

Special Report

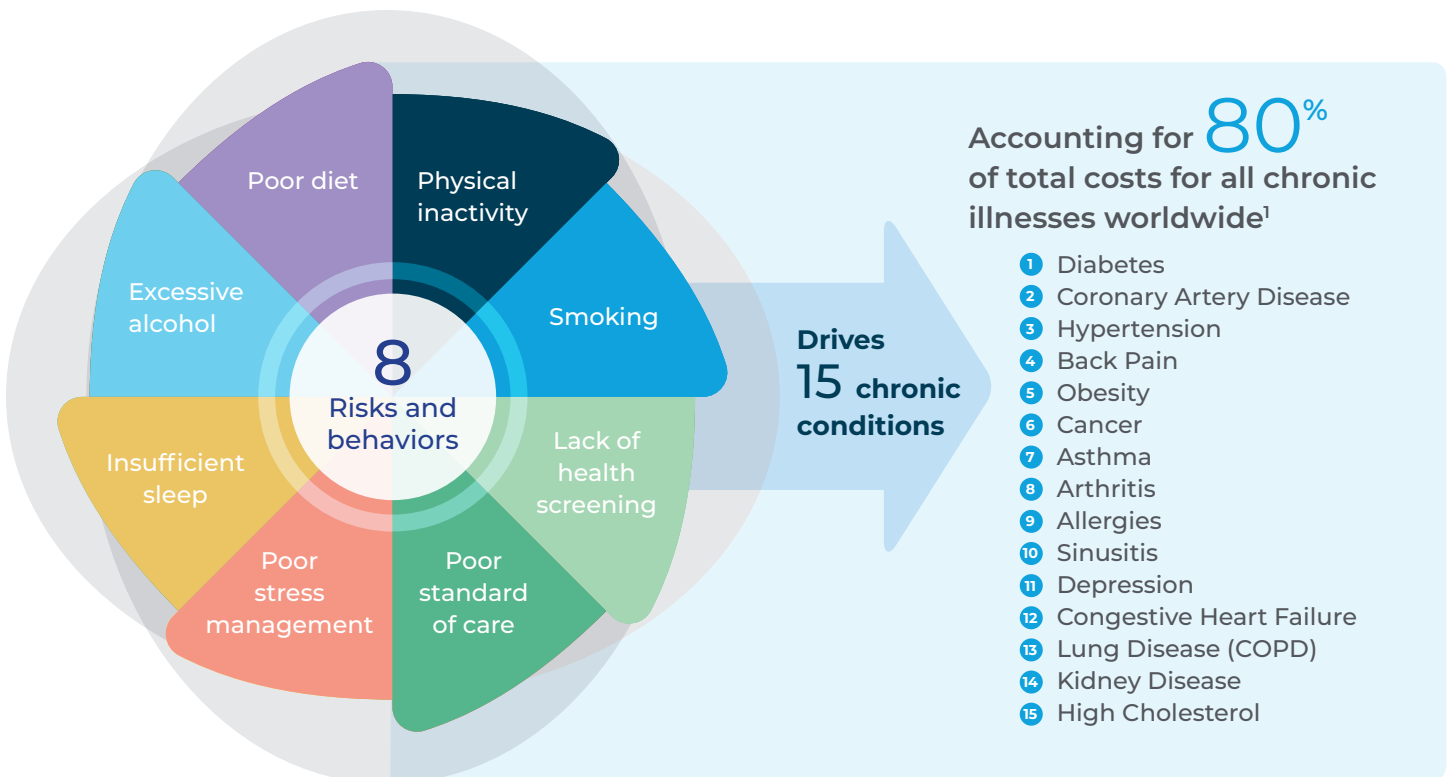


ORGANIZATIONAL COSTS OF UNHEALTHY HABITS

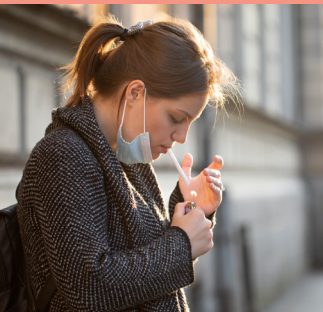
Highlighting per-capita costs using
peer-reviewed data

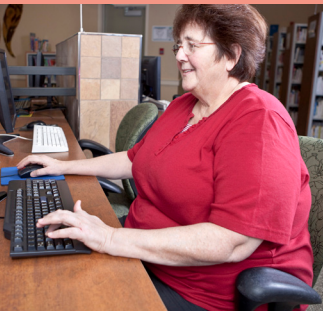
Executive Summary

The following risks and unhealthy behaviors account for 80% of total costs for chronic conditions, resulting in additional healthcare spend and productivity loss for organizations. The data presented in this report outline the prevalence and cost impact of these unhealthy behaviors. COVID-19 has accelerated remote work, resulting in limited access to traditional, on-site wellness programs. Implementing pandemic-proof wellness initiatives have never been more valuable in decreasing healthcare costs, increasing productivity, and improving employee morale.



Cost Summary

	STRESS	SMOKING/ TOBACCO	PHYSICAL INACTIVITY	DEPRESSION
				
	Up to \$413 ³ in health care costs	Up to \$2,000 ⁷ in health care costs	Up to \$1,429 ⁹ in health care costs	Up to \$2,184 ³ in health care costs
	Up to \$301 ⁴ in lost productivity	Up to \$1,807 ⁸ in lost productivity	Up to \$482 ¹⁰ in lost productivity	Up to \$649 ¹² in lost productivity

	HYPERTENSION	OBESITY	SLEEP/INSOMNIA	BINGE DRINKING AND ALCOHOLISM
				
	Up to \$2,000 ¹⁵ in health care costs	Up to \$11,481 ¹⁸ in health care costs	Up to \$1,400 ²⁰ in health care costs	Up to \$89 ²⁴ in health care costs
	Up to \$392 ¹⁶ in lost productivity	Up to \$16,840 ¹⁸ in lost productivity	Up to \$3,156 ²¹ in lost productivity	Up to \$581 ²⁴ in lost productivity

Introduction

The success of an organization reflects the health and wellbeing of its employees. In recent years, employers have made headway in prioritizing their employees' health – both in terms of physical and mental health – through wellness initiatives.

Employer-sponsored wellness programs have been shown to improve employee health outcomes while reducing excess costs. However, a

Unhealthy Lifestyle Risks

80% of all chronic disease costs are a result of the aforementioned health-related risks and behaviors.

While eliminating these unhealthy behaviors, and thus improving overall health, is up to each individual, organizations can provide the support needed to drive meaningful change at scale.

consequence of the COVID-19 pandemic has been the acceleration of remote work, creating new barriers to health for employees who thrived with traditional, onsite wellness programs. As impediments to better health increase, unhealthy lifestyles such as inactivity, poor diet, stress, inadequate sleep, addictions, and associated health risks such as depression and hypertension, may be exacerbated.

This evidence-based report illustrates the prevalence and cost impact of key unhealthy lifestyle behaviors known to cause chronic disease. It also provides data regarding the prevalence and per capita costs of diabetes, an increasingly common condition. The onset of diabetes is commonly



Introduction *(cont'd)*

associated with an unhealthy lifestyle, and its progression is usually associated with poor lifestyle management.

In the past, employers have assessed wellness programs purely on their return-on-investment (ROI) in terms of healthcare expenditures. However, the perspective of quantifying wellness programs solely in financial terms is on the decline. In fact, in a recent survey of employers who were already providing wellness programs, 91% of those surveyed stated that the ROI went beyond cost savings to include value-of-investment (VOI) metrics, including employee engagement, improved employee satisfaction, and overall business performance and profitability.²

While the full value of wellness programs goes beyond medical expenditure savings, we spotlight two cost factors in this report: additional healthcare spend and productivity loss. The data illustrates that the benefits of implementing an effective lifestyle risk-reduction program can be significant to the organization.



CORE INSIGHTS:

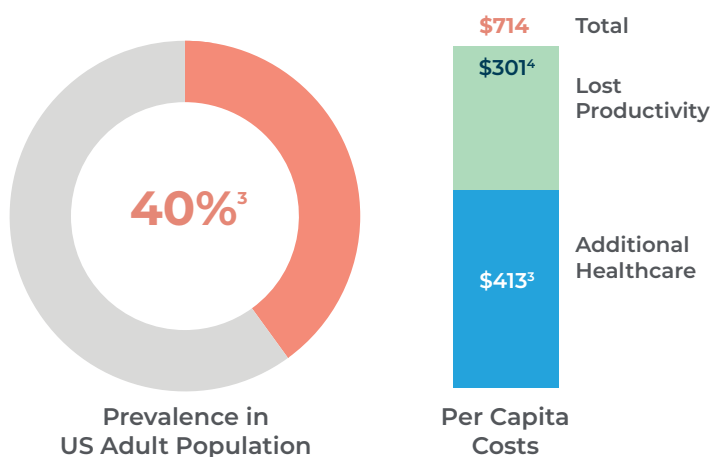
- Data suggest that most chronic conditions—and the massive healthcare and other costs they drive—can be prevented by simply helping people avoid or eliminate these key unhealthy behaviors.
- These behaviors are very difficult to change once they become a habit. The reason is that there is an emotional component that usually resists traditional behavior modification techniques.

Prevalence and Per Capita Costs

The following charts show the prevalence of each key behavioral issue or associated health risk along with additional per capita healthcare and lost productivity costs.

Please note that statistics are shown for obesity rather than for poor diet per se because—although the potential consequences of a poor diet are numerous—obesity is currently of major concern in US health.

Stress



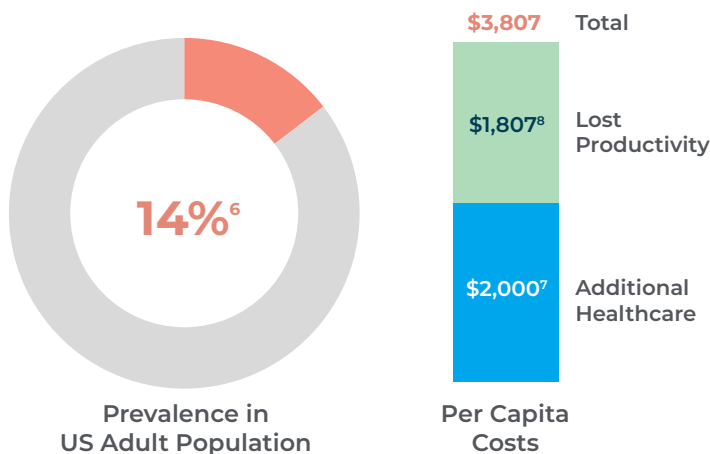
Potential Cost per 100 employees*
\$28,560

Insight

In a survey of 800,000 workers in over 300 companies, the number of employees calling in sick because of stress tripled from 1996 to 2000.⁴

According to the World Health Organization (WHO), “For every US \$1 put into scaled-up treatment for common mental disorders, there is a return of US \$4 in improved health and productivity.”⁵

Smoking/Tobacco Use



Potential Cost per 100 employees*
\$53,298

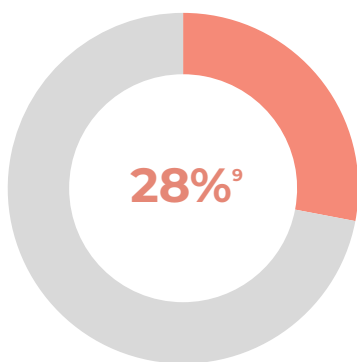
Insight

Smoking-related illness in the United States costs more than \$300 billion each year, including:

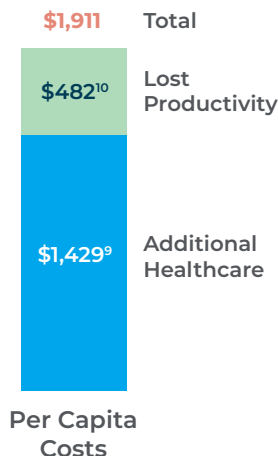
- Nearly \$170 billion for direct medical care for adults.⁶
- More than \$156 billion in lost productivity, including \$5.6 billion in lost productivity due to secondhand smoke exposure.⁶

*Total costs per 100 employees = (% Prevalence x Total Costs per Person x 100).

Physical Inactivity



Prevalence in
US Adult Population



Per Capita
Costs

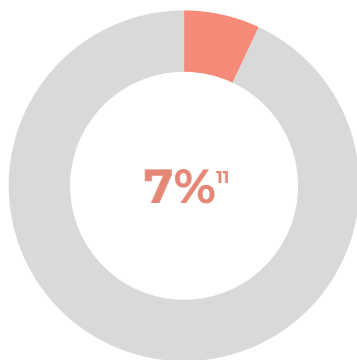
Potential cost per 100 employees*
\$53,508

Insight

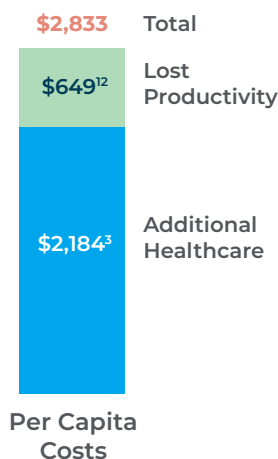
Recent reports project that by 2030, half of all adults (115 million adults) in the United States will be obese.⁹

Less than 5% of adults participate in 30 minutes of physical activity each day, and only one in three adults receive the recommended amount of physical activity each week.⁹

Depression



Prevalence in
US Adult Population



Per Capita
Costs

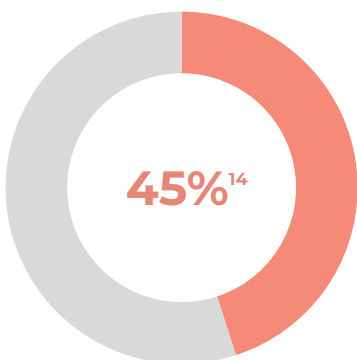
Potential cost per 100 employees*
\$19,831

Insight

Depression is the second-leading cause of years lived with disability worldwide, increasing more than 50% since 1990.¹³

Depression has been consistently linked with greater economic burden, as measured by greater healthcare resource use (HRU) and reduced work productivity.¹³

Hypertension



Prevalence in
US Adult Population



Potential cost per 100 employees*
\$107,640

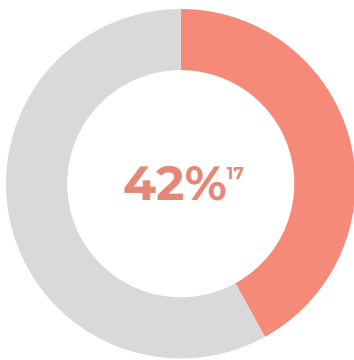
Insight

High blood pressure can damage a person's health in many ways. It can seriously hurt important organs like the heart, brain, kidneys, and eyes.

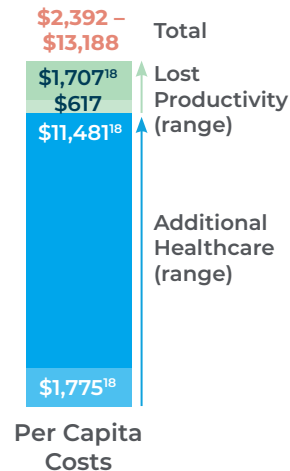
The good news is that, in most cases, individuals can manage their blood pressure to lower the risk for serious health problems.¹⁴

*Total costs per 100 employees = (% Prevalence x Total Costs per Person x 100).

Obesity



Prevalence in
US Adult Population



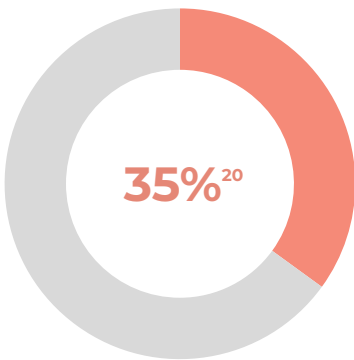
Potential cost per 100 employees*
\$100,464 – \$553,896

Insight

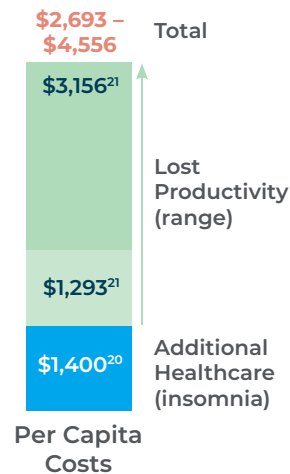
From 1999–2000 through 2017–2018, the age-adjusted prevalence of obesity increased from 30.5% to 42.4%, and the prevalence of severe obesity increased from 4.7% to 9.2%.¹⁷

People with obesity have higher HRU rates than individuals with normal BMI, and obesity is also associated with substantial indirect costs, such as those related to disability, workers' compensation, absenteeism, and presenteeism.¹⁸

Poor Sleep/Insomnia



Prevalence in
US Adult Population



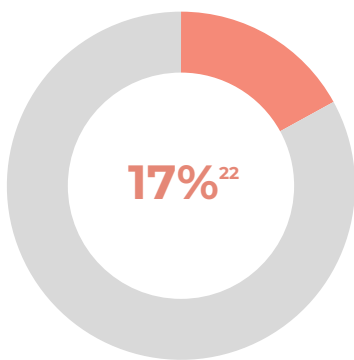
Potential cost per 100 employees*
\$77,455 – \$142,660

Insight

Insomnia is costing the average U.S. worker 11.3 days, or \$2,280 in lost productivity every year. As a nation, the total cost is 252.7 days and \$63.2 billion.²⁰

While healthcare costs for sleep-related issues are difficult to quantify, those suffering from insomnia spend about \$200 per year for generic sleeping medications, and up to \$1,200 per year for behavioral therapy.²⁰

Binge Drinking/Alcoholism



Prevalence in
US Adult Population



Potential cost per 100 employees*
\$4,020 – \$11,390

Insight

The societal costs of alcohol misuse averages to around \$807 per person or roughly \$2.05 per drink. 72% of the costs were attributed to workplace absenteeism, worker's compensation, Social Security disability, and unemployment expenses.²⁵

Other data puts the prevalence of binge-drinking within the past month (Blood Alcohol Content > 0.08 g/dL) as high as 26%, with rates of Alcohol Use Disorder near 6%.²³

*Total costs per 100 employees = (% Prevalence x Total Costs per Person x 100).

What do these costs translate into for an average US adult population?

To give the preceding data meaning at an organizational level, the table below combines prevalence with employee-centric costs showing the annual financial impact for every 100 workers employed.

Calculation: Total costs per 100 employees = (% Prevalence x Total Costs/ Person Affected x 100)

Modifiable Health Risk	Prevalence in US Adult Population	Per Capita Costs			Potential Cost per 100 employees*
		Additional Healthcare	Productivity Loss	Total	
Stress	40% ³	\$413 ³	\$301 ⁴	\$714	\$28,560
Smoking/ tobacco use	14% ⁶	\$2,000 ⁷	\$1,807 ⁸	\$3,807	\$53,298
Physical inactivity	28% ⁹	\$1,429 ⁹	\$482 ¹⁰	\$1,911	\$53,508
Depression	7% ¹¹	\$2,184 ³	\$649 ¹²	\$2,833	\$19,831
Hypertension	45% ¹⁴	\$2,000 ¹⁵	\$392 ¹⁶	\$2,392	\$107,640
Obesity	42% ¹⁷	\$1,775–\$11,481 ¹⁸	\$617–\$1,707 ¹⁸	\$2,392–\$13,188	\$100,464–\$553,896
Poor sleep/ insomnia	35% ²⁰	\$1,400 ^{20†}	\$1,293–\$3,156 ²¹	\$2,693–\$4,556	\$77,455–\$142,660
Binge drinking/ alcoholism	17% ²³	\$89 ²⁴	\$581 ²⁵	\$670	\$4,020–\$11,390



CORE INSIGHTS:

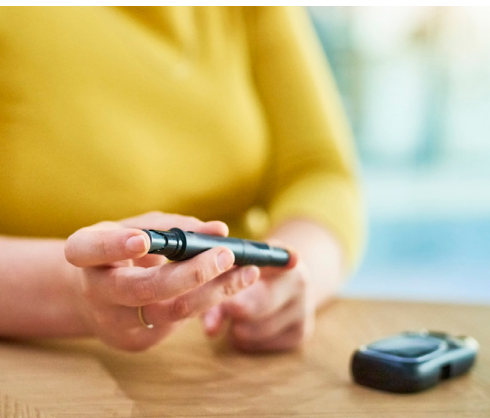
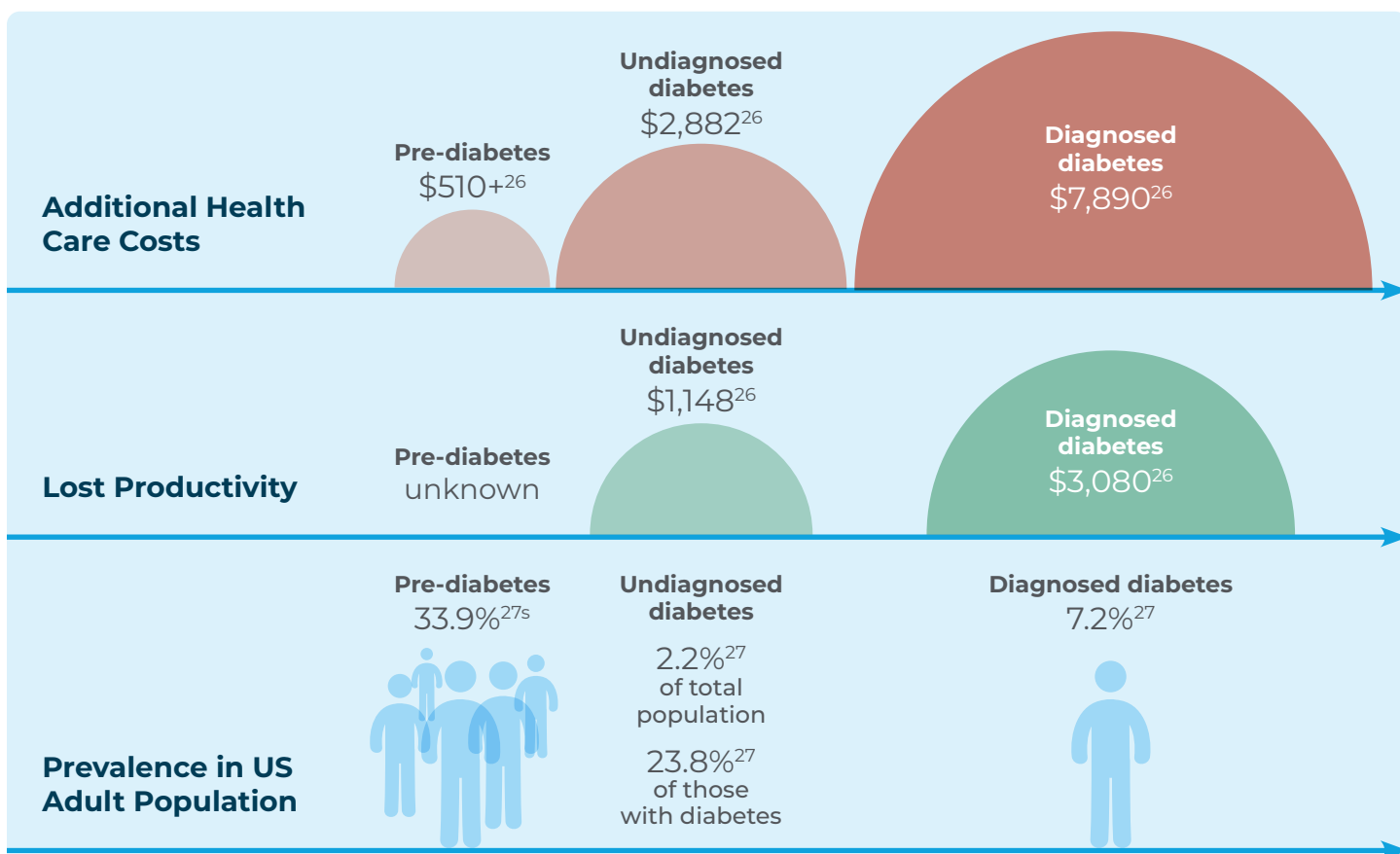
- Based on the above data, the organizational cost impact of the aforementioned key modifiable behaviors and associated health risks averages over \$3,600 per employee per year.
- Almost \$3,000 per employee per year is due to lost productivity—a “real time” cost that impacts both self-insured and fully-insured organizations.
- Investing in appropriate programs to help employees prevent or end their struggles with the eight key unhealthy behaviors can potentially mitigate these costs.

*Total costs per 100 employees = (% Prevalence x Total Costs per Person x 100).
†Insomnia

A potential consequence of not addressing these unhealthy habits

Diabetes

A devastating and expensive chronic disease, diabetes prevalence is growing at epidemic proportions in the US. Type 2 diabetes—which accounts for 95% of all cases—is usually a direct result of an unhealthy lifestyle.



CORE INSIGHTS:

- As this example illustrates, unhealthy lifestyles can become increasingly more expensive as they develop into chronic medical conditions. Once a chronic condition has developed, maintaining a healthy lifestyle—along with appropriate treatment—is usually an important factor in successfully managing it.

Final Insights

The data strongly suggest that lifestyle management interventions as part of workplace wellness programs are pivotal in reducing chronic disease, including diabetes. Implementing appropriate wellness programs can minimize health risks, such as hypertension and depression, while boosting healthy behaviors, ranging from better eating habits, tobacco cessation, and exercising more frequently.

Increased Need for Virtual Support

The data illustrate that the benefits of implementing an effective lifestyle risk-reduction program can be significant to the organization.

With many employees increasingly finding themselves working remotely, companies need to extend their wellness benefits beyond the walls of the traditional office.

The pandemic has compounded difficulties for employee engagement in on-site wellness programs. As employees work remotely, the opportunities to foster and maintain healthy habits may be limited and unsustainable. This underscores the need for employers to fill the gap with clinically meaningful interventions, delivered digitally, and specifically designed to transform the thought process to break down emotional barriers to change.

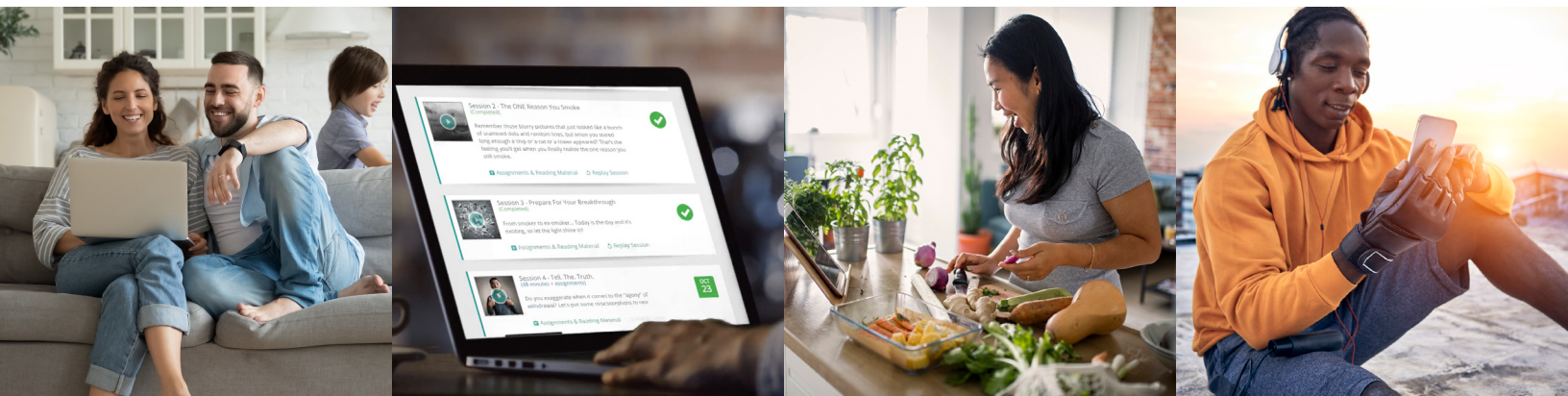
At a time when engagement in traditional wellness initiatives are challenged, the health benefits of such programs have never been so essential. Through pandemic-proof wellness programming, employers can reduce health costs and boost productivity while healing the physical and mental health of employees during this crisis and beyond.



About the Authors

This report was authored by our partner, Avidon Health, a team of behavior change experts who are passionate about providing population health strategies that empower people to make positive life changes.

Developed by experts with 20+ years' experience creating cognitive-based programs leveraged by some of the world's top health and wellness providers, Avidon's digital behavior change courses have empowered over a million unique users to create healthy habits.



96%

Would recommend
Avidon courses to
others

4 Million

Current lives covered

85%

Practiced better chronic
care management

1 Million+

Course users

To learn more, please contact your representative

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