real life community based learning model that created opportunities for education, research, and service. The benefits of the wellness program for the city of North Little Rock, Arkansas combined with the opportunities for student nurses significantly reduced the cost of health care for city employees.³⁸ These types of joint efforts, although unique, can prove to be beneficial to all participants.

The Private Sector

In the last two decades, three trends have most helped the cause of the employee wellness programs. The first is the willingness of companies to consider innovative ways to cut down on huge healthcare costs and be more responsive to employees' demands. Second, more and more individuals are taking responsibility for their health. And finally, the scientific community has been publishing consistent data, which confirms that workplace health promotion is a sound investment for organizations across the U.S.³⁹ Implementing employee wellness programs, although important, can be extremely difficult because it usually requires meaningful changes in attitudes and behaviors to be effective. Employee wellness programs seek to promote healthier lifestyles among employees and their families as a means to reduce escalating health care costs. Such programs have also been shown to boost employee morale and transform an organization's culture. A recent survey conducted by the American Management Association found that most American employers – about 7 out of 10 – believe that they have a responsibility to promote wellness among their employees.⁴⁰

In order for employee wellness programs to be successful at reducing overall

health care cost and at producing positive results for the organization, an employee's focus must shift to improving and maintaining their health rather than on seeking treatment once they are sick. Organizations can help their employees shift their focus by offering effective wellness programs along with some worthwhile initiatives. G.M. Stave argues that attracting employees that are more likely to use benefits results in economic savings to large employers. A study of 6,049 employees at GlaxoSmithKline from 1996 to 2000 showed the impact on health behaviors and on integrated health benefits. The research showed an annual saving of \$613 per participant. They noted that a majority of the saving came from reductions in disability costs.⁴³

Fred Drennan argues that it takes more than just handing out pamphlets, sponsoring health fairs, or subsidizing gym membership to motivate employees. He suggests that "only truly integrated systems – those that engage the first-line supervisors and individuals in daily, on-the-job activity – will produce the kind of lasting lifestyle change that will keep employees healthy and productive throughout their working lives."⁴² One of the characteristics of successful wellness programs are the incentives that some organizations offer.

IBM has an incentive program in which it gives its employees cash bonuses for staying healthy: "If you stop smoking, that's \$150. If you exercise 3 times a week, that's \$150. If you fill out a health record, which flags employees to their individual risk of disease, you get another \$150." IBM has given out over \$130 million in what it calls employee incentives or payments to get healthy. Although local governments would be hard pressed to award incentives like these, cities can still reap the benefits of wellness programs if they are offered.⁴³ For instance, cities could give premium discounts to employees who engage in healthy lifestyles, small cash awards, non-cash awards such as t-shirts, water bottles, sports accessories, and flextime to allow employees to exercise.

It should be noted that the Departments of Treasury, Labor, and Health and Human Services clarified how employers can structure wellness programs to comply with the nondiscrimination requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In essence it is discriminatory and therefore unlawful to offer one employee a particular benefit – premium discounts to employees who engage in healthy lifestyles – and not offer another employee a similar benefit because of a particular health condition. However, a key exception to the HIPAA nondiscrimination rules allows organizations to offer these types of financial incentives if they are part of a wellness program. The rule states "The HIPAA nondiscrimination provisions do not prevent a plan or issuer from establishing discounts or rebates or modifying otherwise applicable co-payments or deductibles in return for adherence to programs of health promotion and disease prevention."⁴⁴ The final regulations, which took effect July of 2007, include the following list to illustrate the wide range of programs that would not have to satisfy any additional standards to comply with the nondiscrimination requirements:

- A program that reimburses all or part of the cost for memberships in a fitness center.

- A diagnostic testing program that provides a reward for participation and does not base any part of the reward on outcomes.
- A program that encourages preventive care through the waiver of the co-payment or deductible requirement under a group health plan for the costs of, for example, prenatal care or well-baby visits.
- A program that reimburses employees for the costs of smoking cessation programs without regard to whether the employee quits smoking.
- A program that provides a reward to employees for attending a monthly health education seminar.

Only programs under which any of the conditions for obtaining a reward is based on an individual satisfying a standard related to a health factor must meet five additional requirements.

Wellness Programs in the Dallas Fort Worth Metroplex

Wellness and disease management issues have recently gained more attention in the Dallas Fort Worth (DFW) Metroplex since it is known to have a large number of overweight residents. In a current annual survey by *Men's Fitness* magazine, Dallas ranked seventh on a list of the fattest U.S. cities, while Fort Worth ranked seventeenth.⁴⁵

As a direct result of the declining health and increasing unhealthy behaviors in the DFW area, city governments are implementing employee wellness programs as a means to reduce rising healthcare cost. It is important to note that the main budgetary expenditure for any local government is the compensation paid to its employees. This compensation includes health care benefits, which can constitute a significant portion of a local government's budget. In 1990, taxpayers paid state and local government employees more than \$341 billion. Six years later (1996) taxpayers paid more than \$447 billion. This was a 31 percent increase over the 1990 figures.⁴⁶ Today this number is over 720 billion.⁴⁷

To ascertain if city governments in the DFW Metroplex currently have or are implementing wellness programs due to rising healthcare costs, a questionnaire was sent to all cities with a population of at least 10,000 residents in the North Central Texas Council of Governments sixteen-county region. A total of 66 cities were identified. Cities of this size were selected because of the potential and capacity to have a wellness program. The response rate was 98 per cent or 65 of the 66 cities responded. Out of the 65 cities, 53 or 81 percent affirmed they did offer wellness programs to their employees. Twelve did not offer any type of wellness program. Many of these cities had only recently implemented their programs. For example, 20 cities, including the City of Dallas, had implemented their program within the last two years. Of these 20 cities, eight had developed and put together their wellness programs in 2006. At least one city that did not have a wellness program asked for assistance to start a program. This rapid increase in wellness programs in the DFW area demonstrates the need that city

governments have to find solutions to curb the rising costs of health care. City of Richardson Wellness Coordinator Chad Heirholzer said "Companies offering wellness programs tailored to city needs are finally catching on in this area. One good sign of this is that we are now starting to see more businesses that specialize in on-site health services. Hospitals, doctors' offices, and other smaller businesses are also starting to do more community outreach."

The research showed that the cost of these wellness programs varied significantly among cities. Most of the cost differentials were dependent on the size of the city and the scope of the wellness program. For example, the City of Fort Worth budgets \$500,000 annually for its program while the City of Mansfield budgets \$6,000 annually. In this case, both the size of the two cities and the scope of their programs differ greatly, which has a substantial effect on budget allocations for their programs.

The scope of wellness programs among DFW cities also varies greatly. For example, one city may only offer discount gym memberships while another better funded city may also offer health screenings, wellness newsletters, and monetary incentives for those employees working toward a healthier lifestyle.

The major components of most cities wellness programs in the DFW area are:

- Health screenings,
- Lifestyle change classes,
- Fitness center discounts,
- Weight Watchers at Work®
- Wellness fairs,
- Wellness newsletters,
- Exercise and nutrition classes,
- Monetary incentives,
- Fitness assessments,
- Annual blood testing and physical exams, and
- Wellness websites.

At first glance it may seem extravagant for a city to spend funds on simply assisting employees with their personal health promotion. However, this funding is not simply to create a better lifestyle for the employees. It is also meant to assist the city with managing escalating health care costs. It was found that regardless of the amount of funds spent to implement a wellness program, the return on investment far outweighed the initial expense. Many cities had only recently (within the last 2 years) implemented their wellness programs; therefore, it was difficult to obtain specific return on investment figures. Nevertheless, cities are beginning to realize a reduction in healthcare costs or at least a moratorium in rising premiums upon contract renewal. For example, City of Fort Worth Wellness Program Manager Vicki Tieszen stated that the insurance premiums have not increase in the past year and the city was \$10 million dollars under budget for insurance claims in 2005. As employees take personal responsibility for their health, cities may increasingly see discounts on Workers' Compensation coverage, decreased absenteeism, decreased recruiting and training

costs, improved morale, and improved workplace safety. "Healthier people are happier, more productive, and miss less work," Tieszen said. Employees also receive the benefit of earlier detection of life threatening diseases and/or illnesses. Cities are also seeing decreased stress levels in their employees and a happier, more loyal and productive staff. "Our employee wellness program has motivated a lot of people who really needed to participate in the program," said City of Euless Communications and Marketing Manager Betsy Boyett. "However, we still need to get more people motivated."

The 65 responding cities agreed that the major influence for the development and implementation of wellness programs stemmed from a desire to reduce costs. The success of other cities and the private sector coupled with a desire to decrease premiums was motivation enough for cities in the DFW area to invest in wellness programs. For example, the City of Mesquite's budget is unable to accommodate any increases in insurance premiums when they renew their group insurance plan each year. Therefore, the city's employees would be responsible for any increases to the premium, which has increased 73 percent since 2000 according to the Kaiser Family Foundation and Health Research and Educational Trust.⁴⁸ By empowering the City of Mesquite's employees to participate in its wellness program, the city is hoping to reduce the likelihood of increased employee contributions due to increased health care premiums. By maintaining or decreasing the cost to employees for group coverage the City of Mesquite also hopes to decrease the number of employees who forego insurance coverage altogether due to the amount of their premium contribution.

Cities with wellness programs are also doing their part to stop the increasing trend toward "free-riding" on America's current healthcare system. By making efforts to lower health care insurance premiums, cities make health insurance more affordable to all employees and not just for those who can afford it. They are also recognizing the numerous benefits of increased employee wellness.

Conclusion

Health and wellness programs are not new. Wellness is a broad term that helps describe the full array of health management services that local governments offer. A number of private companies were providing exercise programs for top executives as early as the 1970s. Today there appears to be a resurgence in health and wellness. The right wellness program can accomplish increased employee awareness and reduce health care costs while creating a positive return on funds invested by an organization. The implementation and continued growth of employee wellness programs among local government organizations is a good thing for everyone involved. During the past decade private organizations and a number of local governments have recognized the importance of wellness type programs for their organizations. Results from the latest Principal Financial Well-Being index show employees recognize the many benefits of participating in their organization's wellness offerings with more than half 57 percent of those surveyed believing wellness benefits are very or somewhat successful in reducing healthcare costs. What might be even more encouraging to employers is that

74 percent of those workers surveyed agree wellness benefits encourage them to work harder and even perform better while 48 percent said wellness offerings would encourage them to stay in their current position.⁴⁹

Increased employee wellness through employer directed wellness programs is essential to reducing rising healthcare costs and empowering employees to make healthy lifestyle choices. Through the research, it was found that there are three keys to implementing an effective wellness program. An effective program must have support from the top level of management on down. "Our goal is to always increase our employees' awareness of our wellness program," said City of Mansfield Wellness Coordinator Janice Penwarden. "We have learned it is imperative to have upper management buy into the program or employees won't participate." Secondly, employees at all levels must buy into the program to some degree. If employee participation is lacking it will be difficult to show cost savings. Finally, the program must be accessible and applicable to all employees. No stigma can be attached to participation in a wellness program as there has been for EAPs. The focus of wellness programs has shifted from a disease management program assisting those with chronic conditions to one that "helps individuals make wiser decisions about their health care and help before risk factors turn into high-cost health-care issues."⁵⁰ More organizations, as well as local governments, are being creative in offering wellness programs for their employees.

Notes

¹ Jones, Tami (2006) "Cappell One of the Healthiest Places to Work" CBS 11 News, March 23. (http://cbs11.com/local/local_story_082235413.html).

² Ibid.

³ Borger, C., et al. (2006) "Health Spending Projections Through 2015: Changes on the Horizon," *Health Affairs Web Exclusive Winter* Vol. 61: 22 February 2006.

⁴ Henry J. Kaiser Family Foundation (2005) *Employee Health Benefits: 2005 Annual Survey 2005*, 14 September

⁵ United States Chamber of Commerce (2006) "2006 *Employee Benefits Study*" 43rd Edition, Based on 2005 payroll expenditures of 400 U.S. companies. Presents cost and frequency data on over 30 different benefits <http://www.uschamber.com>

⁶ Finkelstein, Eric, Ian C. Fiebelkorn, Guijing Wang (2005) "The Costs of Obesity Among Full-time Employee" *American Journal of Health Promotion* September/October Volume 20 No. 11, 45.

⁷ National Center for Health Statistics (2007) Centers for Disease Control <http://www.cdc.gov/nchs/>

⁸ Blanck, H.M., WH. Dietz, D.A. Galuska, C. Gillespie, K. Hamre, L. Kettel, M.K. Serdula, E.S. Ford, W.S. Garvin, A.H. Mokdad (2005) *State Specific Prevalence of Obesity Among Adults – United States 2005 Report of the National Center for Chronic Disease Prevention and Health Promotion*.

⁹ Shourie, Anshu (2001) "Spotlight on Success: Implementing Effective Health Promotion Programs" Tracker. Spring.

¹⁰ Klingner, Donald E. and John Nalbundian (2003) *Public Personnel Management: Context and Strategies*, Fifth Edition, Prentice Hall New Jersey page 306.

- ¹¹ Johnson Arthur T. and Nancy O'Neill (1989) "Employee Assistance Programs and the Troubled Employee in the Public Sector Workplace," *Review of Public Personnel Administration*, Vol. 9, No. 3, 66-80.
- ¹² Hartwell, T.D., P. Steele, M.T. French, F.J. Potter, N.F. Rodman and G.A. Zarkin (1996) "Aiding Troubled Employees: The Prevalence, Cost, and Characteristics of Employee Assistance Programs in the United States" *American Journal of Public Health*, Vol. 86, Issue 6 804-808.
- ¹³ Van der Klink, J.J., R.W. Bork, A.H. Schene and F.J. Van Dijk (2001) "The Benefits of Interventions for Work-Related Stress" *American Journal of Public Health*, Vol 91, Issue 2 270-276. See also, Cohen, Gary S, H. Lawrence, and William R. Heffernan (2001) "Employee Assistance Programs: A Preventive, Cost-Effective Benefit" *Journal of Health Care Finance*. And, Berg, Peter, Arne L. Kalleberg, Eileen Appelbaum (2003) "Balancing Work and Family: The Role of High-Commitment Environments" *Industrial Relations* 42 (2), 168-188.
- ¹⁴ Erlart J., Foote, A. and Heinrich, M. (1992) "Cost Effectiveness of Work-Site Blood Pressure Control Programs," *Journal of Occupational Medicine*, Vol. 26, 892-900.
- ¹⁵ National Wellness Institute (2006), (<http://www.principal.com/group/wh/wellness/definition.htm>, May 7.
- ¹⁶ Knopf, Alison (2000) "The 11 Elements of an EAP" *Drugs in the Workplace*, Vol. 14 No. 6, 2-3. See also, Gilliam R. Ryan (1999) "A Descriptive Analysis of Wellness Programs Texas Police Departments" An Applied Research Project, Southwest Texas State University. And, Church, Rosanna L. (1993) "A descriptive Analysis of Wellness Programs Within State Police Agencies and a Descriptive Analysis of Other State Police Agency Programs and The Texas Department of Public Safety," An Applied Research Project, Southwest Texas State University. And, Hornander, Arturo T. (2000) "A Descriptive Analysis of Wellness Programs With in Texas State Health and Human Services Commission Agencies" An Applied Research Project, Southwest Texas State University.
- ¹⁷ Powell, Don. R. (1999) "Characteristics of Successful Wellness Programs" *Employee Benefits Journal* September Vol. 24 No. 3 15-21.
- ¹⁸ Jewell, Tati (2005) "Survey: U.S. Employers Turning to Wellness Programs to Manage Health Care Costs" *Healthy News Service* June 22.
- ¹⁹ Hirschman, Carolyn (2006) "Promoting Health" *Employee Benefit News* BenefitNews.com May 41-42.
- ²⁰ Fisher, C.D. (2000) "Mood and Emotions While Working: Missing Pieces of Job Satisfaction?" *Journal of Organizational Behavior*, 21 185-202 Biddle, S.J.H. (2000) "Emotion Mood and Physical Activity" in S. J. H. Biddle, K.R. Fox, & S.H. Bouchner (Eds.), *Physical Activity and Physical Well Being*, London Routledge 63-87. See also, Rennie, D.M. and Evans, D.R. (1996) "Towards a General Model of Health-Related Quality of Life," *Quality of Life Research*, 5, 235-241. And, Fox, K.R. (2000) "The Effects of Exercise on Self Perception and Self Esteem," in S. J. H. Biddle, K.R. Fox, & S.H. Bouchner (Eds.), *Physical Activity and Physical Well Being*, London Routledge 88-117.
- ²¹ Arthur, Andrew R. (2000) "Employee Assistance Programs: The Emperor's New Cloths of Stress Management?" *British Journal of Guidance and Counseling* Vol. 28 No. 4, 549-559. See also, Atkinson, William (2000) "Wellness, Employee Assistance Programs: Investments, Not Costs," *Bobbin*, Vol. 41, No. 9, 42-48.
- ²² Strazewski, Len (2006) "Wellness Programs Seem to Pay off" *Benefits Business* March 106-107.
- ²³ Jewell, Tati (2005) "Survey: U.S. Employers Turning to Wellness Programs to Manage Health Care Costs" *Healthy News Service* June 22.
- ²⁴ Hill, Julie (2006) "Reward and Benefit: Fit for Purpose" *Personnel Today Magazine*, January 24, <http://www.personneltoday.com>

- ²⁵ Kuttner, Robert (1999) "The American Health Care System: Employer-Sponsored Health Coverage," *The New England Journal of Medicine* Volume 340 Issue 3 248-252.
- ²⁶ Chiappetta, Tina Ott (2005) "Managing Health Care Costs" *Public Personnel Management* Volume 34 No. 4 Winter, 313-320.
- ²⁷ Wisconsin Public Health and Health Policy Institute (2005) September <http://www.pophealth.wisc.edu/UWPHI/>
- ²⁸ Texas Coalition for Workplace Wellness (2006) <http://www.txworksitewellness.org/>
- ²⁹ Aldana, S.G., B.H. Jacobson, C.J. Harris, R.L. Kelley, W.J. Stone (1994) "City of Mesa: Influence of Mobile Workplace Health Promotion Program on Health Care Costs" *American Journal of Preventative Medicine*, Vol.9, No. 6, 578-582.
- ³⁰ Chiappetta, Tina Ott (2005) "Managing Health Care Costs" *Public Personnel Management* Volume 34 No. 4 Winter, 313-320.
- ³¹ Wisconsin Education Insurance Group: Internal study conducted by the OPTUM Division of United Healthcare Corporation, 1995.
- ³² Karasek, R. Theorell T. (1990) *Healthy Work: Stress, Productivity, and the reconstruction of Working Life*. New York: Basic Book. See also, Duxbury L, Higgins, C, and Johnson K. (1999) *An Examination of the Implications and Costs of Work Life Conflict in Canada*. Research Report Prepared for Health Canada. And, Wright, D.W, M.J. Bear, and D.W Edington (2002) "Association of Health Risks with the Cost of Time Away from Work" *Journal of Occupational and Environmental Medicine*, December Vol. 44 No. 12 1126-1134. And, O'Donnell, M.P. (2000) "Health and Productivity Management: The Concept Impact and Opportunity: Commentary to Goetzel and Ozminkowski," *American Journal of Health Promotion*, 14, 215-217.
- ³³ Drennan, Fred S., James D. Ramsey, and David Bichey (2006) "Integrating Employee Safety and Fitness: A Model for Meeting NIOSH's Steps to a Healthier U.S. Workforce Challenge" *Professional Safety* Vol. 51, No. 1 January 26-35. See also, Powell, Don. R. (1999) "Characteristics of Successful Wellness Programs" *Employee Benefits Journal* September Vol. 24 No. 3 15-21.
- ³⁴ Finch, Ron (2005) "Preventative Services: Improving the Bottom line for Employers and Employees," *Compensation and Benefits Review*, March/April Sage Publications.
- ³⁵ Moore, Perry (1989) "Health Care Cost Containment in Large American Cities" *Public Personnel Management*
- ³⁶ League of California Cities (2006) Resolution on Wellness <http://www.lccities.org/index.jsp>
- ³⁷ Shenot, Christine (2006) "Local Exercise Program is a Physical Attraction" *PM ICMA Public Management Magazine* Vol.88 No. 11, 6-12.
- ³⁸ Hodges, L.C. Harper, T.S., Hall-Brown, J., and Titom I.D. (2004) "Reducing Overall Health Care Costs for Municipalities: A Real Life Community Based Learning Model" *Journal of the American Association of Occupational Health Nurses* Vol. 52 No. 6 247-253.
- ³⁹ Goetzel, Ron Z., Ozminkowski, Ronald J., Bruno, Jennifer A., Rutter, Kathleen R., Isaac, Pikry, Wang, Shachung (2002) "The Long-Term Impact of Johnson & Johnson's Health & Wellness Program on Employee Health Risks" *Journal of Occupational & Environmental Medicine*. 44(5):417-424, May
- ⁴⁰ Panepento, Peter (2004) "Employee/Wellness Programs Pay Off in Productivity and Morale," *The Chronicle of Philanthropy Managing* June 24, 1-7.
- ⁴¹ Stave, G.M., Muchmore L., and Gardner H. (2003) "Quantifiable Impact of the Contract for Health and Wellness: Health Behaviors, Health Care Costs, Disability, and Workers Compensation," *Journal of Occupational and Environmental Medicine* February Vol. 45 No 2 109-117.

- ⁴⁰ Drennan, Fred S., James D. Ramsey, and David Richey (2006) "Integrating Employee Safety and Fitness: A Model for Meeting NIOSH's Steps to a Healthier U.S. Workforce Challenge" *Professional Safety* Vol. 51, No. 1 January 26-35.
- ⁴¹ Andrews, Wyatt (2007) "Wellness Program May Trim Health Costs" *CBS Interactive Inc. Armonk, New York* January 22.
- ⁴² 75018 Federal Register / Vol. 71, No. 239 / Wednesday, December 13, 2006 / Rules and Regulations
- ⁴³ Holmes, Sue Major (2007) "Albuquerque Tops Fittest City List" *Health Watch, The Associated Press* February
- ⁴⁴ Frates, Steven (2004) "Improving Government Efficiency and Effectiveness and Reinvigorating Citizen Involvement" *Perspectives on Political Science*, 33(2):99-105.
- ⁴⁵ U.S. Census Bureau, State and Local Government Employment and Payroll March 2006, <http://www.census.gov/govs/www/statest06view.html>
- ⁴⁶ Gordon, Jennifer (2006) "The Health Insurance Gamble" *Dallas Business Journal* Edition for April 27.
- ⁴⁷ Walker, Tracey (2006) "Employees Take Advantage of, Respond to Wellness Programs," *Managed Healthcare Executive* March 12.
- ⁴⁸ Chordas, Lori (2006) "Here's to your Health" *Best Review*, April Vol. 106 No. 12, 52-56.

Authors

Abraham David Benavides, PhD

Associate Professor
University of North Texas
Department of Public Administration
P.O. Box 310617
Denton, Texas 76203-0617
(940) 565-3264
benavides@unt.edu

Haillee David

4777 Cedar Springs Rd. #2G
Dallas, TX 75219
(940) 453-3396
hailleedee@yahoo.com

Dr. Abraham David Benavides is an associate professor in the Department of Public Administration at the *University of North Texas*. He has published in a variety of journals, including *State and Local Government Review* and *The Journal of Public Affairs Education*. Dr. Benavides serves as a Civil Service Commissioner for the City of Denton, Texas.

Haillee David recently completed her 200 level Yoga Teaching Certification with the Yoga Alliance. She looks forward to continuing her studies in the Master of Public Administration Program at the University of North Texas in the near future. She currently works in property management in Dallas.

Copyright of Public Personnel Management is the property of International Public Management Association for Human Resources and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.