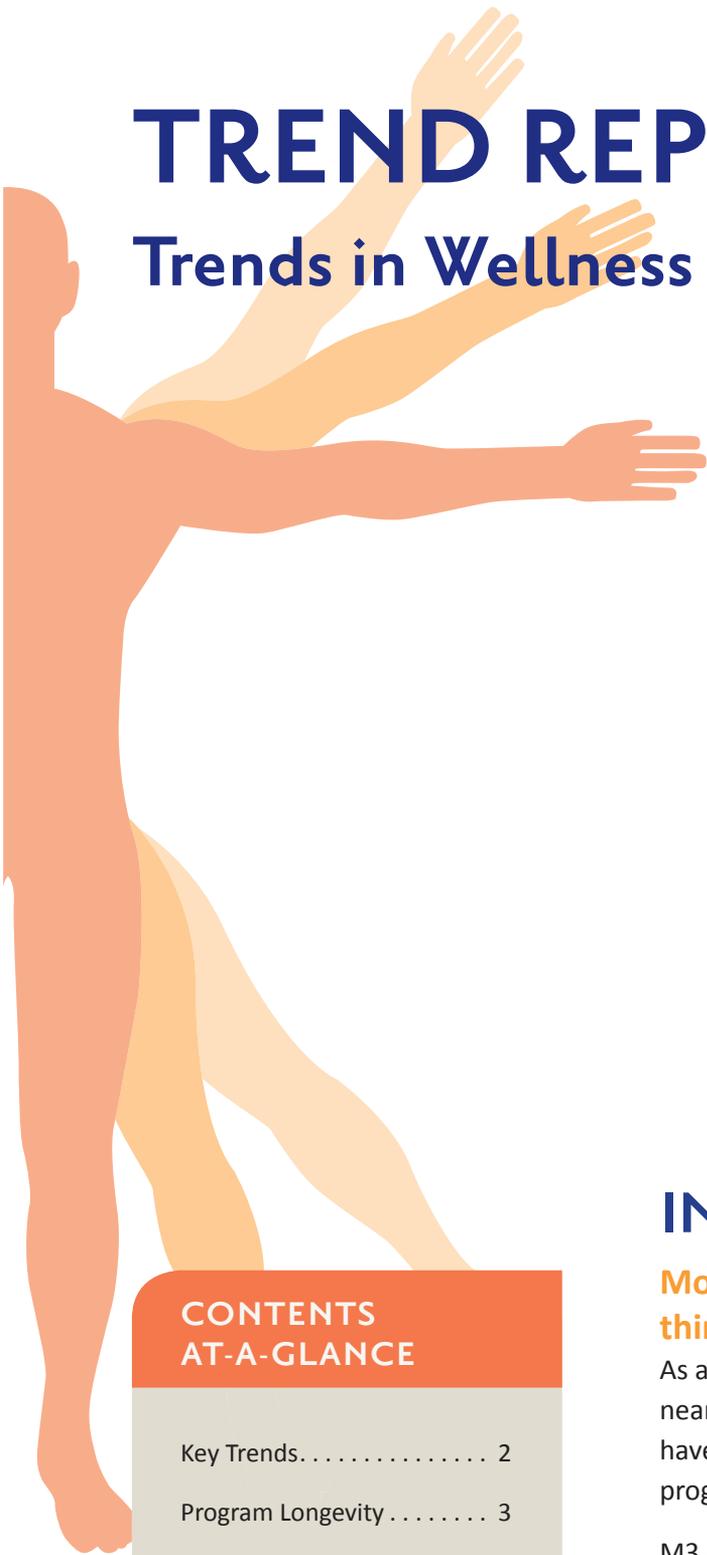


TREND REPORT

Trends in Wellness Programs



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INTRODUCTION

Most employers offer wellness programs because they think the benefits outweigh the cost of the program.

As an employer, you see medical costs continue to rise and create a nearly uncontrollable expense for your organization. Some companies have turned to benefit elimination, cost sharing and employee wellness programs to mitigate large annual increases for health coverage.

M3 recently polled executives and Human Resource professionals from more than 150 of its Wisconsin-based clients to identify how each one implemented worksite wellness programs within their organizations.

This report discusses the details of the 2014 Wellness Trends Study and offers simple and understandable data about the current state of worksite wellness programs within M3's client base. It is also intended as a benchmark to compare your organization's wellness program to those of its peers.

KEY TRENDS

The following are key trends of the M3 Wellness Trends Study and important information you should consider when evaluating your wellness program efforts.

TREND ONE We found that **two of every three** M3 clients offer at least one wellness program component to their employees. The four most popular components are:

1. Wellness communications
2. Health risk assessments
3. Wellness incentives
4. Biometrics

TREND TWO Companies without a wellness plan identified two clear-cut barriers to implementing a plan:

1. **Time** to manage a program
2. **Dedicated budget** for the program

M3 clients with existing wellness plans also cited **TIME** and **BUDGET** as the two largest obstacles they face while managing their plans.

TREND THREE M3 clients are still relatively new to wellness programming. 60% of companies with wellness programs indicated their program has been in existence for five years or fewer. It's never too late to start!

PROGRAM COMPONENTS

Did you know that two-thirds of your M3 peers and 77% of firms in general offer at least one wellness program component to their employees?¹ One of the most important goals of the M3 Wellness Trends Study was to find out what wellness resources our clients are offering today. We asked about nine different components and found that the most popular offerings with our clients are employee wellness communications, health risk assessments and employee wellness incentives.

Wellness communications was not only the most popular, but also the most frequently used program component—nearly two-thirds of organizations issuing them monthly or more frequently.

Components in Use

50%	Employee Wellness Communications
42%	Health Risk Assessments
38%	Wellness Incentives
36%	Biometric Screening
29%	Wellness Campaigns
27%	Wellness Presentations
19%	Tobacco Cessation
15%	Weight Management
13%	Health Coaching

How does your organization compare nationally? According to the Wellness Council of America, 81% of American businesses with more than 50 employees have some form of health promotion program.

50%
of M3 clients offer employee wellness communications

Abigail Nadler, Health Promotions Advisor at M3, identifies the most commonly used communication tools as newsletters (such as M3's *Live Well, Work Well*), monthly health observances and health program reminders.



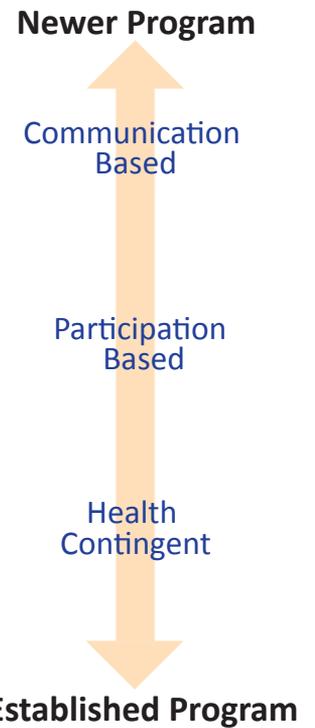
PROGRAM LONGEVITY

“Wellness” used to be a buzzword, but now it’s serious business.

Our clients take it seriously, too. Approximately one-quarter of our clients have had a wellness program in place for more than five years. Conversely, 11% are brand new to wellness, having a plan for less than one year.

The key here is to understand how new and established programs differ. We find our clients just starting out with a wellness program tend to use communication-based components and focus on education and awareness—not on activity. More established programs progress to a participation based program focusing on strong employee engagement and wellness activity participation.

We have seen an upswing in clients moving to a more progressive health-contingent program. Here the focus is driving positive behavior change and health improvement outcomes. This gradual implementation enables you to build a strong wellness culture while reducing any employee resistance that may surface.



MANAGEMENT INVOLVEMENT

Leadership support is an important aspect of wellness program success, and M3 clients definitely have the support of their leadership. Nearly 80% of our clients stated their leadership either actively participates or cheerleads their organization’s wellness initiatives. This is a pivotal piece of data, as according to a National Worksite Health Promotion Survey, almost 40% of workplace health wellness programs fail because of lack of support by upper management.

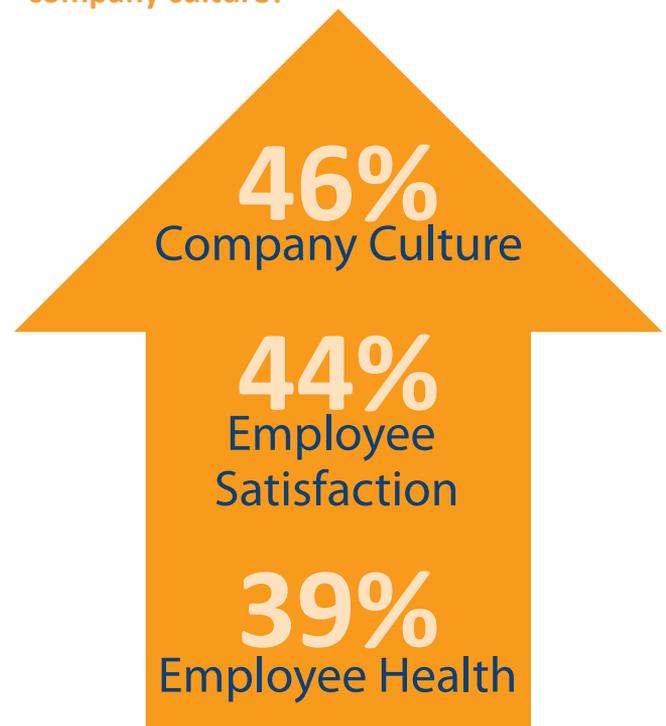
“Wellness program success depends on many factors, but none may be as vital as management support.”

Rich Twietmeyer, EVP Benefits, M3



THE IMPACT OF WELLNESS PROGRAMS

How much do wellness programs help employee health, satisfaction and company culture?



INCENTIVES

Incentives offered by companies within the study varied widely, as the chart below indicates.

Overall, more than 70% of organizations with a wellness program offered some type of incentive to employees.

By far the most common being an incentive for HRAs or biometric screening.

HRA/Bio Screen



Achievement/Improvement of Health Standard or Biometrics



Health/Wellness Coaching



Non-tobacco User



Behavior-Changing Program (i.e. Biggest Loser)



FOCUS: HRA AND BIOMETRIC SCREENING

Employers use health risk assessments (HRAs) and biometric screening more than other activity-based program offerings.

PARTICIPATION OF THOSE WHO OFFER HRA

72% HRA Questionnaire

67% Biometric Screening

53% Results Review

HRAs and biometric screening not only had the MOST, but also the HIGHEST LEVELS of employee participation. M3 clients saw a 76-100% annual employee participation level more often with HRAs and biometric screening than other wellness activities. Conversely, educational presentations, health coaching and behavior-changing campaigns, such as “Biggest Loser” programs, saw the lowest employee participation.

Who administers HRAs and biometric screenings? More than three-quarters of the organizations offering HRAs stated that either a (1) third-party wellness vendor or (2) insurance company was the administrator, while another 21% said their administrator was a local healthcare provider.

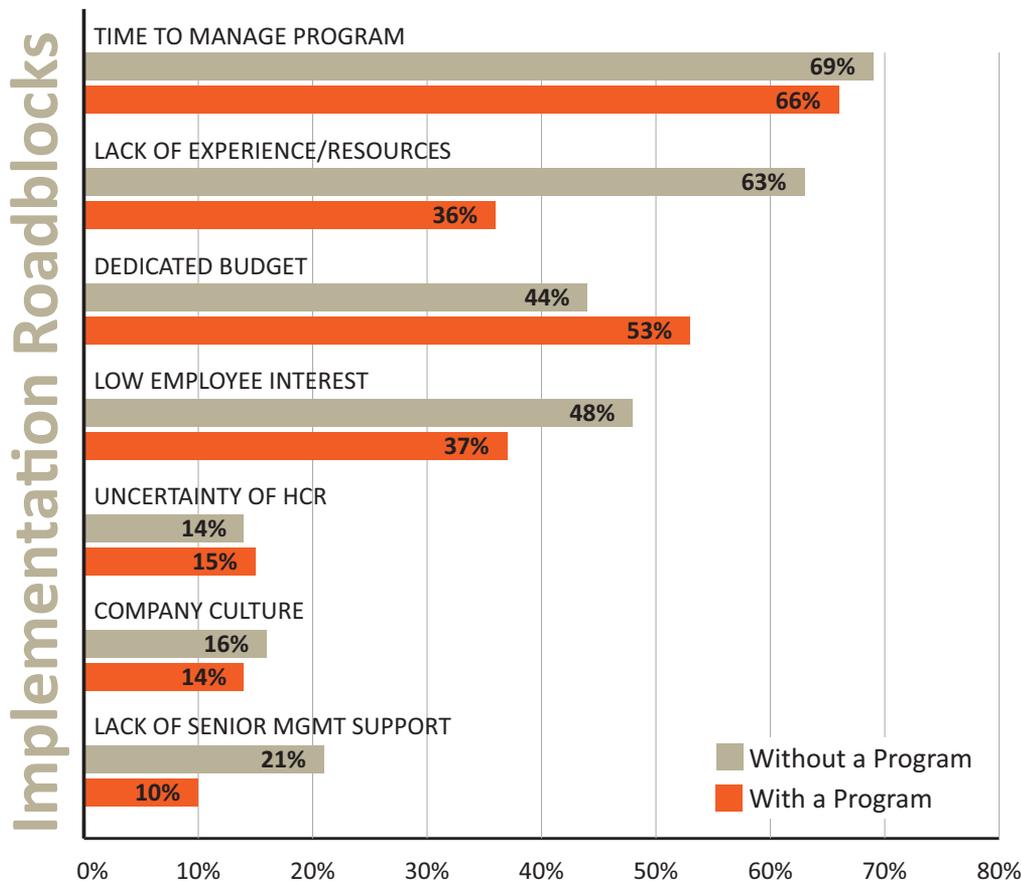
Also, we found it is not uncommon for employers to extend these services to spouses and family. In fact, 33% of employers currently offer both HRAs and biometric screenings to spouses/family; another 13% plan to offer either HRAs or biometric screenings to spouses/families in the next twelve months.



PROGRAM ROADBLOCKS

The enemies of worksite wellness plans are time and budget. Both M3 clients with and without wellness programs found the same two barriers to implementing a wellness plan: (1) the time to manage the plan and (2) the lack of a dedicated budget. See the graph below to see how both groups responded in our study.

How much are M3 clients spending on worksite wellness programs? **More than half of our clients with a wellness program in place indicate they budget \$250 or less per employee annually;** only about five percent spend more than \$250 per employee each year while one-quarter has no set budget. Compare that to the approximate potential savings of \$650 that wellness programs could have for the average worker², and suddenly budgeting becomes a bit easier!



Struggling to find time for your wellness program?

M3 can assist with strategic program planning, ready-to-use campaigns, challenges, newsletters, and evaluation tools.

WELLNESS AND SMALL BUSINESS

Attention small businesses! Another piece of information our study uncovered is that our smallest clients (companies with fewer than 50 employees) were about twice as likely NOT to offer wellness components as were our mid-size and large clients.

However, Wisconsin companies with 50 employees or fewer are eligible for **wellness program tax credits**. Wisconsin Act 137, passed in 2013, provides an income and franchise tax credit to small employers that establish a worksite wellness program. The credit allows these employers to claim up to 30% of the cost of their wellness program within a taxable year for three years. There is a cumulative credit limit of \$3 million for small businesses in the state of Wisconsin.

YOUR WELLNESS PROGRAM CHECK-UP

Companies like yours offer many different wellness activities and policies. Even though wellness communications are the most often utilized program component, there is no shortage of activities related to employee wellness that M3 clients offered in the last twelve months.

Check each activity you offered employees in the last calendar year. How do you rate?

Activity	My Company	M3 Clients
Wellness newsletter	___	46%
EAP provider	___	40%
Health campaigns	___	40%
Web resources	___	39%
Healthy vending	___	39%
Onsite classes/gym	___	35%
Wellness reimbursement	___	34%
Tobacco cessation	___	25%
Safety programs	___	25%
Financial wellness	___	23%

Your Total

- 1-3 activities: good
- 4-6 activities: very good
- 7+ activities: excellent

Which wellness-related policies has your organization adopted?

Policy	My Company	M3 Clients
Tobacco-free workplace	___	49%
Safety belt policy	___	48%
Healthy vending	___	26%
Flex hours-work/life balance	___	25%
No texting/driving	___	21%
Healthy food at events	___	18%
Flex hours-physical activity	___	13%
Stretching breaks	___	6%
Walk and talk meetings	___	4%

Your Total

- 1-2 policies: good
- 3-4 policies: very good
- 5+ policies: excellent

CONCLUSIONS

“It’s clear that popularity of wellness programs is on the rise. A healthier workforce is one of the many benefits organizations that invest in wellness experience,” states Abigail Nadler, M3 Health Promotions Advisor. “Our clients see a positive impact on organizational culture as well as employee satisfaction. Further, national data shows that businesses see a long-term decrease in healthcare costs by encouraging positive lifestyle changes. Wellness programs are definitely here to stay and will continue to evolve.”

WHAT YOU CAN DO

Wondering where you go from here with your wellness program? Here are some simple steps to take for different levels of wellness program implementation:

If you don’t have a wellness program, start one. It’s never too late!

- Start by communicating with employees with tools like M3’s *Live Well/Work Well* newsletter
- Already have a wellness program? Keep the momentum going by sitting down with M3 for a check-in to ask questions and give feedback
- Develop a formal, “long term” wellness program plan – success doesn’t come from a one-time effort and M3 can assist with this planning
- Visit m3ins.com and go to M3Connect regularly for wellness program news and resources

Overall, M3 recommends that your organization move through the wellness program continuum in small, measured steps. We find successful companies take on a little at a time, build a solid foundation and get high participant engagement. Those that are unsuccessful tend to take on too much at once and find they are unable to sustain the program.

Wellness by the Numbers

37% provide spousal components

40% offer HRAs via third party

49% offered behavior-changing campaigns in last year

70% offer incentives

19% spend \$100+/EE

Time & dedicated **budget** are top two success barriers

APPROACH

INVESTMENT

IMPACT

IMPLEMENTATION

HRAs have highest participation at **76+%**

4% don't allow planning on work time

46% say culture has improved

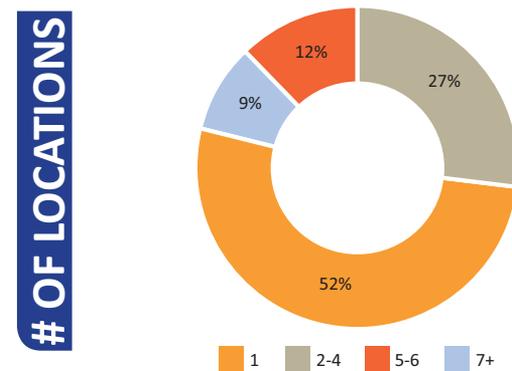
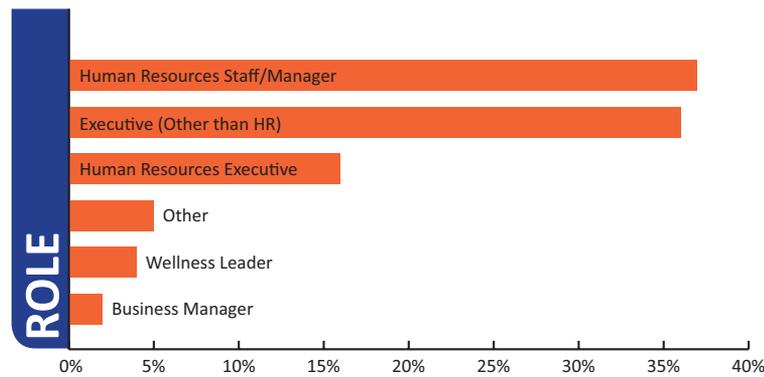
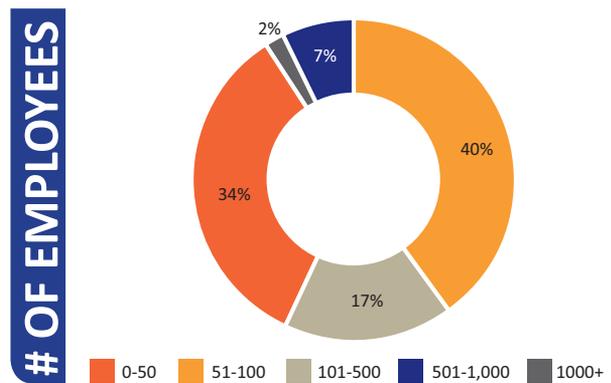
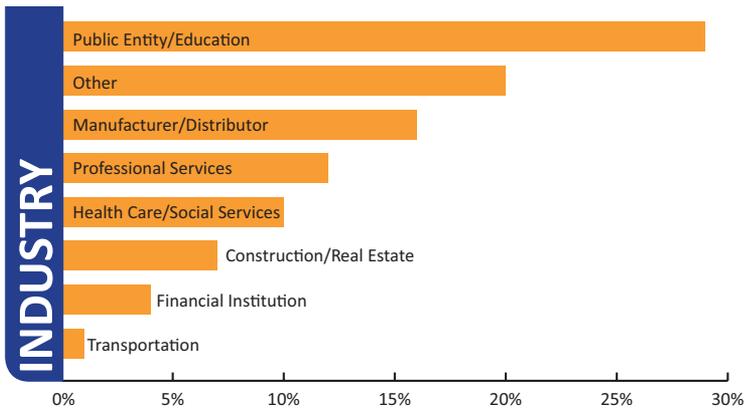
46% of programs are greater than three years old

40% want education and implementation advice

77% have management support

RESPONDENT DEMOGRAPHICS

This study on wellness programs conducted by M3 included responses from 163 clients with Wisconsin-based operations. Respondent demographic data is included below.



¹Henry J. Kaiser Family Foundation, "2013 Employer Health Benefits Survey."

²Journal of Occupational and Environmental Medicine, "Medical Care Savings From Workplace Wellness Programs: What Is a Realistic Savings Potential?", January 2013.

Additional Resources:

Optum, Fourth Annual Wellness in the Workplace Study, 2013

Indiana University-Purdue University, Fort Wayne (IPFW) Study, 2006

Wellness Proposals, "Company Wellness Program ROI"; wellnessproposals.com.

About M3

Founded in 1968, M3 Insurance is Wisconsin's largest privately held insurance agency, providing employee benefits, property & casualty, executive benefits, employer-sponsored retirement plans and personal lines. The professionals at M3 are aligned to specialized industry groups, serving clients across the country from five Wisconsin offices.

M3 is consistently ranked in the top 1% of insurance brokers nationwide and has been named to the list of Best Places to Work in Insurance by *Business Insurance* magazine.

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