

## **COUNTY OF MENDOCINO**

### **Wellness Program Report on Fiscal Plan Year 2012/13 Incentive Plan - Plan Year 2**

**April 10, 2012**

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#### **Human Resources – Staff Report**

For the past seventeen (17+) Plan Years, the County of Mendocino has been at the forefront of attempting to address rising medical costs and methods for reducing them by providing a Wellness Program to its employees and their qualifying dependents which focused on the enhancement of individual health, safety, and morale, reduction of lifestyle related illnesses and diseases, and encouragement for the development of healthier work environments. The Wellness Program provides employees, their qualifying dependents, and retirees on the Retiree Health Plan with resources to improve their health such as free annual wellness screenings, age appropriate testing, access to a wellness library and online courses, and health education and physical activity classes sponsored by Human Resources and provided by local community organizations/individuals.

The County of Mendocino received recognition at a recent 2012 Healthcare Symposium sponsored by CSAC-EIA for its aggressive Wellness and Incentive-Based Health Plan Program, as well as for Human Resources' recent efforts to move toward the integration of the Wellness, EAP, and Workers Comp Return to Work programs.

As Human Resources moves towards implementation of the second Plan Year in the Wellness Incentive-Based Program over the next few months, staff wishes to advise the Board of Incentive Program changes and the implementation plan. In short, Human Resources plans to build on the first Plan Year's success by attracting even more participants and engaging more employees in managing their health through a simpler, easier to qualify program.

#### **Wellness Program Incentive Based-Plan Design – Plan Year 2 (Calendar Plan Year 2013)**

Staff has met on numerous occasions with Keenan & Associates (the County's Health Plan Consultants) and the Employee Wellness Advisory Committee (EWAC) to discuss Plan Year 2 incentive criteria. Based on employee feedback on the incentive program design for Plan Year 1, recommendations of the various participants and advisory groups, and in consultation with the County Executive Officer and Keenan & Associates, Human Resources intends to revise the Wellness Incentive Program for Calendar Year 2013 (Plan Year 2) to encourage increased participation through a simpler design structure and easier to understand incentives aimed at getting more employees engaged in managing their health. Attached is a brief outline of the incentive and qualifications for Plan Year 2 of the Incentive Program Design. (Attachment 1)

Human Resources plans to provide detailed department trainings on the Plan Year 2 Program in May and June 2012. The trainings will be conducted by Human Resources' Wellness program Specialist, Katie S. Ford. Information outlining the program will be provided to all employees in advance of the training sessions. Employees will be able to begin qualifying for the Health Plan incentives based on the new criteria on July 1, 2012. Employees who meet the criteria, will have the incentive reflected in their premium payments effective the first full pay period of January 2013.

## **Notifications**

On March 27, 2012, the County Administrative Officer's Report advised the Board of Supervisors of Human Resources Plan Year 2 Wellness Incentive Program activities. Additionally, Bargaining Unit Representatives were notified of the program changes on March 20, 2012. As of the date of this report, Human Resources has not received any requests from any of the Bargaining Units to discuss the Plan Year 2 Incentive Program design changes further.

## **Overall Program - Financial Impact**

The County's former Health Plan Consultant (Mercer) predicted during their presentation to the Board of Supervisors last April that the County would realize up to 0.5% savings in medical claims costs, a possible 1% savings in Plan Year 2 (2013) and 1.5% - 3% in Plan Year 3 (2014). The full impact of the Incentive-Based Wellness Program enhancements may not necessarily be realized until Plan Years 3-5 as more and more employees/dependents/retirees engage in the program and we are able to compare claims data information from before and after the implementation of the Program.

## **Plan Year 1 Design (Calendar Plan Year 2012) and Outcomes**

In April 2011, with the assistance of our former Health Plan Consultant (Bordan Darm, Mercer) and a Wellness Program Advisory Committee consisting of representatives from most of the Bargaining Units, options for an incentive-based Wellness Program were evaluated. The intent was to determine a method for lowering escalating health care costs, thereby reducing health plan costs to both employees and the County. It was believed that providing an incentive such as reducing employee co-insurance, deductibles and/or pharmacy co-pays if certain health related wellness criteria were met (i.e. such as completion of a health risk assessment, annual wellness physical and biometric evaluation) might entice employees to engage in preventative measures to head off more serious and costly illnesses. It was understood that the full impact of these program enhancements would not necessarily be realized until Plan Years 3-5. Based on the Bargaining Unit Advisory Committee and Human Resources' recommendation, the first Plan Year of an incentive-based Wellness Program (Plan Year 1) was approved by the Board of Supervisors and implemented July 1, 2011. Beginning January 1, 2012, employees/retirees received a \$5.00 reduction in prescriptions, 5% reduction in co-insurance and a \$100 reduction in the deductible for meeting the defined health related criteria as defined in Attachment 2.

Human Resources is pleased to report that the "enhanced" incentive-based Wellness Program resulted in an all time high in program participation from the past 17 Plan Years of the Wellness Program's existence. In 2011, participation in the wellness biometric screenings increased to a record high of 490 (or 38.8%) over the prior level of participation in 2009. Participation in the Health Risk Questionnaire also increased to a record high with 398 (or 31.5%) participants completing an online risk questionnaire. According to Keenan and Associates these participant percentages for a first Plan Year wellness incentive program are considered good.

The goal for the first Plan Year of the program was to assess the aggregate health of the County's employees and non-Medicare Eligible retirees to determine where we might focus future prevention efforts. As a result of the wellness biometric screenings and personal health risk assessments, Healthy Roads (the County's Third Party Wellness Administrators) has indicated the following aggregate data regarding the health of participating County Employees and non-Medicare Eligible Retirees:

- 74.6% of the program participants were either overweight, obese, or morbidly obese.
- 71% of those individuals indicated their desire to manage their weight (illustrating the value of the wellness program's educational and health coaching components).
- 52.3% of the participants were in a high risk category
- 29.1% of the participants were in the moderate risk
- 18.6% of the participants were in the low risk categories

With the ultimate goal of educating and assisting those individuals in high or moderate health risk categories to make healthier choices and avoid costly claims, Human Resources views the participation percentages identified above as a program success and a good start. Staff, in conjunction with HealthyRoads and Keenan & Associates, plan to use the aggregate data to direct next year's programming efforts where there is the greatest potential for health risk improvement. A copy of the aggregate reports received on the health of County employees for the period July 1, 2011 through October 31, 2011 is available upon request in Human Resources.

### **Summary/Recommendation**

In summary, the recommendations to revise the Wellness Program Incentive for Calendar Year 2013 to a simpler, easier to qualify program does not change Wellness or EAP services. It is anticipated that the County will not incur additional costs over current annual health plan costs based on this incentive plan design change, and that the County will experience a reduction in health plan costs over the next 3-5 Plan Years. Human Resources and Keenan and Associates believe that enhancing the program by changing the incentive design will enable the County to provide an improved, higher level of services/benefits to our employees.

Staff recommends the Board of Supervisor approve the 2012/13 Wellness Program's Incentive Based Health Plan Design as described in Attachment 1.

Human Resources wishes to thank each of the dedicated participants involved in the revision and enhancement of the County's Wellness Program for their continued commitment and dedication to the County and their fellow employees by developing methods for reducing costs and maintaining personal wellbeing. Staff would like to add a special note of recognition to the Employee Wellness Advisory Committee (EWAC) as they have been instrumental in assisting with the communication of the Wellness Program details to employees throughout the County and providing feedback from employees on the first Plan Year I wellness incentive based plan design.

Staff encourages Board members to contact the Human Resources Benefits Manager with any questions pertaining to this program. Thank you, again, for your vision and support of the efforts of the County's Wellness/EAP programs over the past 17+ years.