



WASHOE COUNTY

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DATE: April 25, 2005
TO: Board of County Commissioners
FROM: *Michelle Kling* Michelle Kling, Chairman, Workplace Wellness Task Force
THRU: Katy Singlaub, County Manager
SUBJECT: Wellness Program Report

INTRODUCTION:

Washoe County provides health insurance coverage to 2,625 employees, 770 retirees, and their dependents (658 employees/retirees have one dependent and 703 have family coverage). In recent years, Washoe County's budget has been hard hit by the soaring costs of health care. In FY 1999-00, the insurance claims and insurance premiums totaled \$13.9 million. In FY 2004-05, these same costs are projected at \$26.6 million, a 191 percent increase in five years. Since there are no indications that these costs are decreasing, we can reasonably predict that by FY 2009-10, the County can expect a cost between \$42.9 million (10% increase per year) and \$53.6 million (15% increase per year).

To contain the rising costs of health care, employees have seen increases in deductibles and co-pays, especially for prescriptions. Without interventions, we can expect this to continue. Unchecked, the increased cost for health care benefits may impact County operating costs in staffing, materials, equipment, etc. Also, employees may be directly impacted through sharing of these health benefit costs.

Washoe County is not alone in the rising costs of health care. Other entities, both public and private are faced with the same challenges. As a result, comprehensive workplace wellness programs have long been advocated as a "best practice" means to decrease health care costs. The economic benefit of wellness programs is well documented. Even the simplest of programs has demonstrated reductions or containment of health care costs, reduced absenteeism due to illness, and increased productivity. Baring unforeseen external events, employers can expect a cost benefit ratio of 1:2 or higher.

The concept of a comprehensive workplace wellness program is simple: healthier employees and dependents have fewer and lower health care costs. This requires instructing consumers to make better choices for healthier lifestyles, identifying potential health problems through health screenings and health profile questionnaires, and the

provision of interventions to assist those with medical concerns to get the right services in a timely manner.

It is time for Washoe County to adopt a comprehensive workplace wellness program. The Workplace Wellness Task Force is a collaborative effort comprised of members representing a variety of departments and employee association groups. Our goal is to have a healthier, more productive workforce with less absenteeism due to illness, decreased employee turnover, reduction of health care costs, and fewer workers' compensation claims. Specifically, the objectives of our task force are to:

- Increase awareness of wellness issues by educating employees.
- Support personal behavior change through health management.
- Promote a healthy work environment through County and co-worker support.
- Emphasize prevention rather than treatment.

To date, we have made significant progress:

- We have identified the components we believe are essential for a successful comprehensive workplace wellness program.
- We have developed employee educational materials outlining the benefits of workplace wellness.
- We have met with representatives of the employee associations and members of the Insurance Committee and received their support for the concept of a workplace wellness program.
- We have requested, through the budget process, a Wellness Coordinator in HR to ensure successful implementation of the program.

We recognize the challenges ahead of us that will determine the success or failure of this program:

- Funding – this is an absolute requirement. Several options are included in Attachment I to this report and summarized on Attachment II. We cannot progress to the next step without sufficient funding.
- Staffing – this is an absolute requirement. The Wellness Coordinator in the HR budget is essential for the program to continue. Request for proposals need to be written, educational seminars need to be developed and scheduled, and promotional materials are needed to encourage employee participation. The members of the Task Force cannot take this program to the next level without dedicated staff.
- Incentives – we believe we can get 50 percent of employees to participate without significant incentive costs. However, for the program to be successful and to receive a greater return on investment, we calculate we need a 75 to 90 percent participation rate, which would require some type of incentive. Incentive Proposals A and B in Attachment I are samples of incentives used by other entities to increase employee participation. We recognize, however, that some incentives may require negotiations with employee associations; therefore, we acknowledge that the incentive requirement can be considered later in the development of this program.

We believe the rising cost of health benefit premiums and medical claims costs requires the attention of us all. A workplace wellness program to address the burden of disease is inevitable if these costs are to be controlled. We believe the health of Washoe County employees and their families deserves greater attention and a wellness program will assist employees in staying healthier and being more productive.

SUMMARY:

Several alternatives were considered in our review of wellness programs. As a result, a progressive matrix was developed beginning with the County's current program (Tier 1). The costs for each alternative component were calculated as well as the potential cost avoidance in each tier.

- Tier 1 – the County's current program offers all employees one health screening per year at one location and includes the mandatory health physical for Sheriff Deputies.
- Tier 2 – increases the number of employee health screenings to twice a year at four locations and includes the mandatory health physical for Sheriff Deputies.
- Tier 3 – includes components of tier 2 plus a personal wellness profile questionnaire for all participants. This is performed by a third-party to ensure privacy and confidentiality.
- Tier 4 – includes the components of tier 3 plus a third-party provider to conduct educational seminars and training for County employees, retirees, and dependents.
- Tier 5 – adds a Wellness Coordinator to tier 4.
- Tier 6 and 7 – includes alternative incentive programs to tier 5 that could be added to increase employee participation.
- Tier 8 – adds a disease management component to tier 5. Disease management identifies those who are in need of medical intervention for a current or potential health condition and provides personal assistance and counseling.
- Tier 9 and 10 – includes alternative incentive programs to tier 8 that could be added to increase employee participation.

A comparison of health benefit costs, based on a 15 percent increase per year for the next five years, with and without the cost avoidance proposed in Tier 5 and Tier 8, is shown on Attachment III. Note that a five-year investment of \$1,547,600 under Tier 8 is expected to result in a cost avoidance of \$6,028,462, a 3.90 return on investment. It is anticipated that this return could begin in the 3rd year of the program.

RECOMMENDATION:

We recommend Tier 8 as it provides:

- Increased awareness of potential health problems
 - a) Increases the number of health screenings to twice a year at four locations compared to one screening at two locations currently.
 - b) Provides a disease management component for all participating employees, retirees, and their dependents.

- Health management
 - a) Provides a personal health profile for early detection of disease and other high risk factors.
 - b) Provides appropriate interventions including health coaching and one-on-one counseling to those identified at highest risk. It is approximated that those at highest risk comprise 20% of the employees and these 20% drive 80% of the costs. The additional cost of this intervention is \$80,156.
 - c) Encourages positive lifestyles for those who are not at high risk but have been identified by predictive modeling to receive some intervention before they become high risk.
 - d) Through individual tracking of specific risk factors, additional health information from the health assessment questionnaire is provided on the overall health of each participant.
- Healthy work climate
 - a) Provides for a Wellness Coordinator to “champion” the health and wellness of each employee, retiree, and their dependents.
 - b) Recognizes the employee as being in charge of his/her lifestyle and provides support and encouragement through co-workers if the employee desires a healthier lifestyle.
 - c) Provides an opportunity to reduce medical claims costs and costs associated with absenteeism due to illness.
 - d) Provides management an opportunity to send a message that the health and wellness of employees and their families are important.
- Prevention
 - a) The disease management provider will be required to offer “self-care” programs, self-help educational materials, and counseling on risk factors related to physical inactivity, poor nutrition, and overweight/obesity.
 - b) The Wellness Coordinator will develop and implement programs that will reduce the above risk factors through fun and enjoyable activities, i.e. Corporate Challenge, team competitions, etc.

The cost of this proposal is estimated at \$431,440. This is an above the base budget request of \$309,520. The cost avoidance is calculated at \$910,300 for a 2.11 return on investment.

Alternative Proposal

We recommend Tier 5 as an alternative:

- Increased awareness of potential health problems
 - a) Same as Tier 8
 - b) Same as Tier 8
- Health management
 - a) Same as Tier 8
 - b) Under Tier 5, there is no identification of those who drive medical claim costs. All participants will be given the *option* for intervention, however, this intervention is minimal—a nurse will call the participant to review

their health risks. This is the primary difference between the two proposals.

- c) The identification of individuals who may become high risk through predictive modeling (Tier 8) is not available under Tier 5.
- d) Same as Tier 8
- Healthy work climate
 - a) Same as Tier 8
 - b) Same at Tier 8
 - c) Same as Tier 8
 - d) Same at Tier 8
- Prevention
 - a) A third-party wellness provider will offer instructional classes on reducing lifestyle risk factors and provide informational materials for self-help. There is not a disease management component.
 - b) Same as Tier 8

The cost of this proposal is estimated at \$351,284. This is an above the base request of \$229,364. The cost avoidance is calculated at \$591,760 for a 1.68 return on investment.

MK/bm

Attachments

Wellness Program Proposals

Tier 1 – Status Quo

This proposal would not change the current program that consists of one health screen for all employees and a mandatory physical examination for Sheriff Deputies. There would be no additional cost since the health screen and the physical examinations are included in the current budget. Impact is minimal since there is no follow-up requirement for general health screen and follow-up for Sheriff Deputy exams have resulted in generally indifferent responses.

Planning Assumptions:

- Number of Employees – 2,625
- Number of Employee Dependents - 1927
- Current annual medical claims cost/employee - \$5,000

Status Quo:

- Conduct health screen once a year at 2 different locations on 8 different dates (Awareness Component) - \$40/screen for comprehensive metabolic panel with lipid and pulmonary function test
- Participation rate - 998 participants out of 4,552 employees/dependents (including 400 Sheriff Deputies) - (22.0%)
- Cost = \$121,920
- Cost avoidance = \$64,870
- Return on Investment (ROI) = \$64,870/\$121,920 = .53

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		598	\$40	\$23,920	
Deputy's Annual Physical		400	245	98,000	
	22.0%	Gross Cost		\$121,920	\$0.00

Decrease medical claims costs 1.3%/part. 998 65 \$64,870 Health Screen
 (\$5,000 x 1.3% = \$65) Cost Avoidance \$64,870

One Dr.'s office call = \$65

Health Screen - 598 based on actual participation in 2003-04

Deputies Annual Physical - 400 based on estimated physicals performed in 2003-04

Tier 2 – Increase number of health screens

This proposal would increase the number of health screen to twice a year and increase the number of locations to include the Sheriff's Office complex and Longley Lane complex. Sheriff Deputies would continue to have mandatory physical examinations annually. Cost increase due to additional health screening and sites. This should increase the participation rate but not significantly. Impact still minimal.

- Conduct health screens twice a year at 4 different locations on 16 different dates (Awareness Component)
- Increase participation rate to 35% (35% x 4,552 = 1,593)

- Cost = \$145,720
- Cost Avoidance = 103,545
- ROI = \$103,545/\$145,720 = .71

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,193	\$40	\$47,720	
Deputy's Annual Physical		400	245	98,000	
	35%	Gross Cost		\$145,720	\$23,800

Decrease medical claims costs 1.3%/part. 1,593 65 \$103,545
 (\$5,000 x 1.3% = \$65) Cost Avoidance \$103,545 Health Screen

One Dr.'s office call = \$65

Health Screen – 1,193 based on 35% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04

Tier 3 – Include Personal Wellness Profile

This proposal would add a confidential personal wellness profile questionnaire by a third-party contractor to the increased number of health screens/sites. The aggregate information provided to the County would enable targeting information to the areas with the highest need. It would also provide comparative information from year to year. Individuals will also be given the option for intervention. Those who choose intervention will receive a personal phone call from a nurse who will go over any health risks with the individual and give advice. This also allows follow-up opportunities. Additional costs due to profile (\$19 each) and information campaign (\$5,000). The cost for intervention is not included. Impact will be greater due to targeting of health information, the comparative aggregate information, and the opportunity to offer intervention.

- Increase number of health screens
- Each participant to complete confidential personal wellness profile questionnaire
- Aggregated information informs County where health risks are to target information campaign (Education Component). Also provides information from year to year on whether certain risks are increasing or decreasing (Management Component).
- Participation rate - 35% (35% x 4,552 = 1,593)
- Cost = \$180,987
- Cost avoidance = \$207,090
- ROI = \$207,090/\$180,987 = 1.14

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,193	\$40	\$47,720	
Deputy's Annual Physical		400	245	98,000	
Profile		1,593	19	30,267	
Advertising			5,000	5,000	
	35%	Gross Cost		\$180,987	\$59,067

Decrease medical claims costs 1.3%/part.	1,593	65	\$103,545 Health Screen
Decrease medical claims costs 1.3%/part.	1,593	65	103,545 Profile
			<u>Cost Avoidance</u> \$207,090

Health Screen – 1,193 based on 35% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 1,593 based on 35% of 4,552 employees and dependents

Tier 4 – Contract for wellness program provider

This proposal adds promotions for a wellness program by a contractor to the additional health screens/sites and confidential personal wellness profile. These promotions for healthier lifestyles will be targeted toward the areas of need identified by the aggregated information from the profiles. The increased awareness of wellness and health issues should increase participation rate for free health screenings, etc. The impact will increase as risk factors are identified and programs are made available to the employee to correct these risk factors.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle, i.e. health screens, fitness programs, nutrition programs, smoking cessation, awareness sessions, etc. (Prevention Component)
- Increase participation rate to 40% (40% x 4,552 = 1,821)
- Cost = \$256,439
- Cost avoidance = \$355,95
- ROI = \$355,095/\$256,439 = 1.38

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,421	\$ 40	\$ 56,840	
Deputy's Annual Physical		400	245	98,000	
Profile		1,821	19	34,599	
Advertising			5,000	5,000	
Contract - Wellness Provider			62,000	62,000	
	40%	Gross Cost	\$	256,439	\$134,519
					Health
Decrease medical claims costs 1.3%/part.		1,821	65 \$	118,365 Screen	
Decrease medical claims costs 1.3%/part.		1,821	65	118,365 Profile	
Decrease medical claims costs 1.3%/part.		1,821	65	118,365 Wellness Prov.	
		Cost Avoidance	\$	355,095	

Health Screen – 1,421 based on 40% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 1,821 based on 40% of 4,552 employees and dependents

Tier 5 – Wellness Coordinator and Incentives

In addition to the increased health screens/sites, wellness profile, and promotions for a wellness program by a contractor, this proposal includes one staff position-a Wellness Coordinator. It also includes provisions for promotional incentives. The primary intent of adding a Wellness Coordinator is to increase the participation rate in the wellness program and to establish a healthy work climate. The Wellness Coordinator acts as a cheerleader, a scheduler, a wellness promoter, a source of information, and a coordinator with outside agencies. The impact increases as the expected participation rate increases.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle
- Wellness Coordinator promotes wellness programs internally, promotes health screens, issues newsletters, coordinates with contractors, manages incentives, etc. (Healthy Work Climate Component)
- Participation rate - 50% (50% x 4,552 = 2,276)
- Cost = \$351,284
- Cost avoidance = \$591,760
- ROI = \$591,760/\$351,284 = 1.68

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,876	\$40	\$75,040	
Deputy's Annual Physical Profile		400	245	98,000	
Advertising		2,276	19	43,244	
Contract - Wellness Provider			5,000	5,000	
Wellness Coordinator			62,000	62,000	
Program Incentives			53,000	53,000	
	50%	Gross Cost		15,000	
				<u>\$351,284</u>	\$229,364
Decrease medical claims costs 1.3%/part.		2,276	65	\$147,940	Health Screen
Decrease medical claims costs 1.3%/part.		2,276	65	147,940	Profile
Decrease medical claims costs 1.3%/part.		2,276	65	147,940	Wellness Prov.
Decrease medical claims costs 1.3%/part.		2,276	65	147,940	Wellness Coord.
		Cost Avoidance		<u>\$591,760</u>	

Health Screen – 1,876 based on 50% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 2,276 based on 50% of 4,552 employees and dependents

Tier 6 – Participation Incentive (Incentive Proposal A)

The impact of a wellness program will not be significant until the participation rate reaches at least 90% and employees agree to intervention for high health risks. Incentives can be viewed as positive (the County pays employees to participate) or

negative (it costs the employees for not participating). This proposal is the same as Tier 5 with the addition of a \$25 per month employee contribution (\$300 per year). The total monthly contribution would be waived according to Incentive Proposal A. Return on investment may not occur until 3 to 5 years into the program.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle
- Wellness Coordinator manages incentives, promotes wellness programs
- Incentive (school district model) – \$25 employee contribution per month (Healthy Work Climate Component)
- Participation rate – 90% (90% x 4,552 = 4,097)
- Cost = \$380,123
- Cost avoidance = \$1,065,220
- ROI = \$1,065,220/\$380,123 = 2.80

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		3,697	\$ 40	\$ 147,880	
Deputy's Annual Physical		400	245	98,000	
Profile		4,097	19	77,843	
Advertising			5,000	5,000	
Contract - Wellness Provider			62,000	62,000	
Wellness Coordinator			53,000	53,000	
Program Incentives			15,000	15,000	
	90%	Gross Cost		458,723	
Employee Contribution		262	(300)	(78,600)	
		Cost	\$	380,123	\$258,203
Decrease medical claims costs 1.3%/part.		4,097	65	\$ 266,305	Health Screen
Decrease medical claims costs 1.3%/part.		4,097	65	266,305	Profile
Decrease medical claims costs 1.3%/part.		4,097	65	266,305	Wellness Prov.
Decrease medical claims costs 1.3%/part.		4,097	65	266,305	Wellness Coord.
		Cost Avoidance	\$	1,065,220	

Health Screen – 3,697 based on 90% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 4,097 based on 90% of 4,552 employees and dependents
 Employee Contribution - 262 non-participants based on 10% of 2,625 eligible employees

Tier 7 – Participation Incentive (Incentive Proposal B)

This proposal is the same as Tier 5 with the addition of a \$3 per pay period employee contribution (\$78 per year). Incentive Proposal B also encourages productivity and long-term participation in the wellness program by providing an incentive each year based on decrease in absenteeism. Since Incentive Proposal B is an investment proposal,

participation is expected at 75%. Return on investment may not occur until 3 to 5 years into the program.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle
- Wellness Coordinator manages incentives, promotes wellness programs
- Incentive program – \$78 employee investment + 25% sharing of cost savings (Healthy Work Climate Component)
- Participation rate – 75% (75% x 4,552 = 3,414)
- Cost = \$264,844
- Cost avoidance = \$887,640
- ROI = \$887,640/264,844 = 3.35

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		3,014	\$ 40	\$ 120,560	
Deputy's Annual Physical		400	245	98,000	
Profile		3,414	19	64,866	
Advertising			5,000	5,000	
Contract - Wellness Provider			62,000	62,000	
Wellness Coordinator			53,000	53,000	
Program Incentives			15,000	15,000	
	75%	Gross Cost		418,426	
Employee Investment		1,969	(78)	(153,582)	
		Cost		\$ 264,844	\$142,924
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Health Screen
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Profile
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Wellness Prov.
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Wellness Coord.
		Cost Avoidance		\$ 887,640	

Health Screen – 3,014 based on 75% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 3,414 based on 75% of 4,552 employees and dependents
 Employee Contribution – 1,969 participants based on 75% of 2,625 eligible employees

Tier 8 – Disease Management, Intervention, and Health Coaching

This proposal adds a disease management component to a program that includes additional health screens/sites, wellness promotions by a third-party contractor, a Wellness Coordinator, and incentives for promotional programs. Disease management requires identification of individuals with chronic illnesses or disease either through health screens, profile questionnaires, or evaluation of health claims. This is done by a third-party evaluator to maintain the confidential information of the employee.

Individuals identified with chronic illnesses or disease will be given the opportunity for intervention through lifestyle altering training and coaching. Predictive modeling is also used to identify individuals who, based on medical data, could develop high medical costs in the future. Intervention is also provided to these individuals. Generally, claims information is available only to self-insured employers with employees in a PPO program. Claims information for employees in a HMO program is usually not available. This type of program has the highest impact since it operates on the premise to identify the 20% of the employees and dependents who generate 80% of the health claims costs and provides intervention to enable these individuals to better control their illnesses and disease while promoting programs to keep the rest of the employee population healthy.

- Increase number of health screens
- Wellness Coordinator manages incentives, promotes wellness programs
- High health risk employees provided intervention through health coaches (Disease Management Component)
- Participation rate – 50% (50% x 4,552 = 2,276)
- Cost = \$431,440
- Cost avoidance = \$910,300
- ROI = \$910,300/\$431,440 = 2.11

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,876	\$ 40	\$ 75,040	
Deputy's Annual Physical		400	245	98,000	
Wellness Coordinator			53,000	53,000	
Program Incentives			15,000	15,000	
Disease Mgmt Set up/books			22,000	22,000	One time cost
Disease Mgmt Health Assess.		2,276	50	113,800	
Disease Mgmt Intervention		455	120	54,600	
	50%	Gross Cost		\$ 431,440	\$309,520
Decrease medical claims costs 1.3%/part.		2,276	65 \$	113,800	Health Screen
Decrease medical claims costs 1.3%/part.		2,276	65	113,800	Wellness Coord.
Decrease medical claims costs 4.0%/part.		2,276	200	455,200	Health Assess.
Decrease medical claims costs 10.0%/part.		455	500	227,500	Intervention
		Cost Avoidance	\$	910,300	

Health Screen – 1,876 based on 50% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Disease Mgmt Health Assessment – 2,276 based on 50% of 4,552 employees and dependents
 Disease Mgmt Intervention – 455 based on 20% of 2,276 participants requiring intervention

Tier 9 – Disease Management, Intervention, and Health Coaching with Participation Incentive (Incentive Proposal A)

The impact of a wellness program will not be significant until the participation rate reaches at least 90% and employees agree to intervention for high health risks. Tier 9 is the same as Tier 8 with the addition of a \$25 per month employee contribution (\$300 per year). The total monthly contribution would be waived according to Incentive Proposal A. Return on investment may not occur until 3 to 5 years into the program.

- Increase number of health screens
- Wellness Coordinator manages incentives, promotes wellness programs
- Incentive program – \$25 per month employee contribution
- High health risk employees provided intervention through health coaches (Disease Management Component)
- Participation rate – 90% (90% x 4,552 = 4,097)
- Cost = \$560,410
- Cost avoidance = \$1,761,510
- ROI = \$1,761,510/\$560,410 = 3.14

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		3,697	\$ 40	\$ 147,880	
Deputy's Annual Physical		400	245	98,000	
Wellness Coordinator			53,000	53,000	
Program Incentives			15,000	15,000	
Disease Mgmt Set up/books			22,000	22,000	One time cost
Disease Mgmt Health Assess.		4,097	50	204,850	
Disease Mgmt Intervention		819	120	98,280	
	90%	Gross Cost		639,010	
Employee Contribution		262	(300)	(78,600)	
		Cost		\$ 560,410	\$438,490
Decrease medical claims costs 0.5%/part.		4,097	65	\$ 266,305	Health Screen
Decrease medical claims costs 0.5%/part.		4,097	65	266,305	Wellness Coord.
Decrease medical claims costs 4.0%/part.		4,097	200	819,400	Health Assess.
Decrease medical claims costs 10.0%/part.		819	500	409,500	Intervention
		Cost Avoidance		\$ 1,761,510	

Health Screen – 3,697 based on 90% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Disease Mgmt Health Assessment – 4,097 based on 90% of 4,552 employees and dependents
 Disease Mgmt Intervention – 819 based on 20% of 4,097 participants requiring intervention
 Employee Contribution – 262 non-participants based on 10% of 2,625 eligible employees

Tier 10 – Disease Management, Intervention, and Health Coaching with Participation Incentive (Incentive Proposal B)

This proposal is the same as Tier 8 with the addition of a \$3 per pay period employee contribution (\$78 per year). Incentive Proposal B also encourages productivity and long-term participation in the wellness program by providing an incentive each year based on decrease in absenteeism. Return on investment may not occur until 3 to 5 years into the program.

- Increase number of health screens
- Wellness Coordinator manages incentives, promotes wellness programs
- Incentive program – \$78 employee investment + 25% sharing of cost savings
- High health risk employees provided intervention through health coaches (Disease Management Component)
- Participation rate – 75% (75% x 4,552 = 3,414)
- Cost = \$407,638
- Cost avoidance = \$1,468,120
- ROI = \$1,468,120/407,638 = 3.60

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		3,014	\$ 40	\$ 120,560	
Deputy's Annual Physical		400	245	98,000	
Wellness Coordinator			53,000	53,000	
Program Incentives			15,000	15,000	
Disease Mgmt Set up/books			22,000	22,000	One time cost
Disease Mgmt Health Assess.		3,414	50	170,700	
Disease Mgmt Intervention		683	120	81,960	
	75%	Gross Cost		561,220	
Employee Investment		1,969	(78)	(153,582)	
		Cost		\$ 407,638	\$285,718
Decrease medical claims costs 1.3%/part.		3,414	65 \$	221,910	Health Screen
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Wellness Coord.
Decrease medical claims costs 4.0%/part.		3,414	200	682,800	Health Assess.
Decrease medical claims costs 10.0%/part.		683	500	341,500	Intervention
		Cost Avoidance		\$1,468,120	

Health Screen – 3,014 based on 75% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Disease Mgmt Health Assessment – 3,414 based on 75% of 4,552 employees and dependents
 Disease Mgmt Intervention – 683 based on 20% of 3,414 participants requiring intervention
 Employee Contribution – 1,969 participants based on 75% of 2,625 employees

Incentive Proposal A

- Each employee will be required to contribute a fee of \$25 per month to the Wellness Fund
- Employees who participate in annual health screen and complete a personal wellness profile questionnaire – receive \$5 per month fee reduction.
- Employees at no risk for cholesterol screen or taking corrective action - receive \$5 per month fee reduction.
- Employees at no risk for high blood pressure or taking corrective action - receive \$5 per month fee reduction.
- Employees at no risk for being overweight or taking corrective action - receive \$5 per month fee reduction.
- Employees at no risk for using tobacco products or taking corrective action - receive \$5 per month fee reduction.

Incentive Proposal B

- Each employee will be given the opportunity to invest in the wellness program at \$3 per pay period (\$78 annually).
- As an agreement to share in this investment program, each participating employee and their adult dependent will participate in the annual health screen (at no cost) and complete the annual health assessment questionnaire.
- Participating employees must also be risk free or taking corrective action to correct health risks in the following areas: tobacco use, obesity, high blood pressure, and high cholesterol.
- 25% of savings from decrease in productive days lost will be shared with participating employees each year.
 - a) In 2004, the average County sick leave was 79.58 hour per employee for 2,477 employees. At an average salary of \$22.95 per hour, this totaled \$4,523,896.
 - b) A 10 percent reduction in sick leave in the subsequent year would result in a savings of \$452,390.
 - c) If 25 percent sharing in cost savings is allowed, participating employees would share in \$113,097.
 - d) If 75 percent of all eligible employees participated, each of the 1,969 participants would receive \$57.44 back on their \$78 investment in the first year.
 - e) If an additional 10 percent reduction in sick leave was realized in the second year, the savings would be \$904,779 over the base year. Cost sharing at 25 percent would be \$226,195. If the 1,969 participants continued with the program, each would receive \$114.88 for their second year investment of \$78.
 - f) The County would realize a net savings of \$1,017,877 during these two years due to the decrease in sick leave usage.

Tier	Awareness		Focus/Inter.		Education		Coordination		Ident./Interven.		Participation		Return On Investment	
	Current Health Screen	Expanded Health Screen	Personal Wellness Profile	Contract Wellness Provider	Wellness Coordinator	Disease Management	Incentive Proposal A	Incentive Proposal B	Participation Rate	Gross Cost	Employee Contrib.	Above Base		Cost Avoidance
1	Yes									\$ 121,920	\$ -	\$ -	\$ 64,870	0.53
2		Yes								\$ 145,720	\$ -	\$ 23,800	\$ 103,545	0.71
3		Yes	Yes							\$ 180,987	\$ -	\$ 59,067	\$ 207,090	1.14
4		Yes	Yes	Yes						\$ 256,439	\$ -	\$ 134,519	\$ 355,095	1.38
5		Yes	Yes	Yes	Yes					\$ 351,284	\$ -	\$ 229,364	\$ 591,760	1.68
6		Yes	Yes	Yes	Yes		Yes			\$ 458,723	\$ 78,600	\$ 258,203	\$ 1,065,220	2.80
7		Yes	Yes	Yes	Yes			Yes		\$ 418,426	\$ 153,582	\$ 142,924	\$ 887,640	3.35
8		Yes	Yes*	Yes*	Yes	Yes				\$ 431,440	\$ -	\$ 309,520	\$ 910,300	2.11
9		Yes	Yes*	Yes*	Yes	Yes	Yes			\$ 639,010	\$ 78,600	\$ 438,490	\$ 1,761,510	3.14
10		Yes	Yes*	Yes*	Yes	Yes		Yes		\$ 561,220	\$ 153,582	\$ 285,718	\$ 1,468,120	3.60

* The third party providing disease management would be requested to provide a health appraisal or wellness profile questionnaire to all participants as well as health awareness seminars, self-help literature, etc.

Comparison of Health Benefit Costs With and Without Preventive Measures

A. Projection at 15% per year with no preventative measures, no increases in staff size, no changes in benefit plan, etc.

Fiscal Year	Insurance Claims	Insurance Premiums	Total	% Increase
1999-00	8,861,121	4,841,815	13,933,730	Actual
2000-01	10,553,609	5,312,700	15,946,263	14.44% Actual
2001-02	12,547,527	6,330,609	19,144,632	20.06% Actual
2002-03	13,493,738	7,926,582	21,680,651	13.25% Actual
2003-04	15,401,963	8,614,054	24,329,900	12.22% Actual
2004-05	15,997,320	10,664,880	26,662,200	9.59% Budget
2005-06	18,396,918	12,264,612	30,661,530	15.00% Projected
2006-07	21,156,456	14,104,304	35,260,760	15.00% Projected
2007-08	24,329,924	16,219,949	40,549,873	15.00% Projected
2008-09	27,979,413	18,652,942	46,632,354	15.00% Projected
2009-10	32,176,325	21,450,883	53,627,208	15.00% Projected

C. Tier 5 preventative measures - \$591,760/year cost avoidance Beginning YR 3 with 15% projected increase each year

Fiscal Year	Insurance Claims	Insurance Premiums	Total	% Increase
1999-00	8,861,121	4,841,815	13,933,730	Actual
2000-01	10,553,609	5,312,700	15,946,263	14.44% Actual
2001-02	12,547,527	6,330,609	19,144,632	20.06% Actual
2002-03	13,493,738	7,926,582	21,680,651	13.25% Actual
2003-04	15,401,963	8,614,054	24,329,900	12.22% Actual
2004-05	15,997,320	10,664,880	26,662,200	9.59% Budget
2005-06	18,396,918	12,264,612	30,661,530	15.00% Projected
2006-07	21,156,456	14,104,304	35,260,760	15.00% Projected
2007-08	23,974,868	15,983,245	39,958,113	13.32% Projected
2008-09	27,216,042	18,144,028	45,360,070	13.52% Projected
2009-10	30,943,393	20,628,928	51,572,321	13.70% Projected

B. Tier 8 preventative measures - \$910,300/year cost avoidance Beginning YR 3 with 15% projected increase each year

Fiscal Year	Insurance Claims	Insurance Premiums	Total	% Increase
1999-00	8,861,121	4,841,815	13,933,730	Actual
2000-01	10,553,609	5,312,700	15,946,263	14.44% Actual
2001-02	12,547,527	6,330,609	19,144,632	20.06% Actual
2002-03	13,493,738	7,926,582	21,680,651	13.25% Actual
2003-04	15,401,963	8,614,054	24,329,900	12.22% Actual
2004-05	15,997,320	10,664,880	26,662,200	9.59% Budget
2005-06	18,396,918	12,264,612	30,661,530	15.00% Projected
2006-07	21,156,456	14,104,304	35,260,760	15.00% Projected
2007-08	23,783,744	15,855,829	39,639,573	12.42% Projected
2008-09	26,805,126	17,870,084	44,675,209	12.70% Projected
2009-10	30,279,715	20,186,476	50,466,191	12.96% Projected

D. Potential Annual Cost Avoidance With Tier 8 and Tier 5 with no increases in staff size, no changes in benefit plan, etc.

Fiscal Year	Costs W/\$910,300		Costs W/\$591,760		Tier 5 Annual Cost Avoidance w/\$591,760 Projection
	With 15% Increase/Yr Projection Table A	Beginning YR 3 Projection Table B	With 15% Cost Avoidance Beginning YR 3 Projection Table C	Tier 8 Annual Cost Avoidance w/\$910,300 Projection	
2005-06	30,661,530	30,661,530	30,661,530	0	0
2006-07	35,260,760	35,260,760	35,260,760	0	0
2007-08	40,549,873	39,639,573	39,958,113	910,300	591,760
2008-09	46,632,354	44,675,209	45,360,070	1,957,145	1,272,284
2009-10	53,627,208	50,466,191	51,572,321	3,161,017	2,054,887
		Total Cost Avoidance	6,028,462	3,918,931	
		5 Year Investment	1,547,600	1,146,820	
		Return on Investment	3.90	3.42	



FREQUENTLY ASKED QUESTIONS ABOUT WORKPLACE WELLNESS

With the rising cost of health care benefits and the declining health of our community, has come an interest in Workplace Wellness. This decline in health can be attributed to many risk factors, the most preventable being physical inactivity, poor nutrition, and tobacco use. With increasingly busy and stressful lives it is no wonder our health has slipped through the cracks.

The idea behind Workplace Wellness is that you will get involved with your health in a supportive environment, the place you spend most of your time, WORK! In addition, you will reap the benefits of cost savings on health care premiums and enjoy a longer and healthier life!

What is a Workplace Wellness program?

A workplace wellness program is a program that emphasizes health, provides services and education, and is implemented in the workplace. The purpose of a wellness program is to maintain or improve employee health. This is achieved through:

- Increasing awareness of wellness issues to participants. Getting the information out!
- Supporting personal behavior change and personal health management.
- Providing support to employees by promoting a healthy work environment.
- Emphasizing prevention through education, screenings, and health management.

The goal of a workplace wellness program is to improve the health of employees. And, as a result of good health, control the cost of insurance premiums and medical claims. This can be achieved by:

- Early detection of risk factors leading to chronic disease
- Quick and accurate diagnosis, leading to disease intervention
- Behavioral changes leading to healthy lifestyles
- Maximum participation of employees and dependents

What is the Problem?

- Seven of the ten leading causes of death in Washoe County are attributable to chronic diseases. Almost all of these conditions are preventable through lifestyle changes and proper screening. These costly health conditions are a burden to the employer, the health care providers and, most importantly, to your quality and length of life!
- Chronic diseases permanently change your health status. They can cause death, disability and they require continuing disease management and care. Examples of chronic disease are heart disease, cancer, chronic obstructive pulmonary disease, stroke, diabetes, and arthritis. Because of the disability and care these diseases require, they are extremely costly to you and your quality of life.
- Over the last 5 years the cost of the health benefits program for Washoe County have doubled bring them to a whopping \$26.6 million dollars. This is a result of increased claims by employees, and the rising cost of health care.

This information is provided by the Washoe County Wellness Committee

- The county is struggling to maintain it's current health benefits program. In the next five years, if the rate of increase goes unchecked the County will be unable to support a health benefits program at the current level. These costs will have to be absorbed by increased premiums paid by the employee or decreasing coverage in the current plan.

The County pays my benefits, why should I care?

The rising cost of health care **will** impact all employees directly and indirectly in the future.

Directly: The current health benefit plan will have to be modified creating a plan that has less benefits and higher deductibles. In addition, employees may be asked to share in the increasing cost. Many organizations require employees to pay 50% or more of their medical benefit premiums and 100% of their dependent premiums.

Indirectly: Funds will have to be taken from other areas to make up for these costs. There would be less funding for supplies, equipment, salary increases, additional staff and much more. As a result many of the benefits of working for the County would be affected.

- Finally, you should care because you are worth it! Your individual health is important for working, playing and living. It is your responsibility to take care of your self. A wellness program can provide the extra incentive you need to act on the responsibility you know you have to your body. Behavior change requires a supportive environment and a wellness program can provide just that.

How would a Workplace Wellness Program help this Problem?

- The key to reducing medical benefit premiums is to reduce medical claims costs. Reducing medical claims costs requires early detection of risk factors leading to chronic disease, quick and accurate intervention, and healthy lifestyle.
- A wellness program will address risk factor reduction, intervention, and healthy lifestyle changes. It will address these components by offering free accessible screenings, providing follow up care for identified risks, providing prevention education programs, and creating incentives for seeking these services.
- Similar programs show an average of 3 days less per person of sick leave usage and a savings of \$1.4 million dollars in medical claims cost. It takes about 3-5 years for a wellness program to show an economic benefit, however once in place it will slow the rising cost of medical claims, meaning you may not have to foot the bill for these costs.

How do I personally benefit from the program?

- You will pay less money for health care costs and not have to worry about losing benefits. Increased health, happiness and productivity.
- You will receive 1 free health screening each year, which includes an assessment of your blood pressure, height, weight, body fat, basic blood work and complete health profile. Additional services may be covered by your insurance.

Does it cost me to participate in the wellness program and will participation be mandatory?

- Well, it depends on how you look at it! When you consider the benefits to your health and the potential savings to your pocket book from medical care costs, you will actually gain a lot from the program!
- Participation is extremely important to the success of a wellness program, both economically and for employee health. Many organizations offer incentives for employee participation. The following scenarios outline ways in which incentives might be used;

Scenario 1: Each employee invests \$3 per pay period (\$78 annually). Employees who attend the annual health screen, complete the health assessment questionnaire, and accept intervention counseling (all at no cost), and are either determined risk free or taking corrective action in the following areas; tobacco use, obesity, high blood pressure, and cholesterol, will share 25% of savings from reduced absenteeism. Only individuals participating in the program will have the opportunity to earn back money.

Scenario 2: Each employee invests \$25/month (\$300) per year. Employees who participate in the wellness program will earn their money back by participating in the following activities. These activities will be assessed annually and employees will earn back; \$5/per month for attending the annual health screen and completing the questionnaire, \$5/month for being not at risk or taking corrective action for high cholesterol, \$5/month for being not at risk or taking corrective action for high blood pressure, \$5/month for being not at risk or taking corrective action for obesity, \$5/month for being not at risk or taking corrective action for tobacco use. This plan allows you to earn back 100% of your investment each year.

What is the County paying for health care for employees and what will be the cost if nothing is done?

- The County currently pays \$5000 per employee each year! The cost of the health benefits program has almost doubled in the last five years; 1999-2000, the cost was \$13.9 million and in 2004-2005 the cost was \$26.6 million. By 2009-2010 the projected cost to the County will be \$53.6 million.
- The county currently pays 100% of all medical benefit premiums for employees and 50% of all premiums for dependents.

Conclusion

The rising cost of health benefit premiums requires the attention of us all. A workplace wellness program to address the burden of chronic disease is inevitable in order for the cost of health care to be controlled. If a wellness program is not adopted, you as the employee will eventually pay the price through your health care premiums and reduced benefits. More importantly the health of Washoe County employees and their families deserves greater attention and a wellness program will ensure that Washoe County employees are healthier.

A wellness program can influence lifestyle changes to prevent illness and it can detect illness early to provide adequate treatment. Along with the financial benefits of a wellness program, enhancing quality of life is an immediate and long-term benefit of a wellness program!



WASHOE COUNTY

"Dedicated to Excellence in Public Service"

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DATE: April 25, 2005
TO: Board of County Commissioners
FROM: *M. Kling* Michelle Kling, Chairman, Workplace Wellness Task Force
THRU: Katy Singlaub, County Manager
SUBJECT: Wellness Program Report

INTRODUCTION:

Washoe County provides health insurance coverage to 2,625 employees, 770 retirees, and their dependents (658 employees/retirees have one dependent and 703 have family coverage). In recent years, Washoe County's budget has been hard hit by the soaring costs of health care. In FY 1999-00, the insurance claims and insurance premiums totaled \$13.9 million. In FY 2004-05, these same costs are projected at \$26.6 million, a 191 percent increase in five years. Since there are no indications that these costs are decreasing, we can reasonably predict that by FY 2009-10, the County can expect a cost between \$42.9 million (10% increase per year) and \$53.6 million (15% increase per year).

To contain the rising costs of health care, employees have seen increases in deductibles and co-pays, especially for prescriptions. Without interventions, we can expect this to continue. Unchecked, the increased cost for health care benefits may impact County operating costs in staffing, materials, equipment, etc. Also, employees may be directly impacted through sharing of these health benefit costs.

Washoe County is not alone in the rising costs of health care. Other entities, both public and private are faced with the same challenges. As a result, comprehensive workplace wellness programs have long been advocated as a "best practice" means to decrease health care costs. The economic benefit of wellness programs is well documented. Even the simplest of programs has demonstrated reductions or containment of health care costs, reduced absenteeism due to illness, and increased productivity. Baring unforeseen external events, employers can expect a cost benefit ratio of 1:2 or higher.

The concept of a comprehensive workplace wellness program is simple: healthier employees and dependents have fewer and lower health care costs. This requires instructing consumers to make better choices for healthier lifestyles, identifying potential health problems through health screenings and health profile questionnaires, and the

provision of interventions to assist those with medical concerns to get the right services in a timely manner.

It is time for Washoe County to adopt a comprehensive workplace wellness program. The Workplace Wellness Task Force is a collaborative effort comprised of members representing a variety of departments and employee association groups. Our goal is to have a healthier, more productive workforce with less absenteeism due to illness, decreased employee turnover, reduction of health care costs, and fewer workers' compensation claims. Specifically, the objectives of our task force are to:

- Increase awareness of wellness issues by educating employees.
- Support personal behavior change through health management.
- Promote a healthy work environment through County and co-worker support.
- Emphasize prevention rather than treatment.

To date, we have made significant progress:

- We have identified the components we believe are essential for a successful comprehensive workplace wellness program.
- We have developed employee educational materials outlining the benefits of workplace wellness.
- We have met with representatives of the employee associations and members of the Insurance Committee and received their support for the concept of a workplace wellness program.
- We have requested, through the budget process, a Wellness Coordinator in HR to ensure successful implementation of the program.

We recognize the challenges ahead of us that will determine the success or failure of this program:

- Funding – this is an absolute requirement. Several options are included in Attachment I to this report and summarized on Attachment II. We cannot progress to the next step without sufficient funding.
- Staffing – this is an absolute requirement. The Wellness Coordinator in the HR budget is essential for the program to continue. Request for proposals need to be written, educational seminars need to be developed and scheduled, and promotional materials are needed to encourage employee participation. The members of the Task Force cannot take this program to the next level without dedicated staff.
- Incentives – we believe we can get 50 percent of employees to participate without significant incentive costs. However, for the program to be successful and to receive a greater return on investment, we calculate we need a 75 to 90 percent participation rate, which would require some type of incentive. Incentive Proposals A and B in Attachment I are samples of incentives used by other entities to increase employee participation. We recognize, however, that some incentives may require negotiations with employee associations; therefore, we acknowledge that the incentive requirement can be considered later in the development of this program.

We believe the rising cost of health benefit premiums and medical claims costs requires the attention of us all. A workplace wellness program to address the burden of disease is inevitable if these costs are to be controlled. We believe the health of Washoe County employees and their families deserves greater attention and a wellness program will assist employees in staying healthier and being more productive.

SUMMARY:

Several alternatives were considered in our review of wellness programs. As a result, a progressive matrix was developed beginning with the County's current program (Tier 1). The costs for each alternative component were calculated as well as the potential cost avoidance in each tier.

- Tier 1 – the County's current program offers all employees one health screening per year at one location and includes the mandatory health physical for Sheriff Deputies.
- Tier 2 – increases the number of employee health screenings to twice a year at four locations and includes the mandatory health physical for Sheriff Deputies.
- Tier 3 – includes components of tier 2 plus a personal wellness profile questionnaire for all participants. This is performed by a third-party to ensure privacy and confidentiality.
- Tier 4 – includes the components of tier 3 plus a third-party provider to conduct educational seminars and training for County employees, retirees, and dependents.
- Tier 5 – adds a Wellness Coordinator to tier 4.
- Tier 6 and 7 – includes alternative incentive programs to tier 5 that could be added to increase employee participation.
- Tier 8 – adds a disease management component to tier 5. Disease management identifies those who are in need of medical intervention for a current or potential health condition and provides personal assistance and counseling.
- Tier 9 and 10 – includes alternative incentive programs to tier 8 that could be added to increase employee participation.

A comparison of health benefit costs, based on a 15 percent increase per year for the next five years, with and without the cost avoidance proposed in Tier 5 and Tier 8, is shown on Attachment III. Note that a five-year investment of \$1,547,600 under Tier 8 is expected to result in a cost avoidance of \$6,028,462, a 3.90 return on investment. It is anticipated that this return could begin in the 3rd year of the program.

RECOMMENDATION:

We recommend Tier 8 as it provides:

- Increased awareness of potential health problems
 - a) Increases the number of health screenings to twice a year at four locations compared to one screening at two locations currently.
 - b) Provides a disease management component for all participating employees, retirees, and their dependents.

- Health management
 - a) Provides a personal health profile for early detection of disease and other high risk factors.
 - b) Provides appropriate interventions including health coaching and one-on-one counseling to those identified at highest risk. It is approximated that those at highest risk comprise 20% of the employees and these 20% drive 80% of the costs. The additional cost of this intervention is \$80,156.
 - c) Encourages positive lifestyles for those who are not at high risk but have been identified by predictive modeling to receive some intervention before they become high risk.
 - d) Through individual tracking of specific risk factors, additional health information from the health assessment questionnaire is provided on the overall health of each participant.
- Healthy work climate
 - a) Provides for a Wellness Coordinator to “champion” the health and wellness of each employee, retiree, and their dependents.
 - b) Recognizes the employee as being in charge of his/her lifestyle and provides support and encouragement through co-workers if the employee desires a healthier lifestyle.
 - c) Provides an opportunity to reduce medical claims costs and costs associated with absenteeism due to illness.
 - d) Provides management an opportunity to send a message that the health and wellness of employees and their families are important.
- Prevention
 - a) The disease management provider will be required to offer “self-care” programs, self-help educational materials, and counseling on risk factors related to physical inactivity, poor nutrition, and overweight/obesity.
 - b) The Wellness Coordinator will develop and implement programs that will reduce the above risk factors through fun and enjoyable activities, i.e. Corporate Challenge, team competitions, etc.

The cost of this proposal is estimated at \$431,440. This is an above the base budget request of \$309,520. The cost avoidance is calculated at \$910,300 for a 2.11 return on investment.

Alternative Proposal

We recommend Tier 5 as an alternative:

- Increased awareness of potential health problems
 - a) Same as Tier 8
 - b) Same at Tier 8
- Health management
 - a) Same as Tier 8
 - b) Under Tier 5, there is no identification of those who drive medical claim costs. All participants will be given the *option* for intervention, however, this intervention is minimal—a nurse will call the participant to review

their health risks. This is the primary difference between the two proposals.

- c) The identification of individuals who may become high risk through predictive modeling (Tier 8) is not available under Tier 5.
- d) Same as Tier 8
- Healthy work climate
 - a) Same as Tier 8
 - b) Same at Tier 8
 - c) Same as Tier 8
 - d) Same at Tier 8
- Prevention
 - a) A third-party wellness provider will offer instructional classes on reducing lifestyle risk factors and provide informational materials for self-help. There is not a disease management component.
 - b) Same as Tier 8

The cost of this proposal is estimated at \$351,284. This is an above the base request of \$229,364. The cost avoidance is calculated at \$591,760 for a 1.68 return on investment.

MK/bm

Attachments

Wellness Program Proposals

Tier 1 – Status Quo

This proposal would not change the current program that consists of one health screen for all employees and a mandatory physical examination for Sheriff Deputies. There would be no additional cost since the health screen and the physical examinations are included in the current budget. Impact is minimal since there is no follow-up requirement for general health screen and follow-up for Sheriff Deputy exams have resulted in generally indifferent responses.

Planning Assumptions:

- Number of Employees – 2,625
- Number of Employee Dependents - 1927
- Current annual medical claims cost/employee - \$5,000

Status Quo:

- Conduct health screen once a year at 2 different locations on 8 different dates (Awareness Component) - \$40/screen for comprehensive metabolic panel with lipid and pulmonary function test
- Participation rate - 998 participants out of 4,552 employees/dependents (including 400 Sheriff Deputies) - (22.0%)
- Cost = \$121,920
- Cost avoidance = \$64,870
- Return on Investment (ROI) = \$64,870/\$121,920 = .53

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		598	\$40	\$23,920	
Deputy's Annual Physical		400	245	98,000	
	22.0%	Gross Cost		\$121,920	\$0.00

Decrease medical claims costs 1.3%/part. (\$5,000 x 1.3% = \$65) 998 65 \$64,870 Health Screen
 One Dr.'s office call = \$65 Cost Avoidance \$64,870

Health Screen - 598 based on actual participation in 2003-04

Deputies Annual Physical - 400 based on estimated physicals performed in 2003-04

Tier 2 – Increase number of health screens

This proposal would increase the number of health screen to twice a year and increase the number of locations to include the Sheriff's Office complex and Longley Lane complex. Sheriff Deputies would continue to have mandatory physical examinations annually. Cost increase due to additional health screening and sites. This should increase the participation rate but not significantly. Impact still minimal.

- Conduct health screens twice a year at 4 different locations on 16 different dates (Awareness Component)
- Increase participation rate to 35% (35% x 4,552 = 1,593)

- Cost = \$145,720
- Cost Avoidance = 103,545
- ROI = \$103,545/\$145,720 = .71

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,193	\$40	\$47,720	
Deputy's Annual Physical		400	245	98,000	
	35%	Gross Cost		\$145,720	\$23,800

Decrease medical claims costs 1.3%/part. (\$5,000 x 1.3% = \$65)
 One Dr.'s office call = \$65
 Health Screen – 1,193 based on 35% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04

Tier 3 – Include Personal Wellness Profile

This proposal would add a confidential personal wellness profile questionnaire by a third-party contractor to the increased number of health screens/sites. The aggregate information provided to the County would enable targeting information to the areas with the highest need. It would also provide comparative information from year to year. Individuals will also be given the option for intervention. Those who choose intervention will receive a personal phone call from a nurse who will go over any health risks with the individual and give advice. This also allows follow-up opportunities. Additional costs due to profile (\$19 each) and information campaign (\$5,000). The cost for intervention is not included. Impact will be greater due to targeting of health information, the comparative aggregate information, and the opportunity to offer intervention.

- Increase number of health screens
- Each participant to complete confidential personal wellness profile questionnaire
- Aggregated information informs County where health risks are to target information campaign (Education Component). Also provides information from year to year on whether certain risks are increasing or decreasing (Management Component).
- Participation rate - 35% (35% x 4,552 = 1,593)
- Cost = \$180,987
- Cost avoidance = \$207,090
- ROI = \$207,090/\$180,987 = 1.14

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,193	\$40	\$47,720	
Deputy's Annual Physical		400	245	98,000	
Profile		1,593	19	30,267	
Advertising			5,000	5,000	
	35%	Gross Cost		\$180,987	\$59,067

Decrease medical claims costs 1.3%/part.	1,593	65	\$103,545	Health Screen
Decrease medical claims costs 1.3%/part.	1,593	65	103,545	Profile
			<u>\$207,090</u>	Cost Avoidance

Health Screen – 1,193 based on 35% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 1,593 based on 35% of 4,552 employees and dependents

Tier 4 – Contract for wellness program provider

This proposal adds promotions for a wellness program by a contractor to the additional health screens/sites and confidential personal wellness profile. These promotions for healthier lifestyles will be targeted toward the areas of need identified by the aggregated information from the profiles. The increased awareness of wellness and health issues should increase participation rate for free health screenings, etc. The impact will increase as risk factors are identified and programs are made available to the employee to correct these risk factors.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle, i.e. health screens, fitness programs, nutrition programs, smoking cessation, awareness sessions, etc. (Prevention Component)
- Increase participation rate to 40% (40% x 4,552 = 1,821)
- Cost = \$256,439
- Cost avoidance = \$355,95
- ROI = \$355,095/\$256,439 = 1.38

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,421	\$ 40	\$ 56,840	
Deputy's Annual Physical		400	245	98,000	
Profile		1,821	19	34,599	
Advertising			5,000	5,000	
Contract - Wellness Provider			62,000	62,000	
	40%	Gross Cost	\$	256,439	\$134,519
					Health
Decrease medical claims costs 1.3%/part.		1,821	65 \$	118,365	Screen
Decrease medical claims costs 1.3%/part.		1,821	65	118,365	Profile
Decrease medical claims costs 1.3%/part.		1,821	65	118,365	Wellness Prov.
		Cost Avoidance	\$	355,095	

Health Screen – 1,421 based on 40% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 1,821 based on 40% of 4,552 employees and dependents

Tier 5 – Wellness Coordinator and Incentives

In addition to the increased health screens/sites, wellness profile, and promotions for a wellness program by a contractor, this proposal includes one staff position-a Wellness Coordinator. It also includes provisions for promotional incentives. The primary intent of adding a Wellness Coordinator is to increase the participation rate in the wellness program and to establish a healthy work climate. The Wellness Coordinator acts as a cheerleader, a scheduler, a wellness promoter, a source of information, and a coordinator with outside agencies. The impact increases as the expected participation rate increases.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle
- Wellness Coordinator promotes wellness programs internally, promotes health screens, issues newsletters, coordinates with contractors, manages incentives, etc. (Healthy Work Climate Component)
- Participation rate - 50% (50% x 4,552 = 2,276)
- Cost = \$351,284
- Cost avoidance = \$591,760
- ROI = \$591,760/\$351,284 = 1.68

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,876	\$40	\$75,040	
Deputy's Annual Physical		400	245	98,000	
Profile		2,276	19	43,244	
Advertising			5,000	5,000	
Contract - Wellness Provider			62,000	62,000	
Wellness Coordinator			53,000	53,000	
Program Incentives			15,000	15,000	
	50%	Gross Cost		\$351,284	\$229,364
Decrease medical claims costs 1.3%/part.		2,276	65	\$147,940	Health Screen
Decrease medical claims costs 1.3%/part.		2,276	65	147,940	Profile
Decrease medical claims costs 1.3%/part.		2,276	65	147,940	Wellness Prov.
Decrease medical claims costs 1.3%/part.		2,276	65	147,940	Wellness Coord.
		Cost Avoidance		\$591,760	

Health Screen – 1,876 based on 50% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 2,276 based on 50% of 4,552 employees and dependents

Tier 6 – Participation Incentive (Incentive Proposal A)

The impact of a wellness program will not be significant until the participation rate reaches at least 90% and employees agree to intervention for high health risks. Incentives can be viewed as positive (the County pays employees to participate) or

negative (it costs the employees for not participating). This proposal is the same as Tier 5 with the addition of a \$25 per month employee contribution (\$300 per year). The total monthly contribution would be waived according to Incentive Proposal A. Return on investment may not occur until 3 to 5 years into the program.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle
- Wellness Coordinator manages incentives, promotes wellness programs
- Incentive (school district model) – \$25 employee contribution per month (Healthy Work Climate Component)
- Participation rate – 90% (90% x 4,552 = 4,097)
- Cost = \$380,123
- Cost avoidance = \$1,065,220
- ROI = \$1,065,220/\$380,123 = 2.80

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		3,697	\$ 40	\$ 147,880	
Deputy's Annual Physical Profile		400	245	98,000	
Advertising		4,097	19	77,843	
Contract - Wellness Provider			5,000	5,000	
Wellness Coordinator			62,000	62,000	
Program Incentives			53,000	53,000	
			15,000	15,000	
	90%	Gross Cost		458,723	
Employee Contribution		262	(300)	(78,600)	
		Cost	\$	380,123	\$258,203
Decrease medical claims costs 1.3%/part.		4,097	65	266,305	Health Screen
Decrease medical claims costs 1.3%/part.		4,097	65	266,305	Profile
Decrease medical claims costs 1.3%/part.		4,097	65	266,305	Wellness Prov.
Decrease medical claims costs 1.3%/part.		4,097	65	266,305	Wellness Coord.
Cost Avoidance			\$	1,065,220	

Health Screen – 3,697 based on 90% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 4,097 based on 90% of 4,552 employees and dependents
 Employee Contribution - 262 non-participants based on 10% of 2,625 eligible employees

Tier 7 – Participation Incentive (Incentive Proposal B)

This proposal is the same as Tier 5 with the addition of a \$3 per pay period employee contribution (\$78 per year). Incentive Proposal B also encourages productivity and long-term participation in the wellness program by providing an incentive each year based on decrease in absenteeism. Since Incentive Proposal B is an investment proposal,

participation is expected at 75%. Return on investment may not occur until 3 to 5 years into the program.

- Increase number of health screens
- Include Personal Wellness Profile
- Aggregated information from Personal Wellness Profile
- Promotions conducted by contractor for healthier lifestyle
- Wellness Coordinator manages incentives, promotes wellness programs
- Incentive program – \$78 employee investment + 25% sharing of cost savings (Healthy Work Climate Component)
- Participation rate – 75% (75% x 4,552 = 3,414)
- Cost = \$264,844
- Cost avoidance = \$887,640
- ROI = \$887,640/264,844 = 3.35

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		3,014	\$ 40	\$ 120,560	
Deputy's Annual Physical Profile		400	245	98,000	
Advertising		3,414	19	64,866	
Contract - Wellness Provider			5,000	5,000	
Wellness Coordinator			62,000	62,000	
Program Incentives			53,000	53,000	
			15,000	15,000	
	75%	Gross Cost		418,426	
Employee Investment		1,969	(78)	(153,582)	
		Cost	\$	264,844	\$142,924
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Health Screen
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Profile
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Wellness Prov.
Decrease medical claims costs 1.3%/part.		3,414	65	221,910	Wellness Coord.
		Cost Avoidance	\$	887,640	

Health Screen – 3,014 based on 75% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Profile – 3,414 based on 75% of 4,552 employees and dependents
 Employee Contribution – 1,969 participants based on 75% of 2,625 eligible employees

Tier 8 – Disease Management, Intervention, and Health Coaching

This proposal adds a disease management component to a program that includes additional health screens/sites, wellness promotions by a third-party contractor, a Wellness Coordinator, and incentives for promotional programs. Disease management requires identification of individuals with chronic illnesses or disease either through health screens, profile questionnaires, or evaluation of health claims. This is done by a third-party evaluator to maintain the confidential information of the employee.

Individuals identified with chronic illnesses or disease will be given the opportunity for intervention through lifestyle altering training and coaching. Predictive modeling is also used to identify individuals who, based on medical data, could develop high medical costs in the future. Intervention is also provided to these individuals. Generally, claims information is available only to self-insured employers with employees in a PPO program. Claims information for employees in a HMO program is usually not available. This type of program has the highest impact since it operates on the premise to identify the 20% of the employees and dependents who generate 80% of the health claims costs and provides intervention to enable these individuals to better control their illnesses and disease while promoting programs to keep the rest of the employee population healthy.

- Increase number of health screens
- Wellness Coordinator manages incentives, promotes wellness programs
- High health risk employees provided intervention through health coaches (Disease Management Component)
- Participation rate – 50% (50% x 4,552 = 2,276)
- Cost = \$431,440
- Cost avoidance = \$910,300
- ROI = \$910,300/\$431,440 = 2.11

	Particip. Rate	No. of Particip.	Cost	Total	Above Base
Health Screen		1,876	\$ 40	\$ 75,040	
Deputy's Annual Physical		400	245	98,000	
Wellness Coordinator			53,000	53,000	
Program Incentives			15,000	15,000	
Disease Mgmt Set up/books			22,000	22,000	One time cost
Disease Mgmt Health Assess.		2,276	50	113,800	
Disease Mgmt Intervention		455	120	54,600	
	50%	Gross Cost		\$ 431,440	\$309,520
Decrease medical claims costs 1.3%/part.		2,276	65 \$	113,800	Health Screen
Decrease medical claims costs 1.3%/part.		2,276	65	113,800	Wellness Coord.
Decrease medical claims costs 4.0%/part.		2,276	200	455,200	Health Assess.
Decrease medical claims costs 10.0%/part.		455	500	227,500	Intervention
		Cost Avoidance		\$ 910,300	

Health Screen – 1,876 based on 50% of 4,552 employees and dependents less 400 Deputies
 Deputies Annual Physical - 400 based on estimated physicals in 2003-04
 Disease Mgmt Health Assessment – 2,276 based on 50% of 4,552 employees and dependents
 Disease Mgmt Intervention – 455 based on 20% of 2,276 participants requiring intervention