ICAA Forum 2016

# Framing the return on investment (ROI) in wellness staff

The value, actions and outcomes that prove the return on investment in wellness staff

Report from ICAA Forum
In conjunction with ICAA Conference, November 2016

International Council on Active Aging®
Changing the Way We Age®

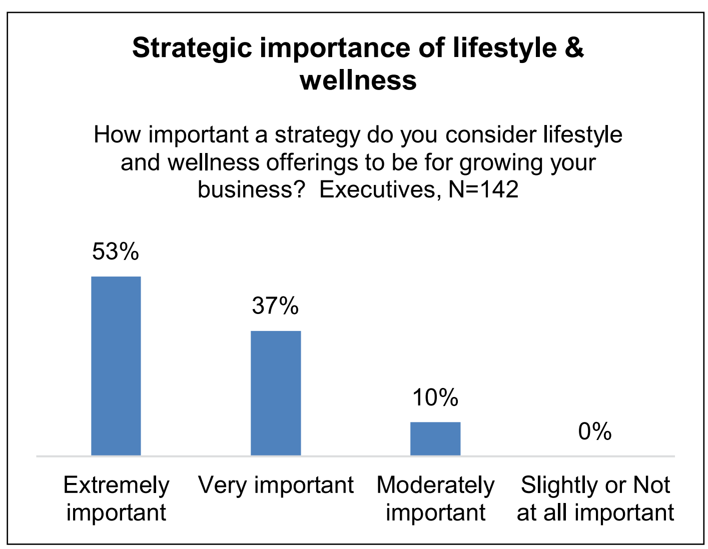
**Valuing the wellness staff**

Wellness is no longer an afterthought for many senior living communities as 90% of CEOs and upper management surveyed by the International Council on Active Aging® (ICAA) state that providing lifestyle/wellness programing is an important strategy for growing their businesses. Almost as many (88%) executives added that they planned to increase their investment in wellness. This is especially the case in retirement communities, where 37% of executives planned to build or significantly remodel places for lifestyle/wellness and 48% were adding wellness-related services between 2014-2016.[1]

The strategic growth in wellness is reinforced by 82% of respondents in a separate survey who planned to add new activities, classes or programs between 2014 and 2016.[2]

The mission statements of many organizations working with older adults include the words "wellness," "quality of life," "well-being" or "lifestyle" confirmed 81% of respondents to the ICAA Wellness Readiness survey. Activities/life engagement, fitness and exercise, food and nutrition and health education are the services considered to be "wellness" in their organizations.[3]

When the mission of the organization supports wellness, then the staff members are critical to aligning the wellness program with the organization's purpose. Are organizations doing what is needed to hire and develop wellness staff members who can successfully lead the wellness strategy?




*Source: ICAA Wellness Readiness Survey 2014, Executive Edition*

To explore this issue, International Council on Active Aging® (ICAA) invited delegates from senior living, therapy, consulting and supplier organizations to the ICAA Forum held in conjunction with the ICAA Conference. The goal was to frame an approach for measuring the return on investment (ROI) when hiring, training and coaching wellness staff members, who may work in the activity/engagement, fitness, health education and recreation areas.

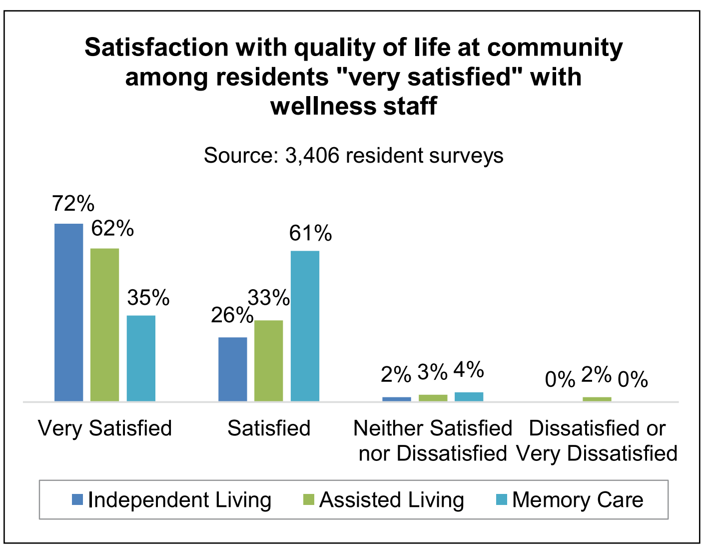
The delegates focused the development of the framework by answering three key questions:

1. What impact do wellness staff have on the business?
2. What return do managers expect from the wellness staff?
3. What steps need to be taken to achieve a staffing ROI?

Their rapid ideation of issues and solutions yielded key messages and action items.

**Business impact of wellness staff members**

If wellness staff impact the business side of the organization, then investing in them is a reasonable expense. If there is no impact on the business, then giving a low priority to the wellness workforce is appropriate. The first question raised must be: What impact do wellness staff have on the business?




*Source: ICAA/ProMatura Wellness Benchmarks National Report 2016*

*"Impact on business depends on the level of expertise of staff members to comprehensively implement an appropriate intervention for each individual. Most importantly, they have the support from CEOs, COOs and complete buy-in from all department heads."*

The consensus is that wellness staff members do impact the mission and business objectives of an organization, assuming that staff members are appropriately hired, trained and supported. Forum delegates provided examples of how wellness staff contribute value.

**Positive satisfaction ratings.** Wellness staff interact with residents and clients on a daily basis, which means they strongly influence feelings of well-being and satisfaction. The business result of satisfied customers and residents can be more referrals, a positive atmosphere, and unsolicited marketing and public relations messages.

One proof of this relationship is found within the data provided by communities in the ICAA/ProMatura Wellness Benchmarks. Among residents who participate in the wellness programs offered at continuing care/life plan communities (CCRCs) or independent living or assisted living properties, those who are "very satisfied" with the wellness staff are also "very satisfied" or "satisfied" with their quality of life at the community. The "very satisfied" rating is important because these are the individuals most likely to refer to others.[5]

**Revenue gains from fees.** When a wellness program is fully developed and marketed, and participation is high, then overall rates can be raised because of the demand. In a continuing care/life plan community, if residents live independently for a longer period of time, there is space in assisted living or skilled nursing to bring in clients who are not part of the lifecare contract, which is additional revenue. Programs that are open to the public for a membership fee generate direct revenue, as do fee-based options such as seminars, personal training or overnight trips.

**Revenue from longer lengths of stay.** In age-qualified communities, residents pay for each month they live there. In properties with multiple levels of service, the costs increase for additional services in assisted, memory care or nursing residences. When participation in the wellness program relates to a resident staying in the community longer, then each month is revenue to the community. When more residents live

*"A lot of community outreach comes through our wellness program and the wellness staff. If you track how many [nonresidents] visit your programs and use your space and equate that to staff costs and program expense, you can see those dollars. That's very tangible—social accountability comes through wellness staff."*

independently, they and the community save money that would otherwise be spent on assistive services. Within communities participating in the ICAA/ProMatura Wellness Benchmarks, independent living residents who participate in the wellness program (fitness and activities) stayed in the community about two years longer than all the residents.[5]

**Fund-raising.** For not-for-profits, showcasing the goals and outcomes of the wellness program along with testimonials and visuals explains to donors the value of contributing to the organization.

**Referrals.** Age-qualified communities that open to the public wellness program activities, such as membership in the fitness center or special events, develop a list of leads and increase the likelihood of move-ins.

**In-kind partnerships.** For special events, staff in wellness programs often reach out to relevant organizations, such as local small businesses, pharmacies, universities, physicians and travel agencies, to provide information and education for free. In return, staff provide a venue and audience. These partnerships save the wellness departments substantial amounts of money. They also expand the network of businesses that refer to the organization hosting the event.

**Sponsorships and donations for programs.** Wellness staff work with outside organizations for funding of marketing materials and brochures, T-shirts and other items to publicize special events. Organizations also donate supplies such as bottled water, food, raffle prizes and gift cards. Sponsorships and donations can result in significant savings.

**Social accountability.** The social accountability of an organization is measured by how much it takes into account the concerns of the community surrounding it, and how much it works toward the betterment of the community. For not-for-profit organizations, proving social accountability is necessary for preserving their tax status. When community outreach is fielded through the wellness program (for example, by hosting events such as Active Aging Week or speaking engagements), then these efforts can be included in the annual report of social accountability.

Additional value is provided by:

- **Meeting standards.** In the United States, the wellness program and staffing is an element within the CARF accreditation requirements. In Canada, the wellness function can help meet standards set for continuing care accommodations.
- **Reducing workman's compensation claims**. When residents are more functionally able because of participation in fitness and health education programs, then there is less demand on healthcare staff and resources. Since wellness staff are increasingly charged with implementing employee wellness programs, they are instrumental in aiding human resources objectives of controlling company healthcare costs and providing wellness as an employee benefit.
- **Positive culture and atmosphere.** When residents and clients are more satisfied with the programs, services and staff, and more engaged in the activities, then they are less likely to complain.
- **Interrupting hospital readmissions.** The social, physical and cognitive activities available through comprehensive wellness programs partner well with the dining and healthcare services available in communities with assisted living and nursing services. This combination for private-pay clients increases their chances of recovery from a hospital visit, and may lead them to view the community as a permanent home.

**Expectations of wellness staff**

Since wellness staff do have a positive impact on the business—as well as on the clients and residents they work with—the next question becomes, how is their value measured? Today, what return do managers expect from the wellness staff? Is that different than what executives expect to see?

The answers to these questions depend on the needs of the place where a person works (for example, serving generally healthy adults or those in therapy or nursing care) and by the person who is making the evaluation. In general, managers are looking to accomplish departmental goals, while executives are looking at the big picture of the organization.

Both direct managers and executives are looking for staff members to provide quantitative outcomes along with the types of programs and activities that have evidence-informed benefits for participants. Some of the outcomes measures may not be collected by the nonmedical wellness staff, but can be related to the work that they perform.

About half of the Forum delegates said they are currently seeing the results that are expected, and about half said they are not seeing them at this time.

**Manager's expectations**

- High levels of participation; utilization of facilities and programs
- Program growth through referrals and retention; addition of new programs; refreshing current offerings
- Communicating with other departments to market the program, cross-refer and generate leads
- Assessment at baseline and on an ongoing basis of client interests and needs, of fitness, of health status
- Programs that reduce the risk of falls
- Integration with other departments; building relationships with colleagues
- Purposeful programs that lead to maintenance or improvement in functional abilities
- Increased occupancy in age-qualified communities and length of stay because of the program

**Executive management expectations**

- In residential communities, data that shows the relationship between wellness programs and occupancy
- Residents in age-qualified communities staying longer in more independent service levels and in the community as a whole because of their participation in wellness
- Activities and staff represent the organization in a positive light and enhance the brand
- Current and future residents/clients demand for wellness programs and equipment
- Referrals to the organization increase because of the program value and satisfaction of current users
- Program positions the organization in relation to competition

**What is return on investment?**

An understanding of the ways that organizations measure the return on investment clarifies how staffing relates to the business operations.

Return on investment (ROI) is a ratio used to calculate the return, or the benefit received, from an investment. A simple ROI formula is return minus cost divided by cost. There are a number of variations used, but the result is a single number that is easy to understand and compare across different departments and between organizations.

In human resources, the Human Capital ROI for the entire company is often determined by taking the total revenue minus operating expense (minus staffing costs) divided by human capital costs.[6] With this formula, the cost associated with the wellness staff is included with the costs of everyone else who works in the company.

Another approach for evaluating return is Economic Value-Added (EVA), which looks at how an investment relates to the value a company offers its stakeholders by measuring the efficiency with which it uses resources. The EVA model is more often used by for-profit organizations, although the model can be applied to staffing by answering the question of whether the investment in human capital is adding to the value of the business or taking away from it.[7,8] This is similar to the value-added strategy used to enhance a service or product to make it more valuable to customers or to set it apart from the competition. The EVA formula is complex so it is not as simple to use as a simple ROI.

- Scores on satisfaction survey are high
- Revenue is generated through the program
- Reduction in employee turnover

**Methods used to evaluate the return**

- Outcomes data of falls reduction
- Number of participants in classes and activities
- Data showing changes in health behaviors and cognitive function
- Number of referrals to therapy and other services
- Retention of the participants
- Fee-based programs that generate revenue
- Results of assessments that show progress or areas for improvement
- Ratings on client, resident and employee satisfaction surveys
- Ongoing, effective working relationships with other departments

**Priority steps to build the staffing ROI**

What steps need to be taken to achieve a staffing ROI? To answer this final question, Forum delegates staged actions that can be taken to demonstrate the value of investing in wellness staff, summarized in "Steps to achieve ROI."

For action to show the value of investing in wellness staff so they are able to meet the expectations of managers and executives, three conditions must be in place.

1. Wellness/lifestyle must be included in the organization's strategic plan. If quality of life, health and well-being and active lifestyles are within the organization's mission, then the wellness/lifestyle should be a high priority. Within the strategic plan, wellness supports one or more objectives.
2. Tracking and assessment of program results is essential. The quantitative numbers blend with anecdotal reports of success to create the story of the wellness department's contributions. Specific outcomes speak to the executive leadership and program managers; anecdotes and testimonials speak to marketing efforts and person-centered care. Wellness outcomes reflect the contributions of the wellness staff.
3. Integration among services and departments creates the culture and value of wellness. Breaking down the silos in organizations, and engaging all staff members in aiding the wellness function, is necessary for the most efficient use of resources.

There are tools currently available to measure the contribution of wellness (activities/engagement, fitness, recreation and post-rehab). For example, the ICAA/ProMatura Wellness Benchmarks

## Steps to achieve ROI

| | Step 1 | Step 2 | Step 3 | Step 4 | ROI |
|---|---|---|---|---|---|
| **Mission** | Wellness/lifestyle is a mission of the organization | Wellness function has a mission derived from the organization's mission | Constant and consistent messages promote the value of wellness | Advertising and media coverage of wellness outcomes and testimonials | Wellness results support the quality of life and health status of clients and residents |
| **Objectives** | Wellness/lifestyle is included in the organization's strategic plan | The wellness function details how it will support the business objectives | Wellness establishes methods to measure performance | Wellness goals are integrated across the organization | Wellness relates outcomes to organization's objectives |

*"The healthier, more capable resident equals less workers' compensation for our staff because there is less of a demand on staff if we can keep residents stronger."*

follows residents in CCRCs and IL or IL/AL communities and shows participation, the length of stay of wellness program participants, their satisfaction with the community, and how much the program influenced their decision to move in. Fitness assessments, such as the Senior Fitness Test, indicate improvements in functional abilities over time, which can relate to reducing the risk of falls.

Well-worded satisfaction or quality of life surveys (not "smile sheets") indicate how program offerings are meeting needs. Even simple before-and-after surveys can indicate intent to change health behaviors.

For these tools to be useful, managers need to place using them into job descriptions and allow time for staff members to enter the data and report the results. The ability to do so becomes a skill needed at hiring, or to be trained.

Demonstrating the return on investment relies on the attitudes and skills of wellness staff members as well as their supervisors. If wellness staff are to become priority workers in the organization, they must be:

- Committed to the organization's mission and develop programs that align with business objectives.
- Proactive in explaining the value of the wellness program.
- Work with peers cooperatively to help them achieve their goals.
- Track outcomes and report them.
- Be accountable for achieving the results that are required.
- Have the training and professional development that enables them to achieve outcomes.
- Prepared to write a plan of how staff will be utilized and how the cost of staffing will be managed.

**Summary**

Wellness services have become a key strategy for fulfilling the missions of organizations serving older adults, both to meet the demand of current customers and to attract future participants. In response, organizations are growing their programs by adding new activities, classes or programs.[2]

ICAA believes the tools are now available to measure the effectiveness of the wellness program and of the wellness staff. Managers can take the steps to insure that wellness, and the wellness staff, have an important role in the organization.

Taking advantage of these tools requires the cooperation of staff members, human resources, managers and executives. But if organizations truly want to live by their mission, then wellness, in concert with medical, dining and supportive services, is a high priority. The staff who plan and deliver programs likewise are high priority.

**The tools**

**ICAA/ProMatura Wellness Benchmarks** show the return on investment from wellness by linking the outcomes of resident participation in nonmedical programs (independent living, assisted living, assisted plus memory care) to business objectives of occupancy, satisfaction and utilization. http://www.icaa.cc/business/benchmarks.htm

**ICAA Career Path for Wellness Professionals** provides steps of skills and knowledge wellness staff need, from entry level through middle management to senior leadership. http://www.icaa.cc/business/whitepapers.htm

**ICAA Salary & Benefits Survey** reports on the attitudes of workers toward their jobs in addition to their compensation and responsibilities. http://www.icaa.cc/business/research.htm

**ICAA Active Aging Industry Development Survey** monitors plans for the physical environment, programs and staffing. http://www.icaa.cc/business/research.htm

**The business case for wellness programs** in retirement communities and seniors housing white paper explains why wellness returns costs savings and marketing power. http://www.icaa.cc/business/whitepapers.htm

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## Measuring ROI is challenging

The challenges when measuring the return on investment in wellness staff are similar to those encountered when evaluating a structured program.

**Wellness outcomes are difficult to measure.** The return on investment (ROI) in wellness staff is not always clear given that the results of their work—purpose, satisfaction and quality of life—can be difficult to measure. The results of wellness/lifestyle are often reported in anecdotal, rather than quantitative terms, using words such as "happy" or "satisfied" or "good morale." Managers and staff members may struggle to show the outcomes of programs in the numeric terms that are the language of business decision makers. Therefore, senior management has little quantitative evidence of how the wellness program supports organizational objectives.

**Wellness may not be a business objective**. The provision of wellness/lifestyle programs may not be contained in an organization's strategic plan (*what* the organization will do), and therefore not appear as a business objective (*how* the plan will be accomplished). If wellness staff members do not know what is in the strategic plan, or what the objectives are, then they have no way to relate how their actions support the organization's goals.

**Senior leadership do not understand the contribution of wellness**. When Chief Operating Officers, Chief Executives and board members see wellness programs strictly as an expense with little economic return, then they do not recognize the value qualified staff members can bring.

**Job requirements do not include showing a return**. Even in organizations that have a commitment to wellness, staff may work within different departments where the expectations are defined differently. Managers may evaluate staff based on tasks performed rather than outcomes. Staff members may not be required to define the goals they plan to achieve, which makes it difficult to evaluate performance.

**Wellness positions are not a staffing priority.** Staffing priority is given to positions where there is a high level of turnover or regulatory requirements, such as the nursing or dining staff. The focus of government and industry reports is on the recruitment challenges of the longterm care workforce, excluding the "lifestyle/wellness" staff. Once in place, wellness staff seem to be stable workers, reporting a median of six years in their current position and 12 years of experience working with older adults.[4] Because of that stability these roles may become a low priority.

**The ICAA Forum**

The ICAA Forum brings together thought leaders from many organizations—both private and public—to form a think tank that develops strategies to turn the challenges facing senior living providers into opportunities. Launched in 2005, the meetings forge connections among industry leaders while promoting understanding and cohesive action around the ultimate goal: health and quality of life as people age.

**Active aging**

Active aging promotes the vision of all individuals—regardless of age, socioeconomic status or health—fully engaging in life within all seven dimensions of wellness: emotional, environmental, intellectual/cognitive, physical, professional/vocational, social and spiritual.

**International Council on Active Aging®**

**Changing the Way We Age®**

International Council on Active Aging has been leading, connecting and defining the active-aging industry since 2001. Founded in the belief that unifying the efforts of organizations focused on older adults benefits both the people they reach and the organizations themselves, ICAA has a vision shared by over 10,000 organizations. ICAA's support of the active-aging industry includes the ICAA/ProMatura Wellness Benchmarks and Industry Research Reports, environment and program development, market development, education and research on healthy aging and wellness, networking, best practice sharing, marketing and strategy development, public relations campaigns and recognition programs.

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