The Profit-Maximizing Wellness Plan? Results from the First Comprehensive Randomized Controlled Trial of an Employer Wellness Program

Author : Amy Monahan

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Damon Jones, David, Molitor, and Julian Reif, *What do Workplace Wellness Programs do? Evidence from the Illinois Workplace Wellness Study*, 134 **Q. J. Econ.** 1747 (2019).

Workplace wellness programs have received significant attention in the legal literature. These programs are premised on the idea that, rather than simply covering the cost of medical care, health plans should encourage enrollees to take affirmative steps to improve their health so that less medical care is needed. Such encouragement generally takes the form of financial incentives that are provided either for taking certain actions (like filling out a health risk assessment or undergoing a biometric health screening) or for achieving specific health outcomes (such as quitting tobacco or lowering cholesterol). An explicit motivation for such plans is that they can be a piece of the cost-containment puzzle, all while encouraging an otherwise laudable goal–improved health and less sickness. Yet these programs have been strongly criticized for potentially shifting health plan costs onto those least able to afford them. Many suspect that these programs do little more than reward those already engaged in health-enhancing behaviors and may in fact shift costs onto individuals who are sick, disabled, or low-income.

To date, most empirical studies of wellness programs have been observational–simply measuring differences in outcomes between those who voluntarily choose to participate in programs and those who do not, while attempting to control for various differences between groups. But such studies are of limited use in trying to establish whether it is wellness program participation that drives such outcomes. After all, it is highly plausible that only health-motivated individuals who have the capacity to participate in a wellness program opt to do so. In What do Workplace Wellness Programs do? Jones *et al.* present the results of the first-ever comprehensive randomized controlled trial of a workplace wellness program. Their findings suggest that wellness programs neither lower medical costs nor improve health outcomes or worker productivity. Instead, the study suggests that wellness programs may save an employer money by helping to recruit and retain healthier workers.

The results presented in *What do Workplace Wellness Programs do?* are the first in a series to be published based on a randomized controlled trial that took place at the University of Illinois, where approximately 4,800 employees were randomly assigned to either the treatment group that was offered participation in a workplace wellness program, or a controlled group that was not allowed to participate. Those in the treatment group were assigned to various incentive design structures to test how differing financial incentives affected participation. A wide range of data were included in the study, including online surveys, university employment records, health insurance claims, campus gym records, and even participation records from a large community running event.

In this first article, the researchers address three key questions. The first is how financial incentives affect the level of participation in wellness programs. This factor was studied using differential financial incentives within the treatment group. The results show that increasing the financial incentive for participating in a health screening from zero to $100 raised participation significantly. Further increasing the incentive to $200 also increased participation, but at a much lower rate. In other words, financial incentives have a significant but diminishing effect on health screening participation.

The study also examined what types of employees select into wellness programs, and the findings confirm what many wellness program skeptics assumed. The study found significant advantageous selection into the wellness program. Individuals assigned to the treatment group who chose to participate in the wellness program had, in the year prior to enrolling in the wellness program, almost $1,400 less in medical spending, were more likely to have visited the campus gym, and more likely to have participated in the large community running event.

Finally, and in my view most significantly, the study evaluated the causal effects of workplace wellness programs on medical spending, employee productivity, health behaviors, and wellbeing after one year. This research question really gets to the heart of wellness programs. Do they do what they claim to do? Yet again, the results here are damning. The study found no statistically significant effects for 37 of the 39 outcomes measured, which addressed various aspects of medical spending, employee productivity, health behaviors, and self-reported health. The two significant treatment effects were both based on follow-up survey results. The first was that employees in the treatment group were more likely to report that they had ever received a health screening, while the second was that the treatment group was more likely to report that management places a high priority on worker health and safety.

While this study examined effects at one employer after only a single year of wellness program participation, I nevertheless believe its findings are hugely important. Most large employers offer a wellness program and do so at a significant cost. Yet the results of this study suggest that relatively healthy and high income employees participate in such programs at a higher rate than relatively sick or low income employees, and that among such voluntary participants, the only significant outcomes are increased participation in health screening and a greater belief that the employer cares about worker health and safety. If these findings are generalizable, why would employers continue to offer such programs? The study authors posit one possible rationale for so doing: to recruit and retain a healthier employee population. A wellness program can be profit-maximizing even in the absence of any direct effects on health, productivity, or medical spending if the employer can shift even a relatively small percentage of its employee population to this healthier, wellness plan-valuing group that comes in with average medical expenses almost $1,400 less than employees who do not participate in such plans. The implications here are weighty, and present a rich area for further study.

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