

State of Arkansas

# Wellness Program

August, 2024

# Background on Wellness Programs

# Wellness Programs

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- Historically, a well-being strategy's core concept is to reduce health risks while improving the quality of life for individual members and their families.
- A major shortcoming of traditional well-being programs has been low engagement, resulting in a minimal impact on overall quality of life and total health plan cost.
- Health technology applications, devices and companies have emerged in the marketplace, and COVID-19 has increased the visibility of these solutions.
- While engagement with digital health platforms has increased, quality can differ considerably and cause reliability concerns for members.
- Meaningful engagement hinges on the individuals being well informed on the program's existence, identifying a perceived benefit for participation, and overall satisfaction and convenience with the program.
- With rigorous vendor selection and oversight, a targeted communications strategy and proper incentives, a creditable enrollment rate may be achieved.
- Requires a significant investment by the Plan that will benefit members through improved health and financial incentives.

# Evidence-based Well-being Philosophy

- Segal recommends evolution of the current wellness plan to a philosophy grounded in the belief that members can attain optimal results when they are encouraged to achieve sustained behavior change.
- It's not enough to offer a variety of programs, or even engage many participants in information-based biometric **activities**, if members are not improving their psychological, physical, financial, work and social well-being – in a sustained manner.
- By providing members the appropriate combination of knowledge / motivation, and resources, members can generate more engagement and investment in their own health.



# Case Studies

# Case Study 1: *Measuring Effectiveness of Wellness Program*

## Client Issue

- Plan wanted to know if their wellness program was working.

## Analysis

- A comparison of wellness program Users vs. Non-users was completed for those consistently enrolled for 24 months to assess the impact of participation on cost, utilization and health risk.
- Overall, wellness program users had much better outcomes than non-users. The chart below shows risk-adjusted change in admissions per thousand for each group. The wellness program users had significantly better outcomes.

Admissions Per 1,000	Prior Year	Current Year	Change
Wellness participants	32.16	19.56	-39%
Non participants	48.37	52.85	9%
<b>Users vs. Non-Users</b>	<b>-34%</b>	<b>-63%</b>	

- Biometric results are powerful objective measures of performance. The exhibit below shows improvements in cholesterol levels for participants in the wellness program.

Cholesterol Level	Prior Year	Current Yr	Norms	Change
1 - Desirable ( $\leq 199$ )	54.3%	59.3%	34.72%	9%
2 - Borderline High (200-239)	32.3%	29.1%	50.19%	-10%
3 - High ( $\geq 240$ )	13.4%	11.6%	15.09%	-13%

# Case Study #2

## *Driving Health Improvement to Reduce Healthcare Costs*

### Challenge

Increase impact of wellness programs within plan and limited ability to change plan design

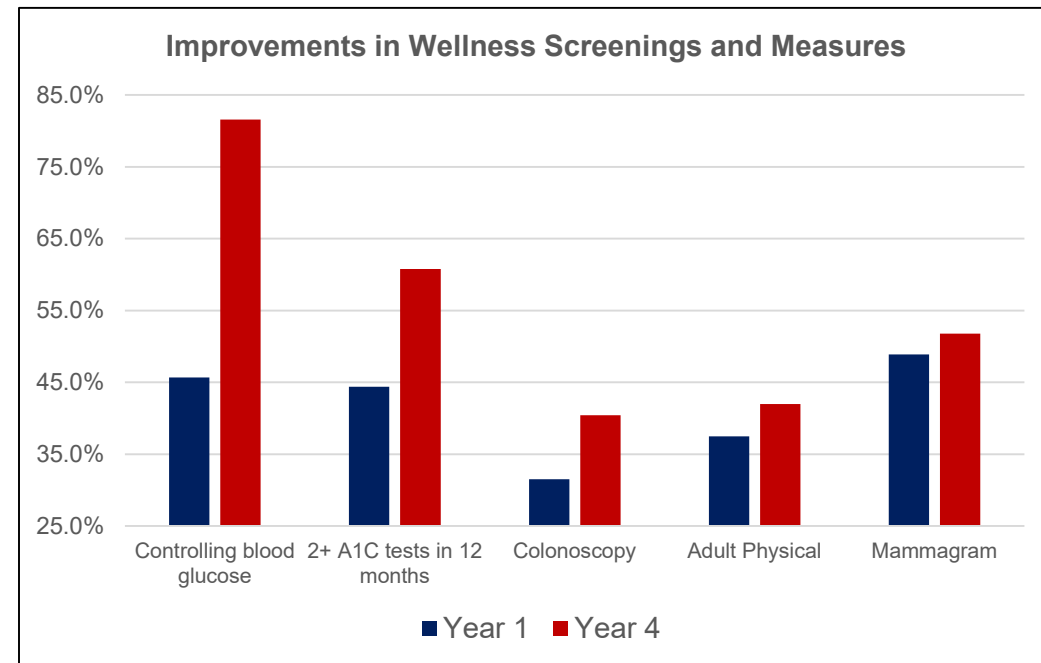
### Approach

Implemented outcomes-based performance guarantees for vendors, enhanced employee communications, simplified wellness program design, facilitated ongoing collaboration / sharing of best practices among vendors

### Results

\$70 million in net health plan savings over 3 years; significant improvement in screening rates; lower than benchmark trend rates on costs for members with:

- Diabetes
- Hypertension
- Hyperlipidemia
- Heart disease
- Asthma/COPD



# Case Study #2: Key Findings

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- The participating group outperformed the control group on the following utilization measures from year 1 to year 2:
  - Admissions (28.8% decrease compared with a 7.0% increase for control)
  - Readmissions (25.5% increase compared with a 39.3% increase for control)
  - ER Visits (9.6% decrease compared with a 2.7% decrease for control)
- Program participants performed better on most cost and utilization measures for nearly all measured diseases from year 1 to year 2.
- The program participants had better care gap compliance across the board in year 1 and year 2. Although the percentage change from year 1 to year 2 was mostly better for the control group this was due to vendor having significantly higher starting compliance percentages and less opportunity to “move the needle”.
- Medical PMPM for the participating group decreased 3.3% from year 1 to year 2. Medical PMPM increased 7.7% for the control group during that same period. The change from prior year to year 2 for the participating group was a decrease of 0.5% whereas the control group had a 14.5% increase during that same period.
- Total PMPM for the participating group increased 7.4% less than the control group from year 1 to year 2.



# Case Study #2: Key Findings - Continued

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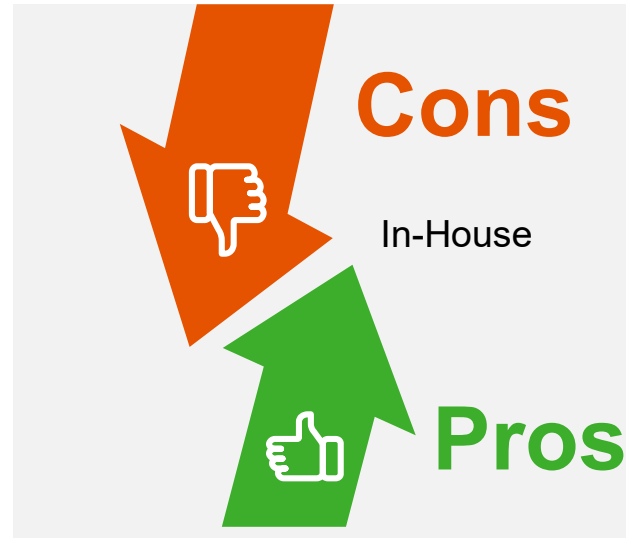
- The risk score of the participating group increased 3.3% from year 1 to year 2 compared with a decrease of 4.3% for the non-participants. This result confirms that the carrier is targeting members with the greatest potential ROI. The risk scores of both groups increased a similar percentage from year 1 to year 2.
- Rx PMPM for the participating group increased 13.6% from year 1 to year 2 for the participating group compared to a 10.9% increase for the control group during that same period. The increase from prior year to year 2 for the participating group was 33.1% whereas the control group had a 23.9% increase during that same period.

# Best Practices in Wellness Program Design

# Ensuring Equitable Incentives & Activities in Wellness Programs

- Principles of Equity in Wellness Programs
  - Accessibility & Inclusivity: Offer virtual and in-person options; accommodate all employees.
  - Diverse Incentive Structures: Provide a range of incentives, including non-monetary rewards.
  - Cultural Sensitivity: Respect and acknowledge cultural differences in activities and rewards.
- Strategies for Equitable Wellness Activities
  - Broad Activity Offerings: Include physical, mental, and social wellness activities.
  - Equal Opportunity Participation: Ensure all employees can participate, regardless of their health status, role or location.
  - Transparent Communication & Feedback: Clearly communicate details and gather feedback for improvement.

# Pros and Cons In-House Vs. Outsource Wellness Program



- Privacy
- Lack of Overall Expertise
- Administrative Burden
- Lack of Resources
- Keeping it “fresh”
- Lack of Consistency

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- Has total control of program
  - Positive impact on leadership commitment
  - Expertise in employee culture
  - Understands barriers and challenges



- Lack of Control
- Lack of knowledge in employee population
- Cost
- Employees do not trust their privacy is safe

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- Expertise in administering Wellness/Wellbeing
  - Lessons administrative burden
  - Abreast of new innovations and industry trends
  - Flexibility to update/expand with the constant change of technology
  - Ability to easily integrate with third party vendors for add-on services; i.e. Weight loss, mental health, diabetes, screenings, etc.

# Sample Incentives

# Example 1

**Incentive Amount:** \$400 (can be a lump sum or spread out monthly)

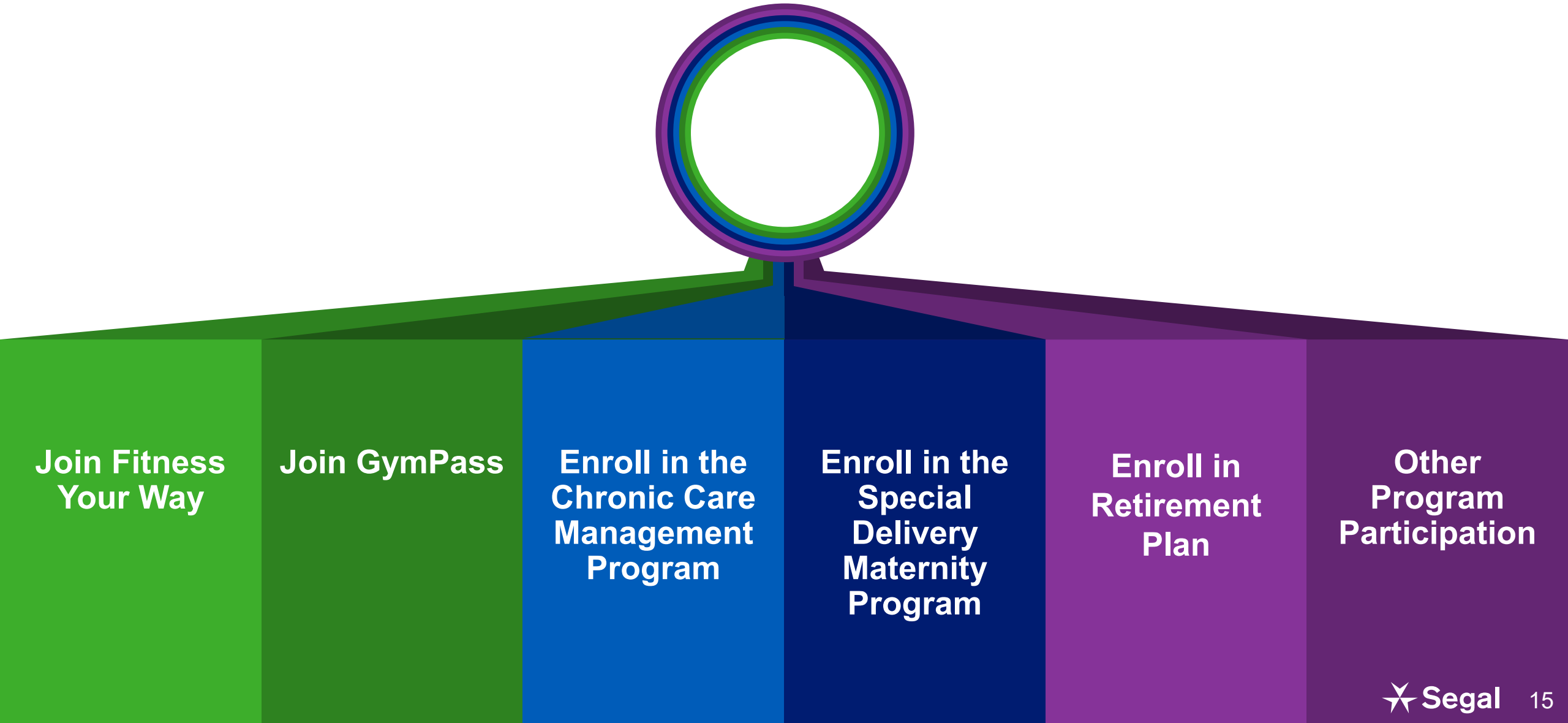
**Distribution:** At the start of the plan year

**Requirement:** Participation in existing programs the Plan offers throughout the year

## Program Details

1. Initial Distribution: At the beginning of the plan year, each eligible employee receives \$400. This amount could be added to an HRA/HSA, premium, etc.
2. Activity Selection: Employees are required to choose and participate in programs from a predefined list for at least six months.
3. Completion: The employee must submit proof to retain the \$400.

# Example 1 – Sample Activities



# Example 2

**Incentive Amount:** \$500

**Distribution:** At the start of the plan year

**Requirement:** Participation per quarter

## Program Details

### 1. Distribution:

- Employees can earn \$100 for annual exam
- Employees can earn \$100 for a health screening
- If identified with a condition, employees need to enroll and remain engaged in a chronic care program to earn \$100 quarters 2-4.
- If not identified with a condition, employees can choose and remain engaged from a predefined list for at least six months to earn \$100 in quarters 2-4.

2. Completion: The employee must submit proof of completing and/or remaining engaged in the activities.



# Example 2 – Sample Activities

Type	Description	Incentive Dollars
<b>Annual Exam</b>	Get an annual exam by your primary care physician	\$100
<b>Health Screening</b>	Get a biometric screening (options at an onsite event, off-site lab, doctor)	\$100
<b>Chronic Care Management</b> If you have a chronic condition	If you are identified with a condition through claims or have outside normal lab values (from biometric screening), enroll in a chronic care program and work on-on-one with a nurse and/or health coach to earn rewards for participating in and complete the program	\$300
<b>Wellness Activities</b> If you are not identified with a chronic condition and have within normal range labs	If you are not identified with a condition through claims and have within normal range labs, you can earn \$100 in quarters 2, 3 and 4 if you participate and remain engaged in one activity per quarter (Fitness Your Way; Gym Pass; enroll in retirement plan; utilization of other programs (More activities can be added based on Plan benefits)	Up to \$100 each in quarters 2, 3 and 4

Employees cannot enroll in both chronic care management and Wellness activities

# Example 3

**Incentive Amount:** \$600

**Distribution:** At the start of the plan year

**Requirement:** Must complete requirements before being eligible to participate in health management programs.

## Program Details

### 1. Distribution:

- **Required:** \$100 for annual exam
- **Required:** \$100 for a health screening
- *Future State: If eligible, enroll in Diabetes Management Program and earn \$200 per year.*
- *Future State: If eligible, enroll in Weight Management Program and earn \$200 per year.*
- If not eligible for weight or diabetes management programs, employees can choose and must remain active from a predefined list for at least six months to earn up to \$400 per year.

2. Completion: The employee must submit proof of exam, screening, and wellness activities; *Future state – Diabetes and Weight Management vendor submits on those who are actively engaged.*

# Example 3 – Sample Activities

Type	Description	Incentive Dollars
<b>Annual Exam</b>	<b>Required:</b> Get an annual exam by your primary care physician	\$100 per year
<b>Health Screening</b>	<b>Required:</b> Get a biometric screening (options at an onsite event, off-site lab, doctor)	\$100 per year
<b>Wellness Activities</b> If you are not identified with a chronic condition	If you are not identified with a condition through claims and have within normal range labs, you can earn up to \$400 if you participate and remain engaged in at least three of the following activities: Fitness Your Way; Gym Pass; enroll in retirement plan; utilization your EAP program (more activities can be added based on Plan benefits)	Up to \$400 per year
<b>Diabetes Management Program</b>	If you are eligible for the diabetes management program, enroll and work on-on-one with a nurse and/or health coach to earn rewards for participating in and complete the program.	\$200 per year
<b>Weight Management Program</b>	If you are eligible for the weight management program, enroll and work on-on-one with a nurse and/or health coach to earn rewards for participating in and complete the program.	\$200 per year

# Compliance



# Importance of Being Compliant When Incentives are Involved



# Application of HIPAA/ACA Wellness Rules



# Participatory vs. Health-Contingent

## Participatory—No Extra HIPAA/ACA Requirements

- Fitness center, gym
- Complete HRA or screening, regardless of results
- Smoking cessation class, regardless of whether quit smoking
- A diagnostic testing program that provides a reward just for participation
- Waive copays and deductibles for cost of well-baby or prenatal care
- Reward to employees that attend a monthly health education seminar

## Health-Contingent—Extra HIPAA/ACA Requirements

- **Reward based on health factor (such as not using tobacco products or exercising)**
- **Activity-Only Programs**
  - Provides a reward when an individual performs an activity (*e.g.*, walking 10,000 steps/day, diet or exercise program) that some people may be unable to do because of their health (*e.g.*, severe asthma, pregnancy, recent surgery).
- **Outcome-Based Programs**
  - Requires individual to achieve certain health targets, such as not using tobacco or attaining certain results on biometric tests (*e.g.*, cholesterol levels). Includes programs that require “at risk” people to do something extra (*e.g.*, participate in coaching).

# Other Compliance Considerations

- Disclosure of Program and Reasonable Alternative Standard Under the ACA/HIPAA
- Notice Requirements Under the EEOC Rules
- Plan Administration Under Section 125/Cafeteria Plan
- Impact on Affordability Calculation Under the ACA
- HIPAA Privacy & Security
- COBRA
- State Laws



# Recommendations

# Recommendations

- Costs must be considered when determining if investment is viable for Arkansas. Improved health will help reduce long-term claims, but not enough to offset incentives paid.
- Segal recommends a wellness program based on either example 2 or 3, with \$500 or \$600 incentive
- Both incentive options take into consideration accessibility and equity so that everyone has a fair chance to earn rewards, avoiding penalizing individuals with chronic conditions or other limitations.
- Both incentive options offer a broad range of activities
- Both incentive options tie in the diabetes and / or weight loss program discussed earlier in the year with the wellness incentives
- Both incentive options ensure that the criteria for earning incentives are clear, transparent, and achievable for all participants.
- Both incentive options promote preventive screenings, which encourages early detection but also foster a culture of proactive health management that can significantly reduce future healthcare costs associated with chronic diseases and comorbidities.