

IN THE NEWS

Workers comp reform offers wellness lessons

Insurance carrots could improve worker health

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Obesity, and the chronic disease conditions that it causes and exacerbates, is the leading cause of the growth of healthcare spending in America. These growing costs hurt our businesses and our overall economy. For government, growing healthcare costs cause higher taxes and crowd out other investments in our future.

The business community, passively accepting these rising costs in the past, has moved to more active engagement in the obesity and wellness challenge. Large, self-insured, businesses with stable populations have led the way with dynamic and effective health promotion efforts including health coaching along with investments in and financial incentives for healthy behaviors and outcomes for their employees. Studies indicate that investments of this type by businesses return three dollars for every dollar invested. Federal healthcare reform further clarifies and supports this trend.

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More than half of the paid employees in America work for companies with fewer than 1,000 employees, the line below which most companies are not fully self-insured. These companies also lack broad internal expertise in wellness programs and have been laggards in wellness efforts. Firms of this size also are less institutional in nature and have populations that experience more turnover. This is a critical point, since high employee turnover reduces the likelihood that a given company’s wellness investments will benefit itself rather than the future employer of its employees. Not surprisingly, investment in wellness programs for smaller companies is much lower than for large institutional employers. How to solve the lack of clear financial reward and the shortage of internal expertise?



The insurance industry faced a similar problem 20 years ago when smaller employers were unwilling to invest in worker safety programs. Massachusetts and other states invented a new set of financial incentives for businesses to invest in safety. The state Division of Insurance was empowered to select approved vendors to implement safety programs, called Qualified Loss Management Programs (QLMPs). Investment in QLMPs was rewarded with immediate premium credits. Insurance agents acted as information sources for businesses to select from among many competing providers of QLMPs. The results included greatly reduced claims, safer work environments, and healthier employees. Workers compensation rates have dropped by more than a third over the past 20 years in Massachusetts.

The institution of Qualified Corporate Wellness Programs (QCWPs) to address a similar lack of expertise and discontinuity in benefits caused by worker mobility could motivate small and medium-sized employers to invest more in corporate wellness. The future of our economy should benefit from our earlier lessons with workers compensation insurance. These changes should be made part of the healthcare reform legislative debate since they share the same goals of improving healthcare outcomes and reducing healthcare costs.



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