

Engaging Employees in Your Health and Wellness Programs



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Rob Parsons:

Welcome to season four of Paychex PULSE, an HR podcast where HR professionals can find great insights on today's top issues and be inspired to build and lead effective teams in a healthier workplace.

Rob Parsons:

Hi everyone. Welcome to Paychex PULSE podcast. Rob Parsons here. Today I'm joined by Chris Michalak, Director and Chief Executive Officer of Virgin Pulse, the world's largest software enabled health and wellbeing solution provider. Chris, welcome to the podcast.

Chris Michalak:

Thanks for having me, Rob. Happy to do it.

Rob Parsons:

It's great. And I really like having you. These topics are certainly top of mind. We've talked about mental health, we've talked about financial fitness just because there's been so many challenges in the last few years.

Chris Michalak:

Yeah, I think if you take the COVID crisis the last few years have created a real, I think, focus on both mental and physical health and the wellbeing, the workforce, and I think that has become an incredible focus of employers in particular who are predominantly our clients. And so, we've been very focused on helping them address both the physical and mental health issues that their employees face.

Rob Parsons:

And it's interesting. When we last spoke, you made it clear how important employers are to this whole marketplace. It really landed in their laps, for lack of a better term. What's going on there?

Chris Michalak:

Yeah. Oftentimes when you think about healthcare, you think about payers, providers, and patients. Those are the traditional three legs of the stool that there are payers, providers, and patients. But, I often talk about the fourth leg of the stool, which is employers. There's 175 million people employed, and most of them are getting their healthcare insurance paid for by their employer or supplemented by their employer. And so they're a very important component, part of the overall healthcare ecosystem. And I think from that perspective, they also have a tremendous amount of the risk and cost of healthcare that's sitting on their PnLs. And so they really care about how people use and consume healthcare within their employer ranks.

Rob Parsons:

It makes sense, especially if it's on the books. But, this isn't all about the goodness of their hearts. There's real reasons employers have to be in this game, aren't there?

Chris Michalak:

Yeah, absolutely. I mean, first and foremost, people are attracted to companies that are offering these kinds of benefits and this kind of capability. 89% of people say they'll recommend their employer when they have a wellbeing kind of component in their overall benefit stack. And 72% say that they're more loyal to their company because of these kinds of benefits. So, from an attraction retention perspective, it's an absolute. It's also from a productivity and presenteeism perspective, these kinds of programs, health, wellbeing, navigation programs, they drive higher productivity and greater presenteeism. When people are the best version of themselves physically and mentally, they show up to work and are more productive and more present. And then finally, I think if you're an employer who is bearing the burden of the cost of healthcare, which are not insignificant, they're rising at 6.5% this year, it's over \$3 trillion in spend on the employer's part.

Chris Michalak:

When you're the one responsible for those costs, you want employees to consume healthcare more effectively as well. And I think that's an important part of a navigation program, helping people get to the highest quality, lowest cost forms of care by getting them navigated to the right solutions within the overall benefits ecosystem.

Rob Parsons:

That's a great segue, and I thought it was really interesting when I was looking at your website and you describe yourselves as the world's number one health, wellbeing, and navigation platform. I'd love to hear a little bit more about what you're doing around navigation, what that means and what impact that's having.

Chris Michalak:

Absolutely. Well, first and foremost, health, wellbeing, and navigation is our three component parts of what we call the home base for health. We want to be the home base for health, the central application that people are using if they're an employee or if they're a member of a health plan that they're using to manage their healthcare. And we want them to be using that application for preventative care, for chronic care and for episodic care. So preventative care, I want them to come out there and stay healthy, do step programs, read content, and do the right things that develop the effective daily habits that enable them to be healthier employees, again, both physically and mentally. If they have a chronic care issue, a chronic condition that they're facing, we also want to help them with that. And we bring them content, we bring them coaches, and we bring them an application that'll walk them through a care journey to help them get into a better place as it relates to chronic care.

Chris Michalak:

And last and probably most relevant to navigation, we are enabling people to consume healthcare more effectively on an episodic basis. When people have a specific need that they need to go address, we help them go find the right doctor, follow the right procedure, and make good decisions as it relates to their healthcare. That's the navigation component. We offer concierge or advocates that help them make better decisions with respect to those, and we bring data forward to them so they can see doctor quality ratings, doctor cost ratings, to enable them to make better choices. I often say if you're an employer, you would never send somebody to

Office Depot to just buy pencils and paper and all the things you need to run an office. But in healthcare, we're essentially empowering people to make their own healthcare decisions and through navigation, we want to empower them to make absolutely better healthcare decisions on their behalf for their own health, but also for the underlying cost of healthcare consumption in general.

Rob Parsons:

I love that concept. I love the concept of presenteeism. There's so much value here for employers. I know with Paychex, we talk a lot about all the different benefits employers can offer beyond healthcare, financial wellness, social connection. In my career, knowing there's clear paths, but getting employees to take advantage remains elusive. And I bet you even see this with your app, with your platform. How do employers help move that needle? How do we get employees on board and understanding all the things we're trying to offer them to help?

Chris Michalak:

Yeah, first and foremost, it starts with accessibility. People need to have clear accessibility to a solution that they feel like helps them across a comprehensive set of capabilities. So, if they have to go to a hundred different sites in order to understand how to navigate the complex ecosystem of health and engagement, that's not going to be effective. And that's partly why we've created this home base for health to create high accessibility. But the second piece is you have to personalize the content that you send to them. First, you have to have content that's compelling to get people engaged. So at Virgin Pulse we have a 50% engagement, which means people are coming into our platform six times a day in many cases and multiple times a month. And so part of that kind of engagement is driven by personalization of really effective content. It's the stuff that they need to be more effective in managing their healthcare, and we're providing it on a regular basis to the individual based on their specific needs. So, personalization and content is really critical. And then the last one for me is incentives. I think people-

Rob Parsons:

Yeah, I was going to ask about that.

Chris Michalak:

Incentive's really important and they are both intrinsic and extrinsic. People need to sometimes be fueled by financial incentives that cause them to do the right thing. So, in many cases, our employer clients will offer premium discounts based on the kind of engagement and behavior that they see. But the other one is extrinsic, which is ... sorry, intrinsic, which is the ability to compete with one another, for example, in a challenge. The ability to see how many steps I'm doing relative to some other people who I work with, the ability to compete and see how we're consuming healthcare across my entire family. Those intrinsic and extrinsic rewards also drive engagement on the platform and help people stay involved and engaged around their overall health.

Rob Parsons:

We've seen that a lot in our company and step challenges is a great example with everybody's Fitbits and it's really ... You're right. It gets people involved. What's been your biggest challenge on the other side on getting employers to think about this differently? We know there's always a problem with employees. With employers, I imagine there's got to be some education on your part, some things you're trying to get them to understand. What are the biggest hurdles you've had to overcome there?

Chris Michalak:

Yeah. I wouldn't call it hurdles, but when people are starting to consider wellbeing programs, they first have to consider what kinds of things they actually want. Some people will dip their toe into water with a single annual step challenge. Others will say, "Hey, we really want to really drive engagement across our workforce." And others will say, "I want to create a return on investment with respect to healthcare spend." And so the first challenge for us is to go figure out what does this employer really want and need? What will help them move their agenda forward? The second one, I think people want to return on investment and being clear that health

and wellbeing programs drive a clear return on investment. For example, we've done multiple studies and our studies suggest that claims reduction, the reduction in the amount of claims that people are taking if they're on our platform, is about 800 to a thousand dollars in lower claims costs when people are using the Virgin Pulse platform.

Chris, Michalak:

So, helping employers see that these programs and this kind of effort actually does drive lower costs to them and does have a specific ROI. The last thing that I'd say with employers is getting them to be focused on communication. There are many things that an employer has that they can communicate to their employee base and helping them focus their efforts in the areas that create the greatest return and the best improvements in the employer, in the employee base, in terms of their health, that's really critical. And so, we're focused on that as well.

Rob Parsons:

I love it. And it's like so many things I'm seeing in HR. This isn't just add-on, this isn't a bolt on, this is part of my business plan, this is part of my numbers, my bottom line, and this is how I'm running the operation. It's not just something extra I'm adding.

Chris Michalak:

Yeah, it's like an enterprise resource planning system for employee health and wellbeing. It's creating that one place to go where the personal processes are really important to them and their family and how they consume healthcare. And that's the employer really making a difference in the lives of their people.

Rob Parsons:

That's great. And it does feel like a sea change just within the last five years. When you look ahead, what's next? What's the next big thing or the next big change or what's going to shake things up that we should all be looking out for?

Chris Michalak:

Yeah, I think the continued consolidation of the value chain around how healthcare, both physical and mental healthcare is delivered to the employee, I think that is the change that we're seeing in the marketplace today. There are hundreds and hundreds of different point solutions or digital therapeutic platforms and so forth that has become a little overwhelming to both the employer and to the member. Both are overwhelmed by the amount of choice. And I think the big thing that we're seeing going forward in the future is there will be a few platforms that are the consolidators. So today we bring 70 partners through our platform, to the employer. We make them available through our application, that ability to consolidate accessibility to all of the programs that are necessary. So I'm not suggesting that these digital therapeutic programs aren't necessary, but it's the ability to provide them in a comprehensive and understandable way to the end user, that's really important.

Chris Michalak:

So, I think you'll continue to see the value chain consolidated. And if you're an employer, we make it possible for people to contract with different digital therapeutics on our paper and through our platform. It means that the employer doesn't have to do a whole new setup. They don't have to execute a completely new contract, go through IT security. We're making it simple to bring solutions to their employee base through our platform. And I think that kind of consolidation is going to be a wave of the future.

Rob Parsons:

That's great. That makes a ton of sense. We've seen the exact same thing in the HCM technology space and the integration. So, you can stick with the point solutions that work for you but still have a single system that you're working with. It's a whole new layer to your definition of navigation.

Chris Michalak:

Absolutely right. And I'm quite sure Paychex is doing a lot of the same kinds of things to make it simpler for employers to manage all the aspects of running the HR platform for them. So we're in the same boat, if you will.

Rob Parsons:

Exactly. For those of you who are interested in what's happening in the world of health, wellbeing, and navigation.

Chris Michalak:

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Rob Parsons:

Exactly. For those of you who are interested in what's happening in the world of health, wellbeing, and navigation. You're hosting a 10th annual Thrive Summit in early April. Can you tell us a little about that conference?

Chris Michalak:

Yeah, absolutely. As you mentioned it's the tenth year that we're running the Thrive Summit. So, we're thrilled about celebrating that milestone. We will have over 1,000 people participate in person and virtually in what I think is probably the largest gathering of people who are focused on health, wellbeing, and navigation in the marketplace. So, we'll bring together hundreds of employers as well as some of our digital therapeutic partners as well as some of the consultants that are operating in this space. We'll bring them all into one place, in Salt Lake City, in April. And we're thrilled about the kind of content that we're going to be pushing to them. Cal Penn is our keynote speaker; we're thrilled to have him and he's going to talk about how public policy can influence some of these areas. And we have a number of other people that who are part of the overall agenda, I encourage you to look at it online if you will. The Thrive Summit in April. And I think it's going to be an absolutely fantastic gathering of likeminded individuals. Maybe one last thing about it, I opened last year's session talking about the mission statement at Virgin Pulse which is Changing Lives for Good. And I think at the end of last year's session it was clear we had a bunch of people in the room who really about that purpose. And it's fun to be a part of something that feels like a movement in changing employee lives, member lives, people's health and wellbeing for good. And it was really just an inspiring opportunity to be a part of that.

Rob Parsons:

I absolutely hear that. When I go to conferences, I feel invigorated being with my people. And we've talked about how sometimes HR professionals are on a bit of an island. And getting out to these kind of events, being with likeminded people can really help refill that gas tank so I love that you're doing an event like this, Chris.

Chris Michalak:

Yeah, we're thrilled about it. And, excited, it's coming up quickly is what I'm recognizing in my calendar, and we have a lot to do. But we're excited about it and look forward to seeing a bunch of people there.

Rob Parsons:

Fantastic. Well, Chris, thank you so much for joining the podcast today! It was really great hearing from you.

Chris Michalak:

Not a problem. Thank you for having me, Rob. And I appreciate you giving me an opportunity to shine a light on some of the topics that we just talked about. So, thanks for having me. Thanks to Paychex as well.

Rob Parsons:

Great. And thank you to our listeners for joining. For those of you who want to learn more about the conference, you can go to thrivesummit.com. And that's available in person and as a live stream. Thank you all once again. And as always, please stay happy and healthy.

Rob Parsons:

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Speaker 3:

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