Letters to the Editor

Dear Editor:

In the Spring, 1987 issue of *Health Education Quarterly*, Kenneth Warner discussed the limitations of the economic arguments used to justify health promotion programs in the stimulating and well written article titled "Selling Health Promotion to Corporate America: Uses and Abuses of the Economic Argument." His basic point was that all factors should be included in cost-benefit analyses of workplace health promotion programs. I strongly agree with this point and further recognize that many analyses do not do this. One of the central illustrations of this point in the article was the failure of most cost benefit analyses to factor in the increased pension costs that will be incurred by employers whose employees live longer as a result of health promotion programs. This illustration continues to be used and twisted into a criticism of the value of health promotion programs by a number of presenters at professional conferences around the United States. I would like to share some thoughts of the overemphasis and misrepresentation of this illustration.

First, if taken seriously, the argument that pension costs will go up must be seen as a strong endorsement for health promotion programs. If health promotion programs do increase longevity, they have certainly succeeded where most of health care has failed, and have achieved their ultimate goal of enhancing health.

Second, only businesses whose employees are covered by retirement plans would be affected by such problems. A large portion of our population is employed by small businesses. Most small businesses, and many medium sized businesses, do not fund retirement plans. Even among large businesses that do fund retirement plans, most require employees to work a certain number of years before they are eligible to receive retirement benefits. Many employees never work at one company long enough to qualify for a pension.

Finally, if indeed people live longer as a result of health promotion programs, there is no reason to believe that pension systems will not be restructured. In fact, pension plans will probably be restructured independent of health promotion programs. With the aging of our population, we see life expectancy increasing, and a larger portion of our population being healthy and active after age 65. We can expect to see private and federal retirement ages changing. If people work longer, they will be productive contributors to retirement plans longer, and in fact increase the pot from which plans draw. Additionally, in the past decade, we have seen a movement away from dependence on actuarially based federal and employer funded retirement plans, which provide a flow of income through the individual's life. We have seen an increase in TSAs, 401Ks, IRAs, and other savings programs funded directly by individuals and providing a payback based on the accrued value of contributed capital and not tied to life expectancy. We can also expect to see continued increases in cafeteria benefit plans which allow employees to allocate additional portions of their benefits to retirement

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if they so desire. Finally, for actuarial based retirement programs, financial assumptions will change as they have through the century. Dr. Warner recognizes that some restructuring could occur, but all but dismisses the possibility.

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Dear Editor:

Author Response

While I am quite sympathetic with the spirit of Mr. O'Donnell's letter, I find some of the specifics slightly wide of the mark.

Mr. O'Donnell's observations about the pressures for increasing the retirement age, the evolving nature of pensions, and the fact that "pension plans will probably be restructured independent of health promotion programs" are certainly correct. However, this apparent "solution" to the later costs issue may simply redistribute the types of costs that come into play. Later retirement, for example, raises the prospect of significant increases in employer costs associated with an older work force, including higher medical care costs, greater disability, and high wages for workers who may no longer be at the peak of their productivity. The domestic automobile manufacturers experienced this in a temporary fashion during the last recession when layoffs based on seniority greatly increased the average age of the remaining work force.

The essential point here is that it is the *marginal* impact of health promotion programs that matters. In and of itself, health promotion will not force changes in the retirement system. Thus, the issue is how the participant in HP programs ultimately fits into the then-existing work rules and benefits structure. I find the economic outcome ambiguous—not bad, just not clear.

Mr. O'Donnell's second point is that small and medium-sized businesses often do not offer retirement benefits and large businesses require a period of employment prior to participating in retirement programs. I find relatively little comfort in these thoughts. The large business surely does not want to devote health promotion resources to employees who will not stay long enough to gain eligibility to the retirement program: the company would be incurring the program's costs, while benefits would be "exported," gratis, to the worker's *next* employer. As for the smaller businesses, those that do not offer retirement benefits have shown little propensity to invest in HP programs. Small business may be the next frontier for HP, but that is a frontier that must be crossed before the argument becomes at all compelling.

The critical issue is embedded in Mr. O'Donnell's initial observation that increased pension liabilities would be "a strong endorsement for health promotion programs . . . [showing that they] have achieved their ultimate goal of enhancing health." Health *is* the ultimate goal, yet too many of the purveyors of HP programs seem to have lost sight of that, or at least believe that others (i.e., the business community) do not care about that outcome.

My objective in writing the article was to encourage the HP community to sell health promotion on its merits, which are considerable, rather than on the basis of potentially spurious promises of a pot of gold at the end of the programmatic rainbow. Ironically, in pushing the profitability theme so hard, the HP community has been missing an economic argument that has much greater claim to legitimacy: many health promotion programs seem likely to be highly cost-*effective* (as opposed to cost-*saving*) investments in employee health. As I noted in the article, this is a distinction supporters of health promotion need to master.

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