Healthy Bottom Line: State Government, Businesses and Employers

Introduction

Employers and businesses are as involved as individuals and communities in the current obesity epidemic. Employers are paying much of the increased health care costs due to obesity and related diseases, and businesses are suffering from lost productivity and absenteeism due to employees' poor health and disability.

The costs of health benefits are already high—averaging $9,950 annually per employee nationally, for family coverage. As costs continue to increase, employers and businesses are struggling to pay for employee health care. These costs are shifted to employees, and they also struggle to make ends meet.

Addressing root causes of obesity is necessary to maintain a healthy economy. Obesity is a greater trigger for health problems and increased health spending than smoking or drinking. Individuals who are obese have 30 to 50 percent more chronic medical problems than those who smoke or drink heavily. The total cost of obesity for U.S. companies is estimated at $13 billion per year. Health insurance costs related to obesity comprise the largest percentage of the total ($8 billion), followed by paid sick leave ($2.4 billion), life insurance ($1.8 billion) and disability insurance ($1 billion). States are major employers in the United States and are not immune from the rising costs associated with obesity.

To date, state legislators have focused attention primarily on schools and children and less on adults, businesses or worksites. However, there are many options available to legislators who seek to assist businesses and workers in promoting good health and addressing health costs associated with obesity, including:

- encouraging worksite wellness programs;
- implementing healthy nutrition standards for employee cafeterias and vending machines;
- creating programs to reward employers for promoting good health among employees; and
- encouraging employers to work with insurers to offer premium breaks to employees who participate in health promotion and disease prevention activities.

The Role of State Government, Businesses and Employers

Employers and U.S. businesses have responded to increased costs by shifting from just paying for the treatment of chronic diseases to paying for prevention efforts. Many employers are tackling health issues through worksite wellness programs; obesity, physical activity and nutrition are the primary targets. Employers that address obesity in the workplace can: reinforce and maintain healthy employee behaviors; encourage employees to take an active role in their personal health; reduce health care costs; reduce short-term sick leave; and increase productivity.
To achieve those results, employers have many options, including:

- educating employees and other beneficiaries about healthy behaviors and company benefits available to promote good health;
- providing employees with financial and non-financial incentives to be physically active, maintain or attain a healthy weight and eat healthy foods;
- implementing worksite wellness programs for employees;
- improving the work environment to encourage healthy behavior, such as:
  - supplying healthy foods in vending machines and cafeterias;
  - implementing workplace nutrition policies and servings more healthy foods at work-sponsored events and meetings;
  - renovating stairwells to make them more attractive;
  - prompting employees to use the stairs; and
  - providing pedometers to employees and encouraging walking, jogging and running.
- assuring worksites are conducive to physical activity, including setting standards for new construction and new acquisition of workspace that allow and promote use of stairwells and walking.

**Recent Employer Sector Trends on Obesity**

Obesity has been a focus of attention for state and local employers as well as private sector employers in recent years. While responsibilities are slightly different, with state governments operating Medicaid and other programs, both public and private sectors are addressing obesity in similar ways.

**State Government Employers**

- In 2004, South Dakota Governor Mike Rounds along with the State Employee Health Plan introduced a wellness program called HealthySD.gov. The statewide program assists 23,000 employees, COBRA participants and retirees, along with their covered spouses who participate in the State Employee Health Plan in setting physical activity and nutrition goals, assessing their fitness and nutrition habits and monitoring their success in the program. Those who join HealthySD.gov can be reimbursed for some of their medical out-of-pocket expenses such as deductibles and co-payments along with membership fees to fitness and nutrition centers. Participants can receive up to $300 per plan year in a Health Risk and Wellness Account. Additional incentives for employees and spouses include a $50 account bonus for completing the health screening and health risk questionnaire, and $100 bonus for actively participating in the online wellness program and reaching at least one goal.

- In 2004, Arkansas Governor Mike Huckabee introduced Healthy Arkansas and the Healthy Weight Initiative. As part of Healthy Arkansas, state employees receive a $20 health insurance premium reduction if they participate in a voluntary health risk survey, and they are advised about how their health behavior could affect their health insurance premiums in the future. The state also began offering nutrition counseling and smoking cessation aids to Medicaid recipients and state employees. In the governor’s office, workers are offered “walking breaks” instead of smoking breaks. The Arkansas Fitness Challenge, a component of the Initiative, is a contest between two teams of employees. The pilot project had teams from the Arkansas Department of Health and Arkansas Blue Cross and Blue Shield participate in cardiovascular exercises for three months. Results showed that during the contest respondents reported improved health, increased days per week of exercise, and lowered their blood pressure, cholesterol, weight and blood sugar.

- Delaware’s Health Rewards—a partnership between Blue Cross Blue Shield and Cardio Kinetics—conducted a pilot study of the fitness of 100 randomly selected state employees. Participants were given an extensive initial health assessment. Participants received physician referrals when appropriate and advice on how to improve their short- and long-term health. Officials estimate the pilot program has saved the state more than $62,000 in health care costs for the 100 participants, and they expect to see additional long-term savings because the participants improved their cardiovascular capacity, lost weight and quit smoking. The program has since been expanded to 1,500 employees and will save an estimated $1 million annually. Delaware officials report the following results of the pilot project:
55 of the participants who originally reported their fitness activity as sedentary were active at least three times per week; two of the five smokers who attended the assessment quit smoking; and the number of emergency room visits for the pilot group decreased significantly compared to a control group.

Private Sector Employers

In 2003, in response to growing need by member organizations, the National Business Group on Health created the Institute on the Costs and Health Effects of Obesity. The institute is a two-year project aiming to reverse obesity trends and their harmful effects on U.S. businesses, worker health and productivity.

- Union Pacific Railroad's Health Track program, including its Reduce Obesity Now initiative, aims to improve its employees’ physical and mental health through lifestyle change and risk reduction. The company offers Health Track to 47,000 employees and has shown a 34 percent drop in medical claim costs attributable to preventable chronic disease risk factors over the last 10 years. Union Pacific also determined that some of these same risk factors (stress, overweight and over age 45, tobacco use and perceived health status) are predictors of safety incidents on the job. Union Pacific Railroad received the Washington Business Group on Health President's Healthy Weight, Healthy Lifestyles Award for Health Track in 2005.³
- Motorola offers wellness and work/life programs to its 45,000 U.S. employees and beneficiaries. Motorola invests $6 million annually in wellness and work/life programs, and has shown:
  - for every $1 invested in wellness benefits, $3.93 were saved;
  - a 2.4 percent increase in annual aggregate health care costs for participating employees, compared to an 18 percent increase for non-participants; and
  - $6.5 million annual savings in medical expenses for medical diagnoses such as obesity, hypertension, and stress compared with non-participants.

What Legislators Can Do About Obesity

While businesses and employers have been busy implementing programs and worksite policies to improve health, legislatures have been looking at ways state laws can support these efforts. Much of the effort has been very recent, coming in the 2004 and 2005 legislative sessions.

Supporting Healthy Behaviors

- Washington Senate Bill 5066 (2005-pending) would acknowledge that the Legislature supports and promotes healthy lifestyles and that lowering the cost of joining fitness clubs and organizations will remove barriers for people becoming physically active. It modifies the taxation of personal training services.

Promoting Physical Activity Through Alternative Commuting

- Minnesota House File 1011 (2005-pending) would require the commissioners of transportation, health, public service and interested non-profit agencies to establish and operate an employee transportation program promoting bicycle commuting by state employees. The bill would tie state agencies' capital improvement plans to participation in the program and promoting alternative transportation and physical activity. It would also require the state to provide facilities to promote bicycle commuting such as indoor or sheltered bike parking, showers and dressing areas for bikers, and installation of bicycle racks for state employees traveling by bicycle.

Tax Incentives

- New Jersey Assembly Bill 3715 (2005-pending) would allow a business tax credit and gross income tax credit for employer expenditures providing physical fitness benefits to employees. Under the bill, employers could write off 10 percent of the cost of establishing a fitness facility, financially supporting an employee athletic team, paying for an employee's health club dues, hiring staff to educate or counsel employees on nutrition, fitness and health, or the cost of a financial incentive for employees to be active.
Indiana House Bill 1781 (2005-pending) would provide a state tax credit to employers who implement worksite health promotion programs for their Indiana employees.

Virginia House Bill 1818 (2005-pending) would provide a tax credit to employers accommodating employees who bicycle to work to include the purchase of bike racks and installing showers in business facilities. Under the bill, any individual who rides his bicycle to and from work at least 10 days per month would be entitled to a tax credit of $15 per month.

Conclusion

Legislators have many tools in their arsenal for supporting businesses’ and employers’ efforts to address obesity, and its related healthcare costs and effects on worker productivity. Legislators have already introduced a number of bills designed to encourage employers to promote worksite wellness, while balancing profitability in the marketplace. Worksite wellness has been shown to be a wise investment, and promoting good health among employees can help curtail health care costs associated with obesity.

Legislators can:

- work with state agencies, such as the public health agency, to establish worksite wellness programs that focus on employee physical activity, nutrition and healthy weight maintenance;
- assist businesses with limitations on liability for promoting physical activity by creating reasonable liability waivers to protect workplaces and other institutions that provide time, facilities, equipment or support for physical activity from frivolous lawsuits stemming from activity-related injuries;
- adopt nutrition standards in state workplaces and encourage businesses to follow them, including directing agencies responsible for food procurement, including cafeterias, food service and vending machines, to set standards that at least 50 percent of the food served meets guidelines for healthy food choices;
- establish new standards for state construction that incorporate designs that encourage and facilitate physical activity;
- create a reward program for businesses and employers that meet and exceed efforts to promote good health and address obesity in the workplace or community;
- support private employer health promotion efforts by working with insurance companies to offer premium breaks for employers that enact preventive health and wellness initiatives, and also provide incentives for health maintenance organizations and health care providers to take more active roles in making prevention a priority; and
- offer pre-tax, flexible spending options to state employees and/or private sector employees to pay for eligible health and wellness related expenses.

End Notes


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