



2018 WELLNESS INDUSTRY TRENDS

Wellable

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EXECUTIVE SUMMARY

As the economy continues to show strength and with unemployment at its lowest point in years, finding and retaining quality employees is becoming more challenging. As a result, employers are expanding benefits, including wellness programs, to help their employees thrive and want to show up for work every day. The goal of this report is to quantify and better understand the wellness strategy companies are implementing this year. Employers and brokers can use this information to make better benefits decisions to ensure they are creating competitive wellness plans to address the needs to current and prospective employees.

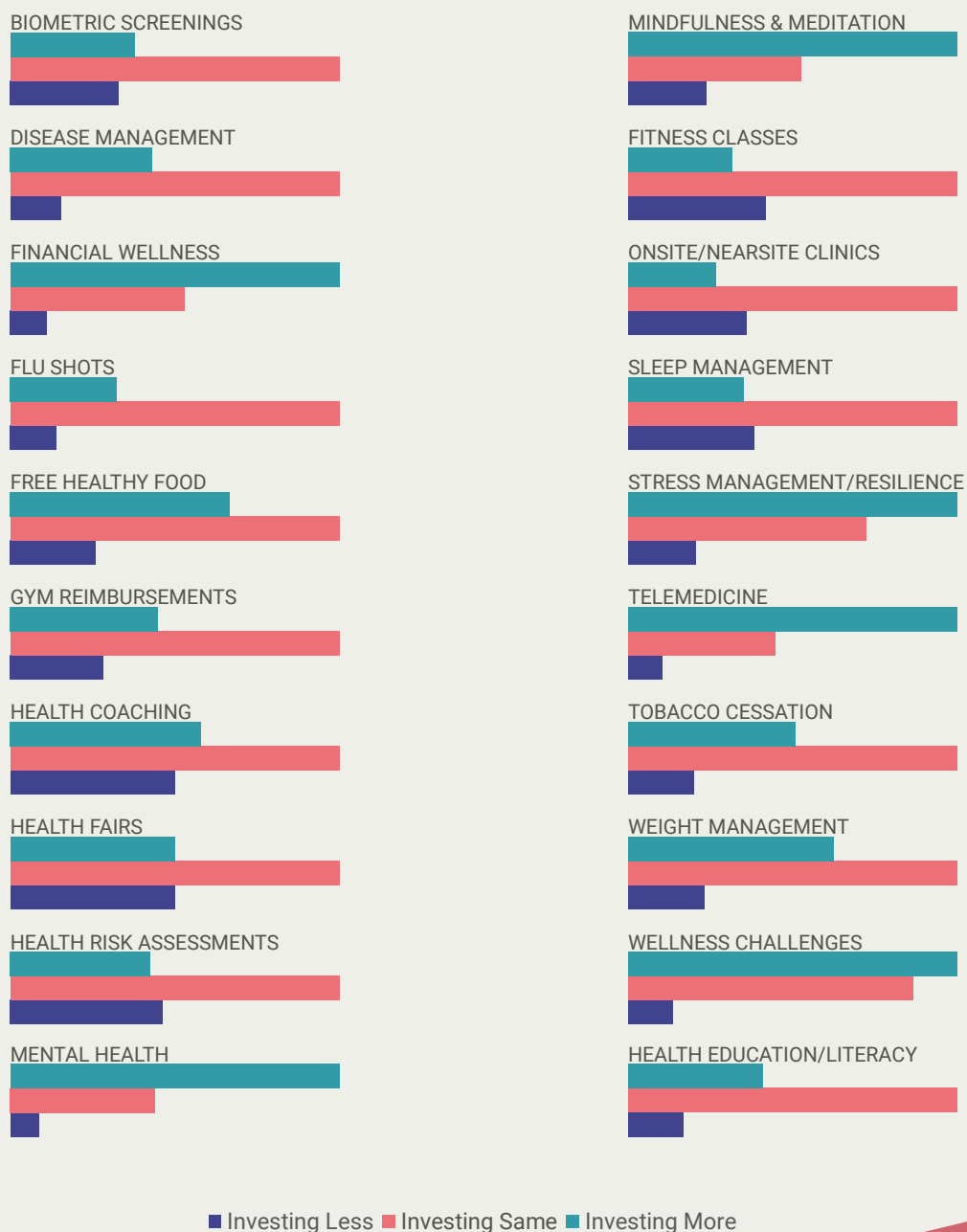
To provide a broader perspective, survey respondents were consultants and wellness directors at health insurance brokers across the country. These professionals have insights on the thoughts and strategies of the numerous employers they advise. As part of the research, the survey explored three key areas: (i) investment trends, (ii) decision influencers, and (iii) vendor evaluation. Below is a brief overview of the findings. For more detail and commentary on survey responses, please see the detailed sections further in the report.

Investment Trends

The survey identified 20 specific wellness programs and strategies, such as biometric screenings, flu shots, and telemedicine, that employers may be considering investing in this coming year. Respondents were asked whether they expect their employer clients to invest less, the same, or more in the associated program. Overall, employers are increasing their investment into health well-being programs with more than double planning to invest more (35%) compared to those who plan to invest less (15%). As more companies recognize the advantages of employee wellness programs and the labor market pushes them to expand benefits to compete for talent, wellness offerings will continue to see more investment.

Mental health (65%), telemedicine (64%), and financial wellness (61%) programs ranked the highest in terms of the percentage of employers expecting to invest more. This may not come as a surprise to many individuals, as stress management (for mental health) has been an area of focus for employers for many years, and financial security is a large cause of stress for individuals across the United States. Telemedicine, with the hopes to provide a low-cost and convenient alternative to physician visits, also remains a popular area of investment for employers trying to manage health care expenses. For programs with significant investment in the coming year, they are often being led by large employers (> 1,000 employees) that have the financial means to pursue emerging innovations in employee wellness.

Health risk assessments (25%), health fairs (25%), health coaching (24%), and fitness classes (24%) ranked the highest in terms of the percentage of employers expecting to invest less. The common theme amongst these programs (and others that ranked high for less investment) are that they are services, which means they are harder to scale, cost more per engaged employee, and are often unavailable to remote employees. One exception would be health risk assessments, which are affordable and easily scalable, but these programs are losing favor with some employers as their efficacy continue to be called into question by research.



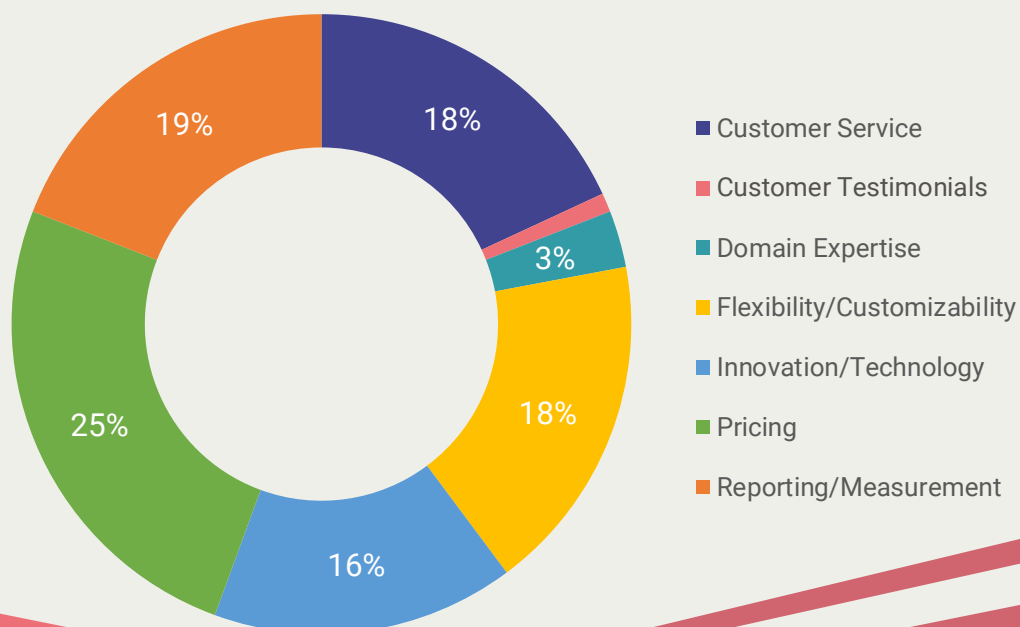
Decision Influencers

The survey identified six factors companies consider when making benefit decisions and to what degree do these factors influence their choices. As expected, companies weigh numerous considerations when making benefit decision, which is why “significantly influence” was the top choice across all six factors. However, the extent to which significantly influenced was the most popular choice varied across the options.

Creating competitive benefit plans and rising cost of benefits were the most influential factors with 79% and 77% of respondents saying they significantly influence employer benefit decisions. The tightening labor market is allowing employees’ to be more selective on where they choose to work, which is resulting in an employer arms race to expand benefits while balancing costs. Despite the political turmoil in Washington, less than 50% of employers are expected to be significantly influenced by uncertainty about health care reform while 20% (the highest of any of the factors) expect employers to be minimally influenced.

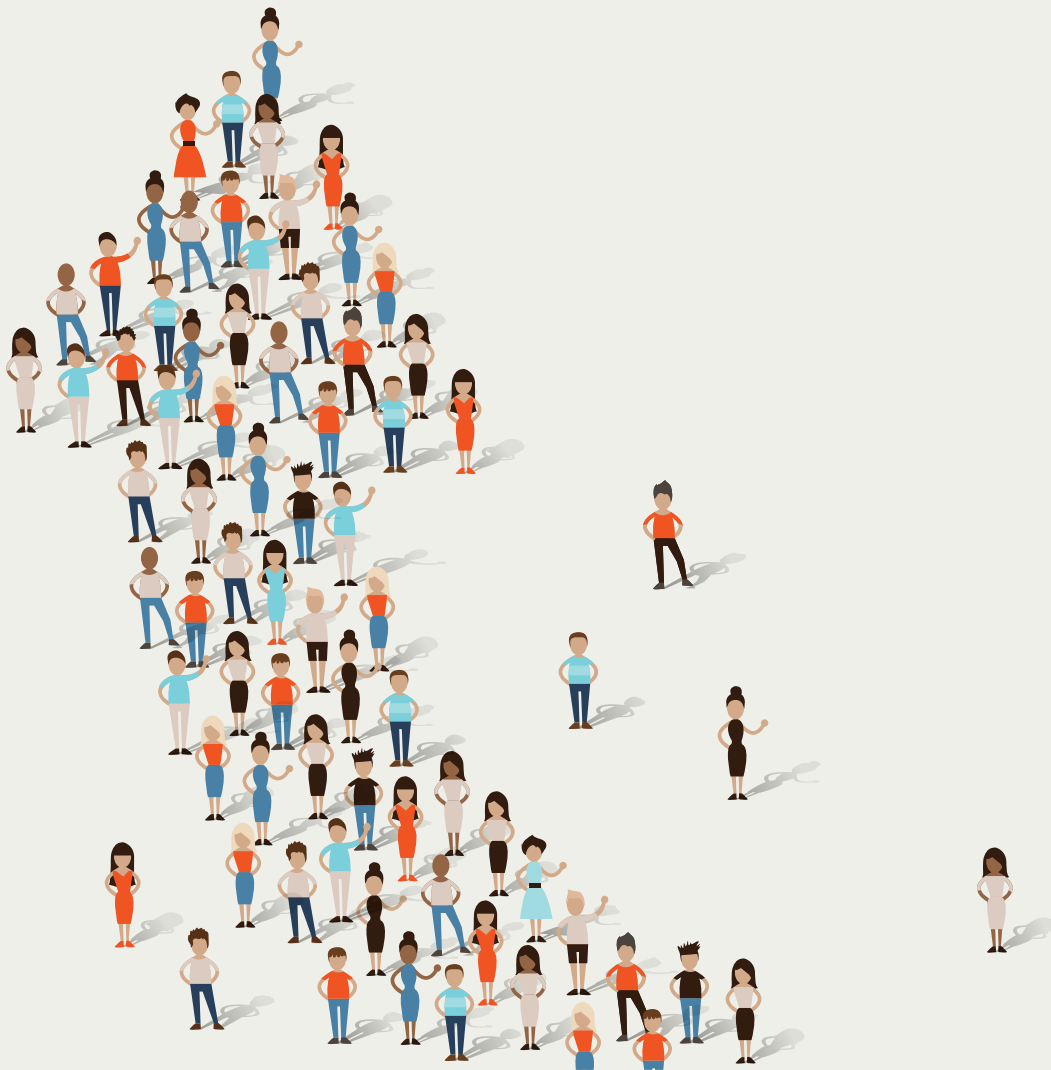
Vendor Evaluation

Many employers will need to solicit the help of external vendors to implement a successful wellness program, and they evaluate these vendors based on a number of categories. Based on the survey results, two things are clear: (i) pricing is and remains the top criteria and (ii) customer testimonials and domain expertise don’t really matter that much. Twenty-five percent of brokers felt pricing was a top three criteria when evaluating vendors, but very few felt customer testimonials and domain expertise were a top three consideration. The remaining criteria, which include customer service, flexibility, technology, and reporting, were effectively equally considered.



Part 1

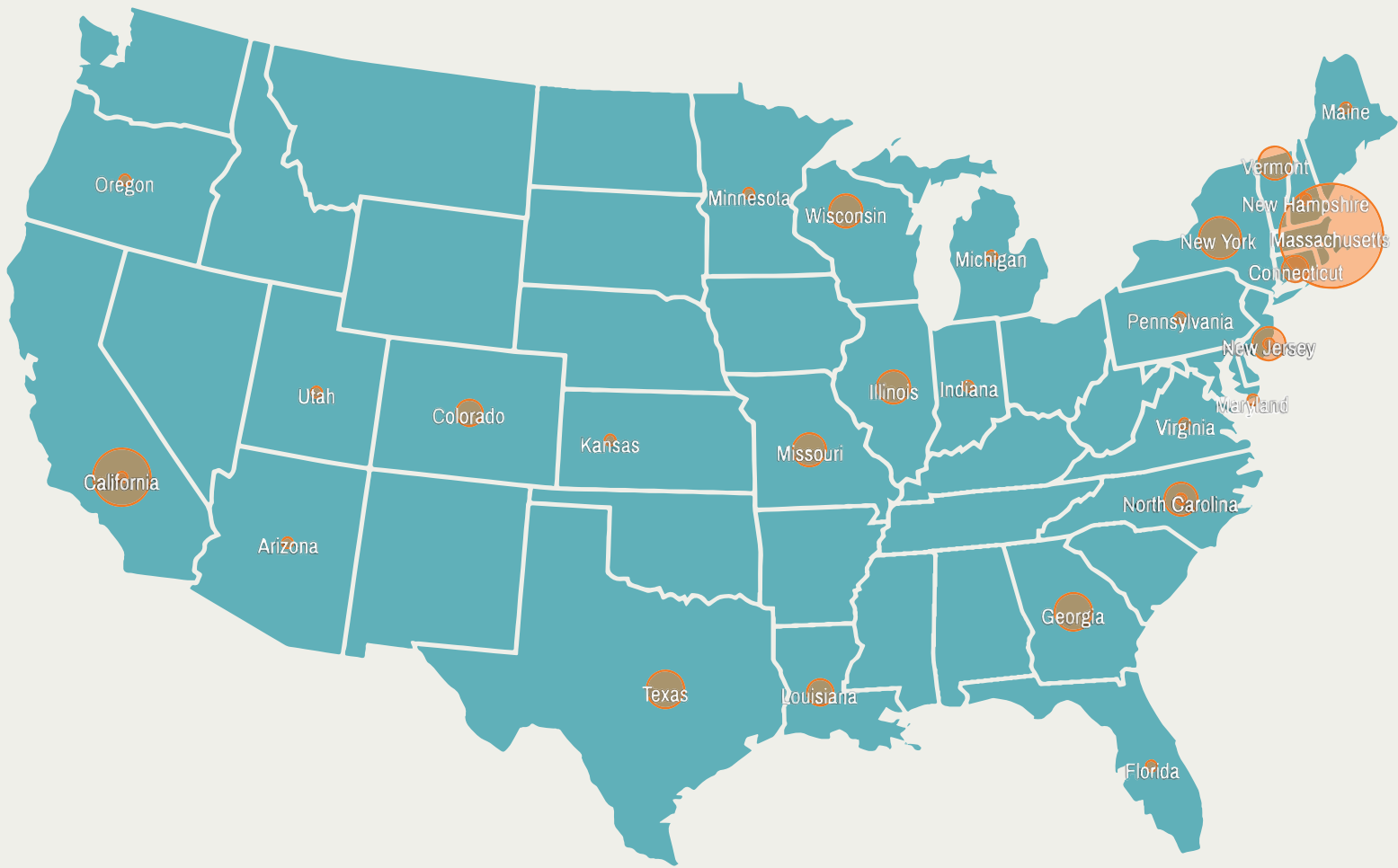
PARTICIPANT PROFILE



PARTICIPANT PROFILE

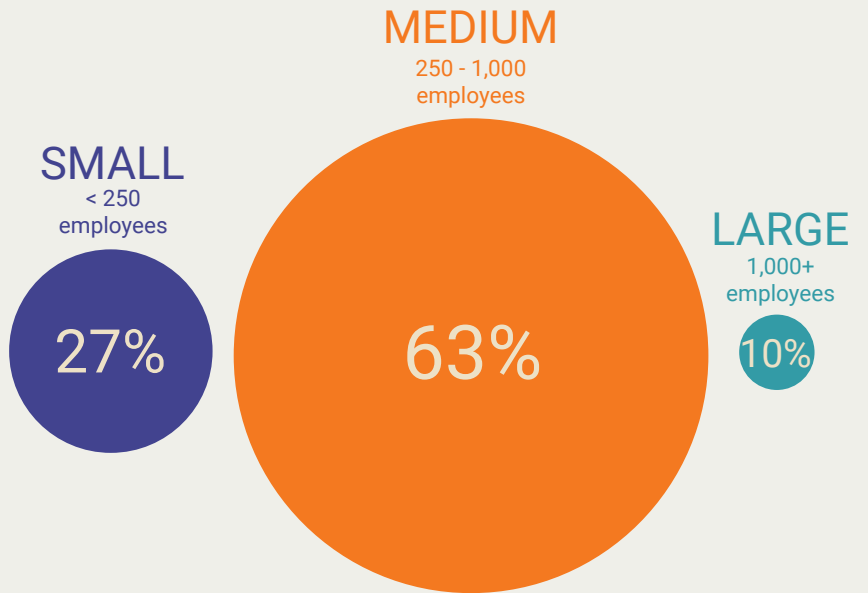
To better understand the perspectives of a vast and diverse set of employers, the 2018 Wellness Industry Trends report surveyed the trusted advisors of companies across the country – health insurance brokers. Health insurance brokers and their wellness directors work closely with organizations to develop short- and long-term strategies for employee wellness success as well as assist in the identification and evaluation of vendors. Through responses from 105 of these professionals, the 2018 Wellness Industry Trends report reflects the current positions of thousands of companies and millions of employees.

The survey also captured the geography, years of experience, and average client size of the respondents to identify trends that may exist in specific demographics.

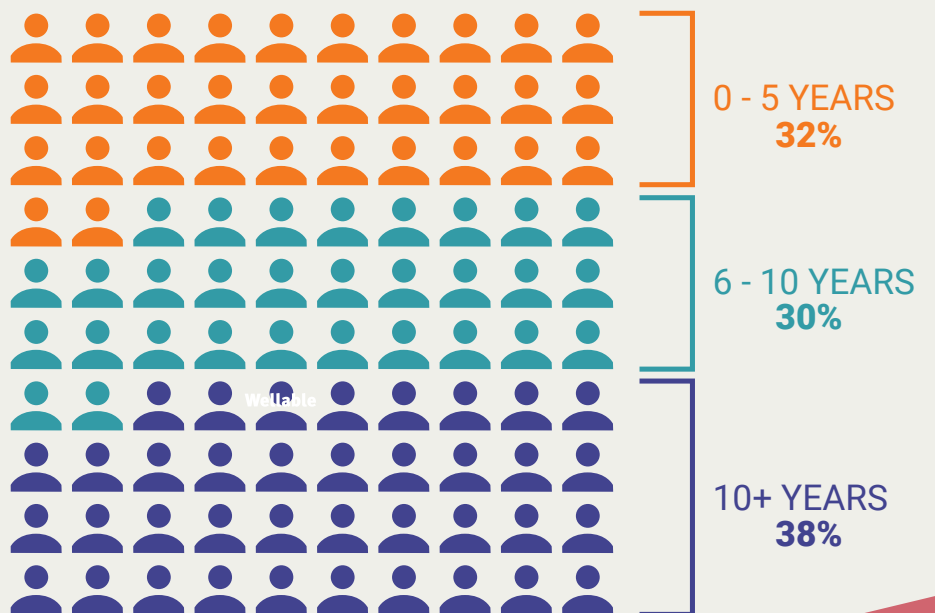


PARTICIPANT PROFILE

AVERAGE CLIENT SIZE

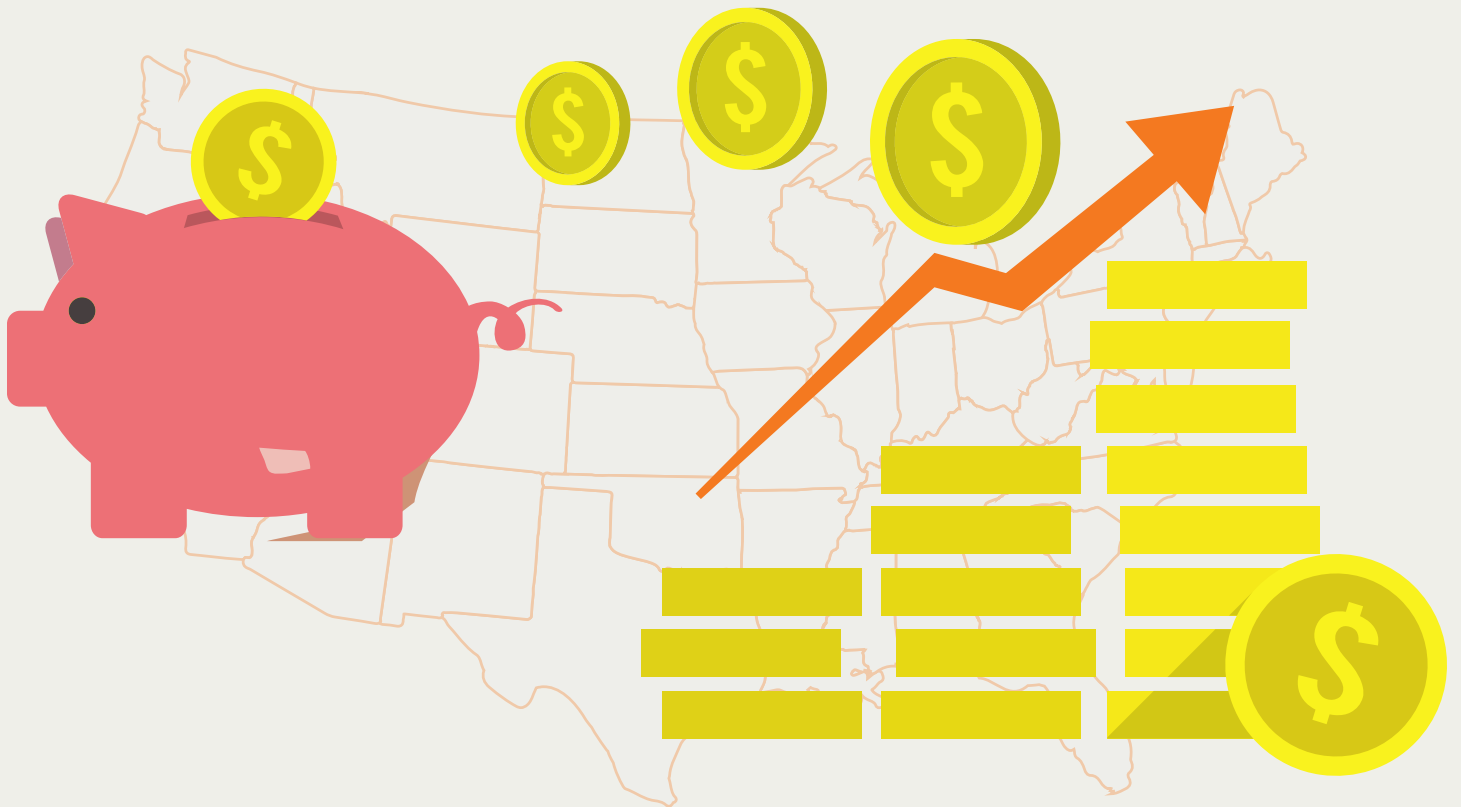


YEARS OF EXPERIENCE



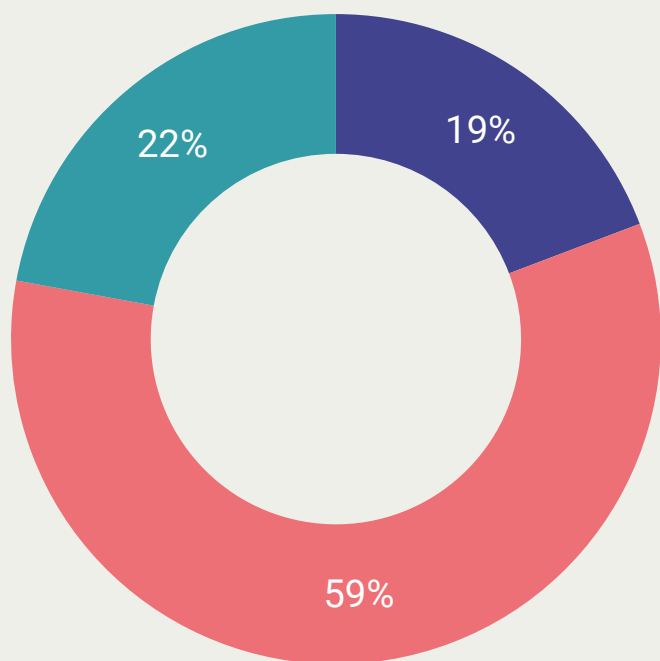
Part 2

INVESTMENT TRENDS



How much are your clients investing in the benefits listed below compared to the previous year?

BIOMETRIC SCREENINGS



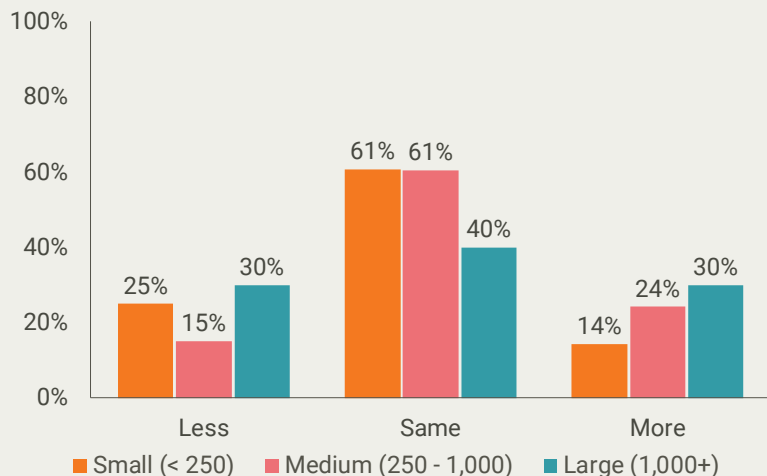
Despite the overwhelming research that suggests biometric screenings do not deliver the results that employers previously believed, the majority of companies will continue to invest the same amount into these programs while the remaining companies will be split between investing more and less.

Since this survey was initiated prior to the EEOC ruling in federal court, which will likely dampen the demand for clinical programs in the workplace, it does not fully account for shifting opinions in response the case.

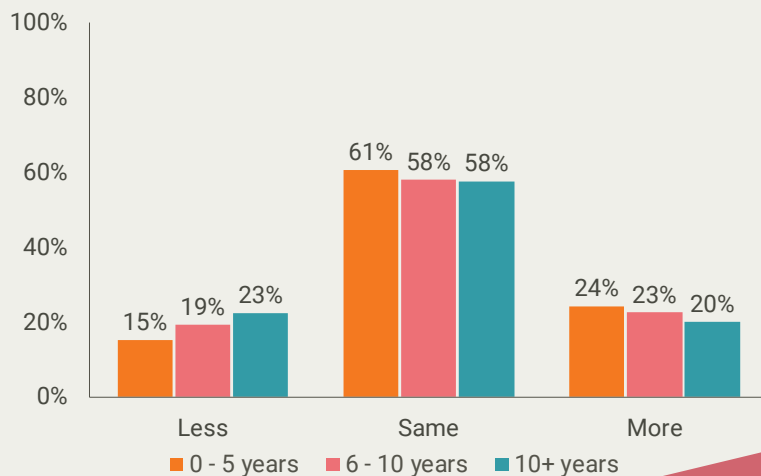
Also, brokers with less than five years of experience were twice as likely to see their clients invest less in biometric screenings. Perhaps this is because they have not been anchored by years of suggesting these types of services are effective and can easily suggest their clients pivot away from them.

■ Investing Less ■ Investing Same ■ Investing More

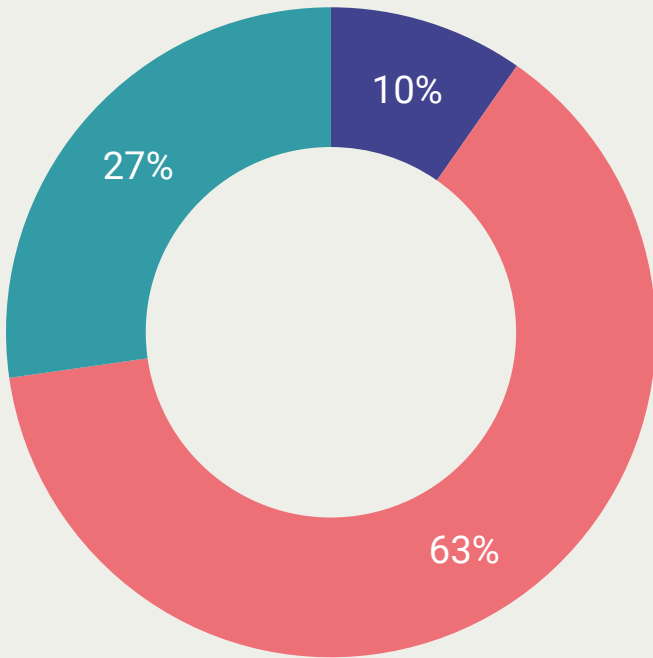
Investment By Avg. Client Size



Investment By Years Of Experience



DISEASE MANAGEMENT

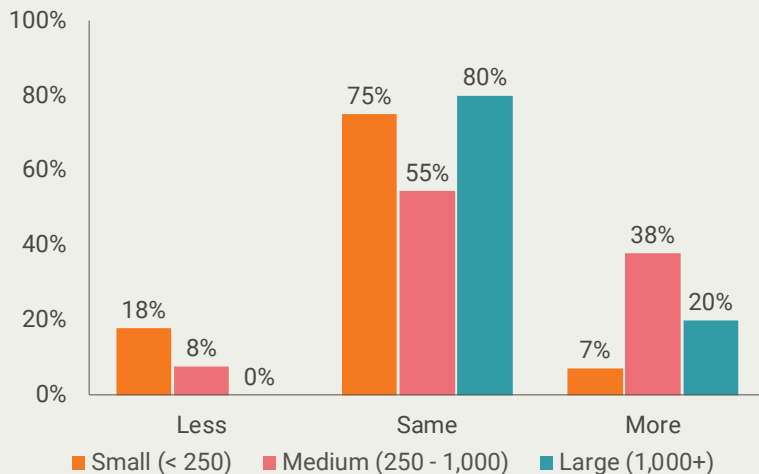


Ninety percent of employers will be investing the same or more into disease management, which suggests these programs are here to stay. Disease management programs are targeted, often focusing on specific chronic conditions that may be particularly prevalent with an employee population.

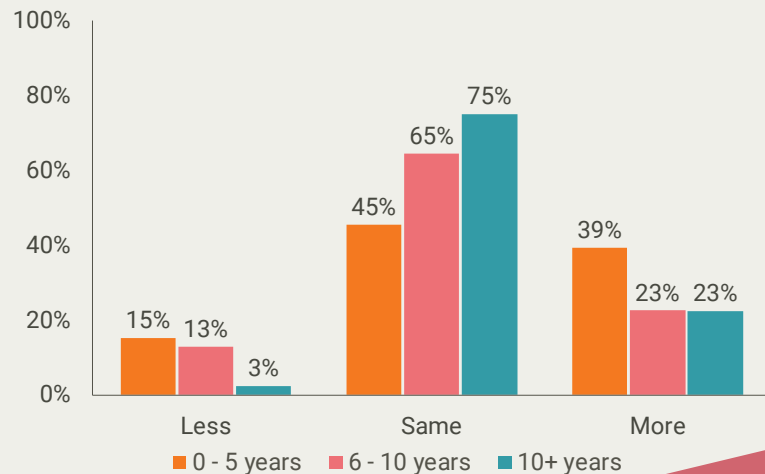
Traditionally, they have been most popular with larger employers that have enough people suffering from a specific condition to justify the resources, but per the survey, medium sized employers are beginning to adopt them. Two and five times as many medium sized employers are investing more into disease management relative to small and large employers, respectively.

■ Investing Less ■ Investing Same ■ Investing More

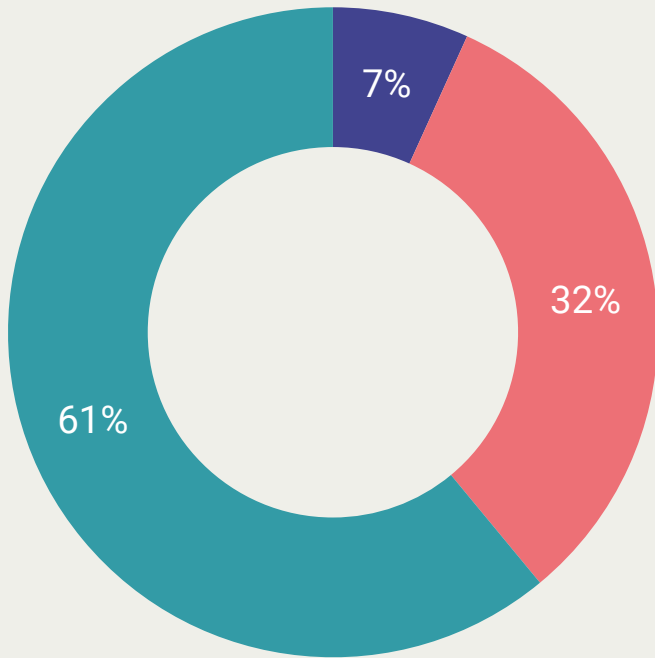
Investment By Avg. Client Size



Investment By Years Of Experience



FINANCIAL WELLNESS

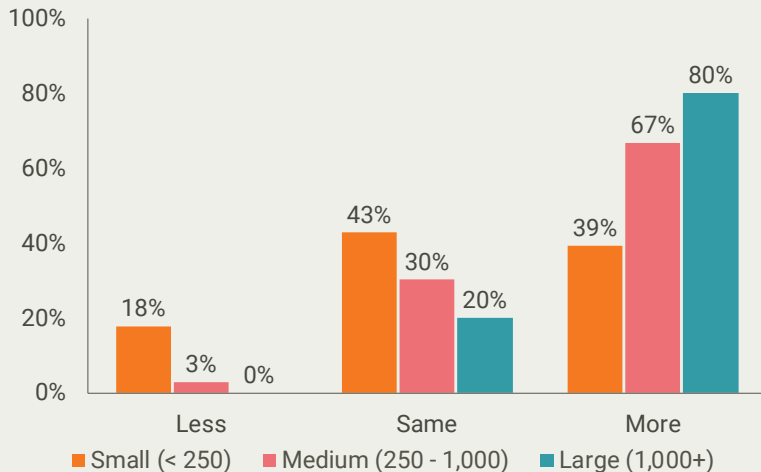


Financial wellness may be one of the “hottest” areas of employee well-being. More than 60% of employers will be investing more into improving the financial health of their employees. More than 30% will be investing the same.

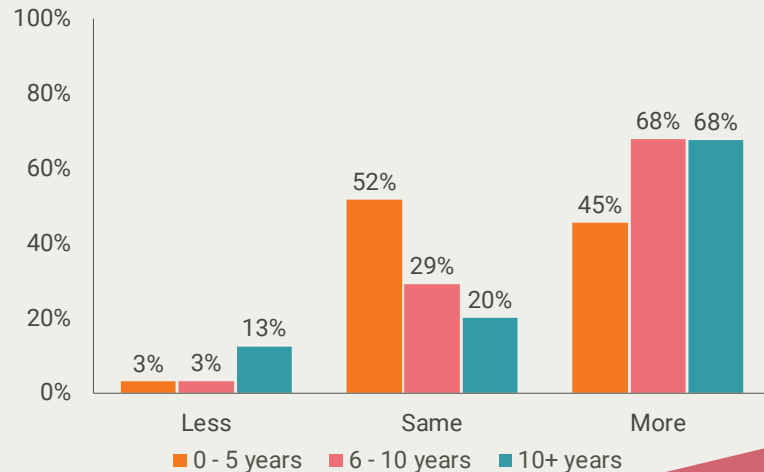
Larger employers tend to lead the way with emerging wellness solutions, and financial wellness seems to be no different with 80% of large employers planning to invest more into these programs next year.

■ Investing Less ■ Investing Same ■ Investing More

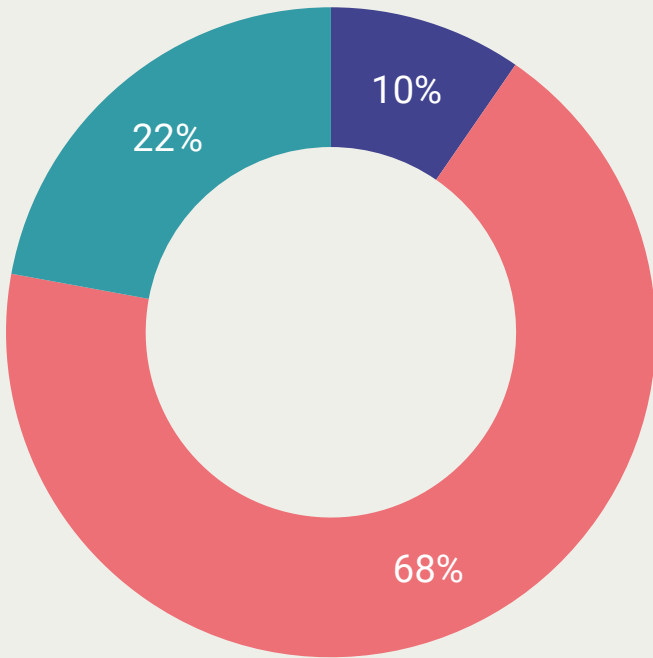
Investment By Avg. Client Size



Investment By Years Of Experience



FLU SHOTS

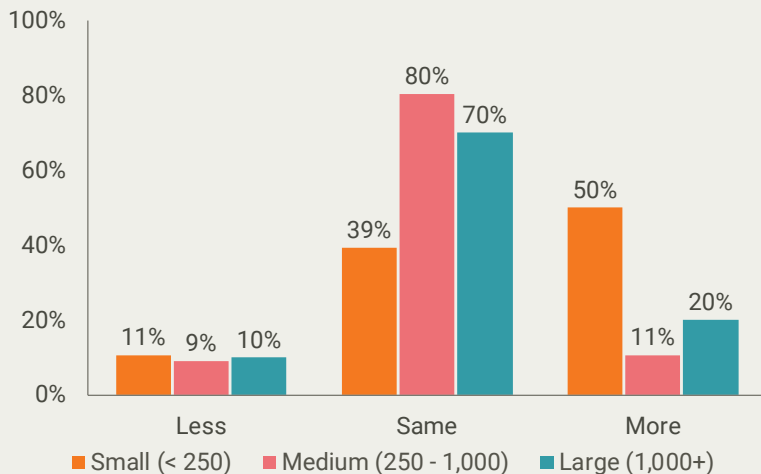


This survey was initiated in the middle of a flu season that is on track to be the worst in a decade, which may impact the responses.

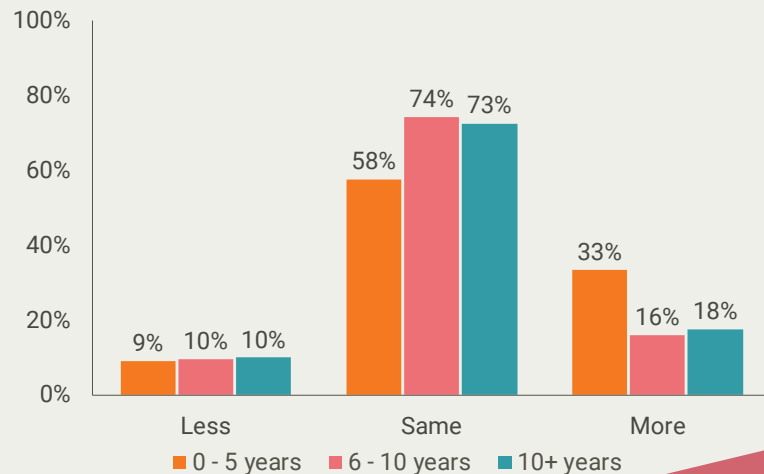
With 70% of employers investing the same amount as last year, most employers are sticking with their original plans. However, twice as many of the remaining employers plan to invest more than last year. This is driven partially by the high percentage of small employers (50%) starting to launch flu shot clinics as part of their wellness strategy.

■ Investing Less ■ Investing Same ■ Investing More

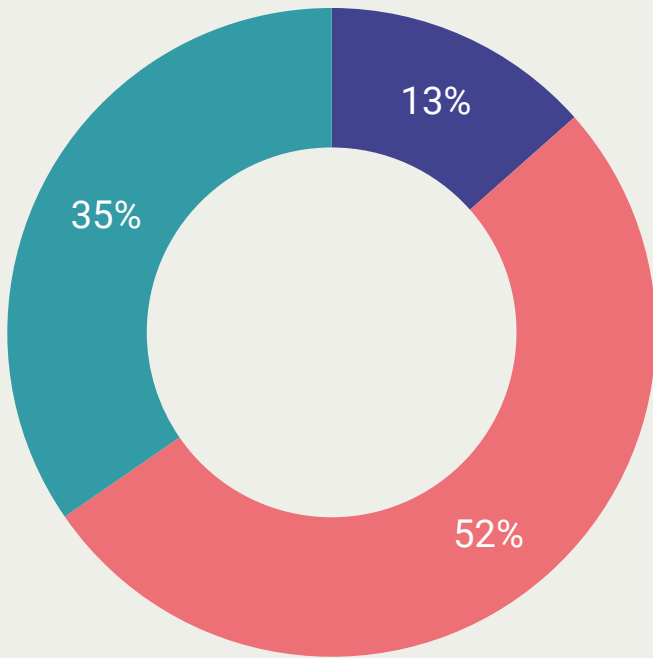
Investment By Avg. Client Size



Investment By Years Of Experience



FREE HEALTHY FOOD

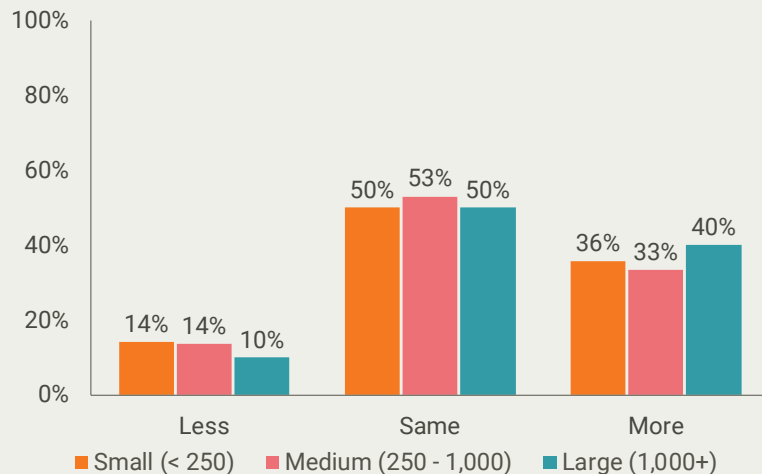


Since millennials value onsite benefits in their employment decisions, it is likely that free healthy food as an employee benefit may partially be driven by non-wellness motives.

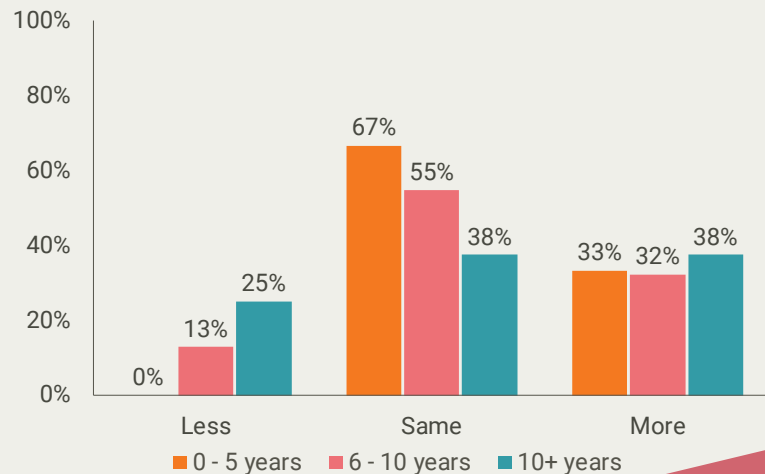
With more than a third of employers expecting to invest more in healthy food, the increase in demand for this benefit highlights a tightening labor market where employers are increasing perks to recruit and retain talent. The expansion of this benefit is also happening across employers of all sizes.

■ Investing Less ■ Investing Same ■ Investing More

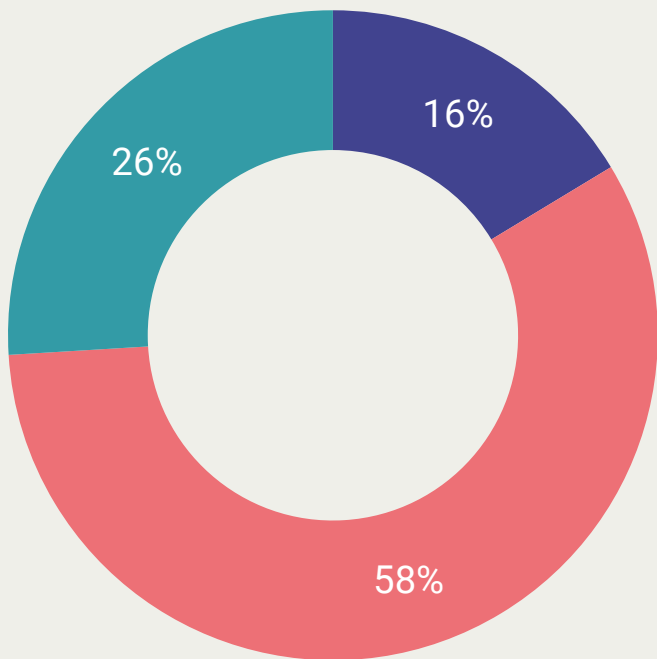
Investment By Avg. Client Size



Investment By Years Of Experience



GYM REIMBURSEMENTS

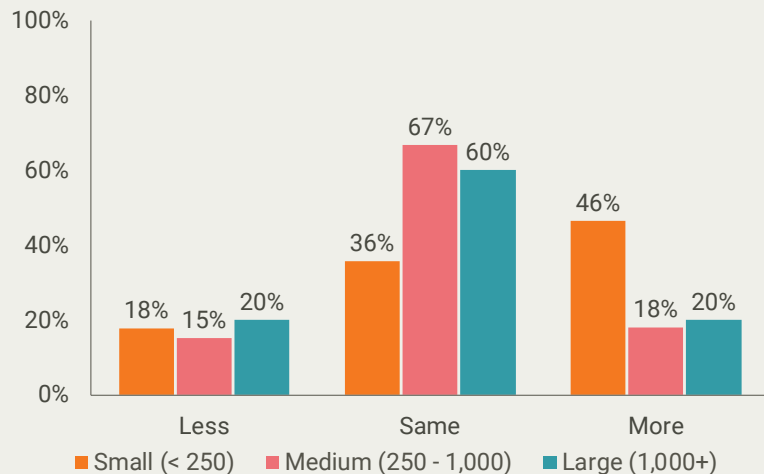


Eighty-four percent of employers will be investing more or the same as it relates to gym reimbursements. Similar to healthy food in the office, this is an attractive benefit, especially for millennials, who place higher consideration on total rewards programs and benefits.

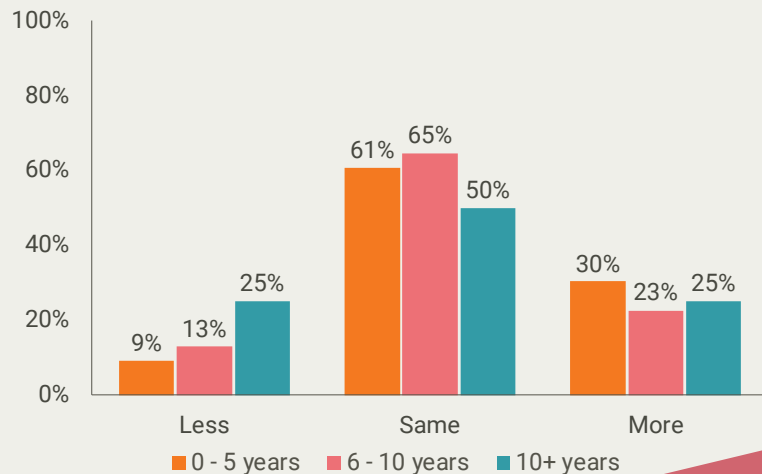
Not surprising, small employers are more than twice as likely to be increasing investment in gym reimbursements relative to medium and large employers. Factors contributing to this are a highly competitive job market and traditional gyms looking to expand their reach as emerging fitness models (boutique studios, on-demand classes, and subscription services) erode their membership base.

■ Investing Less ■ Investing Same ■ Investing More

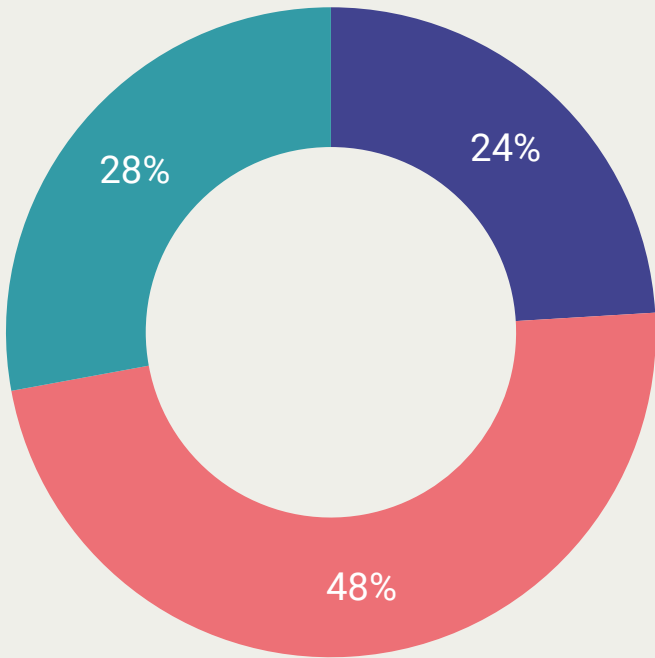
Investment By Avg. Client Size



Investment By Years Of Experience



HEALTH COACHING

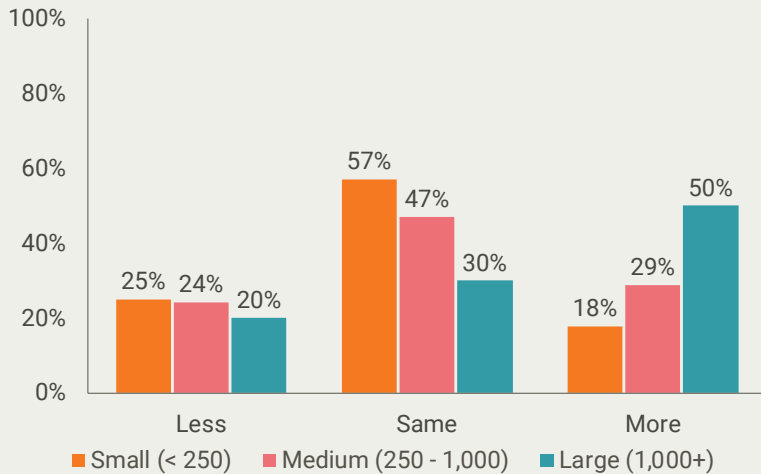


Changes in health coaching investment by employers was equally distributed between groups looking to invest more and less into this service, with about a quarter of employers going both ways. Nearly half will keep their investment the same.

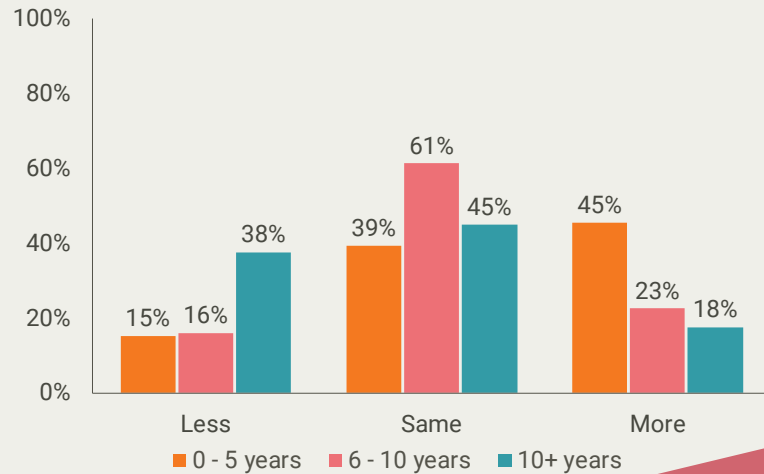
Large employers are the most likely to increase their investment. This is likely attributable to the amount of financial resources necessary to launch health coaching programs and the limited budgets often associated with small and medium employers.

■ Investing Less ■ Investing Same ■ Investing More

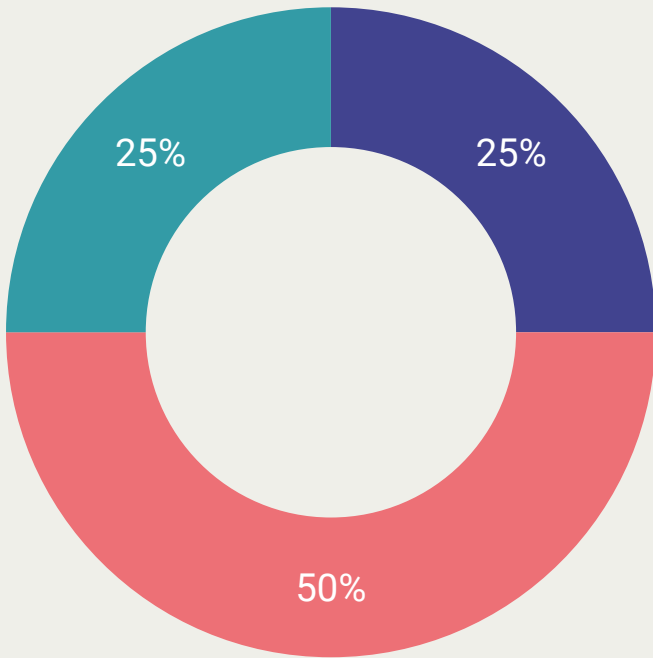
Investment By Avg. Client Size



Investment By Years Of Experience



HEALTH FAIRS

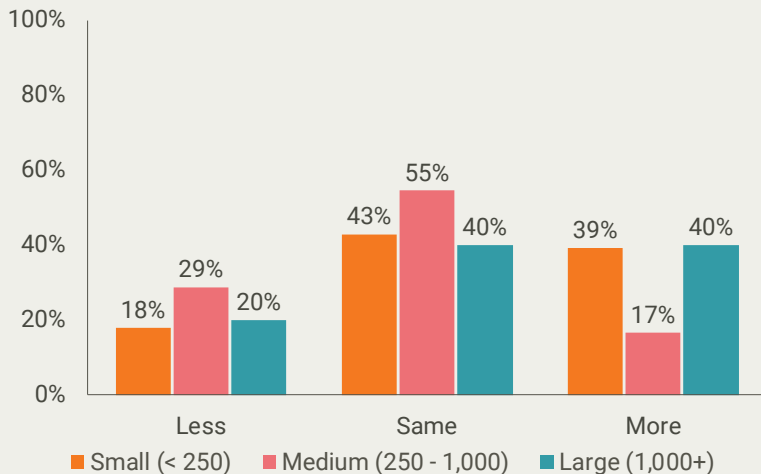


Health fairs are very similar to health coaching programs. Half of employers will be investing the same amount while a quarter will either invest more or less into these onsite events.

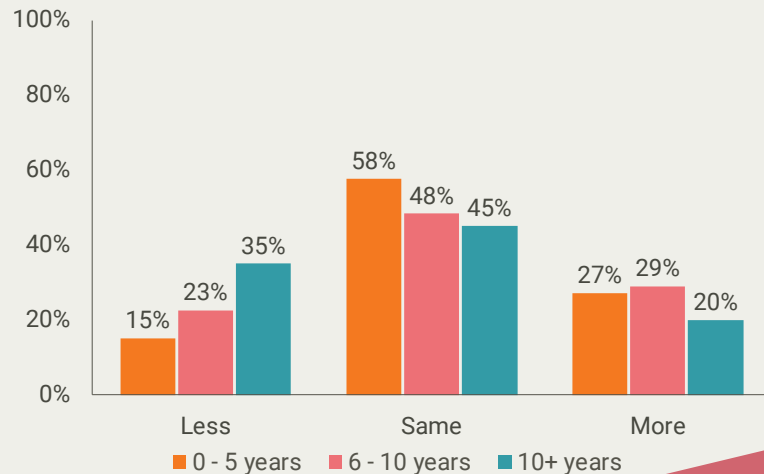
Unlike health coaching, medium employers were more than half as likely to invest more into hosting a health fair. Also, clients of brokers with the most experience were significantly more likely to invest less in these programs. Perhaps these veterans know something about the effectiveness (or lack thereof) of health fairs that younger professionals do not...

■ Investing Less ■ Investing Same ■ Investing More

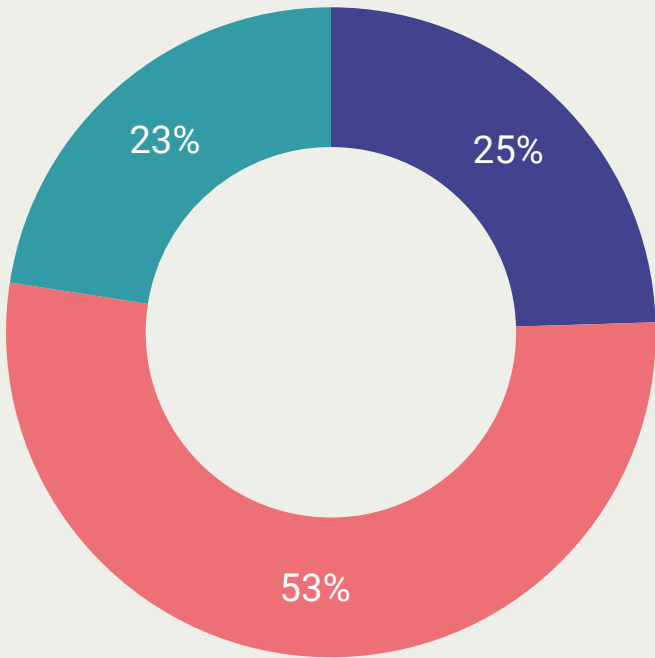
Investment By Avg. Client Size



Investment By Years Of Experience



HEALTH RISK ASSESSMENTS

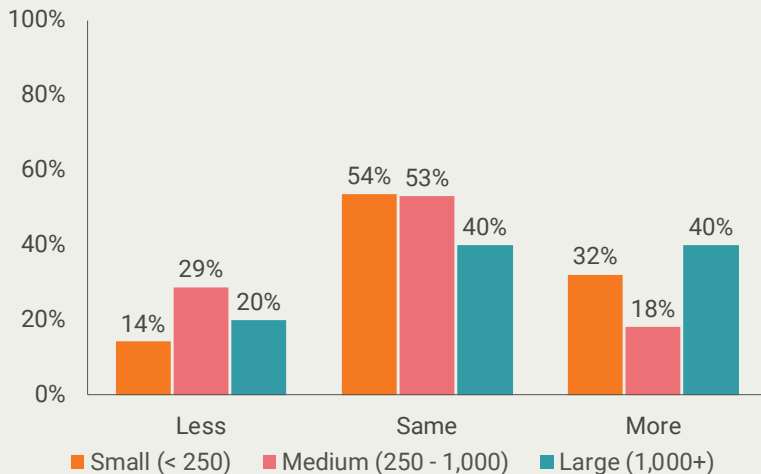


Similar to biometric screenings, the results for health risk assessments, the vast majority of which ask medical questions, may be impacted by the recent EEOC ruling that was delivered in the middle of the data collection process for the survey.

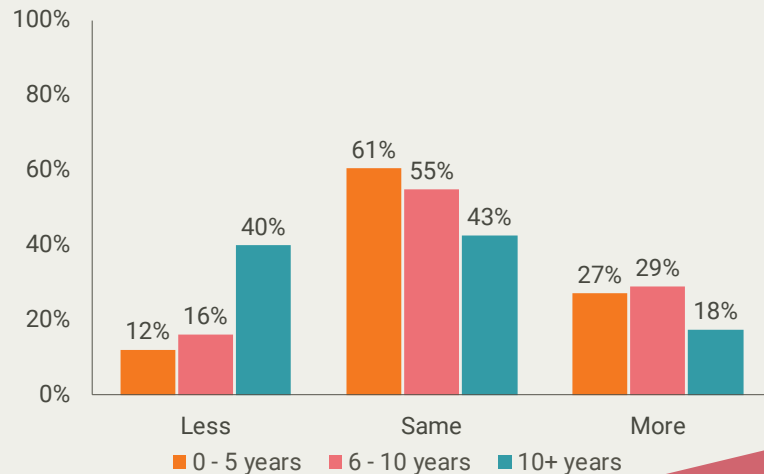
Since HRAs are often a free resource provided through health plans, the popularity remains high despite regulatory hurdles and questions around efficacy. This may explain why 80% of large employers are planning to invest the same or more into HRAs for their employees.

■ Investing Less ■ Investing Same ■ Investing More

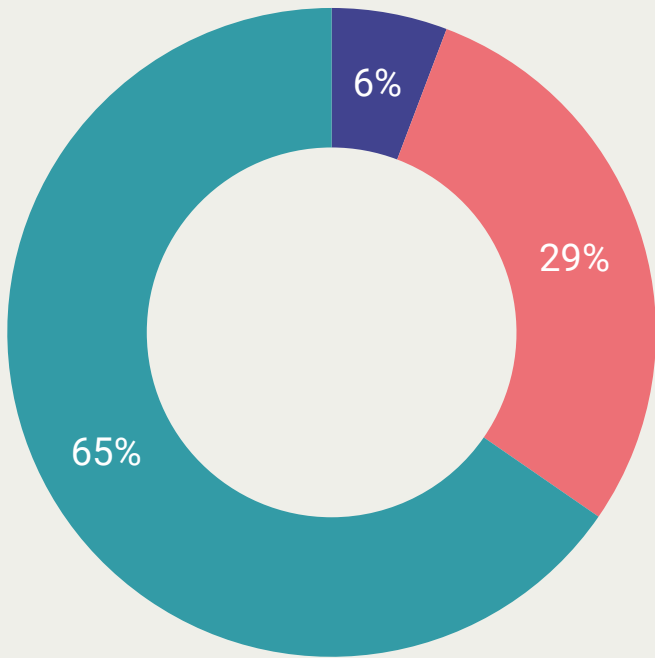
Investment By Avg. Client Size



Investment By Years Of Experience



MENTAL HEALTH

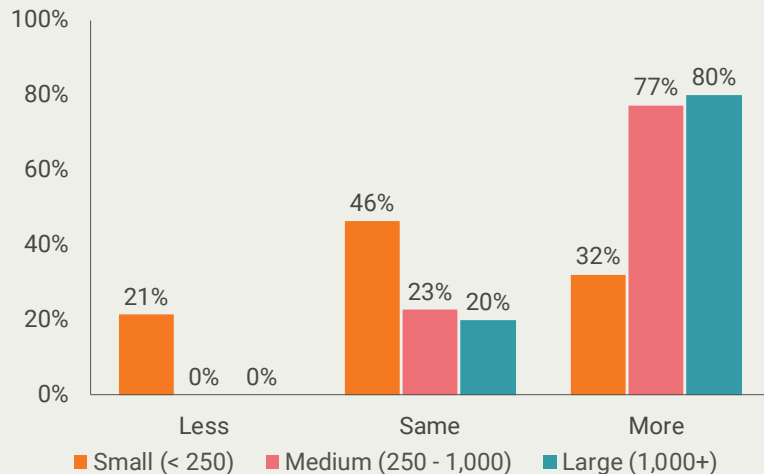


Alongside financial wellness, mental health programs are rapidly gaining traction with nearly two-thirds of employers planning on investing more into these types of programs. Only 6% are planning to invest less.

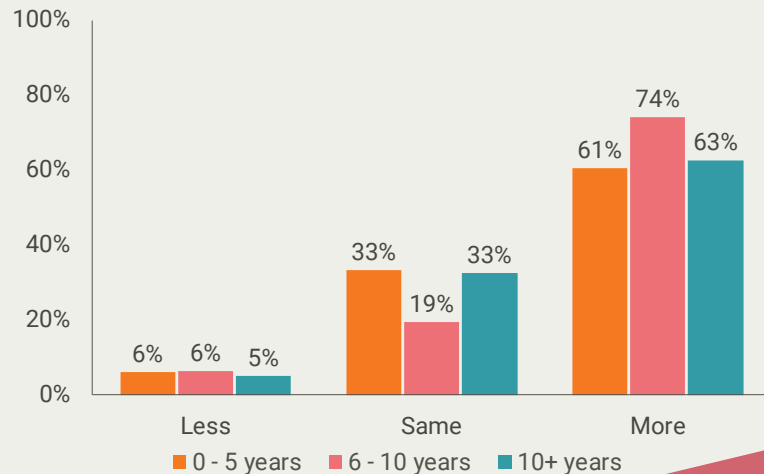
Since small employers tend to adopt new trends in employee wellness late, it comes as no surprise that these organizations are nearly two and a half times less likely to be investing more into mental health. According to the survey, no medium and large employers plan to invest less into mental health.

■ Investing Less ■ Investing Same ■ Investing More

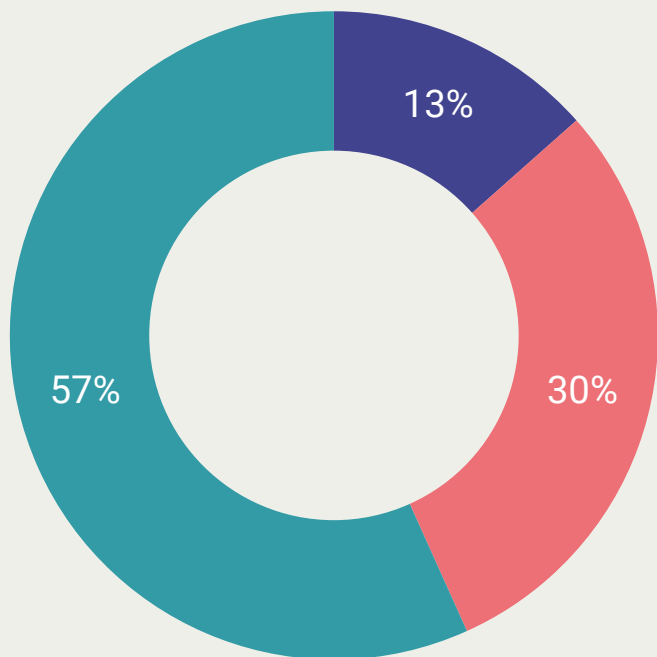
Investment By Avg. Client Size



Investment By Years Of Experience



MINDFULNESS & MEDITATION

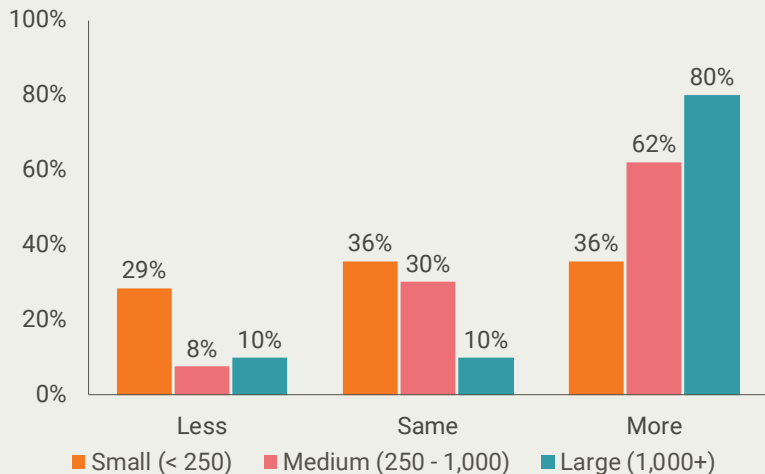


Mindfulness and meditation programs are directed towards alleviating stress, a major cause of mental health concerns for employees. The popularity of these practices in the consumer market are impacting investment in these services, resulting in 57% of employers expecting to invest more in this area.

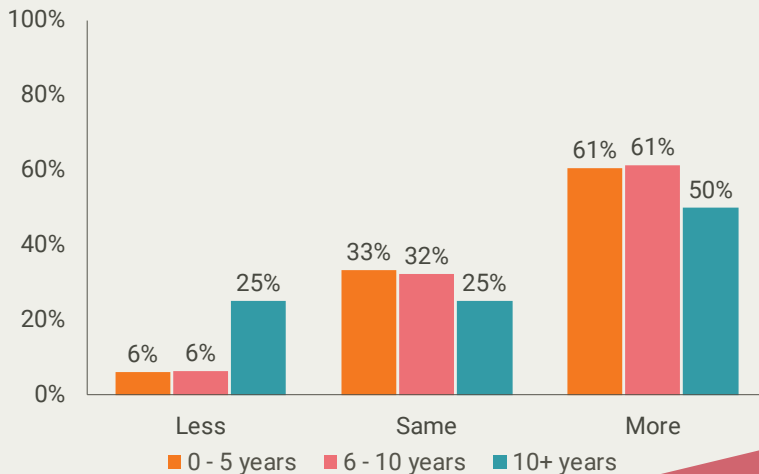
Specifically, large employers are leading the way with 80% of them investing more this year. Traditionally, these services required larger budgets to scale, but with the advent of digital mindfulness and meditation tools, organizations with limited resources will be able to offer these programs.

■ Investing Less ■ Investing Same ■ Investing More

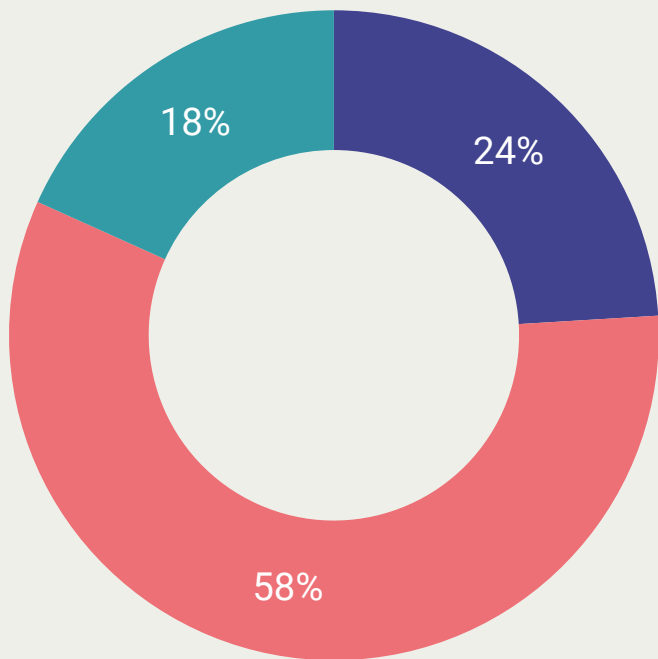
Investment By Avg. Client Size



Investment By Years Of Experience



FITNESS CLASSES

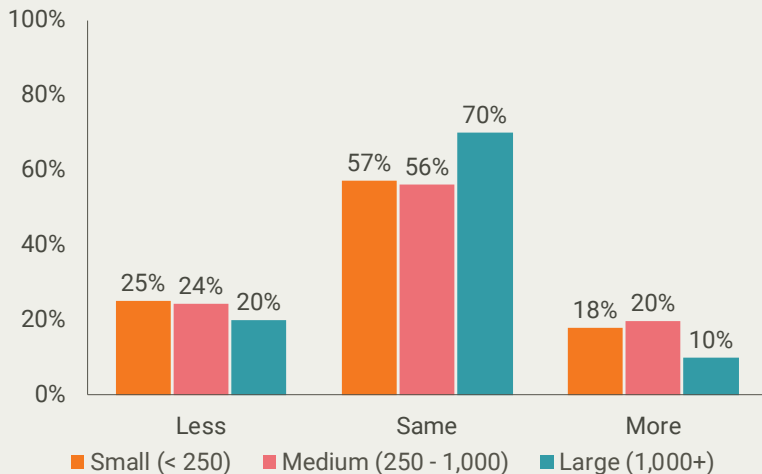


Nearly one out of four employers next year will be investing less into onsite fitness classes.

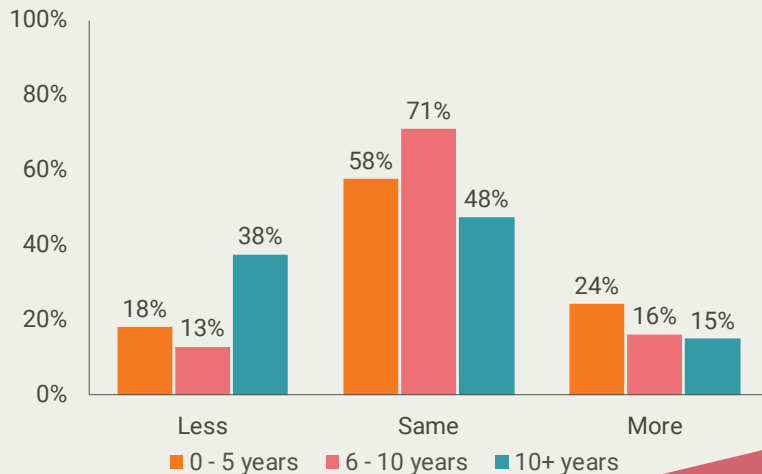
This service also had one of the largest differences between companies investing more vs. less in favor of the latter. This may be the result of limited scalability (i.e., it requires enough space onsite, may require showering facilities onsite, is not delivered digitally, etc.). As a result, most employers are keeping their investment the same. Also, some may be favoring investing more in gym reimbursements as an alternative.

■ Investing Less ■ Investing Same ■ Investing More

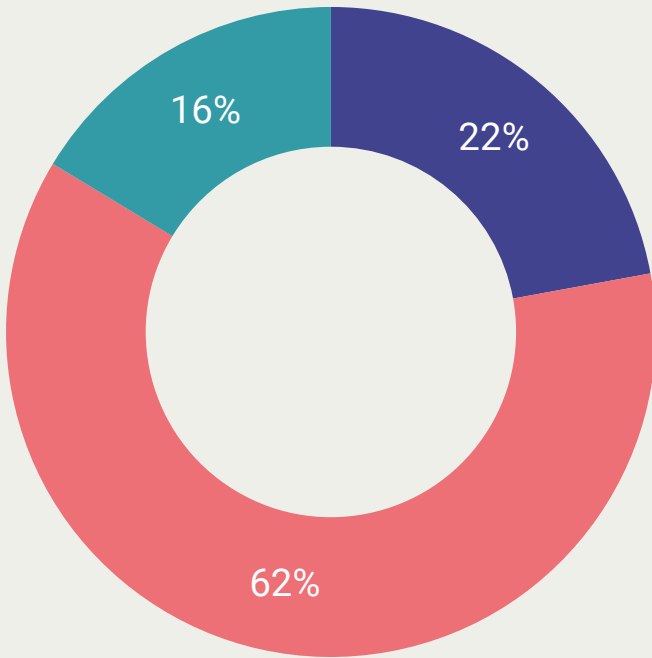
Investment By Avg. Client Size



Investment By Years Of Experience



ONSITE/NEAR-SITE CLINICS

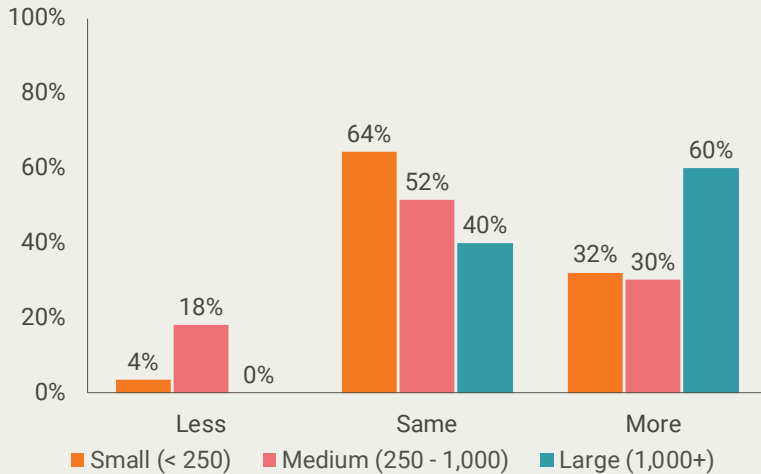


Onsite and near-site clinics are costly benefits that have significant space and upfront capital requirements. Also, to be cost effective, they require a large enough employee population and high enough utilization to justify the staffs' time.

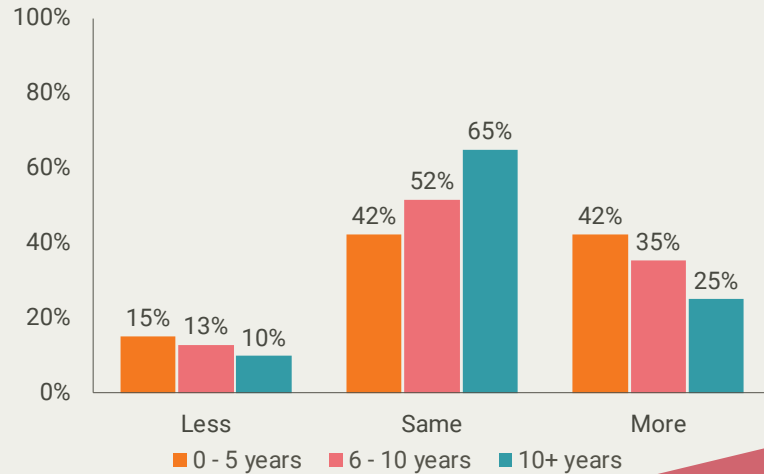
As such, most groups need to plan for these projects way in advance, and they are primarily implemented by large employers. This is why approximately twice as many large employers (60%) are investing more in employee clinics relative to small and medium employers.

■ Investing Less ■ Investing Same ■ Investing More

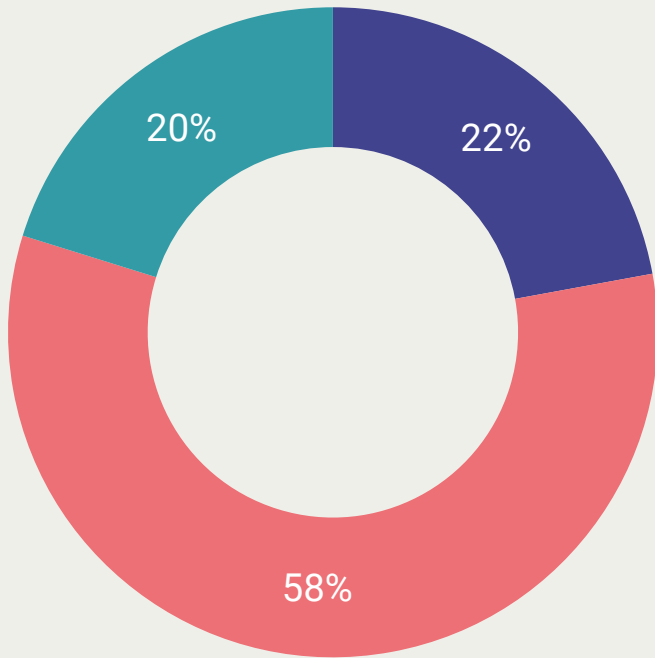
Investment By Avg. Client Size



Investment By Years Of Experience



SLEEP MANAGEMENT



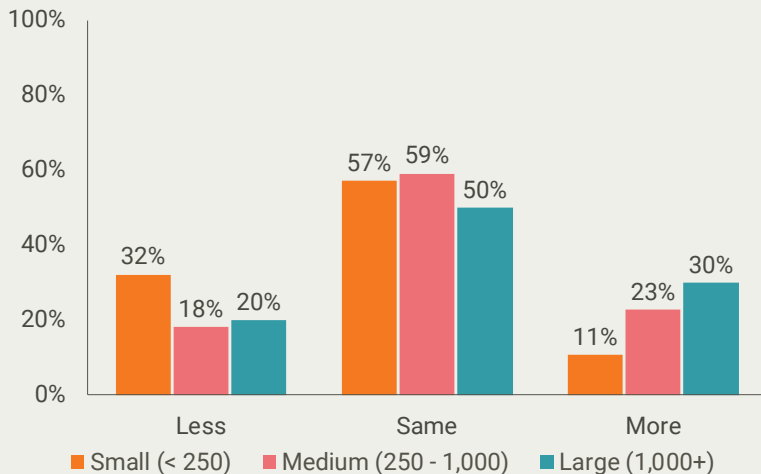
Sleep is a critical element of overall well-being, but until recently, it was often neglected by employee wellness programs.

However, despite being a higher priority now, most employers (58%) are investing the same amount in these programs this year while the remaining groups will be split between more and less investment.

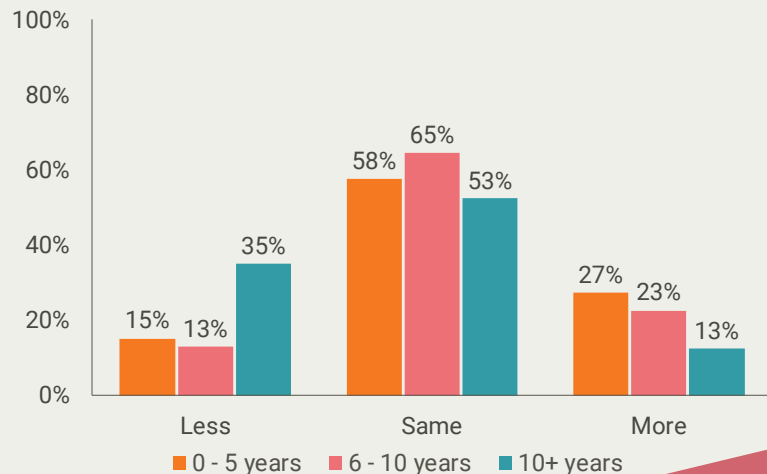
As in most wellness services, large employers are leading the way by being nearly three times as likely to increase investment this year relative to small employers.

■ Investing Less ■ Investing Same ■ Investing More

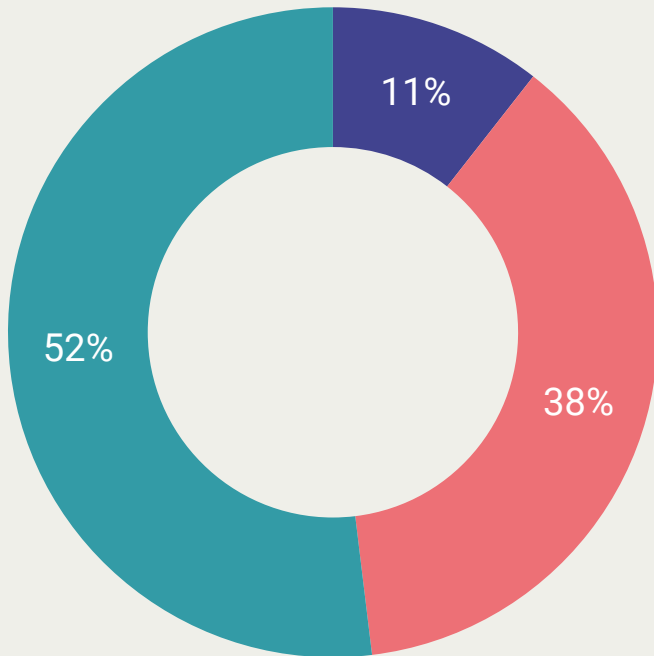
Investment By Avg. Client Size



Investment By Years Of Experience



STRESS MANAGEMENT/ RESILIENCE

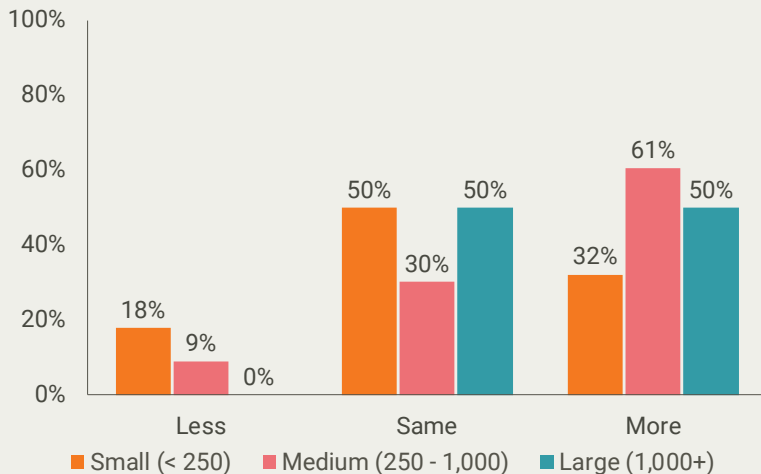


Being under the umbrella of mental health, one would expect the survey results for stress management and resilience to have similar findings. This would be a correct assumption.

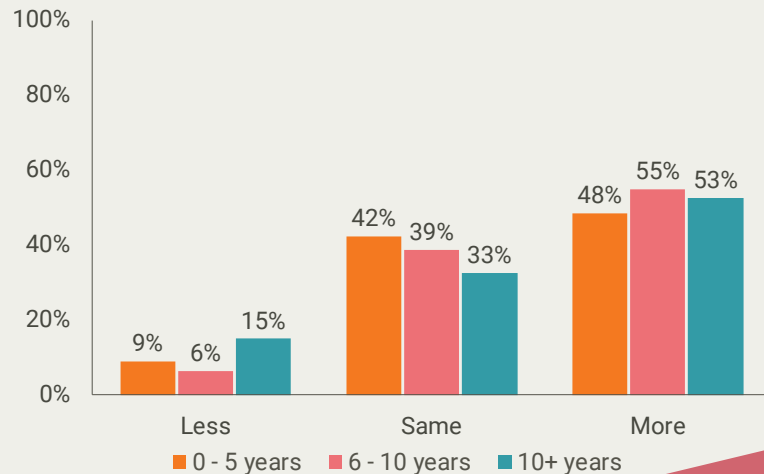
More than 50% of employers will be investing more in stress management programs. Only one out of 10 are expected to invest less. The desire for de-stressed employees is present in employers of all sizes but skews to large and medium employers.

■ Investing Less ■ Investing Same ■ Investing More

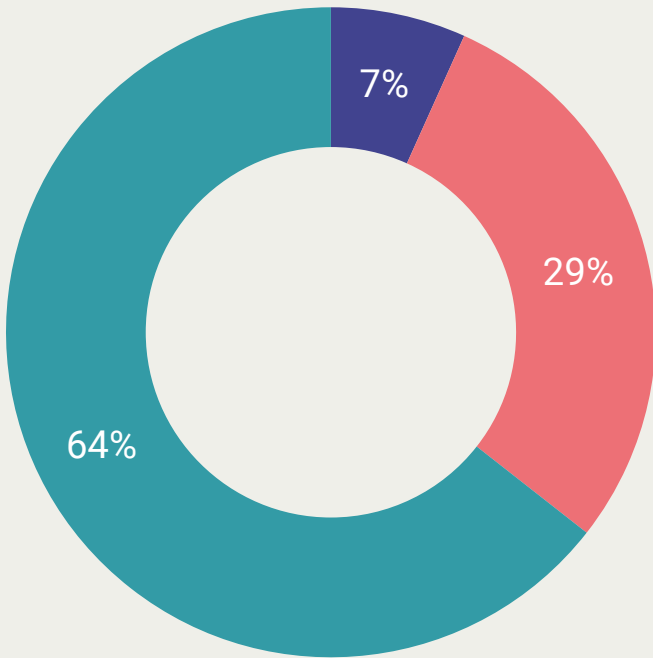
Investment By Avg. Client Size



Investment By Years Of Experience



TELEMEDICINE



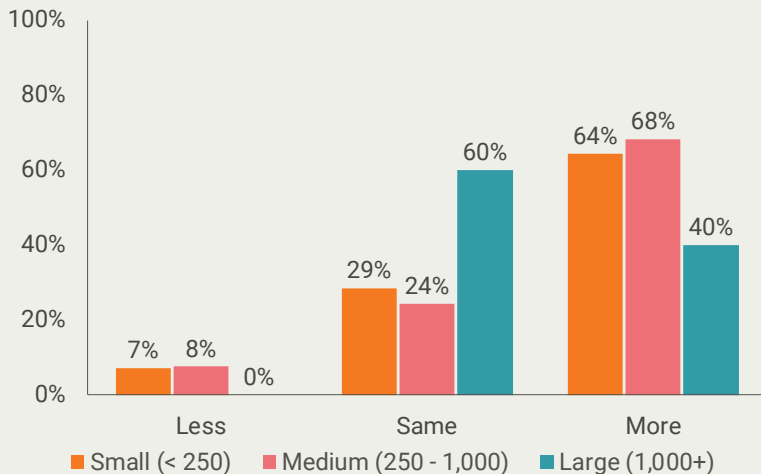
With the promise of controlling costs with more affordable visits, telemedicine has surged over the last decade.

Driven initially by large, self-insured employers, small and medium employers are adopting these solutions rapidly with two-thirds on them investing more in telemedicine this year. Few employers are investing less, but that may not remain the case if telemedicine does not resolve its engagement issue.

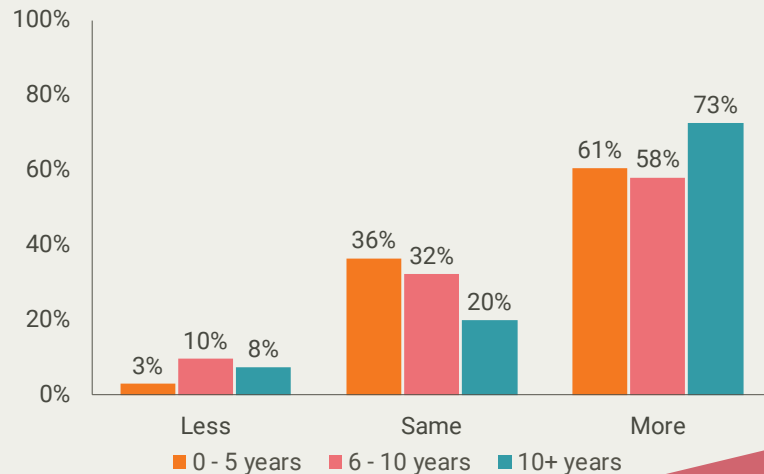
Most employers struggle with driving utilization of telemedicine.

■ Investing Less ■ Investing Same ■ Investing More

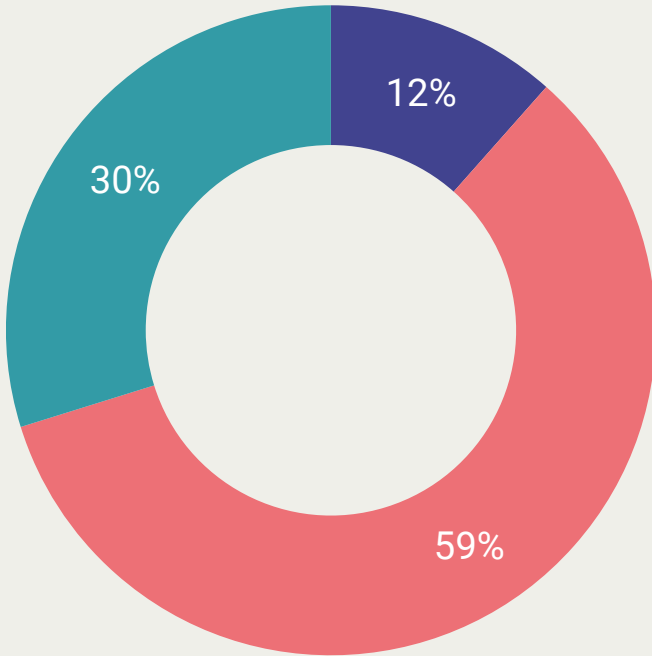
Investment By Avg. Client Size



Investment By Years Of Experience



TOBACCO CESSATION

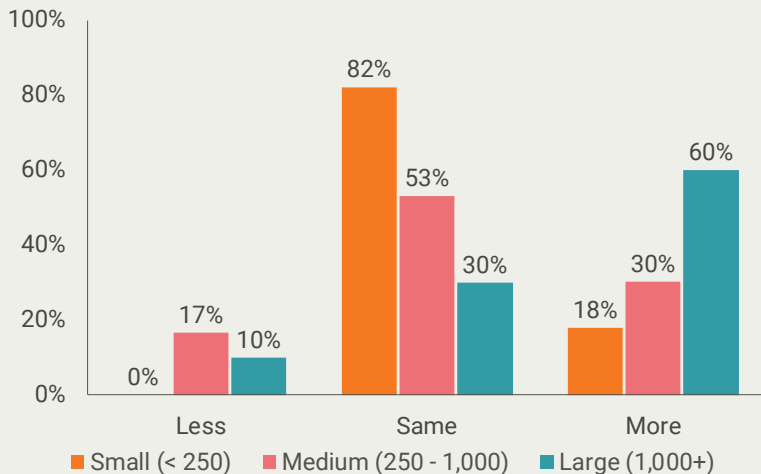


Tobacco use amongst adults in the United States has steadily declined since the mid-1960s but seems to be bottoming out around 17%. Although usage has dropped significantly, the adverse impact of tobacco use is so strong that employers continue to see financial and non-financial reasons to pursue cessation programs.

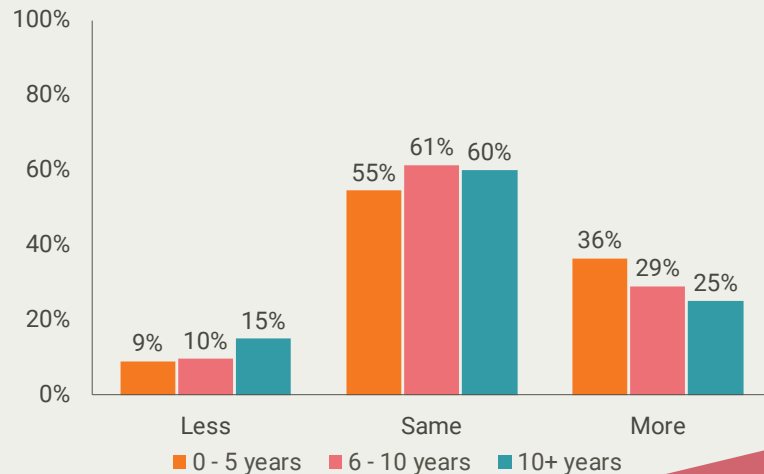
Many employers know if they have a significant smoking population, and if they do, they probably have already offer smoking cessation benefits, which is why the majority expect their investment to stay the same this year.

■ Investing Less ■ Investing Same ■ Investing More

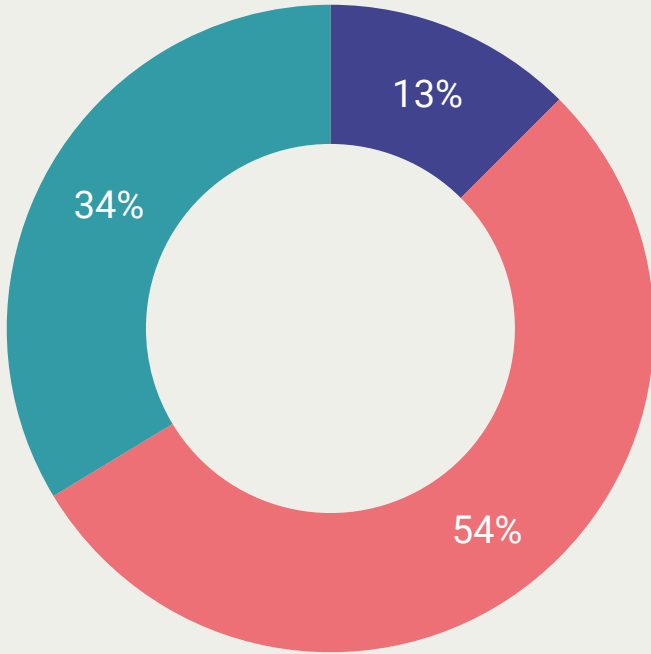
Investment By Avg. Client Size



Investment By Years Of Experience



WEIGHT MANAGEMENT

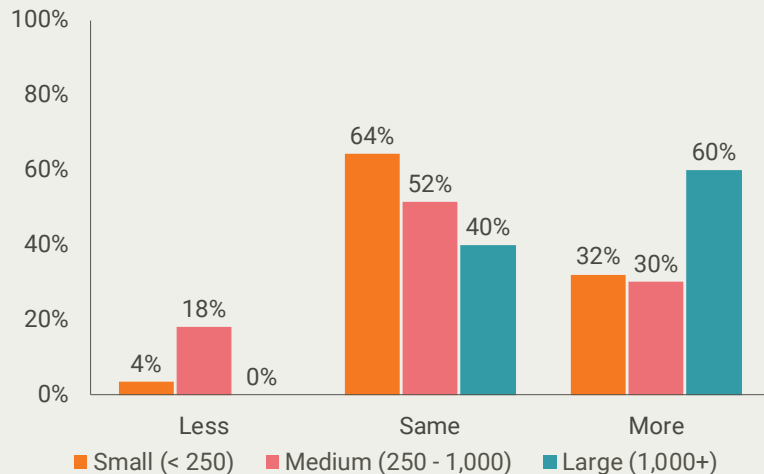


Few employers will be investing less in weight management programs, but certain ones will be more likely to increase their investment.

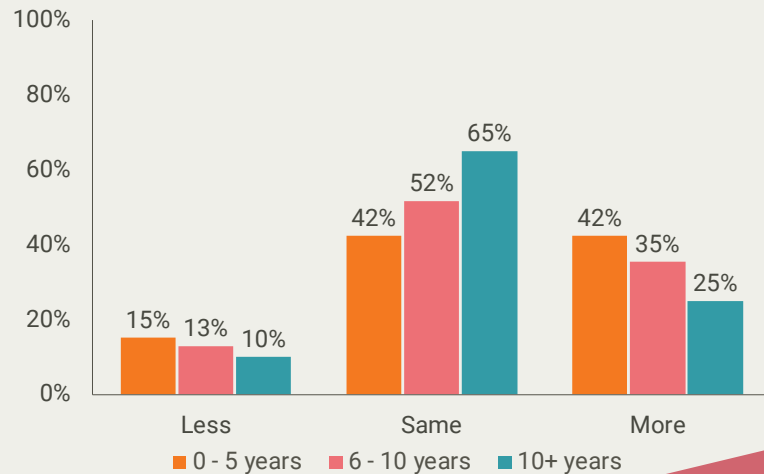
Large employers will be twice as likely to invest more (60%) relative to small (32%) and medium (30%) employers. Also, clients of brokers with zero to five years of experience were the most likely to increase investment in weight management programs.

■ Investing Less ■ Investing Same ■ Investing More

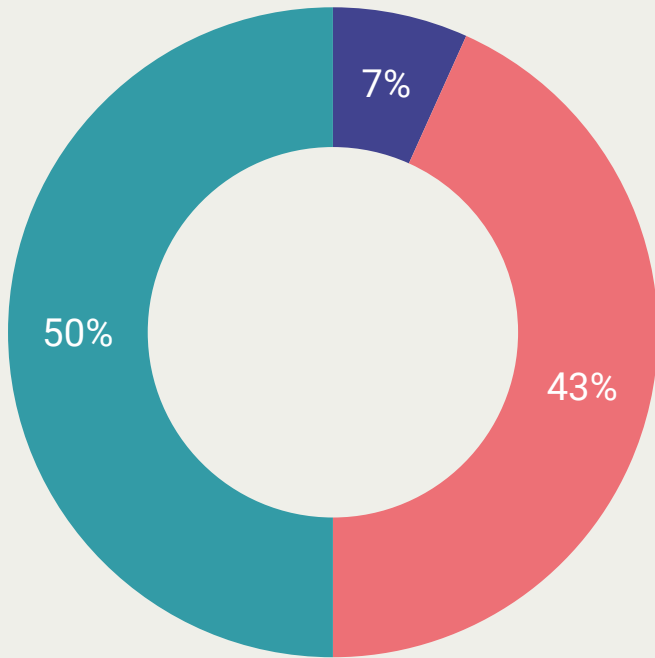
Investment By Avg. Client Size



Investment By Years Of Experience



WELLNESS CHALLENGES

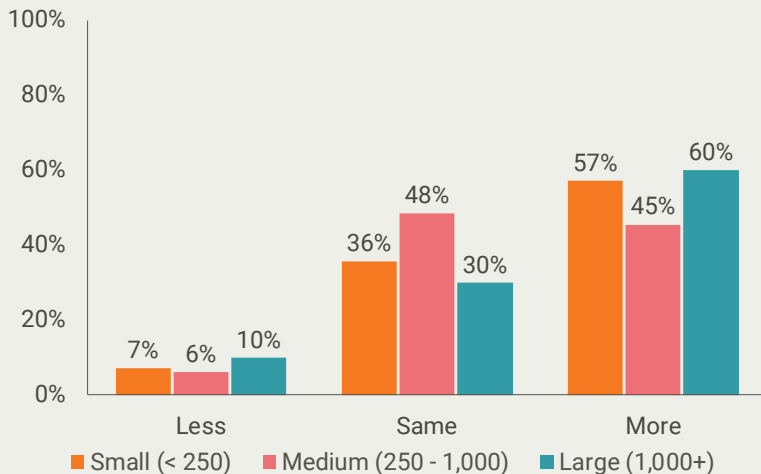


Wellness challenges generally embrace technology, making delivery of a quality and consistent experience to multiple offices and remote employees easy. As employers embrace flexible work environments, the value of digital solutions increases, which may partially explain the number of employers investing in wellness challenges.

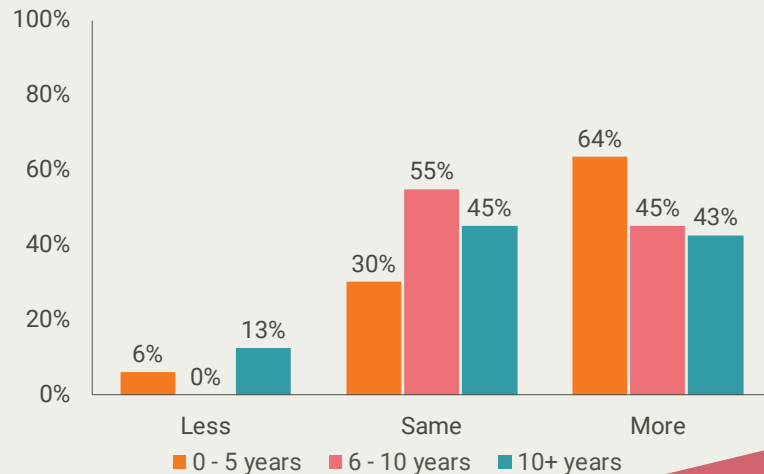
Ninety-three percent of employers expect to invest the same or more in wellness challenge, and the demand for these solutions is strong across all employer sizes. Also, clients of brokers with zero to five years of experience were the most interested in investing more, which may be the product of having younger, more technology-oriented advisors.

■ Investing Less ■ Investing Same ■ Investing More

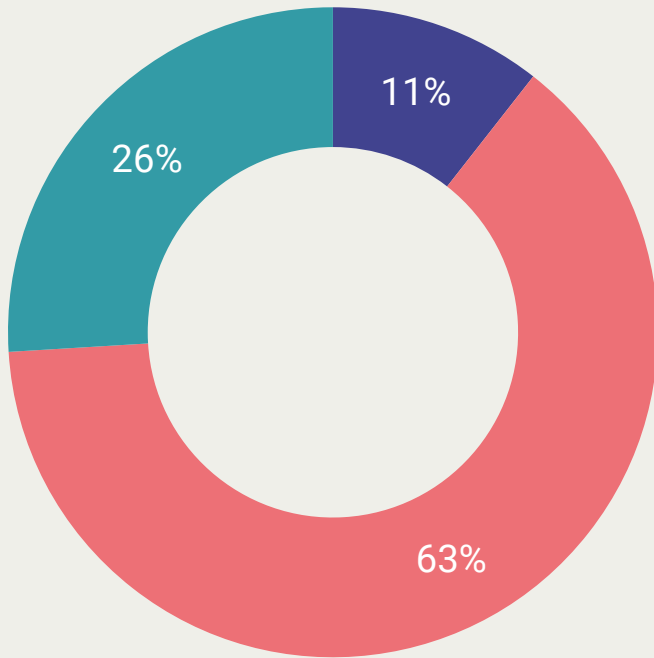
Investment By Avg. Client Size



Investment By Years Of Experience



HEALTH EDUCATION/LITERACY

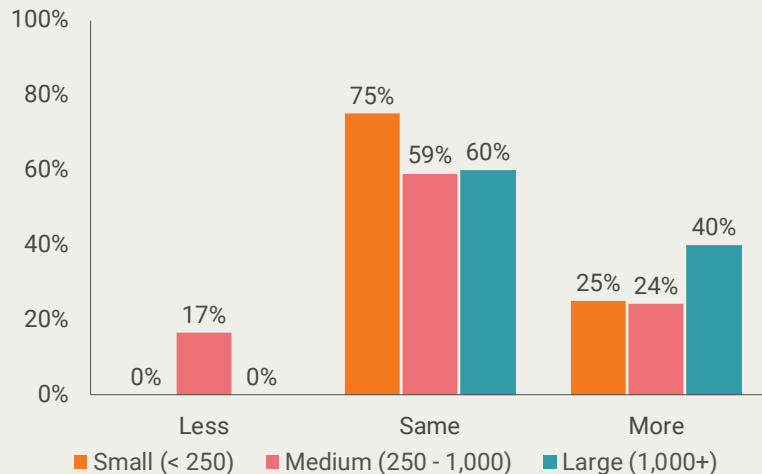


Having access to and engaging with quality, relevant, and timely health content is critical to well-being.

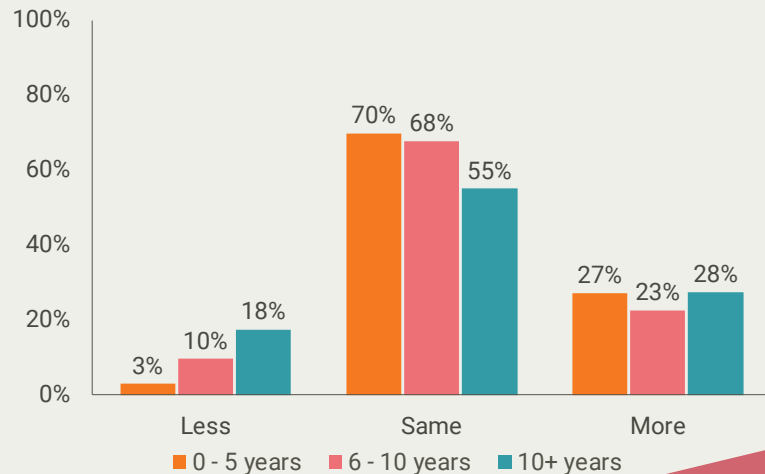
Since the amount of misinformation available to consumer via the internet continues to grow, the role of employers in facilitating health literacy has never been more important, which is why nearly nine out of 10 employers plan to invest the same or more to improve the health literacy of their employees. Employers of all sizes are interested in health education.

■ Investing Less ■ Investing Same ■ Investing More

Investment By Avg. Client Size



Investment By Years Of Experience



Part 3

DECISION INFLUENCERS

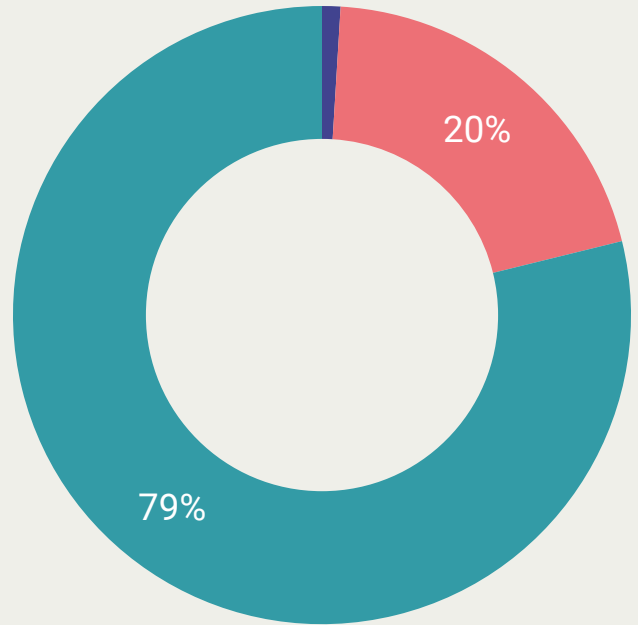


How much are your clients' decisions influenced by the factors listed below?

CREATING COMPETITIVE BENEFIT PLANS

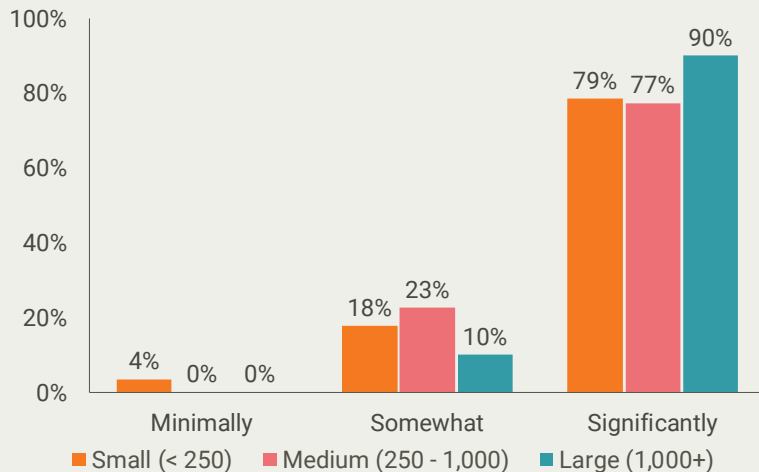
As the economy continues to show strength and with unemployment at its lowest point in years, finding and retaining quality employees is becoming increasingly challenging.

In response to the tightening labor market, employers are expanding benefits to secure talent, which is why the survey results presented here should come as no surprise. Nearly 70% of employers are significantly influenced by their desire to create competitive benefit plans for their employees! Growing benefit plans are touching all segments of employee life, including employee health and well-being.

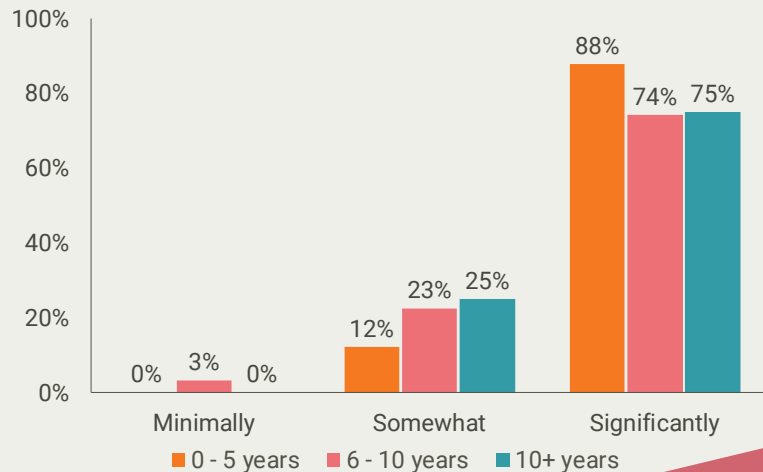


■ Minimally Influenced ■ Somewhat Influenced
■ Significantly Influenced

Influenced By Avg. Client Size



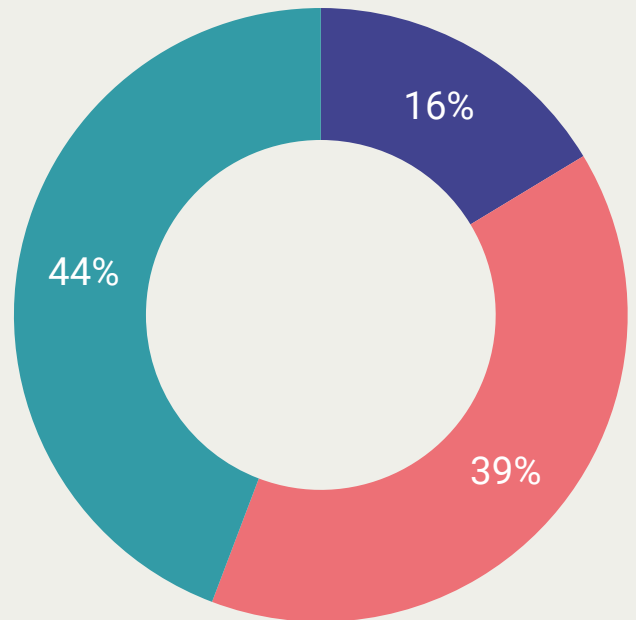
Influenced By Years Of Experience



DATA SECURITY

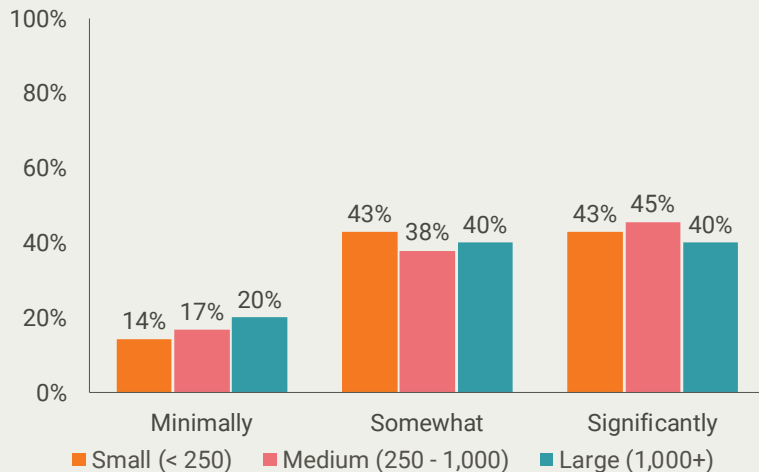
In the wake of major data breaches (e.g., Equifax), employers remain sensitive to being good stewards of their employees' data. However, although data security is a must, it does not seem to be the strongest influencer on employer decisions.

This is likely because employers expect data security protocols to be a staple in all their programs. Data security ranks comparably with trying to measure return on investment (ROI) and managing uncertainty with health care reform. Clients of brokers with the most experience are more influenced by data security issues.

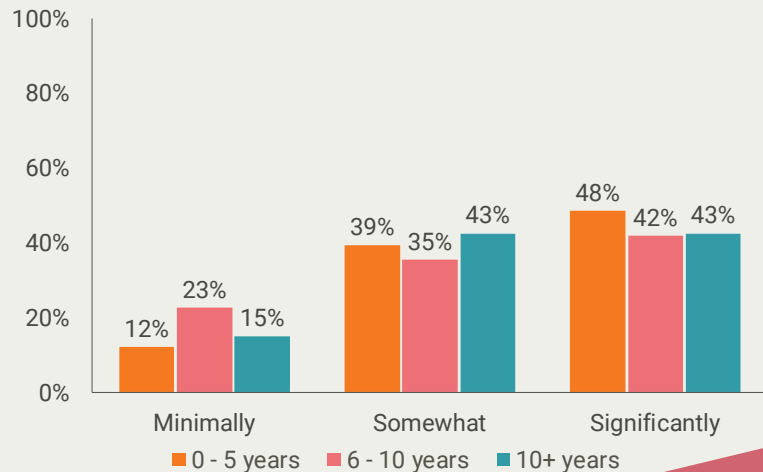


■ Minimally Influenced ■ Somewhat Influenced
■ Significantly Influenced

Influenced By Avg. Client Size



Influenced By Years Of Experience

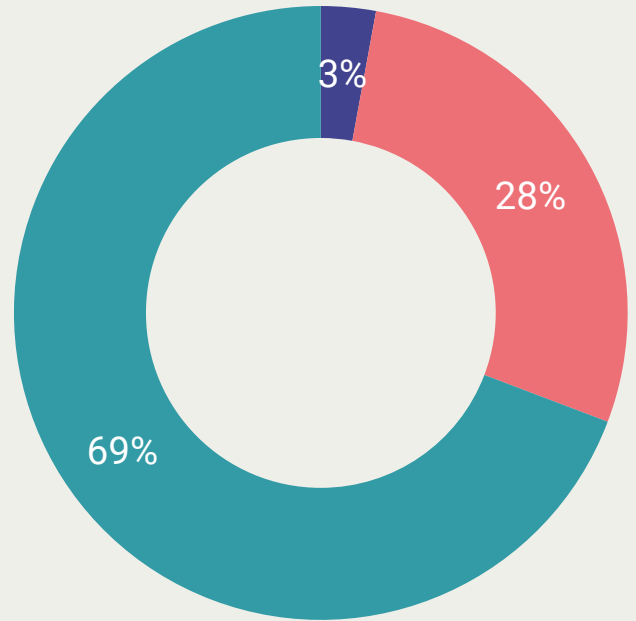


MATCHING EMPLOYER-EMPLOYEE INTERESTS

Alongside creating competitive benefit plans, matching employer-employee interests significantly influences the decisions companies make.

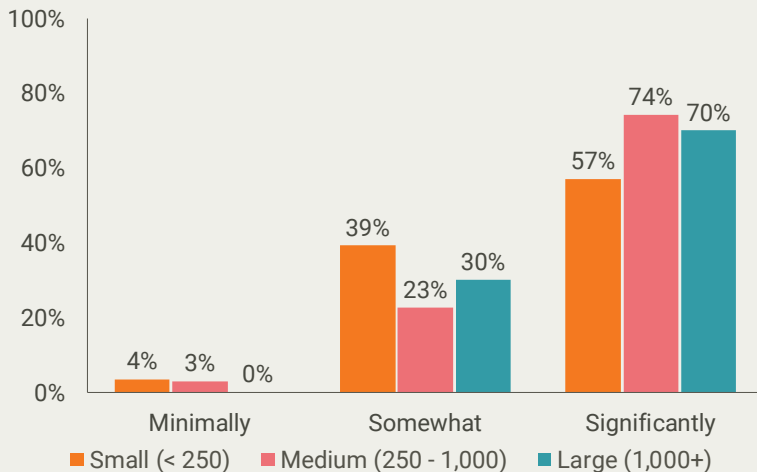
Only 3% of employers are minimally influenced by this factor. Often the struggle between these two interests can be difficult to manage, which is often the case with health insurance. Many employers want to offer attractive health insurance options, but the growing costs associated with doing so tempers their ability to deliver affordable and highly attractive plans.

Smaller employers were slightly less influenced by matching interests. Perhaps this is due to it being easier to understand the interests of smaller groups.

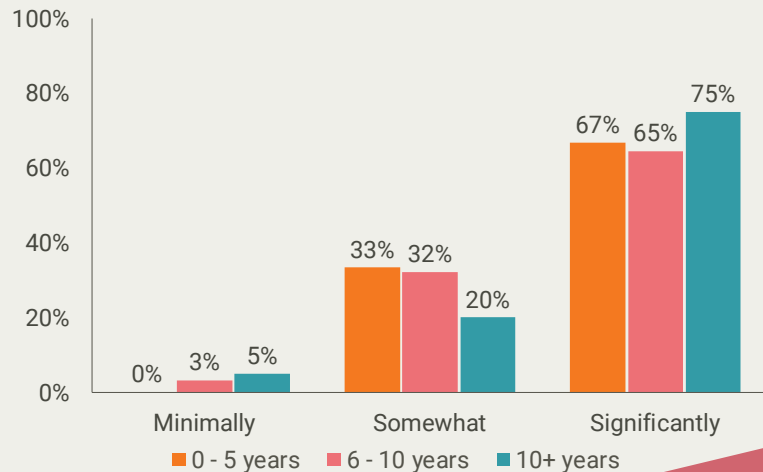


■ Minimally Influenced ■ Somewhat Influenced
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Influenced By Avg. Client Size



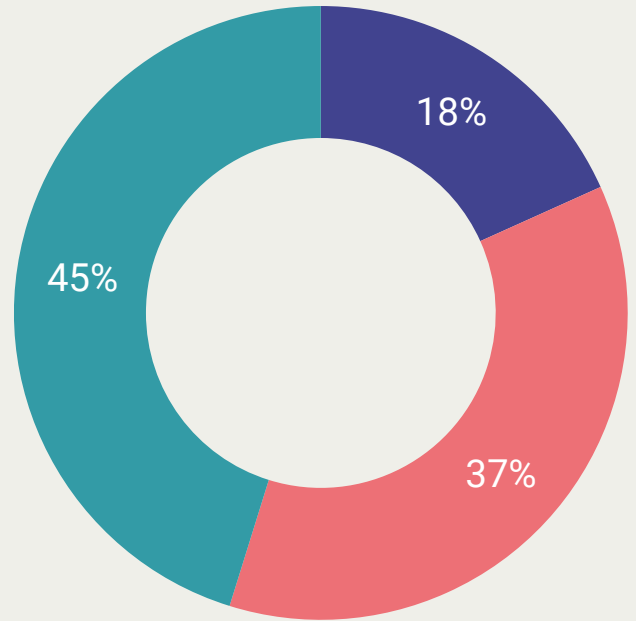
Influenced By Years Of Experience



MEASURING ROI FROM BENEFIT CHANGES

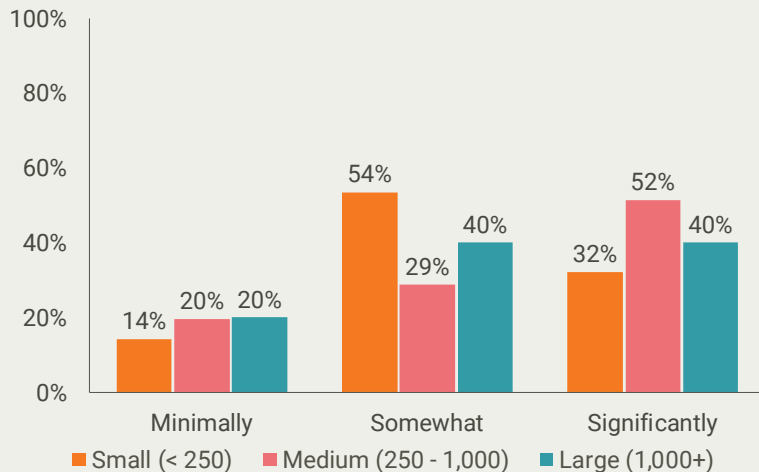
The results from this survey response clearly suggests that most employers are still thinking about deriving a measurable return on investment from benefit plan changes, with 83% being somewhat or significantly influenced by this factor.

As always, measuring ROI continues to be difficult, which may be why clients of experienced brokers (10+ years), who have come to realize that measuring ROI is not always attainable or worth the expense of tracking, are not as influenced by this factor than other employers. If measuring ROI becomes more feasible, one could expect the level of influence it has on employer benefit decisions to increase significantly.

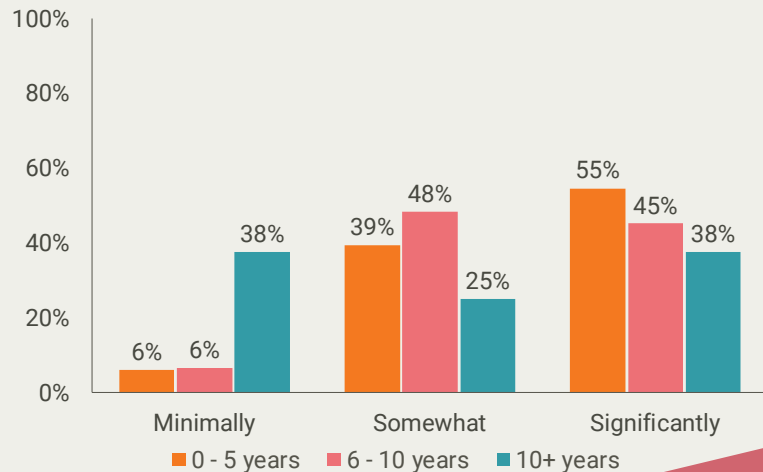


■ Minimally Influenced ■ Somewhat Influenced
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Influenced By Avg. Client Size



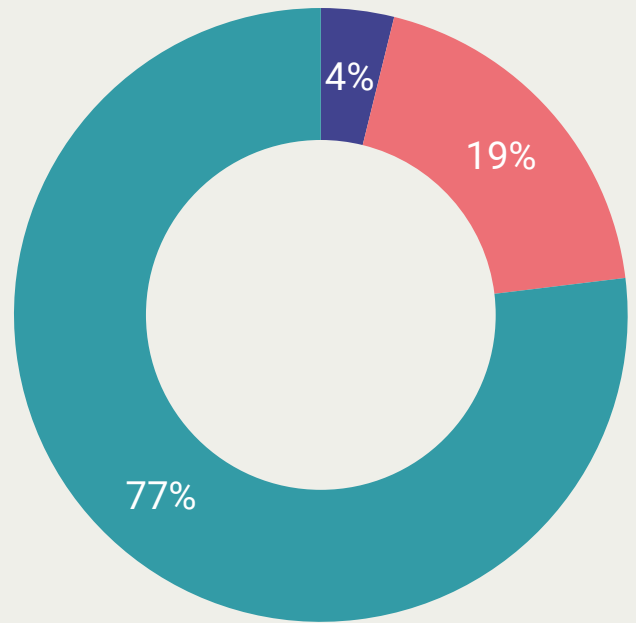
Influenced By Years Of Experience



RISING COST OF BENEFITS

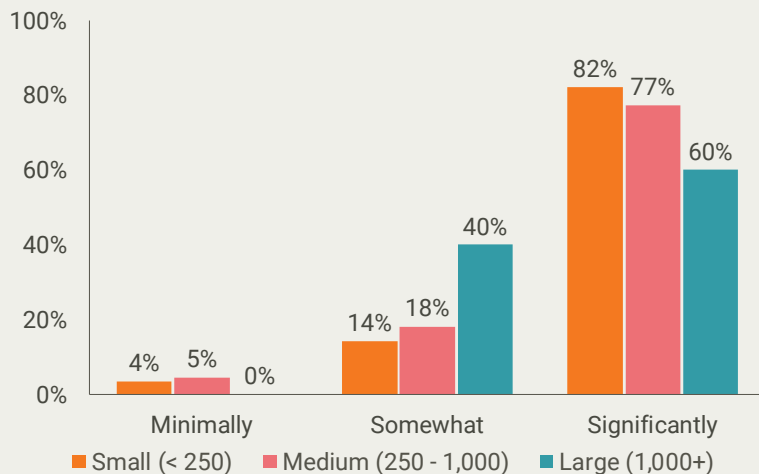
The need to offer attractive benefits to recruit and retain talent in the current labor market is increasing the amount of financial investment required by employers. The increasing costs go beyond just the rising cost of health insurance.

Expansion of benefits to remain competitive is also increasing costs significantly. This is mostly impacting smaller employers, who often have less resources to offer the benefits that many larger employers currently provide. Also, larger employers have greater scale to negotiate lower per employee benefit costs and the ability to self-insure, both of which make this factor less influential on their decisions.

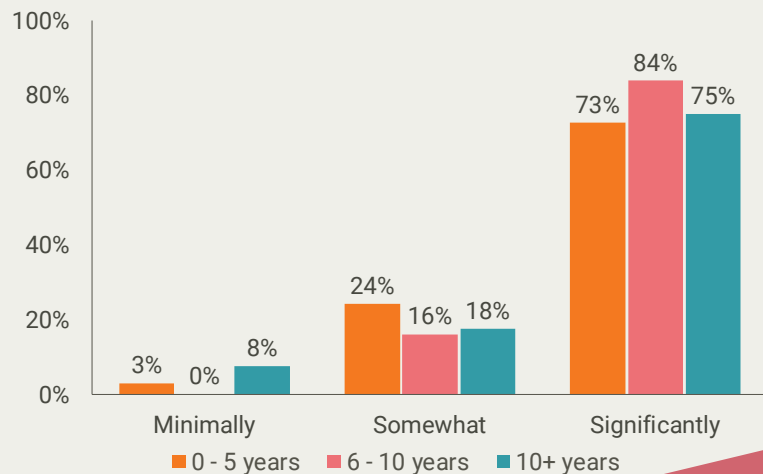


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Influenced By Avg. Client Size



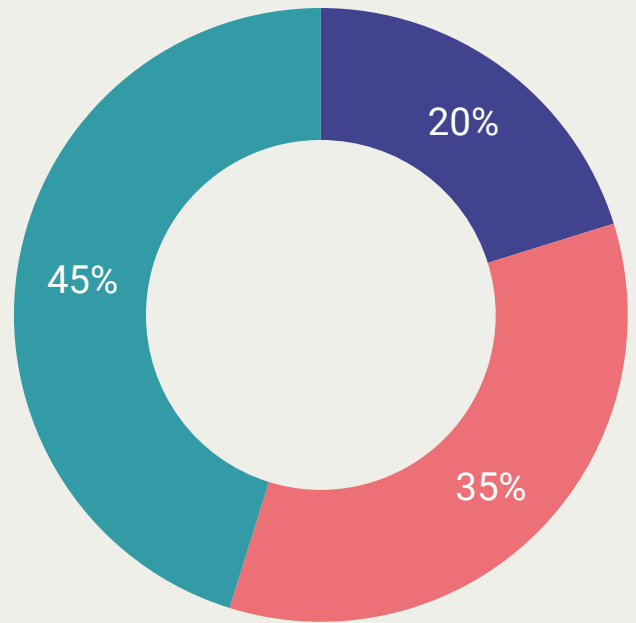
Influenced By Years Of Experience



UNCERTAINTY ABOUT HEALTH CARE REFORM

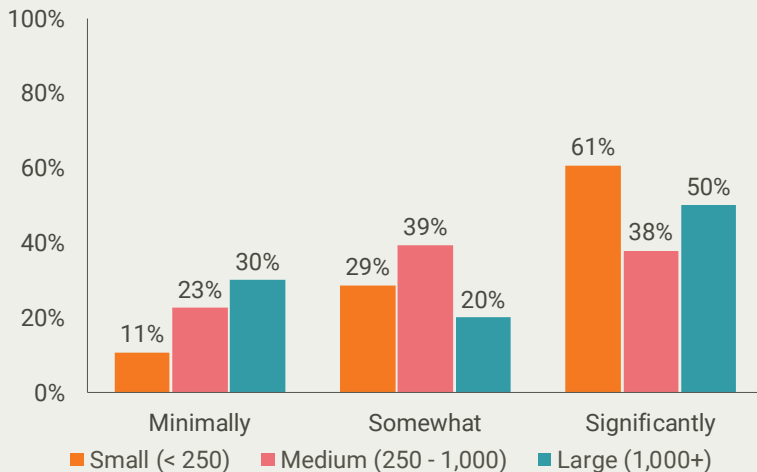
The current regulatory environment is constantly changing so sentiment on this factor will evolve accordingly. Specifically, this survey was initiated prior to the EEOC ruling in federal court on wellness programs and recent budget developments may also impact how health care reform influences employer thinking.

Unfortunately, the vast majority of employers cannot do much to change the consequences health care reform will have on their businesses, regardless of how large the financial or non-financial impact may be. So, for many, it is just a waiting game. Nevertheless, this does not change how influenced they are by reform, which is why 80% of employers are somewhat or significantly influenced by this factor.

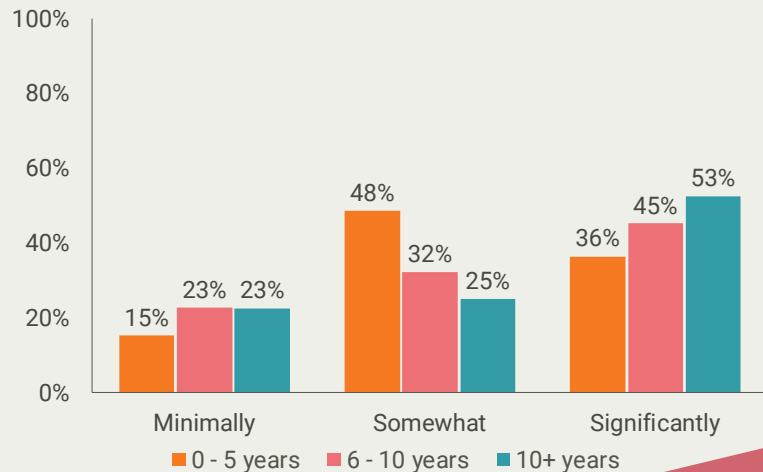


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Influenced By Avg. Client Size



Influenced By Years Of Experience



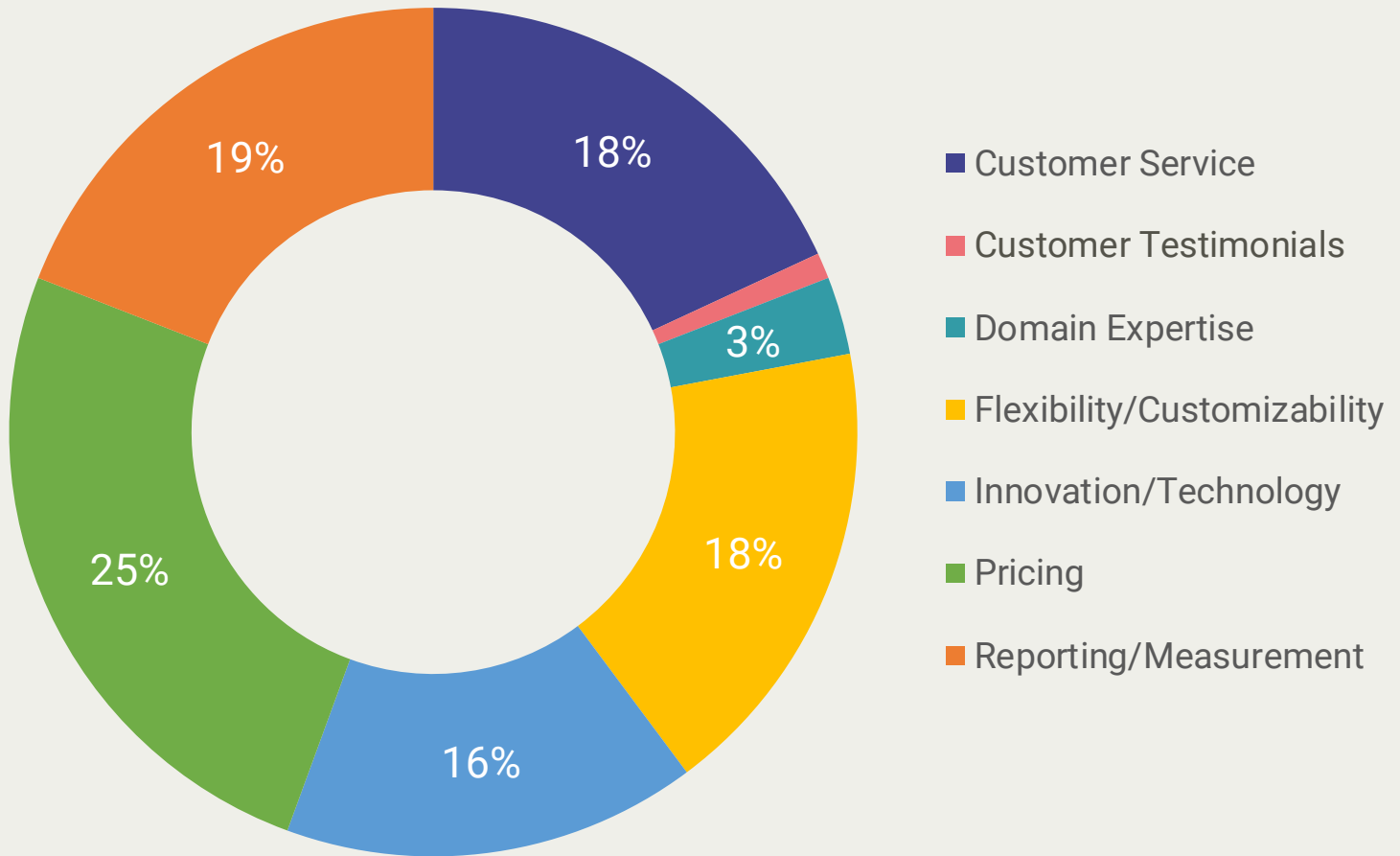
Part 4

VENDOR EVALUATION



What are your top criteria when evaluating wellness vendors (choose top 3)?

TOP CRITERIA WHEN EVALUATING VENDORS

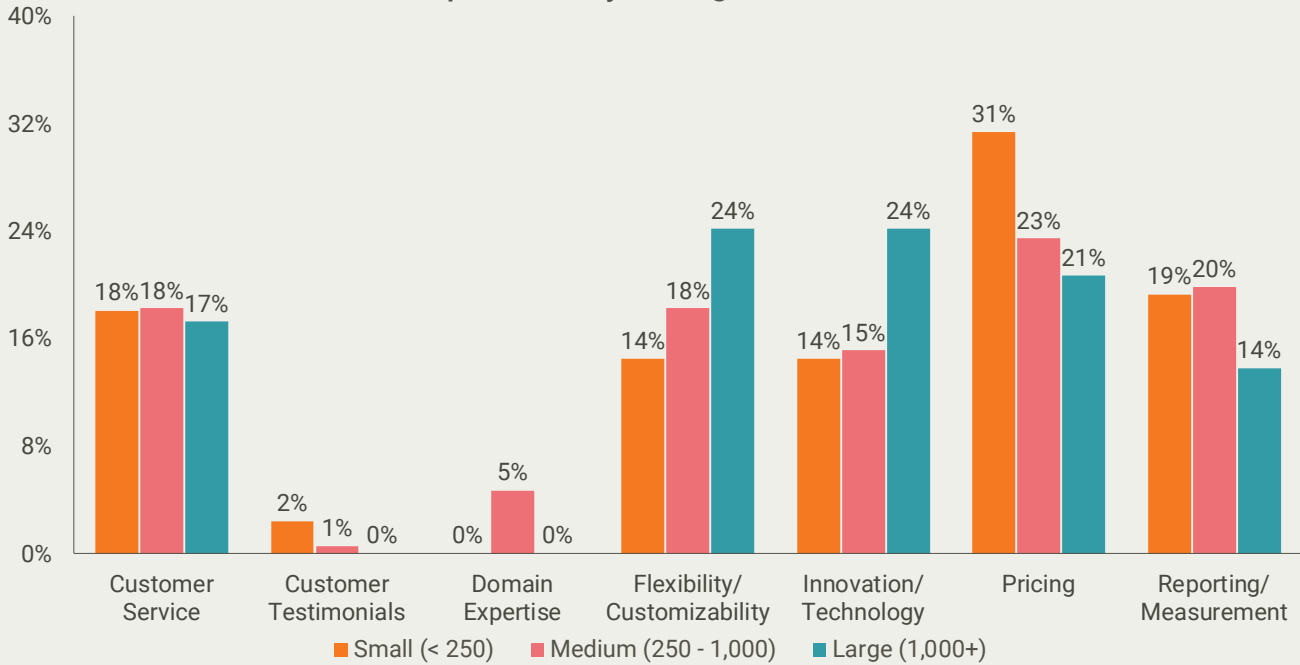


Employers evaluate vendors on a number of criteria. Based on the survey results, two things are clear: (i) pricing is and remains the top criteria and (ii) customer testimonials and domain expertise don't really matter that much. Twenty-five percent of brokers felt pricing was a top three criteria when evaluating vendors, but very few felt customer testimonials and domain expertise were a top three consideration. The remaining criteria, which include customer service, flexibility, technology, and reporting, were effectively equally considered.

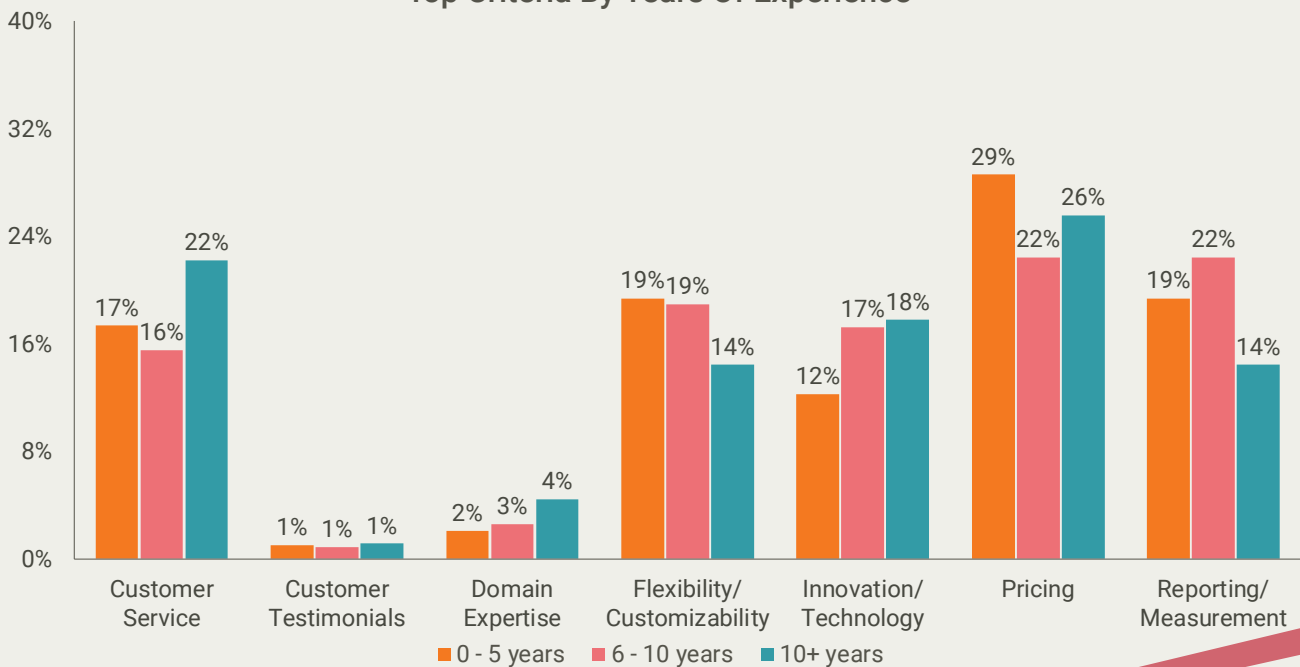
Employer size did change the importance of these criteria. Smaller employers are the most price sensitive, which explains why these employers consider costs significantly more than medium and large employers, who value flexibility/customizability and technology more. Customer service seems to be equally important to employers regardless of their size.

TOP CRITERIA WHEN EVALUATING VENDORS

Top Criteria By Average Client Size



Top Criteria By Years Of Experience



ABOUT WELLABLE

Wellable operates next-generation wellness challenges and health content technology platforms and complements these solutions with onsite services, such as health fair coordination, seminars, and more.



The technology's flexibility allows organizations to customize and configure a program to meet their needs and objectives while providing a rich experience for end users. Wellable works with employers and health plans of all sizes across the world, with active users in more than 23 different countries.

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