5 Case Studies Show How Wellness Programs Save Companies Millions



Unlike Occupational Health and Safety (OHS) programs, wellness programs aren't required by law. So, persuading the C-Suite to invest in them can be challenging for HR directors. The good news is that studies have shown that wellness programs keep workers healthier and ultimately improve companies' bottom lines. Here are five case studies demonstrating the return on investment (ROI) companies have realized from their wellness programs that you can use to build your own business case.

What a Wellness Program Is

Let's start by defining our terms. By "wellness program," we mean any company program designed to improve workers' general health. Such programs typically include onsite fitness classes, health fairs, lunch-and-learn sessions with health and fitness professionals, discount gym memberships, etc.

Case Study 1. Husky Injection Molding Systems

Ontario-based Husky Injection Molding Systems is well known for its wellness program, which includes a health education program, on-site fitness centre, and a company naturopathic doctor. Based on its initial $4 million investment, Husky estimates that it saved $8 million overall based on its wellness program. Early year benefits included:

- An absenteeism rate of 2.25 days per worker, compared to the industry average of 9.6 and Canadian average of 5.7; and
- An annual drug cost per worker of $153, compared to a sector average of $495.

Case Study 2. Coors Brewing Company

Coors Brewing Co. was an early pioneer of wellness. Five years after launching it, Coors funded a cost-benefit study to measure the bottom-line value of its worker wellness program that initially featured onsite exercise equipment, health education courses, and health screenings. Key findings:

- For each dollar invested, the program returned between $1.24 (worst-case scenario) and $8.33 (best-case scenario).
- Average ROI was $6.15 for every dollar invested.

- The program saved the company at least $1.9 million a year in decreased medical costs, increased productivity, and reduced sick leave.
- Although actual participation was high, a worker participation rate of just 15% would have been enough to enable the company to recoup the annual costs of the program.

Case Study 3. Midwest Utility Company

A University of Michigan study found that a utility company in the Midwest that spent $7.3 million on a wellness program over a nine-year period realized overall savings of $12.1 million during the period, including net savings of $4.8 million in worker health and lost work time costs. In addition, workers who participated in the wellness program for all nine years saw their drug and medical costs increase by $96; the costs for those who participated in some of the years rose $230; and the costs for those who never participated jumped by $355.

Case Study 4. Motorola

Back when it operated as a single entity, Motorola offered a wellness program to over 30,000 workers, family members, and retirees featuring free access to company Wellness Centres, reduced membership rates to third party fitness centres, flu immunizations, and health education classes. Resulting benefits:

- Workers who regularly used onsite Wellness Centers or alternate fitness centers saved the company $3.93 for every $1 it spent.
- Participating workers cost $6.5 million less in lifestyle-related medical expenses than non-participants.
- The annual cost of healthcare for wellness program participants rose only 2.5%, compared to 18% for non-participants.

Case Study 5: Johnson & Johnson

Johnson & Johnson did a study to determine the ROI for its wellness program based on a financial analysis of medical insurance claims for 18,331 participating workers over a five-year period. Findings: The company saved $225 per worker per year in reduced costs for hospital admissions, mental health visits, and use of outpatient services. Overall, the company realized the following benefits from its wellness program:

- A 27% decrease in health care costs.
- A 15% increase in productivity.
- A 22% decrease in absenteeism.

Costs of Not Having a Wellness Program

You can also sell a wellness program to senior management by showing how unhealthy workers cost the company money. For example, statistics on wellness programs show that:

- Every smoker costs a company at least $2,500 per year in higher absenteeism, lost productivity, and increased insurance costs.
- Workers who drink excessively cost companies at least an extra $597 per year.
- Workers who are sedentary and don’t exercise at all cost their companies at least an extra $488 per year.