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Here Comes ObamaCare's 'Workplace Wellness'

It's a $6 billion industry, but signs of effectiveness are scarce. Companies nonetheless are being urged to sign up.

By AL LEWIS And VIK KHANNA

During the congressional debate over ObamaCare, few provisions stirred less controversy than an amendment providing incentives for companies to encourage their workers to stay healthy. It's a turbocharged version of "workplace wellness" programs: If employees fall short of their targets—on blood pressure or weight, for example—employers are allowed to make them contribute more to their health insurance. The idea is to rein in medical costs by reducing worker illness.

Associated Press

There's only one problem: Workplace wellness programs don't work. Such programs, which have been around for more than two decades, are ineffective at reducing costs, lack support in medical literature, are unpopular enough to require incentives, and are occasionally even harmful to employees.

The Rand Corp. recently released a study of workplace wellness that was undertaken at the behest of the Obama administration. The study strains to find positive results, but phrases like "the change is not statistically significant" and "the size of these effects is small and unlikely to be clinically meaningful" keep popping up.

We've studied the economics of wellness programs—a $6 billion industry, according to the 10th Annual Report on the Disease Management and Wellness Industries—for five years and have found that the business itself is much less circumspect than Rand about its successes. Consider US Corporate Wellness, whose marketing materials have boasted that its wellness-program participants at Denver Children's Hospital "are 230% less likely" (exceeding the 100% mathematical limit) to use the hospital's extended-illness benefit.

Another wellness company, Interactive Health, reports in its "2013 White Paper" a case study in which only 5% more people reduced their risks than increased them—but the (unnamed) client nonetheless is said to have saved the equivalent of $54,000 for each of those reduced-risk participants in 2011 alone. No easy feat when average corporate medical spending is about $6,000 per person annually.

These are only the more extreme cases of dubious wellness-program statistics. Almost every wellness company shows savings by comparing motivated participants in its programs with unmotivated nonparticipants—ignoring, for example, the obvious fact that people who want to quit smoking will quit at higher rates than those who don't, regardless of whether an employer offers a program. Another trick is to count only the people who improve—such as smokers who quit, but not quitters who resume smoking.

The wellness numbers can be further enhanced by attributing all employee health savings to wellness programs—statistically fewer-than-expected broken legs, for instance—rather than using measures to tally the reductions in medical events that a wellness program might have prevented, such as heart attacks and diabetes flare-ups.

Speaking of which, vendors do not track or even identify these wellness-sensitive medical events. That's a savvy move because the onset of heart attacks and other maladies that might be reduced by healthy living are relatively uncommon. Preventing *all* of them for a company's entire workforce wouldn't save nearly enough to cover the average wellness-program expense, which including incentives can approach $1,000 per participant annually. For instance, in a typical group of people eligible for a corporate wellness program, only about one in 800 per year suffers a heart attack.

Enough employees resent the intrusiveness of these programs that the National Business Group on Health reports that since 2009 the average employer has had to double incentives—such as cash payments and reductions in insurance premiums—to maintain employee participation. The well-publicized $600 penalty that the drugstore chain CVS levied in 2013 on employees who refused to participate in screenings to measure body-mass index, weight and glucose levels is more typical than not. The average amount that employees forfeit by refusing to participate in wellness programs is $521, according to the National Business Group on Health.

For those employees who do participate in workplace-wellness programs, the information they supply about their health is not necessarily reliable. For example, even if they are promised anonymity, many are not going to admit how much they drink if they over-imbibe. An employer endeavoring to create a culture of health may in reality be creating a culture of deceit.

Finally, these programs can even harm employees as the workers follow up on recommendations by getting unnecessary testing. For instance, many wellness companies still recommend the PSA test for prostate cancer, even though the federal government specifically recommends against PSA screening because of the likelihood of false-positives.

This harm is not just theoretical: Nebraska recently found that at least 10% of state employees participating in its wellness program had various "early-stage" cancers, an epidemiological rate extremely unlikely anywhere this side of a toxic-waste dump. The over-diagnosis nonetheless sent those supposed cancer victims on a painful, emotionally draining, potentially dangerous quest to address what in most cases was a phantom illness—mostly at Nebraska taxpayers' expense. Yet despite all that cancer spending (which the state did not track), the magic bean-counting of wellness math allowed the state to claim $4.2 million in savings by its program.

There are popular and valuable aspects to the workplace-wellness mania, such as on-site gyms, corporate sports teams, healthy cafeteria food and free nicotine patches. But take out those components that don't need or benefit from government incentives or regulation and here's what's left: Employers paying workers to fill out anonymous forms about their health, facilitated by human-resources departments reliant on vendors and brokers to concoct math to justify these programs . . . all in the name of preventing medical events that vendors don't track. But don't despair, ObamaCare will surely straighten it all out.

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