Enabling Total Wellness Outcomes

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Employee assistance programs or wellness programmes have become widespread across South African employers. And for good reason. There is an increased prevalence and impact of lifestyle-related diseases in the workplace, diseases such as diabetes, pulmonary conditions and heart disease at younger ages than in the past. Much of this may be attributed to behaviour such as inactivity, smoking, poor nutrition and alcohol consumption.

The impacts of these lifestyle diseases on individuals are material and range from a decreased quality of life to disablement to premature death. The employer experiences the financial costs of increased absenteeism and decreased presenteeism. Furthermore, costs of healthcare and group insurance are correlated with the increased prevalence of such illnesses. As an industry, we are also affected as the long-term affordability of insurance cover is impacted.

There are two general approaches to implementing wellness initiatives, namely Primary Prevention and Secondary Prevention. Primary prevention is aimed at preventing the onset of the disease through impacting health-related behaviours and risk factors. Secondary prevention attempts to diagnose and treat diseases at an early stage before the onset of complications. The logic of wellness interventions is therefore based on influencing the behaviour of individuals to positively impact on their health, which has a range of mutually beneficial outcomes. A win-win-win for individuals, employers and the industry.

Programmes typically consist of screening protocols, evaluations and proposals of preventative steps. Such steps may include the introduction of on-site clinics, diet and exercise plans, access to smoking cessation programmes, alcohol rehabilitation programmes, etc. The key challenge is that the usage of such programmes is limited, with less than 50% of employees participating on average. Of those identified for preventative interventions, less than 20% actually utilised the services offered. Even then, such programmes do not typically extend to the family members of the employee, who may often be as at risk and impactful on the employee's performance at work.

That said, the impact of wellness interventions is widely recognised in the academic literature. Our meta-analysis indicated that those employees who were highly engaged in wellness initiatives demonstrated the following characteristics relative to their peers who were not:

- Shorter stays in hospital
- Fewer admissions
- Lower healthcare costs
- Less traumatic for members and families
- Less personal financial burden
- Higher degree of insurability
- Able to access life insurance cover with fewer (if any) restrictions.

Studies have shown clinically meaningful and statistically significant changes in behaviours such as frequency of exercise, reduction in smoking and changes in diet as a direct result of wellness interventions. When converted into actual rand returns, studies broadly show returns in cost savings from 2 to 6 times the investment made, which are compelling.

The health interventions are great and necessary, but do not result in Total Wellness Outcomes.

We need to broaden the scope of traditional wellness beyond physical and mental wellness to materially include financial wellness in an integrated ecosystem if we aim to unlock the full potential of such interrelated interventions. The American Psychological Association recognises financial stress as the leading cause of smoking, weight gain, alcohol and drug abuse among employees in the USA. Forty-five per cent of employees polled by PWC in the USA indicated that financial matters were their main cause of stress – more than jobs, relationships and health combined. The Sanlam Benchmark research showed that 73% of respondents experienced financial stress, with more than half admitting that it was having a negative impact on them at the workplace. Unsurprisingly, debt was identified at the key contributor to financial stress.
Debt has been shown to negatively affect both physical and mental health.

Employees with debt have been shown to present a higher prevalence of the following physical ailments:

- High glucose
- High blood pressure
- Migraines (3x)
- Heart disease (2x)
- Fatigue
- Restlessness
- Ulcers
- Digestive tract problems (3x)

That is a very worrying set of findings.

It gets even more worrying.

Employees with debt have been shown to present higher prevalence of the following mental health ailments:

- Severe anxiety
- Suicide ideation
- Depression (5x)
- Anger
- Helplessness

The higher degree of mental health impact exacerbates the potential for physical health impact as such individuals are shown to cope with anxiety by consuming more alcohol, smoking more and exercising less, and they have poorer nutrition.

Using the terminology introduced earlier, debt is a lifestyle disease. And programmes aiming to deliver Total Wellness Outcomes must address it in order to have a material impact through both primary and secondary preventative measures. This means screening, evaluation and intervention.
Health screening is fairly routine. Needles, scales, measuring tape, etc. Screening for debt can be more difficult as it doesn't easily present and one's finances are often a more sensitive topic to discuss than one's health, especially when engaging with your employer. As such, we have to consider various ways to identify who within an employer is displaying risk factors that are indicative of potential problems.

An approach was made evident via a case study run by Sanlam at one of South Africa's largest employers.

Sanlam was approached by the employer to combine our actuarial, health and consulting expertise to identify the key health and financial correlations impacting absenteeism at the employer. The study found that there were indeed correlations between financial circumstances, mental wellness, physical wellness and absenteeism. By identifying the key health and financial indicators negatively impacting productivity within the employer, they have been provided with insights that will empower them in applying interventions in problem areas.

The key insights gained from the deep actuarial analysis are that:

- Earning weekly wages rather than a monthly salary correlates with the degree of absenteeism.
- The absolute value of an employee's salary is inversely correlated with absenteeism.
- The structure of the employee's package is correlated with absenteeism and physical wellness.

- What an employee spends his money on is correlated with mental wellness.
- Employees with monthly contributions to financial instruments and lifestyle factors (retirement savings, insurance, gym, etc.) had an inverse correlation with being mentally unwell.
- Financial indebtedness is positively correlated with absenteeism.
- Financial indebtedness is inversely correlated with physical health.
- Financial indebtedness is inversely correlated with mental health.
- The intensity of an employee's illness is positively correlated with his financial indebtedness.

These insights have helped to identify potential risk factors that suggest whether an employee is in debt and the extent to which financial indebtedness is correlated with the issues of absenteeism, mental health and physical health at that specific employer. Another form of screening would be to run employee records through various credit bureaus on a regular basis to identify at-risk employees. Or to check whether the employee preserved previous retirement savings when joining his current employer as the Sanlam Benchmark findings have previously shown that the majority of members that withdraw do so to settle short-term debt. These models are not definitive but utilise the data available to demonstrate how risk factors can be identified from readily available information to identify employees in need of possible intervention. Using the language introduced earlier, these would be primary prevention strategies to help prevent employees from getting into debt and secondary prevention strategies to prevent employees who are in debt becoming more indebted.

When chasing Total Wellness Outcomes, there are a few challenges to implementing successful interventions, namely that utilisation of interventions is relatively low; interventions have to compete for employees' share of attention and time; there are stigmas attached to mental health issues and debt; and the initial funding costs of such interventions may not be budgeted for.

Let's consider the last issue first. Our research indicates compelling returns on investment in total wellness ranging up to R6 for every rand spent. For instance, we anticipate that the employer we analysed would experience an annual saving of up to R20m in the first year after the implementation of a successful intervention based on our insights. In addition, there are providers, Sanlam included, that are able to fully fund such interventions at their own cost depending on the package of services sourced from said provider due to the demonstrable positive impact that such interventions have on mortality, morbidity and health experience.

Based on an analysis of various programmes, the following factors were identified as necessary conditions for the successful implementation of such interventions:

- Excellent communication – including face-to-face sessions, mass communications and clear messaging from the leadership of the employer as well as the direct line managers
- Convenience of interventions – ability of employees to access interventions re time, distance and cost
- Public buy-in from leaders – the leadership team need to publicly endorse the intervention and participate openly to act as examples for their teams
- Utilising existing infrastructure – minimise costs by leveraging existing space, programmes and communication channels
- Continuous evaluation and feedback – the impact of interventions must be measured individually and in aggregate to iterate and improve approaches.

When considering communication and education, it is worth noting that particular focus has to be paid to reducing the stigma attached to mental health issues as well as to the related matter of debt. These are uncomfortable topics but materially impact employees' lives. An engaged employer would need to apply specific education drives to change attitudes and behaviours towards these issues using an omni-channel approach. Often an issue with such programmes is that employees do not know what support systems are available to them. As such, education and communication should be aimed at helping employees to understand what is available and how to access the support systems.

Support systems can include:

- On-site medical clinics
- Access to psychologists
- Access to debt counselling – shown to have a statistically significant impact on health
- Access to financial advice
- Family counselling sessions

Now for the BIG question – we are in the retirement funding industry, why should we bother about Total Wellness Outcomes? The answer comes down to considering a person and his behaviour in totality and not just in the isolated context of retirement funding. Debt is a lifestyle disease brought about by behaviour patterns, it is the leading cause of financial stress in SA, it is prevalent at epidemic levels among employees across socio-economic, education and demographic bands, and it contributes significantly to physical and mental health problems. Retirement funding can't fight for attention in that context. If we want to help move more members of our funds to better retirement outcomes, we first have to empower them to move towards better financial behaviours. And this requires dealing intelligently with the big issue of debt. Looking at individuals through the lenses of physical, mental and financial wellness allows employers to provide integrated and holistic measures to improve Total Wellness Outcomes.