Why Businesses Should Invest in Community Health

Action Collaborative on Business Engagement in Building Healthy Communities

October 8, 2019
Speakers

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Engaging Businesses for Health

• Research program, managed by AcademyHealth
• Awarded eight studies in 2017
• Goal: to build the evidence base for how private-sector investment can help build a Culture of Health
• Full portfolio: https://academyhealth.org/about/programs/engaging-businesses-health
Webinar Series

• Today: Why Businesses Should Invest in Community Health
  • Two grantees will highlight the bidirectional nature of community health and business success
    – Focus on manufacturing communities and business investment in workplace culture of health

• October 21: How Businesses Can Engage in Community Health
  • Two additional grantees will demonstrate how businesses can engage in community health and offer considerations for how to better target their investments
    – Case examples from a financial institution that incentivized engagement at the YMCA and where multifamily housing developers implemented health strategies into their projects
The Business Case for Employers’ Investment in Healthy Workers and Healthy Communities

Ron Goetzel, PhD, Vice President of Consulting and Applied Research, IBM Watson Health
Senior Scientist, Johns Hopkins University

October 8, 2019
Promoting Healthy Workplaces

A Culture of Health is one in which good health and well-being flourish across geographic, demographic, and social sectors; fostering healthy equitable communities; guides public and private decision making; and everyone has the opportunity to make choices that lead to healthy lifestyles.

Source: https://www.evidenceforaction.org/what-culture-health
Promoting Healthy Workplaces by Building Cultures of Health and Applying Strategic Communications

Karen Kent, MPH, Ron Z. Goetzel, PhD, Enid C. Roemer, PhD, Aishwarya Prasad, MPH, MBBS, and Naomi Freundlich, MA

Objective: The aim of the study was to identify key success elements of employer-sponsored health promotion (wellness) programs. Methods: We conducted an updated literature review, held discussions with subject matter experts, and visited nine companies with exemplary programs to examine current best and promising practices in workplace health promotion programs. Results: Best practices include establishing a culture of health and using strategic communications. Key elements that contribute to a culture of health are leadership commitment, social and physical environmental support, and employee involvement. Strategic communications are designed to educate, motivate, market offerings, and build trust. They are tailored and targeted, multichanneled, bidirectional, with optimum timing, frequency, and placement. Conclusions: Increased efforts are needed to disseminate lessons learned from employers who have built cultures of health and excellent communications strategies and apply these insights more broadly in workplace settings.

Learning Objectives
- Summarize the methods used by Goetzel et al in their updated analysis of best practices in employer-sponsored health promotion (wellness) programs.
- Discuss the concept of building a culture of health and identify key elements contributing to it.
- Discuss the importance of strategic communications and the goals and characteristics of an effective communications strategy.
Case Studies – Companies That Do It “Right”
The Secret Sauce

1. Culture of health
2. Leadership commitment
3. Specific goals and expectations
4. Strategic communications
5. Employee engagement in program design and implementation
6. Best practice interventions
7. Effective screening and triage
8. Smart incentives
9. Effective implementation
10. Measurement and evaluation
Project Objective

Research question:
Do businesses that invest more in employee health and community health outperform businesses that invest less in these areas, as indicated by trends in their employees’ health risk profile, medical expenditures, and stock price?
The Big Ideas

Internal Culture of Health (COH-INT)
Activities, programs, policies, and environmental supports that are developed and executed by a businesses to improve the health and wellbeing of their workers.

External Culture of Health (COH-EXT)
Activities, programs, policies, and environmental supports that are developed and executed by a businesses (not non-profit or government organizations) to improve the health and well-being of their communities.

BUSINESS OUTCOMES
Employee health, medical spending, stock price
**Logic Model Connecting COH-INT to Business Outcomes**

**INVESTMENT IN COH-INT**
- **Leadership commitment & support**
  - E.g., Dedicated funding & staffing
- **Strategic Communications**
  - E.g., to educate, motivate, market offerings
- **Social & physical environmental supports**
  - E.g., Exercise facilities, active transportation subsidy, healthy food onsite
- **Programs & Policies**
  - E.g., organized physical activity programs, incentives & team-based competitions, health coaching, flexible work arrangements

**Better self-care** (e.g., diet, exercise, sleep, stress management)
- Improved worker morale (happiness, commitment, engagement)
- Improved health care management (e.g., more preventive care visits, fewer ER/critical care visits)
- Increased productivity & innovation
- Reduced cost of doing business (e.g., less marketing necessary, lower capital costs, lower health insurance premiums, lower training & recruitment costs)

- Improved reputation & brand
  - E.g., Public recognition (e.g., Best Places to Work)
- Improved business performance (e.g., revenues, profits)
- Improved employee health
- Improved stock performance

**Improved employee health**
**Lower employee health costs**
**Improved stock performance**
Prior Relevant Research

The Predictive Validity of the HERO Scorecard in Determining Future Health Care Cost and Risk Trends

Ron Z. Goetzel, PhD, Rachel Mosher Henke, PhD, Richele Benevent, MS, Maryam J. Tabrizi, PhD, MS, Karen B. Kent, MPH, Kristyn J. Smith, BA, Enid Chung Roemer, PhD, Jessica Grossmeier, PhD, MPH, Shawn T. Mason, PhD, Daniel B. Gold, PhD, Steven P. Noeldner, PhD, and David R. Anderson, PhD, LP

Objective: To determine the ability of the Health Enhancement Research Organization (HERO) Scorecard to predict changes in health care expenditures. Methods: Individual employee health care insurance claims data for 33 organizations completing the HERO Scorecard from 2009 to 2011 were linked to employer responses to the Scorecard. Organizations were dichotomized into “high” versus “low” scoring groups and health care cost trends were compared. A secondary analysis examined the tool’s ability to predict health risk trends. Results: “High” scorers experienced significant reductions in inflation-adjusted health care costs (averaging an annual trend of -1.6% over 3 years) compared with “low” scorers whose cost trend remained stable. The risk analysis was inconclusive because of the small number of employers scoring “low.” Conclusions: The HERO Scorecard predicts health care cost trends among employers. More research is needed to determine how well it predicts health risk trends for employees.

In the United States, the rise in chronic disease prevalence, and corresponding health care costs, has prompted many employers to design and implement effective evidence-based programs and then determine whether their programs contain the essential elements to be successful. To assist employers with the task of identifying and implementing best and promising worksite health promotion practices, several organizational assessment tools have been developed. One such tool is the Health Enhancement Research Organization (HERO) Employee Health Management Best Practices Scorecard in Collaboration with Mercer, also known as the HERO Scorecard. The HERO Scorecard is an on-line survey tool for employers that measures the presence of foundational elements of workplace health promotion, participation rates, cost, and outcomes, using measures selected by an expert panel. Aggregate responses to the survey allow employers, health promotion vendors, and other stakeholders to determine the prevalence of employee health management best practices. The HERO Scorecard is one of the most widely used tools of its kind, with more than 1000 employers completing the survey. Participants include a good representation of large, midsize, and small organizations across a wide range of industries. Although employers
Prior Relevant Research

Linking Workplace Health Promotion Best Practices and Organizational Financial Performance

Tracking Market Performance of Companies With Highest Scores on the HERO Scorecard

Jessica Grossmeier, PhD, MPH, Ray Fabius, DO, Jennifer P. Flynn, MS, Steven P. Noeldner, PhD, Dan Fabius, DO, Ron Z. Goetzel, PhD, and David R. Anderson, PhD, LP

Objective: The aim of the study was to evaluate the stock performance of publicly traded companies that received high scores on the HERO Employee Health Management Best Practices Scorecard in collaboration with Mercer based on their implementation of evidence-based workplace health promotion practices. Methods: A portfolio of companies that received high scores in a corporate health and wellness self-assessment was simulated based on past market performance and compared with past performance of companies represented on the Standard and Poor's (S&P) 500 Index. Results: Stock values for a portfolio of companies that received high scores in a corporate health and wellness self-assessment appreciated by 235% compared with the S&P 500 Index appreciation of 159% over a 6-year simulation period. Conclusions: Robust investment in workforce health and well-being appears to be one of multiple practices pursued by high-performing, well-managed companies.

Numerous studies link employee health risks and diminished health to higher health care costs, increased absence, and lower on-the-job productivity. Emerging research also associates lower employee well-being with higher turnover rates and lower levels of engagement with work. As a result, a strategy of investing in large-capitalization companies that have been recognized as good employers to work for such as American Express, Google, and IBM. This fund was created in 2005 and has consistently outperformed the general stock market. The creation of this fund is evidence that traders find information about company investments in human capital meaningful, suggesting that they may also have an
Objective: To explore the link between companies investing in the health and well-being programs of their employees and stock market performance.

Methods: Stock performance of C. Everett Koop National Health Award winners (n = 26) was measured over time and compared with the average performance of companies comprising the Standard and Poor’s (S&P) 500 Index. Results: The Koop Award portfolio outperformed the S&P 500 Index. In the 14-year period tracked (2000–2014), Koop Award winners’ stock values appreciated by 325% compared with the market average appreciation of 105%. Conclusions: This study supports prior and ongoing research demonstrating a higher market valuation—an affirmation of business success by Wall Street investors—of socially responsible companies that invest in the health and well-being of their workers when compared with other publicly traded firms.

Workplace health promotion programs are designed to improve the health and well-being of employees and their dependents. Companies that excel in their workplace wellness efforts can apply for and win recognition through numerous vehicles including earning the C. Everett Koop National Health Award (Koop Award). The Koop Award is conferred annually by The Health Project, a nonprofit organization founded in 1994 to promote employer achievements in improving population health cost-effectively. An opportunity presented itself to study whether Koop Award winning companies, recognized by The Health Project for improving workplace health promotion programs and stock market performance, having outstanding workplace health promotion (wellness) programs, would realize financial gains that extend beyond those simply offering traditional employee benefit programs.

Background

The genesis for this analysis is an increasing interest in, and adoption of, workplace health promotion programs by US businesses, partly fueled by a specific provision of the 2010 Patient Protection and Affordable Care Act that allows employers to provide a financial incentive (up to $100 per month) to employees who live a healthier lifestyle.
Logic Model Connecting COH-EXT to Business Outcomes

**INVESTMENT IN COH-EXT**
- Charitable giving
- Support for employee volunteerism
- Organizational commitment
- Public leadership

**Improved reputation & brand**
**Improved worker morale (happiness, commitment, engagement)**
**Increased productivity & innovation**
**Improved business performance (e.g., revenues, profits)**

**Reduced cost of doing business** (e.g., less marketing necessary, lower capital costs, lower training & recruitment costs)

**Ease attracting and retaining talent**
**Healthier, more vibrant communities**
**More skilled & devoted workers**

**Improved employee health**
**Lower employee health costs**
**Improved stock performance**

- Better stakeholder relationships (e.g., government, investors, customers, community)
- Healthier, more vibrant communities
- Improved worker morale (happiness, commitment, engagement)
- Improved reputation & brand
## What We Did

<table>
<thead>
<tr>
<th>Recruited 38 employers</th>
<th>Administered surveys</th>
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<tbody>
<tr>
<td></td>
<td>- Internal Culture of Health Survey</td>
</tr>
<tr>
<td></td>
<td>- External Culture of Health Survey</td>
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<tr>
<td>Connected survey data from 32 employers to IBM MarketScan® health risk and claims data (representing 905,000 workers)</td>
<td>Used regression to estimate the association between increases in COH and employee health &amp; health care utilization</td>
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<tr>
<td>Compared HI/LO COH Score companies stock price trends to the S&amp;P 500 Index</td>
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Data Sources

1. Internal Culture of Health (COH-INT) Survey
2. External Culture of Health (COH-EXT) Survey
3. Health risks and expenditures – IBM MarketScan® Research Databases
4. Stock price data
Adapted from the CDC Worksite Health ScoreCard, a fully validated assessment of worksite health promotion policies and practices

Includes 24 scored items across six subscales

<table>
<thead>
<tr>
<th>Summary of Internal Culture of Health Survey (COH-INT) Items</th>
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<tbody>
<tr>
<td><strong>Leadership Commitment and Support</strong></td>
</tr>
<tr>
<td>• Organizational commitment</td>
</tr>
<tr>
<td>• Strategic plan</td>
</tr>
<tr>
<td>• Dedicated funding and staffing</td>
</tr>
<tr>
<td><strong>Communications and Engagement Strategy</strong></td>
</tr>
<tr>
<td>• Financial incentives</td>
</tr>
<tr>
<td>• Competitions or challenges</td>
</tr>
<tr>
<td>• Promoting and marketing programs</td>
</tr>
<tr>
<td>• Tailoring programs and communications</td>
</tr>
<tr>
<td><strong>Programs and Policies</strong></td>
</tr>
<tr>
<td>• Health risk assessment and feedback</td>
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<tr>
<td>• Biometric screening and feedback</td>
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<tr>
<td>• Health education materials</td>
</tr>
<tr>
<td>• Interactive educational programming</td>
</tr>
<tr>
<td>• Lifestyle coaching</td>
</tr>
<tr>
<td>• Flexible work arrangements</td>
</tr>
<tr>
<td>• Tobacco cessation coaching</td>
</tr>
<tr>
<td><strong>Physical Activity and Nutrition</strong></td>
</tr>
<tr>
<td>• Exercise facilities</td>
</tr>
<tr>
<td>• Health promoting environment</td>
</tr>
<tr>
<td>• Organized physical activity programs</td>
</tr>
<tr>
<td>• Support for active transportation</td>
</tr>
<tr>
<td>• Healthy food choices</td>
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<tr>
<td><strong>Psychological Well-being</strong></td>
</tr>
<tr>
<td>• Employee assistance program (EAP)</td>
</tr>
<tr>
<td>• Stress training for managers</td>
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<tr>
<td>• Employee participation in decision-making</td>
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<tr>
<td><strong>Participation</strong></td>
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<tr>
<td>• HRA completion</td>
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<tr>
<td>• Program participation</td>
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</table>
COH-EXT Survey

- Created through a process of literature review and subject matter expert (SME) consultation
- Held three meetings, each attended by 3-4 subject matter experts
- The goal of the meetings was to identify the essential dimensions of COH-EXT, along with a concise list of behavioral indicators
- Of the final 39 survey items, 16 were determined to be core questions that could be easily scored. Other items fell into three categories:
  - Organizational demographics
  - Open-ended items (e.g., *What was the value of your organization’s charitable contributions?*)
  - Checklist of action areas (e.g., education, housing, transport and built environment)
## Summary of Core External Culture of Health Survey (COH-EXT) Items

<table>
<thead>
<tr>
<th><strong>Organizational Commitment</strong></th>
<th><strong>Charitable Giving</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strategic plan</td>
<td>• Employee matching-gift program</td>
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<tr>
<td>• Dedicated funding and staffing</td>
<td>• Giving goods or pro bono services</td>
</tr>
<tr>
<td>• Seeking input from community representatives</td>
<td><strong>Public Leadership</strong></td>
</tr>
<tr>
<td>• Tracking key performance indicators (KPIs)</td>
<td>• Participation in health-focused community coalitions</td>
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<tr>
<td><strong>Employee Volunteerism</strong></td>
<td>• Participation in community coalitions on other social issues</td>
</tr>
<tr>
<td>• Coordination of volunteer opportunities</td>
<td>• Cause marketing/awareness building</td>
</tr>
<tr>
<td>• Employee-volunteer recognition awards</td>
<td>• Engaging employee families and broader community in company-sponsored events</td>
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<tr>
<td>• Paid release time policy</td>
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<tr>
<td>• Grants to nonprofits where employees volunteer regularly</td>
<td></td>
</tr>
<tr>
<td>• Organization-wide day(s) of service</td>
<td></td>
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<tr>
<td>• Volunteer sabbatical</td>
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</table>
Findings: COH Scores

- There was little correlation between the COH-INT and COH-EXT scores
  - R square 4.2% and 0.5% for 2013 and 2015, respectively

FIGURE 2. Correlation between COH-INT and COH-EXT Scores, 2013 and 2015
What We Found

Improvements in Internal Culture of Health were associated with:

- Reduced employee health risks:
  - Alcohol
  - Blood pressure
  - Depression
  - Nutrition
  - Tobacco use
  - Weight

- Increased employee health risks:
  - Stress

- Reduction in annual pharmacy fills

- No change:
  - Cholesterol, glucose, annual health care costs, inpatient visits, outpatient visits, ED visits

• Alcohol
• Blood pressure
• Depression
• Nutrition
• Tobacco use
• Weight
What We Found

Higher scores in External Culture of Health were associated with:

- Reduced employee health risks:
  - Cholesterol
  - Glucose
  - Stress
  - Tobacco use

- Increased employee health risks:
  - Depression

- Reduction in inpatient visits and ED visits

- No change: Blood pressure, alcohol, nutrition, weight, annual health care costs, outpatient visits, pharmacy fills
Capturing the Attention of the CFO
Figure 1. Cumulative total returns of 9 high internal culture of health (COH-INT) companies compared to the Standard and Poor (S&P) 500 (January 2013 to August 2017)—adjusted for annual rebalancing of the portfolio and reinvestment of dividends.
HI COH EXT Companies vs. the S&P 500

Figure 2. Stock price trends for 7 high scoring external culture of health (COH-EXT) companies compared to the Standard and Poor (S&P) 500 (January 2013-August 2017)—adjusted for annual portfolio rebalancing and dividend reinvestments.
Conclusions

1. It is important to measure organizations’ efforts to build cultures of health both internally (directed at their employees) and externally (directed at their communities).

2. Companies building and improving their internal culture of health have been shown to reduce employees’ health risks, health care utilization, and expenditures.

3. There is growing evidence that companies that care about their workers’ health, safety, and well-being outperform the S&P 500 Index.

4. More research is needed focused on measuring and evaluating corporate efforts to build and sustain strong cultures of health in the community.
Publications from this Project


The Business Case for Investing in the Health of Manufacturing Communities

Megan McHugh, PhD
Associate Professor
Northwestern University

October 8, 2019
Regulatory “Wins” for Manufacturing

- Persuader Rule
- Overtime Rule
- Volks Rule
- Net Neutrality
- Waters of the US
- Clean Power Plan
- CAFE Standards
- Blacklisting Rule
- Resource Development
- EPA “Settle and Sue”
- Fair Pay and Safe Workplaces (Blacklisting rule)

- Buffer Zone Rule
- Keystone XL
- Dakota Access
- Packers and Stockyards Rule
- CERCLA Financial Assurance Rule
U.S. Manufacturing in 2019

- Manufacturers added 499,000 jobs under Trump’s first 2.5 years in office.
- Manufacturers report that hiring a qualified workforce is their biggest challenge.
Higher rates of:
• Smoking
• Physical Inactivity
• Binge Drinking
• Inadequate Sleep
• Diabetes
• Cardiovascular Deaths
Large Manufacturers as Anchors

Company

Community

Labor Force

Jobs, Economic Stability
Large Manufacturers as Anchors

Community health influences company success

Company policies and practices influence community health
Community Health Influences Worker Performance


- Percent of Children on Free or Reduced Lunch
- Physical Inactivity Rate
- Drug Overdose Death Rate
- Adult Smoking Rate

Odds Ratios for Absenteeism and Tardiness
Community Health Influences Worker Performance

“Actually, that’s probably our number one issue with people now missing work, because of stress-related issues, often from an outside family issue. I hate to say this, but more people are getting into drugs and alcohol abuse, and stuff like that...There was a lady who quit the other day because of a family member. She felt like she needed to stay home and take care of her family member, because they have a bad drug problem.”

Opioid Epidemic and Manufacturing
"If we don't fix the [opioid] issue, we would have to think about shutting down the plant and moving somewhere else. Right now, our problems are localized [in two plants]. We could outsource. We have plants outside the US. If the problem gets worse, it might be a choice we're forced to make."

Objective: Describe Large Manufacturers’ Investments in Community Health

• How are corporate giving decisions made?
• Are companies directing corporate philanthropy dollars towards improving community health?
• Are companies coordinating giving with local public health leaders?
Methods

Data Collection:
• Telephone interviews with corporate philanthropy leaders from 13 Fortune 500 manufacturing companies
• Semi-structured interview protocol

Analysis:
• Deductive and inductive codes
• Thematic analysis to search for themes, patterns, and repetitions in the data
Results: Corporate Philanthropy Decisions

- Direction is set at the corporate level, typically by a foundation.
  - Priority areas for giving align with company missions
  - Total dollars are substantial. (tens of millions)
- Funds are directed to communities where companies have a major presence (e.g., a plant).
- Local employees often make local giving decisions.
- Many companies rely on the United Way.
- Improving community health was rarely cited as a goal.
“The company spends so much to pay for health insurance for our employees. We have lots of corporate health-related things that our corporate medical group works on...We don’t want [corporate philanthropy] focusing on that.”
## Results: Corporate Philanthropy Toward Community Health Improvement

<table>
<thead>
<tr>
<th>Social Determinants of Health</th>
<th># of Companies</th>
<th>Examples of Giving Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>6</td>
<td>STEM programs in high schools</td>
</tr>
<tr>
<td>Food (Nutrition, Hunger Relief)</td>
<td>4</td>
<td>Breakfast in the classroom programs</td>
</tr>
<tr>
<td>Community and Social Context</td>
<td>4</td>
<td>After-school programs to keep kids safe and healthy</td>
</tr>
<tr>
<td>Health Care System</td>
<td>4</td>
<td>Donations to local hospitals</td>
</tr>
<tr>
<td>Economic Stability</td>
<td>3</td>
<td>Food banks, supportive housing for homeless</td>
</tr>
<tr>
<td>Neighborhood and Physical Environment</td>
<td>2</td>
<td>Street investments, community gardens</td>
</tr>
</tbody>
</table>
“The social issues that we’re investing in are some of the most intractable problems facing our country...How do we make sure that we’re directing our limited resources to the things that are producing the most value?”
Conclusions

• Manufacturing workers and communities are relatively unhealthy.
• Unhealthy communities are negatively impacting productivity in large manufacturing plants.
• Large manufacturers are investing in community health unknowingly, without evidence, and without public health partners.
Implications

• There is a unique opportunity to engage large manufacturers in partnerships to improve community health.
  – Elevate the level of recognition given to manufacturers for investments in community health.
  – Offer data and evaluation expertise to manufacturers.
  – Support the industry through public health improvement (i.e., not just deregulation).
NU’s Research Program on Manufacturing and Health

The goal of the Program is to generate evidence to improve the health of manufacturing employees and communities, and reduce health care costs for employers.

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Branstad Family Foundation
National Association of Manufacturers
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Questions?