

# Improving Employee Health

## Implementing a results-oriented workplace wellness program

Workplace wellness programs are becoming more attractive to public and private employers as a means to reduce illness, improve health and control healthcare costs.

Group health insurance and wellness programs have a potentially strong correlation, but this link is often misunderstood or not embraced. As we know, health insurance is the vehicle used to fund school district's healthcare costs for employees and their families.

The ever-increasing costs of employer-sponsored health plans continue to put a great deal of stress on school district budgets and the pocketbooks of faculty and support staff. Effective wellness programs have assisted in improving employee health, while also bending the cost curve for employers and out-of-pocket costs for employees.

There are three different types of wellness programs, and the least common type, a results-oriented program, has actually been proven

most effective. Read on for information about the advantages of a results-oriented wellness program and tips for successfully designing and implementing one.

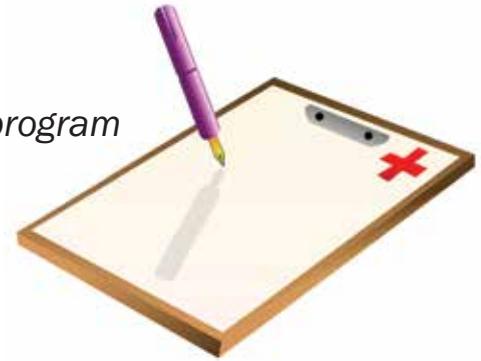
### Types of Wellness Programs

**Awareness-Oriented.** An awareness-oriented wellness program provides information and resources to help employees learn about healthy lifestyle choices. It emphasizes education and awareness, not actual activity or behavior. It also tends to be most appealing to already health-conscious individuals — it's generally not as effective for those in poor or at-risk health for reducing or stabilizing healthcare costs/health insurance premiums.

**Activity-Oriented.** An activity-oriented wellness program combines awareness with participation in healthy activities, *i.e.*, walking programs, weight-loss challenges, and discounted or free gym memberships. It generally offers some type

of participation incentive. It also usually leads to some improved health within the workforce and healthcare savings, but could take three or more years to see or realize a positive return on investment.

**Results-Oriented.** A results-oriented wellness program focuses on measurable outcomes and behavior changes achieved through the program. It also includes components of awareness and activity-based programs. If paired with strong incentives, a results-oriented wellness program has the ability to produce significant cases of improved health, a return on investment through lower healthcare costs/health insurance premiums (for plan members and school districts),



## LEGAL CONSIDERATIONS

The following privacy guidelines and non-discrimination rules are extremely important, and may be one reason school districts shy away from results-oriented wellness programs.

The Health Insurance Portability and Accountability Act (HIPAA) prohibits group health plans and insurers from discriminating against individual participants and beneficiaries in eligibility, and premiums or benefits based on a health factor. However, HIPAA does allow benefits (including cost sharing), premiums or contributions to vary based on participation in a wellness program. Under these rules, results-oriented wellness programs are permitted if they abide by the following five conditions:

1. The program must give eligible individuals the opportunity to qualify for the reward at least once per year.
2. The total reward (incentive) for results-oriented programs is limited — generally, it must not exceed 20 percent of the cost of “single-only” coverage under the plan. However, the Affordable Care Act (ACA) increases this limit to 30 percent for plan years beginning on or after January 1, 2014. Following a governmental study on workplace wellness programs, the incentive may be increased to as much as 50

percent if it is determined an increase is appropriate. Also, final ACA regulations issued on May 29, 2013, increase the maximum permissible reward to 50 percent for wellness programs designed to prevent or reduce tobacco use.

3. The program must be reasonably designed to promote health and prevent disease. Results-oriented wellness programs must provide a reasonable alternative standard to qualify for the reward for individuals who, based on a health factor, do not meet the initial standard.
4. The reward must be available to all similarly situated individuals. The program must allow a reasonable alternative standard (or waiver of initial standard) for obtaining the reward to all individuals who do not meet the initial standard based on a measurement, test or screening, regardless of any medical condition or other health status.
5. The plan materials describing the terms of the program must disclose the availability of a reasonable alternative standard (or the possibility of a waiver of the initial standard).

For more information, see “Legal Implications of Workplace Wellness Programs” on page 29.

decreased absenteeism, and fewer workers' compensation incidents.

### ■ Components of a Successful Results-Oriented Program

Successful wellness programs have several components in common. Here are some key components to a good results-oriented program.

- **Health Risk Assessment (HRA) (confidential/HIPAA compliant).** This helps identify risk areas on which to focus.
- **Health Testing (confidential/HIPAA compliant).** Such testing measures weight, body mass index (BMI), blood pressure, blood lipids, etc., and provides a benchmark for goals to improve these factors.
- **Incentives.** Offer monetary or other significant rewards for participation in certain activities or for achieving specific accomplishments within the wellness program.
- **Education.** Give employees access to information about healthy eating, exercising, smoking cessation, losing weight and other healthy living topics.
- **High Participation Rates.** Use incentives, marketing and other strategies to increase participation rates and drive the most return on investment.
- **Frequent Contact (workplace wellness committee).** Distribute posters, emails, bulletin board reminders to keep employees aware of the program and make it fun.
- **Family Participation.** Allow and encourage family members to participate, making it easier for the employees to strive toward a healthier lifestyle.
- **Exercise.** Consider offering onsite workout facilities or discounted gym memberships to encourage regular physical activity. A few school districts have a faculty/staff-only workout area within the district as a reward for hitting certain participation levels.
- **Smoking Cessation.** Offer a smoking cessation program to help combat one of the leading health risks among employees.

## Employee Wellness Programs: What Board Members Need to Know

**Though many descriptions** and definitions are available, a wellness program is defined by the Affordable Care Act as a program offered by an employer to promote health or prevent disease.

**Approximately half** of all U.S. employers with 50 or more employees offer wellness promotion initiatives.

**The 2013 RAND Employer Survey** and related statistical analyses suggest that participation in a wellness program over five years is associated with a trend toward lower health care costs and decreasing health care use. The estimated average annual difference in health care costs between participating

in a wellness program and not participating in one was \$157 per employee.

**Wellness programs** vary in scope and cost. Any type of properly designed program will have a positive impact on your employees, their families, and your bottom line.

**Concurrent with implementing** a wellness program, determine which measurable items, *i.e.*, health insurance premiums, number of sick days taken, office visits and prescriptions filled, might be favorably impacted by the program, establish a baseline for each one and annually re-calculate those items post-program implementation. □

- **Flexibility.** Allow flexibility in setting your objectives/standards so employees can have personalized programs that address their most pressing risk factors.

### ■ Range of Costs

Wellness program administration costs can range from \$25 to \$125 per-employee, per-year depending on whether the program is managed internally or outsourced to a professional wellness vendor. The cost can also depend on the depth of components made available (HIPAA compliant testing, health/lifestyle coaching and participant monetary or gift incentives). But in many cases, once a well-designed program is up and running, a 2-to-1 or even 3-to-1 financial return on investment is achievable for the district, while also lowering out-of-pocket costs for plan members.

### ■ Getting Started

When implementing a results-oriented wellness program, several factors should be considered.

First of all, the program should have the approval of the school board and be driven by school leaders. No good program will get off the ground without buy-in from a district's board and administration leadership. Strong board/administration-level support is the foundation for building a solid, effective wellness program for the overall faculty and support staff.

It is also recommended that the district form a wellness team, which can manage resources to successfully

design, implement, promote, administer and monitor the program.

Having a clear plan is crucial to establishing a successful wellness program. Design a very specific wellness program based on your school district's size, needs and financial situation. You'll need to decide which incentives and programs to offer, which health initiatives to emphasize, etc. Remember to keep your program in compliance with the HIPAA guidelines mentioned above. Your district's benefits consultant can assist with the resources necessary to make sure the program is compliant and give it a greater chance of success.

Finally, once your program is implemented, make sure your district follows-up and evaluates the program. This includes monitoring participation rates and progress to make sure it is on the right track. If not, aspects of the program may need to be changed or revamped. Only by continuing to evaluate the program will your school district be able to achieve maximum improved health and a solid return on investment where everyone wins.

Like people, wellness programs come in many shapes and sizes, and there's a program available for every size budget. Investigate the possibilities today for a healthier tomorrow! ■

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