

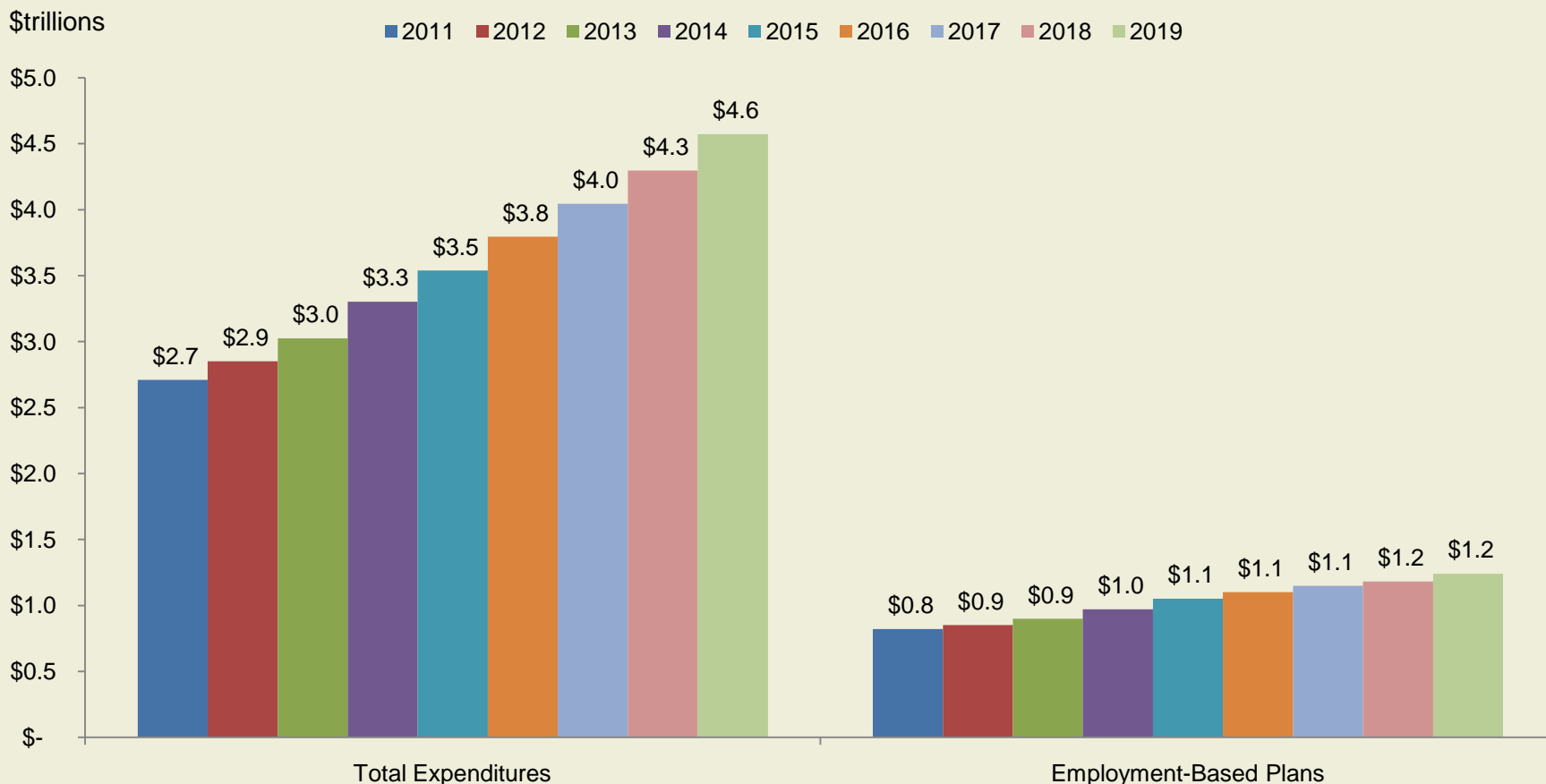
Prevention and Wellness Programs in the Multiemployer / Paritarian Context

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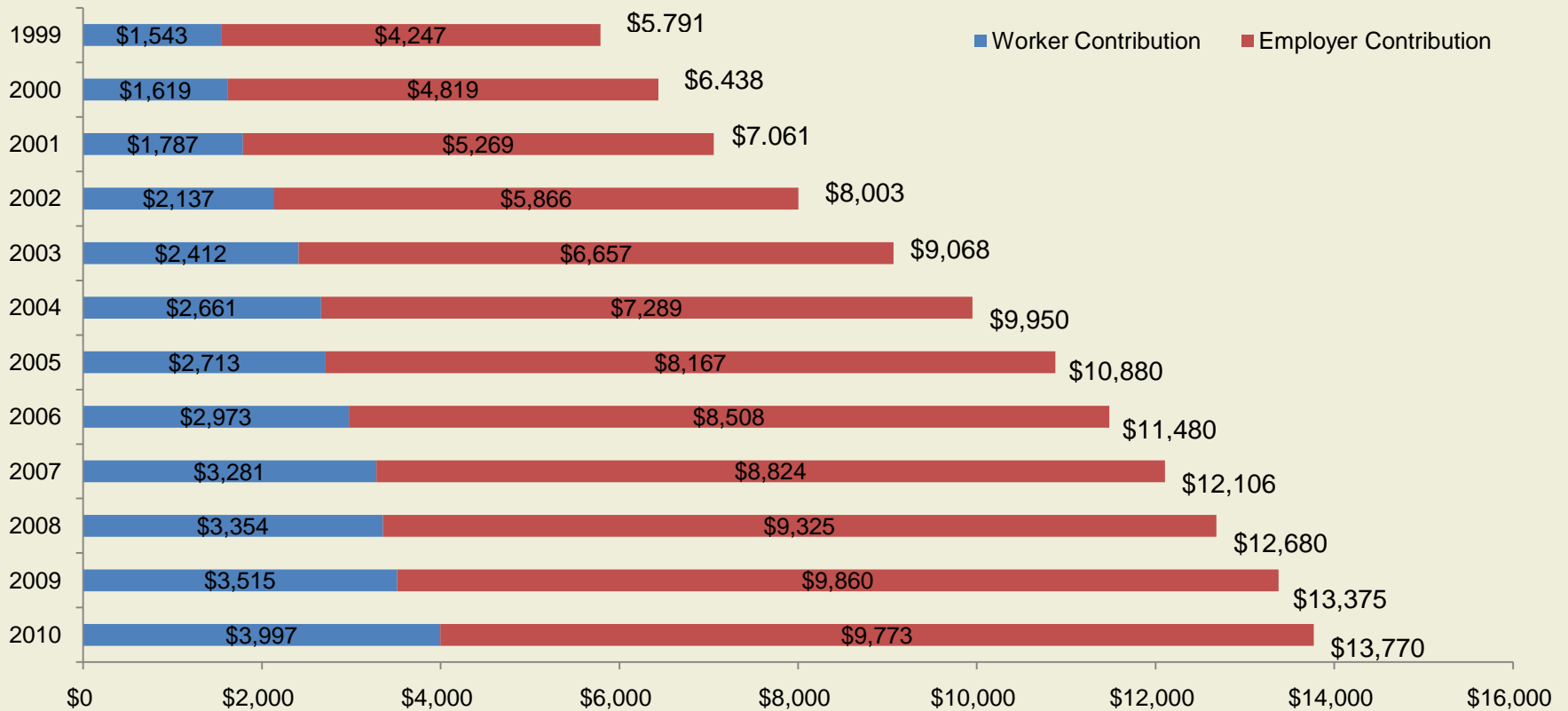
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Projected Health Care Expenditures in United States, Total & Employer Spending, 2011-2019



Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2010



Source: Kaiser Family Foundation.

15 Most Costly Conditions Account for Over 50% of Spending in U.S. in 2000

Heart disease	9%
Trauma	7%
Cancer	6%
Pulmonary conditions	6%
Mental disorders	5%
Hypertension	4%
Diabetes	3%
Arthritis	3%
Back problems	3%
Cerebrovascular disease	2%
Pneumonia	2%
Skin disorders	2%
Endocrine	2%
Infectious disease	2%
Kidney	1%
Total spending	56%

9 Conditions Account for Two-thirds of Growth in Medicare Costs Between 1987-2002

Heart disease	12.4%
Mental disorders	9.7
Trauma	7.5
Arthritis	6.8
Hypertension	6.8
Cancer	6.1
Diabetes	5.5
Pulmonary conditions	4.3
Hyperlipidemia	3.9
Cerebrovascular disease	3.4
Total	66.2

Smoking & Physical Inactivity

Smoking

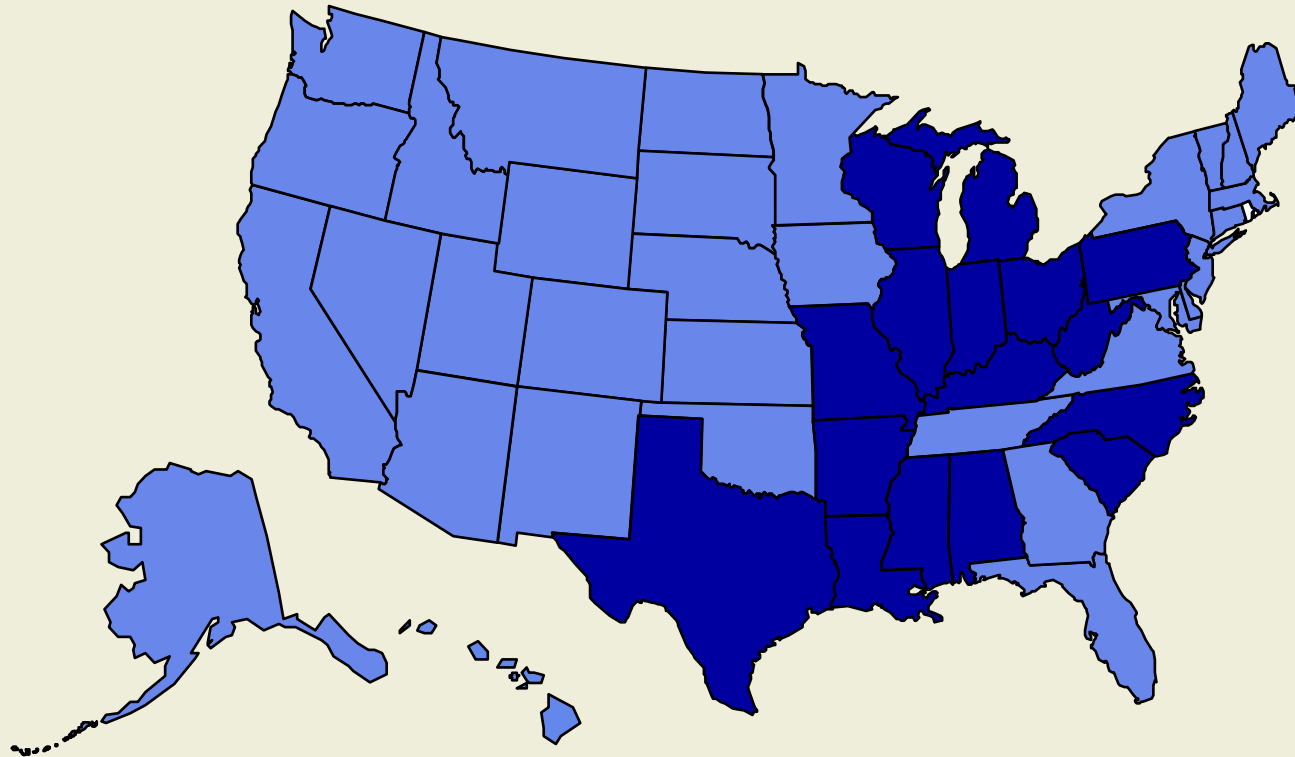
- 20% of population smokes or uses tobacco products
- Responsible for 1 in every 5 deaths
- Life expectancy 13-14 years younger than non-smokers
- Heart disease 2-4 times more frequently than non-smokers
- Some employers will not hire smokers

Physical Inactivity

- Only 3 in 10 adults get recommended amount
- 37% of adults report not physically active at all

Obesity Trends* Among U.S. Adults BRFSS, 1994

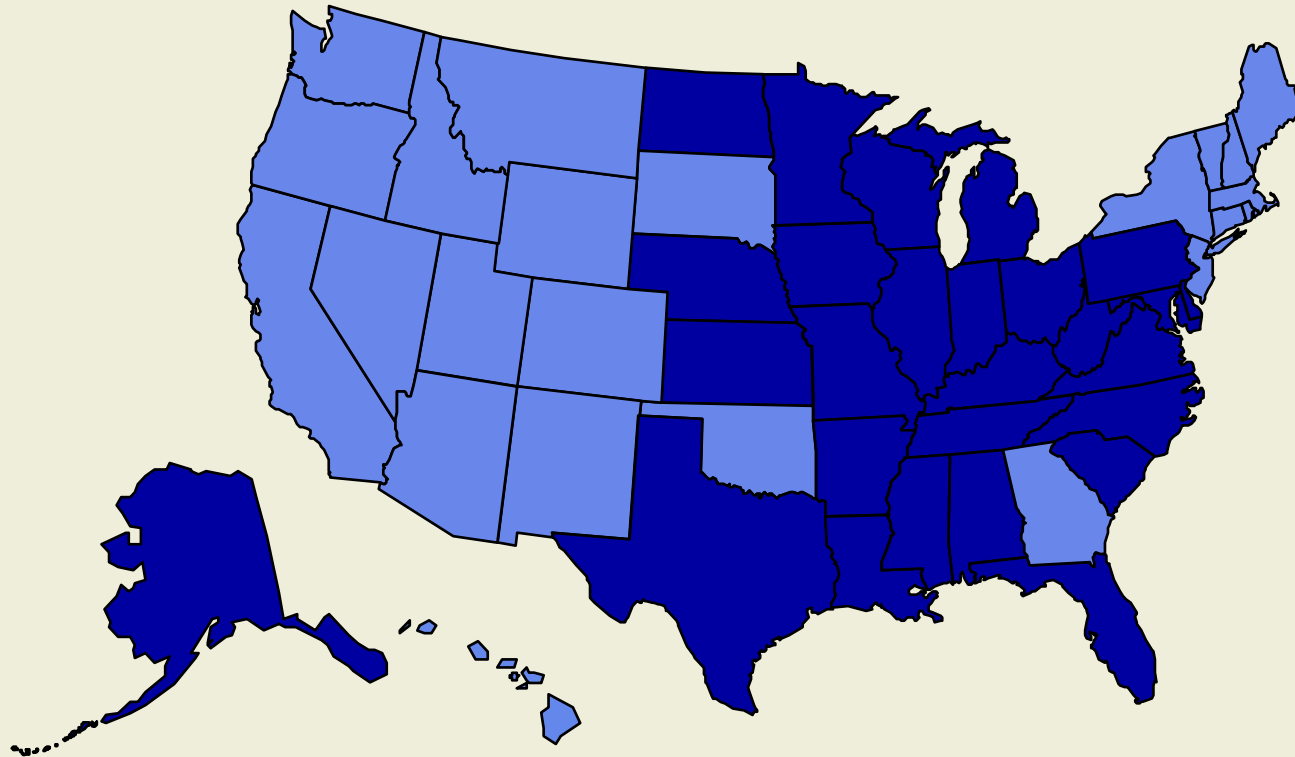
(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 1995

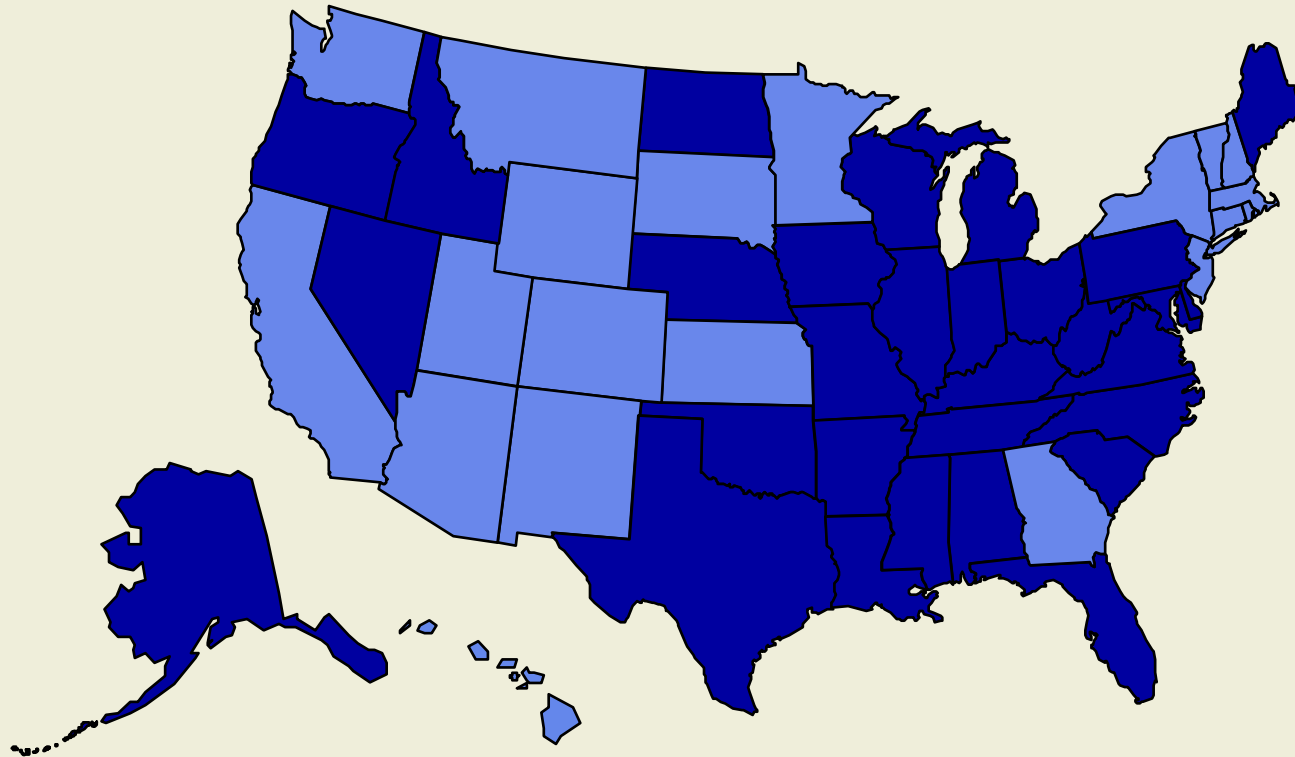
(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 1996

(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)

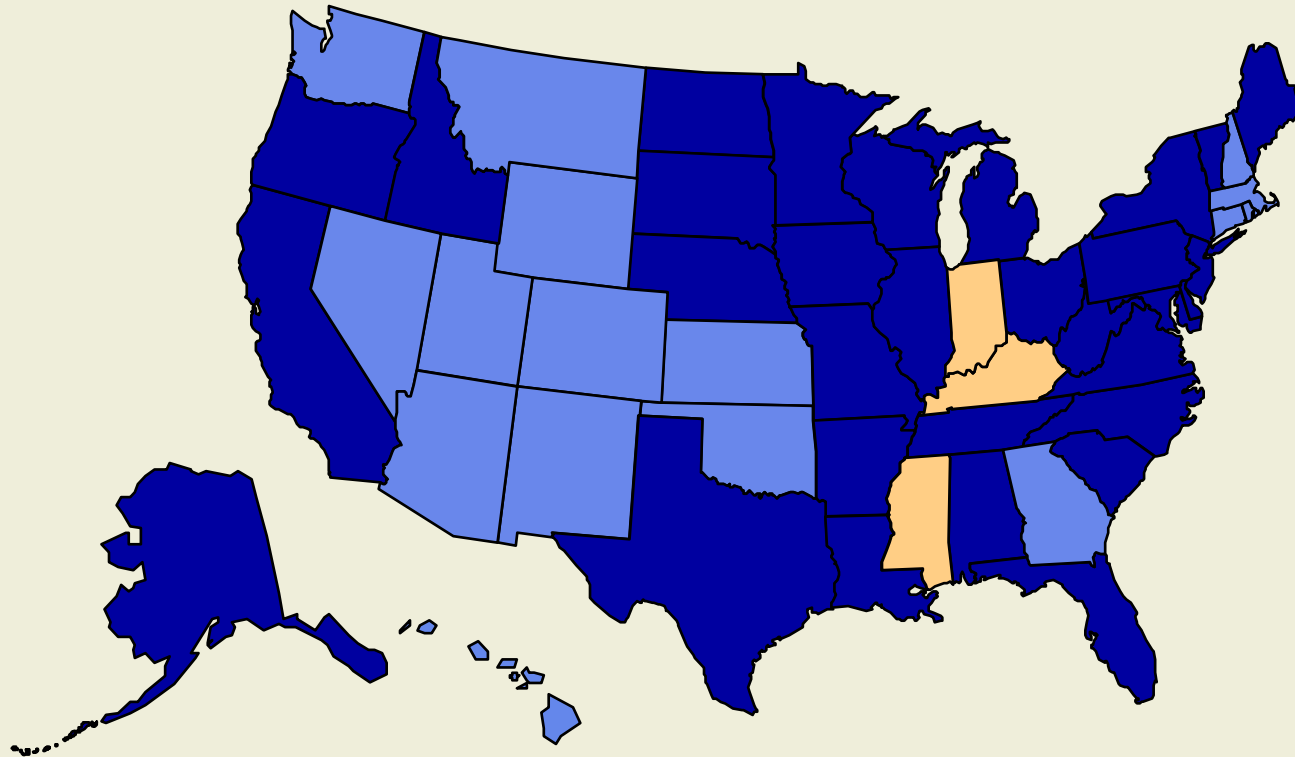


Source: www.cdc.gov/brfss/



Obesity Trends* Among U.S. Adults BRFSS, 1997

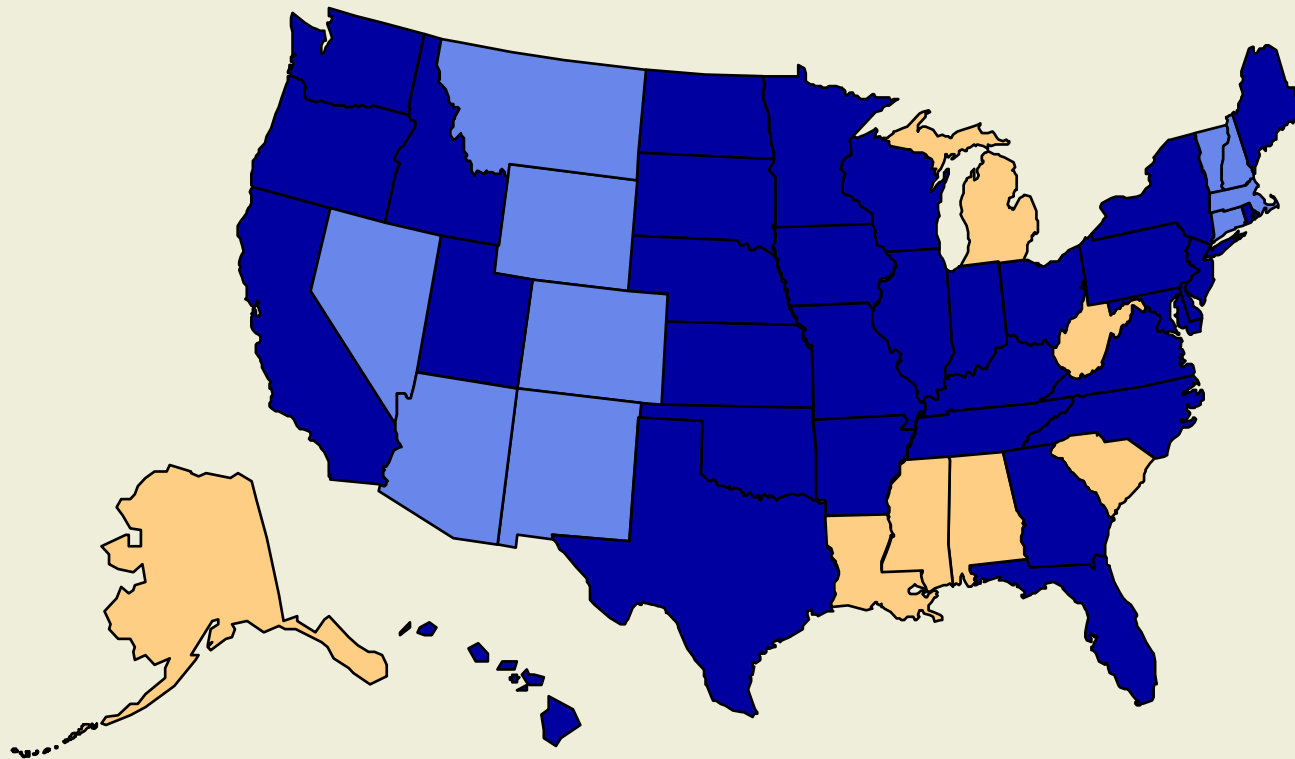
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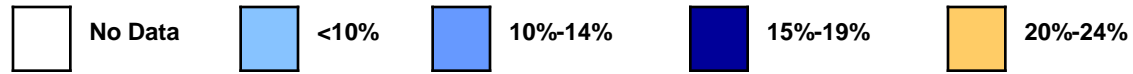
Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 1998

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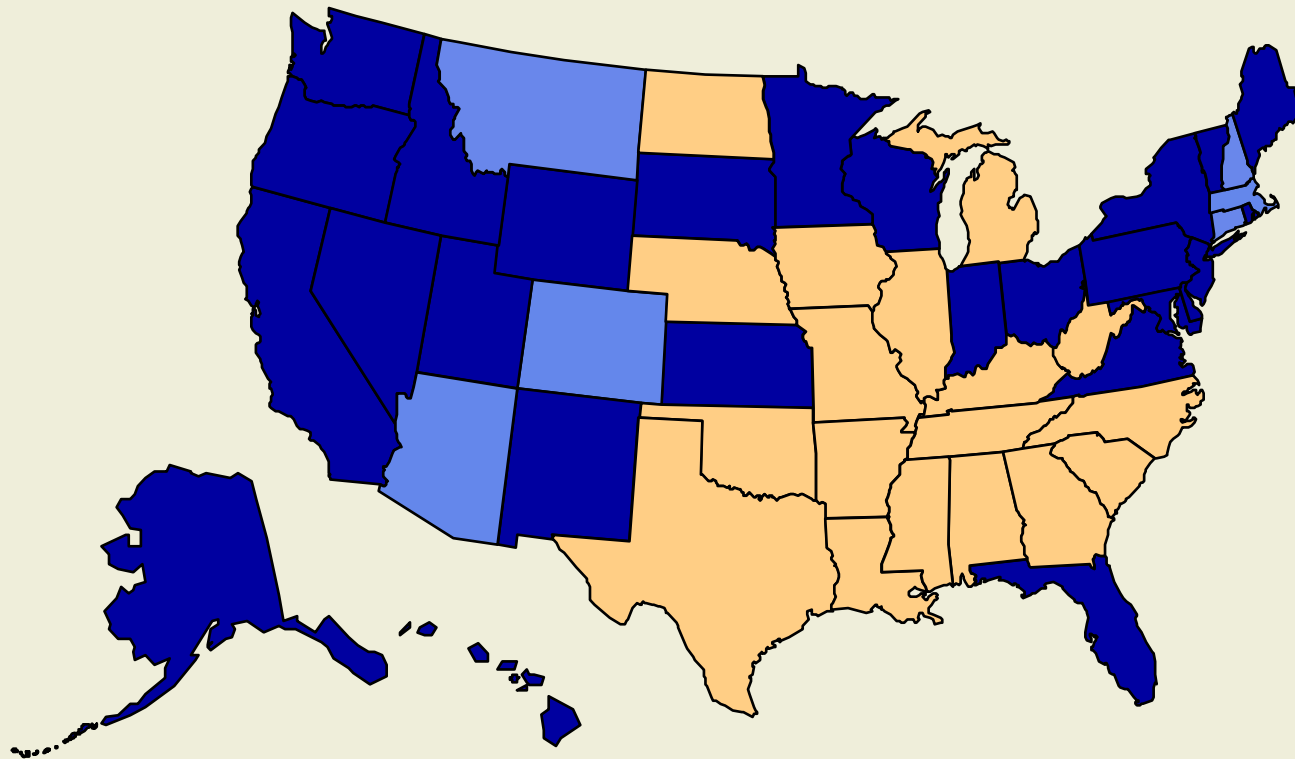


Source: www.cdc.gov/brfss/



Obesity Trends* Among U.S. Adults BRFSS, 1999

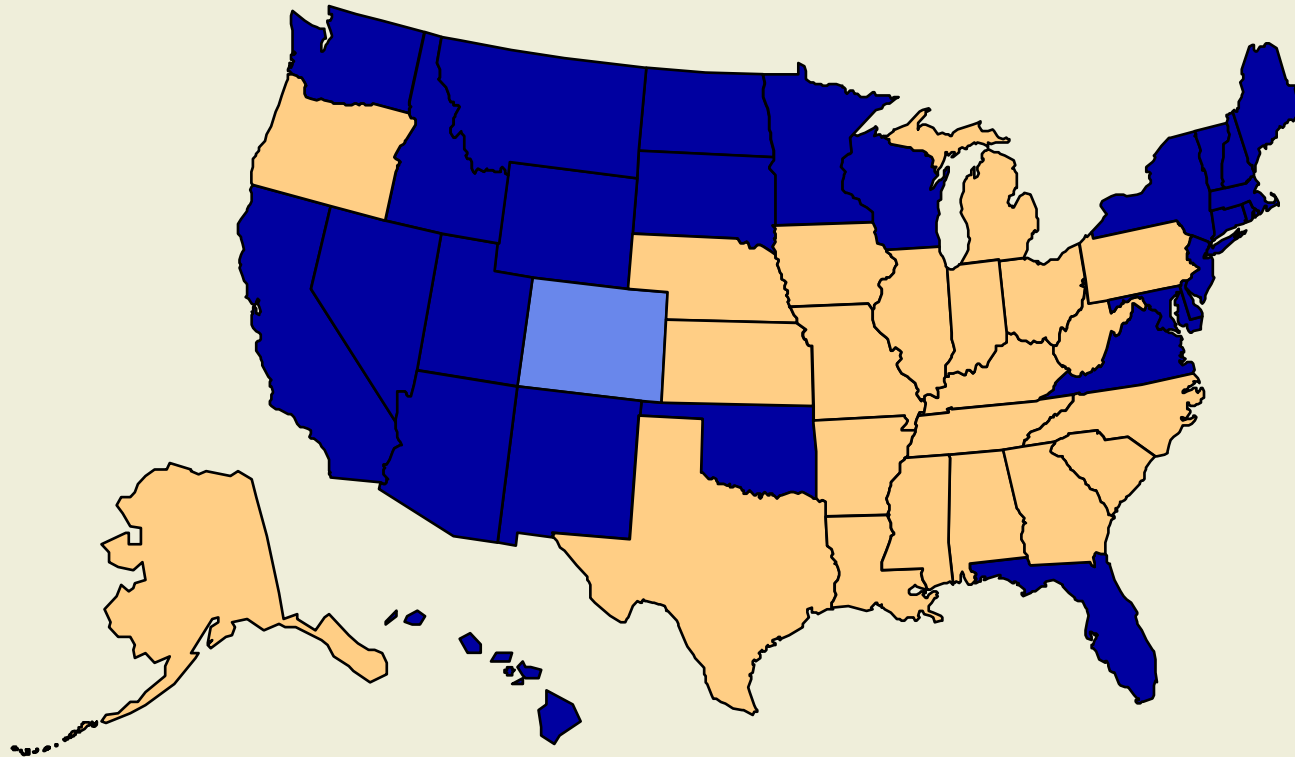
(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 2000

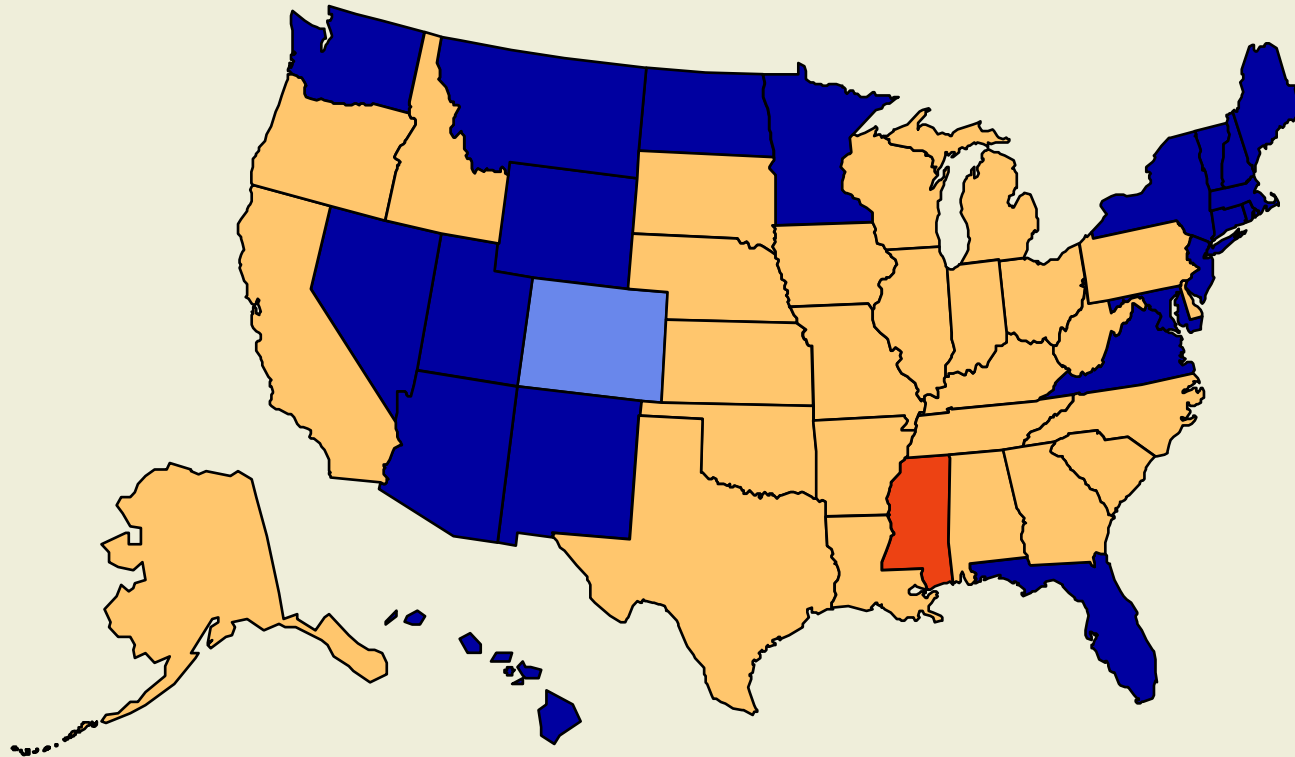
(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 2001

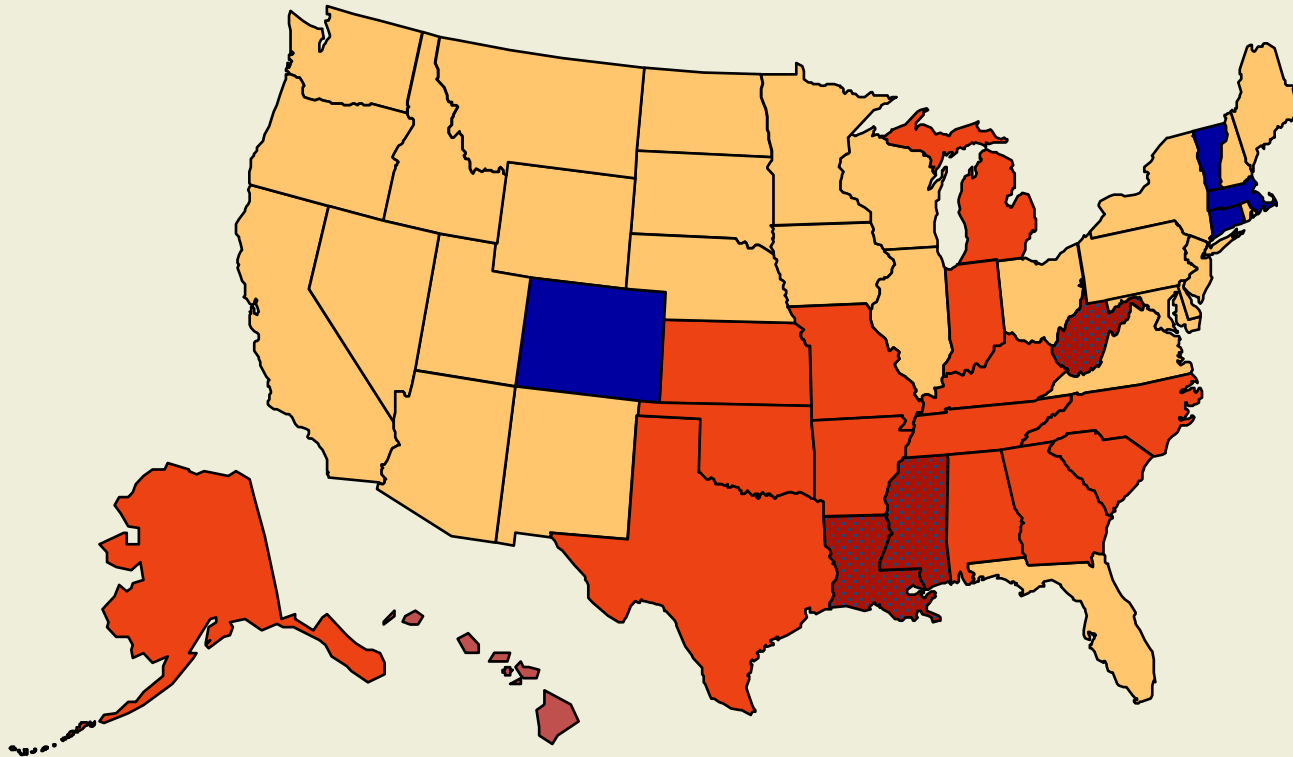
(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 2005

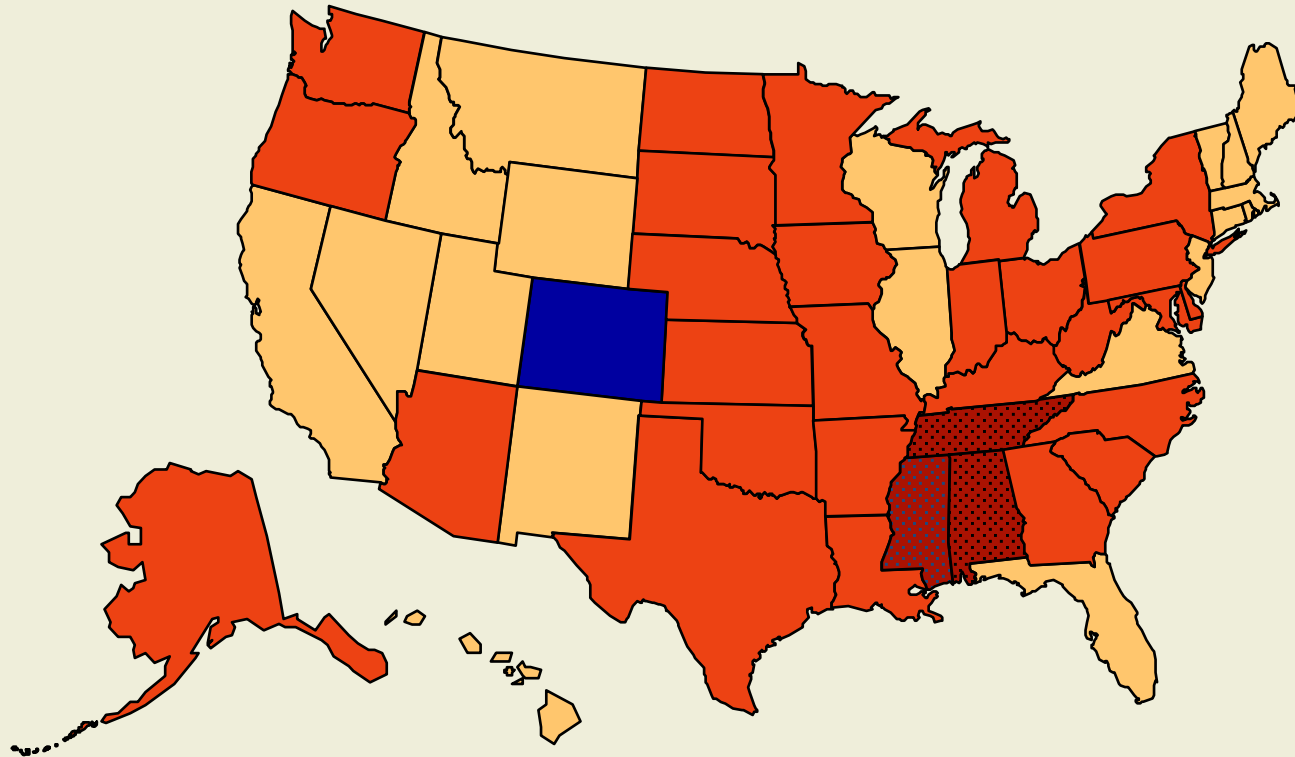
(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 2007

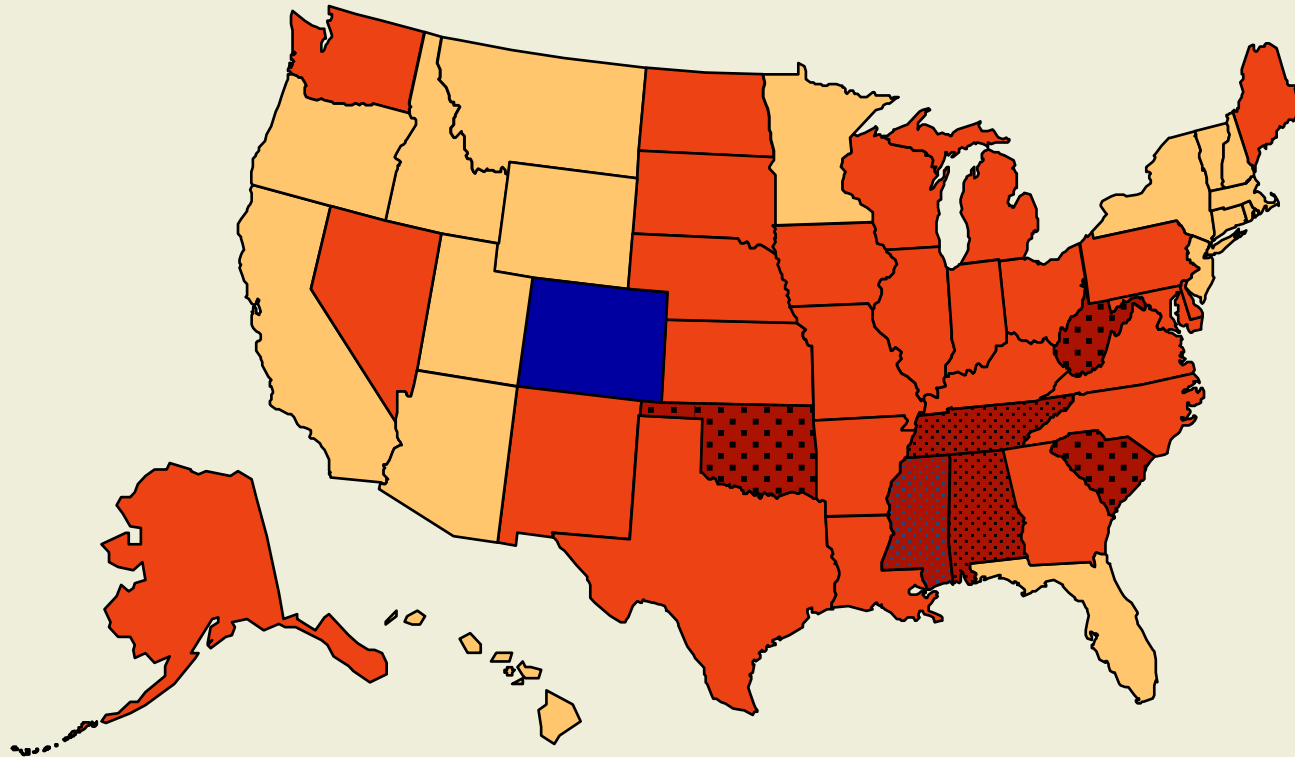
(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



Source: www.cdc.gov/brfss/

Obesity Trends* Among U.S. Adults BRFSS, 2008

(*BMI ≥ 30 , or ~ 30 lbs. overweight for 5' 4" person)



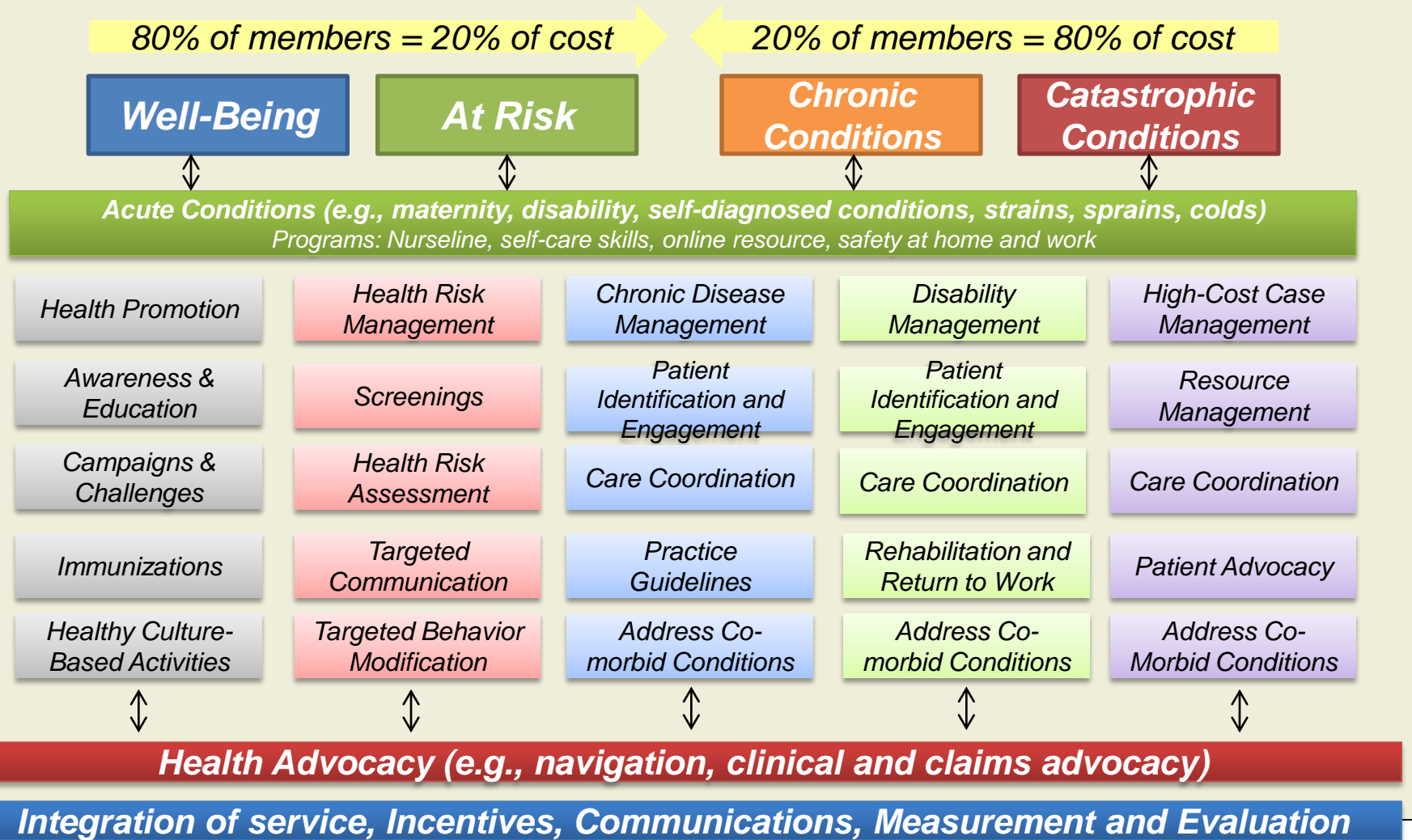
Source: www.cdc.gov/brfss/

Wellness & Productivity Management

Worksite Wellness and Productivity Management is an employer-based initiative that offers the employer and its eligible population opportunities to achieve greater levels of health and well-being, with each reaping specific desired outcomes.

Medical model

Services across the continuum



Top 7 DM/Wellness Companies Account for 75% of \$2.2 Billion in Revenue in 2009

Company	Estimated Revenue from Disease Management/Wellness (\$millions)
Healthways	\$717.4
Alere	477
Health Dialog	300
APS Healthcare	73.2
Accordant	40
Matrix Medical Network	20
Quantum Health, Inc.	13
Total	1,640.6

Wellness Program Offer Rates, Carrots & Sticks, 2011

	% Offering Program	Premium Discount	Account Contributions, Cash or Equivalent	Premium Surcharge
Disease management program	87%	5%	11%	2%
Health risk appraisal	79%	30%	31%	4%
Smoking cessation program	78%	13%	15%	0%
Physical Activity	78%	6%	16%	0%
Weight management program	73%	6%	20%	0%
Biometric screenings (other than HRA)	62%	19%	21%	3%
Lifestyle coaching	58%	9%	20%	1%
Smoker, tobacco-use status	30%	43%	14%	40%
Biometric outcomes	13%	39%	48%	2%

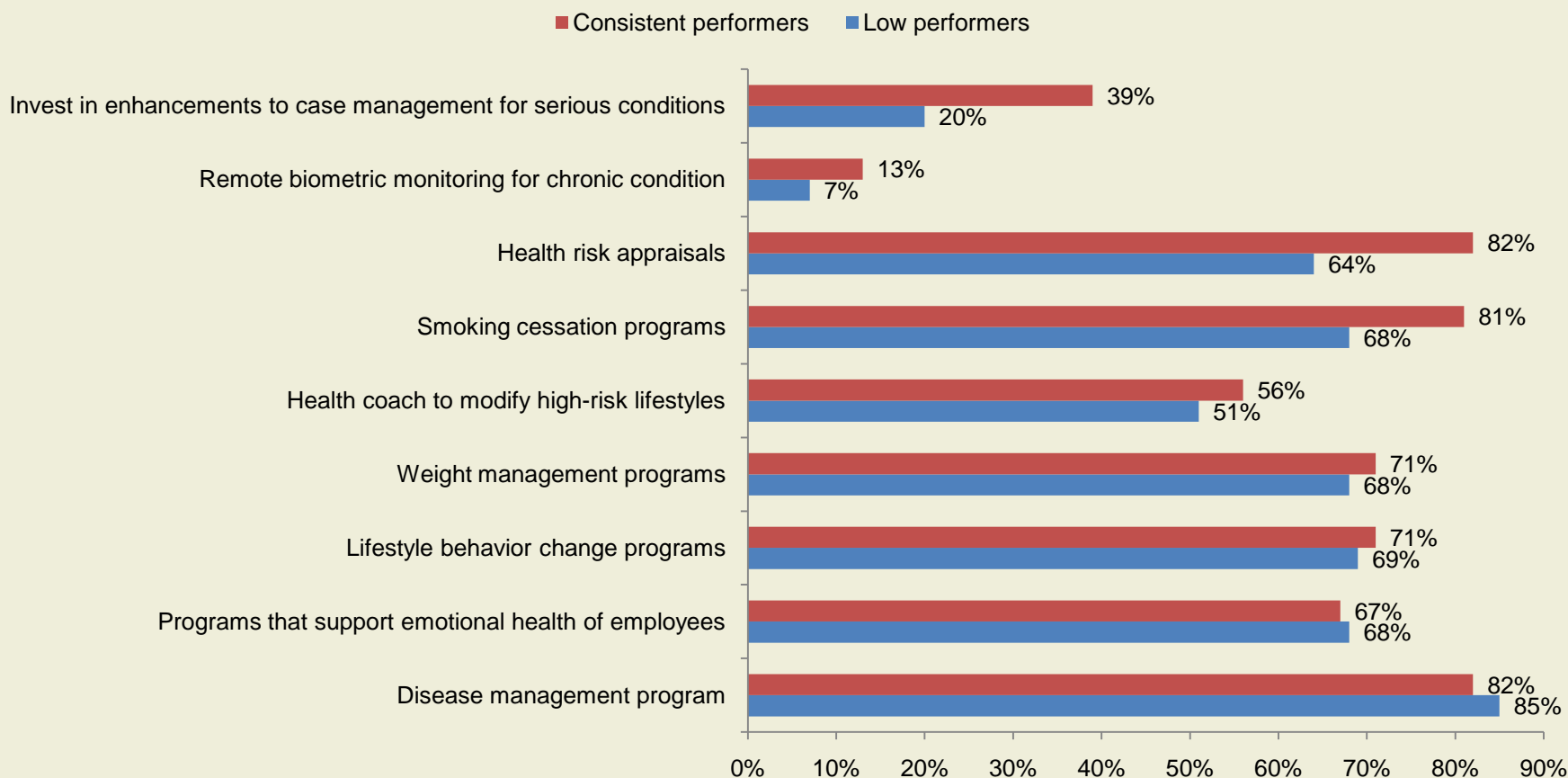
Wellness Program Prevalence Among Those Offering a Program in Multiemployer Setting

	Multiemployer	Private Employer	Public Employer
Any Program	51%		80%
Flu shot	63%		86%
Smoking cessation	61%	78%	75%
Health risk appraisal	48%	79%	78%
Stress management	31%		44%
Weight loss management	23%	73%	48%
Wellness competitions	10%		51%
Nutrition counseling	17%		35%
Fitness program subsidies	13%		28%
Healthy food choices in cafeteria or vending machines	6%		22%

Reasons for Not Offering a Program

	Multiemployer	Public Employer
Dispersed population	32%	20%
Difficult to implement	29%	25%
Lack of employee interest	22%	23%
Cost is prohibitive	17%	23%
Program would need fund from plan members	18%	8%
Don't believe it will make difference	18%	8%
Concept too new	12%	8%
Will probably offer in the future	21%	28%

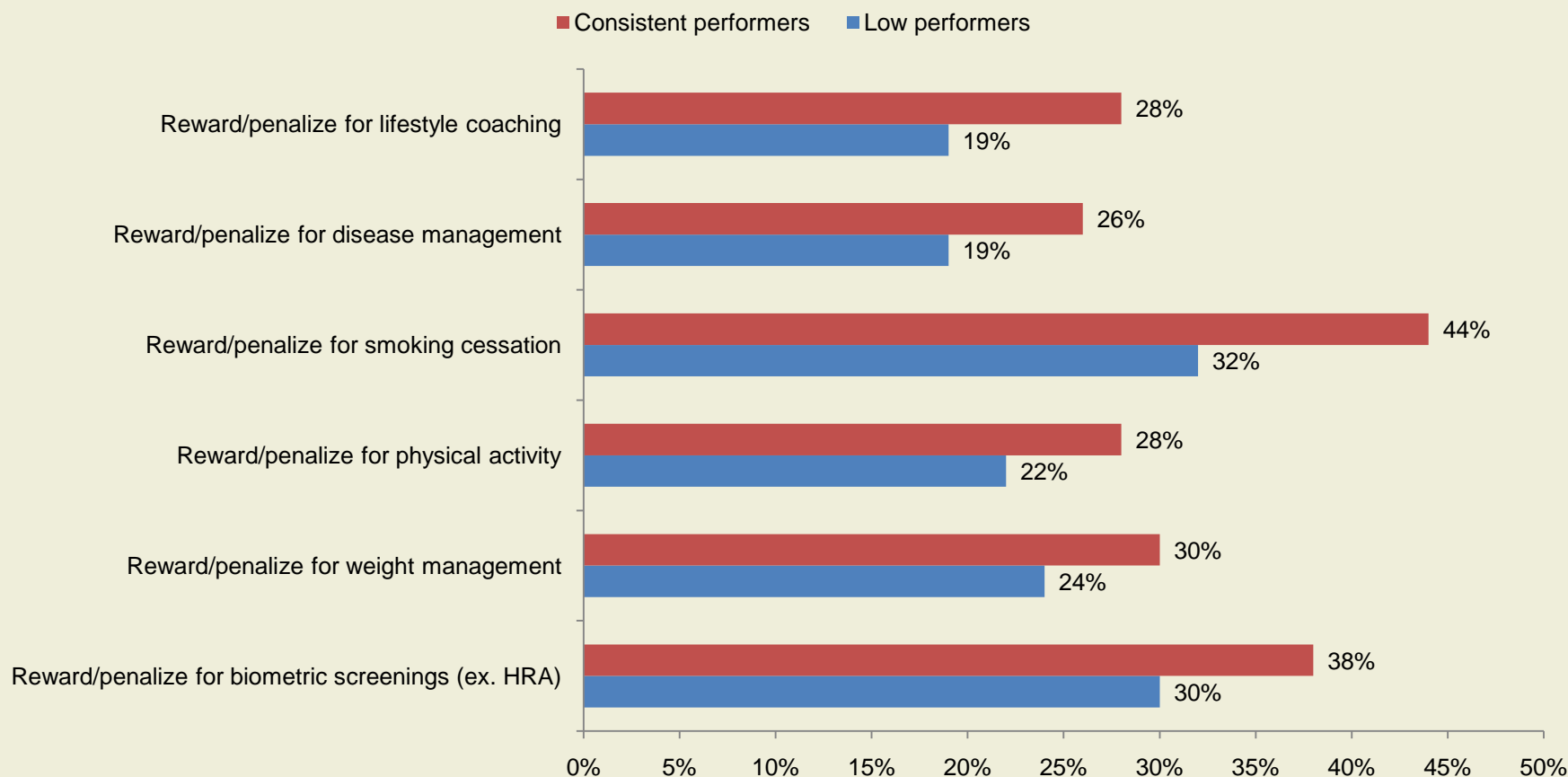
Use of Health Improvement Programs, by Plan Performance



Source: Towers Watson.

Consistent performers: annual trend at or below median.

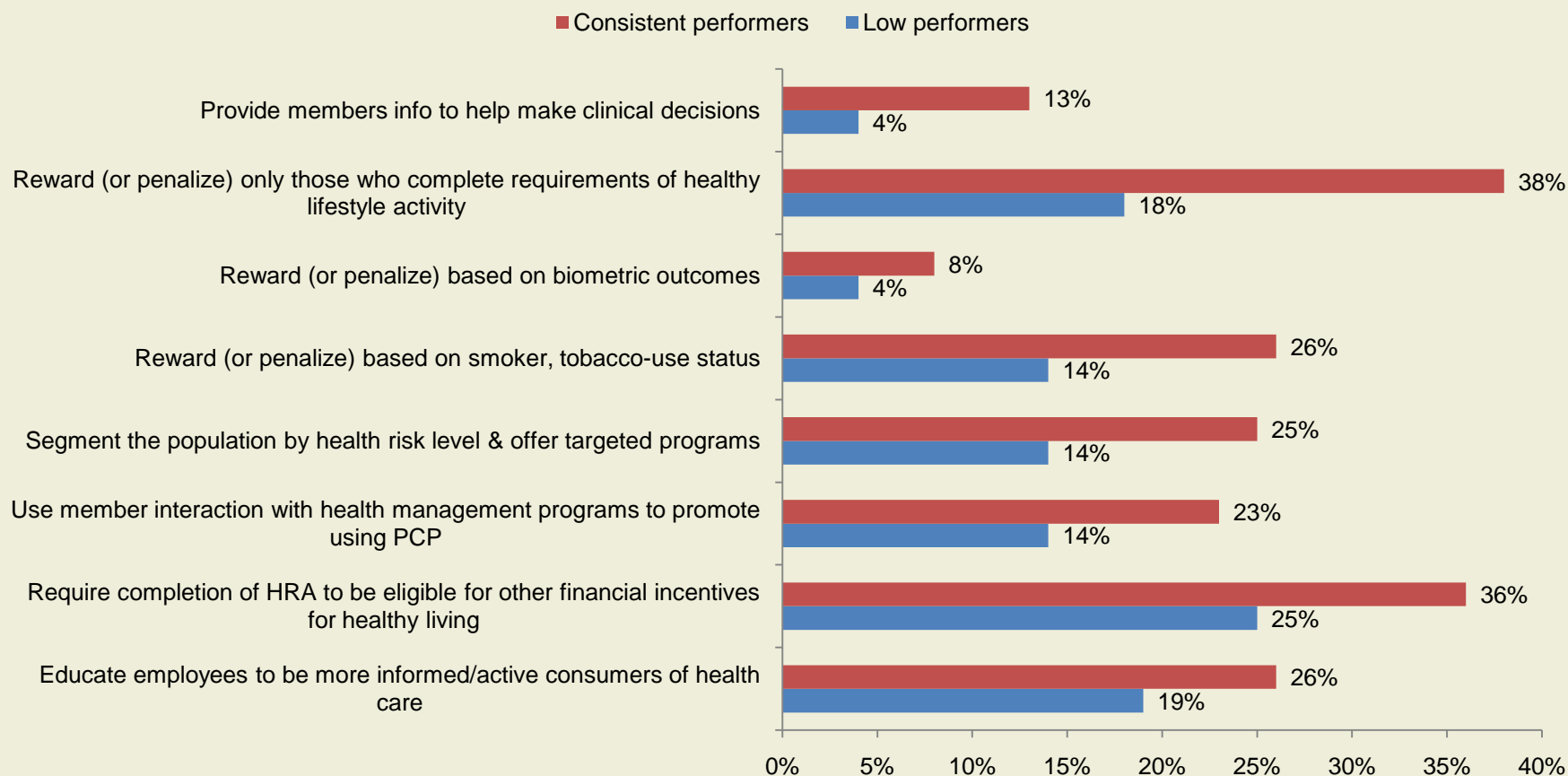
Engaging Employees In Healthy Lifestyle Activities, by Plan Performance



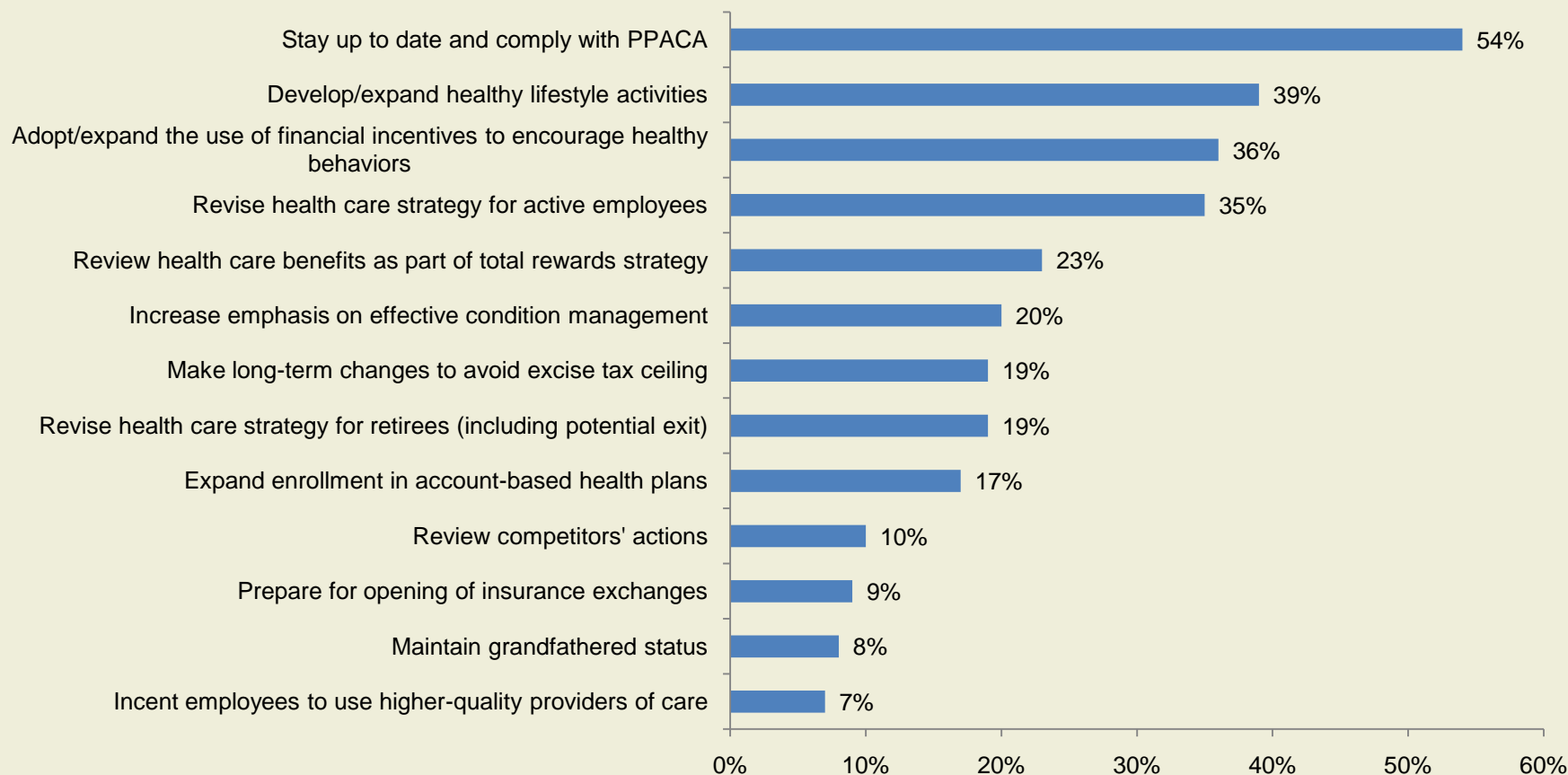
Source: Towers Watson.

Consistent performers: annual trend at or below median.

Engaging Employees Through Achievement Standards and Information, by Plan Performance



Top Health Care Strategies for 2012 (Companies Asked to Identify Top 3)



Source: Towers Watson.

Top Strategic Objectives for Wellness Programs Among Employers, by Region, 2010

	Canada	Europe	United States
1	Improving productivity/Reducing presenteeism	Improving productivity/Reducing presenteeism	Reducing health care/insurance costs
2	Reducing employee absence	Improving workforce morale/Engagement	Improving productivity/Reducing presenteeism
3	Improving workforce morale/Engagement	Furthering organizational values/Mission	Reducing employee absence

Source: Buck Consultants.

Top Health Risks or Issues Driving Wellness Strategy Among Employers, by Region, 2010

	Canada	Europe	United States
1	Stress	Stress	Physical activity/Exercise
2	Work/life issues	Physical activity/Exercise	Nutrition/Healthy eating
3	Physical activity/Exercise	Work/life issues	Chronic disease (e.g. heart disease, diabetes)

Source: Buck Consultants.

Top Wellness Program Elements Among Employers, by Region, 2010

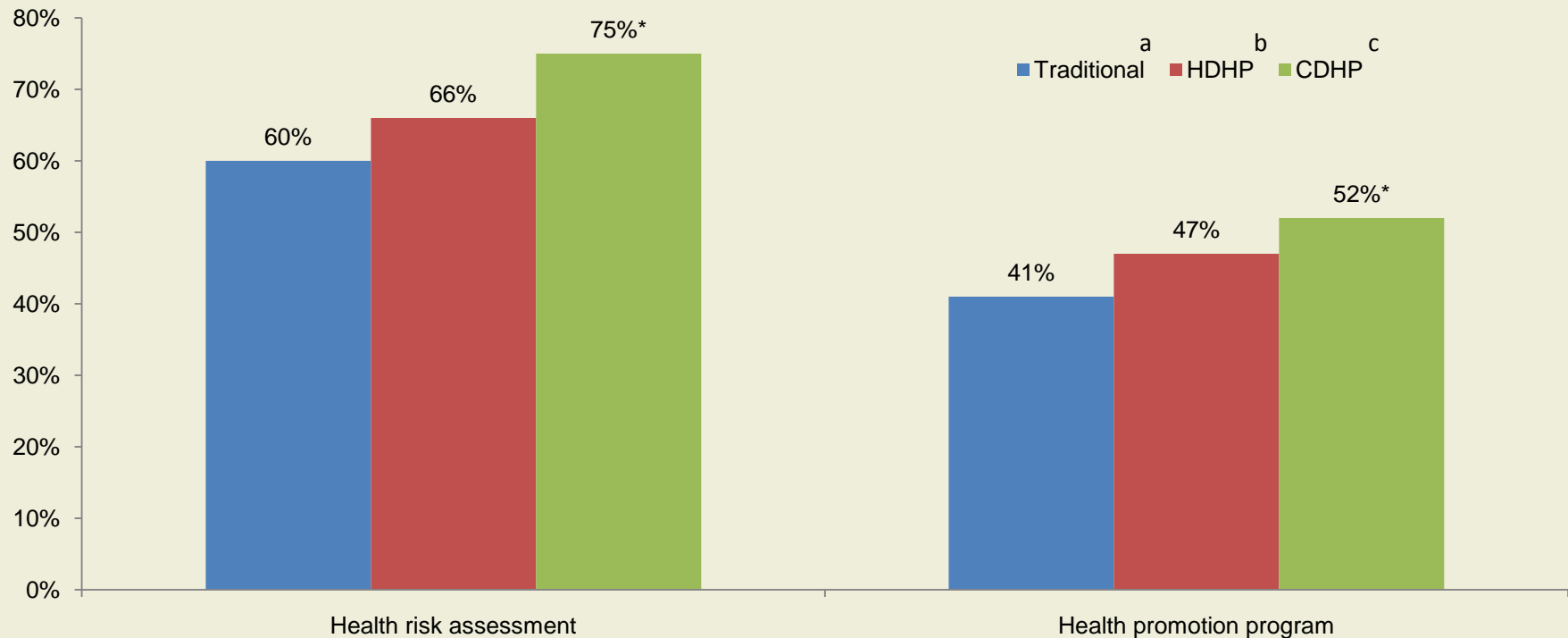
	Canada	Europe	United States
1	Immunizations/flu shots	Immunizations/flu shots	Immunizations/flu shots
2	Health portal/website	Gym/fitness membership discount	Health risk appraisal
3	Executive screening	Biometric screening	Gym/fitness membership discount

Fastest Growing Wellness Program Elements Among Employers, by Region, 2010

	Canada	Europe	United States
1	Health coaching (online)	Web-based healthy lifestyle programs	Healthier vending machines
2	Health risk appraisal	Health portal/website	Mobile technology (smartphone) programs
3	Biometric screening	Improving the psychosocial work environment	Biometric screening

Source: Buck Consultants.

Individual Participates in Wellness Program Offered by Employer Among Those Offered a Wellness Program, by Type of Health Plan, 2010



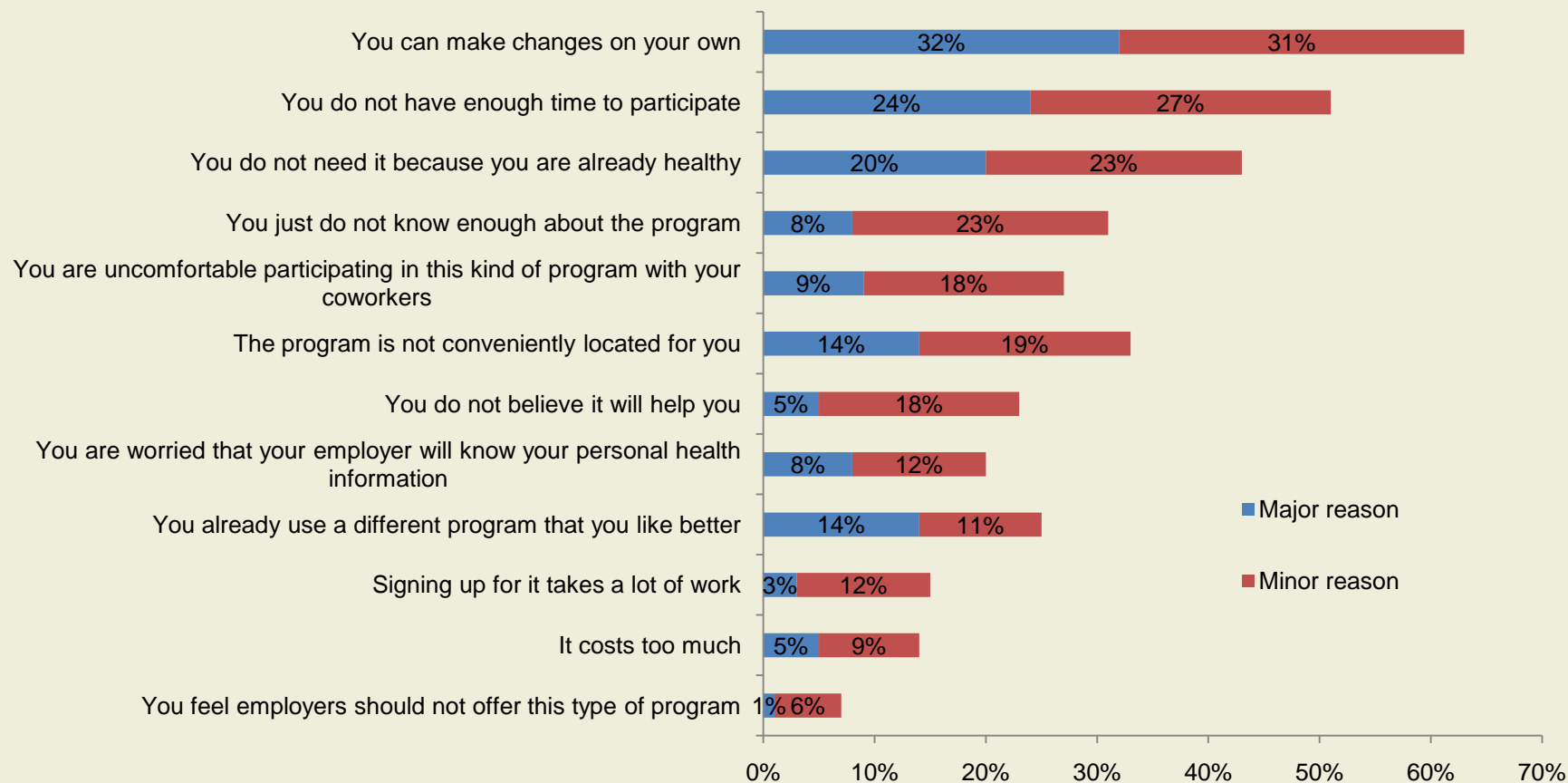
a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).

b HDHP = high-deductible health plan with deductible \$1,000+ (individual), \$2,000+ (family), no account.

c CDHP = Consumer-driven health plan w/ deductible \$1000+ (individual), \$2000+ (family), w/account.

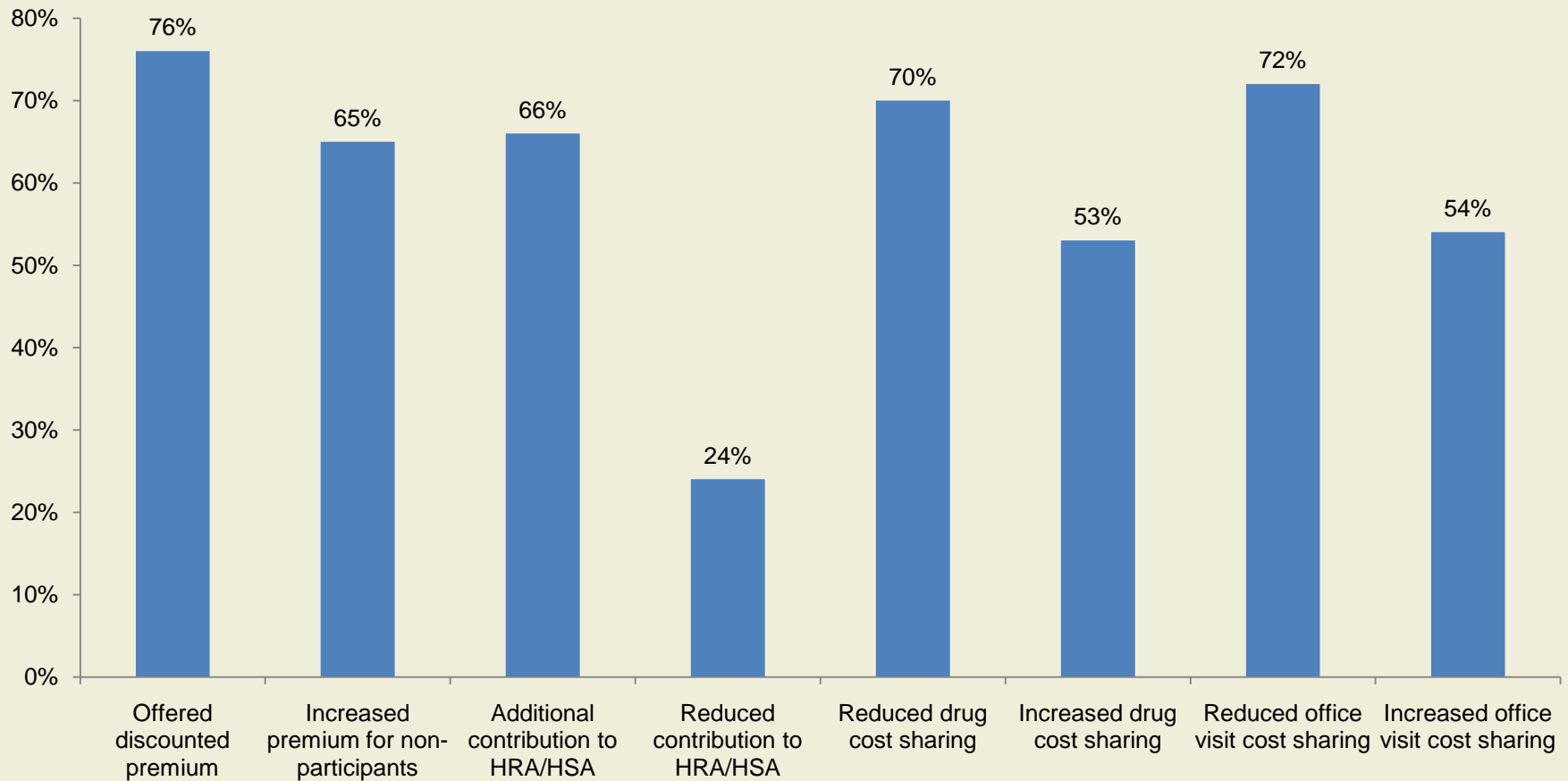
* Difference between HDHP/CDHP and Traditional is statistically significant at p • 0.05 or better.

Reasons for Not Participating in Employers Wellness Program Among Those Offered but Not Participating in Program, 2010

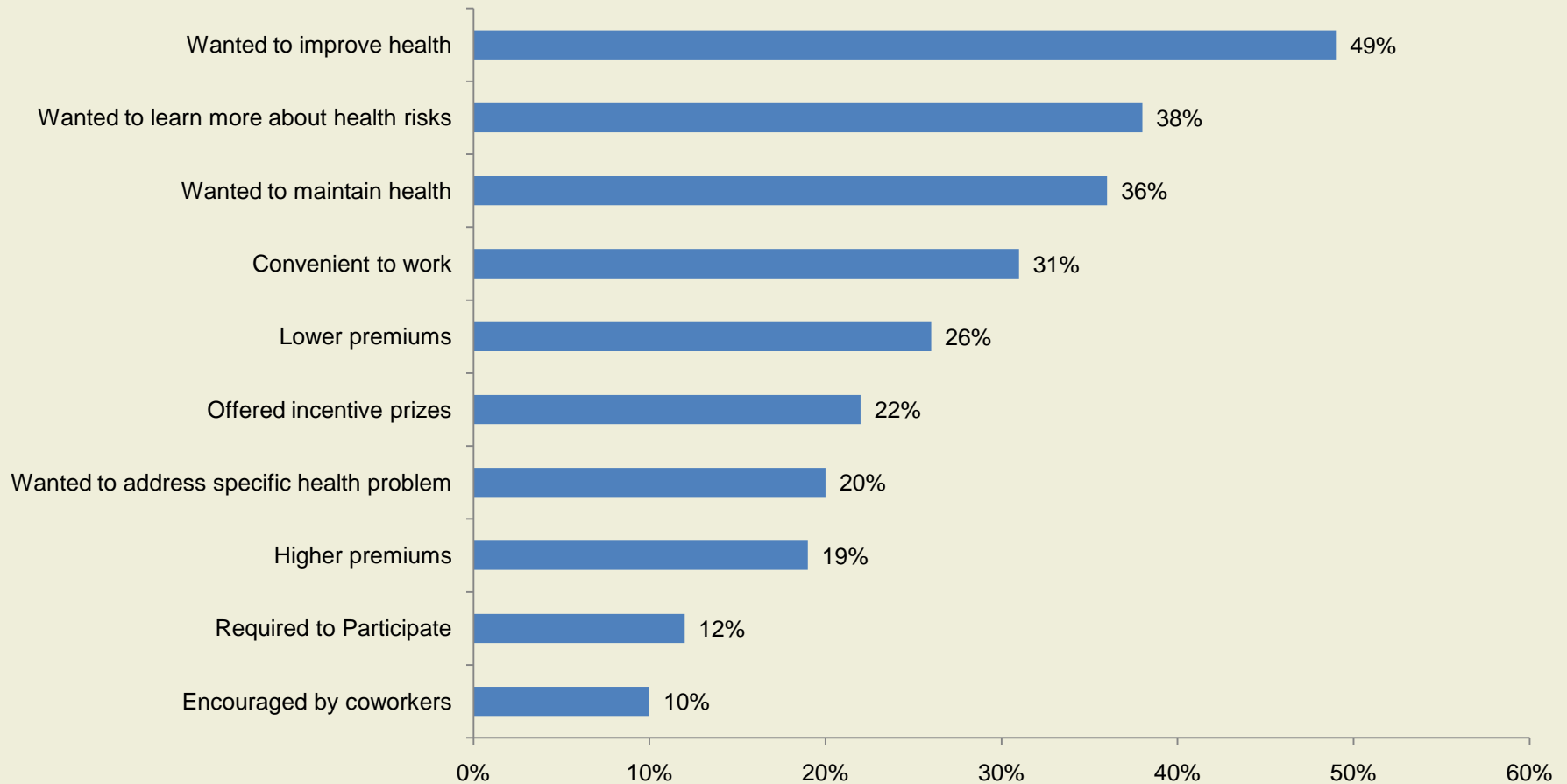


Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.

Carrot or Stick: Percentage of Individuals Reporting that They Would Probably Participate in Program, by Various Financial Incentives, 2010



Reasons Why Individuals Reported Participating in Program, 2010



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.

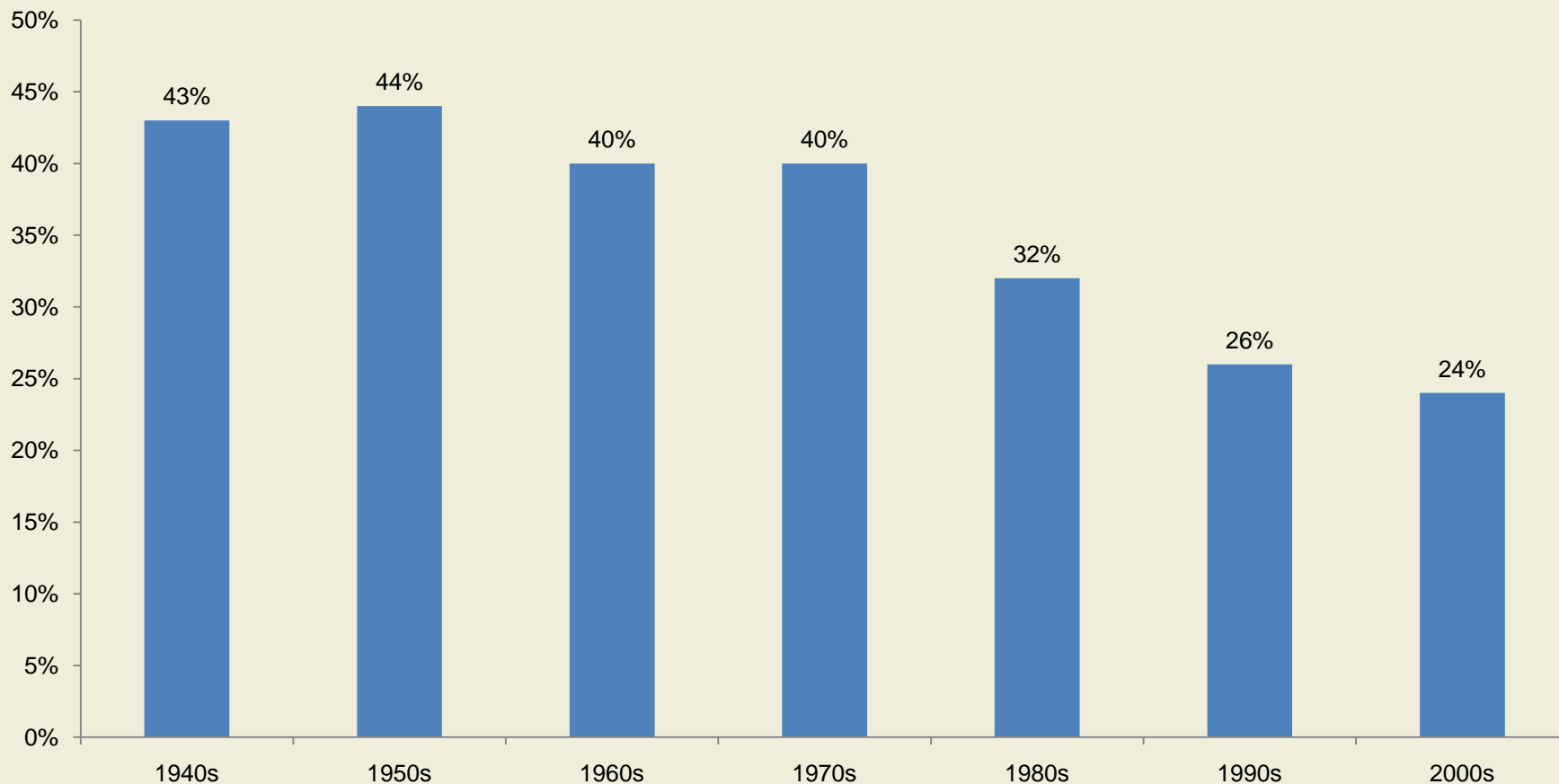
Impact of Health Reform (PPACA)

- Increases allowed financial incentives from 20% of premium to 30% for non-grandfathered plans.
 - Unclear if grandfathered plans can increase incentive
- Clarifies that certain wellness programs are exempt from HIPAAs nondiscrimination rule if not tied to meeting any health-related standard
 - Fitness-center reimbursement
 - Participation in diagnostic testing
 - Preventive care initiatives that waive cost sharing
 - Smoking-cessation program reimbursements
 - Attendance at health education seminars
- 10-state demonstration project applying nondiscrimination rules to individual market by July 1, 2014
- \$200 million in grants to small employers to offer wellness program

ROI Debate

- Harvard Business Review (2010)
 - Johnson & Johnson (2.71 to 1), H-E-B (6 to 1), SAS (1:41 to 1)
 - MD Anderson Cancer Center: low work days down 80%, modified duty days down 64%, workers comp premiums down 50%
 - Towers Watson/NBGH: voluntary attrition 9% in highly effective programs v. 15%
 - SAS 4%
 - Biltmore: 9%, down from 19%
 - Fitness clubs and nutrition info not enough -> 6 essential Pillars for successful strategically integrated wellness program
- Congressional Budget Office
 - “evidence regarding the effect of wellness services on subsequent spending on health care is limited”
 - Ignores case studies as evidence
 - “even successful efforts might take many years to bear fruit and could involve significant costs”

Cigarette Smoking in U.S., by Decade



Obesity

- Most pressing public health problem in United States
- More difficult to address than smoking
- Diet: hard to regulate because many foods are safe to eat in moderation
- Lack of exercise: bad habit
 - Difficult for individuals to change
 - Difficult for policymakers to influence
- Variety of approaches appear to work in the short-run, but relatively few people are able to maintain weight loss for a long period of time