



As Wellness Program Use Among Large Employers Continues to Grow, Small to Mid-sized Employers Also See the Benefit for Managing Costs

8,072 EMPLOYERS14,131 HEALTH PLANS1,004,558 EMPLOYEES

Wellness programs have been a critical part of leading health care benefits provided by employers to establish a culture of health in the workplace. Comprised of many and varied "plug and play" modular initiatives, these programs can include health information portals, seminars, health risk assessments, immunizations, on-site fitness facilities, worksite fitness challenges, high risk/disease prevention programming, physical exam/blood draw services, food service programs, smoking cessation tools, incentives, discounts, telephonic coaching, and more. Though typically more comprehensive among the nation's largest workplaces, even smaller employers offer a la carte wellness initiatives of all shapes and sizes in creative and cost-effective ways.

Since 2005, United Benefit Advisors® (UBA) has surveyed thousands of employers across the nation regarding their health plan offerings, including their wellness programs. Data in the 2018 UBA Health Plan Survey are based on responses from 8,072 employers sponsoring 14,131 health plans covering 1,004,558 employees nationwide. Altogether, UBA's survey is nearly three times larger than the next two of the nation's largest health plan benchmarking surveys combined. The resulting volume of data provides employers of all sizes more detailed—and therefore more meaningful—benchmarks and trends than any other source.

UBA's new Health Plan Survey data visualization tool now offers employers unprecedented assistance with strategically managing wellness decisions. Along with the ability to query data on a phone, tablet, or laptop, UBA's benchmarking survey enables employers to examine 10 years of plan trends by region, state, industry, and location in an easy-to-understand graphic format, in minutes. In the face of today's significant legislative and marketplace changes, it's never been more important for employers to have such extensive data on wellness programs among all types of employers nationwide.



WHO'S AT THE FOREFRONT OF WELLNESS?

Wellness programs are most prevalent among plans sponsored by government and education employers (23.6%), Northeast U.S. employers (25.3%), and larger groups (45.7% for groups with 500 to 999 employees, and 49.4% for groups with 1,000+ employees). More generally speaking, employers with 100 or more employees are more apt to consider wellness initiatives due to a wide range of factors. Kelly Mooney, Account Manager from Benefit Intelligence, a UBA Partner Firm serving the greater Phoenix, Arizona area, says that those factors include increasing benefit costs (which in turn have decreased wellness budgets), lack of return on investment reporting and management support, the inclusion of wellness services in the medical plans under the Affordable Care Act (ACA), and increased regulation and legal guidelines.

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Valeria S. Tivnan, MPH, M.Ed., Director of Population Health Strategy and Well-being at Employee Benefit Solutions (EBS) says employer hesitation increased in the face of the lawsuit initiated by AARP against the Equal Employment Opportunity Commission (EEOC) in 2016. "The lawsuit resulted in the federal court removing the incentive limits under the EEOC starting in January 2019, and making it unclear how much companies can or cannot incentivize in 2019 and beyond. Many consultants are scrutinizing wellness incentives through a risk mitigation lens. The future outlook is uncertain, until the EEOC rewrites its definition of "voluntary" as well as issues new rules on new limits for incentives."

PREVELANCE OF WELLNESS PROGRAMS AMONG PLANS SPONSORED BY:









WHICH HEALTH PLANS HAVE WELLNESS PROGRAMS?

For the last ten years, wellness programs have been most commonly incorporated with consumer directed health plans (CDHPs); in 2018, nearly a quarter (22.3%) of CDHPs included wellness. In comparison, only 12.9% of preferred provider organization (PPO) plans and 6.8% of health maintenance organization (HMO) plans had wellness programs in 2018. CDHP plans often make more use of wellness initiatives in order to help encourage healthy habits and help employees avoid out-of-pocket costs, particularly given the higher deductibles associated with these plans.

Historically, Mooney says, tying participation to funding of the health savings accounts associated with CDHPs made it an easy, "go-to" strategy for incentivizing wellness among employees. On the other hand, the cost mitigation focus of HMO plans made them less able to offer additional benefits, especially since preventive care is mandated under the ACA.

HEALTH PLANS WITH
WELLNESS PROGRAMS

2018



WELLNESS BY REGION: A TALE OF TWO COASTS

While about a quarter of plans in the Northeast have wellness programs, the Southeast U.S. has also demonstrated the use of wellness initiatives within 18.9% of plans. Perhaps least interested in wellness are employers in the West, with only 4% of plans having these programs. This is largely due to the high number of HMO plans in California, which are cost-mitigation focused and therefore less likely to offer additional benefits beyond mandated preventive care.

Looking back over the last decade, employers in the Northeast and the West initially had a similar approach, only including wellness programs in approximately 10% of plans in 2008. But beginning in 2010, employers in the Northeast began to be highly interested in wellness programs, with sharp increases in recent years.

WELLNESS PROGRAMS
BY REGION

NORTHEAST **25.3**% SOUTHEAST **18.9**%

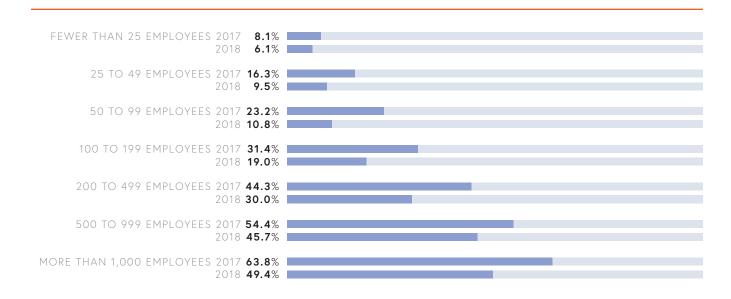
W/EST **4**%



INDUSTRIES AND OTHER GROUPS FOCUSED ON WELLNESS

For a decade, the Government/Education sector has led all other industries in wellness programming. And when you look at wellness by group size, large employers continue to be the perennial leaders. In 2018, 47.1% of plans for employers with 1,000+ employees (and 44.1% of groups with 500 to 999 employees) included wellness.

PERCENTAGE OF COMPANIES OFFERING WELLNESS PROGRAMS AND COMPONENTS



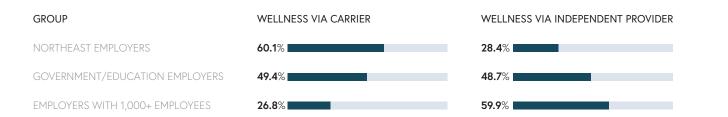


WELLNESS PURCHASED THROUGH CARRIERS VS. INDEPENDENT PROVIDERS

Since 2010, when UBA began tracking whether wellness plans are purchased through plan carriers versus independent providers, employers initially were split between the two options. However, increasingly, employers seem to prefer programs through their plan carriers, largely due to the ease of implementation and other financial benefits carriers can offer with bundling. In 2018, 53.2% of plans were provided through carriers while 35% of plans were provided through independent providers.

The strong preference for carrier-provided wellness programs is even more evident among employer groups in the Northeast, who are leaders in wellness initiatives as discussed above. The UBA Health Plan Survey shows 60.1% of groups in the Northeast with wellness programs get them through carriers versus 28.4% through independent providers. However, other employer groups heavily invested in wellness show an even split in terms of wellness providers: 49.4% of wellness programs among Government/Education employers (the industry that has led in wellness initiatives for a decade) are obtained through carriers, while 48.7% are obtained through independent providers. On the other hand, large employers (with 1,000+ employees) who similarly have heavily invested in wellness, overwhelmingly turn to independent providers: 59.9% via independent providers versus 26.8% via carriers. Though large groups can better absorb the added costs of independently-provided programs, they also benefit from the enhanced analytics and cross-carrier reach these independent wellness programs can offer.

WELLNESS LEADERS SPLIT ON THE BEST WELLNESS PROVIDERS





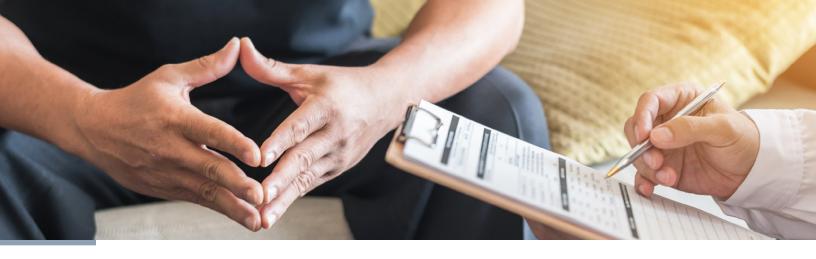
MOST EFFECTIVE WELLNESS COMPONENTS

Among employers offering wellness, 71.9% include health risk assessments, 69.5% offer employee incentives for participation, 64.4% offer biometric screenings or physical exams, 60.4% include on-site or telephone coaching for high-risk employees, and 42.7% include seminars or workshops. Health risk assessments have decreased nearly 8.4% since 2014 when 80.3% of plans had a health risk assessment. The use of health risk assessments is worth watching closely due to the government's increased scrutiny and regulation regarding their use.

WELLNESS PROGRAMS AND COMPONENTS



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"Biometrics and health risk assessments are the base start of any wellness program because they create awareness."

Physical exams and biometric screenings that help encourage preventive care visits and screen for risks have been steadily increasing over the past decade: 40.2% of wellness plans included such initiatives in 2008, while 64.4% of plans include them in 2018—a 60% increase in the last 10 years. "When organizations provide a biometric screen and acquire upwards of 90% or higher participation (with covered employees and spouses) we are seeing a significantly lower total cost per employee trend compared to the market average," said Scott Silver, Health Management Director at HORAN. "For example, four organizations that have a 90% engagement for five years or longer have realized an average decline of \$1,583 per employee between 2013 and 2018, which represents a 14% reduction. In several cases, we see a flat or even negative total cost per employee for these organizations. Essentially, these clients are incurring fewer large claims due to participant awareness of high risk factors or medical conditions identified through the annual biometric screen."

PERCENT OF WELLNESS PLANS WITH PHYSICAL EXAMS/BLOOD DRAW



Large groups with 1,000+ employees (historical wellness leaders) have an above-average emphasis on physical exam/blood draw components (80.7% of plans) as well as health risk assessments (80% of plans) but a below-average interest in wellness Internet portals (45.5% of plans). Government/Education employers (also proven wellness leaders for the last decade) are also highly interested in physical exam/blood draw components (80% of plans) while less interested than average employers in coaching (53.6% of plans) and Internet portals (54.5% of plans).

"Biometrics and health risk assessments are the base start of any wellness program because they create awareness," says Mooney. "In large groups it is not uncommon for a sizable percentage of the employee population to not have a primary care physician (PCP) or an annual exam. Employers often focus on making employees aware of their current conditions so they can catch conditions (diabetes, hypertension, etc.) earlier and begin treatment. Obtaining this data annually can also help determine if you are 'moving the needle' when it comes to population health and help show ROI/VOI."

INCENTIVIZING WELLNESS

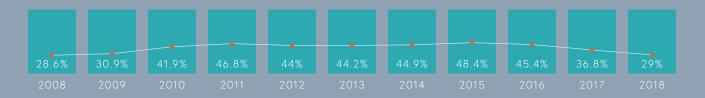
Among employers offering wellness programs, 69.5% offered employee incentives for participation in 2018, a level largely unchanged since 2012. But incentives of choice have come in and out of fashion over the last decade, largely due to the regulatory environment. In 2008, 28.8% of wellness programs with incentives offered cash toward premiums in exchange for participation. That incentive grew in popularity, peaking in 2015 with 48.4% of plans offering this type of incentive, and then declining to decade-old levels in 2018 (29.0% of plans).

Paid time off in exchange for wellness program participation was of little interest from 2008 to 2016, but in 2017 and 2018, it emerged on the scene (25.8% and 28.7% of plans, respectively, offered this type of incentive). Experts like Tivnan say this might be due to the employees' need to better work-life balance as well as the declining mental health state in the U.S. population.

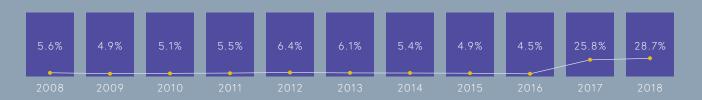
Offering gift certificates or health club dues was the leading incentive from 2008 to 2013, only to be increasingly superseded by cash-to-premium offers from 2014 to 2017. But in 2018, a full 63.1% of wellness programs with incentives again preferred gift certificates or health club dues. "These swings show that employers are always trying to determine what motivates individuals," says Mooney. Often employers perceive that cash is the best motivator, but then find out employees like non-financial incentives such as a day off, recognition, or special privileges."

"Based on our experience with advanced organizations, we begin to see a substantial increase in overall engagement when there is an annual incentive amount at or greater than \$600 based on participation with a biometric screen or preventive exam," said Rakel Sanchez, MPH, CHES, Health Management Director at HORAN. "If an employer is serious about wellness and wants to manage costs, they should focus on health savings account contributions or premium discounts."

PERCENT OFFERRING CASH-TO-PREMIUM INCENTIVES



PERCENT OFFERRING PAID TIME OFF



PERCENT OFFERRING GIFT CERTIFICATES OR HEALTH CLUB DUES





Looking at 2018 incentive preferences among perennial wellness leaders, including Northeast employers, the Government/Education sector, and groups with 1,000+ employees, all favor gift certificates and health care dues as incentives, albeit below average (56.7%, 55.2%, 58.2%, respectively), revealing some experimentation with other motivators. For example, Northeast and Government/Education employers show an above-average preference toward offering paid time off for participation in wellness programs (37.3% and 36.2% of plans with incentives among these groups, respectively, have this option). Large groups (1,000+ employees) also have a strong interest in paid time off as an incentive (41.8% of plans) and cash-to-premium incentives (44.8%). As a result, employers may want to watch this data in particular for 2019 to get a sense of where these trends head. Mooney believes paid- time-off incentives will continue to grow (especially since time off is not subject to taxation), but given the underlying cost

and productivity losses associated with time off, many employers will continue to turn to cash incentives.

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"If an employer is serious



LOCAL BENCHMARKING IS KEY: SPOTLIGHT ON MASSACHUSETTS

UBA's Health Plan Survey is the only one of its kind to look at employers of all sizes (this year including 8,072 employers sponsoring 14,131 health plans covering 1,004,558 employees nationwide). Most surveys, particularly those focused on employer-sponsored wellness programs, only focus on the nation's jumbo-sized groups, skewing the trends among programs and overlooking the barriers facing smaller groups. The UBA Survey is able to offer employers trends by industry, geography and group size, which are critical in benchmarking and designing benefits, particularly wellness. As a result, certain markets emerge as trendsetters.

In Massachusetts for example, Nan Maley, RN, Director of Corporate Wellness at Sullivan Benefits, points out that 32.2% of employers with 100 or more employees offer a wellness program, just above the 27.5% average seen across the rest of the United States. Of those Massachusetts employers, 60% are offering a program in the form of a cash-to-premium incentive compared to just 28.6% elsewhere in the United States.

Maley explains, "No matter your organization's size, demographics, budget, or culture, there is one wellness initiative that applies to every employee: promoting/encouraging/incenting a regular preventive care appointment with a primary care physician." Maley says smaller groups often face administrative burdens since carriers often can't provide the reporting to administer programs like cash-to-premium incentives for preventive visits, which is likely why we see the percentage drop from 60% to 0% when looking at employers with more than 100 employees versus employers with fewer than 100 employees, respectively. However, despite carrier reporting shortfalls, Maley says she has seen groups find success using a manual process, such as having employees complete a well visit verification form at the time of care.

Incentivizing employees to see their doctor is key to prevention and early detection of disease, leading to happier, healthier employees and fewer high cost claims. If the program is built correctly, this comes at very little cost to the employer. "Groups that start small by incentivizing this one behavior can get a sense for what the appetite is for these types of incentives. We've seen groups expand to include spouses and incorporate additional preventive behaviors such as flu shots and annual vision or dental appointments," says Maley.

COMPANIES WITH **100** OR MORE EMPLOYEES WITH WELLNESS PROGRAMS

MASSACHUSETTS **32.2**% REST OF USA **27.5**%

PERCENT OF THE ABOVE
EMPLOYERS OFFERING
CASH-TO-PREMIUM
INCENTIVE PROGRAMS

REST OF USA 28.6%

MASSACHUSETTS 60%





NEXT STEPS FOR EMPLOYERS CONSIDERING IMPLEMENTING WELLNESS PROGRAMS

UBA Partners stay on top of the complex regulatory environment and use the Health Plan Survey to carefully benchmark each employer's situation to make the best decision. Based on industry, size, region, population risk, regulatory environment and other factors, different solutions may be best. A centrally-located large group in the Northeast with predominantly CDHP plan enrollment may need a comprehensive, independently-provided wellness program with on-site screenings/services tied to health savings account contributions. But a small, disparate manufacturing group in the Southeast with a high rate of heart disease may want to tap into low-cost, disease-specific worksite programming offered by community partners, coupled with a company fitness challenge and gym membership discounts. And virtually any employer just starting out may want to model their program after the successful ones trending in Massachusetts. In short, national trends are an important starting point, but digging deeper into longitudinal, local and peer data—and matching those insights with organizational goals and objectives—are critical to making a final decision for the best return on value.

BENCHMARK YOUR ORGANIZATION

Employers of all sizes can better understand how to leverage a wellness program to better manage costs and improve employee performance by speaking with a qualified benefit advisor. In addition to wellness program trends and insight, UBA Partners provide customized benchmarking data to help businesses compare their employee health benefits to competitors and find savings through plan design. The UBA Health Plan Survey (with data from more than 8,072 employers), along with the collective wisdom of UBA's international Partner community, helps business owners and human resource executives strategically control health care costs.



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