



# Financial View of Employee Wellness



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## Cost Analysis of Workers' Compensation

According to the Vermont Department of Labor, there were 24,397 work injuries reported in 2001. On average, 8,000 work injuries annually result in filed claims costing an average of \$8,110 per incident. The most frequent lost time injury is low back injury, which is usually caused by overexertion or strain. The National Safety Council stated that in 1996, backaches alone cost industry more than \$1.2 billion in production and services and \$275 million in worker's compensation. *Source: The American Council on Exercise, ACE Fitness Matters, January/February 2006.*

Four of the ten most costly health conditions affecting employers are related to heart disease and stroke. Employees with heart disease and heart disease risk factors cost employers thousands of dollars more than healthy employees each year through higher insurance.

*Source: Goetzel, Journal of Occupational and Environmental Medicine 1998.*

Each smoker costs an employer an additional \$3,856 a year in healthcare costs and lost productivity.

*Source: Billings Gazette December 10, 2005*

Employers who invest in worksite health promotion programs can see a return of \$3-\$6 for every dollar invested over a 2-5 year period. Documented savings are observed in medical costs, absenteeism, worker's comp claims, short-term disability and presenteeism (lower on-the-job efficiency due to employee health problems.)

*Source: American Journal of Preventive Medicine, December 2005*

A recent study showed that corporate fitness center participants had 1.3 days fewer short-term disability claims per year per employee than non-participants and had fewer health risks.

*Source: Journal of Occupational and Environmental Medicine, April 2006*

On average, health care claim costs for IBM employees who exercise 1- 2 times a week are \$350 a year less than those who don't exercise at all. *Source: Joyce Young, IBM's Well-Being Director in BenefitNews.com March, 2006*

Blue Shield of California indicated that a health promotion program for California's public employees saved \$8 million in medical claim costs over 12 months for 54,902 participants, an average of \$145.71 per employee.

*Source: Trinity Health Program 2004.*

General Electric's 18-month study of fitness program members showed a 38% decrease in healthcare spending versus a 21% increase for nonmembers. Annual costs were \$757 per participant and \$941 per non-participant, saving the company an estimated \$1 million in medical expenses. *Source: Trinity Health Program 2004.*

A NASA study reported a 12.5% increase in productivity for exercisers versus non-exercisers. Exercisers worked at full efficiency for the entire day while non-exercisers lost 50% efficiency for the final two hours. Exercisers also showed greater stamina, performance, concentration, and decision-making abilities. *Source: Trinity Health Program 2004*

DuPont reduced absenteeism by 47.5% over 6 years when 29,315 blue-collar employees enrolled in a fitness program. Participants used 14% fewer disability days, netting 11,726 fewer disability days for the company.

*Source: Trinity Health Program 2004*

At the Steelcase Company, employees were placed in either low-risk (two or fewer factors) or high-risk (three or more factors) categories based on 10 lifestyle/biomedical variables. These included systolic and diastolic blood pressure, smoking status, physical activity level, medication/drug use, illness, absences, alcohol, safety belt use, cholesterol level, and relative body weight. This information was compared with medical claims over a five-year period and showed that high-risk resulted in high costs. As risk status changed, so did the cost associated with the employee. For example, as an employee's status went from high to low risk, cost decreased by \$129 per year.

*Source: New York State Nurses Association, Public Forum on Occupational Wellness, May 23, 2005.*