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Link Wellness Programs to Health Benefit Plan Design for Maximum Impact

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Employers throughout West Michigan continue to feel the crushing impact of rising healthcare costs. Nationally, year-over-year increases in health insurance premium costs have exceeded the overall inflation rate since 2000 by about a four-to-one margin.¹ Figure 1-1 highlights the magnitude of health insurance premium increases relative to increases in workers’ earnings and increases in overall inflation from 2000 through 2007. And when we look at Michigan residents’ health, there are some alarming trends that, left unchecked, could further exacerbate our state’s economic woes. In a recently released study by the United Health Foundation and Partnership for Prevention, Michigan ranked as the 31st healthiest state, slipping four spots from last year’s ranking.² (Note the lower the ranking the better.) The 2007 survey ranked Vermont as the healthiest state. Here are some interesting discoveries from the annual study:

- Michigan’s adult obesity rate has more than doubled since 1990 from 14.1% to 28.8%. This exceeds the national average by about 4 percent and places Michigan in the 44th position for this significant health risk.
- Michigan’s smoking rate exceeds the national average, placing Michigan in the 38th position for this leading health risk.
- Michigan’s alcohol consumption rate exceeds the national average, placing Michigan in the 39th position for this major health risk.

Employees Feel the Pinch of Higher Health Insurance Costs

On average, employees pay about 16% for single health insurance premiums and 28% for family coverage. In 2007, the average annual cost for a single health insurance policy at the worksite totaled $4,479, and the average family policy had a price tag of $12,106.³ In addition to paying more for health insurance premiums, employees are also paying considerably more out-of-pocket for healthcare costs due to rising health insurance deductibles, copayments and coinsurance amounts. The average employer-sponsored plan deductible is now approaching $400 for single coverage and $800 for family coverage.⁴ These additional out-of-pocket costs are putting a squeeze on employee budgets. The increased employee health insurance cost burden is creating an opportunity for employers to implement targeted worksite employee health promotion programs, as employees and employers alike look for relief from rising healthcare costs.

To get employee interest and support for targeted wellness programs, employers are turning to cash, non-cash, and health insurance plan incentives to reward and encourage employees to make measurable changes in lifestyle that can enhance employee health and lower long-term healthcare costs. Healthcare costs and worker productivity have a direct link to modifiable lifestyle decisions. In fact, about half of all healthcare costs can be linked to lifestyle decisions.⁵ Figure 1–2 highlights the key drivers of individual health. With a majority of healthcare costs having a behavioral component, effective employee wellness programs can have a significant impact on employee health and productivity.

How Can Your Organization Embrace and Promote Workplace Wellness?

So how can your organization adopt a proactive approach to control ever-rising health insurance premiums and measurably improve the health and productivity of your workforce? Start with a review of your current employee health insurance offering. Chances are your health insurance plan offers annual preventive screenings as a covered benefit. Consider providing an incentive for employees and their covered spouses to complete an annual preventive health screening. Employers are generally quite surprised to find out that a majority of covered employees and spouses fail to take advantage of annual health screenings, even when most insurance plans cover them at 100%.

⁴ Ibid.
⁵ Centers for Disease Control and Prevention, www.cdc.gov.
The key building block for worksite health promotion programs and for targeted health risk reduction is the health risk assessment (HRA). The two dominant health insurance carriers in West Michigan, Blue Cross and Blue Shield of Michigan and Priority Health, offer comprehensive health risk assessments generally for no additional cost to covered employees and their spouses. These health assessments can be easily accessed by insured adult members via each carrier's website and can be completed in about 20 minutes. The respective health insurance carrier websites can be found at (www.bcbsm.com and www.priorityhealth.com).

Based on specific responses to the HRA, participants receive a personalized assessment report that identifies health risks that can lead to illness and disease. This can serve as a wake up call to individuals who need to change behaviors to improve health. For many participants, areas of improvement involve an increase in physical activity, improvement in diet and weight loss.

Getting Employees and Spouses to Participate in a Health Risk Assessment

Health risks, which include high blood pressure, elevated cholesterol levels, being overweight and not exercising regularly, lead to increased healthcare costs. Getting employees and covered spouses to take an HRA can be a daunting experience without the use of proper “incentives.” When proper financial incentives (typically linked to the employee’s payment of health insurance premiums) are provided, most employees and their covered spouses will complete the HRA. Consider the following to encourage employee/spouse participation in an annual HRA and link the timing of the HRA completion to your annual health insurance open enrollment period:

- **The Incentive: Avoidance of health insurance premium surcharge**—offer employees and covered spouses the choice to avoid an extra insurance contribution simply by completing the HRA during a specified period of time during your health insurance open enrollment period. Those who comply will avoid an extra insurance premium charge; those who don’t will pay more for their health insurance through the premium surcharge. The amount of the premium surcharge needs to be significant—generally from $100 to $500 get a majority of employees/spouses to complete the annual health risk assessment.

- **Consider offering onsite health screenings along with the HRA**—a number of employers offer health screenings at the worksite to coincide with the completion of the HRA. Most health screenings will provide an individual with key biometric measurements that are essential for an accurate HRA. These measurements include blood pressure, cholesterol, including HDL, glucose, and body mass index. Organizations, such as Visiting Nurses Association, provide these screenings for about $40 to $50 per participant.

- **Schedule work time for completion of the HRA and health screening**—by making the HRA completion easy for employees and covered spouses, participation rates will be increased.

Evaluate HRA Outcomes

Once the HRAs are completed, the critical work of evaluation is essential to identify the leading risk factors in your employee/spouse population. This is an area where most organizations really miss a great opportunity. Few organizations take the time to properly analyze the results of their employee population’s HRA outcomes. Group data identifying leading employee/spouse health risks is provided to organizations that generally have 50 or more participants in the HRA. If you have enough participants in your HRA, be sure to request an HRA group report and work with your health insurance carrier and health benefits consultant to establish a strategy to lower identified health risks through targeted wellness initiatives and health benefit plan design changes. When the specific health risks of your population are known, it is much easier to put into motion programs and health plan designs that will lower health risks and have a positive impact on the health and well-being of your insured population.

Worksite Wellness is Simple but not Easy!

Most effective worksite health promotion programs focus on getting employees and their spouses to exercise more, eat better, attain a healthier body weight, stop smoking, and manage stress in their lives. That’s the “simple” part. The difficult part is all the work that must be done to keep wellness sustainable over the long haul. There are no quick fixes when it comes to establishing a wellness program that will deliver measurable health improvement and risk factor reduction for employees.

Organizations that have experienced success with wellness programs have made wellness part of their ongoing business strategy and have executed their wellness strategy over a period of years. In other words, they’ve adopted a wellness culture that permeates the entire organization. Once a successful wellness culture is established, these organizations tend to experience less employee turnover and measurable improvement in employee health and productivity. An added benefit for organizations with a solid wellness culture is that they tend to attract healthier employees, who value a workplace that embraces personal wellness. It’s a “virtuous cycle” that gives these organizations an edge in productivity, employee retention, lower increases in health insurance premiums (relative to industry peers), and recruitment of top-notch talent.

One excellent independent resource for materials to help your organization establish an effective and lasting worksite wellness program is The Wellness Councils of America (WELCOA), www.welcoa.org. WELCOA is a recognized leader in the field of workplace health promotion and offers time-tested programs for its members at a very low cost.

To gain a competitive edge in our rapidly changing global economy, it is critical to embrace worksite health promotion to enhance the health and overall well-being of your workforce. By linking your health promotion efforts to your health insurance plan design, you’ll leverage the impact that wellness efforts can have in improving the health of your employees and provide your organization with the best opportunity to reign in ever-rising healthcare costs. *Carpe Diem!*