

What Is on the Menu for Wellness and Healthcare Reform?

The Good News and the Challenges

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Agenda

- Health Care Reform's Impact on Wellness
- The Business Case for Worksite Wellness
- Wellness and Change Management
 - Research from Aon's Engagement 2.0 Survey
 - A Change Management Model
- Getting Started with Worksite Wellness
 - The Components of a Successful Health Management Strategy
 - Activating Wellness in Your Company
 - Wellness Self-Assessment

“Keeping people from getting worse as they age is actually the best way to make them healthier. Invest your money keeping your low risk people healthy. That’s the business case for health.”

- Dee Edington, PhD, Director of the University of Michigan Health Management Research Center

Health Care Reform's Impact on Wellness

What health care reform means for employers

- Many employers fear that health care reform will result in increased costs
 - New minimum benefit levels
 - Enhanced eligibility rules
 - Elimination of pre-existing condition limitations
 - Additional tax burden
- The legislation has focused largely on insurance companies, their profit margins and underwriting tactics...and doesn't really get to the roots of the health care issue: an aging and overweight population¹
- In this uncertain environment, workplace wellness and health management programs will become more important than ever
 - Encourage personal responsibility for good health
 - Reduce risk factors
 - Control health care costs

¹ Source: Dallas Business Journal, March 22, 2010

Overview of health care reform provisions that impact wellness

- Health promotion provisions in Patient Protection and Affordable Care Act
 - Wellness incentives: health plan premium differential
 - Grants for small business comprehensive health promotion programs
 - National prevention and health promotion strategy
 - Evaluation of workplace health promotion programs
 - Bi-annual surveys of workplace health promotion
- TITLE IV: Prevention of chronic disease and improving public health
 - Wellness in Medicare
 - Wellness in Medicaid
 - Wellness in Health Insurance

What health care reform means for worksite wellness

- New health plans, effective the first day of the first plan year beginning on or after September 23, 2010, must provide coverage without employee cost-sharing for many preventive services that are considered key parts to a successful wellness plan, including diet and healthy lifestyle counseling, smoking cessation programs, and obesity and other health screenings
 - Grandfathered plans are exempt
- Both small and large employers will be offered financial incentives to provide worksite wellness programs
- These wellness provisions are expected to:
 - Increase the number of businesses that offer wellness programs
 - Increase the number of employees who participate
 - Improve overall program effectiveness
 - Allow for better tracking of a wellness program's results

Health care reform incents large employers to offer wellness programs

- Current HIPAA regulations allow employers to offer premium differentials of up to 20% for employees who meet specific health goals including but not limited to:
 - Smoking cessation
 - Achieving a recommended weight or fitness level
 - Having normal biometric levels
- In 2014, the HIPAA-related limit on financial incentives will increase from 20% to 30% of total plan costs
- Health and Human Services will evaluate the impact of these incentives on improving health and reducing medical costs
 - HHS has authority to increase incentives to 50%

What is a wellness incentive?

- Mechanism to pay for comprehensive health promotion programs that is cost-neutral to employers and most employees and to engage the full employee population in programs
 - Projected cost of wellness program/incentives built into benefit plan cost
- Discount or rebate of a premium or contribution
- Waiver of all or part of a cost-sharing mechanism
 - Deductibles
 - Copayments
 - Coinsurance
- Absence of a surcharge
- Value of a benefit that would otherwise not be provided

Incentive strategies to consider

- Financial incentives integrated into health plan = 70%-90% participation
 - 20%-40% for programs with just good marketing and strong leadership support
- Consider offering dual choice plan design
 - 60% minimum base plan
 - Buy-up option/employer subsidy tied to wellness program participation
- Provide reduced financial incentives for program participation
 - Fitness center reimbursement
 - Incentives for programs that do not base any part of the reward on outcomes (diagnostic testing, smoking cessation, weight management, health education, etc.)
 - Waiver of copayment for certain preventive services for certain health conditions (value-based plan designs)
- Offer generous financial incentives to employees who meet program goals such as:
 - Increase preventive screenings
 - Normal biometrics (blood pressure, cholesterol, blood sugar)
 - Target BMI less than 27.5 (or pass fitness test)
 - Reduce use of tobacco products

Health care reform offers small employer grants

- \$200 million in grants will be available from 2011-2015 for small employers that want to establish wellness programs
 - Application process/specific rules on how employers can apply for these grants has yet to be determined
- According to the law, eligible small employers have fewer than 100 employees who work 25 hours a week and had no wellness program before the law went into effect
- Wellness program components must include 3 out of 4 of the following:
 - Awareness assessment such as preventive screenings and health risk assessments
 - Efforts to engage employee participation
 - Initiatives to change unhealthy behaviors and lifestyle choices, including counseling, seminars, online programs and self-help materials
 - Supportive environment efforts such as workplace policies that encourage healthy lifestyles, healthy eating, increased physical activity and improved mental health

Health care reform: what's next?

- By 2012, group health plans and health insurance providers must begin reporting their wellness and health promotion offerings, both to the federal government and to enrollees
- Wellness programs contained in federal employee insurance plans will be evaluated for results to help develop best practice guidelines for the rest of the market
- In 2013, the government will begin taking periodic, mandatory surveys of workplace wellness and health promotion programs to measure and improve their effectiveness

Summary of health care reform impact

- The emphasis on improving workplace wellness could end up benefiting many employers and employees and encouraging millions to actively improve their own health
- A combination of self-care, wellness and personal responsibility is still the most effective solution for employers seeking to reduce costs
- Employer-sponsored plans can help build health-oriented workplace cultures if workplaces offer
 - A supportive environment
 - Ongoing assessment of health risks and health plan data
 - The right health advice at the right time and with the right frequency

The Business Case for Worksite Wellness

The business case for worksite wellness

- Lifestyle issues account for over 50% of healthcare costs¹
 - Unhealthy diets
 - Smoking
 - Alcohol
 - Lack of physical exercise
 - Unmanaged stress
- Many high-cost chronic diseases are preventable
 - 80% of heart disease is preventable
 - 40% of cancer is preventable
 - 80% of type 2 diabetes is preventable
- Companies spend 25-30% of annual medical costs on employees with excess health risks of heart disease and stroke²
- Companies can save \$3 for every \$1 invested in worksite wellness within 12 to 18 months of program implementation

¹ Bill George, Harvard University

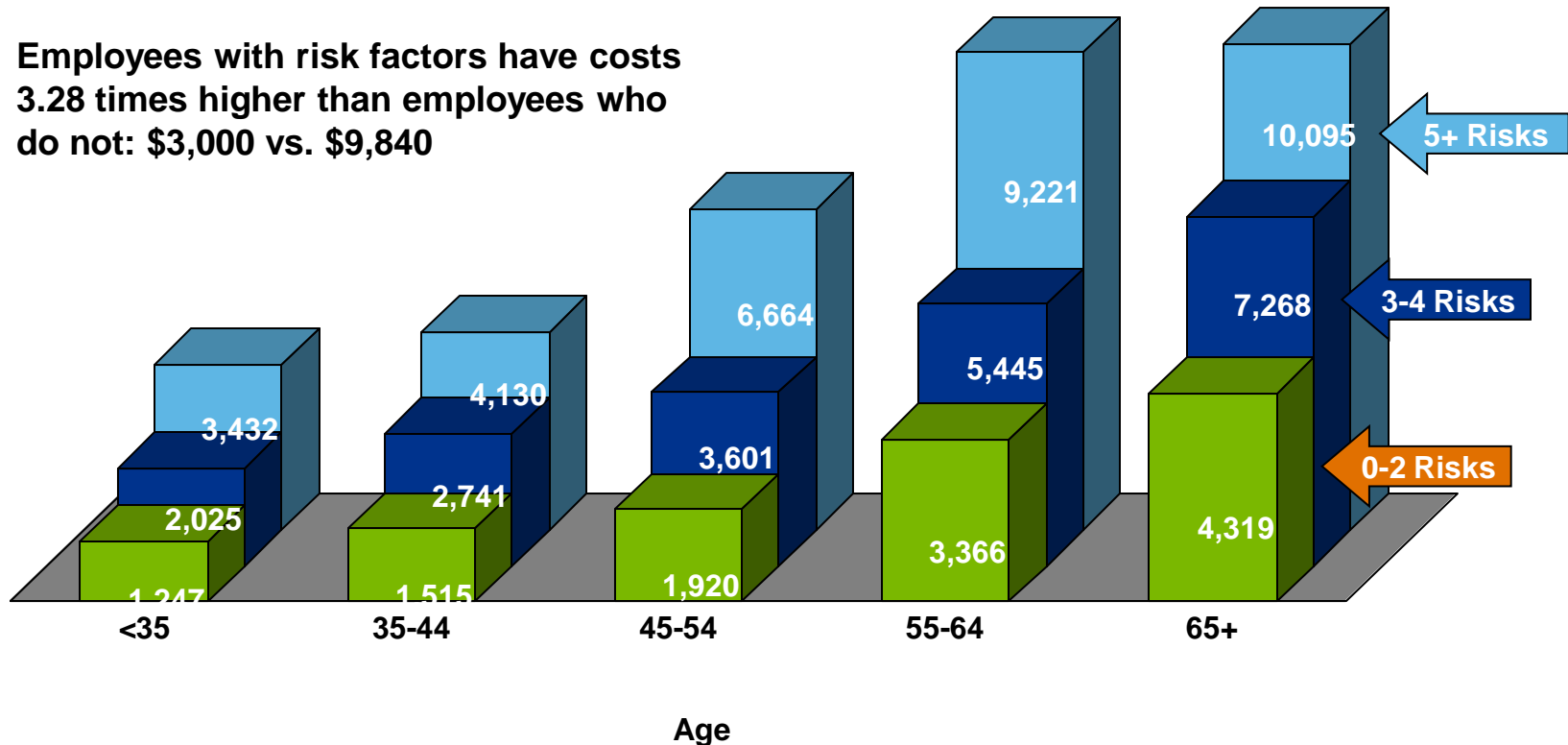
² Circulation: Journal of the American Heart Association, September 2009

Health risks have significant impact on medical costs...

Costs increase with risk level and age

\$Dollars

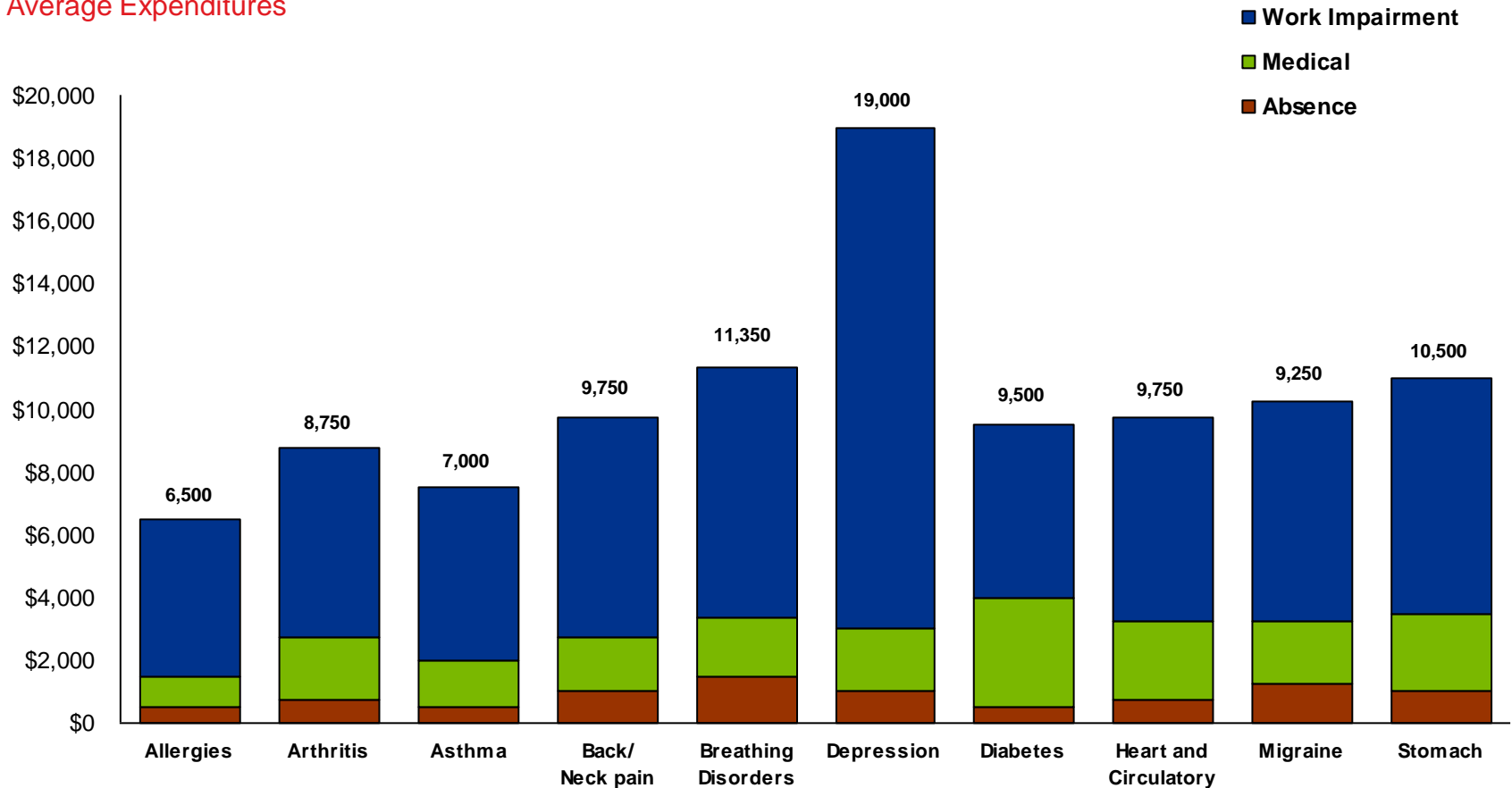
Employees with risk factors have costs 3.28 times higher than employees who do not: \$3,000 vs. \$9,840



Source: Dee Edington, PhD, University of Michigan (risk factors include tobacco usage, extremely overweight/underweight, inactivity, high blood pressure, high cholesterol, poor nutrition high blood glucose, depression, excess alcohol use, etc.)

...With chronic disease being one of the components

Average Expenditures



Source: "The Assessment of Chronic Health Conditions on Work Performance, Absence, and Total Economic Impact for Employers," JOEM, June 2005, pp. 547-557



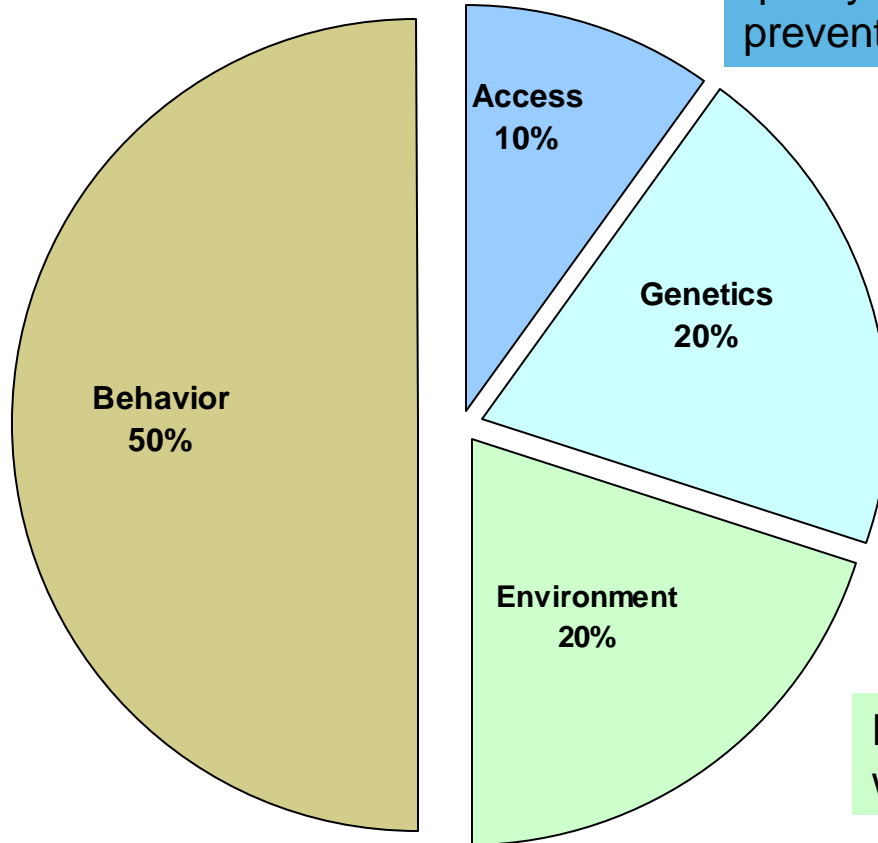
Employers can impact more than 50% of an individual's health status

Incentivize healthy choices

Promote efficient use of the health care system

Educate about age- and gender-based preventive care guidelines

Provide self-care resources



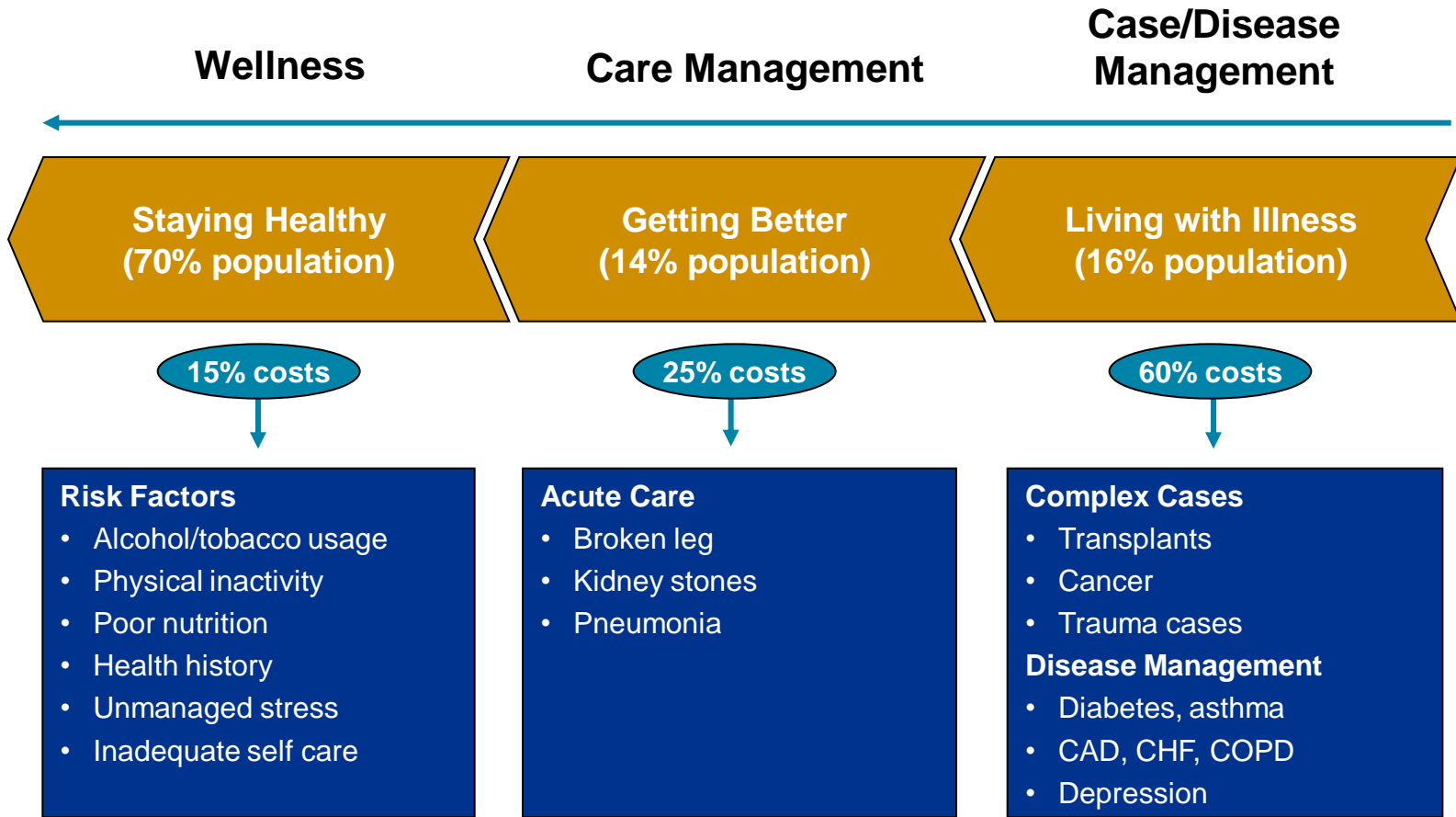
Provide employees access to quality health care and onsite preventive screenings

Value-based plan designs increase compliance

Genetic testing enables employees to prepare for the future

Provide a safe and healthy work environment

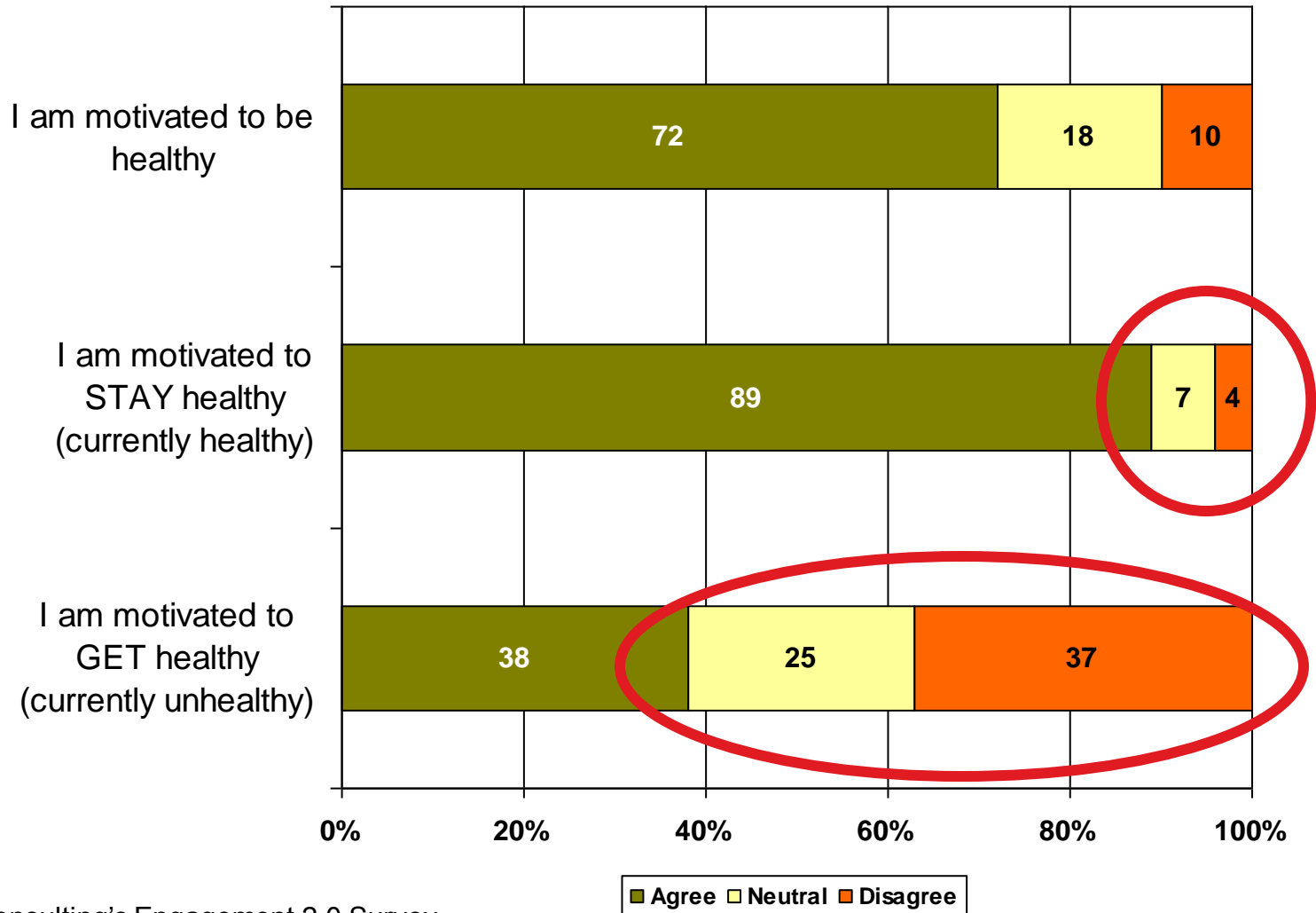
Health Management addresses different program needs for everyone



Potential: \$25 million over 5 years for every 5,000 employees

Wellness and Change Management

Motivating employees to stay healthy and get healthy

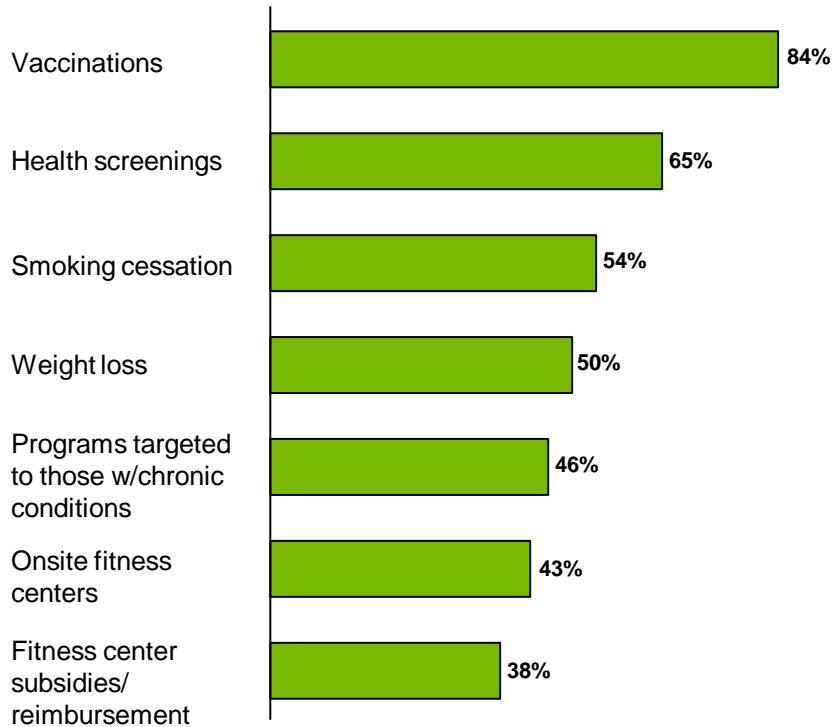


Source: Aon Consulting's Engagement 2.0 Survey

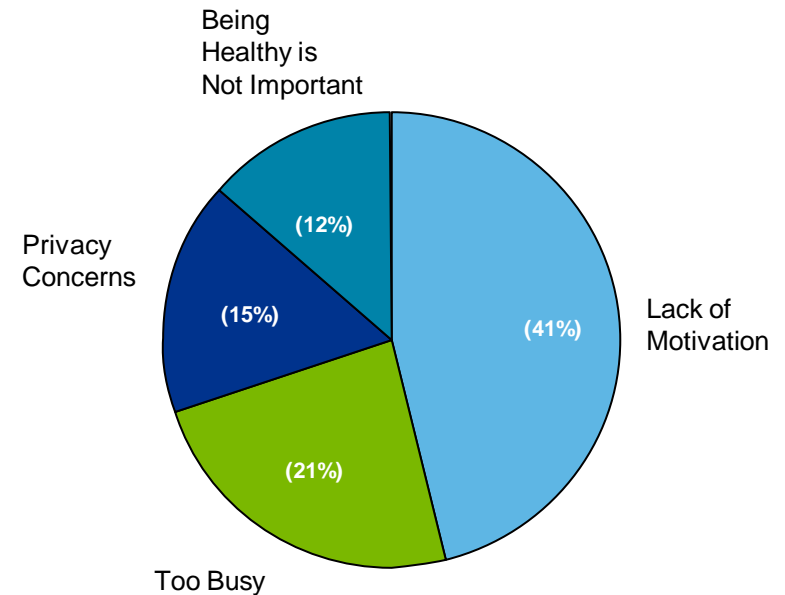


Employers offer a variety of programs yet many employees still do not participate

Employer Programs – (500+ employees)*



Why Some Employees Do Not Participate**

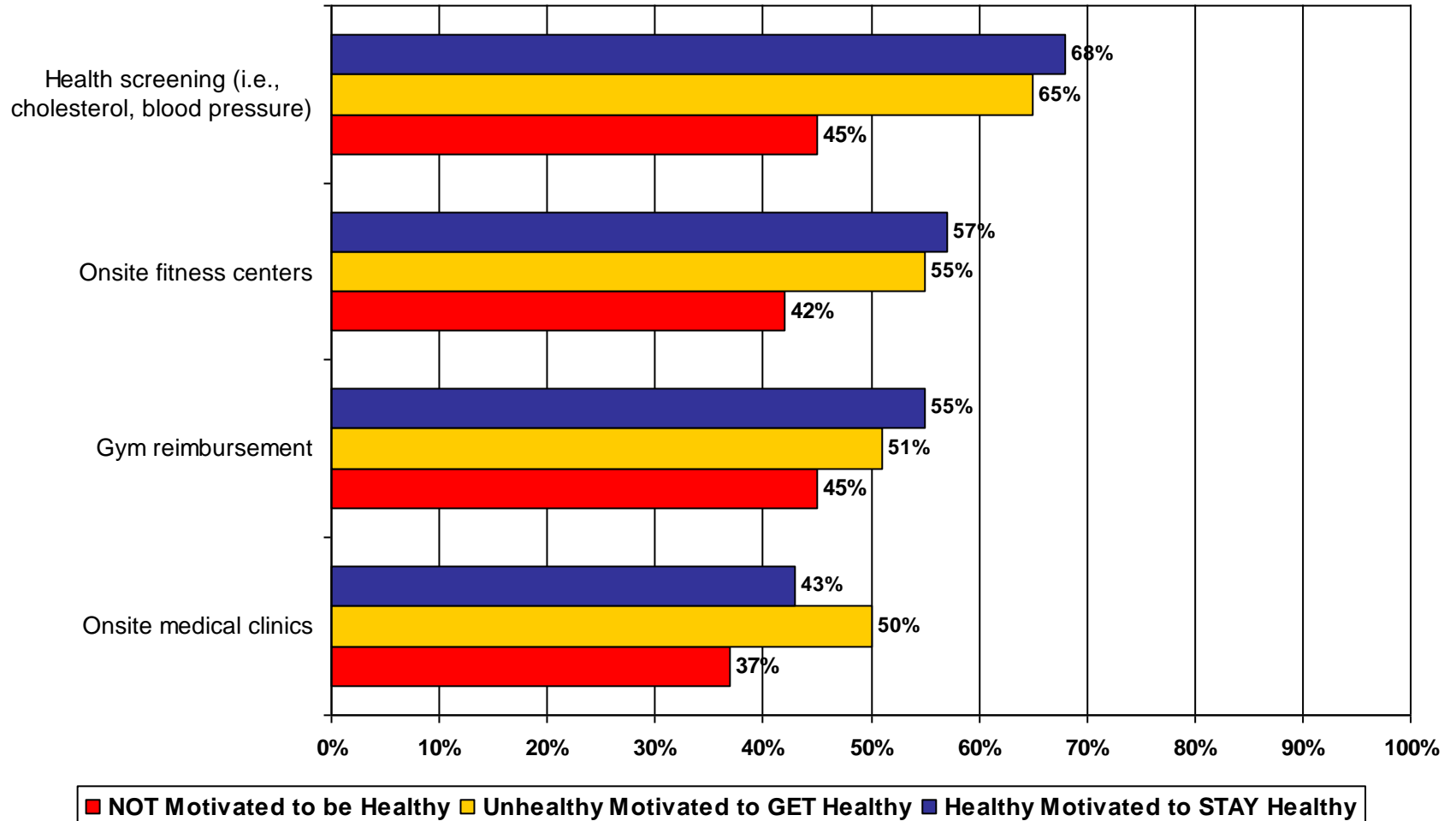


* Source: Society for Human Resource Management

** Source: Aon Survey (Spring 2005)

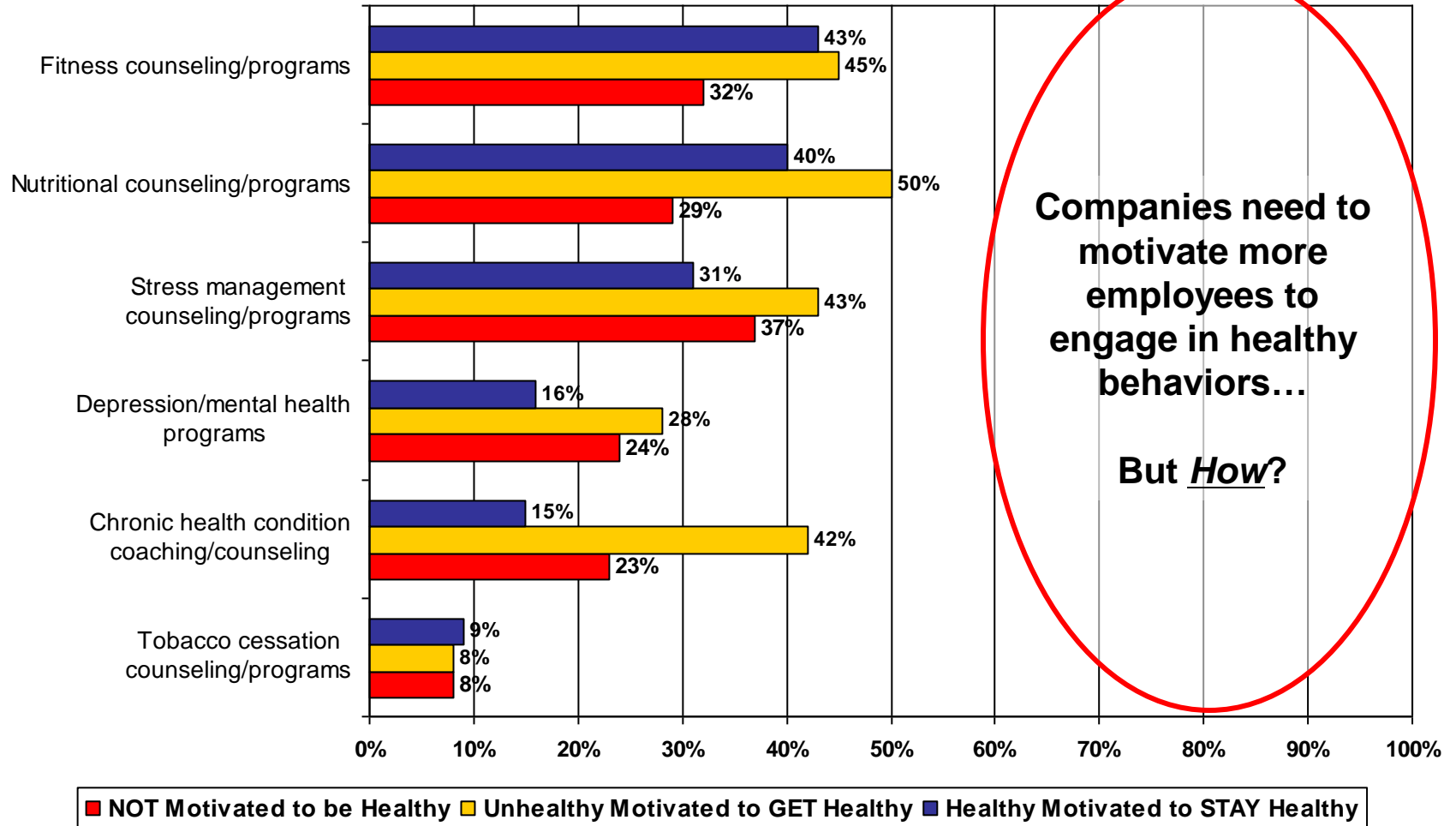
Motivation and healthy behaviors: staying healthy

Percent of employees that would use the following if offered by their company

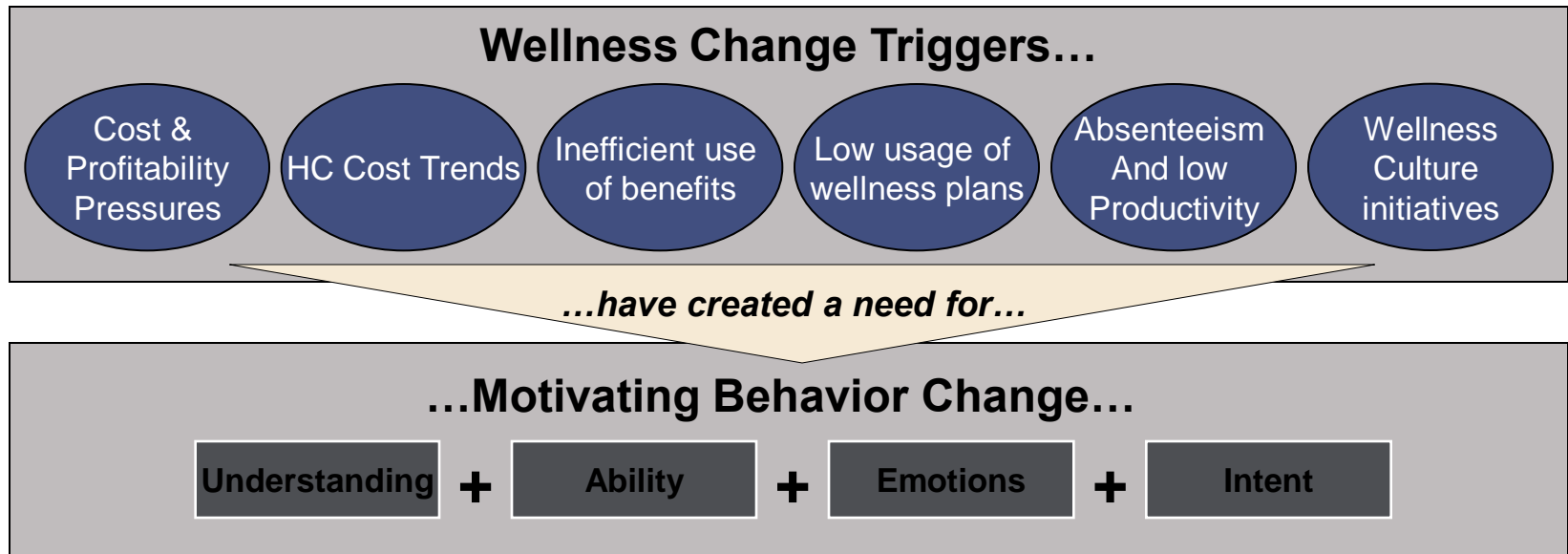


Motivation and healthy behaviors: getting healthy

Percent of employees that would use the following if offered by their company



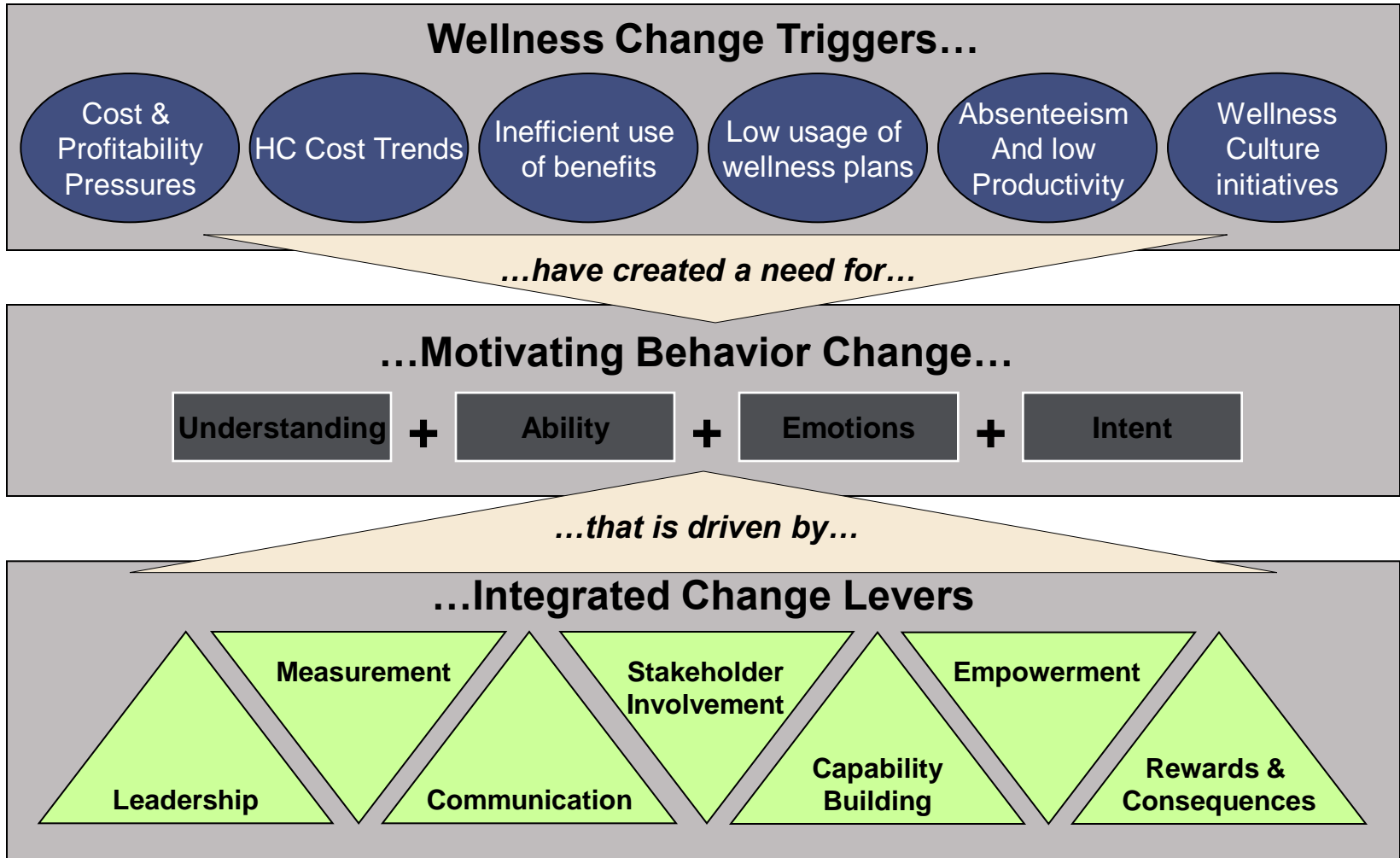
What do we mean by wellness?



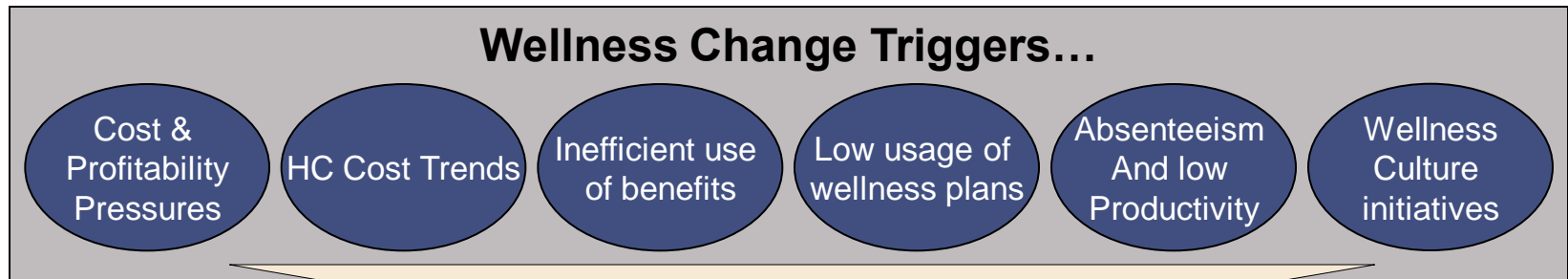
STAY HEALTHY & GET HEALTHY

- Health screenings
- Preventative measures
 - Stop smoking
 - Exercise
 - Nutrition
- Manage chronic conditions
 - Manage stress

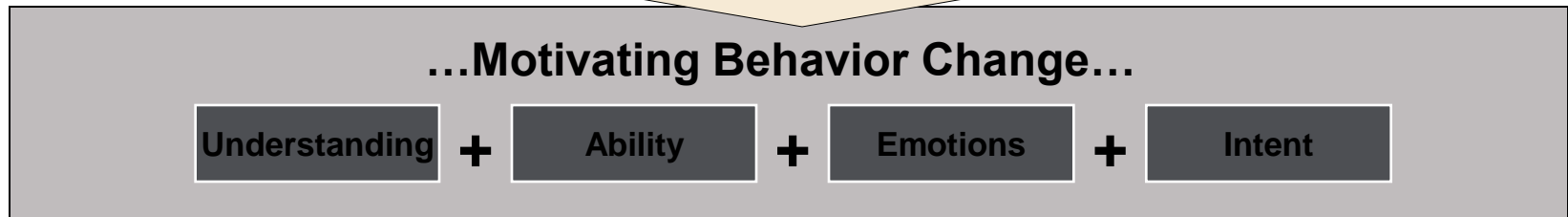
How do we motivate wellness?



Ingredients of motivating behavior



...have created a need for...



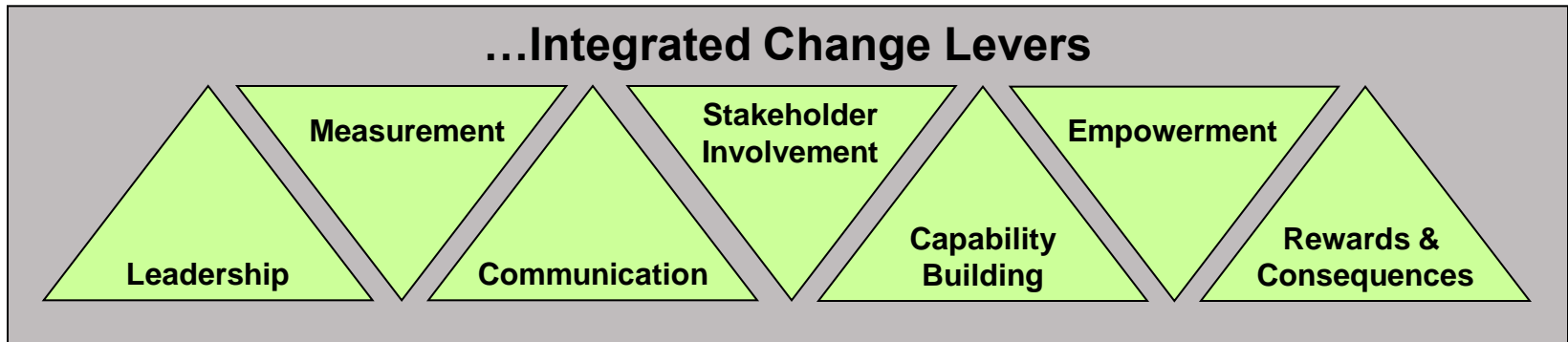
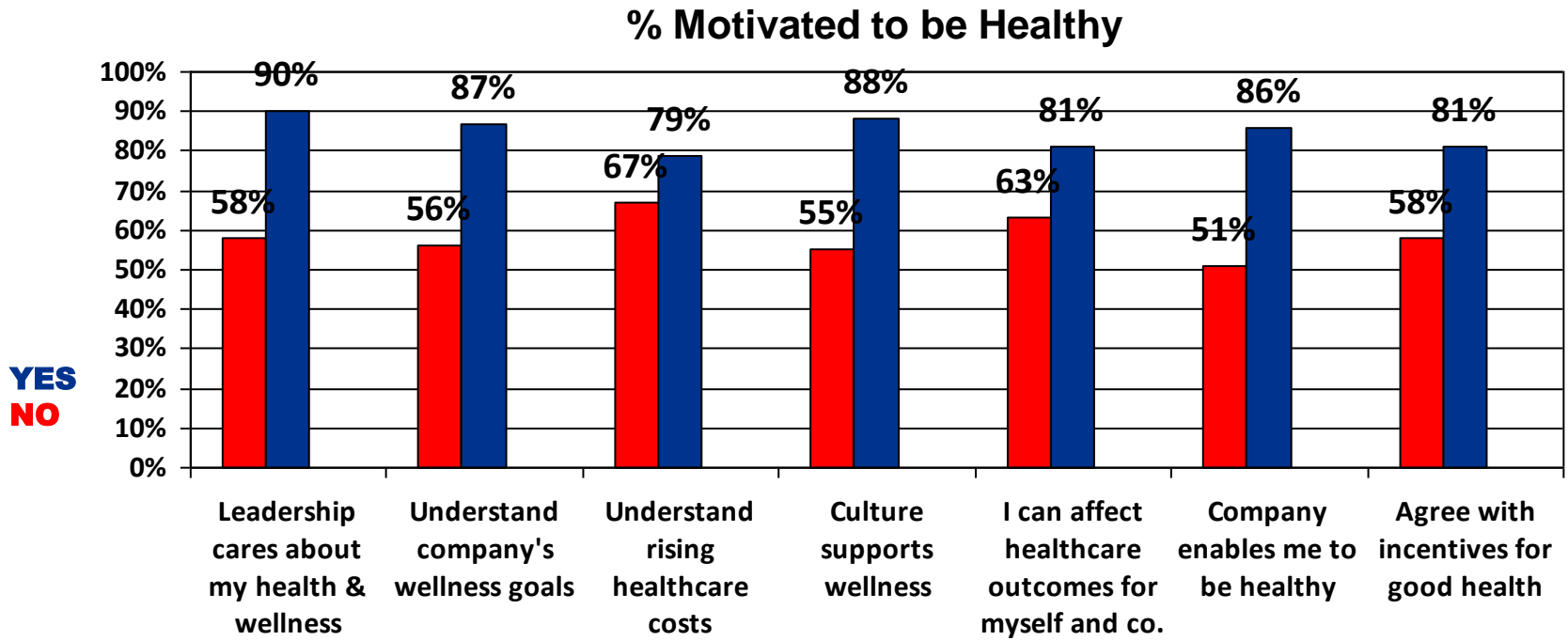
- I understand the issues
- I know the company's wellness goals
- I know my own health status

- I have the ability to maintain or change my health outcomes
- I have the ability to impact the company's health care usage and cost

- Leadership has listened and cares
- I think the health care plan changes are fair
- I am excited about being healthy
- I feel good about incentives

- I intend to stay healthy
- I intend to get healthy
- I intend to use the wellness programs at my access

Motivating behavior change through multiple levers is at the core of wellness initiatives



How do we change behavior?

Levers	Impact	Examples
Leadership	<ul style="list-style-type: none"> ▪ Clarifies the importance of healthy behaviors ▪ Drives the change imperative ▪ Is committed to, supports and recognizes wellness efforts ▪ Drives consistency as a team in message and purpose ▪ Models the desired health and wellness behaviors 	<ul style="list-style-type: none"> ▪ Leadership forum ▪ Employee meetings ▪ Informal recognition ▪ Leadership Blogs/Podcasts
Measurement	<ul style="list-style-type: none"> ▪ Sends messages about what is important to the organization ▪ Prioritizes efforts ▪ Sets performance targets ▪ Measures progress toward organizational and individual goals ▪ Motivates behavior 	<ul style="list-style-type: none"> ▪ Wellness cost modeling and business case ▪ Health Risk Assessments (HRAs) ▪ Wellness Scorecards ▪ Pedometers ▪ Health usage analytics and predictive modeling
Communication	<ul style="list-style-type: none"> ▪ Explains what is changing and why ▪ Explains the implications of not changing ▪ Defines what's possible ▪ Clarifies the what, when, where, why and WIIFM of regarding wellness programs and healthy lifestyles ▪ Reaches employees on a rational, emotional and behavioral level 	<ul style="list-style-type: none"> ▪ Leadership messages ▪ Performance/ progress updates ▪ Healthy Living calendars ▪ Message books/Q&As ▪ Manager toolkits ▪ Electronic dashboards ▪ Program descriptions

How do we change behavior? (cont'd)

Levers	Impact	Examples
Stakeholder Involvement	<ul style="list-style-type: none"> ▪ Leverages ideas from subject matter experts (SMEs) ▪ Manages rational and emotional resistance to change ▪ Engages stakeholders so that they are “owners” of the process ▪ Allows for continuous feedback loop on progress and unforeseen barriers to change ▪ Drives a sense of community and critical mass to support healthy lifestyles 	<ul style="list-style-type: none"> ▪ Executive interviews ▪ Focus groups ▪ Surveys ▪ Virtual employee panel ▪ Social networking
Capability Building	<ul style="list-style-type: none"> ▪ Clarifies knowledge, skill, ability and behavior required ▪ Builds capability and confidence ▪ Reduces barriers to achieving goals 	<ul style="list-style-type: none"> ▪ Outreach programs ▪ Health case management ▪ Social networking support groups ▪ Onsite clinics and gyms
Empowerment	<ul style="list-style-type: none"> ▪ Increases organizational and individual ability to change ▪ Accelerates change ▪ Removes obstacles to achieving goals ▪ Reduces frustration 	<ul style="list-style-type: none"> ▪ Technology solutions ▪ Communication ▪ Health care and wellness plan design
Rewards & Consequences	<ul style="list-style-type: none"> ▪ Rewards short-term “wins” ▪ Reinforces/motivates the healthy behaviors ▪ Addresses passive resistance and/or unhealthy behaviors 	<ul style="list-style-type: none"> ▪ Financial incentives for HRAs ▪ Higher contributions for health risks or non-compliance

Getting Started with Worksite Wellness

An effective health management strategy

- 1) Defined program goals & objectives
- 2) Senior level support
- 3) Practices and/or policies emphasizing the desired “Culture of Health”
 - Environmental policies (smoke-free workplace, flex-time)
 - Cultural practices (foods served in cafeteria or at meetings, wellness champions, commitment of time and resources to support wellness strategy)
- 4) Strategic program design
- 5) Valuable “perceived” incentive
- 6) Rigorous program metric collection and evaluation
- 7) Strategic communication design

Activating wellness in your company: key questions

- Are your business objectives at the forefront of your wellness strategy?
- Have you measured the current state of wellness in your organization?
 - Financial outcomes?
 - Usage?
 - Perceptions?
 - Opinions?
 - Readiness?
- What wellness behaviors are you trying to impact?
- What will you do to:
 - Engage leadership in creating a wellness culture?
 - Measure outcomes and provide feedback?
 - Communicate about values and behaviors in ways employees prefer?
 - Involve people in the wellness journey?
 - Build employees' capability to be healthy?
 - Empower employees and remove obstacles?
 - Create appropriate rewards and consequences?

Self-assessment: a checklist of readiness for worksite wellness

Employer Roles and Responsibilities

Yes or No?

Senior & Divisional Management Endorsement

Visible participation by leadership to reinforce commitment to a “culture of health”

Initial and Ongoing Communication

Frequent and persistent messages throughout the year

Accurate Phone Numbers / Contact Information

Must be able to reach members for program engagement

Incentives / Disincentives

Initially reward participation, move to rewarding outcomes

Branding the Program

Wellness has a unique identity

Competition

Geographic or divisional competition is often a successful way to motivate employees

Social Marketing

Share employee success stories

Cafeterias / Vending Machines

Promote healthy eating choices

Wellness Champions

Employees that will take the lead in encouraging participation and healthy lifestyle changes

Scoring guidelines



- If you answered yes to 7 or more of the 10 questions on the self-assessment, **INCLUDING SENIOR MANAGEMENT ENDORSEMENT**, you are good to go! The potential for developing a successful wellness culture is excellent.



- If you answered yes to 5 or 6, **INCLUDING SENIOR MANAGEMENT ENDORSEMENT**, then the chances of developing a wellness culture are good and may be enhanced as you develop an implementation strategy.
 - Without **SENIOR MANAGEMENT ENDORSEMENT**, the chance of implementing a successful wellness strategy is significantly reduced. You may be able to implement some components of a wellness program, but the ultimate success will clearly be dependent on engagement and support from Senior Management.



- If you answered yes to 4 questions or less – **STOP!** Do not invest in worksite wellness at this time. Without the right commitment, your organization will not reap the benefits of the investment you are making in a health management/wellness program.

Questions?

Contact Information



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