

From the reprint department of:

Business Insurance[®]

a publication of Crain Communications Inc

Reporting weekly for corporate risk, employee benefit and financial executives.

As seen the week of:

Spotlight Report

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Paying health club fees is not enough

Integrate wellness plan with other benefits: Consultants

By JOANNE WOJCIK

ANAHEIM, Calif.—Employers must integrate their wellness programs into their overall benefit plans to ensure their effectiveness, several experts say.

Wellness plans also should give employees a stake in improving their health by offering financial incentives and/or disincentives, according to the experts.

"If you ask companies if they have a wellness program, they usually say yes," said David R. Anderson, vp-operations at StayWell Health Management Systems Inc. in Eagan, Minn.

For example, 76% of 618 employers surveyed by Hewitt Associates offer at least one health promotion activity, while 91% of 832 firms surveyed by the Hay Group have some type of wellness program.

But doing only one thing, like publishing a monthly wellness periodical or offering to contribute to health club membership fees, "will not have any real impact," said Georgia Casciato, a consultant with Alexander & Alexander Consulting Group Inc. in Chicago.

"Wellness will have no value or return for the company unless it is integrated" into an overall long-term health care strategy, Ms. Casciato said during a session titled "Wellness: The Only Lasting Cost Containment" last week at the 30th annual Risk & Insurance Management Society conference.

While many innovative employers "experimented" with wellness during the 1980s, others hesitated because there was no hard data to back up claims that such programs reduce overall health plan costs, said Mr. Anderson.

"People complained there was no data, though everyone intuitively knew that people who took

care of themselves were generally healthier," he said. "So we went about collecting data to prove what we already knew."

Some studies compared the experience of employees who participated in wellness programs with those who did not, while others compared the experience of worksites or branches where wellness plans were instituted with the experience of those without such programs.

One commonly cited study was done in 1987 by Milliman & Robertson Inc. for Control Data Corp., a Minneapolis-based computer manufacturer.

The study found that people with high blood pressure are 68% more likely to incur medical claims in excess of \$5,000 per year; people who don't wear seat belts during automobile accidents incur 54% more hospital days; and smokers' overall health care costs are 18% higher than costs for non-smokers.

What the Control Data study

'Wellness is starting to look a whole lot like risk management,' says David R. Anderson.

and other studies showed was that "wellness is starting to look a whole lot like risk management," Mr. Anderson said.

Like a corporate risk manager analyzing corporate exposures, benefit managers also must conduct a risk appraisal to identify risks in the employee population, develop intervention programs to target high-risk individuals and monitor their progress over time, Mr. Anderson advised.

"While this may be old hat to

risk managers, this is revolutionary thinking in the wellness field," he said.

Taking a risk management approach means incorporating wellness into an overall health care strategy, according to Alexander's Ms. Casciato.

For example, in addition to promoting a healthy lifestyle, employers should use financial incentives and/or disincentives to lure employees into the fold.

"It's important that employees have a buy-in," she said.

Lifestyle-based employee contributions can also help offset the additional cost of instituting a wellness program, according to Mr. Anderson.

"It's a way of taking away on one hand while giving with the other," Ms. Casciato agreed.

"There are all kinds of creative strategies" for integrating wellness into benefit plan design, according to Ms. Casciato.

For example, some companies may provide coverage for preventive health care services as part of employees' core benefit package, she said.

Other employers offer coverage for preventive services as part of a choice or flexible benefits plan. In such arrangements, employees usually can choose the level of coverage they would like to have in such areas as preventive care, acute care, intermediate care or emergency care.

"For example, someone with diabetes might choose to have higher acute care benefits," she explained.

Among the "carrots" employers usually offer their employees to participate in wellness programs are:

- Rebates on premium contributions for good health or health improvement.

- Accomplishment awards, such as bonuses for employees who have not smoked for at least

six months.

- Discounted life, health and/or disability rates for those who pledge to maintain a healthy lifestyle.

Among the "sticks," or financial disincentives, employers use are increased life, health and/or disability rates for those who have unhealthy lifestyles, such as smokers.

"It doesn't say you can't smoke, but if you do, you'll pay more for your benefits," Ms. Casciato said.

Another financial incentive with which employers are experimenting is the establishment of risk-related benefit plan contributions.

Such contributions are usually calculated based on a point system using information collected from a health risk appraisal conducted of each employee.

The risk factors that usually are taken into account are smoking, blood pressure, cholesterol level, obesity and whether an employee exercises regularly.

Some employers are more flexible than others, according to Ms. Casciato.

For example, Southern California Edison Co. rewards employees' willingness to try to reduce their risk factors, said Mary Schmitz, manager of health care customer services for the Rosemead, Calif.-based utility.

"This way they can have a disease and still get a rebate," said Ms. Schmitz, who also spoke during the session.

Under SCE's good health rebate program, employees and their spouses can get a rebate of up to \$10 per month on their health plan contributions if they pass the tests for five risk factors—obesity, blood pressure, high cholesterol, smoking and diabetes—or are under a doctor's care for one of these factors.

Flexibility enables employers to avoid the appearance of discriminating against one group of

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individuals who may argue that their high blood pressure or diabetes are disabilities covered under the Americans with Disabilities Act, all three speakers agreed.

In fact, some employees may argue that their smoking is a disability since Dr. C. Everett Koop, the former Surgeon General, said that nicotine is as addictive as heroin.

In general, under the ADA, employers no longer can refuse

to hire workers predisposed to work-related or non-work-related injuries and illnesses. And employers cannot exclude applicants because their conditions will probably deteriorate in the future or because workers compensation or health insurance premiums will probably increase once they are hired (*BI*, Jan. 27).

Each company's approach to integrating wellness into its health benefit plan will vary depending on its corporate philoso-

phy and culture, financial objectives, plan design and workforce demographics, Alexander's Ms. Casciato explained.

"It's always important to look at the corporate culture and see what actually fits in terms of wellness," she said.

An integrated wellness program also "needs to be inclusive, from primary prevention to rehabilitation, including cost, volume and quality considerations," she said.

Above all, a program should reward behavior change that makes employees healthier, thus reducing their overall health care costs, Ms. Casciato concluded.

Robert D. Jensen, insurance/risk manager for the Minneapolis/St. Paul Metropolitan Airports Commission, moderated the session. ■