

# Building a Culture of Health

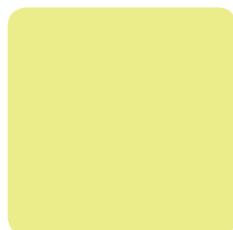
Differentiating Real and Perceived Value in the Workplace

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# MESSAGE from the PRESIDENT

At HMC, we understand that companies today are looking for a progressive approach to key concerns such as workforce health, productivity, and potential reduction of future medical spend.

We believe that one of the best ways to turn those concerns into positives is by building a culture of health in the workplace. Whether a company actively promotes health and wellness or needs help getting a health culture off the ground, certain strategies can enable employers to create an environment where healthy behaviors are encouraged and valued.

The result is improved employee health, morale and productivity, all positively impacting a company's bottom line. What's more, the culture of health that companies help to build can become a way of life – both at work and at home. Our study is a timely look at the attitudes that shape a culture of health and how they ultimately leave an impression on the overall health care landscape.

**Joan Kennedy**

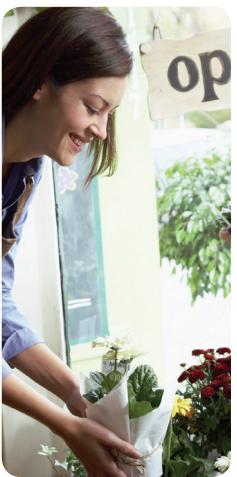
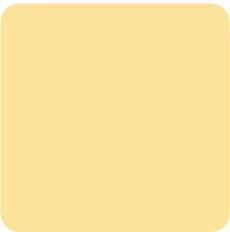
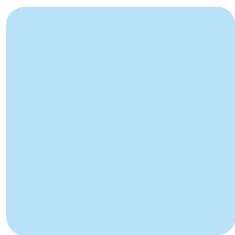
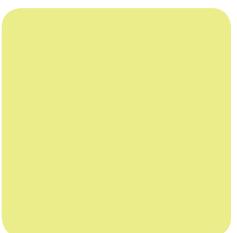
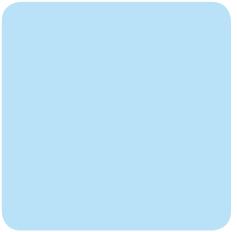
President, HMC



The culture of health that companies help to build can become a way of life – both at work and at home.

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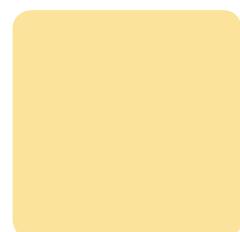
# INTRODUCTION

Increasingly, the concept of building a culture of health has become an attractive strategy for employers of all sizes to enhance retention, increase productivity, improve employee morale and lower health care costs. But what is the difference between the perceptions companies have of what it means to create a culture of a health and the reality of putting a culture of health in place?

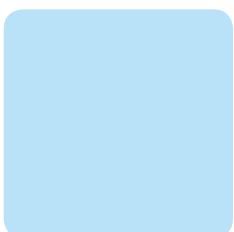
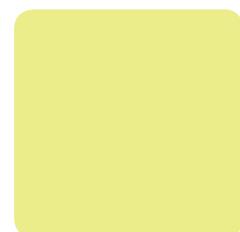
A new paradigm in health care suggests that creating a viable culture of health in the workplace can significantly boost knowledge of and participation in an organization's health and wellness programs. This is especially important as it supports findings that link an employer's culture of health with reduced medical spend.<sup>1</sup> Likewise, in an environment where health and wellness are highly valued, employers and employees are more likely to respond favorably to health promotion programs and services<sup>2</sup>. Therefore, it follows that when employer and employee perceptions of a culture of health are actually played out, attitudes and actions toward better health care become a shared responsibility and investment for employers and employees. And given the context where such a culture of health exists, improved health and cost savings are more likely to be realized.

The problem is that there has been a lack of information connecting what those in the health care industry know, with what employers think they know, about the real and perceived value that a culture of health brings to an organization. Also missing has been quantifiable research identifying the opportunities that exist and arise for health and wellness and disease management companies to have a measurable and progressive impact.

HMC conducted its study to ascertain how employer interest in and perceptions of a culture of health influence whether it is or is not implemented, maintained and valued. In addition, the findings offer early implications as to how certain components of a culture of health may serve as important corollaries to future developments in the overall health care system.



When employer and employee perceptions of a culture of health are actually played out, attitudes and actions toward better health care become a shared responsibility.



# METHODOLOGY

HMC commissioned an independent provider of custom research and consulting services, Message Factors, Inc., to conduct a study among three targeted groups of prospective customers. A six-page, 18-minute, quantitative questionnaire was designed for administration via telephone, and the survey was conducted from September 15, 2008, through October 2, 2008. Respondents were offered a choice to receive an honorarium or to have a donation in their name made to one of a number of different charities.

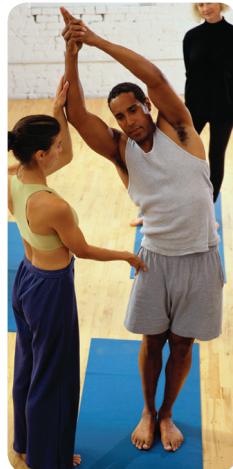
A total of 451 interviews were completed by respondents who are completely or partially responsible for making decisions about implementing employee initiatives that would impact the culture, values or work environment at their companies. In terms of size, organizations were categorized according to number of employees as: medium (100 to 999) and large (more than 1,000). When meaningful differences were observed, the medium-sized group was broken out into a 100 to 499 subgroup and 500 to 999 subgroup. The number of respondents from each of the two subgroups was 150; the number of respondents from the large group totaled 151, including 43 representing a subset of very large companies with more than 5,000 employees.

Respondents represented 20 diverse industries located across 39 U.S. states – from banking and financial institutions to sales and manufacturing businesses to government entities and health care organizations. Throughout the survey, respondents were asked questions pertaining to a culture of health, which was clearly defined for this purpose.

The following statement was read to respondents at the beginning of the survey and upon request throughout the interview, in order to provide consistency and reinforce the definition of “a culture of health:”

***“This study is about establishing or maintaining a culture of health at your company. You may already have certain programs in place to help employees make healthy lifestyle choices. For the purposes of this survey, please think about a culture of health as one in which your employees know that it is important to you/the company that they make decisions and behave in such a way as to help them be as healthy as possible.”***

Additionally, data and observations from a separate but similar study commissioned by HMC and conducted among 100 respondents from small companies (with 2 to 99 employees) are included throughout this report as well. The relevant findings of this small group study<sup>3</sup> are presented as ancillary to our primary study throughout the report.

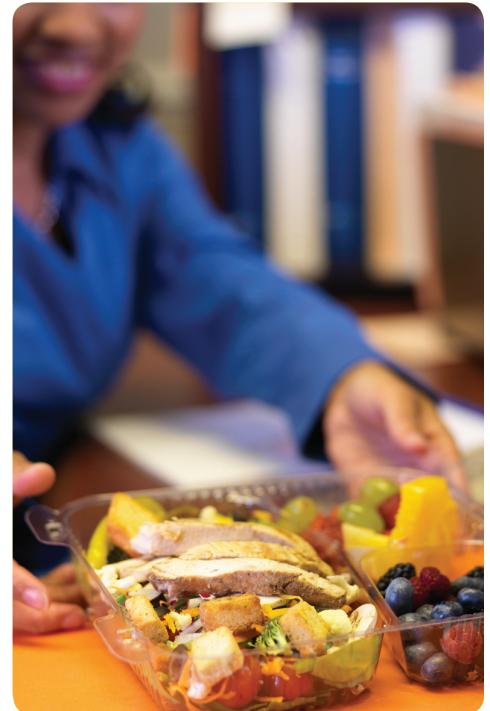


# SIZE MATTERS

How do companies, big or small, approach the idea and practice of building a culture of health?

HMC began its study with the understanding that, when broadly defined, a culture of health means different things to different people in various circumstances. However, it is possible that even uncommon industries such as an automaker and an investment firm could share perceptions of a culture of health if and when they are similar in size. It seems easy to foresee that a mom-and-pop business would have needs and resources distinct from those of a Fortune 500 company, and that those needs and resources would predominantly serve to inform decision makers about the importance and efficacy of building a culture of health within that organization. But to what extent is this evidenced? And where does one draw the line between – and make conclusions about – what is important and what is practical or even desired? Our study explores these questions.

Interestingly, the answers underscore and further reveal some common precepts while challenging others. Seven overall findings emerged in the research as general observations and comparisons across groups. These are characterized as “insights” and each insight is followed by detailed supportive commentary and data. Together, the findings offer up an opportunity for deeper inquiry, analysis and understanding of how building a culture of health within an organization relies on early indicators of interest, perceived value and the opportunities which emerge to shape them.



Building a culture of health within an organization relies on early indicators of interest, perceived value and the opportunities which emerge to shape them.

## INSIGHT No. 1

**Overall, companies are very interested in building or maintaining a culture of health. That interest and how it informs the perceived value of a culture of health increases with the size of an organization.**

Increasingly, the overall employer market is embracing the idea that building a culture of health in the workplace is beneficial, even necessary, in helping companies to remain competitive. This is especially true among larger organizations. 83 percent of decision makers at companies with more than 1,000 employees are "extremely" or "very" interested in building a culture of health; while 71 percent of decision makers at companies with 500 to 999 employees are "extremely" or "very" interested in building a culture of health; and 66 percent of decision makers at companies with 100 to 499 employees are "extremely" or "very" interested in building a culture of health. Larger companies are more likely to feel that they are affected by and involved in *actually building* a culture of health, whereas smaller companies are more likely to be attentive to and engaged by the *idea of building* culture of health. As interest continues to grow, however, opportunities will arise for both employers and benefit providers to reach a more concrete and shared understanding of how a culture of health is established, maintained and measured in the workplace.

### Employer Interest in building a Culture of Health

% that are "Extremely" or "Mostly" Interested



Moreover, across company size, interest in a culture of health is linked to perceived outcomes that a culture of health could produce. In other words, the level of interest that an organization has in a culture of health helps to define its perceived value. And, like interest, the degree of the perceived value of a culture of health follows the same pattern of increasing with company size. 81 percent of the companies surveyed with 100 to 499 employees believe there is "excellent" or "good" value attached to having a culture of health; whereas 91 percent of the larger medium-sized companies believe there is "excellent" or "good" value in having a culture of health; and 94 percent of the large companies surveyed agree there is "excellent" or "good" value in establishing a culture of health.

### The Perceived Value in building a Culture of Health

■ Excellent Value  
■ Good Value



### SMALL GROUP STUDY (2 to 99 Employees)

Smaller companies are more likely than larger companies to have competing priorities or resource constraints that affect interest in building a culture of health and its perceived value. According to HMC's survey of companies with 2 to 99 employees, 56 percent of respondents say their companies are interested in having a culture of health. Yet, contrastingly, two-thirds say they have no vision for employee health and wellness.

The difference between having a high interest in a culture of health and having a goal for achieving one is indicative of the relatively low degree to which a culture of health becomes a priority for this group. Further distillation among small group employers shows that only 16 percent view building a culture of health as a very high priority when compared to other competing goals. Therefore, it is important that initiatives that would help small companies build a culture of health be turnkey and easy to implement.<sup>3</sup> In addition, a productive strategy may be to align culture-of-health objectives and processes with the goals of other higher priority initiatives.

## INSIGHT No. 2

**Larger companies are more likely than smaller companies to believe that they already have established a culture of health within their organization.**

When it comes to laying claim to an established culture of health, once again, a pattern emerges that shows the claim increasing with company size. Specifically, 53 percent of respondents from the 100 to 999 group say their organizations have created a culture of health; 59 percent of groups with more than 1,000 employees say they have done so; and notably, 61 percent of respondents from very large organizations with more than 5,000 employees say their organization already has a culture of health.

Yet a closer look reveals another key element to this picture: degree of certainty. When considering the extent to which a culture of health has been "completely" established, the difference skews greater between groups with 100 to 4,999 employees and groups with more than 5,000 employees. On average and across company size, only about a quarter of respondents "completely agrees" that their organizations have "established a culture of health for employees." However, the number of those who "completely agree" that a culture of health exists within their workplaces jumps appreciably when the organization goes from large to very large. 42 percent of respondents from companies with more than 5,000 employees attest to a culture of health being rooted within their organization, a 14 percent increase over all companies with 1,000 or more employees.

*Poor behaviors lead to chronic diseases and high health care costs. Most employees have poor health behaviors because our Western culture promotes them. Create a worksite culture of health and you start to get at the root of the problem.*

**Steven Aldana, Ph.D.,**  
CEO WellSteps and author of *The Culprit and the Cure: Why lifestyle is the culprit behind America's poor health*

### Percentage of Companies that believe they have established a Culture of Health

■ Completely Agree  
■ Mostly Agree



Each of these comparisons proves relevant in demonstrating that while there is ample opportunity to help organizations regardless of size, companies at the smaller end of the market have more to do, or farther to go, to achieve their vision and, likewise, their goals related to workplace health promotion. Such organizations may, therefore, be more likely to embrace outside guidance and support for implementing a culture of health within their workplaces.

### SMALL GROUP STUDY (2 to 99 Employees)

Smaller companies are less likely than larger companies to feel they have established a culture of health. Among employer groups with fewer than 100 employees, 32 percent believe that their organizations have created an overall culture of health, yet only five percent agree that a culture of health is firmly in place.<sup>3</sup>

## INSIGHT No. 3

**Overall and regardless of size, about half of all companies surveyed acknowledge that they could use help in creating a culture of health.**

There are considerable implications to this finding. If half of all organizations, regardless of their size and current benefit offerings, concede they could use help creating a culture of health – or devising a more effective one – within their organizations, where will they go to get that help? And what will prompt them to do so?

HMC's study demonstrates that companies have a high level of interest in establishing a culture of health and an even higher perception of its value. And these qualities of interest and perceived value increase with company size. But the question remains: to what extent is establishing a culture of health a real priority for an organization?

As can be seen in the graph below, even a sizeable percentage of the largest companies feel they need assistance to establish a culture of health. And as company size decreases, this need for additional information and resources grows. At the smaller end of the spectrum, only 41 percent of companies with 100 to 499 employees "completely" or "mostly" agree that they have all the information and resources that they need. Considering this, it is reasonable to assume that these companies would look to subject matter experts such as their external health partners, e.g. insurance carriers, health and wellness and disease management vendors, etc. for help in their efforts.

### Do Companies Have the information & resources needed to build a Culture of Health?

% that "Completely" or "Mostly" Agree



### SMALL GROUP STUDY (2 to 99 Employees)

On average, companies with fewer than 100 employees are much less likely to feel they have what it takes to create a culture of health. Only 36 percent of respondents to our small employer study characterize their organizations as having adequate knowledge of, or the ability to, create a culture of health on their own.<sup>3</sup>

## INSIGHT No. 4

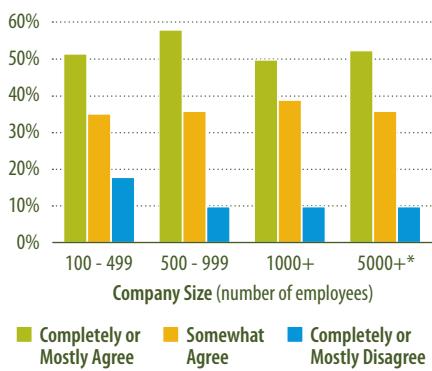
Regardless of company size, there is a consistent belief that employers and employees share the responsibility in improving employee health and well-being.

Unlike the case with many of the other questions we asked respondents in this study, rather than seeing a correlation with company size, it seems that perceptions about employers' responsibility in maintaining employee health do not show a discernable trend. In fact, on average, only 53 percent of all respondents to the study strongly agree that improving employee health is a responsibility of the employer. This perception seems to call for a collaborative, all-hands-on-deck approach. When the commitment is made to build a culture of health, programs, product offerings and the way in which they are communicated should reflect this dynamic and dual sense of responsibility. A culture of health should not be designed merely for some, but for all, within an organization – the healthy and unhealthy alike and with the clear understanding that all parties need to make a contribution to the process.

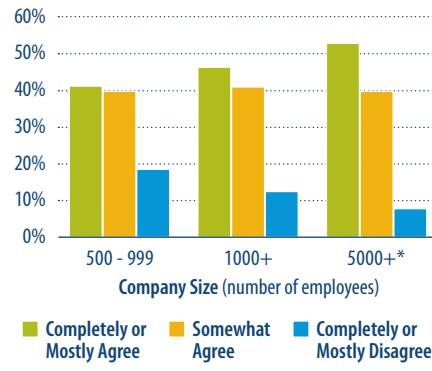
*Dangerous worksites keep employees safe by creating a culture of safety. They do it by making safety a priority, supporting it with incentives and policies, and training everyone to think about it. Creating a worksite culture of health is no different.*

**Steven Aldana, Ph.D.,**  
CEO WellSteps and author of *The Culprit and the Cure: Why lifestyle is the culprit behind America's poor health*

### Do Employers Believe they have a responsibility to maintain and improve the health and well-being of their employees?



### Do Employers Believe employees are open to having their employer involved in their health?



As better health becomes a common goal and collective effort within the workplace, bringing all stakeholders to the table may seem commonsense. A majority of employers believe they have a responsibility to help maintain the health of their employees. And a large group of respondents believe that their employees want them involved in managing their health. However, some skepticism remains as many respondents only "somewhat" agree. While only a few respondents disagree, it is possible that we are at a nexus in which employee and employer perceptions of roles in regard to health maintenance are being tested and defined.

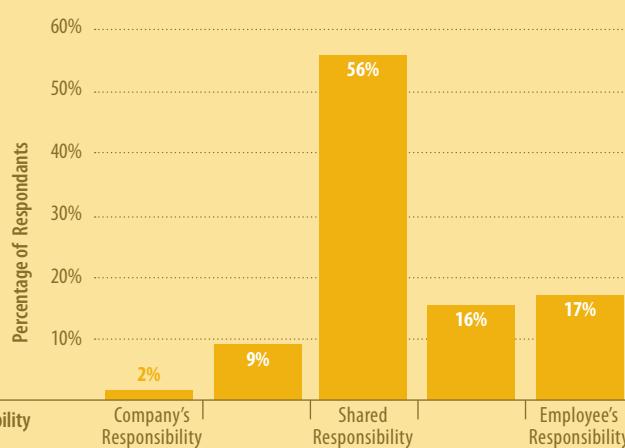
## INSIGHT No. 4

continued



It is possible that we are at a nexus in which employee and employer perceptions of roles in regard to health maintenance are being tested and defined.

**Who Do Small Companies think is responsible for employee health and wellness?**



### SMALL GROUP STUDY (2 to 99 Employees)

Small companies are keenly aware of the shared responsibility between employers and employees for optimizing employee health.

56 percent of respondents to HMC's study among companies with fewer than 100 employees believe that employees and employers have a dual role in improving employee health, affirming that small employers have a significant stake in building a culture of health.<sup>3</sup>

## INSIGHT No. 5

**At the outset, money isn't necessarily the primary factor that drives whether a culture of health is viewed as important.**

When compared to more financially oriented benefits, employer-employee relationships, employee retention and morale were seen as more important outcomes related to building a culture of health. HMC conducted its study from Sept. 15 through Oct. 2, 2008. Because this time period coincided with growing public concern over an economic downturn, we wondered whether these responses would hold up. So we asked the questions again a few months later. And the results remained the same. The perceived payoff, i.e. value for having an effective culture of health is *what it is*: healthier and happier people. While it sounds simple, it's actually a sophisticated way of doing business.

### Putting it Into Perspective

Ranked No. 35 among the nation's Fortune 500 companies, Johnson & Johnson has long been a pioneer in supporting employee health through innovative health promotion programs.

*"For many years, Johnson & Johnson has helped employees adopt positive health behaviors. Our health and wellness strategy sets numerical targets to measure our success in helping our employees improve and maintain their health. We focus primarily on modifiable risk factors like physical activity, tobacco use and weight. Health profile results provide baseline data for our companies and measure progress."*

*"As a business, we're focused on healthcare expenses, which are among the most rapidly growing cost components for employers. In order to reverse that trend, efforts must be focused on keeping employees well, engaged and productive, leading to improved corporate performance. Our own experiences have reduced our per capita health-plan costs and improved overall employee health. We have now established a Wellness & Prevention business platform drawing on our own experiences to enable corporate customers to better manage chronic disease, improve overall employee health, and create more productive workforces."*

Johnson & Johnson is not alone. Employers, large and small, understand the short- and long-term impact that health and wellness and disease management programs have on maintaining a strong and happy workforce.

This personal and empathetic value perception should resonate in every program structure and service offering and particularly in the communications around them. Such a coordinated and consistent effort could mean a significant increase in willingness among employees to embrace and participate in a culture of health.

Companies are interested in building a culture of health because they believe that having one in place would produce outcomes that align with key business goals. Additionally, as interest in building and maintaining a culture of health increases among organizations – especially those viewed as successful and innovative – it becomes ever more important that employers establish a culture of health in order to stay competitive in the marketplace.

*At Johnson & Johnson, an important part of our responsibility to our employees is providing them with resources to lead healthier lives. Good health is important to all of us. Good health is also good business.*

**William C. Weldon,**  
CEO and Chairman of the Board of Directors,  
Johnson & Johnson

## INSIGHT No. 5

continued

Clearly, remaining competitive implies controlling costs. Depending on group size, between 88 and 93 percent of respondents agree that keeping health program costs low is a top priority for their organization. This importance ranking actually reinforces an interest in certain qualitative outcomes associated with building a culture of health.

### The Importance of keeping health program costs low

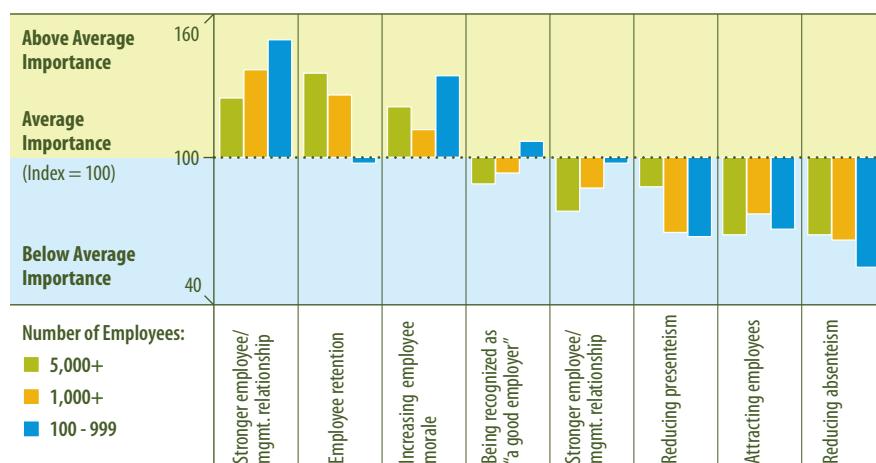
■ Extremely Important  
■ Very Important



In our study, respondents were randomly asked to rate which possible outcomes of having a culture of health would be most desirable to their organization. Interestingly, the subjective or qualitative outcomes such as building a stronger relationship between management and employees, increasing employee morale, retaining desirable employees and being perceived as a good employer, outrank those conveying direct cost savings such as those related to employee productivity or insurance premiums. Workforce attributes appear to have achieved a greater importance, perhaps notably, given a more tenuous economic and business environment. Employers seem to be seeking returns as much in softer assets as in hard dollars.

The table below shows how the outcomes stack up against one another in terms of importance by employer size.

### Relative Importance of Outcomes of building a Culture of Health by company size



## INSIGHT No. 6

**There are distinct areas of opportunity for different sized companies based on a disparity between the perceived importance of programs and the market penetration of those programs.**

Using company size as a barometer, HMC's study helps to identify whether various health programs and initiatives are considered valuable and the extent to which they may be adopted by comparing the perceived importance of a program or initiative to its claimed market penetration. The derived difference between the two provides clarity on which opportunities employers and health and wellness providers should focus their efforts toward building a culture of health. Those components of a culture of health that would be considered high priority pursuits are those that, in addition to having a high absolute importance score, have a large difference between their importance score and market penetration. It then follows that secondary opportunities have a lesser variance between their perceived importance and claimed market penetration. That is not to say that the programs and initiatives are not important, but rather, that their market penetration already has risen to a level consistent with their perceived importance.

The graphs on the following page and the group summaries below provide valuable benchmarking data for employers of all sizes. Together they enable individual companies to validate and compare their values, objectives and progress related to building a culture of health with a relevant peer group of companies.

### **Findings: Companies with 100 to 999 employees**

A vast majority of health *products* were perceived as important by 50 percent or more of respondents in the 100 to 999 employer group. Among these offerings were the following: preventive health services; offering an EAP; online health information; disease management; lifestyle management; stress management; on-site health screenings; a 24-hour nurse line; and maternity management. Of those, some of the offerings that had the greatest difference between importance and claimed market penetration were stress management; disease management; lifestyle management; on-site health screenings; and maternity management. This group may represent health products with the largest opportunity and likelihood for increased adoption. In addition, while "offering a CDHP" was rated at just below 50 percent in importance, its market penetration was only 34 percent, indicating large room for growth and adoption as well. Finally, "a 24-hour nurse line" and "online health information & programs" were both rated high for importance, but have achieved proportionally large market penetration.

Much like the health *products* category, a majority of corporate health *initiatives* were perceived to be important by more than 50 percent of respondents. Included on this list were the following: having a tobacco free workplace; being able to customize health programs; using employee input when creating health programs; setting company health goals; offering healthy food; utilizing incentives; having a corporate sustainability initiative; offering gym memberships; having all employees complete an HRA; and having a formal wellness committee. Interestingly, however, apart from "offering gym memberships," all of the initiatives in this group had market penetrations that were at least 9 percentage points lower than their importance. In fact, health initiatives such as "setting



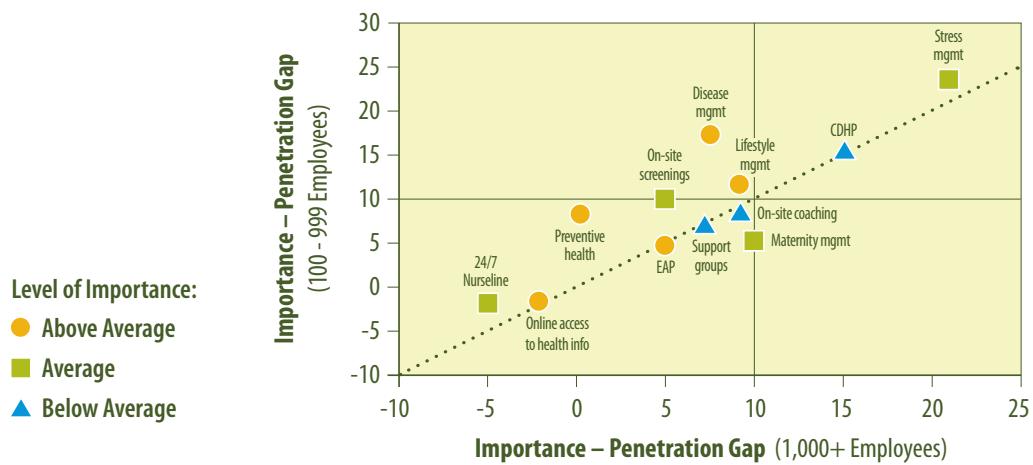
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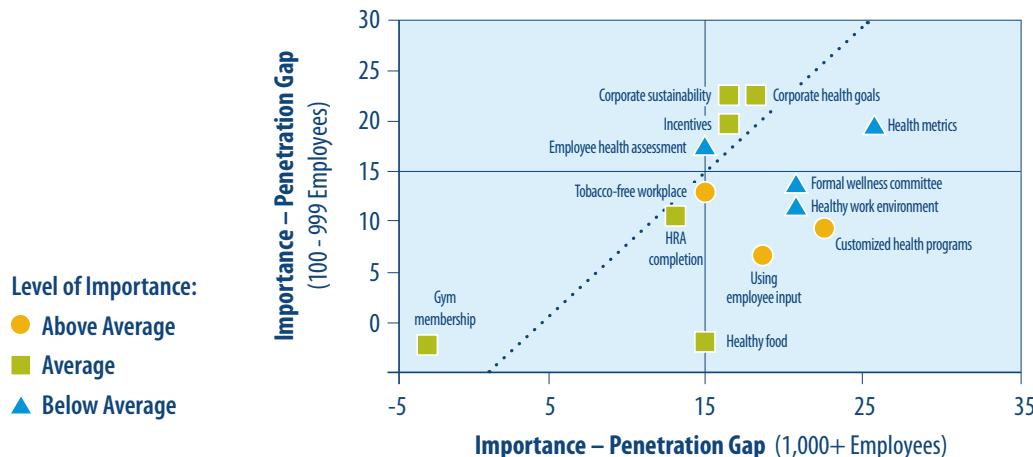
company health goals," and "having a corporate sustainability initiative" had more than a 20 point difference between their importance ranking and claimed market penetration. Finally, even those initiatives that had lower importance ratings, such as "establishing company health metrics" and "implementing individualized employee health assessments," demonstrated an importance vs. penetration difference of at least 20 points.

All this adds up to a significant opportunity for companies to actively pursue health programs and initiatives that are more in line with their beliefs and values.

### Importance vs. Penetration of health PRODUCTS by company size



### Importance vs. Penetration of health INITIATIVES by company size



## INSIGHT No. 6

continued

### Findings: Companies with 1,000 or more employees

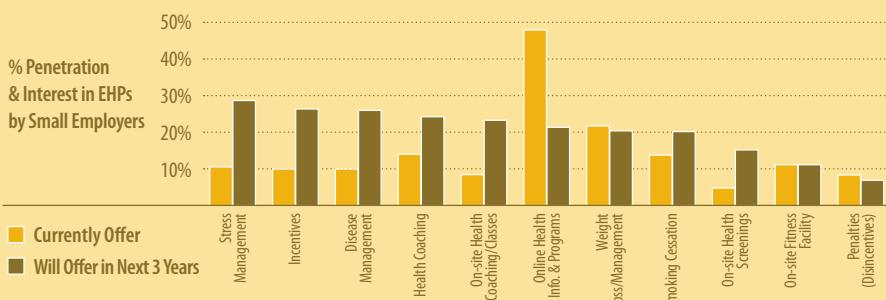
Among employers with 1,000 or more employees, all health *programs* were seen as important by more than 50 percent of respondents. Those programs with an importance rating of 60 percent or more and an eight-point or greater difference between importance and claimed penetration include: stress management; maternity management; lifestyle management; and disease management. "On-site health coaching" and "offering a CDHP" while being at the lower end of the importance ratings (albeit in the 50s), had importance vs. penetration differences of nine and 15 respectively. Much like the 100 to 999 group, having a "24-hour nurse line" and "offering access to online health information" were both rated as important, but also achieved an equally high market penetration.

Similar to what was observed with the health *programs*, all of the health *initiatives* achieved an importance rating of greater than 50 percent. And, much like the 100 to 999 group, large differences in importance vs. market penetration can be observed. Among initiatives with an importance rating of 60 percent or more, the following also had a market penetration that was more than 15 points lower than their importance rating: being able to customize health programs; using employee input in creating health programs; offering incentives for healthy behavior; creating a formal wellness committee; having established company health metrics; having a corporate sustainability initiative; and having established company health goals. The only offering in which market penetration exceeded importance was "offering gym memberships."

The consistently high importance ratings across all offerings in the 1,000+ group is a strong indicator that larger companies increasingly view building a culture of health as paramount to their organization.



### Current Penetration of, and Interest in, Employee Health Programs (EHP) among small employers



### SMALL GROUP STUDY (2 to 99 Employees)

Among companies with fewer than 100 employees, market penetration for most health and wellness programs is low compared to that of companies with 100 or more employees. Benefit offerings or initiatives that would be offered by 20 percent or more of small companies in the next three years include: stress management programs; disease management programs; incentives; health coaching; on-site health education programs; online access to health info and programs; weight loss or weight management programs; and smoking cessation programs. Additionally, a majority of 55 percent of respondents said they would not expect their companies to penalize employees for unhealthy behaviors.

## INSIGHT No. 7

**There is a great difference in the adoption of health programs and initiatives between companies that claim to have a culture of health and those that do not.**

In order to build a culture of health in the workplace, the wheel need not be reinvented. According to a recent Towers Perrin study, leading companies continue to buck national trends in increased per capita health care expenditures because they invest their health care dollars more wisely, more comprehensively, with focus, and in line with what creating a true culture of health has come to mean<sup>5</sup>.

Therefore, in order for an organization to build a culture of health that best supports its goals, it should offer those products and pursue those initiatives that have been broadly adopted by high-performing companies that have created a culture of health and, most notably, consider it to be highly valuable.

The Towers Perrin research supports HMC's study by giving evidence that employers are beginning to explore new ways to support employees in managing their health in ways consistent with building a culture of health. And, in many cases, high-performing companies – as defined by their study – are leading the charge.

In establishing a culture of health, organizations that replicate the success of others will likely seek tailored marketing and product bundling that reflects what most often is adopted. This provides opportunities for outside sources to leverage their expertise in knowing what *should* constitute a culture of health for a specific organization.

On average and across company size, organizations that claim to have a culture of health universally offer programs and services to their employees that organizations without a culture of health do not. This variance supports our previous insight delineating opportunities for companies of a particular size.

Specifically, those health *products* that are nearly three times more likely to be offered by companies with a culture of health and those without include: lifestyle management programs; on-site health screenings; support groups; stress management programs; on-site health coaching; incentives for healthy behaviors; and maternity management.

The same holds true for health *initiatives* pursued by companies that claim to have a culture of health and those that do not, and the disparity is even greater than that of the health product offerings discussed above. Notably, those initiatives that are nearly three times more likely to be offered include: using employee input; tying health and wellness to concrete corporate goals; health risk assessment completion; implementing a formal wellness committee; offering employee health incentives; having corporate sustainability initiatives; and having structured internal assessments of employee health.

*The common theme is the business value of health. Rather than focus on managing the cost of illness, high-performing companies are focusing more on managing the health of their workforces. Simply put, high-performing companies see that good health is good business.*

**David Guilmette,**  
Managing Director, Towers Perrin Health and Welfare Practice

## INSIGHT No. 7

### continued

In addition to providing claimed average market penetration, the following tables summarize the difference in health products offered and initiatives pursued between companies that claim to have a culture of health and those that do not.

### Adoption Ratio of Health Products

COH vs. non-COH companies

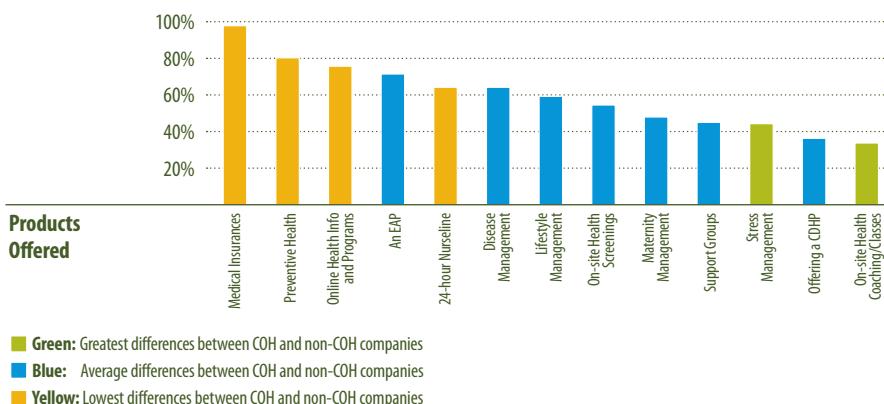


#### READING the CHART:

Companies that currently claim to have a Culture of Health in place are 6.8 times as likely to have On-site Health Coaching/Classes related to a Culture of Health compared to companies without a current Culture of Health.

### Overall Market Penetration and Adoption Differences

of health PRODUCTS between COH companies and non-COH companies



#### READING the CHART:

Colors indicate magnitude of difference between companies offering a Culture of Health and those not offering a Culture of Health, based on relative proportion of COH vs. non-COH companies offering each product.

## INSIGHT No. 7

continued

### Adoption Ratio of Health Initiatives

COH vs. non-COH companies

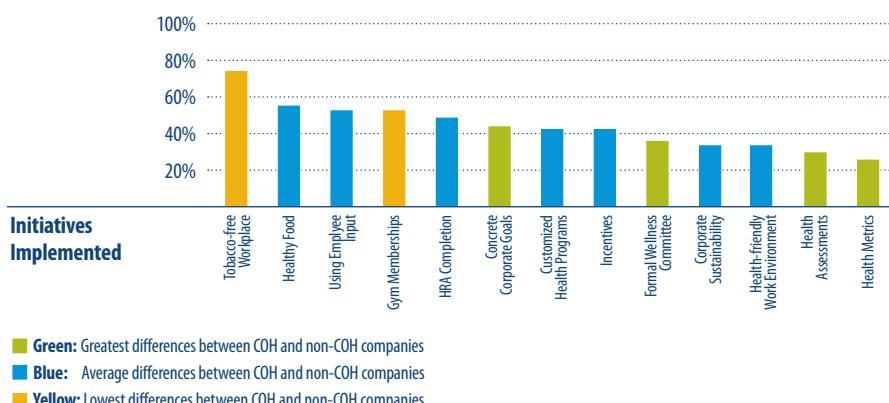


#### READING the CHART:

Companies that currently claim to have a Culture of Health in place are 19.8 times as likely to have Concrete Corporate Goals related to a Culture of Health compared to companies without a current Culture of Health.

### Overall Market Penetration and Adoption Differences

of health INITIATIVES between COH companies and non-COH companies



#### READING the CHART:

Colors indicate magnitude of difference between companies offering a Culture of Health and those not offering a Culture of Health, based on relative proportion of COH vs. non-COH companies implementing each initiative.

# SUMMARY & CONCLUSION

Conventional thought suggests that much of the recent impetus for building a culture of health has come from employers – predominantly large employers – searching for a long-term strategy to stem uncontrollable costs. Indeed, our research shows that keeping health program costs low is considered highly important to all companies regardless of size. And employers hope that successful health and wellness offerings will reduce absenteeism, improve productivity, and help curb escalating medical costs.

Yet such concerns do not appear to be the key factors that drive perceptions about, and the desire to create, a culture of health. In part, this is because establishing such a culture in the workplace supports an employer's broader consumer-based strategy for giving employees more responsibility for health care decisions and expenses.

HMC's study does not set out to make a case for employers to build a culture of health in their workplaces. In some respects, that work has been done. Intuitively, employers realize the potential benefits of investing in health promotion programs and resources: that having healthier employees translates into increased productivity and cost savings. The very premise for building a culture of health in the workplace derives from the idea that healthier people will use fewer medical resources and be more productive.

Our research indicates that financial targets are not the primary factors that drive a company's desire for a culture of health. Instead, the study underscores the value in human capital. Companies want better relationships with their employees. They want to be viewed as leaders. They want to be liked. Companies believe that building a culture of health – even promoting the idea of one – makes them more attractive in the eyes of employees, consumers and the competition.

In large part, that attractiveness translates into market favorability and is evidenced by the programs and initiatives offered to employees. Building a culture of health is predicated on the belief that there is both tangible and intangible value in having one. The challenge for employers and health care providers is to identify the specific components that comprise a culture of health for a particular organization. Utilizing size as a benchmark eliminates much of the guesswork.

Indeed, distinct areas of opportunity arise where importance and market penetration seem to rise and converge. HMC's study provides a snapshot of such areas of opportunity, showing how attitudes expressed by companies similar in size work to inform whether certain programs and initiatives are adopted.

Building a culture of health is a progression, not an inevitability. Interest must give rise to importance. Importance must give rise to value. And value must give rise to results.

## SUMMARY & CONCLUSION

continued

Our research demonstrates that companies of all sizes are interested in a culture of health and consider it valuable. Half of the companies we surveyed think they already have a culture of health. Half of them say they could use help developing one. Half of them also say employers should play a bigger part in health promotion. While most respondents said their reasons for wanting a culture of health are complex, the differences between what they claim is important and what they actually provide is clear.

And so we stand at a nexus. The more a company grows and matures, the more it shapes its vision for a culture of health. In the process, establishing a culture of health becomes an effort to more equitably balance the responsibility for health care among employers and their employees. Indeed, by name, a culture of health denotes a kind of alliance or inherent teamwork: common interests; shared beliefs; mutual goals. And when employers demonstrate that there is value placed on the well-being of every individual, at every stage of health, a company's collective health, and business performance, may very well improve.

# REFERENCES

<sup>1</sup>Ron Z. Goetzel, Ph.D., Cornell University and Thomson Medstat; *Employee Health Management and Best Practices: What Works?* HERO Forum for Employee Health Management Solutions, Chicago, IL; Sept. 19-20, 2006. Larry Chapman, *Meta Evaluation of Worksite Health Promotion Economic Return Studies: 2005 Update*"; Art of Health Promotion, July/August 2005.

<sup>2</sup>2007 SHPS Health Practices Study: *What Every Self-Insured Employer Should Know*, pps 7-9.

<sup>3</sup>HMC's parent company conducted an internal study to understand how employers perceive the role of businesses in maintaining employee health. A survey was conducted in the employer online community from June 5 through June 20, 2008. Community members were asked about their company's vision for employee health and wellness, awareness of this vision and how this relates to other priorities. A total of 100 respondents completed the survey in its entirety. Due to the small sample size, results are directional in nature.

<sup>4</sup>Center for Studying Health System Change; Debra A. Draper, Ann Tynan, Jon B. Christianson. *Health and Wellness: The Shift from Managing Illness to Promoting Health*, Issue Brief No. 121, June 2008.

<sup>5</sup>Towers Perrin 2009 Health Care Cost Survey

# COMPANY BIOS

## About HMC

Founded in 1983, **Health Management Corporation (HMC)** is one of the nation's largest, most experienced leaders in providing employers and health plans with access to integrated care and total-population health solutions.

Our **life<sup>2</sup>** portfolio of programs and services encompasses everything from education and prevention to lifestyle and disease management, empowering members with what they need to reach their optimal health.

Whether a person is healthy, at risk for developing a chronic condition or is living with illness, HMC's dedicated health care professionals help members to overcome personal obstacles and improve progress. Our targeted teams include nurse care managers, physicians, pharmacists, dietitians, exercise physiologists and more. Together, they build strong relationships with members that, in turn, help foster trust, behavior change and lasting positive outcomes.

At HMC, we're committed to helping people take a more active role in their health. This means meeting members where they are today to help them live healthier tomorrows. It means better choices and better outcomes. Taken together, it's how we build healthier lives – every day.

Visit us at: [www.choosehmc.com](http://www.choosehmc.com)

## About Message Factors, Inc.

**Message Factors, Inc.** is a full-service market research and consulting firm headquartered in Memphis, Tennessee. Founded in 1967, we have served over 1,700 clients in a wide variety of industries, categories, and situations. We provide a full range of standard and proprietary research techniques that yield actionable and insightful results, allowing our clients to make business decisions with greater confidence.

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