

BENEFIT

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Employers Adopting Wellness Programs To Lower Health Care Costs

Companies are increasingly using wellness programs to help improve employee health and mitigate rising medical insurance costs, according to a survey sponsored by the ERISA Industry Committee (ERIC) and the Deloitte Center for Health Solutions.

The survey of 365 large companies found that 62% of employers currently have a health promotion or wellness strategy in place, and an additional 33% are considering adopting programs. Just 5% of the sample reported having no interest in starting a wellness program.

Of those companies that have implemented wellness programs, 64% cited rising health care costs as “a major factor in our decision,” while 34% said increasing costs played some role. Only 2% of this group reported that health care costs

played no role in the decision to start a wellness program.

At the same time, 83% of employers surveyed said they had asked their employees to contribute more to their health care coverage

in the last year. An additional 30% said they began offering consumer-directed health plan options, such as flexible spending accounts, in the last year.

“Employers large and small see the potential in encouraging employees to lead healthier lifestyles by eating better, exercising more and not smoking,” said Tommy G. Thompson, the independent chairman of the Deloitte Center for Health Solutions. “Wellness programs are a long-term investment in a healthier, happier and more productive workforce. That will be good for workers’ waistlines—and companies’ bottom lines.”

Most employers agreed, however, that it would likely take some time before they saw the full benefits of wellness programs. Asked if they believed helping employees lead

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The most frequently implemented initiatives cited by respondents were health risk assessments (61%), smoking cessation (56%), on-site workout facilities (50%), the addition of healthier foods to cafeteria menus (48%), employee diet groups (48%), subsidized gyms (43%), and diet counseling (27%).

healthier lives would make a noticeable difference to company health care costs, 80% said it would, but that it will take a while to see results. Only 4% said they expected to see an immediate improvement, 14% said improvement was possible, and 2% said they expect the programs to have no measurable impact.

Asked if they had noted a reduction in sick days since implementing their wellness program, 65% of respondents said it was too early to tell, 4% said yes, and 31% reported seeing no reduction.

Most corporate wellness programs include a range of health promotion initiatives, according to the survey. The most frequently implemented initiatives cited by respondents were health risk assessments (61%), smoking cessation (56%), on-site workout facilities (50%), the addition of healthier foods to cafeteria menus (48%), employee diet groups (48%), subsidized gyms (43%), and diet counseling (27%).

Nearly half of the employers surveyed (47%) said they offered employees incentives to participate in wellness programs. These included cash payments (29%), rebates for program costs (30%) and reduced medical co-pays (15%). Among the other incentives used were gift certificates, prizes, and free gym memberships.

Despite these incentives, the majority of respondents indicated their employees did not take advantage of offered wellness programs. Only 16% reported that more than 50% of their employees used the programs and, of this group, only 1% reported that more than 90% of their employees used the programs.

“Wellness programs are an efficient and cost-effective way to encourage workers to lead healthier lives, and healthier employees mean lower costs for employees and employers,” said ERIC President Mark J. Ugoretz. “The survey ...show[s] employers how their employees take advantage of available wellness programs, and if those programs need to be changed or new ones added.”

Rise In Treated Disease Rates Fuels Health Care Costs

The rapidly rising cost of private health insurance is due less to higher prices for medical services than to increased treatment rates of disease, and may be linked to higher levels of obesity and improved treatment options for the overweight, according to a study published in Health Affairs.

The paper, “The Rising Prevalence of Treated Disease: Effects on Private Health Insurance Spending,” was written by professors Kenneth Thorpe, Curtis Florence, David Howard, and research assistant Peter Joski of the Emory University Department of Health Policy and Management. Analyzing health care costs over a 15-year period, the authors tracked spending increases attributable to a rise in the number of treated disease cases, as well as cost increases caused by a rise in spending per treated case.

Results of the study showed that, between 1987 and 2002, inflation-adjusted private health insurance spending increased almost 60% per capita, or at an average rate of 3.1% annually. The paper identified 20 medical conditions accounting for the largest portion of this rise in health care spending. For 16 of these conditions, researchers asserted, “the rise in treated disease prevalence, rather than a rise in the cost per treated case, accounted for more than half of the growth in health care spending.”

For several conditions linked to obesity, such as diabetes and heart disease, there was a marked surge in treated disease prevalence, the study found. The treated prevalence of diabetes, for example, rose by 64%, and accounted for nearly 80% of the increase in spending on this condition.

In the time period studied, the share of the U.S. population considered over-

weight increased by around 5%, while the share of the population classified as obese nearly doubled. Moreover, the relative differences in health care spending among overweight, obese, morbidly obese, and normal weight adults increased substantially between 1987 and 2002. Results of the analysis indicated that, by the end of this period, spending on obese adults was around 56% higher than for adults not considered obese.

Per capita private health insurance spending rose over the 15 years studied, researchers contended, “partly because of increases in the proportion of people who were obese and partly because increases in the incremental spending associated with being above normal weight.”

According to the study, several trends contributed to the rise in treated disease prevalence, including the rise in the share of privately insured adults classified as obese, and the increase in the number of medical conditions treated among overweight and obese patients due to new drugs and technologies. The paper also cited two other major trends that accounted for the increase in treated disease prevalence: changes in clinical treatment guidelines and standards for treating asymptomatic or mildly symptomatic patients in all weight groups, as well as expanded options for treating ailments that were not as frequently diagnosed or treated 15 years previously, such as depression and other mental illnesses.

Given these findings, the paper’s authors argued, efforts by health plans and employers to control the cost-per-treated-case through measures such as consumer cost sharing and negotiating discounts with providers may be ineffective because they do little to arrest the growth in treated disease prevalence. While consumer-directed approaches to health care spending may prove useful, researchers said, “they also appear mismatched with respect to the key driver of private health care spending: the rise in treated disease prevalence.”

Instead of focusing on the cost-per-treated-case, the researchers concluded, “efforts to slow the growth of private insurance spending must target the population risk factors, along with other factors, that have led to the rise in treated disease prevalence.”

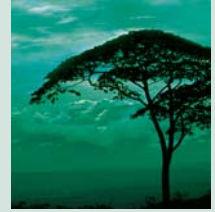
BLS Releases Statistics On Flex-Time And Shift Work

The share of full-time employees in the U.S. who have the option of varying the time they begin and end work was 27.5% in May 2004, down from 28.6% in May 2001, according to a news release issued by the Department of Labor’s Bureau of Labor Statistics (BLS).

The BLS also reported that the proportion of workers who usually worked a shift other than a daytime schedule remained roughly the same at 14.8% between May 2004 and May 2001, the last time data was collected. The agency said these findings came from a supplement to the May 2004 “Current Population Survey,” a monthly household survey that provides information on employment.

The survey indicated that, in 2004, men (28.1%) were more likely to have flexible schedules than women (26.7%), but this gap had closed slightly since 2001 (29.7% for men vs. 27.3% for women). Broken down by ethnicity, access to flex-time was considerably more common among white (28.7%) and Asian workers (27.4%) than among African American (19.7%) and Hispanic (18.4%) employees.

Among the major occupational groups, workers in management, professional, and related occupations (36.8%) were most likely to have the option of varying their schedules. Within that group, 44.7% of management, business, and financial operations workers reported having access to flex-time. By compari-



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son, flexible schedules were rare among workers employed in the natural resources, construction, and maintenance industries (17.6%), and in the production, transportation, and material moving industries (14.3%). In the public sector, flex-time was more common among federal (28.8%) and state government (28.4%) employees than among those working in local government (13.7%).

Many of the employees who reported working flexible schedules were not, however, enrolled by their employers in a formal flex-time program, the BLS noted. While more than a quarter of all workers have the option of varying their schedules, only around 10% participate in a formal, employer-sponsored program.

Nearly 15% of workers indicated they engaged in shift work in 2004, with 4.7% of all respondents indicating they worked evening shifts, 3.2% night shifts, 3.1% employer-arranged irregular schedules, and 2.5% rotating shifts. Results showed that men (16.7%) were more likely to work non-daytime shifts than women (12.4%), and that shift work was more prevalent among black workers (20.8%) than among white workers (13.7%).

Shift work was most common among workers in service occupations, including those providing protective services such as police and firefighters (50.6%). Employees involved in food preparation and serving (40.4%), and in production, transportation, and material moving occupations (26.2%) were also likely to work alternative shifts.

Asked why they worked alternative shifts, 54.6% of these employees said they did so because it was “the nature of the job.” Smaller percentages said they chose shift work as a “personal preference” (11.5%), or because alternative shifts represented “better arrangements for family or child care” (8.2%).

While those who worked night or evening shifts sometimes indicated they did so out of personal preference, the

vast majority of employees on rotating, split, and employer-arranged schedules said they worked these irregular schedules because their job demanded it.

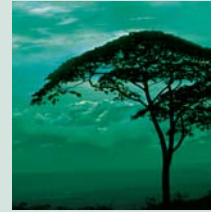
Employer-Provided Benefits Mostly Unchanged In 2005

Even in the face of mounting health insurance premiums, most employers are able to control benefit costs and offer generous packages to employees, according to the Society for Human Resource Management’s (SHRM) 2005 Benefits Survey.

Of the 386 human resources professionals who responded to the survey, 69% indicated that the costs of voluntary benefits at their companies had remained about the same, compared with 2004. However, 28% of respondents said benefit costs had increased from the previous year.

Broken down by benefit type, the survey showed that, from 2004 to 2005, the proportion of organizations offering dependent care flexible spending accounts rose from 73% to 79%. HMO coverage increased from 51% to 53%, employer-funded health reimbursement accounts dropped from 18% to 17%, and prescription drug coverage held steady at 97%.

The SHRM survey further indicated that the share of businesses offering paid family leave increased from 24% to 30%. Domestic benefits for same-sex partners increased from 27% to 32%, and domestic benefits for opposite-sex partners remained at 33%. Meanwhile, vision insurance rose from 71% to 80%, professional development opportunities remained at 93%, and on-site vaccinations fell from 60% to 56%, largely due to flu vaccine shortages.



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