

Rethinking Wellness ROI

How personalization and technology
are reshaping outcomes



EXECUTIVE SUMMARY

Where Wellness Started — from Perk to Strategic Priority

Workplace wellness initiatives have a long history dating back 50+ years, with Johnson & Johnson credited with implementing the first workplace wellness program, Live for Life, in 1979. This innovative program established the model for future generations of wellness solutions in the workplace.¹ It was oriented around overall health and wellbeing and considered a complement to a healthy lifestyle.

The focus on wellness as a strategic priority for businesses grew as healthcare costs began to skyrocket in the late 90s and early 2000s. Feeling the pressure of increased claims spend, employers began looking for sustainable ways to reduce claims costs, which is where wellness as prevention started to form.² Eventually, wellness was seen as a reliable way to bend the cost curve, and a compelling ROI case was formed.

The Case of Wellness ROI

As wellness started to take off, there was increased scrutiny of the ROI promises made by wellness solutions companies. Several pivotal studies showed that the case for wellness ROI was not so simple — merely instituting a program was not enough to drive financial savings or reduced claims costs.

In response, the wellness industry had to evolve and develop a more nuanced understanding of where and how wellness could make an impact.



Where We Stand Today — and Where We Can Go in the Future

Driven by advances in technology, a deeper understanding of behavioral health, and a growing recognition that employee wellbeing is multidimensional, the industry now stands at an inflection point. We all know that wellness programs need to do more than claim a hard ROI. They need to demonstrate comprehensive, strategically grounded, and technologically advanced solutions that truly drive results. The key to unlocking those results is personalization.

To that end, the future of wellness in the workplace is going to be driven by AI and machine learning that takes personalization to new heights. The companies wielding these tools in unique, differentiated ways are leading the charge in defining what workplace wellness solutions will look like for years to come.



PART 1

The Unfulfilled Promise of Wellness ROI

Moving into the 21st century, wellness solutions gained in popularity, transforming into strategic pillars for employers and health plans looking to bend the claims cost curve. With that move came increased scrutiny around the bold ROI claims these solutions were making.

The Path Toward Demonstrable ROI

No longer seen as just a benefits perk, workplace wellness solutions became a cornerstone of benefits packages. From here, organizations began making bold claims about the power of wellness programs to transform both employee and organizational health in the form of claims savings. The healthcare industry responded with enthusiasm.

In 2010, Harvard Business Review published a particularly bullish article on the ability of wellness programs to generate substantial savings. They used Johnson & Johnson as a shining example of the kind of financial impact wellness can make.³ Within a few short years, wellness became the silver-bullet solution that every employer and health plan needed to stem the dismal tide of ever-increasing healthcare costs.

But like most things that seem too good to be true, wellness ROI wasn't as simple or straightforward as everyone assumed. There was tremendous promise, but that promise needed to be supported by real, measurable outcomes and ROI to be fully realized.



When the Evidence Didn't Hold Up

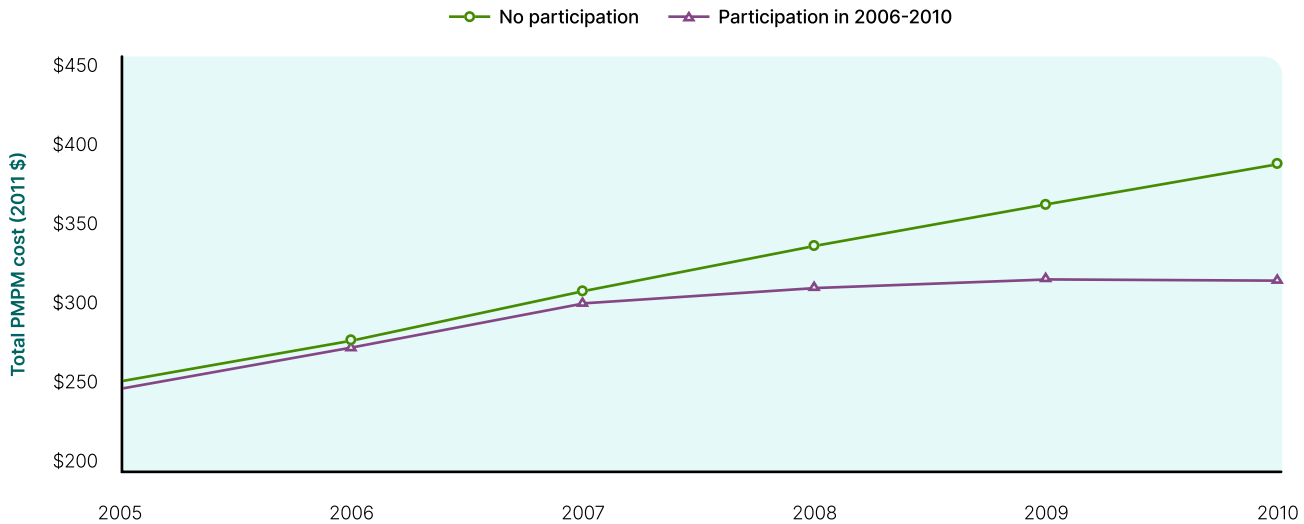
In 2013, RAND Health published a landmark research report, sponsored by the U.S. Department of Labor and the U.S. Department of Health and Human Services, that comprehensively analyzed a representative cohort of employer-sponsored wellness programs and their discernible impact. The hope was to determine how effective wellness programs truly were in lowering claims costs and improving employee health. The results changed the trajectory of wellness programs forever.⁴

RAND found that while lifestyle management components of wellness programs could produce modest results, disease management components, the true driver of high claims costs, showed far weaker returns than previously claimed. So, while wellness programs demonstrated an ability to promote healthy behaviors (such as smoking cessation, exercise, stress relief, etc.) these did not translate into meaningful hard ROI in the form of reducing claims costs.

As evidenced by the chart on the following page, when we look at the full range of the 5-year study, we see modest savings in the first three years. While those savings numbers jump in years four and five, they are not statistically significant and could be affected by factors other than the wellness program itself. These figures also exclude the cost of operating the wellness program, which RAND noted they were unable to assess. This makes any definitive ROI conclusion premature.

Monthly Healthcare Costs: Participants vs. Non-Participants

Total PMPM cost (2011 \$) · 5-year simulation · CCA employer database · 3,924 matched pairs



PMPM gap by 2010

~\$70

per member / per month



5-year average annual savings

\$157

per member / per year



Statistical significance

p > 0.05

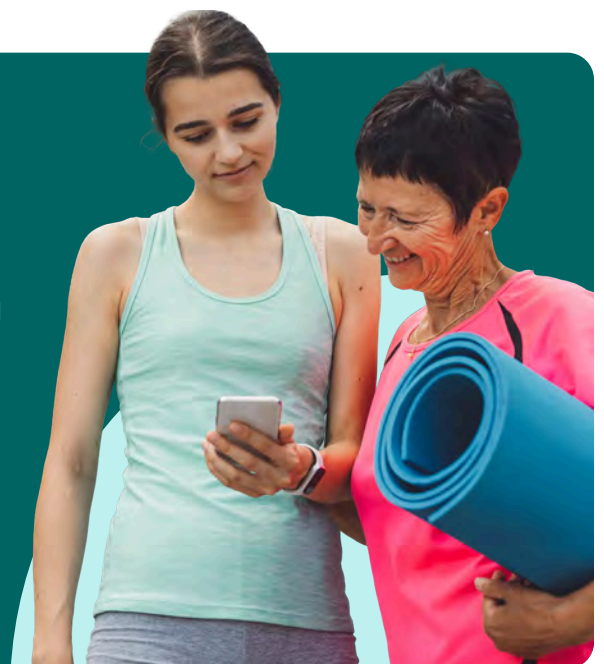
not significant — all years

Charting a Path Forward

The implications were significant. The industry had been selling ROI based on assumptions that didn't hold up to rigorous scrutiny. Employers who had invested heavily in wellness programs began to question whether their investment had been worth it.

Wellness programs and the employers evaluating them were looking for ROI from a narrow set of metrics: primarily, healthcare claims cost reductions. This framing missed the complexity of wellness — what it truly is, how it manifests, and the ways it influences organizational outcomes.

In order to move forward, the wellness industry needed to come to terms with the results of the RAND study. Wellness programs had to figure out a new way of assessing ROI that approached wellness in its complexity, as opposed to a simplistic one-to-one causal argument. As we'll see in the coming pages, the answer is in broadening our understanding of wellness, which necessarily broadens our understanding of its impact.



PART 2

A New Approach to ROI

A Broadening Definition of Success

In response to the scrutiny of the early 2010s, the wellness industry began to evolve its thinking. Wellness solutions and payers began asking: if simply adding a wellness program to a benefits package wasn't going to move the needle, then what would?

Responding to the RAND study, SHRM published an article offering a perspective. The article confirmed that, yes, just having a wellness program wasn't good enough, but "a properly designed program can have a substantial positive impact on an organization's employee health and its finances." According to research cited in the SHRM article, 40% of implemented wellness programs didn't make any kind of discernible impact, while the 60% that did had great results. This includes a potential 6:1 ROI.

These claims both validated the RAND study (wellness solutions alone aren't enough) while furthering the conversation to explore what makes one program successful and another ineffective.⁵

SHRM's analysis found that successful programs aligned their wellness approach with the organization's overall business strategy. This made wellness less of an add-on that was supposed to perform a ROI miracle, and more of an integrated, critical component of a larger strategy. When done right, this encourages active engagement and participation, empowering employees to make healthy decisions that, over time, impact claims costs.

That "over time" bit is also crucial. The RAND study indicated that results really don't start showing up until year three. For organizations looking for a quick fix, that doesn't work. But for organizations looking for a long-term, sustainable solution, that timing makes sense.



From ROI to Value:

A More Holistic View of Wellbeing

Another outcome of the RAND study was to look at other dimensions of value beyond one-to-one financial ROI. This led the industry to contemplate VOI — Value on Investment — as a complement to traditional ROI. Rather than evaluating wellness exclusively through the lens of healthcare cost reduction, VOI expanded the conversation to include:

- ✓ Employee engagement & morale
- ✓ Workplace culture & inclusivity
- ✓ Talent attraction & retention
- ✓ Absenteeism & presenteeism
- ✓ Mental health & resilience



From ROI to Value:**A More Holistic View of Wellbeing (Cont.)**

In 2024, the McKinsey Health Institute published an article showing how far this thinking has developed since the 2013 RAND study, indicating that wellbeing is more than a single construct. While inclusive of physical and mental health, McKinsey's approach to wellbeing also spans across social connection and community, mindsets and belief systems, financial security, and more.⁶ Targeting these aspects of wellbeing can impact employee health, while programs that address only one dimension are likely to produce limited results.

This holistic understanding is now central to how leading wellness programs are designed and evaluated. The goal is no longer simply to reduce claims costs but to support the whole employee in all their complexity. This, in turn, supports the organization.



To capture the economic benefits of good health fully, employers need to move from a sole focus of protecting against incidental risk and illness to helping employees achieve more optimal health.

McKinsey Health Institute

**Persistent Challenges:****The Gap Between Engagement and Outcomes**

Employer-sponsored wellness programs have changed dramatically since 2013, but even with this advancement, meaningful gaps remain. One gap is around engagement. While engagement has evolved as a counter-value point to hard ROI, it has become a kind of catchall that falls into a similar trap. In the same way that merely having a wellness program didn't magically create hard ROI, mere engagement with a wellness program doesn't produce a positive health outcome.

This is supported by a 2020 randomized clinical trial published in JAMA Internal Medicine, which found that employees engaged in a workplace wellness program self-reported health improvements and had higher rates of primary care attribution, but showed no significant improvement in clinical health outcomes.[7]

This is a sobering finding and shows that engagement alone is not enough. What programs need is the right kind of targeted, personalized engagement that will drive results.

PART 3






Personalization: How Technology Transforms Wellness ROI

The next era of wellness will be defined by how solutions personalize their offerings to target specific employee health needs. Doing this will create more meaningful engagement that drives the kinds of results that will force employers and payers to take notice.

The Rise of Personalization in Healthcare

The role of personalization to transform health is not specific to wellness and is instead applied across the healthcare landscape to drive results. Personalization starts with data, and in healthcare, there's a lot of it. That data becomes the raw fuel that organizations can use to personalize their offering and experiences to specific patient and member needs. AI and machine-learning technologies can then use that data to deliver personalized results and experiences.

According to McKinsey, "AI has the potential to revamp the entire healthcare journey for consumers," and it does this by leveraging data to drive personalization.⁸ Within a healthcare context, true personalization can:

 Enhance proactive engagement	 Make care easier to access	 Simplify benefits information	 Improve the quality of care	 Increase care plan adherence
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The conclusion to this story is that when people are presented with information and recommendations specific to their situation, they take an active interest in their own health. The wellness context is no different. When employees see programming that is relevant to their health, their goals, and their lives, they are more likely to sustainably engage over time. This is the foundation on which real clinical outcomes are built.

What True Personalization Looks Like

Personalization in wellness is more than just customization. Customization means giving employees choices. Personalization means using data — individual health status, behavioral patterns, personal goals, and contextual factors — to surface the right intervention for the right person at the right time.

Achieving this level of personalization at scale requires technology — specifically, the ability to gather, process, and act on individual health data in real time. Artificial intelligence and machine learning are increasingly central to this capability.

True personalization operates across several dimensions:

Health status	Programming that is clinically appropriate for an individual's current situation
Behavioral fit	Matching how a person learns and stays motivated
Goal alignment	Outcomes tied to what the individual genuinely cares about
Dynamic evolution	Adjustments over time as an individual's health status and engagement patterns change



Leveraging Technology to Build Personalization

Healthcare has traditionally been slow to adopt new technologies, but efforts are ramping up to leverage AI and machine learning across the landscape. According to Deloitte, organizations looking to leverage AI to drive personalization need to ground their work in four key areas or models⁹:



Value

What you will deliver and why it's important



Operations

Matching how a person learns and stays motivated



Technology & data

Outcomes tied to what the individual genuinely cares about



Delivery

Adjustments over time as an individual's health status and engagement patterns change

Wellness solutions looking to apply personalization to their products and experiences can't think of it as a buzzword or a quick fix. Instead, they need to apply the kind of rigor to the process that Deloitte describes to achieve the desired results.



Teams across health care organizations have looked to personalization to improve their customer experiences. However, few have developed the organizational capability to create personalized engagement across experiences.

Deloitte



Wellworks For You: A Personalization Case Study

As the wellness industry moves further into personalization, Wellworks is an interesting example of what personalized programming can look like.

While many wellness solutions add personalization as a feature layered on top of an existing program structure, Wellworks takes a different approach. They incorporate personalization into the foundation of the entire wellness strategy, right from the beginning.

Leveraging Technology to Build Personalization

Wellworks' proprietary assessment technology — Know Your Number (KYN) — pulls unique health, biometric screening, and lifestyle data into a single place and then uses it to build the foundation for personalized wellness programming. Rather than beginning with generic health content or broad incentive categories, KYN starts with the individual — where they are, what risks they carry, and what outcomes are most relevant for them.

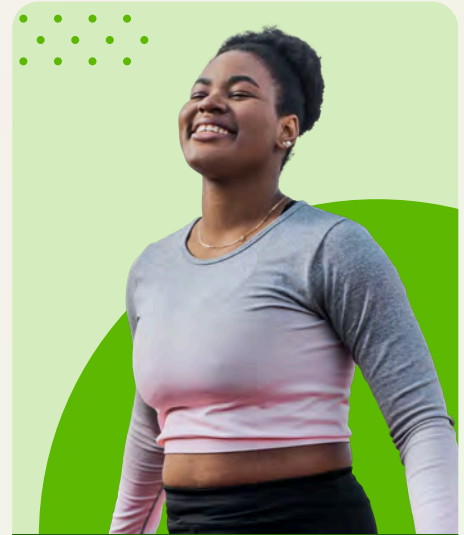
From the solid data foundation that KYN forms, Wellworks delivers truly tailored programming options that reflect an individual's health status and risk profile. **This includes:**



Educational content that's directly related to each person's unique challenges



Health coaching pathways aligned to where participants need the most support



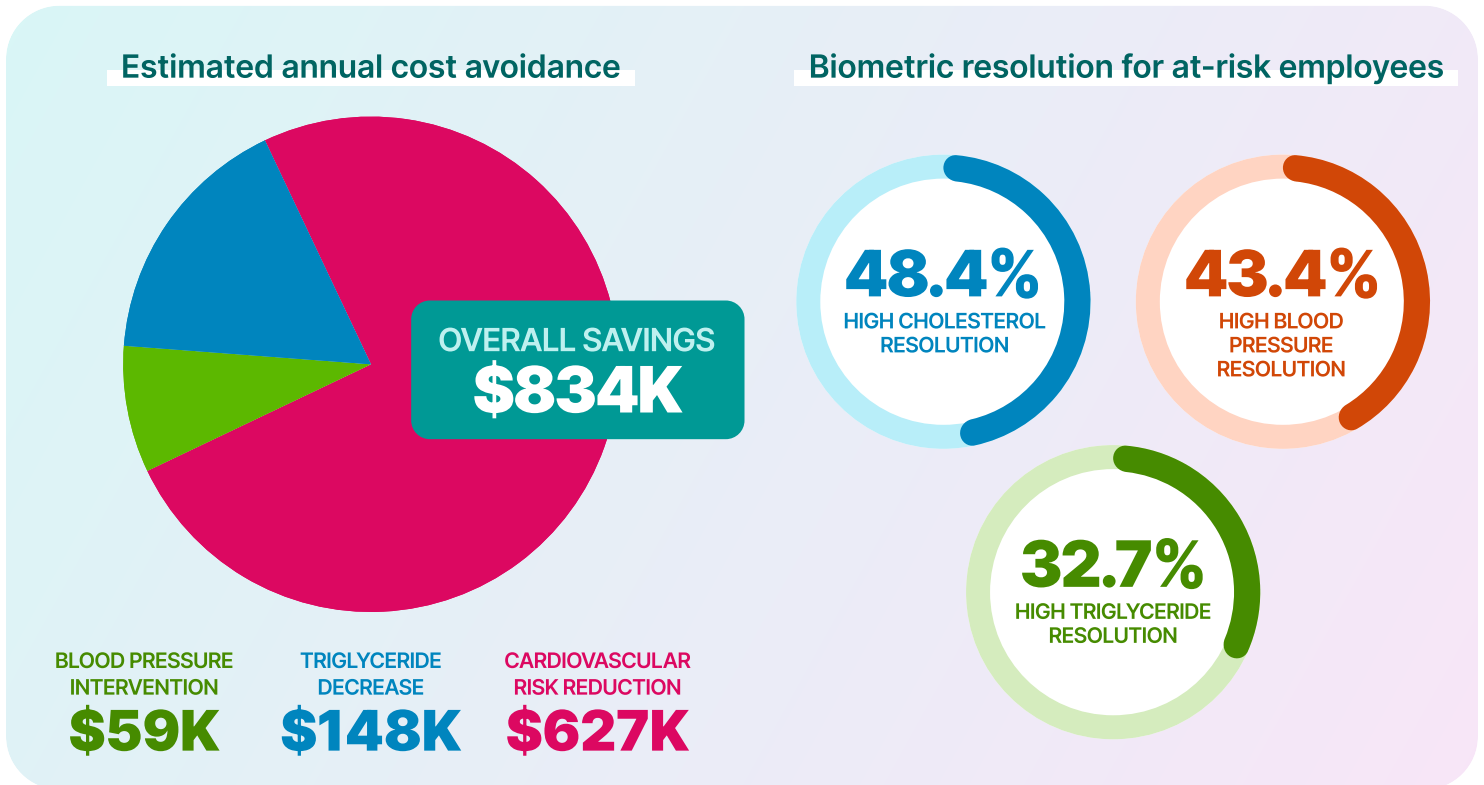
Outcomes tied to what the individual genuinely cares about

With KYN, everything the participant experiences is directly relevant to their experience and situation.

Real-World Results

Wellworks partnered with a large, heavy civil contractor and supplier that was looking for a wellness solution to support its high-risk employees, including those with diabetes and other chronic diseases. Together, they identified the challenge, found a solution, and ultimately provided support for the health of all their workers that has continued over three years of partnership. The core of the approach was delivering tailored, personalized programs for each individual, leveraging KYN to build that foundation.¹⁰

The strategy worked, and the company saw powerful results.



The financial savings to the business and the demonstrable improvement in health outcomes for a vulnerable population validate the effectiveness of personalization to drive positive outcomes.

The Next Iteration of Personalization

In addition to building a personalized program from the ground up, Wellworks is developing machine learning tools to support participants throughout their journey. Right now, this takes the form of an intelligent AI companion that can help participants realize and achieve their goals.

The AI companion can not only help the participant with current programming but can continue to evolve it based on the individual's changing needs over time. This is another example of how Wellworks is leveraging technology to deliver an enhanced level of personalization.



CONCLUSION

Growing into the Future

The wellness industry has changed a lot over the past two decades. It has moved from sweeping ROI promises built on shaky assumptions, through a period of scrutiny and recalibration, toward a more honest, holistic, and evidence-grounded understanding of what it means to drive real outcomes. As we move into the future, personalization has become the differentiating factor between programs that deliver real results and those that don't.

The New Standard for Wellness ROI

As organizations rethink how wellbeing drives ROI and VOI, technology-enabled personalization is becoming central to sustainable engagement and measurable impact. Programs that can meet employees as individuals — understanding their health status, goals, and barriers — are the ones that will define the next chapter of workplace wellness.

The tools to achieve this exist today. The evidence for why it matters is compelling. What's needed now is the will to build wellness programs that take personalization seriously from the ground up.

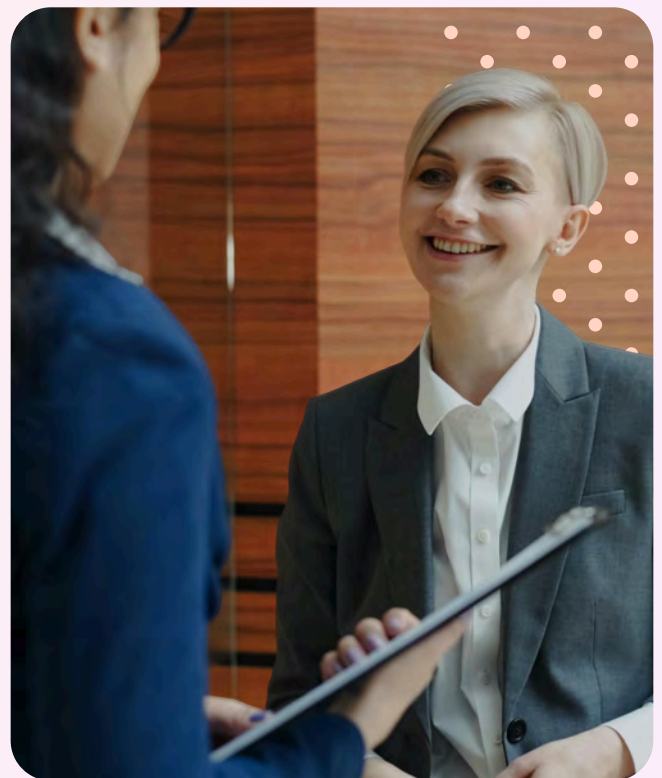
Personalization in Practice

Wellworks represents an example of how personalization is being realized in the wellness space. By building personalization into the foundation of its model with KYN, Wellworks is demonstrating that the gap between engagement and outcomes can be closed.

If your organization is rethinking its approach to wellness ROI, we'd welcome the conversation.

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RESOURCES

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