Wellness Programs vs. Corporate Health Benefits Limitations

Art & Science of Health Promotion Conference
March 31, 2017
What Comes to Mind When You Think Healthy Employees?
What Comes to Mind When You Hear Employee Health Insurance?
Why Doesn’t Health Insurance Drive Health?
Why is it so complicated?
1) Because the Government Fixed Healthcare...
2) The Data Tells You to Expect Increases Every Year.
Health Risks By Impact

75% of claims are related to preventable diseases & lifestyle choices

**OBESITY**
Annually an obese individual costs almost $4,000 more

**BLOOD PRESSURE**
An individual with hypertension costs almost $1,400 more

**CHOLESTEROL**
An individual with cardiovascular disease costs almost $3,700 more

**TOBACCO / NICOTINE**
An individual that uses tobacco products costs almost $5,900 more

**GLUCOSE**
An individual with high glucose levels/diabetes costs almost $1,700 more


1 [www.cdc.gov/chronicdisease/resources/publications/AAG/dhdsp.htm](http://www.cdc.gov/chronicdisease/resources/publications/AAG/dhdsp.htm) - 83 million US adults with cardiovascular disease contribute to the $300 billion annual healthcare costs.

2 [http://tobaccocontrol.bmj.com/content/early/2013/05/25/tobaccocontrol-2012-050888.abstract](http://tobaccocontrol.bmj.com/content/early/2013/05/25/tobaccocontrol-2012-050888.abstract) - Statistic is the sum of excess absenteeism, presenteeism, smoke breaks, and health care costs
The Scary Truth

People with metabolic syndrome are 5x more likely to develop diabetes.

12.3% of adults have diabetes and don’t know it.

37% of adults are pre-diabetic and 89% of them don’t know it.

29% of adults are hypertensive and 53% don’t know it.

45% of adult men do not have a primary care physician.

Centers for Disease Control, Summary Health Statistics: National Health Interview Survey, 2014
Why Wellness?

• Many sources suggest up to 75% of healthcare spending is spent treating issues that are largely preventable, driven by issues like obesity, tobacco use and unmanaged diabetes.

• Plus productivity, worker’s compensation, disability, absenteeism rates.....

• Starbucks spends more on health benefits than coffee; GM spends more on medical insurance than on steel....

• Frequently referenced reason to send jobs off-shore.
Other Notable Research

• Obesity-related short term disability claims increased 3330 percent from 1993–2012. (*Business Insurance*, May 2014, *Cigna Analysis*)

• Obesity attributable absenteeism estimated to cost $8.65 billion per year. (*JOEM*, November 2014, *Yale University Study*)

• The cost of disability related to lipid abnormality related cardiovascular conditions were 40 percent higher than those without. (*Integrated Benefits Institute*, November, 2014)

• Obese workers were three times more likely to have WC claims costs of >$100,000. (*JOEM*, July 2015, *Johns Hopkins University*)
Why wellness?

Does wellness work?

Do incentives lead to health improvement?

Is it only about a company’s bottom line?

Can anyone prove the impact to an individual’s bottom line?
So Just Focus on Well-Being Not ROI?

Gallup Research defines high well-being as a life well-lived—all the things that are important to each of us, what we think about and how we experience our lives.

- Liking what you do each day and being motivated to achieve your goals
- Having supportive relationships and love in your life
- Managing your economic life to reduce stress and increase security
- Liking where you live, feeling safe and having pride in your community
- Having good health and enough energy to get things done daily
How is Well-Being Integrated Into the Fabric of the Organization?

**Leadership:** Are we modeling the right behaviors?

**Values & Rituals:** What are the attitudes and assumptions?

**Human Capital:** How do we support our employees?

**Structure:** How are we aligned?

**Performance:** How do we incentivize behavior?

Source: Gallop
How Does Your Company Define the Role of Wellness?

A) Morale & Sense of Community
- Holiday Party
- Company Picnic
- Team Outings
- Company Leagues

B) Performance & Skill Development
- Performance Reviews
- Continuing Education
- Six Sigma

C) Risk Mitigation
- Healthier Pool
- Alignment of Interests
- Maximize Benefits

OR

AND
Wellness as a Benefits Solution.
Wellness Strategy Often Mirrors Benefit Strategy.
Attract and Retain vs. Control Cost...Health Plan

Attract and Retain:

• Open Access
• Alternative care
• 100% coverage
• Vitamin supplements
• Pets are covered
• Weight management
• Any ER
• Other...??

Control Cost:

• Gatekeepers
• Narrow networks
• Pre-Certification
• Mandatory generic/mail order
• On-site clinic
• Who/What/When/How limitations
• Spouse exclusion
• Maximums
Top 10 most frequently excluded benefits:

- Long-term care (99%)
- Cosmetic surgery (92%)
- Adult dental services (89%)
- Weight loss program (88%)
- Acupuncture (84%)
- Routine foot care (72%)
- Infertility treatment (67%)
- Private nursing (67%)
- Adult eye exam (61%)
- Weight loss surgery (59%)
# Attract and Retain vs. Control Cost...Wellness

<table>
<thead>
<tr>
<th>Attract and Retain:</th>
<th>Control Cost:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitness center</td>
<td>Weight management</td>
</tr>
<tr>
<td>Personal trainer</td>
<td>Tobacco cessation</td>
</tr>
<tr>
<td>Chef and food preparation</td>
<td>Health coaching</td>
</tr>
<tr>
<td>Farmer’s market</td>
<td>Disease/condition management</td>
</tr>
<tr>
<td>Massage</td>
<td>Premium/deductible adjustments</td>
</tr>
<tr>
<td>UBER service</td>
<td></td>
</tr>
<tr>
<td>Free day care</td>
<td></td>
</tr>
<tr>
<td>Financial planning</td>
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</tbody>
</table>
Legal Risk - Does the Setting Matter

**Employee Health Issues:** Obesity, tobacco use, stress, sleep deprivation, poor nutrition, depression, low physical activity...what else?

**Scenario 1** – Patient walks into your clinic with 100% coverage and plenty of cash wanting help with these issues

**Scenario 2** – Person walks into your worksite clinic

**Scenario 3** – Person unaware of risks or resources, you have their screening results showing diabetes, high blood pressure, and high cholesterol
Avoid Even the Appearance

Common Clinical Questions:

• Family history
• Drug use
• Psychological disorders
• Job stress
• Sexual activity
• Issues of undiagnosed origin
• Medications
• Marriage/family/abuse
• Other

Employer Risk:

• Violated GINA regulations
• Discriminated against due to health risks
• Terminated because I complained about work
• Disclosed an affair
• Discriminated for fear of expensive claims
• Viewed as weak or unqualified
Wellness Needs to Be Balanced

Just like your employee benefits are...

<table>
<thead>
<tr>
<th>Culture/Impact</th>
<th>Budget/Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everyone is covered</td>
<td>Who is covered?</td>
</tr>
<tr>
<td>Open access</td>
<td>Where do we provide coverage?</td>
</tr>
<tr>
<td>100%</td>
<td>How much is covered?</td>
</tr>
<tr>
<td>Whatever is prescribed</td>
<td>What do we cover?</td>
</tr>
<tr>
<td>Low cost for all members</td>
<td>How much will we subsidize?</td>
</tr>
<tr>
<td></td>
<td>Don’t cover spouses</td>
</tr>
<tr>
<td></td>
<td>Skinny network</td>
</tr>
<tr>
<td></td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Generics/No injectable</td>
</tr>
<tr>
<td></td>
<td>Portion of cost tied to personal goals</td>
</tr>
</tbody>
</table>
Wellness Needs to Be Balanced

Just like your employee benefits are...

<table>
<thead>
<tr>
<th>Culture</th>
<th>Need to Manage Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stay out of my business</td>
<td>“Big Brother”</td>
</tr>
<tr>
<td>My health is my choice</td>
<td>Awareness of Risks</td>
</tr>
<tr>
<td>I’m can’t/won’t/too busy</td>
<td>Health Education &amp; Environment</td>
</tr>
<tr>
<td>I expect privacy</td>
<td>Targeted Outreach</td>
</tr>
<tr>
<td>I’m entitled to equal benefits and costs</td>
<td>Aligned Incentives</td>
</tr>
</tbody>
</table>
What are you going to do with your 30%?
Determine the Right Balance for Your Culture

Create a solution that appeals to the broadest audience in a population, while balancing morale and financial objectives.
Impact Your Health Benefits Design
## Sample of a Meaningful Incentive Design

### Year Two – Engagement

<table>
<thead>
<tr>
<th>Reward Categories</th>
<th>Outcome Required</th>
<th>Alternative Goals</th>
<th>Employee</th>
<th>Spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMI – 1 Points</td>
<td>≤ 27.5 kg/m² OR Waist: &lt;33F &lt;35 M</td>
<td>Complete Health Course</td>
<td>$15/Month</td>
<td>$15/Month</td>
</tr>
<tr>
<td>Blood Pressure – 1 Point</td>
<td>≤ 130/86 mmHg</td>
<td></td>
<td>$30/Month</td>
<td>$30/Month</td>
</tr>
<tr>
<td>LDL Cholesterol – 1 Point</td>
<td>≤ 130 mg/dL</td>
<td></td>
<td>$45/Month</td>
<td>$45/Month</td>
</tr>
<tr>
<td>Glucose – 1 Point</td>
<td>&lt; 110 mg/dl</td>
<td></td>
<td>$60/Month</td>
<td>$60/Month</td>
</tr>
<tr>
<td>Tobacco / Nicotine – 2 Points</td>
<td>Negative</td>
<td>Complete Cessation Program</td>
<td>$75/Month</td>
<td>$75/Month</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$90/Month</td>
<td>$90/Month</td>
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Sample of a Meaningful Incentive Design

## Couple With Supportive Environment and Effective Resources

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<th>Reward Categories</th>
<th>Outcome Required</th>
<th>Alternative Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMI - 2 Points</td>
<td>≤ 27.5 kg/m² OR</td>
<td>5% Weight Loss in 12 Months</td>
</tr>
<tr>
<td></td>
<td>Waist: &lt;33F &lt;35 M</td>
<td></td>
</tr>
<tr>
<td>Blood Pressure - 1 Point</td>
<td>≤ 130/86 mmHg</td>
<td>Improvement</td>
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<tr>
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<th>Employee</th>
<th>Spouse</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2</td>
<td>$15/Month</td>
<td>$15/Month</td>
</tr>
<tr>
<td>3</td>
<td>$30/Month</td>
<td>$30/Month</td>
</tr>
<tr>
<td>4</td>
<td>$45/Month</td>
<td>$45/Month</td>
</tr>
<tr>
<td>5</td>
<td>$60/Month</td>
<td>$60/Month</td>
</tr>
<tr>
<td>6</td>
<td>$75/Month</td>
<td>$75/Month</td>
</tr>
<tr>
<td>7</td>
<td>$90/Month</td>
<td>$90/Month</td>
</tr>
</tbody>
</table>

Depending on business, adjust base contribution and fund incentives through “earn back.”
Questions?
Thank you

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