

Profits of Wellness

Turning the high cost of poor health habits into healthy returns



Another **Bright Paper** brought to you by Sun Life Financial – Group Benefits.

May 2011

LIFE'S BRIGHTER *under the sun*

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Summary

The Sun Life Canadian Health Index™ finds Canadians falling short in terms of health attitudes, perceptions and behaviours – and failing to take the preventative measures that will ensure them a healthy future.

A FUNDAMENTAL SHIFT TOWARD PREVENTION AND AWAY FROM CURRENT TREATMENT-CENTRIC MODELS IS CRITICAL. EMPLOYERS ARE UNIQUELY POSITIONED TO LEAD THIS CHANGE THROUGH WORKPLACE WELLNESS PROGRAMS, AND TO REAP CONSIDERABLE REWARDS.

The impact on employers will be pronounced. Rising employee health-related expenses are already putting pressure on employers' bottom lines and making many current benefits plans unsustainable – with spiralling drug costs, an aging population, and the shifting of many health

expenses from the public to the private sector. Combine that with the costs associated with an unhealthy workforce in terms of absenteeism and lost productivity – and it's enough to keep any executive up at night.

The Canadian Health Index provides evidence that these cost pressures will only mount unless significant changes are made. But more important, the survey data provides insight into what these changes may be, including ways to break down the barriers to healthier living and provide the supports that can be put in place to encourage it.

A fundamental shift of mindsets and policy – toward prevention and away from current treatment-centric models – is critical. The silver lining for employers is that they are uniquely positioned to lead this change through workplace wellness programs, and in doing so, reap considerable rewards.

With measurable costs savings, higher employee productivity and greater industry competitiveness, improving the health of employees can have an organizational impact that goes far beyond the goodwill it provides.



The study

The Sun Life Canadian Health Index™ – a landmark coast-to-coast health survey conducted by Ipsos Reid in October 2010 and sponsored by Sun Life – has provided a comprehensive snapshot of the attitudes, perceptions and behaviours of Canadians relating to their health.

A survey sample of 3,989 Canadians between 18 and 80 years of age from the Ipsos Reid Canadian online panel was interviewed online. Individuals were asked to answer 45 survey questions. Ipsos Reid employed weighting to balance demographics and ensure that the sample's composition reflected that of the adult population according to the 2006 Census data – and to provide results intended to approximate the sample universe.

The costs of poor health are borne by all, including individuals, employers and governments, and a move to better health can bring enormous benefits. The analysis of the survey data yields important insights into the barriers that may persist in preventing healthy living in the future, and the supports that Canadians may need in order to live healthier lives today.

When combined with research on the impact of unhealthy behaviours and the cost of these behaviours to employers, these survey findings provide a compelling call for individuals and organizations to take action to improve health and reap the rewards.

Majority of Canadians at risk

One focus of the survey was to measure the number of Canadians exhibiting any of six unhealthy behaviours, three of which – lack of exercise, smoking and poor diet – are major risk factors for chronic disease.

Shifting behaviours in these three areas alone could significantly improve the overall health of Canadians. Studies show that by reducing their risks in three lifestyle areas (smoking, diet and exercise), individuals can reduce their risk of heart

disease, stroke and Type 2 diabetes by 80 per cent – and reduce their risk of cancer by 40 per cent. And the risk of one of Canada's fastest growing health conditions – diabetes – can be reduced by 58 per cent through moderate exercise alone.¹

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Final Index score:

C+ for health

The Sun Life Canadian Health Index™ survey contained 45 questions that measured the attitudes, perceptions and behaviours of Canadians relating to their health. These results were analyzed and used to calculate an overall health index score out of 100 for Canadians.

Canadians overall earned a score of

69

out of 100 in this survey – an average to below-average ranking that few would applaud.

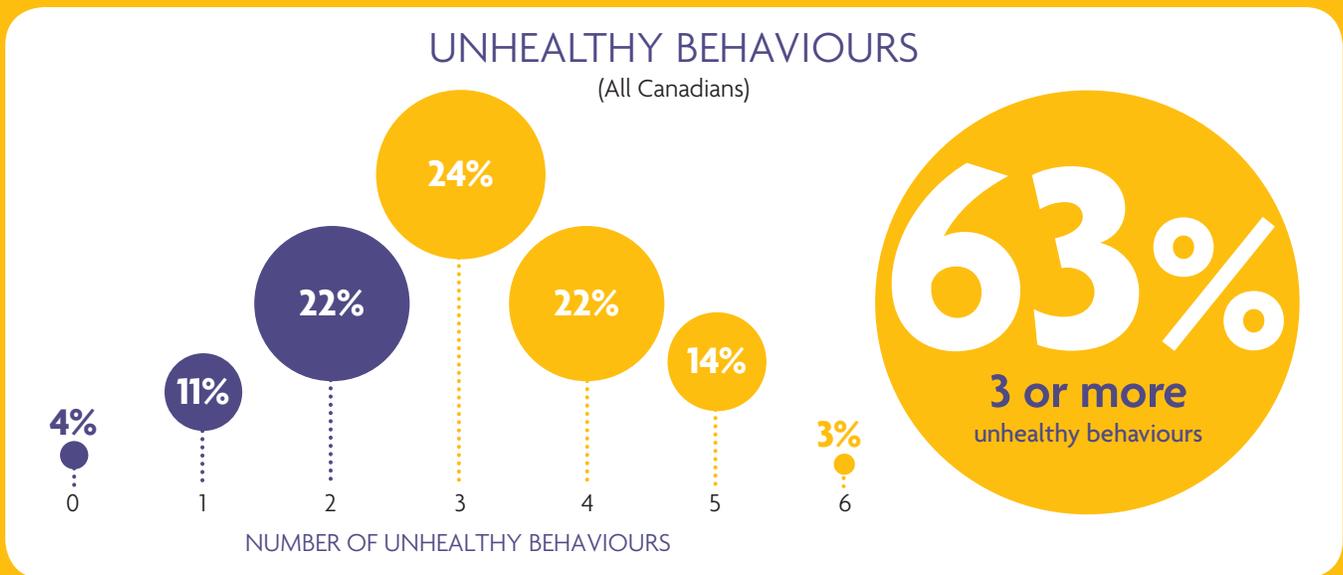
And with the workforce aging and health costs rising for employers, individuals and governments, there is considerable need for improvement.

The survey

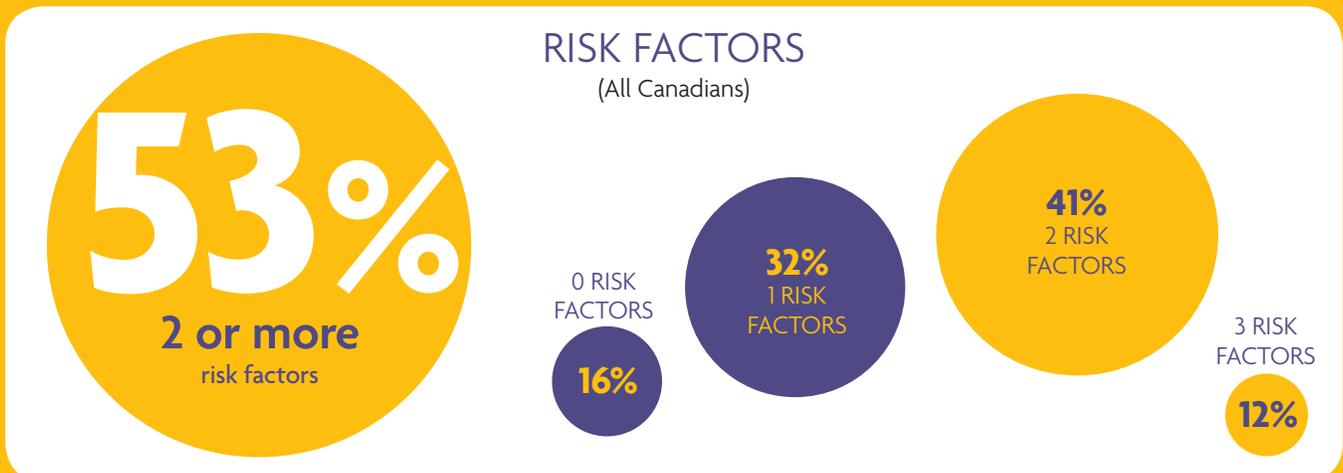
The survey measured the incidence of unhealthy behaviours by asking participants how often they engaged in the following activity types:

- 1** Participated in at least 30 minutes of physical activity each day
- 2** Stayed away from tobacco
- 3** Consumed seven to ten servings of fruits and vegetables each day
- 4** Slept at least seven hours each night
- 5** Felt in control of/coped well with stress levels
- 6** Drank at least six to eight glasses of water a day

Respondents who reported not engaging in an activity type regularly (i.e. did not answer “usually” or “always” to the above statements), were deemed as exhibiting an unhealthy behaviour. The survey found that a majority of Canadians (63 per cent) engage in three or more unhealthy behaviours.



Of greater concern is the number of Canadians who have risk factors for chronic disease (lack of exercise, smoking and poor diet). More than half (53 per cent) of Canadians have two or more risk factors for chronic disease, and 11 per cent have all three risk factors.



For employers already faced with an aging workforce and rising health care costs these are alarming statistics. With 14 million or three-quarters (76 per cent) of Canadians aged 25-64 in the workforce² and a majority of these individuals exhibiting two or more risk factors for chronic disease, employers will be dealing with the direct and indirect costs of these unhealthy behaviours well into the future.

Unhealthy employees and the bottom line

The Public Health Agency of Canada reports that 70 per cent of an organization's benefits costs come from six disease categories (cardiovascular, musculoskeletal, respiratory, digestive, cancer, stress). All of these conditions are preventable or modifiable through behavioural changes.³

From an employer's standpoint, when employees suffer from chronic diseases, both productivity and opportunities are lost in terms of:

- increased employee absenteeism;
- increased disability;
- increased accidents;
- reduced workplace effectiveness; and
- negative impacts on work quality or customer service.

For example, the costs associated with obese employees (individuals with a Body Mass Index greater than 40) are significantly higher. A recent Duke University study found

that obese employees had, on average, 13 times more the number of lost workdays and seven times more the medical claims costs of non-obese employees.⁴ And, the total annual additional cost of employing a smoker is \$3,396 per employee, based on smoker absenteeism, decreased productivity due to smoke breaks, and costs of smoking facilities.⁵

WITH SO MANY CANADIANS AT RISK OF HEALTH ISSUES – AND WITH HEALTHY EMPLOYEES ABLE TO PROVIDE A POSITIVE IMPACT ON AN ORGANIZATION'S BOTTOM LINE – THE CASE FOR WORKPLACE WELLNESS PROGRAMS COULD NOT BE CLEARER.

Unhealthy behaviours impact productivity as well. The Journal of Occupational and Environmental Medicine published research demonstrating that being physically active less than once a week is associated with reduced workplace productivity of approximately three hours per week compared to a physically active individual.⁹

Stress is another costly consideration. A study published in the Canadian Medical Association Journal found that health care expenditures are almost 50 per cent greater for workers who report feeling high stress compared with those who do not, and that stress-related absences cost Canadian companies approximately \$3.5 billion each year. On a per-employee basis, employees who improve their stress levels can save their employers approximately \$925 per year.¹⁰

With costs so high, and a high level of disease prevention possible, employers who understand the barriers to better employee health and consider solutions to help overcome some of these barriers will be well-positioned to reap the rewards.

With so many disease conditions shown to be preventable – including 80 per cent of heart disease, stroke and Type 2 diabetes and 40 per cent of cancers¹¹ – and the costs of these conditions so high for employers, the case is clear: Employers who take action on employee health have a lot to gain, and the sooner they start, the greater the likely cost savings.

The cost of unhealthy employees

- Obese employees are absent on average 13 times more than non-obese employees and incur almost 7 times more the medical claims costs⁶
- Smokers cost employers an additional \$3,396 due to increased absenteeism, decreased productivity and the costs of smoking facilities⁷
- Employees who experience high stress cost employers almost 50 per cent more in health expenditures, while stress related absenteeism accounts for \$3.5 billion of extra costs to Canadian companies each year⁸

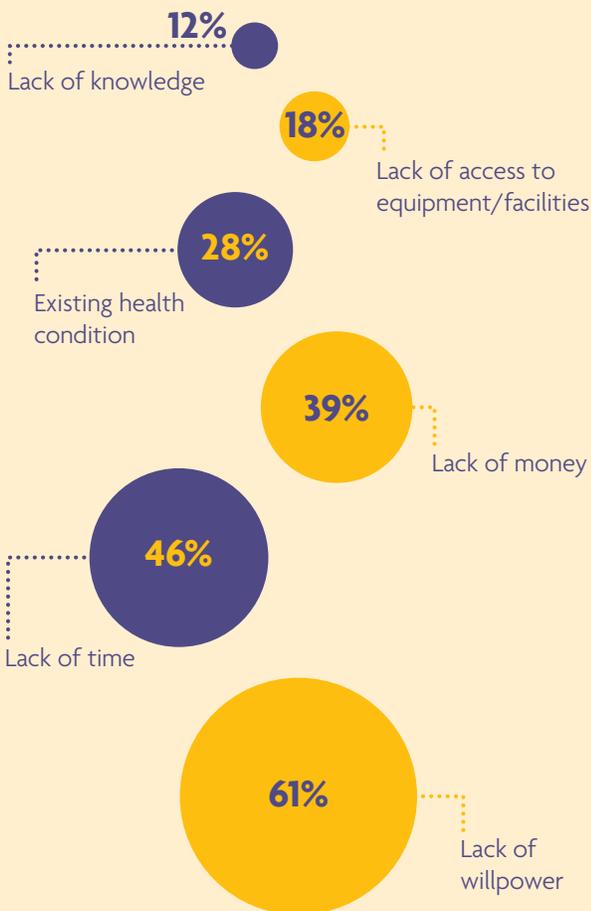
Barriers to better health

The Sun Life Canadian Health Index™ survey found that while most individuals accept responsibility for their health, many are failing to take positive action in turning unhealthy behaviours into healthy ones. According to the survey, almost half of Canadians (45 per cent) don't have health near the top of their priority list, and in some cases it's not on the list at all.



TOP BARRIERS TO HEALTHY LIFESTYLES

(All Canadians)



Figures total more than 100 per cent as many participants noted more than one barrier to a healthy lifestyle.

The most popular barrier to healthy behaviour was lack of willpower, as cited by 61 per cent of Canadians. But not all key barriers are internally driven. Lack of time, money, access to equipment and lack of knowledge were also frequently listed as roadblocks to good health.

Despite these barriers, there's reason for optimism in terms of shifting unhealthy behaviours. Canadians already understand the link between the incidence of disease and their actions, as 81 per cent of respondents believe that diseases are mostly or completely preventable. Even the respondents at highest risk – those with three or more unhealthy behaviours – see the link, with 79 per cent strongly believing that diseases are preventable.

While almost all Canadians (96 per cent in this survey) acknowledge some responsibility for their own health, the circle of responsibility for good health extends quite widely. Included in this circle are employers, who often control elements of an employee's time and stress level, as confirmed by the 60 per cent of individuals who felt that their employers had some responsibility for their personal health.

The win-win of wellness programs

With the biggest barriers for many Canadians being time, money and motivation, the workplace – through the introduction of employee health and wellness programs

The five health profiles

of Canadians

Based on responses to the Sun Life Canadian Health Index™, the analysis shows that Canadians fall into five major health profiles that reflect their behaviours and perceptions when it comes to their personal health.

1 Overconfident 23%

People in this group consider their health status to be high and currently are not concerned about their future health. However, their behaviours and motivation are not necessarily strong enough to support their optimistic outlook. The risk is that they aren't laying the foundation for healthy habits needed to maintain their health as they age.

2 Overextended 22%

For many in this group, engaging in healthy behaviours is at the bottom of a long list of priorities, including the demands of a career and family obligations. Lack of knowledge, time and money were cited as major barriers to healthier habits.

3 Health achievers 22%

Members of this group are fully engaged in maintaining a healthy lifestyle. They take full responsibility for their own health and take part in the right behaviours to support it. It's important to note that these people say they don't "go it alone." They report having support systems in place to help them achieve their healthy lifestyle.

4 Resilient 18%

Members of this group value a healthy lifestyle and show motivation to engage in healthy behaviours. However, pre-existing health conditions make it difficult to lead the healthy lifestyle they desire. They seem to want to do the right things, but are challenged to do so because of existing health conditions.

5 Inhibited 16%

The reported behaviour for people in this group indicates that they are only marginally less healthy than average, but their perception of their own health is much poorer. They feel that responsibility for their health lies not just with themselves, but also with external supports. This group would like support, but they don't always reach out to ask for help.

These groups exist within every organization, and wellness providers can help employers understand the extent to which these groups exist within their overall workforce. This information can then be used to tailor the elements of a health and wellness program to achieve even greater program effectiveness – and greater cost savings for the employer.

Figures total more than 100 per cent due to rounding.

– is ideally positioned to be at the forefront of the move to much-needed health improvements for Canadians.

These programs can provide employees with targeted health messages, more convenient access, a supportive environment, and/or employer-subsidized programs to help change their behaviour. The programs can be structured for the needs of each organization to include elements such as lifestyle coaching, fitness challenges, screening clinics, health risk assessments, education sessions and much more.

The results will be a much healthier workplace and nation, with rewards for employers that can be substantial. North American research by consulting firm Towers Watson¹² shows that companies with the most effective health and productivity programs experienced superior human capital and financial outcomes, with:

- 11 per cent higher revenue per employee
- 1.8 fewer days absent per employee per year
- 28 per cent higher shareholder returns

Profits of wellness

Workplace wellness programs are associated with significant bottom line benefits

- 11 per cent higher revenue per employee¹²
- 1.8 fewer days absent per employee per year¹²
- 28 per cent higher shareholder returns¹²
- For every \$1.00 spent on wellness programs, medical costs fall by about \$3.27 and absenteeism costs fall about \$2.73¹⁴

American research conducted by Harvard University found that workplace wellness programs also delivered significant cost savings for employers. For every \$1.00 spent on wellness programs, medical costs fall by about \$3.27 and absenteeism costs fall by about \$2.73.¹⁴

With so many Canadians at risk of health issues – and with healthy employees able to provide a positive impact to an organization's bottom line – the case for workplace wellness programs could not be clearer. By bringing resources right into the workplace, these programs can provide the motivational incentives and convenience that employees need to take action and improve their health, and deliver significant, measurable benefits to the workplace.

Look for more ...

from Sun Life Financial

As a leading Canadian provider of individual insurance solutions, group benefits plans and employee health and wellness programs, we have extensive expertise in the relationship between healthier lifestyle choices and the prevention or reduction in severity of illness and disease.

That's why the focus of the Sun Life Canadian Health Index™ is on prevention – which not only contributes to the optimal health, productivity and fulfillment of Canadians, but is a key to the future affordability of health care for governments, employers and individuals.

Sun Life Financial, and the Sun Life Canadian Health Index™, will continue to play a role in:

- advocating for improved prevention policies
- engaging Canadians with the aim of improving their health
- promoting a better understanding of the active role individuals need to play to optimize and protect their health

For more information about the Sun Life Canadian Health Index™, the benefits of workplace wellness programs, and our comprehensive Healthy**RETURNS** product suite, visit www.sunlife.ca/wellnessinstitute, or contact your Sun Life Financial group representative.

Case Study: The Economical Insurance Group (TEIG)

Breaking down barriers to reap the rewards of a healthy workplace

As revealed by the Sun Life Canadian Health Index,[™] the three biggest barriers to adopting healthy behaviours are **MOTIVATION**, **TIME** and **MONEY**. TEIG's Healthy**RETURNS** health and wellness program helped employees overcome these barriers, leading to improved health and impressive savings on drug, absence and disability costs. This is how they did it.



Leadership

Strong, visible leadership is crucial. Senior executives at TEIG embraced the program from the start and led by example, giving TEIG's program a solid foundation.

Wellness champions

TEIG appointed 25 employees from all levels of the organization as "Wellness Champions." Acting as "the face" of the Healthy**RETURNS** program, these volunteers helped maintain momentum and provided support and encouragement to their peers.

Communications

Clear, compelling communications are vital. Key program launch communications included messages from senior management, posters and deskdrops. The strategy continues with new branding, which is greatly improving program recognition and helping to integrate Healthy**RETURNS** into the company culture.



Assessment

TEIG employees participated in screening clinics and wellness assessment campaigns, which were conveniently organized in 18 locations across Canada. They saw over 70 per cent participation in these initiatives, which is testament to the strength of their strategic approach and the accessibility of the program to employees.

Health challenges

This fun and engaging element of the program sees TEIG employees form teams and compete for physical activity points. The team spirit and friendly competition is a very effective motivator. Social networking such as posts of encouragement help keep the teams motivated and engagement levels high.



Incentives

Each wellness initiative has a dollar amount attached as an incentive to those who participate. Employees can accrue up to \$300 a year in their account to use for health-related purchases.

Cost avoidance

by people moving into the healthy zone. Savings 2008 – 2010:

\$343,198*

Smoking	\$57,732
Total Cholesterol	\$106,962
Random Glucose	\$102,258
Blood Pressure	\$42,437
Body Mass Index	\$33,808

* Client Year-end Report, produced by Sun Life Financial

Notes

Notes



About Sun Life

A market leader in group benefits, Sun Life Financial serves more than 1 in 6 Canadians, in over 12,000 corporate, association, affinity and creditor groups across Canada.

Our core values – integrity, service excellence, customer focus and building value – are at the heart of who we are and how we do business.

Sun Life Financial and its partners have operations in 22 key markets worldwide including Canada, the United States, the United Kingdom, Hong Kong, the Philippines, Japan, Indonesia, India, China and Bermuda.

- 1 WHO, "Preventing Chronic Disease: A Vital Investment", 2005
- 2 Statistics Canada, "Employment by Age, Sex, Type of Work, Class of Worker and Province", February 2011
- 3 Public Health Agency of Canada, "Trends & Impact: The Basis for Investment Decisions", 2007
- 4 Archives of Internal Medicine, "Obesity and Workers' Compensation – Results from the Duke Health and Safety Surveillance System", Vol. 167, No. 8, April 2007
- 5 The Conference Board of Canada, "Smoking and the Bottomline: Updating the Costs of Smoking in the Workplace", 2006
- 6 Ostbye et. al, Archives of Internal Medicine, "Obesity and Workers' Compensation – Results from the Duke Health and Safety Surveillance System", April 2007
- 7 The Conference Board of Canada, "Smoking and the Bottomline: Updating the Costs of Smoking in the Workplace", 2006
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- 11 WHO, "Preventing Chronic Disease: A Vital Investment", 2005
- 12 TowersWatson, "Staying@Work", 2009
- 13 Harvard University: Health Affairs, "Workplace Wellness Programs Can Generate Savings", February 2010
- 14 Harvard University: Health Affairs, "Workplace Wellness Programs Can Generate Savings," February 2010

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GRP1691-E 04-11 cw-mp

