

CEOs Take on Wellness as Corporate Strategy; Rising Costs of Chronic Diseases Hurting Corporate Profits and Productivity, Finds PricewaterhouseCoopers

Survey Finds Over Half of Multinational Companies Surveyed to Invest in Workplace Wellness

WASHINGTON, Feb. 5 /PRNewswire/ -- As work becomes more sedentary, the global workforce is becoming fatter, sicker and less productive due to chronic conditions such as heart disease and diabetes, according to a new report prepared by PricewaterhouseCoopers Health Research Institute in conjunction with the World Economic Forum.

Publicly released today, the report, entitled "Working Towards Wellness: Accelerating the Prevention of Chronic Disease," identified chronic disease as a growing and costly threat to corporations and their workers. It calls on global CEOs to make wellness central to their corporate business strategy, suggesting that multinational employers have the greatest stake in and best opportunity to prevent chronic disease. For corporations adopting wellness programs, PwC provides a framework to ensure the effectiveness of those initiatives.

According to PwC, too little attention is being paid to preventing chronic diseases, as only 3 percent of spending in industrialized nations goes toward prevention.

"Traditionally, it has been governments, not employers, that have been responsible for managing the major global health risks," said Jim Henry, global leader for Healthcare, PricewaterhouseCoopers LLP. "The focus and funding have long been on infectious diseases such as AIDS and malaria, as well as maternal deaths and diseases of the poor and malnourished. But the prevention of chronic diseases has been chronically underfunded. As we get older, fatter and less active, the weight of the world is falling on the bottom lines of the world's largest companies in the form of reduced productivity, increased tax burdens and declining competitiveness."

PwC's report, first presented at the World Economic Forum in Davos, provides a comprehensive overview of the impact of chronic disease:

- Chronic disease, including cardiovascular diseases (stroke and heart disease), cancer, chronic respiratory diseases and diabetes, caused 60 percent of deaths worldwide in 2005.
- Deaths from chronic diseases will increase worldwide by 17 percent between 2005 and 2015. At the same time, deaths from infectious diseases, maternal and perinatal conditions and nutritional deficiencies combined are projected to decline by 3 percent.
- The economic toll of chronic disease for developing and developed nations around the world is estimated at approximately 3 percent of gross domestic product, globally.
- The world now has more people who are overweight than hungry. Preventable risk factors such as poor diet, lack of physical activity, stress and smoking are the biggest contributors to chronic disease.
- According to the World Health Organization, the United States is the world's fattest nation, with over half of adults overweight or obese. But China and India are growing fatter at a faster pace. By 2015, the number of overweight and obese adults in China and India will grow by 66 percent and 44 percent, respectively. In India, the share of deaths from chronic disease is expected to increase from 40 percent in 1990 to 67 percent in 2020, and spending on cardiac-related treatments is expected to grow by 13 percent annually there.

Employers Step in with Wellness Programs

In "Working Toward Wellness" PwC examines the challenges facing businesses as a consequence of the growing epidemic of chronic disease, and found that approximately 2 percent of capital spent on workforce is lost to disability, absenteeism and presenteeism (in other words,

diminished productivity from ill employees who go to work but work below par) due to chronic disease. Combined, these indirect costs are more than the additional direct medical claim costs that some employers incur. In contrast, corporate wellness programs have been shown to provide a **3-to-1 return on investment**.

"There are quantifiable benefits from using wellness programs to attract and retain talented, healthy employees," said Simon Leary, partner, PricewaterhouseCoopers LLP, the UK firm of PwC and Health Research Institute Leader for United Kingdom/Europe. "You can improve the health and well-being of your workers while also bolstering your bottom line. **The economic case for prevention is overwhelming.**"

As part of its research, PwC conducted a survey on wellness program among multi-national employers representing more than 3 million employees worldwide, and found a growing emphasis on health prevention in the workplace. The survey, conducted in conjunction with the Washington, DC-based National Business Group on Health, found that:

- More than half of multinational corporations surveyed expect to introduce or expand corporate wellness programs over the next five years.
- One third (33 percent) are rolling out comprehensive wellness programs in multiple countries, while another 17 percent are rolling out a single wellness program in multiple countries.
- The two leading reasons cited for promoting wellness were "**reducing indirect costs associated with absenteeism, presenteeism, disability and workers' compensation**" and "**improving work performance, such as productivity and quality.**" "**Reducing direct healthcare costs**" was cited as the third most important reason, followed in order of importance by "**the desire to improve the image of the company internally (for retention purposes)**" and then to "**improve the image of the company externally (for recruitment purposes).**"

PricewaterhouseCoopers also found that of the 20 largest multi-national companies in the world, 75 percent published corporate responsibility reports online in 2006. Of those that published reports, 93 percent emphasized their commitment to improving the health of employees.

The "Working Toward Wellness" report is a joint initiative of PricewaterhouseCoopers and the World Economic Forum. At the annual meeting of the World Economic Forum in Davos last month, the leaders of the world's largest, most influential companies were called upon to join the Forum's Working Toward Wellness initiative, an effort to stimulate greater business engagement in the fight against chronic disease through employee wellness programmes. The goals of this initiative are to engage CEOs and business leaders to commit to measurably improve employee health and wellness; help companies take practical steps to improve general employee health and facilitate collaboration between stakeholders in the battle against chronic disease.

A full copy of the report can be downloaded from <http://www.pwc.com/workwellness> with online, free registration.

About the PricewaterhouseCoopers Health Research Institute PricewaterhouseCoopers Health Research Institute provides new intelligence, perspective and analysis on trends affecting all health-related industries, including healthcare providers, pharmaceuticals, health and life sciences and payers. The Institute is part of PricewaterhouseCoopers' larger initiative for the health-related industries that brings together expertise and allows collaboration across all sectors in the health continuum.

About PricewaterhouseCoopers PricewaterhouseCoopers (<http://www.pwc.com>) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 130,000 people in 148 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

"PricewaterhouseCoopers" refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

SOURCE PricewaterhouseCoopers LLP