SUBJECT: Update on Wellness and Incentive programs offered by other agencies and elements which may work for the District

RECOMMENDED ACTION:

☐ Information Only  ☒ Briefing Item  ☐ Recommended Motion

Fiscal Impact:
To be determined

Background/Discussion:
At its meeting on October 17, 2007, The Finance Committee discussed Strategies for Healthcare Cost Reduction, per GM 07-249. The Committee asked staff to further research and provide an update on other agencies that have launched successful wellness and incentive programs, identifying elements of those programs that could work for the District.

Through Wellness programs, employers may be given another means of affecting health care costs, while at the same time helping employees address their health issues either through prevention or disease management. Optimally, these programs help to minimize health risks through education and lifestyle changes. Significant savings and long-term benefits may be achieved for employer and employee alike.

The attached presentation describes various components of successful Wellness programs; how it may be approached in the workplace; examples of successful Wellness and Disease Management programs in transit; and different options and approaches for the Board to consider.

BOARD ACTION:  Approval as Recommended [   ]  Other [   ]  Approved with Modification(s) [   ]
Prior Relevant Board Actions/Policies:
On June 20, 2007, the Board of Directors approved renewal of District Medical Plans, per GM Memos 07-149, 07-150, 07-151, and 07-152.

Attachments:
Power Point presentation: Overview of Wellness Programs

Approved by: Rick Fernandez, General Manager
Kurt DeStigter, Human Resources Director

Prepared by: Shelley Fogel, Human Resources Manager

Date Prepared: March 4, 2008
Overview of Wellness Programs

Presented by

Keenan

Associate

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Why Are We Talking About Wellness Programs?

- Estimated 50% of a medical plan's health care expenses are lifestyle related.
- Since 2004, health insurance costs have increased an average of 12.5% annually.
- Other health related costs, such as disability and absenteeism costs, added to the cost of health benefits brings the total cost to 18% - 37% of total employee compensation.
Why Are We Talking About Wellness Programs?

- Average age of the workforce
  - Nationally
    - 40.7 years
  - California
    - 33 years

- Public Agencies
  - All employees
    - 43 years
  - Management/Administration
    - 51 years
Why Are We Talking About Wellness Programs?

Contributing factors to an individual’s health status:

- Lifestyle behaviors: 50%
- Environment: 20%
- Genetics: 20%
- Access to care: 10%

Why Are We Talking About Wellness Programs?

The Costliest Maladies

Between 1987 and 2000, health care spending rose from $429 billion to $628 billion in inflation-adjusted dollars, but a small number of diseases accounted for more than half of the increase.

Percentage of health care cost increase from 1987 to 2000 attributed to specific diseases:

<table>
<thead>
<tr>
<th>Disease</th>
<th>Percentage of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>355 diseases</td>
<td>44%</td>
</tr>
<tr>
<td>15 diseases</td>
<td>56%</td>
</tr>
</tbody>
</table>

 Ranked by money spent in 2000:

1. Heart disease
2. Pulmonary conditions
3. Mental disorders
4. Cancer
5. Hypertension
6. Trauma
7. Cerebrovascular disease
8. Arthritis
9. Diabetes
10. Back problems
11. Skin disorders
12. Pneumonia
13. Infectious disease
14. Endocrine disorders
15. Kidney disease

SOURCE: Health Affairs

THE WASHINGTON POST
“Wellness” vs. “Disease Management”

- Wellness programs target behavior to prevent a condition from developing.

- Disease Management targets behavior after a medical condition has developed.
How Can Wellness Be Approached in the Workplace?

1. Insurance Carriers

Enjoy the Rewards of a Healthy Lifestyle.

PacifiCare HealthCredits

Looking for the power to change?
How Can Wellness Be Approached in the Workplace?

2. Specialty Vendors

American Specialty Health. Healthways

myEphit

Phone-Based Coaching  Award-Winning Literature  Custom Internet Tools

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How Can Wellness Be Approached in the Workplace?

3. Employer-branded programs

- Orange County Transportation Authority: Similar in size and make up to AC Transit
  - Approximately 2,000 employees
  - Roughly 1,200 bus drivers make up over 50% of workforce
  - Over 70% male with over 60% of drivers over 40
- Program Operates with an Annual Budget of $220,500
- Active promotion of Plan by Management
  - Some managers provide gift certificates for participation in stretching and walking classes
How Can Wellness Be Approached in the Workplace?

Orange County Transportation Authority (cont.)

• The Wellness Program Includes:
  – Employee Needs Assessment Survey
  – Annual Operating Plan
  – Health Screenings
  – Education Programs
  – On Site Fitness Facilities
How Can Wellness Be Approached in the Workplace?

Orange County Transportation Authority (cont.)

- Incentive-based Programs
  - Shoes & Wheels Club – Employees earn incentive rewards for participation
  - Weight Loss Program – Employees can be reimbursed up to $500 (50% at the beginning of the program and 50% 6 months after programs end if levels maintained)
Examples of Wellness and Disease Management Programs

4. Healthy Eating at work and at home

Examples of Wellness and Disease Management Programs

5. Screening Incentives
Examples of Wellness and Disease Management Programs

6. **Lifestyle Change Incentives**
   - Lose inches!
   - Gain dollars!
   - See District website or newsletter for details!
Examples of Wellness and Disease Management Programs

7. Health Coaching
Examples of Wellness and Disease Management Programs

8. Stress Management
What Are Other Transit Agencies Doing?

- Wellness Education
- Flu Shot Clinics
- Brown Bag Lunch and Learns
- Health Fairs
  - Bringing in Medical Groups to provide screenings
- Weight Loss Challenges
- Healthy Recipe Contests
- Wellness Committees
What Is AC Transit Doing?

- On site Weight Watchers Program
- Quarterly Newsletters
- Walking Groups
- Exercise/Weight Rooms
- 24 Hour Fitness Discounts
- Comprehensive Employee Assistance Program (EAP)
- Health Fairs
- Smoking Cessation through Carrier Wellness programs
- Healthy Vending Machines (coming soon)
Pitfalls for Wellness Programs

- Best results depend on a stable population and low turnover
- Getting employees to change is difficult!
- The entire organization must be involved and committed
- Benchmarking and data gathering are time-consuming
What Does “Success” Mean?

- How Will You Measure It?
- How Long Will It Take?
Checklist for an Effective Wellness Program

- Get management buy-in
- Identify a "Champion"
- Assess your employees and evaluate program choices
- Create a plan suited to your organization
- Provide tools to succeed
Checklist for an Effective Wellness Program

- Educate and motivate employees
- Provide incentives and reward success
- Change workplace environment
- Change your culture
- Commitment
Widespread participation in Wellness Programs can help stave off future costs from disease and disability.
Sample Wellness Initiative

- Utilize an integrated strategic multiyear wellness approach that includes:
  - Biometric Testing
  - Health Risk Assessment
  - Personalized Online Lesson Plans
  - Online Fitness and Nutrition Training
  - Unlimited Online Coaching
  - Monthly Lifestyle & Condition (Disease) Management
Sample Wellness Initiative

- Engages Employees from the Outset through:
  - Focus Groups to identify needs & rewards that will motivate participation
  - Webcast Training Information
  - Reward Program Introduction
  - Weekly E-mail Newsletter
Potential Implementation Approach

- Phase I
  - Internal Analysis of Wellness Programs, Benefits and Communication

- Phase II
  - Employee Wellness Initiative Implementation

- Phase III
  - Wellness Evaluation
Next Steps

- Utilize Current and enhanced versions of incumbent Carrier programs (estimated cost $15,000 - $40,000)
- Market Wellness Services to third party vendors (estimated cost $50,000 - $100,000)
- Create Customized Wellness Program specific to AC Transit (estimated cost $100,000 – $200,000)
Questions?