

# Rethinking Health & Wellbeing Strategies

to Drive Organizational Performance  
and People-centered Outcomes



## Background

Over the past few decades, often the focus on healthcare and health benefits has been a zero-sum game: The more we spent, the less value we received. With benefit designs largely focused on cost-shifting, an increasing share of the money raised out-of-pocket costs for the employee and their family. The unfortunate consequence of this strategy is that coverage became increasingly unaffordable—not only at open enrollment, but at the point of care. In addition, employers found it challenging to reduce low-value care and replace it with high-value care as they did not fully understand what was unnecessary care or what made up the total cost of care.

At the same time, wellness strategies focused more on offering incentives for “good” behaviors that aligned with better health and lower healthcare spending. Many times, these strategies had little consideration for the unique factors influencing and impacting the health and wellbeing of employees and their families. This paper takes a fresh and comprehensive look at the factors that drive people-centered outcomes and organizational performance.

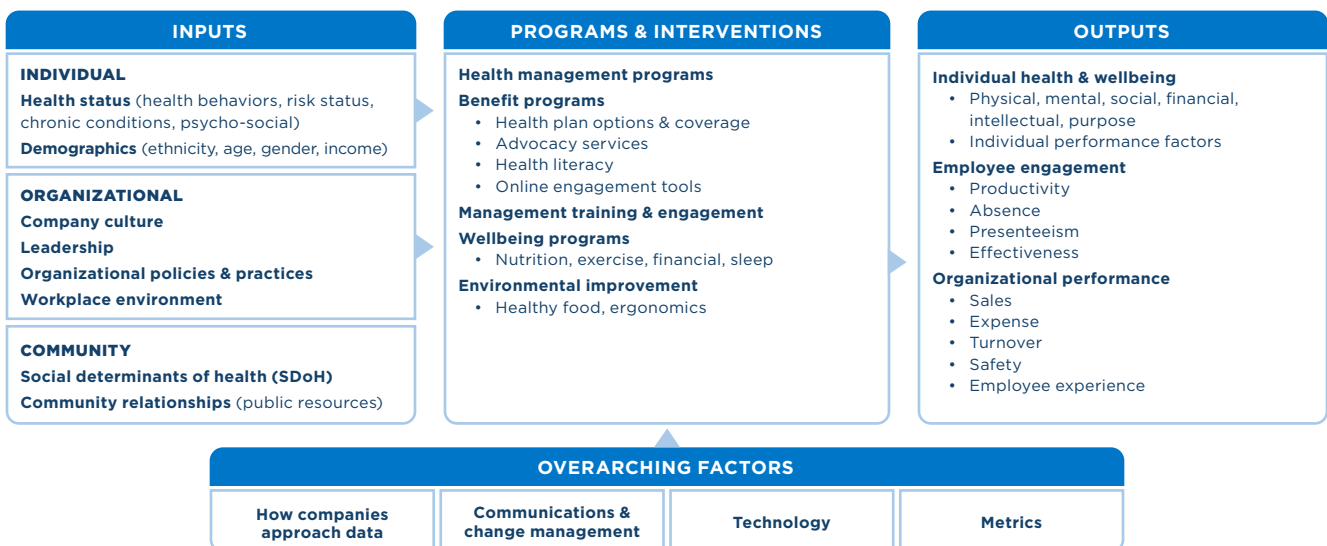
Connecting employee health and wellbeing strategies to overall organizational performance and, more specifically, to a broader people agenda, has often

been suboptimized. Often, organizations are “siloed,” and wellness and health commonly fall to human resources. The data platforms used historically focused on cost savings or utilization-based metrics which created a one-dimensional, over-simplified view of population health. This approach also did not allow organizations to integrate metrics easily or fully across a broader base of sources. Employers ideally seek a more comprehensive, strategic and holistic picture of the health and wellbeing of the workforce, one that is responsive to the diversity of its people and the circumstances they face. This year, the pandemic has shown us that the environment is not only multi-dimensional but that the issues are interconnected. As leaders are facing unprecedented challenges and change, they are more focused on company performance and, in some cases, survival. They are rethinking their approach to health, wellbeing and organizational performance.

To better improve understanding of the interrelationships between health and wellbeing strategies and people and performance-centered outcomes, the National Alliance of Healthcare Purchaser Coalitions (National Alliance) and Integrated Benefits Institute (IBI), through a Patient-Centered Outcomes Research Institute (PCORI) Capacity Building Engagement Award, developed an overarching framework, shown below.

### Health & Wellbeing Strategic Framework

Areas that Drive People-centered Outcomes and Organizational Performance



## Health & Wellbeing Strategic Framework

The Health & Wellbeing Strategic Framework brings together multiple areas organizations can use in health and wellbeing strategic planning. A unique feature is the use of multiple inputs from the individual, organizational and community level to address multiple programs and organizational interventions along with process improvements such as management training, engagement across the organization and environmental

improvements. The framework then includes multiple outputs an organization can move toward related to individual wellbeing, employee

*Inputs, influencers and outcomes exist—whether or not they are acknowledged by the organization or informed by the health and wellbeing strategy.*

performance and experience, and organizational performance. These inputs, influencers and outcomes exist—whether or not they are acknowledged by the organization or informed by the health and wellbeing strategy. The question is whether an organization will be more intentional in how it informs and implements within this multidimensional context.

## Programs and Interventions

Many health and wellbeing strategies start and often end with evaluating the programs and interventions offered. The most significant component of this framework encompasses employee benefits offerings, including health management programs, benefits programs, health advocacy services, health literacy, diverse wellbeing support, and online engagement offerings, all with the goal of improving workforce health and wellbeing. Employer-provided benefit design determines employee affordability of those benefits, which, in turn, impacts the extent to which employees can access the healthcare system. Wage-based benefits subsidies are increasingly being considered by employers to help lower-income workers have affordable access to healthcare. These programs may be offered in the context of personalized support and personal responsibility, empowering shared decision making and shared risk. Healthcare consumerism, at

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its best, requires real-time, personalized healthcare guidance, access and affordability to thrive.

Organizational interventions should include training in leadership at various meta-levels, capacity skill-building to ensure workforce management practices are consistent and support an environment conducive to a thriving and engaged workforce. In addition, management of the physical environment is important and includes such factors as safety, stress management, and ergonomic considerations both on site and for remote workers. Equally important is developing an environment that is prepared and able to adapt

***It's important to develop an environment that can adapt to the unique circumstances employees and their families will face as they emerge from the pandemic.***

to the unique circumstances that employees and their families face as they emerge from the pandemic.

An additional area focused

on community has become more relevant this past year with the impact of the pandemic and increased awareness of racial and economic disparities. Employers are still learning how to effectively navigate these areas. They are learning the value of understanding the impact of social determinants of health (SDoH) and partnering with community programs and services to support the varied needs of employees and families. These areas may begin to move beyond the common approach of community philanthropy or volunteerism to embracing an organization's integral role in the improvement of the communities where their employees live, work and play.

At an operational level, the unique combination of these offerings at the individual, organizational and community level reflects each organization's approach to optimizing workforce health, wellbeing and engagement. At its best, when thoughtfully aligned, these programs and interventions are integrated and mutually reinforcing.

## Inputs

When employers consider their health and wellbeing strategy, they are exploring a number of attributes related to employees as well as to the organization and community. Many of these attributes are interrelated and can be identified by measures such as health status, risk factors, health behaviors, and psycho-social factors that influence mental and physical health. When considering chronic medical conditions, the extent to which these conditions are managed, including consideration of co-morbidities and psycho-social issues, can greatly impact an individual's overall wellbeing and should not be overlooked. Each organization can work with a unique set of heterogeneous inputs to its health and wellbeing strategy. Demographic factors such as age, gender, income, race, ethnicity, language, and job function can play a key role in understanding population clusters around wellbeing status across multiple domains (physical, mental, financial, social, and others).

Taken independently, many of these attributes or factors may directly or indirectly impact the appropriateness and even the effectiveness of a program or an engagement strategy. Taken together, these attributes

***"Total Person Health" is a complex set of interrelated factors, including SDoH, that require personalized advocacy to ensure a patient's optimal physical, emotional and mental health.***

create a more complex set of interrelated factors that can optimize their impact and can require more personalized advocacy and support, also known as total person health.

The workplace is an important determinant of employee health. Work environment factors, including potential physical exposures, unsafe working conditions, and rotating shift work represent different contributors to adverse physical health. Yet, in keeping with the fact that as much as 60% or more of an individual's health is linked with social factors, the workplace may have the greatest influence on employee

health due to these same contributors. For the vast majority of employees, workplace earnings represent the greatest contribution to socioeconomic status, which in turn influences individual living conditions and access to food. As unhealthy lifestyle behaviors, including diet, lack of physical activity, and smoking, are a function of socioeconomic status, employers should be sure to connect this important correlation to chronic medical conditions.

There are four key organizational attributes to consider: Company culture, leadership, organizational policies and practices, and workplace environment. Company culture can be defined as a set of shared values, goals, attitudes and practices that characterize an organization. Leadership refers to the manner in which executives develop and operationalize the company mission, values and goals. Organizational policies and practices represent day-to-day operational “rules of engagement” for employees in relation to internal activities as well as external, customer-facing activities. The last attribute represented by

*Employee health and wellbeing can vary significantly, depending on whether organizational leaders are attuned to and address the challenges presented by SDoH and other barriers.*

the workplace environment has a social component that includes the prevailing climate in which individuals interact. Workplace environment also includes the

physical workplace, including occupational exposure to hazards. All of these factors have the potential to impact employee health and wellbeing and can vary significantly within an organization depending on the actions of supervisors or managers.

An equally important area: Workplace policies that establish guardrails and determine how and when employees access healthcare. Policies also determine wage levels, advancement opportunities and access to education to name a few. Organizational policies and practices affect whether an employee can or will seek needed care. Employers, therefore, need to ask

themselves, “Can an employee at minimum wage afford housing, food and healthcare in the workplace community?” This question can represent an important and emerging consideration for employers around SDoH. When employers focus on determinants that impact their workforce, they can influence how employees access their health benefits and better understand the demands of the workplace.

Because each individual’s health and wellbeing are strongly influenced by the community where they live, work and play, SDoH are also relevant and included in the framework. SDoH factors that impact an organization’s workforce can be identified and assessed in different ways (e.g., obtaining heat map data from social needs index, identifying social risk factors, or understanding outcomes through the lens of annual household income, worker earnings, a ZIP code-based classification or other similar data). While definitions vary, the list below offers an inclusive definition of SDoHs. A recent addition to this list is the impact of racism—with its issues and challenges only being more revealed as we navigate the current COVID-19 pandemic.

#### **Social Determinants of Health:**

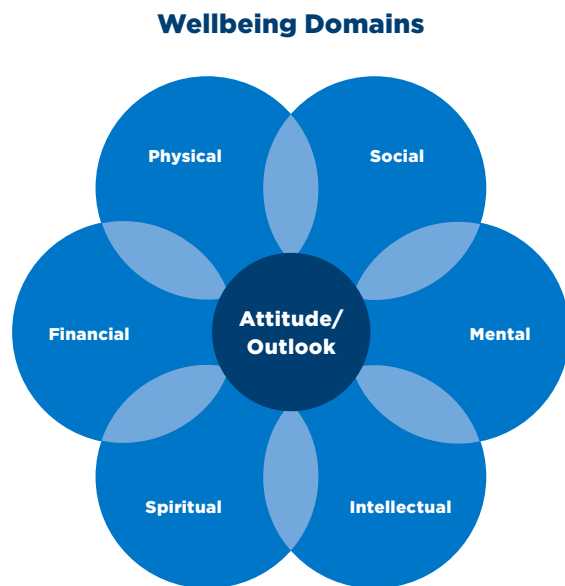
- Income level
- Educational opportunities
- Occupation, employment status, and workplace safety
- Gender inequity
- Racism
- Food insecurity and inaccessibility of nutritious food choices
- Access to housing and utility services
- Early childhood experiences and development
- Social support and community inclusivity
- Crime rates and exposure to violent behavior
- Availability of transportation
- Neighborhood conditions and physical environment
- Access to safe drinking water, clean air, and toxin-free environments
- Recreational and leisure opportunities

Source: New England Journal of Medicine, <https://catalyst.nejm.org/doi/full/10.1056/CAT.17.0312>

## Outputs

At a high level, the outputs included in the health and wellbeing framework highlight overarching areas (e.g., wellbeing, engagement and organizational performance) that reflect the results of programs and interventions. Individual-level outputs affect employee health and wellbeing status, as well as employee performance. The latter category includes performance as determined through supervisor evaluation of front-line workers, as well as health-related absence and presenteeism. In fact, Gallup found that employees who thrive in multiple wellbeing domains (as identified in the chart below) compared to thriving in only one area, had 41% fewer unhealthy days, were 36% more likely to bounce back from an illness, and 65% less likely to be involved in a workplace accident. Notably, employee experience, though a qualitative measure, is also included in the outputs as a significant high-level “barometer” of the health and wellbeing of the workplace.

Organizational outputs, when aggregated at the workforce level, serve to quantify an organization’s performance from several vantage points. While early efforts evaluated the impact on health on more generic attributes of productivity and absence, more recent studies are linking health and wellbeing with organizational key performance indicators (KPIs).



Examples of KPIs might include sales revenue, operating expenses, employee engagement, and customer satisfaction with products and services. In addition, workplace safety incidents provide a sense of the physical work environment as well as compliance by employees with operations standards. Employee turnover provides an indication of job satisfaction.

## Overarching Factors

All of these inputs, programs, interventions and outputs are brought together through overarching considerations:

- ▶ **Data Management:** The system of health and wellbeing cannot be understood or managed unless the right data components are collected and analyzed. That requires not just factors related to program engagement, but how those programs impact subsets of the population and influence diverse individual and organizational factors. Many of the identified data measures are currently being captured in employer systems. The challenge is how to effectively merge and integrate the data to support a broader level of strategic planning.
- ▶ **Communications and Change Management:** Any programs and interventions will only be as good the efforts to communicate and engage participants. This requires addressing the diversity of the population, the culture of the organization, and the unique circumstances of the individual.
- ▶ **Technology:** With the help of technology, efforts can be more easily tailored and personalized to individuals and scaled to broad populations.
- ▶ **Metrics:** “What gets measured, gets managed.” A comprehensive health and wellbeing strategy should include periodic evaluation at each level of the inputs, programs, interventions and outputs.

All of these factors establish the foundation of the broader efforts of total health and wellbeing management for an organization.

## Organizing Principles for Consideration

Here are critical organizing principles for managing workforce health and wellbeing:

- ▶ **Consider health and wellbeing in all policies and practices:** Virtually every organizational policy and practice has the potential to impact employee health and wellbeing. The impact may be subtle (access to healthy foods) or profound (limited paid sick leave). The health and wellbeing impact may only be experienced by a subgroup of employees. For example, “variable work hours” and “scheduling of retail front-line workers” will impact their stress and the ability to generate a reasonable living salary. With this in mind, it is imperative that business leaders review company policies and practices to evaluate their impact on workforce health and wellbeing. Employers who undertake periodic reviews are likely to identify organizational practices over time that inadvertently have a negative impact on business performance. The opportunity exists for employers to understand the powerful influence of the workplace on employee health and wellbeing and give them new insights so they can then take effective actions.



- ▶ **Focus on value, not just cost:** Organizations that adopt a broader perspective of value that goes beyond cost will be more able to evaluate changes in benefits from that broader perspective. For example, instead of just focusing on the cost of a new medication for treatment of a chronic condition, employers should consider and measure the impact of that drug on an employee’s quality of life, ability to work, or return to work more quickly. For example, don’t just compare the cost of including a medication to promote smoking cessation against the cost of lost productivity due to smoking breaks. Also consider the potential decrease in high-expense tobacco-related healthcare expenditures. The organizational impact includes not only medication costs, but also the potential (and measurable) value of overall improved employee health.
- ▶ **Measure both employer-relevant and employee-centered inputs and outputs:** Most of the measures included in the inputs and outputs sections of the framework are reasonably readily quantifiable. The measures that are shown in the framework are presented in generalized terms. Employers likely have other specific measures that have direct organizational relevance. Importantly, for many employers, these data often already exist and can be found in an array of different organizational silos. When considering employee-centered measures, focus on the opportunities that resonate loudest with employees. Employers will benefit from eliciting employee feedback, which, when considered in strategic planning, can help to reinforce employee perceptions that business leadership cares about employee wellbeing.
- ▶ **Evaluate and focus on equity and inclusion:** Organizations can seek to be responsive to the diversity of their populations, the circumstance of their people, and the broader needs of their communities by being thoughtful in their overall health strategy, including health plan interventions and engagement. As in any quality process, understanding the variation in impact can provide



insights that will “raise all boats.” It is not enough to understand how averages are affected. Rather, seek to understand how subsets of your populations are impacted differently. Here’s a typical negative consequence of policy based on “broad averages:” For the preponderance of employers, health benefits are a one-size-fits-all proposition, in terms of their cost to employees. Yet lower-wage workers, who have the greatest prevalence of unhealthy lifestyle conditions and chronic conditions, are expected to pay a greater proportion of their earnings for the same health benefits that higher-earning counterparts receive.

- ▶ **Manage strategically as a business process:** Employers should manage investments in their workforce consistent with how they manage other business activities. Instead of focusing solely on cost, appropriate use of output measures can help employers recognize the broader business impact of strategic planning efforts. To be effective, employers will need to have a means to locate and aggregate data, validate business measures already in widespread organizational use, and bring in additional data and measures that

creates a comprehensive, more holistic picture. These may include KPIs or other data elements included in ongoing reporting to organizational leadership. Inclusion of KPIs or other business-relevant measures will attract leadership interest and facilitate greater engagement in workforce management activities.

## The Big Picture

When we bring the organizing principles together, they can be viewed as a framework and the connection between the individual components becomes easier to visualize.

Before applying this framework across a company’s strategy there are a number of foundational organizational attributes that should be considered. To start, each organization’s mission, vision and goals provide a clear view of the business focus in relation to workforce health and wellbeing. Is there a clearly articulated statement about the responsibility the business will have regarding the significance of workforce health and wellbeing? Or is shareholder value the primary organizational focus? Clarity in mission





regarding employee health and wellbeing provides substantial support for future workforce investments.

Organizational culture, while perhaps difficult to quantify, can provide a meaningful course for employers to identify and address barriers to a supportive work environment. Broadly speaking, organizational culture plays a central role in the workplace and can be seen as an important SDoH. Is there a sense of mutual accountability and trust? Do employees feel valued and free to share their opinions? Is the workplace considered psychologically safe? Employee input about workplace culture considerations can be insightful. How effectively do stated organizational policies and practices align with the desired workplace culture? Employee responses to these and other questions can be used to better align the reality of the workplace with organizational culture goals.

The significance of employee health and wellbeing and its impact on business performance cannot be overstated. Importantly, this link is influenced by having an engaged workforce. Employees want to know their employer cares. When employers are attentive to employee wellbeing priorities, employee engagement increases. Greater levels of employee engagement have been shown to correlate directly with reduced employee absenteeism and turnover, along with enhancements in work productivity, customer satisfaction, and revenue generation. Though seldom used, linking wellbeing data with business performance measures allows employers a better understanding of the significance of this important relationship.

Approaches to strategy may vary. Some business leaders may leverage their experience or that of consultants in business decision-making. Others may prefer to use data to inform strategy development. Arguably, thoughtful use of data could yield the greatest business value, but limitations can exist. There is potential for accuracy concerns, statistical relevance, overlooked assumptions, misinterpretation and other errors. Intuition and business experience may go only so far relative to each new set of circumstances.

The organization's emphasis and focus on different inputs effectively reflects its values and priorities (e.g., how important is equity vs. ROI). Each organization must weigh its relative focus on each of its stakeholders—business leadership, shareholders, employees, customers, and community. Is the primary focus directed toward enhancing shareholder value, employee health and wellbeing, environmental sustainability, community support, or something else? To answer this question, the framework can be used in both qualitative and quantitative ways to evaluate the impact of business processes on an array of different employee and business outcomes.

A final important consideration, briefly mentioned above, is the importance of equitable benefits design. A minority of employers have recognized this issue and have introduced subsidies to improve healthcare affordability for low-wage earners. While this practice is not yet widespread, compelling evidence indicates the need for—and value of—meaningful benefits subsidies for low-income earners. Such a move is beginning to be supported by employee focus groups as well as claims data analysis, evaluating healthcare utilization patterns by employees in different wage categories. As previously noted, the voice of the employee, and subgroup analysis of claims data can enhance employer understanding about how to meaningfully improve workforce health and wellbeing.

## Potential Knowledge Gaps

### *Connecting the dots on strategic workforce investment*

A critical mind shift for employers is to transform their view of the workforce from a cost center (payroll, benefits) to a strategic, people-focused, investment. Effectively done, this approach has the potential to reframe all workforce management programs and processes as business investments. Our knowledge gaps about the extent to which each specific input impacts outputs in the framework will continue to exist until we are able collectively to generate a sufficient knowledge



base to better understand the nature and strength of specific associations. Despite this, there is widespread acknowledgment that these associations exist at least qualitatively. As more employers adopt this approach, it will become a routine business practice.

## Implications for Use of Data and Metrics

Data and Metrics are central to informed strategic planning, particularly in relation to employee health and wellbeing initiatives. The proposed framework clearly highlights the importance and value of data. Business-relevant measures are used to quantify and connect previously disparate data sources, aligning planning efforts around broader, more strategic organizational goals. In our initial whitepaper launched earlier in 2020, the findings

of our national employer survey indicated that employers still rely mainly on pharmacy and medical claims to make healthcare and benefit decisions. However, opportunities exist for innovators to build data management systems that upload and integrate available business data, providing a platform where business leaders can gain a better understanding of an organization's performance in relation to framework goals. Doing so would serve to "connect the dots" between employee health/well-being and business performance, potentially reflecting changes in employee engagement, work quality, and/or customer satisfaction. Equally important to aligning programs and interventions to organizational outcomes is the need to examine the impact of such programs and interventions on diverse parts of the populations. Increasingly, understanding of diversity will lead to a more personalized approach to support.

## Conclusions & Recommendations for Employers

Using the framework, employers have an unparalleled opportunity to expand their use of available data to inform strategic and tactical benefits planning and look at ways to encourage a thriving workforce. The framework provides a means by which seemingly disparate data sources can be combined into a more comprehensive and holistic picture. This better aligns and consolidates focus on high-level organizational objectives, with their workforce as a central component of the process. Below are some recommendations for employers that can enhance the value of their investment in their employees:

- ▶ Understand key priorities and goals of employees and incorporate these into business outcomes to make health and wellbeing a key business strategy
- ▶ Request vendors to provide employee-centered and performance-related metrics that will consistently measure outcomes and monitor these metrics over time; agree upon these as part of the value proposition
- ▶ Explore relevant data sources that connect to inputs and bring greater insights into effectively improving the health, wellbeing and performance of the organization
- ▶ Examine impact on enrollee subpopulations (high vs. low income, racial/ethnic groups, etc.) as part of the planning and evaluation processes
- ▶ Support analysis and research related to understanding employee-centered and performance-centered outcomes for their own studies and through participation in collaborative studies with other employers and/or research entities
- ▶ Bring together key, relevant personnel whose jobs are focused on the employee (e.g. safety, human resources, compensation and benefits, etc.) as a cross-functional team to address gaps and challenges to better meet company goals
- ▶ Look for ways to invest in the community to better support employees and their families where they live, work and play
- ▶ Encourage direct engagement with employees (e.g., focus groups) when implementing new or enhanced health, wellbeing and benefit offerings

Employer adoption of effective initiatives and business processes that support employee wellbeing priorities and concerns will likely foster improved employee health and wellbeing over time, leading to a more engaged and thriving workforce that will positively impact business performance.





## Capacity Building Engagement Award

The National Alliance and IBI received a PCORI Capacity Building Engagement Award in 2018 titled *National Alliance & IBI Build Capacity on Patient-Centered Benefit Program Strategies*. The Engagement Award brought together a multidisciplinary advisory group to guide its work and provide input into key activities. Efforts supported by this capacity-building Engagement Award have been focused on development of a structured approach to incorporating patient-centered outcomes in strategic health benefits planning by employers. This approach includes a framework focused on health and wellbeing and is intended to be used for benefits decision-making. This framework will enable employers to have a clearer understanding of the link between their benefits planning activities and the associated business consequences. Importantly, researchers—including those receiving PCORI funding—can incorporate these measures into their research to expand the relevance and value of their studies for employers.

## About the Authors

**Michael Thompson** is the Advisory Committee Chair for this PCORI Engagement Award. He is also the President and CEO of the National Alliance of Healthcare Purchaser Coalitions (National Alliance), the only nonprofit, purchaser-led organization with a national and regional structure dedicated to driving health and healthcare value across the country. He is a nationally recognized thought leader for business health strategies and health system reform. Mike has worked with major employers and other stakeholders

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## **About National Alliance of Healthcare Purchaser Coalitions**

The National Alliance of Healthcare Purchaser Coalitions (National Alliance) is the only nonprofit, purchaser-led organization with a national and regional structure dedicated to driving health and healthcare value across the country. Its members represent private and public sector, nonprofit, and Taft-Hartley organizations, and more than 45 million Americans, spending over \$300 billion annually on healthcare. To learn more, visit [nationalalliancehealth.org](http://nationalalliancehealth.org).

## **About Integrated Benefits Institute**

IBI's independent research, industry-leading tools and data resources help companies link health-related programs to the outcomes that maximize the contributions of people to productivity and business performance. Founded in 1995, IBI is a national nonprofit research organization and business association serving 1,200 employer and supplier members and their 22 million employees. For additional information, please visit [www.ibiweb.org](http://www.ibiweb.org).



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