

Point of view

Worth it in the long run



Adding value by investing in wellness

A growing body of evidence suggests that employers can reduce costs by investing in the health and well-being of their employees. This includes both the direct costs of providing healthcare and indirect costs, such as absenteeism and reduced productivity.

Global research and case studies lend support to the case for introducing or expanding general and financial wellness initiatives, as does local evidence of continually increasing healthcare costs. However, in our experience the success of such initiatives frequently depends on five factors:

- The organisation's objectives;
- Whether there is a strategic and integrated approach to wellness;
- The quality of analysis performed to identify and prioritise issues and interventions;
- The effectiveness of implementation; and
- Whether there is appropriate measurement and monitoring of outcomes, and regular review of interventions.

This article provides our point of view on leading practice to ensure that value is added through investments in wellness.

Making a difference

Our healthcare systems and financial services industries face numerous challenges in meeting the needs of South Africans – fairly, effectively and efficiently. However, employers are in a unique position to investigate and identify the particular health risks and wellness needs of their employees, and to intervene in a proactive and targeted manner.

The organisation's objectives

Many employers recognise the wider potential benefits of investing in wellness and have used it to promote the achievement of other important objectives. For example, investing in wellness can lead to:

- Improving employee engagement and building individual resilience;
- Strengthening the employee value proposition to attract and retain the best talent;
- Improving safety;
- Enhancing the value and sustainability of the organisation's most critical resource – people – and demonstrating this to stakeholders;
- Achieving the organisation's wider purpose of, for example, significantly and demonstrably improving the lives of people; and
- Building the organisation's reputation and brand.

Wellness and employee engagement

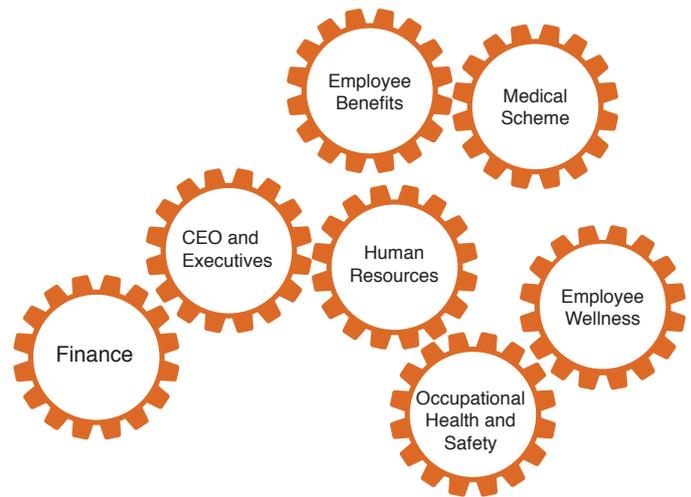
Employees who enjoy higher levels of well-being are likely to be more engaged, as are those who believe that their employer cares for their well-being. Well-being is in fact vital for sustaining high levels of engagement. On the other hand, an employer's efforts to engage can also influence well-being. We therefore recommend viewing wellness as an integral part of employee engagement.

A strategic and integrated approach to wellness

Our view is that there should be a clear strategy for investing in wellness, including clearly-defined objectives, which is consistent with the overall strategy and values of the organisation. It should also be based on a clear and thorough understanding of the health and wellness profile of the particular organisation – incorporating all aspects of health – physical, occupational, environmental, financial, intellectual, emotional, spiritual and social.

A number of functions or departments are typically interested in, involved with or responsible for aspects of wellness. By adopting an integrated approach, the strategy covers all these areas and the roles of each in implementing and monitoring the outcomes are clearly defined.

Figure 1. Functions concerned with wellness



In our experience globally, CEOs and other C-suite executives are becoming more aware of the impact of wellness and its benefits on the business as a whole, allowing wellness to become recognised as an increasingly strategic issue. C-suite support for wellness initiatives can also be essential to their success.

A local perspective

More South African employers are recognising the importance of taking a strategic approach to wellness, but could benefit from basing the strategy on a more rigorous analysis of data (see the next section), developing more specific and measurable objectives that are linked to outcomes and integrating the strategy across functional areas.

Integration

True integration would ensure effective links between complimentary processes such as between wellness, coaching and performance management. Similarly, an integrated approach could ensure consistency with other HR policies and potentially achieve valuable synergies in other areas such as between corporate social responsibility (CSR) and wellness initiatives.

Expert analysis to identify and prioritise issues and interventions

Data analytics and actuarial modelling can be powerful tools in providing a clear and more complete picture of the direct and indirect health-related costs, and current and future risks, to which an organisation is exposed. They can help to identify sources of total costs, drivers of cost increases and particular issues to be targeted. Ultimately, the value that stands to be gained from wellness interventions could also be estimated.

A local perspective

In our view, many local employers could be making smarter use of data, including by combining data from multiple sources. This would enable them to better understand their health risk profile - both current and potential future wellness issues and costs - and the potential value of investment (VoI) in wellness.

Duplication of services or gaps in needed benefits or interventions can sometimes occur, especially where there is not an integrated, but rather fragmented or siloed, approach to wellness. The access of different groups of employees may also differ, for example, between those that are and those that are not members of the medical scheme. A mapping of services provided, as well as those actually utilised (and utilised effectively), may be helpful in identifying duplication or gaps.

Effective implementation of wellness initiatives

The key to a successful healthcare system often relies on there being a sufficient focus on prevention and proactiveness, particularly to ensure that the impact of chronic and lifestyle-related diseases is minimised. This in turn depends on educating, empowering and encouraging individuals to manage their own health and well-being and to make adequate use of preventative and (if relevant) disease management services.

Driving behavioural change may therefore be critical to the success of a wellness programme, and implementation aspects, such as change management and communication, should not be overlooked. Some organisations have even used their leaders as role models for wellness. It may also be important to empower and motivate managers to support employees to participate in wellness programmes, as well as to ensure better communication and management of stress within their teams.

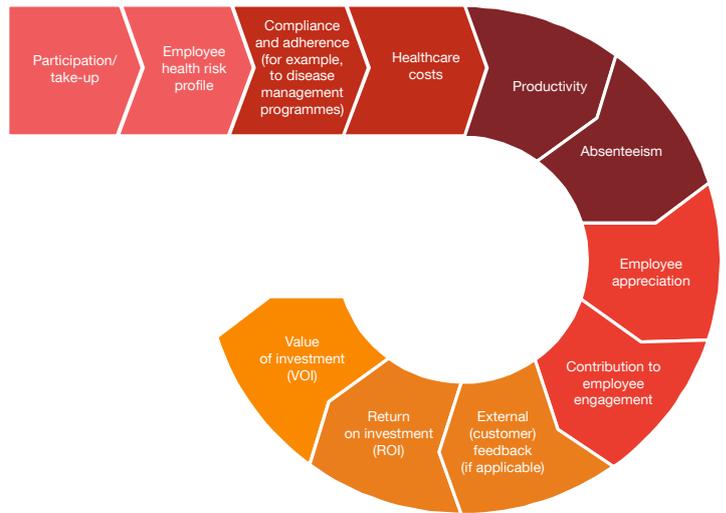
The role of technology

Technology may already play a key role in wellness programmes, assisting with data analysis, and employee communication and engagement. However, we see strong potential for an increasing role for technology in wellness through the use of wearable technologies and e-health-type interventions. Please look out for our survey of individuals on the potential use of wearable technologies by employers, to be launched later in 2015.

Comprehensive measurement and monitoring of outcomes

Organisations with successful wellness programmes generally have processes in place to monitor the utilisation of benefits and services and wellness outcomes, allowing regular evaluation and review of the wellness strategy and its implementation. Reporting that is integrated and automated (as far as possible), and which provides the right people with the necessary information to inform decision-making, should support these processes. As mentioned previously, there may be a number of useful sources of data that can be combined to provide a more complete picture of wellness in the organisation.

Figure 2. Elements that may be measured or monitored



A local perspective

We believe more South African employers could perform regular monitoring and review of their wellness programmes to support them in making improvements to achieve their objectives.

How we can assist

We are able to assist both employers and healthcare funders to review and implement wellness solutions. To address an organisation's specific needs, we can bring together specialists from a number of areas as required, including experts on health and wellness (both clinical and financial), employee engagement, change management and communication, people and health data analytics; and actuarial modelling.

Please contact any of the PwC Wellness team members listed below should you wish to discuss how we can assist your organisation to add greater value through wellness or wider employee engagement initiatives.

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