

Workshop Item No. 1

1. **COUNCIL INPUT AND DISCUSSION:** REGARDING AN UPDATE TO THE HEALTH AND WELLNESS PROGRAM. *Ms. Bonita Hall, Director of Human Resources.*

**AGENDA REQUEST
BUSINESS OF THE CITY COUNCIL
CITY OF PEARLAND, TEXAS**

AGENDA OF: November 14, 2011	ITEM NO.: Workshop No. 1
DATE SUBMITTED: October 24, 2011	DEPARTMENT OF ORIGIN: HR
PREPARED BY: Bonita Hall	PRESENTER: Bonita Hall
REVIEWED BY: Mike Hodge	REVIEW DATE: November 4, 2011
SUBJECT: Update on Health and Wellness	
EXHIBITS: Power Point Presentation	
EXPENDITURE REQUIRED: AMOUNT AVAILABLE: ACCOUNT NO.:	AMOUNT BUDGETED: PROJECT NO.:
ADDITIONAL APPROPRIATION REQUIRED: ACCOUNT NO.: PROJECT NO.:	
To be completed by Department: <input type="checkbox"/> Finance <input type="checkbox"/> Legal <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution	

EXECUTIVE SUMMARY

Brent Weegar of IPS Advisors, Inc. will make a presentation of the City's health plan for the fiscal 2010-11 and provide an overview of wellness options available to the City.

RECOMMENDED ACTION

No action. Council guidance.

2010 – 2011 Health Plan Performance Review and Health and Wellness Strategy Considerations



Presented by:
Brent Weegar, MBA

IPS Advisors, Inc.
8080 North Central Expressway, Suite 1500
Dallas, Texas 75206



2010 – 2011 Health Plan Performance Review



Partial Self Funded Health Plan

- The City of Pearland maintains a partially self funded health plan that has just concluded its first year.
- Under its program the City partially assumes the financial risk for funding health benefits for its employees by paying actual incurred claim costs (up to monthly and annual limits) with administrative fees to Aetna.
- Reinsurance / Stop-loss insurance is purchased from Aetna to protect the City against catastrophic claims thus containing risk and facilitating financial solvency of the partially self-funded plan.
 - Specific stop-loss is purchased to provide a liability limit on claims for individuals
 - Aggregate stop loss is purchased to provide a liability limit on claims for the group as a whole for the contract period.

Plan Cost vs. Budget vs. Expected FI Cost

A	B	C	D	E
Reporting Month	Monthly Lives	Total Plan Costs	Budget	Expected Fully Insured Cost
October	507	\$97,376.13	\$373,017.92	\$408,435.33
November	506	\$504,061.18	\$373,017.92	\$408,435.33
December	509	\$327,488.66	\$373,017.92	\$408,435.33
January	504	\$278,482.48	\$373,017.92	\$408,435.33
February	509	\$324,450.00	\$373,017.92	\$408,435.33
March	508	\$375,496.08	\$373,017.92	\$408,435.33
April	516	\$314,173.10	\$373,017.92	\$408,435.33
May	523	\$443,362.89	\$373,017.92	\$408,435.33
June	521	\$323,730.20	\$373,017.92	\$408,435.33
July	520	\$356,881.87	\$373,017.92	\$408,435.33
August	517	\$408,180.91	\$373,017.92	\$408,435.33
September	517	\$454,441.29	\$373,017.92	\$408,435.33
Total		\$4,208,124.79	\$4,476,215.04	\$4,901,223.96
\$ Difference from Total Plan Costs		n/a	\$268,090.25	\$693,099.17
% Difference from Total Plan Costs		n/a	6.4%	16.5%

Total Plan Cost = Includes claims plus fixed administrative expense less specific stop loss reimbursements.

Expected Fully Insured Cost = Cost if the City chose to remain fully insured for the 2010 – 2011 Fiscal Year

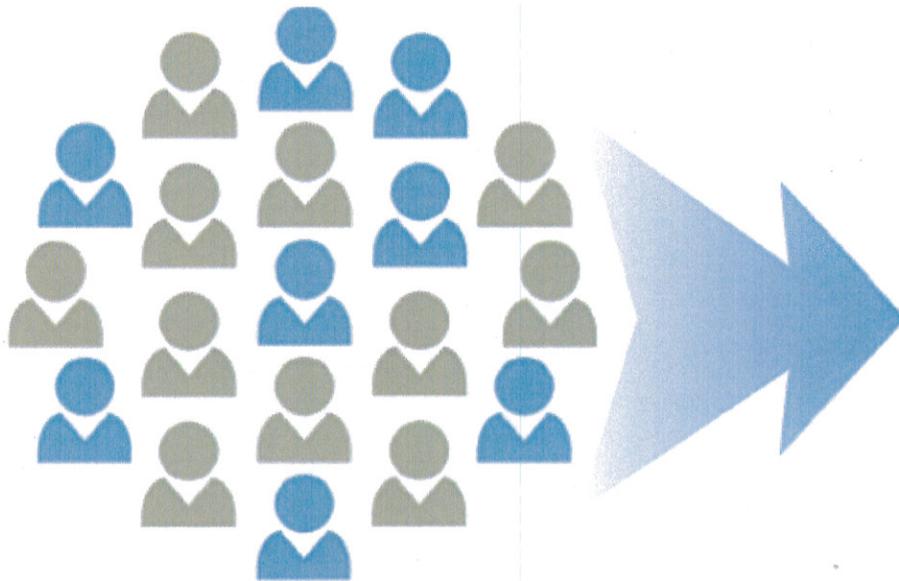


Health and Wellness Strategy Considerations



Why Wellness?

On Average, For Every 100 Employees;



- 64 are overweight or obese
- 60 do not exercise
- 50 have high Cholesterol
- 50 are stressed or depressed
- 27 have heart disease
- 25 are tobacco users
- 10 have diabetes

Source: Kaiser Permanente

Why Wellness?

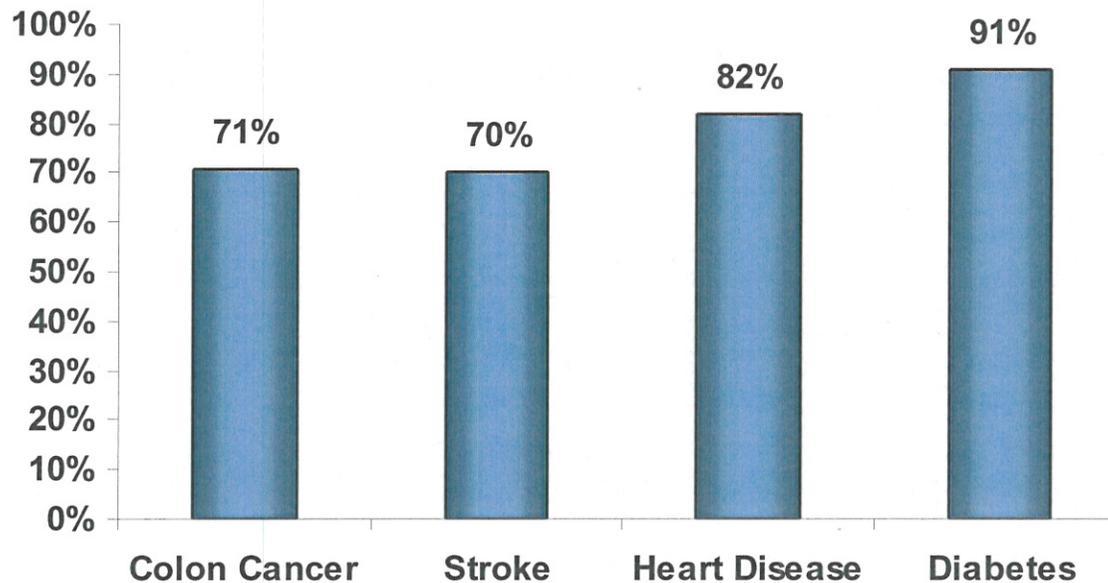
- **Health Care Expenditures:** Total health care costs reached \$1.9 trillion in 2004 and are expected to reach \$4 trillion by 2015.
- **What percentage of these costs are related to lifestyle, and therefore can be prevented, delayed or curtailed through lifestyle modifications?**

75%!

Source: Agency for Healthcare Research and Quality, Dec 2004

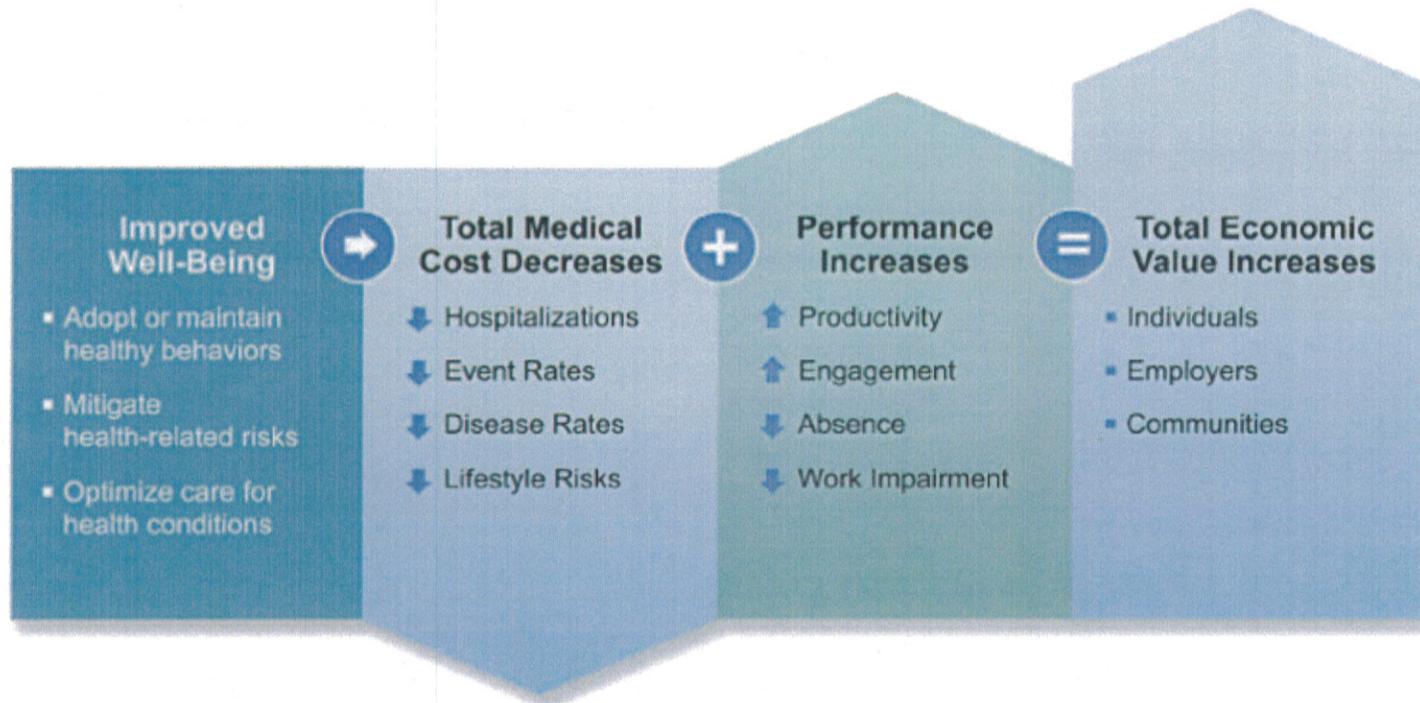
Why Wellness?

Percent of Select Chronic Conditions that are Avoidable



Source: The Culprit and The Cure by Steven G. Aldana, Ph.D.

Why Wellness?



Source: Healthways, 2010

Published Wellness Program ROI Estimates

\$3 : \$1 Reported by Wellness Councils of America

\$3.14 : \$1 Reported by Department of Health and Human Services

Wellness Program Design

Targeting the Total Population

Staying Healthy	Getting Healthy	Living with Illness
Health Assessment		
<ul style="list-style-type: none"> ▪ Preventive Screenings – 100% Coverage <ul style="list-style-type: none"> ▪ Annual physical ▪ Mammography ▪ Prostate Cancer Screening ▪ Colon Cancer Screening ▪ Cervical Cancer Screening ▪ Worksite Wellness <ul style="list-style-type: none"> ▪ Biometric Screening ▪ Health Risk Assessment ▪ Flu Shots ▪ Health Initiatives <ul style="list-style-type: none"> ▪ Self Help Modules ▪ Walking Programs ▪ Exercise Programs ▪ General Clinical Information 	<ul style="list-style-type: none"> ▪ Wellness Coaching ▪ Weight Loss ▪ Tobacco Cessation ▪ Healthy Pregnancy ▪ Stress Management 	<ul style="list-style-type: none"> • Disease Management <ul style="list-style-type: none"> ▪ Diabetes ▪ Asthma ▪ COPD ▪ Heart Failure ▪ CAD ▪ Pain Management

Proposed Wellness Initiatives for 2012

- **Biometric Screening and Health Risk Assessments**
 - **On-Site Biometric Screening**
 - Height / Weight
 - Body Fat %
 - Lipid Panel
 - Metabolic Panel
 - Blood Pressure
 - Body Mass Index
 - Complete Blood Count
 - **Health Risk Assessment**
 - Lifestyle questionnaire
 - Self Reported Information
 - **Review of Results by Professional**
 - Outreach to high risk individuals
 - Direction to appropriate care
 - **Individual Reports**
 - Employee report
 - Results compared to recommended clinical guidelines
 - **Aggregate Reports**
 - Employer report
 - HIPAA compliant
 - Snapshot of organizations health risks

Vendor Cost / Services

- **Methodist Wellness Services**

- \$45 Per Biometric Screening – Fasting Blood Draw
- \$15 Per Health Risk Assessment
- Includes Enhanced Individual and Aggregate Reporting
- Includes Telephonic Outreach and Coaching to High Risk Participants
- Participating Aetna PPO Provider for Referral Care

- **Kelsey Seybold Clinic**

- \$42.50 Per Biometric Screening – Fasting Blood Draw
- \$12 Per Health Risk Assessment
- Includes Individual and Aggregate Reporting
- Includes Telephonic Outreach and Coaching to High Risk Participants
- Non-Participating Aetna PPO Provider for Referral Care



- **Aetna – Summit Health**

- \$65.65 Per Biometric Screening – Fasting Blood Draw
- No Cost - Health Risk Assessment
- Includes Individual and Aggregate Reporting
- Participating Aenta PPO Provider

Additional Proposed Wellness Initiatives for 2012

- **Recommended Programs to Target Risk Factor Reduction**
 - **Kelsey Seybold Clinic - Walking for Life Program**
 - Goal is to gradually increase walking to a minimum of 10,000 steps a day
 - Pedometer and tracking cards provided to each participant.
 - Includes multiple measurements of height, weight, waist and blood pressure
 - **Kelsey Seybold Clinic - 12 Weeks to Wellness Challenge**
 - Program designed to target a reduction in BMI
 - Includes instructional sessions to develop Fitness and Eating Plans
 - Included multiple measurements of height, weight, waist circumference and BMI
 - **Kelsey Seybold Clinic - Wellness Workshops**
 - Presentations by expert presenters on a variety of health topics
 - Diabetes
 - Hypertension
 - Heart Health
 - Eating During the Holidays
 - **Tobacco Cessation Program - TBD**

Wellness - Incentive Structure

Activity-Based Incentives

Participation in:

- Health Assessment
- Preventive Visits & Screenings
 - Annual Physical, Mammography, Colonoscopy, Prostate, Cervical
- Wellness Coaching
- Weight Loss Program
- Tobacco Cessation Program
- Healthy Pregnancy Program
- Disease Management
 - Asthma
 - Diabetes
 - Hypertension
 - CAD



Outcomes-Based Incentives

Meeting guidelines and showing improvement in:

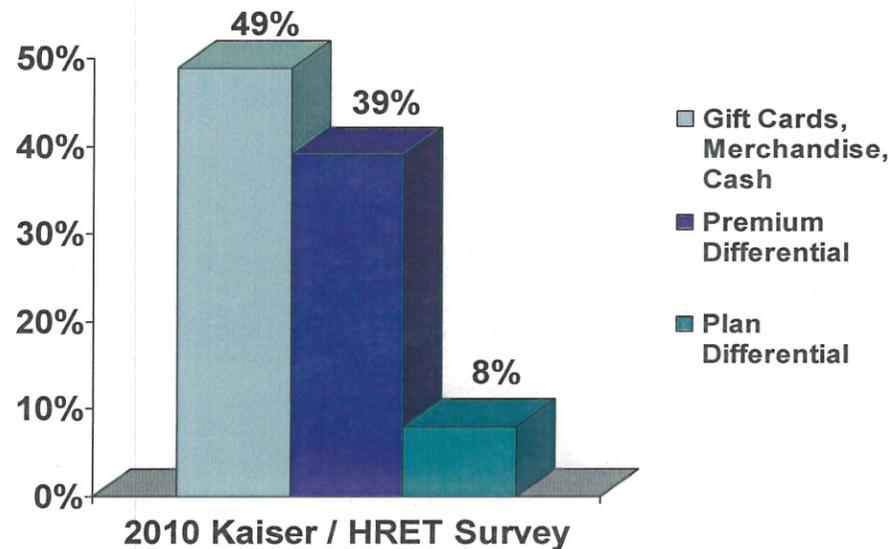
- BMI
- Blood Pressure
- HDL & LDL Cholesterol
- Cardiovascular Fitness
- Nicotine
- Bone Density
- A1C
- Blood Glucose



Wellness Incentive Strategies

- **Incentive Strategies**

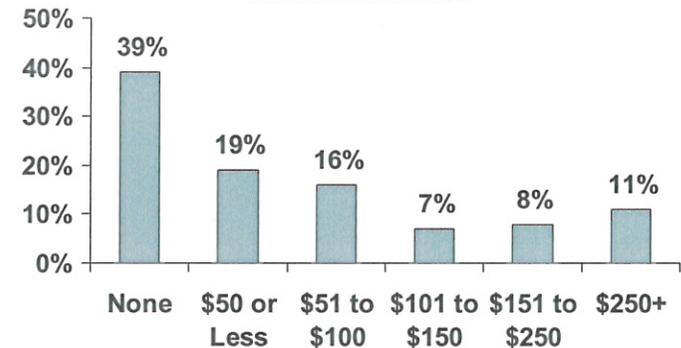
- Employers typically use one of three incentive strategies to encourage participation in Wellness Programs:
 - Gift Cards, Merchandise or Cash (Taxable)
 - Premium Differential (Non-Taxable)
 - Plan Differential – Deductible / Coinsurance (Non-Taxable)



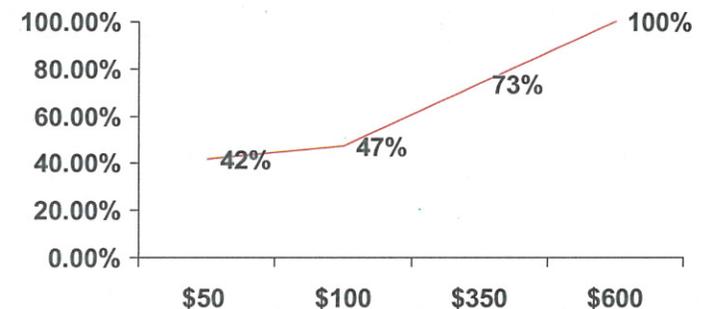
Wellness Incentive Strategies

- **National Business Group On Health Survey - 2010**
 - 507 survey participants with at least +1,000 Employees
 - Over 60% of employers offered an incentive to participate in a Biometric Screening / Health Risk Assessment
 - Most effective strategy was premium differential for those who participated in programs.

Benchmark Incentive Value Amounts



Participation Rates by Incentive Value



Estimated Program Costs

	Program Cost
¹ Biometric Screenings and HRA	\$28,620
² Premium Differential - \$25 Surcharge for Non-Participation	(\$15,900)
³ Walking for Life with \$50 Incentive for Completion	\$14,926
³ 12 Weeks to Wellness with \$50 Incentive for Completion	\$22,240
Wellness Workshops - 4	\$2,400
Tobacco Cessation	TBD
Total Cost of Proposed Program	\$52,286

¹Biometric Screening and HRA – Assumes 90% Participation

¹Premium Differential – Assumes 10% Non-Participation

³Walking for Life and 12 Weeks to Wellness – Assumes 40% Participation

³Walking for Life and 12 Weeks to Wellness – Assumes 70% of Participants Qualify for Incentive

Considerations for Council

- Fund employee biometric screenings and proposed wellness initiatives for 2012. Total estimated cost is \$52,286.
- Apply a premium differential strategy to complete both the biometric screening and health risk assessment to be equal to \$25 per month over and above the employees current health care premium cost. It is conservatively projected that 90% of employees will participate if Pearland utilizes this strategy.
- Provide employees additional opportunities to earn up to \$100 for participating in both wellness challenges.
- Consider tobacco cessation surcharge effective for the plan year starting 10/1/12.