

2016 TRENDS: HOW EMPLOYERS USE WELLNESS PROGRAMS



The latest round of regulations in the area of wellness (what employers can and can't do) is proving to be a hotly contested topic. Employers are eager to offer incentives as a way to both encourage wellness and also lower health care costs. However, employee privacy is on the line, and some argue, at risk. Even though many employers may never see the data collected, there is a philosophical debate brewing about what should – or should not – be permitted.

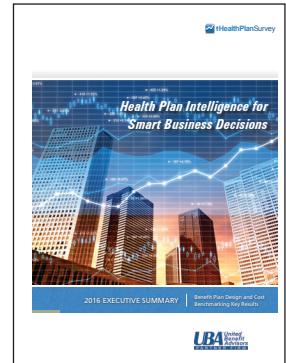
"When designed correctly and communicated properly, wellness programs can meet important objectives and lead to true culture change, not just education and fun," according to Heather Mills, CWWPM, Wellness Program Manager at VolkBell, a UBA Partner Firm.

Most industry experts agree that employee education is the most critical component to making a wellness program successful. However, UBA finds it starts with properly educating employers about their options, their responsibilities, and opportunities available to them. For example, many employers are unaware there are wellness options available within their current benefits package.

"A basic first step that many employers are starting to provide, is incentives for employees to get their physical exam, which is often covered at 100 percent as part of their medical benefits," says Les McPhearson, CEO of United Benefit Advisors.

Elizabeth Kay, Compliance and Retention Analyst for AEIS, a UBA Partner Firm, adds, "Connecting employees with their primary care physicians is a leading strategy for providing preventive care and setting employees on the road to good health. Traditionally, with an HMO [health maintenance organization] plan, you choose your physician group where you will seek services, and you choose a primary care physician that you will see for all of your needs, who will refer you to a specialist or other service facility, if needed. In contrast, a PPO [preferred provider organization] plan has had more flexibility for the patient. With a PPO plan, you are encouraged to see physicians and providers that are participating in your plan's network, but are not required to do so. However, in order to study the overall cost of medical care, identify trends, and discover ways to curb inflating costs, data is needed, so requiring enrollees to specify their primary care physician during the enrollment process may become a new trend."

In addition to having a strong and healthy workforce, there is a clear boost to the bottom line when it comes to health care costs, which accounts for 20 percent of an employer's operating costs.



For further information, download the [complete 2016 UBA Health Plan Survey Executive Summary](#) or contact a [UBA Partner Firm](#).

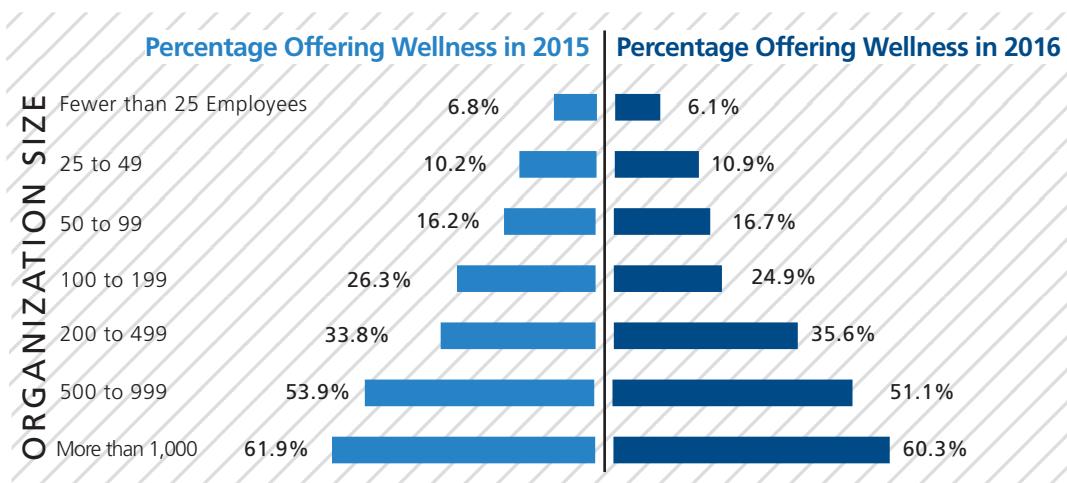
PREVALENCE OF WELLNESS PROGRAMS



18.4 percent of all employers offered comprehensive wellness programs, virtually unchanged from last year.

As one might expect, the highest percentage (60.3 percent) of plans offering wellness benefits came from employers with 1,000 or more employees. The next two largest percentages – 51.1 percent and 35.6 percent – came from organizations with 500 to 999 employees and 200 to 499 employees, respectively.

Small employers with fewer than 25 employees, already the least likely to have wellness programs, have seen a 34.4 percent decrease in wellness programming in the last three years (going from 9.3 percent to 6.1 percent).



Regionally, wellness programs are least prevalent in the Central U.S. (10.4 percent of employers) and most prevalent in the North Central and Northeast U.S. (23.3 percent and 25.5 percent, respectively).

Wellness programs are the most prevalent among government, education, and utilities employers with nearly 31 percent of those plans offering wellness. These employers have led the way with wellness offerings over the last four years. Wellness programs are rare among the construction, agriculture, mining, and transportation industries with only 13.2 percent of those employers offering wellness, a rate that has held largely steady for four years.

“ Educating employees on wellness program options is crucial to a program's success. The first step in educating employees about wellness programs is sharing the business objective of the organization's wellness initiatives, followed by a year-long communication strategy that leverages online, face-to-face, and manager or leadership messaging. **”**

— Kathy Ellis, Director of Health & Wellness at Granite Group Benefits, a UBA Partner Firm

CARRIER VERSUS INDEPENDENT WELLNESS PROVIDERS

Larger employers tend to turn to independent wellness program providers versus carrier programs, with 63 percent of employers with 500 to 1,000+ employees preferring independent programs.

Not surprisingly, small employers (fewer than 25 employees) overwhelmingly (over 90 percent) use carrier-provided programs, likely due to their low or no cost features when bundled with the health plan.

Employers in the West and Northeast also largely use carrier-provided wellness programs (80.5 percent and 67.3 percent, respectively) while the rest of the regions are fairly split between independent versus carrier-provided programs. The West had a significant shift toward carrier programs going from 69.8 percent in 2015 to 80.5 percent in 2016.

The government, education, and utilities industries have the most independently-provided wellness programs (50 percent).

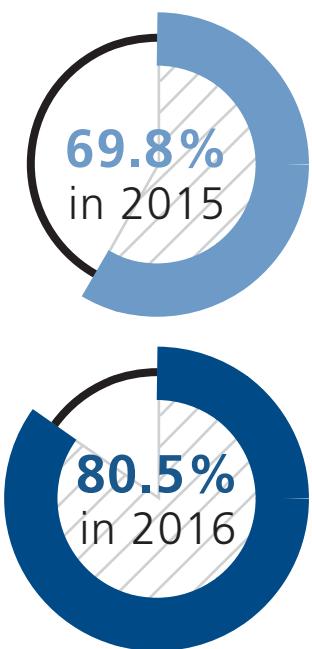
INCENTIVES

67.7 percent of employers who offer wellness programs have incentives built into the program, an increase of 8.5 percent from four years ago. Major lawsuits are pending against employers with particularly robust wellness programs and the regulatory environment is becoming increasingly restrictive. As a result, employers are continuing to pursue wellness programs, but they are being very cautious with program design, avoiding implementing high penalty and incentive programs.

Incentives are the most prevalent in the Central U.S. (76.1 percent), among employers with 500 to 999 employees (83.2 percent), and in the finance, insurance, and real estate industries (74.7 percent). Last year, employers in the Southeast were the regional leader in wellness incentives (75.9 percent), growing 24 percent since 2012. But this year, prevalence of incentives dropped over 17 percent in just one year, perhaps indicating regional caution amid the uncertain regulatory environment. The West offers the fewest incentives with only 48.3 percent of their plans having rewards.

Across all employers, slightly more (45.4 percent) prefer wellness incentives in the form of cash toward premiums, 401(k)s, flexible spending accounts (FSA), etc., versus health club dues and gift cards (40 percent). But among larger employers, 500 to 1,000+ employees, cash incentives are more heavily preferred (63.2 percent) over gift certificates and health club dues (33.7 percent). Conversely, smaller employers (1 to 99 employees) prefer health club-related incentives (nearly 40 percent) versus cash (25 percent).

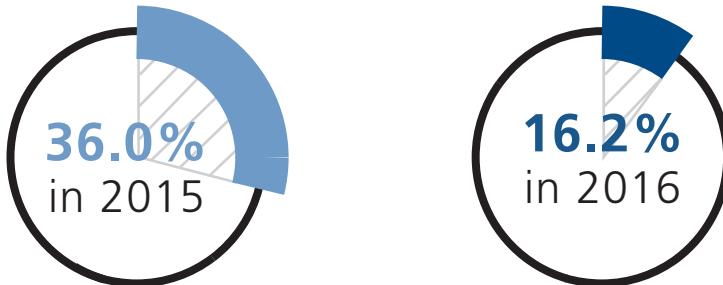
WEST REGIONAL SHIFT TO CARRIER-PROVIDED WELLNESS PROGRAMS



The smallest employers (fewer than 25 employees) have seen significant shifts in wellness incentive design over time. Prior to 2016, health club incentives were on the decline and cash incentives had been increasing 80 percent since 2012. But 2016 shows a dramatic pendulum shift from 36 percent of plans featuring cash incentives in 2015, to only 16.2 percent of plans offering this design in 2016.



PERCENTAGE OF SMALL EMPLOYERS WITH WELLNESS PROGRAMS UTILIZING CASH INCENTIVES



Also, dramatically shifting away from cash incentives are construction, agriculture, mining, and transportation employers (going from 63.8 percent in 2015 to 48.4 percent in 2016). The finance, insurance, and real estate industries offer the most health club-related incentives (50.0 percent).

Southeast employers, on the other hand, are shifting away from health club-related incentives to cash toward premiums, 401(k)s, and FSAs with nearly a 60 percent increase in this type of incentive (going from 47.1 percent to 74.7 percent over four years).

Offering paid time off (PTO), historically a seldom-offered wellness incentive, is becoming rarer with 4.5 percent of employers offering this incentive, nearly a 20 percent decrease from four years ago. The majority of these PTO-based wellness incentives are seen in the Southeast U.S. (13.1 percent – a nearly 50 percent increase from 2015) and within the finance, insurance, and real estate industries (10.6 percent).

Employers are beginning to use the regulations proposed by the Equal Employment Opportunity Commission (EEOC) as their guidelines for program development, and the wellness guide provided by the Patient Protection and Affordable Care Act (ACA) have re-empowered employers to implement premium differentials for wellness participation and cessation of tobacco use. However, many are likely wary of the EEOC's new guidance regarding wellness programs that include health risk assessments, biometric screenings, and medical exams. How those regulations influence plan design remains to be seen.

“ While the goal of every employer would be to have its employees intrinsically motivated to improve their own health, employees often need some extrinsic motivation to get them started. Whether in the form of HSA contributions, premium reductions or various other incentives, simplicity is essential. Adding complex details, multiple dates and rules complicates the program and often drives employees to only seek the details to qualify for the rewards, instead of making changes and being invested in their own health. ”

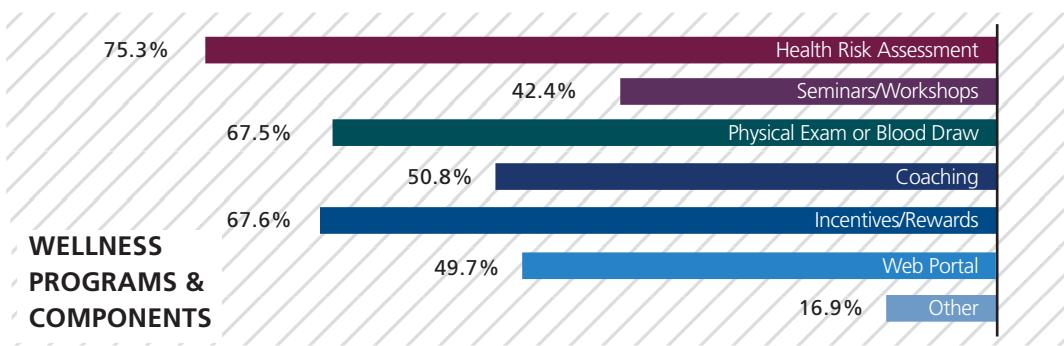
— Jennifer Jones, Population Health Strategist, at Vital Incite, a UBA Partner-Provided Solution

Heather Mills has found that "Employers willing to link their wellness program incentives to their benefit plan design in the form of reduced medical premiums, or making contributions to an employee's health savings account or flexible spending account, see the greatest level of participation and overall behavior change in their employees. And, while this does not occur overnight, but rather over time in coordination with their benefits consultant, this becomes a way of creating a cost-effective and consumer-driven health care plan that uses incentives to encourage their employees to make high-value decisions."



PROGRAM COMPONENTS

Among employers offering wellness programs, 72.5 percent include health risk assessments, 67.7 percent offer employee incentives for participation, 67 percent offer biometric screenings or physical exams, 54.6 percent include on-site or telephone coaching for high-risk employees, and 38.8 percent include seminars or workshops. The use of health risk assessments continues to decrease, dropping 10.5 percent in three years. Compared to 2015, telephone coaching for high-risk employees is up 7.5 percent and seminars and workshops are down 8.5 percent.



Sierra Sullivan, Assistant Population Health Strategist at LHD Benefit Advisors, a UBA Partner Firm, believes that, "The main issue with a health risk assessment is that it relies on self-reported data, which may not give an accurate picture of individual or population health due to the fact that people tend to be more optimistic or biased when thinking about their own health risk."

Employers with 500 to 999 employees, groups in the Central U.S. and, surprisingly, the health care and social assistance industries have the highest prevalence of health risk assessment use (76.6 percent, 83.8 percent, and 79.9 percent, respectively).

“Regulations aside, employers and wellness consultants are increasingly using claims data as a replacement for the health risk assessment. In general, health risk assessments are subjective, which calls their relevance into question. Many employees complain about the content and length of time it takes to complete the assessment, as well as its intrusiveness and the privacy concerns it raises. Nonetheless, using a health risk assessment can have its benefits. The results of a health risk assessment provide users with good feedback regarding their current state of health and often make valuable connections to programs and resources available through carriers or wellness vendors. **”**

— Les McPearson, CEO of United Benefit Advisors

While seminars and workshops, overall, are the least utilized wellness programming, larger groups (500 to 999 employees), use workshops the most while small groups (1 to 49 employees) use them the least. Central region employers; the finance, insurance, real estate; and the government, education, utilities sectors are also high users of workshops to deliver wellness programming (47.5 percent, 48.2 percent and 48.3 percent, respectively). Employers with 500 to 999 employees, Southeast employers and the health care industry are the leaders when it comes to using wellness coaching (face-to-face or via phone) with 62 percent, 67.7 percent, and 61.8 percent, respectively, of their wellness programs offering this resource.

Since awareness of personal health is one of the foundations of a good wellness program, 67 percent of wellness programs are driving employees toward biometric screenings and primary care visits, on average. Employers with 500 to 999 employees; Central U.S. employers; and the government, education, utilities sectors are leveraging this component more heavily with 79.8 percent, 74.9 percent, and 80.4 percent of their respective wellness plans featuring physical exams or biometric screenings.

Sierra Sullivan says, "Including a biometric screening or physical exam as part of a comprehensive wellness program can be beneficial for both the employer and employees. Through a biometric screening or physical exam, key health indicators related to chronic disease can be measured and tracked over time, including blood pressure, cholesterol levels, blood sugar, or body mass index (BMI). For employees, this type of data can provide real insight into current or potential health risks and provide motivation to engage in programs or resources available through the wellness program. Beyond that, aggregate data collected from these types of screenings can help employers make informed decisions about the type of wellness programs that will provide the greatest value to their company, both from a population health and financial perspective."

For those identified as high risk or diagnosed with a chronic condition, wearable devices have proven useful in managing ongoing care. According to Kaycee Eaton, Assistant Population Health Strategist for LHD Benefit Advisors, a UBA Partner Firm, "Wearable devices provide real-time data and promote self-management for chronic conditions. Self-monitoring blood glucose meters and blood pressure monitors have been around for a while, but with the ability for the data to automatically upload to a smartphone app or website, it can help drive health outcomes. These programs can provide instant feedback, track patterns, show progress, and can be easily shared with a health care provider."

"A clear communication plan, including consistent messaging and branding and a main source of information, is a key component to keeping the wellness program moving throughout the year. A wellness portal is often useful for this task, as well as housing key participant information including incentive tracking. There are numerous options for portal vendors, and employers have had success with building a wellness page as part of an existing Intranet page.**"**

— Jennifer Jones, Population Health Strategist at Vital Incite, a UBA Partner-Provided Solution

"Small business owners do not have to break the bank to offer their employees great wellness programs," reveals Lori Kunkle, RN, MSN, Clinical Wellness Director for Power Kunkle Benefits Consulting, a UBA Partner Firm. Take a look at what is offered through your current benefits and educate your employees on how to take full advantage of what they offer. Do not be afraid to reach out to local organizations to see what kind of free or low-cost programming is available."



One such free or low-cost community-provided resource recommends Mary Delaney, Managing Director for Vital Incite, is The American Diabetes Association's Wellness Lives Here program, which offers services like health fairs, or handouts on health topics that can be co-branded. "In addition to being free or low cost, community programs like these, which help organizations educate and motivate employees to adopt healthful habits, mitigate the risks of diseases like diabetes, lowering costs for employers."

For further information, [download the complete 2016 UBA Health Plan Survey Executive Summary](#) or contact a UBA Partner Firm.

ABOUT THE 2016 UBA HEALTH PLAN SURVEY

The 2016 UBA Health Plan Survey contains the validated responses of 19,557 health plans and 11,524 employers, who cumulatively employ over two and a half million employees and insure more than five million total lives. While other surveys primarily target large employers, the focus of the UBA survey is to report results that are applicable to the small and mid-size companies that represent the overwhelming majority of the nation's employers, while also including a mix of large companies in rough proportion to their actual prevalence, nationally. This is an important distinction compared to other national surveys. Wellness special programs and incentives statistics are based on employers that offer wellness programs.

ABOUT UNITED BENEFIT ADVISORS

United Benefit Advisors® (UBA) is the nation's leading independent employee benefits advisory organization with more than 200 offices throughout the United States, Canada and the United Kingdom. UBA empowers more than 2,000 Partners to both maintain their individuality and pool their expertise, insight, and market presence to provide best-in-class services and solutions. Employers, advisors and industry-related organizations interested in obtaining powerful results from the shared wisdom of our Partners should visit www.UBAbenefits.com.

**United Benefit Advisor's
(UBA) 2016 Health Plan
Survey reveals the latest
trends in employer
wellness programs,
covering topics such as:**

- Which industries are leading in wellness initiatives
- What types of incentives are most popular and most effective
- What types of program components are most popular and most effective
- What are wellness program designs based on employer size
- What's the difference between carrier versus third-party wellness providers