

# Webinar: Employer Investments in Improving Employee Health

Results from the Second Annual National Business Group on Health/Fidelity Investments Benefits Consulting Survey

January 2011

Turn here<sup>SM</sup>



# Today's Discussion



About the Survey

Executive Summary

Strategic Investments

Employee Incentives

Program Value

Moving Forward

# About the Survey



- ▶ The National Business Group on Health (NBGH) and Fidelity Investments conducted an employer survey in September 2010
  
- ▶ The survey was sent to NBGH member companies and select Fidelity clients
  - 147 employers completed the survey and are included in the survey findings
  
- ▶ The respondents were asked questions related to their company's health improvement programs, covering a number of areas, including:
  - Costs and Measurement
  - Prevalence and Impact of Programs
  - Incentives, Assessments, and Communication
  - Measuring Return on Investment

# Methodology For Estimating Spending on Health Improvement Programs

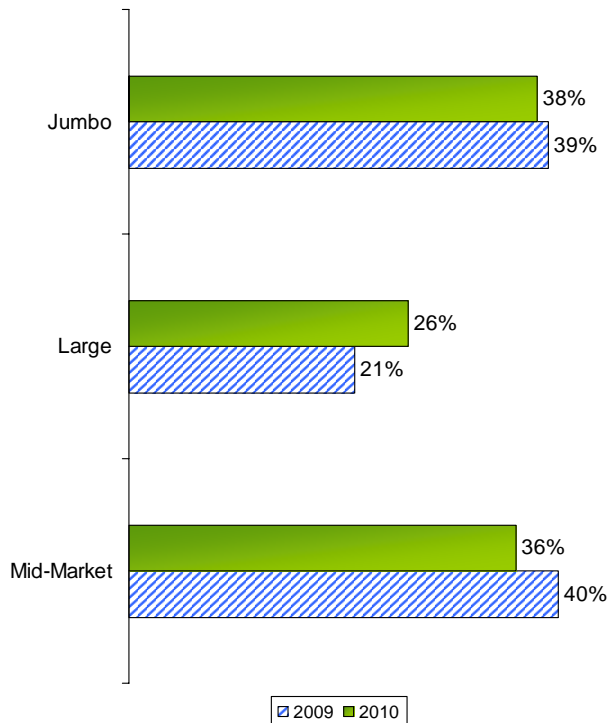


- ▶ Survey data around prevalence of health improvement (HI) programs is used in conjunction with estimated cost data to calculate employer spending on HI programs
- ▶ Costs are estimated based on market data collected from vendors, proprietary databases and other sources
- ▶ Due to significant cost variations for each health improvement program/service offered by vendors, a single cost estimate was utilized for each program/service
- ▶ To calculate the percentage of spending on HI programs relative to total claims costs, the latter is estimated using survey data and other published resources
  - Actual claims costs vary from employer to employer for various reasons, including differences in demographics, geography, plan design and health management effectiveness

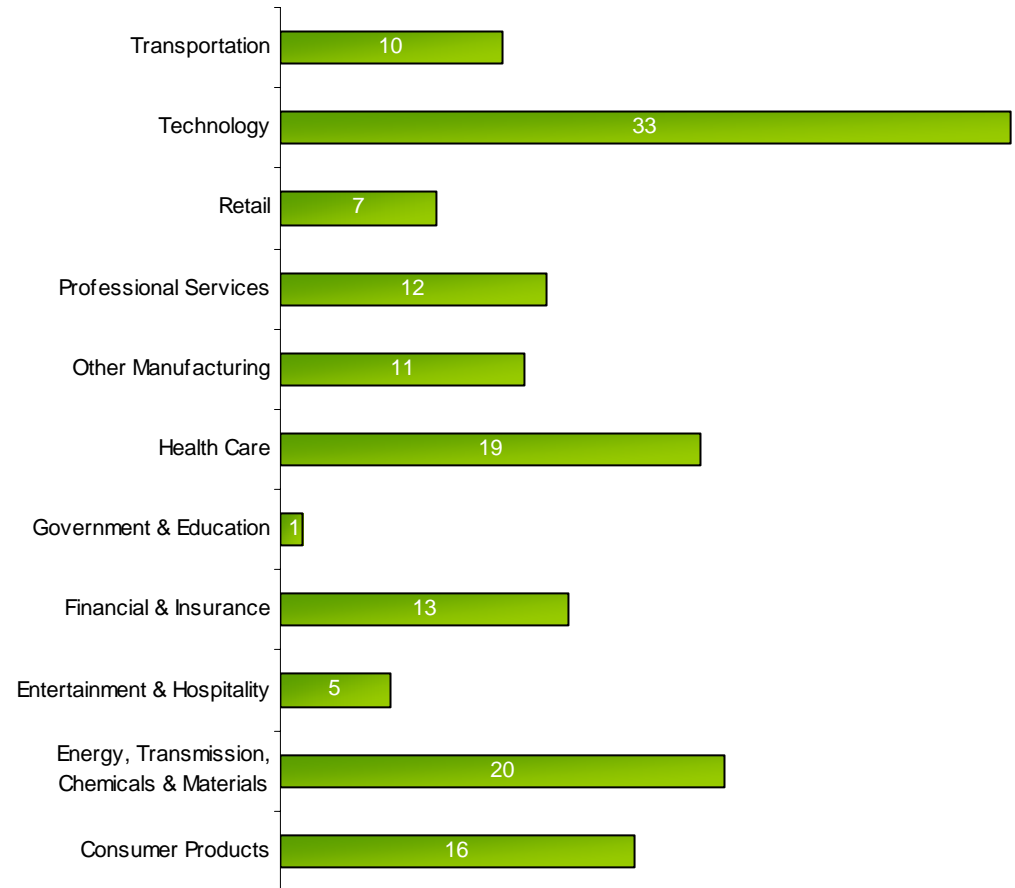
# Survey Demographics



## Employer Size



## Industry



**Note:**

N = 114 (2009) / 147 (2010)

Mid-Market (< 5,000 employees), Large (5,000 – 15,000 employees) & Jumbo (15,000+ employees). Size based on number of benefits eligible employees in the U.S.

# Executive Summary

# Key Survey Findings

## Investments

- ▶ Total financial investment remained at 2009 levels, roughly 2.0% of employers' medical spend
- ▶ Condition management continued to be the largest component of spend, but employers were focusing more on Health Risk Management relative to 2009

## Incentives

- ▶ 62% of employers used incentives in 2010, versus 57% in 2009
- ▶ The prevalence and dollar value of incentives expanded over 2009
  - Half of employers offer incentives to dependents
- ▶ Majority of employers reported incentives improved participation at rates greater than expected
  - Larger employers noted greater success than smaller employers

## Value of Programs

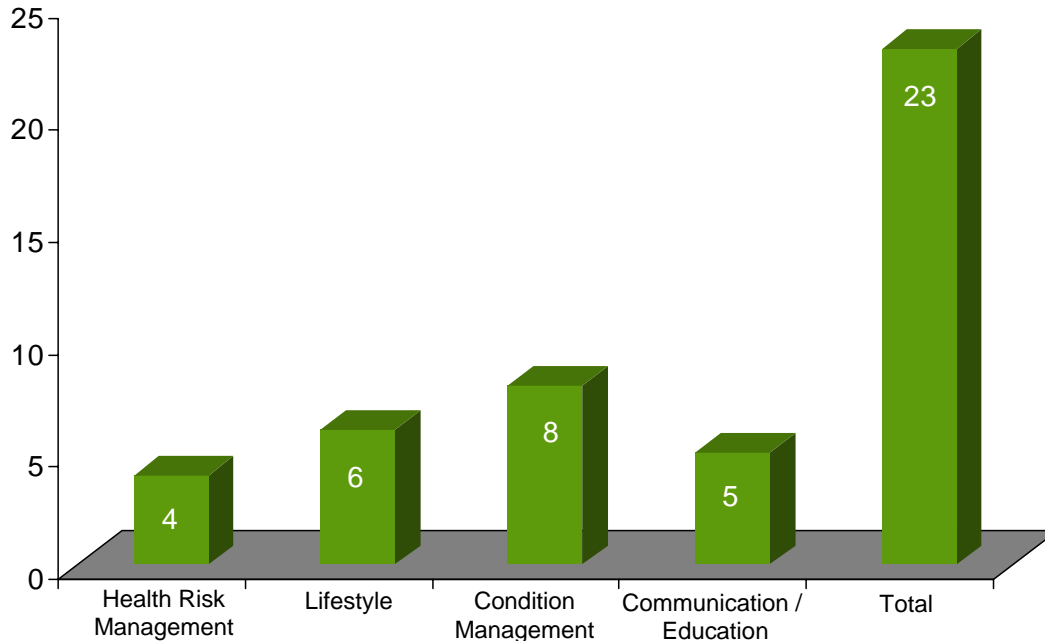
- ▶ When asked about the perceived impact of 26 different health programs, there was little differentiation among them
- ▶ Employers' top 3 gauges for program success are participation, engagement and employee feedback; clinical measures/outcomes ranked 7th
- ▶ In instances where health improvement programs are not working well, employers choose most often to re-evaluate their overall strategy (69%) and/or increase communications (61%)

# Strategic Investments

# Employers continue to offer numerous programs



## Average Number of Programs Offered



## Top 3 Programs by Category

### Health Risk Management

- On-site flu shots (93%)
- Preventive care covered at 100% (80%)
- Health fairs/lunch-n-learns (79%)

### Lifestyle Management

- EAP (97%)
- Smoking cessation (74%)
- Stress management (71%)

### Condition Management

- Nurse line (85%)
- Diabetes (82%)
- Coronary Artery Disease (77%)

### Communication/Education

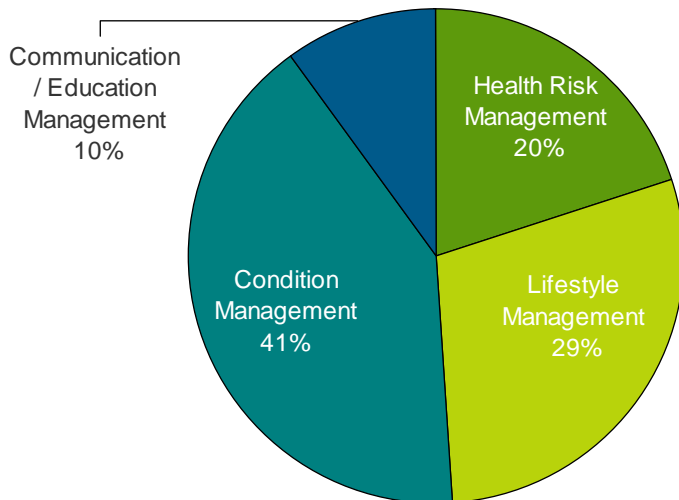
- Emails (82%)
- Company intranet or health/wellness website (77%)
- Health and wellness newsletters/brochures (73%)

- 74% of employers offer 19 or more health improvement programs

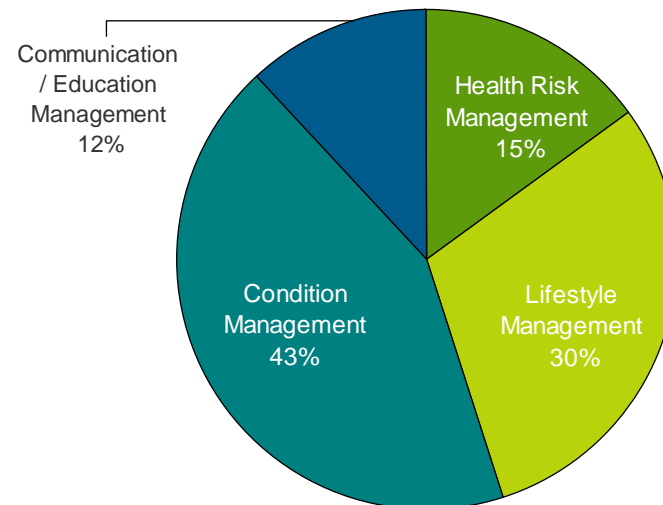
# Employers focusing more on health risk management

In total, employers are investing roughly 2% of medical spend on health improvement programs

2010



2009

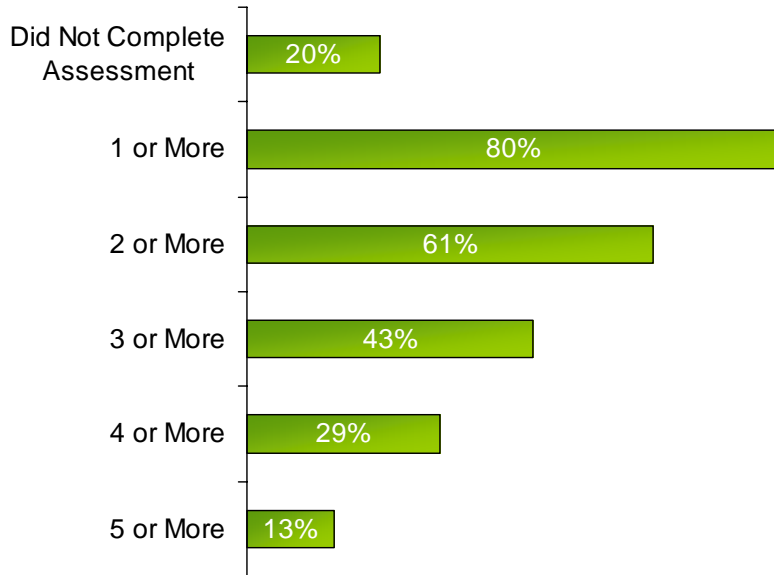


- Median employer reported PEPY spend on health improvement program (excluding incentives) is \$125
- Distribution in spend increased for health risk management programs, but it remains focused on condition management programs
- To determine the right mix on spend, employers should evaluate a number of factors (e.g., benefits strategy, employee demographics, turnover ratio, etc.)

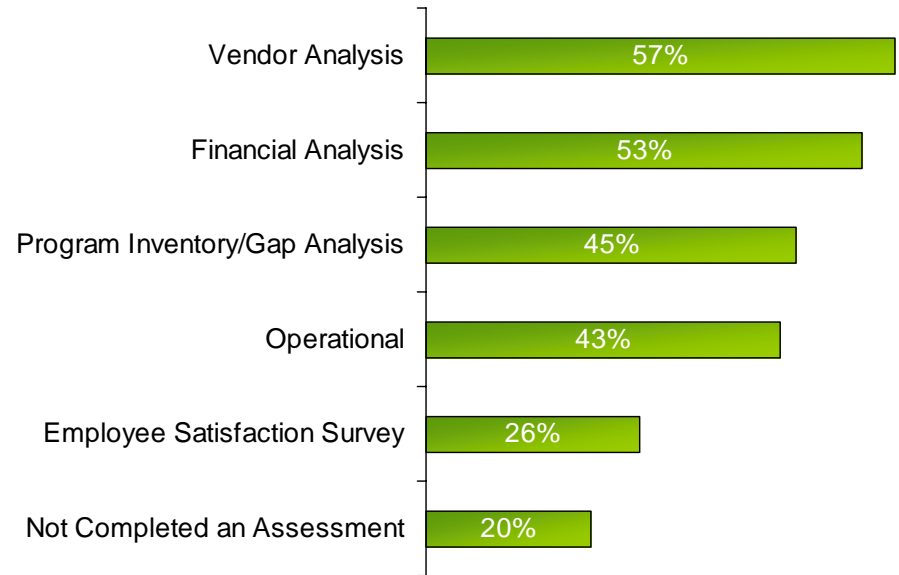
# Employers utilize various assessments to manage programs



## Number of Assessments Completed



## Types of Assessments Completed



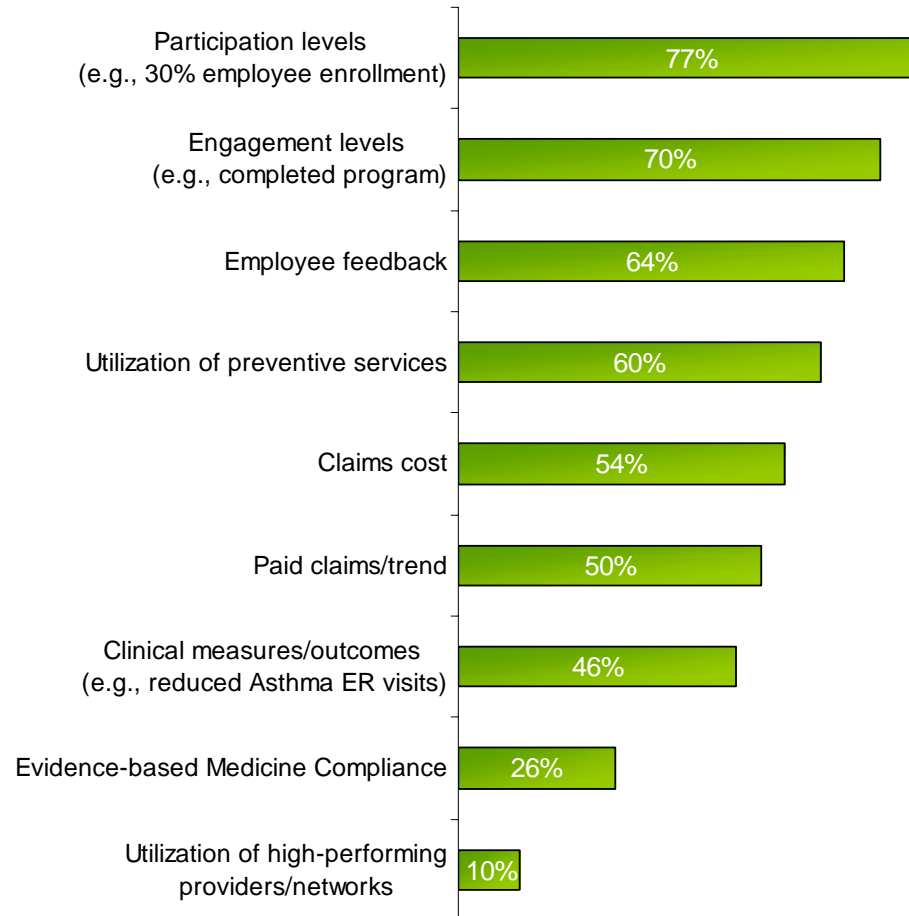
- Number of employers completing assessments increased from 61% (2009) to 80% (2010)
- Given the number of programs offered by employers, multiple assessments (varying by type of program) are needed to effectively measure program success and health outcomes

Note: N = 145

# Metrics remain traditional and largely qualitative



## Metrics Used to Measure Program Success

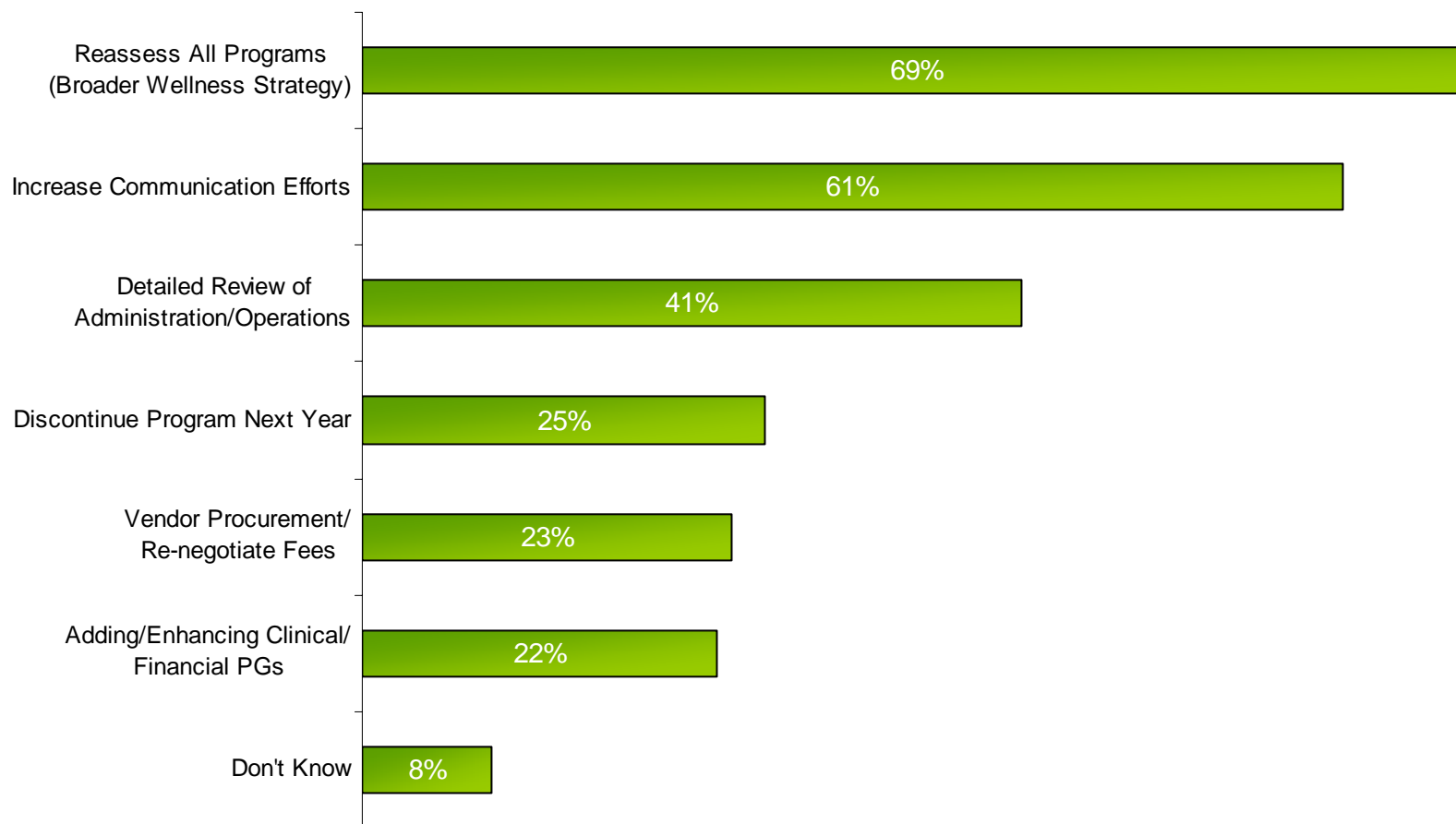


Note: N = 124

# With numerous programs being offered, the strategy for non-performing programs is critical



## Action Taken on Health Improvement Program not Performing Well

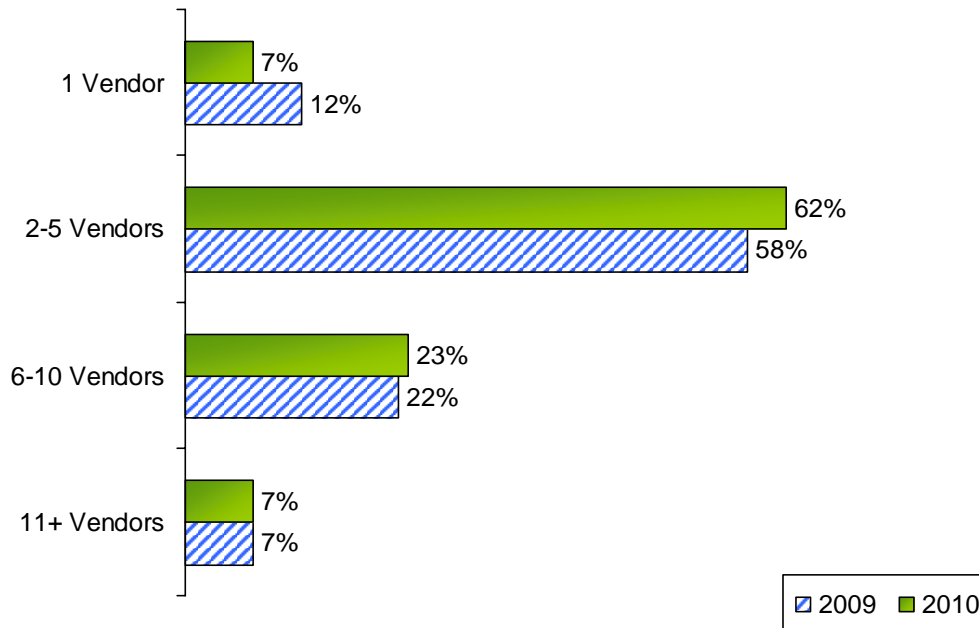


Note: N = 133

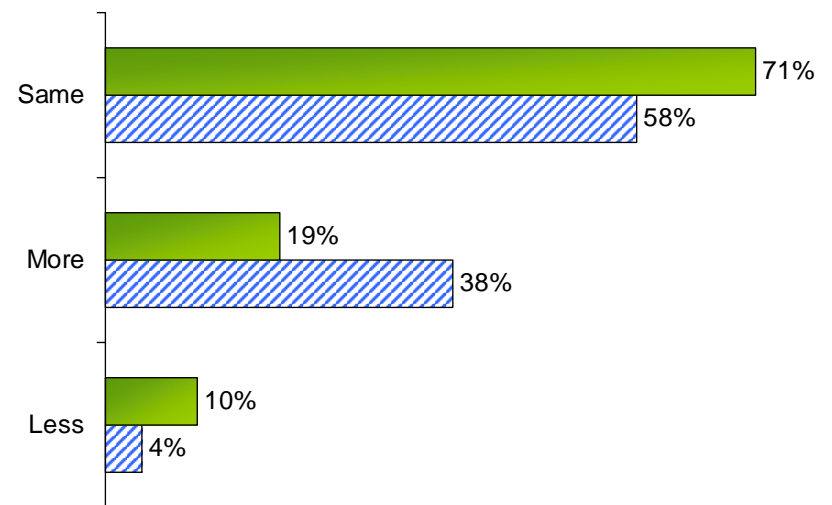
# Employers plan to continue using multiple vendors while leveraging current relationships to improve delivery



Number of Vendors Currently Utilized



In the Future, Number of Vendors to be Utilized



**Note:**

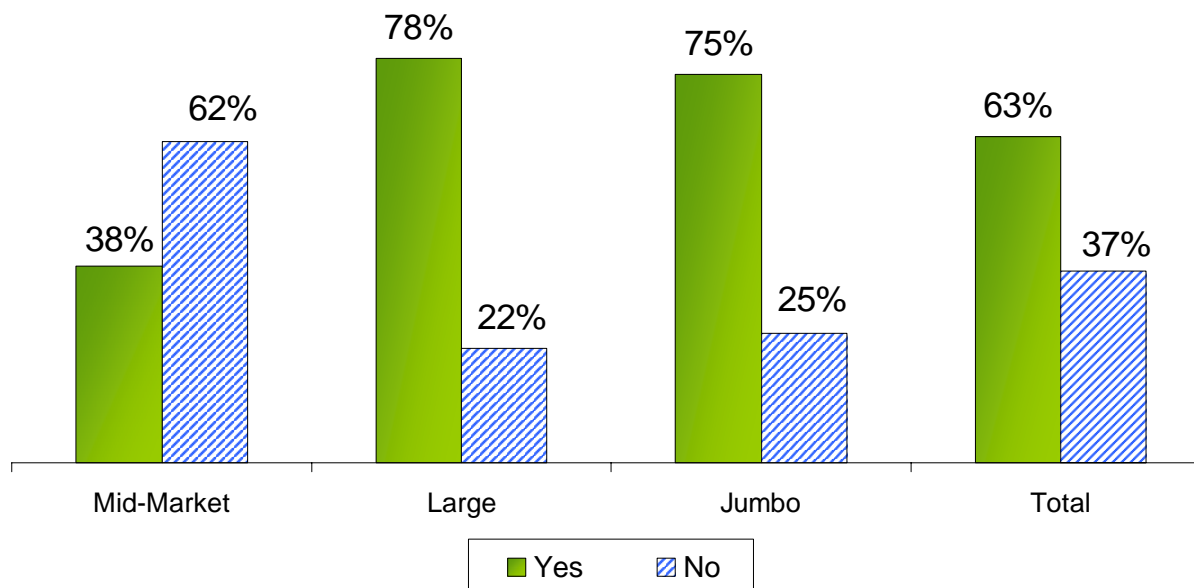
N = 112 (2009) / 121 (2010): Number of Vendors Utilized Currently  
 N = 112 (2009) / 119 (2010): In the Future, Number of Vendors to be Utilized

# Incentives

# Incentives typically offered at larger employers



## Provide Incentives for Participating in Health Improvement Programs



**Note:**

N = 146

Mid-Market (< 5,000 employees), Large (5,000 – 15,000 employees) & Jumbo (15,000+ employees). Size based on number of benefits eligible employees in the U.S.

# Incentives take many forms



## Types of Incentives by Program

Health Improvement Program	Cash Equivalent	Plan Design Adjustment	Lottery/Prize Drawing/Raffle	Total
Smoking Cessation	84%	9%	7%	100%
Weight Management	76%	2%	22%	100%
Lifestyle Coach/Health Advocate Consultation	77%	10%	13%	100%
Health Risk Assessment	84%	6%	11%	100%
Biometric Screenings	82%	7%	11%	100%
Preventive Care Service/Screenings	57%	33%	10%	100%
Activity or Content/Tool Based Programs/Activities	61%	0%	39%	100%
Disease/Care Management Programs	73%	22%	5%	100%

Cash equivalent comprised of cash, contributions to an account (HRA/HSA) and reduced premium contributions.

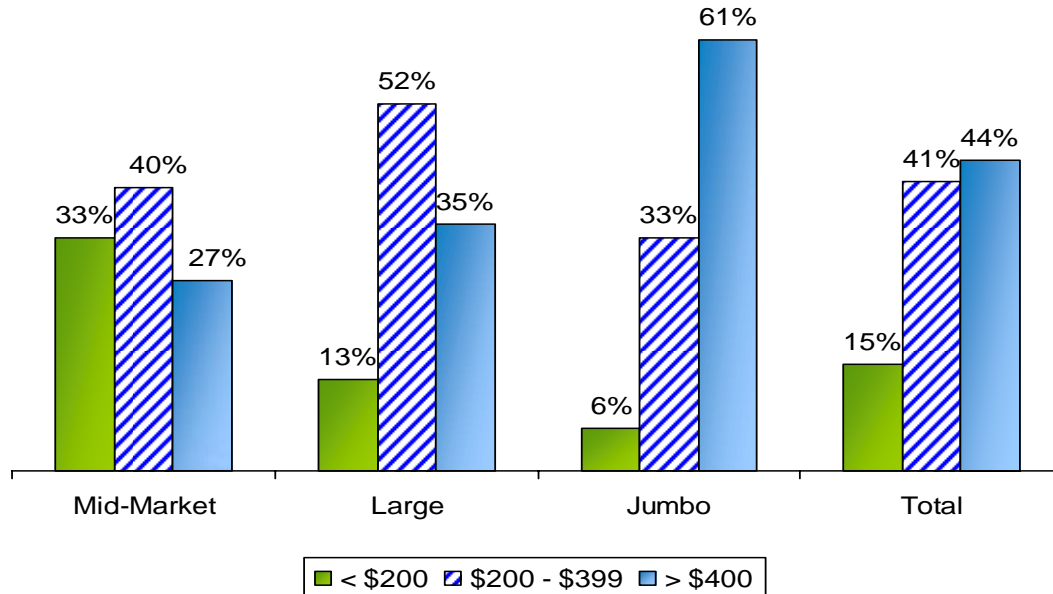
- Cash (or “cash equivalent”) incentives are far more prevalent than other types of incentives
- A small percentage of employers (12%) utilize “negative incentives” (e.g., increasing contributions for non-participation)

Note: N = 86

# Larger employers typically provide greater incentives



## Annual Dollar Value of All Incentives (Employee Only)



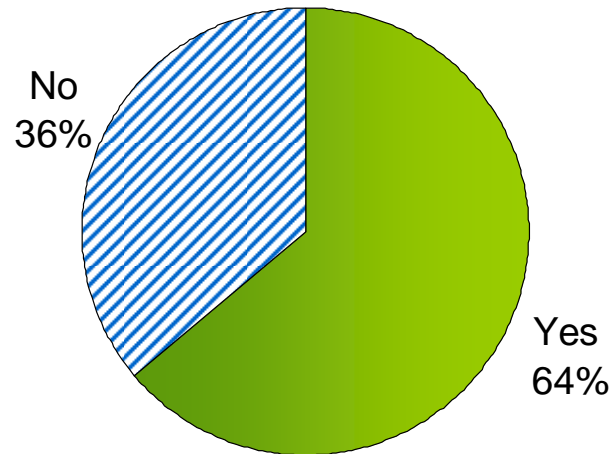
- Average employee incentive is \$430 and the median incentive is \$338 in 2010
- 50% of employers that provide incentives to employees also provide them to dependents
  - ▶ Average dependent incentive is \$420 and the median dependent incentive is \$300

**Note:**

N = 68  
Mid-Market (< 5,000 employees), Large (5,000 – 15,000 employees) & Jumbo (15,000+ employees). Size based on number of benefits eligible employees in the U.S.

# Most employers provide incentives on a cost-neutral basis

## Employers Adjusting Contributions to Include the Total Cost of Offering Incentives



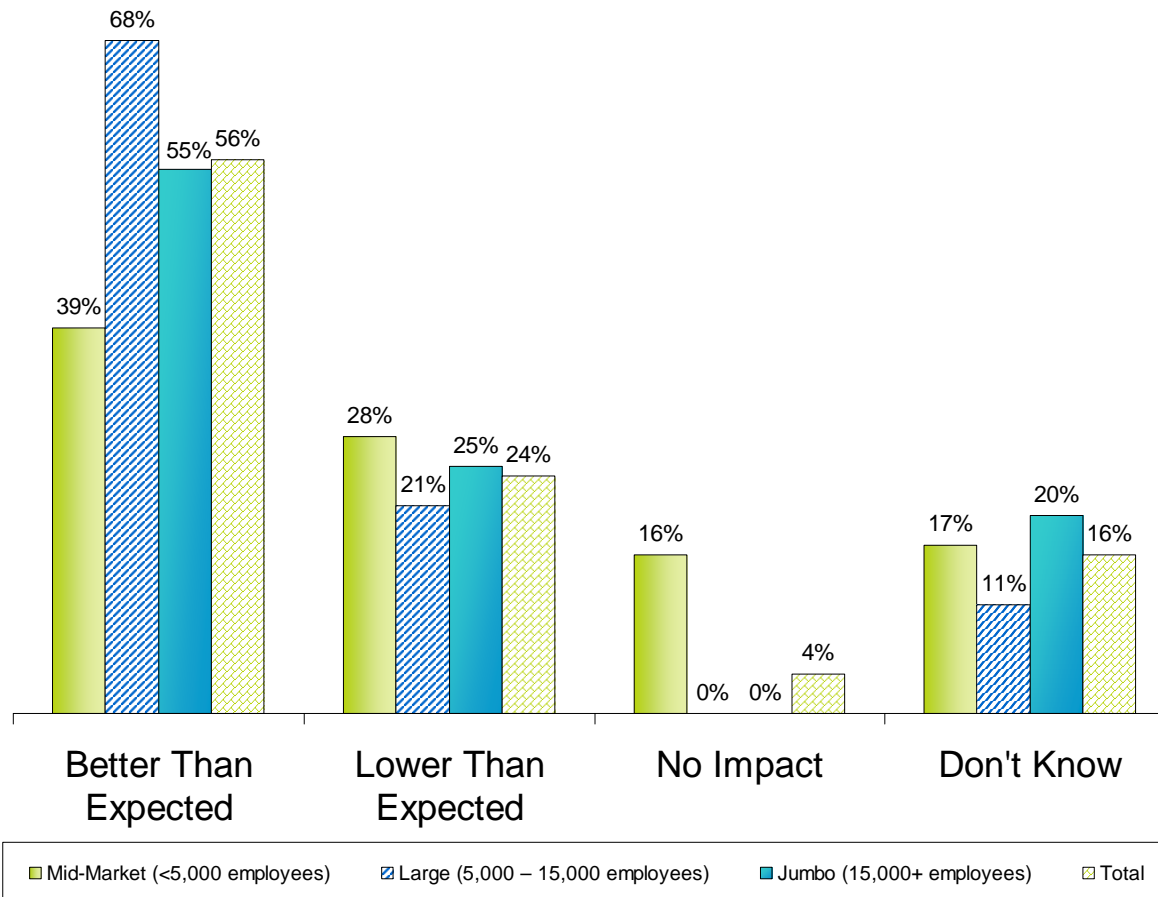
- Cost neutral pricing is developed by adjusting contributions for expected participation and communicated incentive amount

Note: N = 80

# Larger employers report greater success



## How Successful Employers Believe Their Incentive-based programs Have Been in Increasing Employee Participation/Engagement



Note: N = 86

# Program Value

# Employers continue to leverage various communication channels to raise program awareness and participation

## The Relative Value of Communication Program Used to Increase Engagement levels

Communication Programs	Program Prevalence	Perceived Value
Printed Mailings	72%	1.66
Company Intranet or Health & Wellness Website/Portal	77%	1.72
Wellness Champions	40%	1.72
Emails	82%	1.89
Health & Wellness Newsletters/Brochure	73%	2.05
Videos/DVDs	25%	2.42
Posters	65%	2.50
Self-Care Books	27%	2.77
Social Networking	16%	2.79

Perceived Value is based on a scale of 1 to 3, where 1=Highest Value, 2=Mid-Value and 3=Lowest Value.

- 71% of employers utilize 4 or more communication channels
- Emails, even though the most prevalent program, were not perceived to have the highest value in increasing engagement levels
  - ▶ Social Networking is the least prevalent and perceived to have the least value

Note: N = 86

# Employers report modest variation in perceived impact

Health Risk Management	Program Prevalence	Perceived Impact
On-site Medical/Health Clinic	32%	1.53
On-site Flu Shots	93%	1.63
Preventative Care Covered at 100%	80%	1.73
Health Coach/Advocate	65%	2.22
Preventative Care Reminders	71%	2.23
Health Fairs/Lunch-n-Learns	79%	2.35
<b>Health Risk Management Average</b>		<b>1.97</b>

Lifestyle Management	Program Prevalence	Perceived Impact
Fitness & Health Challenges	66%	2.00
On-site Fitness Centers	61%	2.00
Weight Mgmt	63%	2.12
EAP	97%	2.16
Smoking Cessation	74%	2.18
Stress Mgmt	71%	2.23
Healthy Food Discounts	14%	2.26
Off-site Gym Discounts/ Subsidies	64%	2.33
Healthy Food Options	48%	2.38
Nutritional Labeling	53%	2.43
<b>Lifestyle Management Average</b>		<b>2.19</b>

Condition Management	Program Prevalence	Perceived Impact
Diabetes	82%	2.05
Cancer	59%	2.13
COPD	66%	2.14
Congestive Heart Failure	74%	2.15
Coronary Artery Disease	77%	2.16
Maternity	74%	2.19
Back Pain/Musculoskeletal	63%	2.21
Asthma	73%	2.22
Health Care Navigators/Advocates	39%	2.26
Nurse Line	85%	2.50
<b>Condition Management Average</b>		<b>2.20</b>

Perceived Impact is defined as follows: 1=Highest Impact, 2=Mid-Impact and 3=Lowest Impact

- Employers report a higher perceived impact for Health Risk Management Programs
  - ▶ Yet variability of perceived value is greatest within this category

Note: N = 125

# Program ROI tied to time horizon



## Employers Ranking Program ROI

Short-Term		Ranking Highest Impact to Lowest Impact	Long-Term	
Perceived Impact	Program		Program	Perceived Impact
1.66	Case Management	1	Disease Management	1.56
1.83	Clinical Management	2	Wellness Programs	1.59
1.96	Utilization Management	3	Clinical Management	1.95
2.06	Wellness Programs	4	Case Management	2.15
2.07	Disease Management	5	Utilization Management	2.23

Perceived Impact is defined as follows: 1=Highest Impact, 2=Mid-Impact and 3=Lowest Impact

### Examples of Programs

Case Management - e.g., discharge planning

Clinical Management - e.g., maternity, bariatric surgery, cancer

Utilization Management - e.g., pre-authorization, concurrent review

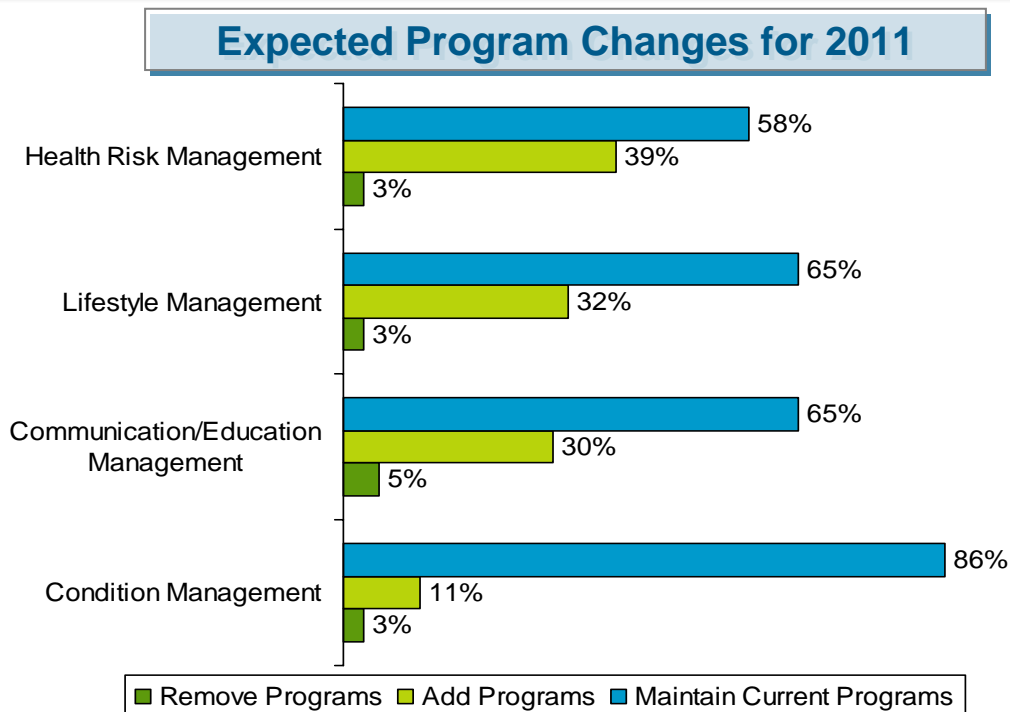
Disease Management - e.g., diabetes, asthma

Wellness Programs - e.g., smoking cessation, weight management

Note: N = 98

# Moving Forward

# Many companies expect to increase program offerings

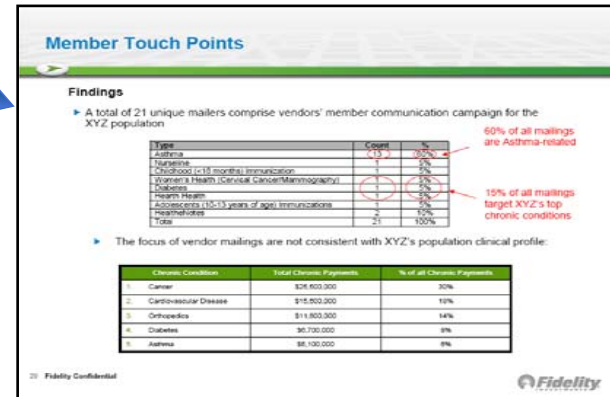
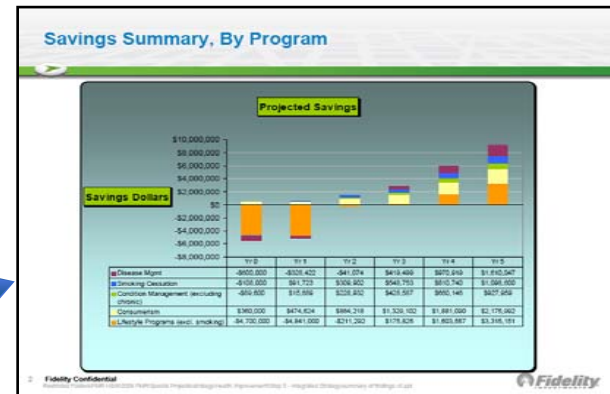
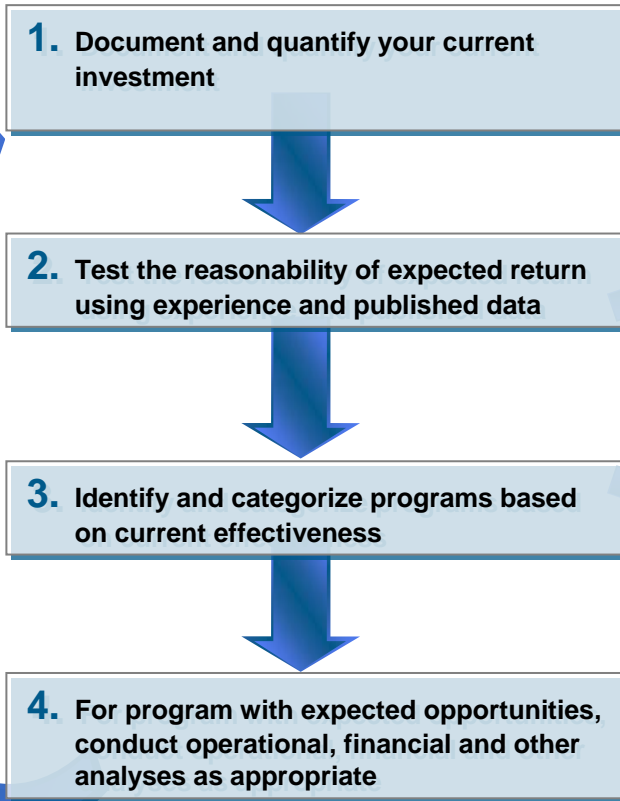


- Aggregate number of programs to be implemented compared to being discontinued in 2011 is 8:1
  - ▶ Lifestyle Management: 10:1
  - ▶ Health Risk Management: 12:1
  - ▶ Condition Management: 3:1
  - ▶ Communication/Education Management: 9:1

Note: N = 147

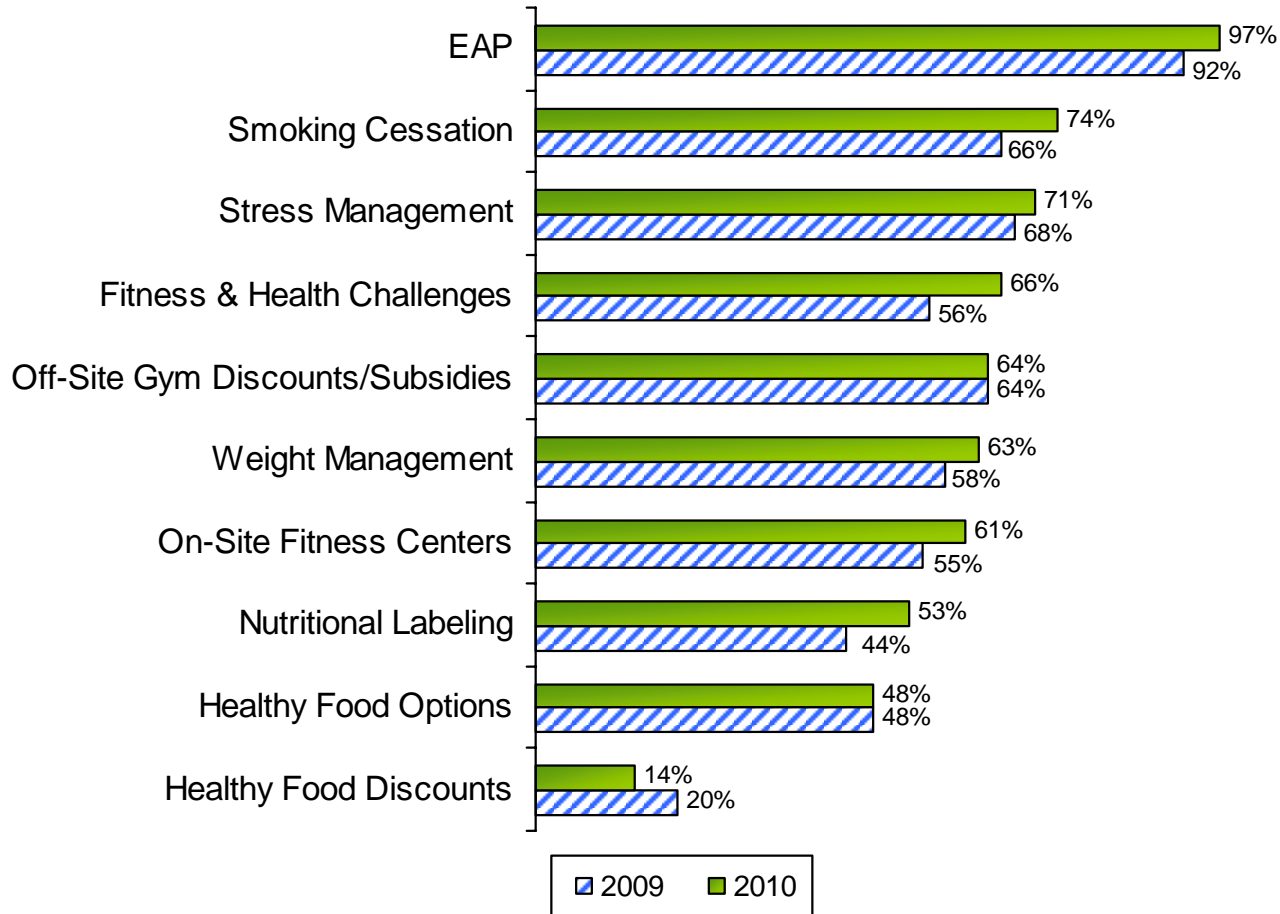
# What Employers Can Do

## Update health improvement strategy and tactics



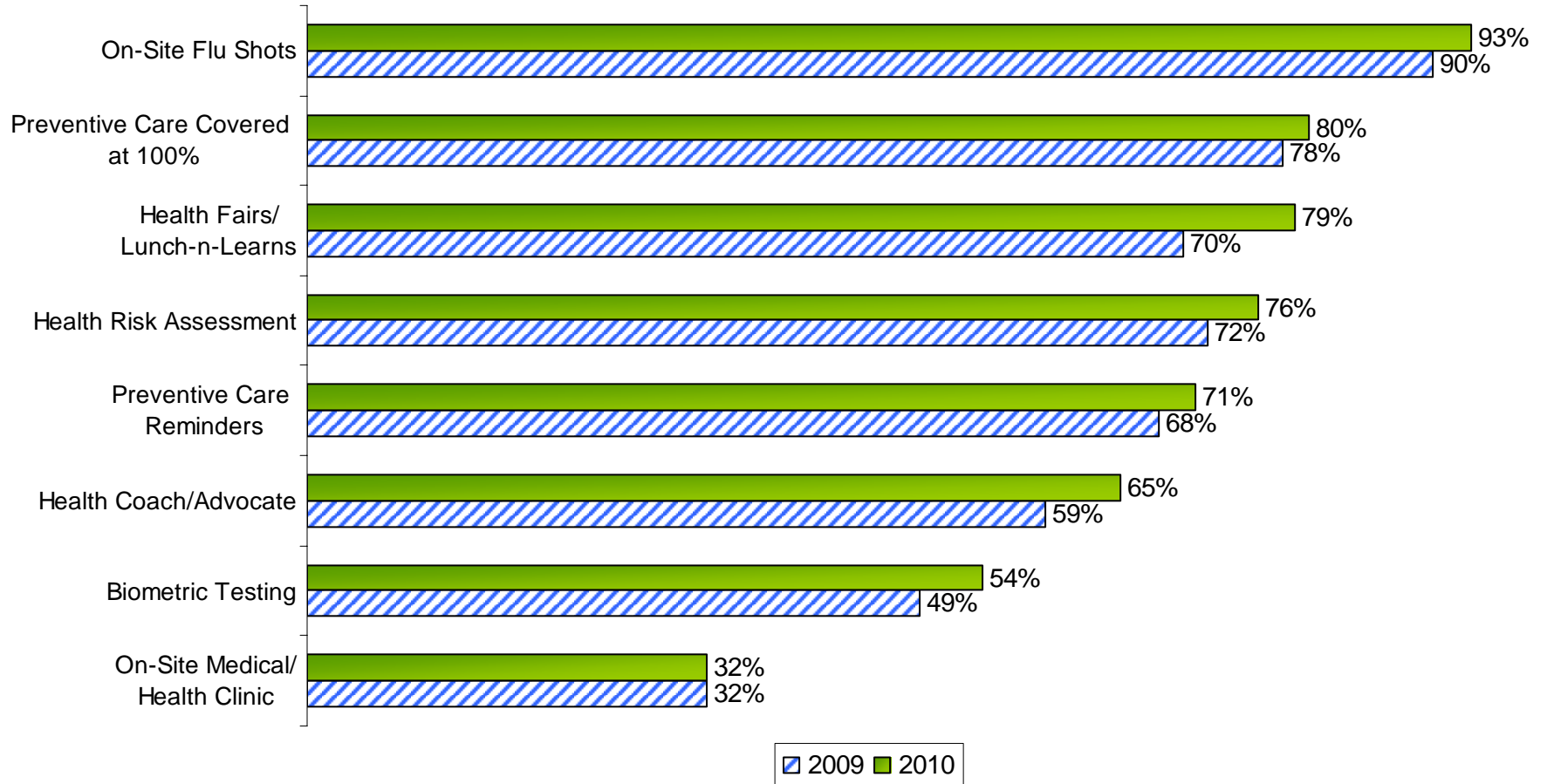
# Appendix

# Lifestyle Management Program Prevalence



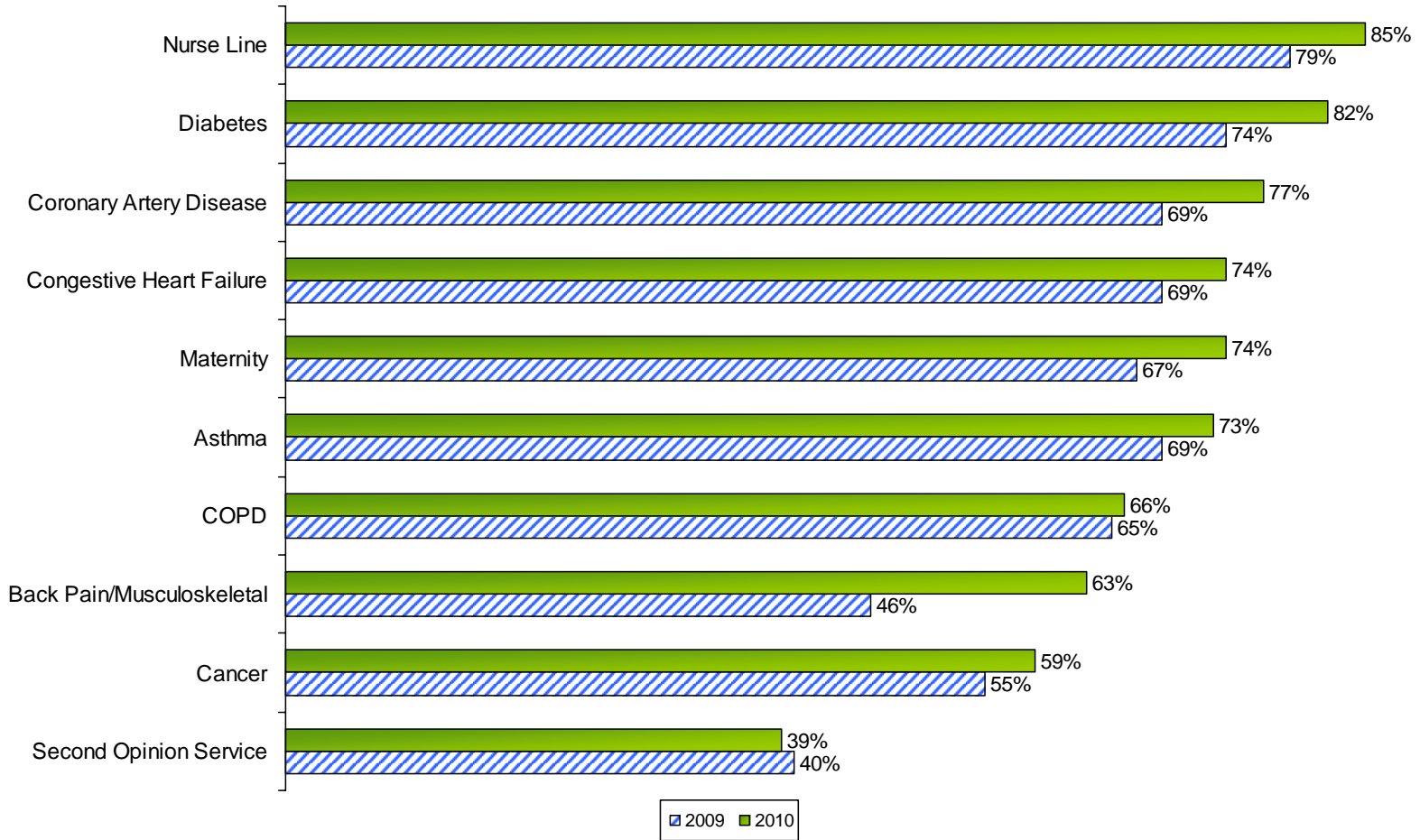
Note: N = 121 (2009) / 147 (2010)

# Health Risk Management Program Prevalence



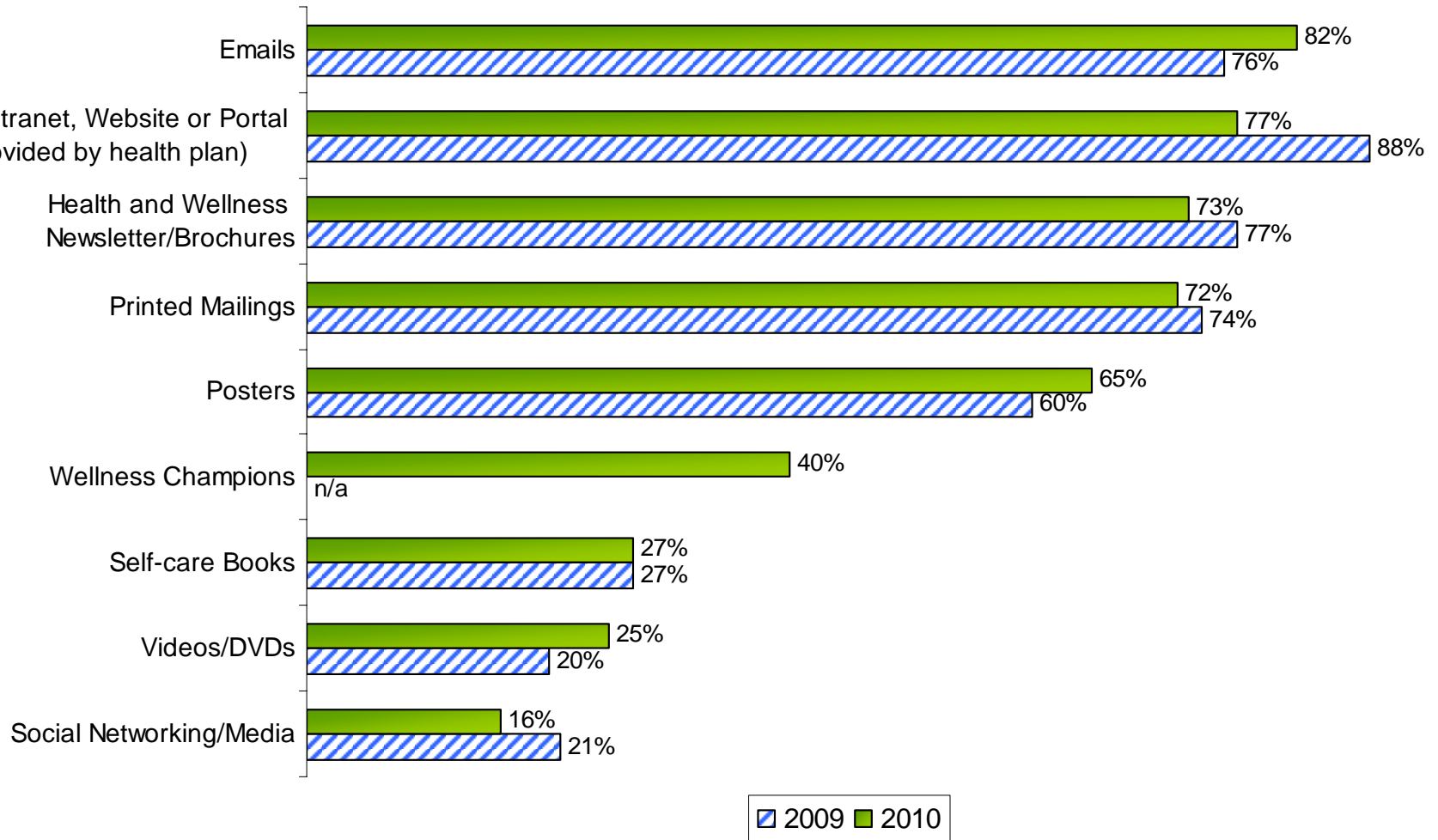
Note: N = 121 (2009) / 147 (2010)

# Condition Management Program Prevalence



Note: N = 121 (2009) / 145 (2010)

# Communication/Education Management Program Prevalence



Note: N = 121 (2009) / 141 (2010)



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