



TAKING WELL-PLACED STEPS TO AVOID HEALTH CARE PLAN COSTS

**Key activities that will help you get the most
out of your Health Care Program**

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Today's Session

- Current Landscape of Health Care Plans
- Introducing Wellness Programs
- Laws Surrounding Wellness Programs
- Pharmacy Programs That Can Elevate Employee Wellness
- How to Tie Wellness Initiatives to Lowering Healthcare Costs
- Health & Wellness Centers



The cost of employee benefit plans continues to increase each year. Employers have responded with medical plan design changes featuring higher deductibles, higher employee cost sharing, and implemented utilization and case management programs.

While employers have made strides to contain costs, how can employers either flatten or bend the cost curve downward?

This presentation will discuss short and long term wellness plans that encourage and incent their employees to get and stay healthy – thus avoiding plan cost inflation. We will also show you how employer-sponsored health & wellness centers help flatten the health care cost inflation trend while enhancing employee satisfaction



CURRENT LANDSCAPE OF HEALTHCARE PLANS

What affects them, why they cost so much and improvements needed



Current Landscape

- Advances are constantly being made in medical procedures and equipment, pharmaceuticals/specialty drugs and delivery of care & therapies
- We are living longer and require more care. True retirement – a permanent end to work – will be delayed until very late in life. An elderly work force has a big impact on health care costs
- The population has grown
- Affordable Care Act (ACA) reform expanded benefits and eligibility



Hidden Costs

- Approximately half of US adults have a chronic conditions and almost 1/3 have multiple (from CDC)
- Approximately \$750 billion squandered every year (roughly 30 cents of every dollar) by:
 - Excess Administrative Costs
 - Inefficient Delivery/Payment Models
 - Unnecessary Services
 - Inflated Prices
 - Prevention Failures
 - Fraud

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Improvements Needed

Without changing/dropping benefits or charging employees more, Health Care Plans should:

- Financially reward quality of care (outcomes) instead of number of procedures
- Improve and encourage coordination and collaboration between health care service providers
- Leverage technology to assist with service
- Educate patients (member population) via health plan/insurer and/or through Worksite Wellness Programs
- Consider alternative care and payment models such as Employer-Sponsored Health & Wellness Centers

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WHAT DO YOU WANT OUT OF A WELLNESS PROGRAM?

WORKPLACE WELLNESS PROGRAMS

Important characteristics and considerations for Workplace Wellness Programs and how to implement

Three Types of Worksite Wellness Programs

There are three type of worksite wellness programs, each with their own unique characteristics:

- **Quality of Life Program (Awareness Oriented)**

Low budget and low return

- **Traditional Program (Action Oriented)**

Medium budget and medium ROI

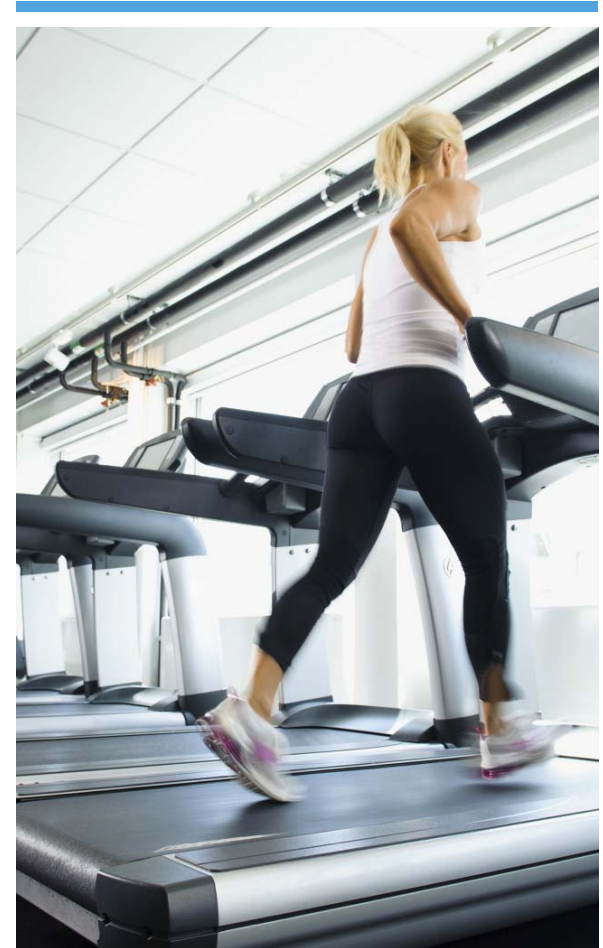
- **Health and Productivity Management Program (Results Oriented)**

Largest expense (if offered outside of a healthcare plan) and largest ROI

Quality of Life Program

Primary Goal: Improve Morale

- Provide information and resources to help employees learn about healthy lifestyle choices
- Emphasize education and awareness, not actual activity or behavior
- Tends to be most appealing to already health-conscious individuals, so generally ineffective for reducing health care costs



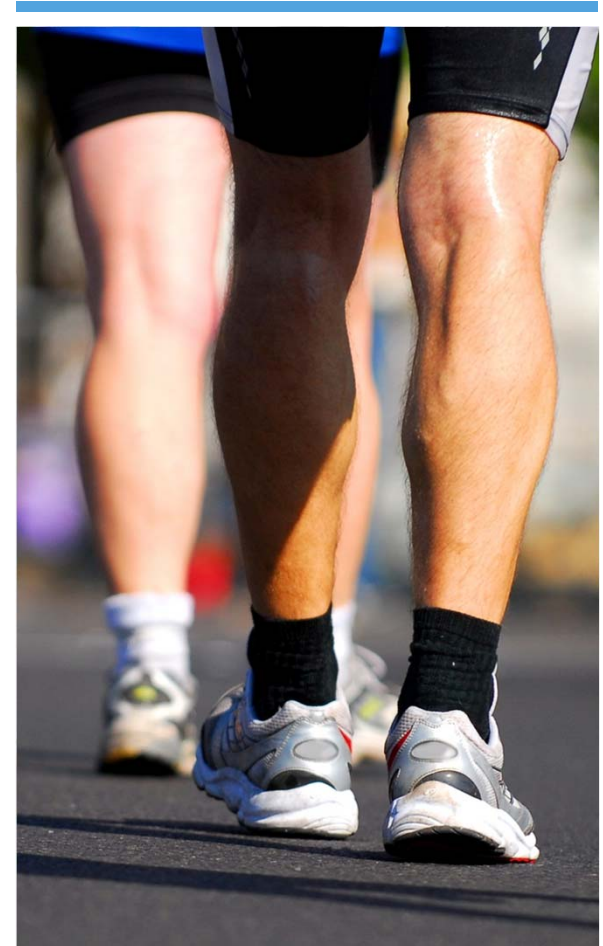
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Traditional Program

Primary Goal: Improve Health

- Combine awareness with participation in healthy activities
 - Walking programs
 - Weight-loss challenges
 - Discounted/free gym memberships
- Typically offer some type of participation incentive
- Usually lead to health care savings (*but could take multiple years to break even or realize a positive return on investment*)



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Health & Productivity Mgmt. Program

Primary Goal: Incentivized Health Improvement

- Focus on measurable outcomes and behavior changes achieved through the program
- Include components of Awareness and Activity-oriented programs
- HIPAA's nondiscrimination rules apply
- If paired with strong incentives, this type has the ability to produce significant ROI through
 - Lower health care costs
 - Decreased absenteeism
 - Fewer workers' compensation incidents



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Wellness Programs – Key Components

All Wellness Programs should include:

- Clear wellness objectives so that everyone understands and “buys in” to them
- Incentives that directly support your wellness objectives
- Management support that includes budget, especially with premium reductions, extra pay, or paid days/time off work
- An exception management system to ensure fair application across all employees
- An incentive plan that accepts self-reported and/or imported data
- Baseline measurements that are clear for outcomes, comparison analysis, and reporting

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Wellness Programs – Other Considerations

- Ensure compliance with federal regulations
- Consider implementing a wellness committee with members across your organization to develop a cross section of ideas
- Financial wellness – utilize an outside organization to assist employees gauge their readiness for financial events (retirement, savings, debt, college, life insurance, disability protection, LTC, wills/trusts, POA)
- Have fun and don't get caught up micromanaging ROI. Financial offsets will come, as will improved absenteeism and reduced presenteeism
- Remember that many forms of wellness exist and can be customized to meet your organizational goals (challenges, contests, incentives, disincentives, wellness center, etc)

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Best Practices Worksite Wellness Program

- Meet the various communication styles, education levels, and learning styles of employees
 1. Group or individual/self-administered
 2. Visual, auditory, traditional class, on-line learning
- Keep it fresh, varied
- Ensure all employees (and dependents if allowed) have access to the programs (i.e., night shift employees)
- Promote and participate from the “top”
- Explore “free” services and products; utilize community facilities and programs
- Celebrate successes, achievements, milestones

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6 Steps to Establish & Maintain Worksite Wellness Program

- **Step 1:**
 - Get the support of organization leaders to get company's commitment to healthy living over the long term
 - Employers need to define up front the ROI they are seeking
 - Define the current landscape for offering a Worksite Wellness program and identify if there is an opportunity to improve culture
 - A healthy balance can be struck and it is best for have a clear 3-5 year plan for program and its ROI before implementing
 - **IMPLEMENT A PHILOSOPHY, NOT JUST A PROGRAM**

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6 Steps to Establish & Maintain Worksite Wellness Program

- **Step 2:**
 - **Identify/Form a Worksite Wellness Team.** Form an exploratory team that include key management (those overseeing healthcare plans) and other key employees from all organizational levels, unions, departments. Advocates for worksite policies that improve employee health.
- **Step 3:**
 - **Collect/Analyze Data** such as Employee Interest Survey, benefit plan costs and claim information, Health Risk Appraisal report

6 Steps to Establish & Maintain Worksite Wellness Program

- **Step 4:**
 - **Develop a Plan.**
 - Determine budget
 - Identify possible collaboration partners (inter-local agreements; reciprocal agreements)
 - Establish the basics- choose vendors (RFP?), seek approval from stakeholders (councils, boards)
 - Create program goals (continual or end date, pre or post testing measurements, measurable objectives, strategies)
 - Incentives (yes/no? Earned time off, gift certificates, recognition, premium reductions, etc.)
 - Create a communication plan
- **Step 5:**
 - **Launch the Program (with fanfare!).**

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6 Steps to Establish & Maintain Worksite Wellness Program

- **Step 6:**
 - Continually evaluate, refine, and adapt to keep employees interested and to spark interest in those who have not yet participated.



LAWS SURROUNDING WELLNESS PROGRAMS

How to maintain compliance in this fluid government landscape

Wellness Compliance

- Several rules/laws exist surrounding wellness programs – ADA (Americans with Disabilities Act), ACA (Affordable Care Act), GINA (Genetic Information Nondiscrimination Act), HIPAA (Health Insurance Portability and Accountability Act)
- Intended to ensure that every individual participating in a wellness program can receive the full amount of any reward or incentive, *regardless of any health factor*

ACA Categories of Wellness Programs

Participatory Program (Awareness)

- Complies with nondiscrimination requirements without having to satisfy any additional standards, as long as participation in the program is made available to all similarly-situated individuals, regardless of health status



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ACA Categories of Wellness Programs

Health Contingent Wellness Programs

- Requires an individual to meet a health-related standard to obtain a reward
- To protect against unfair practices – required to follow certain nondiscrimination standards, including a maximum reward limit standard
- Two types:
 1. **Activity-only.** Examples: walking, diet, or exercise programs. Does not require an individual to attain or maintain a specific health outcome
 2. **Outcome-based.** Requires an individual to attain or maintain a specific health outcome such as not smoking, attaining certain results on biometric screenings or meeting exercise targets



Nondiscrimination Rules for Health Contingent Wellness Programs

- The total reward for all the plan's wellness programs that require satisfaction of a standard related to a health factor is limited – generally, it must not exceed 30 percent of the cost of employee-only coverage under the plan. If dependents (such as spouses and/or dependent children) may participate in the wellness program, the reward must not exceed 30 percent of the cost of the coverage in which an employee and any dependents are enrolled. 50% maximum permissible reward to prevent or reduce tobacco use (assuming no tobacco testing)
- The program must be reasonably designed to promote health and prevent disease

Nondiscrimination Rules for Health Contingent Wellness Programs

- The program must give individuals eligible to participate the opportunity to [qualify for the reward at least once per year](#)
- [The full reward must be available to all similarly situated individuals.](#)
The program must allow a reasonable alternative standard (or waiver of initial standard) for obtaining the reward to any individual for whom it is unreasonably difficult due to a medical condition, or medically inadvisable, to satisfy the initial standard
- [The plan must disclose in all materials describing the terms of the program the availability of a reasonable alternative standard \(or the possibility of a waiver of the initial standard\)](#)

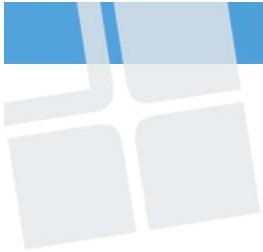


Additional Information

- In 2016, the ADA began requiring employers that collect health information to provide a notice to employees
- This notice must include what information will be collected, how it will be used, who will use it, and what will be done to keep it confidential
- This applies to HRAs, biometric screenings, and nicotine testing
- A sample notice has been posted by the EEOC to help employers comply with the ADA

Sample Language (notice) for Health Contingent Wellness Programs

Your health plan is committed to helping you achieve your best health. Rewards for participating in a wellness program are available to all employees. If you think you might be unable to meet a standard for a reward under this wellness program, you might qualify for an opportunity to earn the same reward by different means. Contact us at [insert contact information] and we will work with you (and, if you wish, your doctor) to find a wellness program with the same reward that is right for you in light of your health status.



PHARMACY PROGRAMS

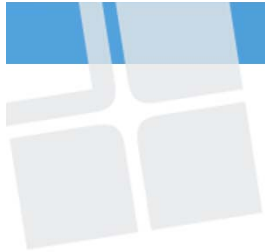
Pharmacy programs that can elevate employee wellness

Wellness through Pharmacy

- PPACA requires that Rx plans incorporate nicotine cessation drugs for no copay (generics and single source brands / multi source brands require a copay)
- Pharmacogenomics is the science of testing an individual's unique gene structure to determine safe medication treatments
- The FDA has begun publishing pharmacogenomic details on over 150 prescriptions with the goal of providing greater transparency to individuals with mutated gene structures
- Members are protected by GINA to ensure employers and health insurers cannot use this information for punitive actions
- One large privately held PBM is working (with assistance from our firm) to establish a beta program to determine viability of a book wide roll out on a voluntary basis to members

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TIE WELLNESS INITIATIVES TO LOWER COSTS

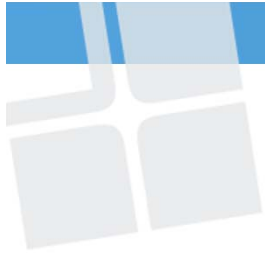
How to tie wellness initiatives to lowering healthcare costs for employees and the employer

Tie Initiatives to Lower Costs

- Numerous possibilities to tie wellness programs to lower healthcare costs, assuming reward/penalty is compliant with max percentage differentials
- Examples - Increase employee contributions for non compliance / reduce contributions for compliance, different medical/Rx plans based on compliance level, entice through prize drawings (gift cards, money, PTO)
- Scenario – Public employer opts out of PA 152 and offers employees a BCBSM CB 3 medical plan. Group considers implementing an anti-nicotine campaign where non compliant employees pay a higher employee contribution and move to a BCBSM CB 4 medical plan. Ensure this differential is below 50% and reasonable alt standard exists
- Scenario – Implement a wellness plan created through a health carrier that creates an “enhanced” and standard” plans based on compliance
- Scenario – Implement a H&W Center and waive medical/Rx copays

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HEALTH AND WELLNESS CENTERS

Update on cutting edge delivery system - H&W centers and the public sector collaborations being formed around Michigan



The Employer-Sponsored Health & Wellness Center Model

- Convenient, exclusive health care center for eligible Members (employees, in-area non-Medicare retirees, dependents)
- Incorporates wellness programs and activities
- Provides primary care, acute & episodic care, Rx dispensary and wellness coaching
- Enhance employee access to care; convenience means engagement
- Alternative source for Occupational Health and minor Workers Comp, on the job Health and Safety care/services
- Co-exists with current insurance plans

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Update on Employer-Sponsored H&W Center Landscape

- Two public employer or public/private collaborative centers in Michigan at this time
 - City of Battle Creek, Calhoun County, Toyota Tsusho
 - City of Royal Oak, City of Madison Heights, City of Ferndale, City of Oak Park, City of Hazel Park
- These centers have been operational for approximately 4 and 3 years respectively
- Two additional public employer centers are in the final approval stages and will be launching in Macomb County and Wayne County in 2018
- Informational roundtable will be held in Livonia in 2018 to discuss additional opportunities

The Employer-Sponsored Health & Wellness Center –Why Now for Municipalities?

- Impact of PA 152 and ACA
- Increasing co-pays, deductibles and employee premium share will have diminishing returns
- Self-insured plans may be negatively impacted by continued increases in employee out-of-pocket costs
- Another alternative to access primary care, for little or no cost
- Reduce absenteeism and presenteeism
- Collaboration opportunities (municipal to municipal; schools, private sector)
- Public employees stay longer

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The Employer-Sponsored Health & Wellness Center Model

- Medical Services
 - Preventive Care (exams, immunizations)
 - Primary/Acute/Episodic Care
 - Case and Disease Management
 - Generic Pharmaceutical Services
 - Provider Recruitment & Management
- Technology & Health Portal
 - 24/7 Nurse Line
 - Data Analytics & Reporting
 - ROI Analysis
 - Online Appointment Scheduling System
 - Proprietary EMR System



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The Employer-Sponsored Health & Wellness Center Model

- Wellness
 - Health Risk Assessment and Biometric Screening
 - 185 Wellness Programs
 - Wellness Coaches
 - Online Wellness Tracking Application
- Occupational Health & Workers' Compensation
 - On-Site Physical Therapy
 - Drug Screenings
 - Case Management On and Off-Site
 - Pre-Employment Exams, Fit for Duty Exams



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Value Proposition – Employer Sponsored H&W Centers

- Employer
 - Added benefit for employees – an *alternative* to the current medical/Rx plan
 - Center is operated by professional medical management company – Employer is not involved in patient care
 - No Access to employee/dependent Personal Health Information
 - Reduction in absenteeism, lost time from work, disability claims, FML occurrences
 - Increased employee presenteeism
 - Control over costs – total transparency
 - Flexible schedule of operations and services (set by Employer)



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Value Proposition – Employer Sponsored H&W Centers

- Employee
 - Save money on out-of pocket expenses with small or no office visit and generic Rx copays (also reduces H S A withdrawals)
 - On-line setting of 20 minute appointments
 - Save time - Virtual Waiting Room
 - Leave with your filled prescription
 - Reduced time away from work – save your vacation/paid time off days
 - Wellness programs and tools
 - Access to your numbers and data
 - Form a trusting relationship with the on-site medical providers to get well and stay well



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Value Proposition – Employer Sponsored H&W Centers

- Health Care Provider
 - Practice medicine as a salaried employee of a medical management company. Eliminate time, stress, and cost spent running a business
 - Develop relationship with the patient (employee/dependent) while educating and providing treatment
 - Improved work/personal life balance
 - Be a health advocate for the patient and direct the patient to the best plan of treatment
 - Care-Coordination with Specialist/Health Coaches/Outside Primary Care Physician



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QUESTIONS & DISCUSSION



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