FOCUS ON EMPLOYEE BENEFITS/WELLNESS PROGRAMS

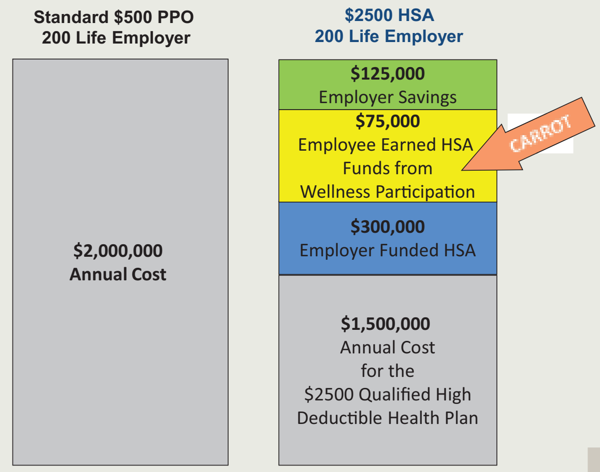
OPINION

How employers can get paid to add wellness

BETTER FOR WELLNESS AND THE BOTTOM LINE

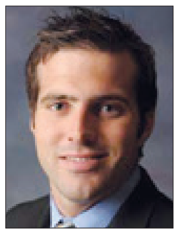
At left is the $2 million annual cost for a 200-employee group using the $500 deductible for a preferred provider organization plan – a standard health insurance plan.

At right is the breakdown for a health savings account plan for a 200-employee group using a high deductible and adding a wellness program. Under this scenario, the employer could save $125,000 a year.



By TONY DaRe
Special for Lehigh Valley Business

There are two main obstacles to launching a successful wellness program: time and money. Let's examine them, as well as steps to take to overcome them and to provide a flourishing wellness program.


DaRe

TIME

Your current insurance carrier has fantastic "shiny tools" for you and your employees to use for wellness initiatives. In most cases, they are built into your premium and are easily accessible.

The problem for most companies is that these tools are just beyond their reach because there is no system in place to execute a successful wellness program. In addition, unless you have an ultra-motivated employee who wants to research available options on their own, there is also no system in place to incent engagement.

That is where the time commitment comes in, your human resource staff and/or your benefit consultant or agent needs to spend the time preparing a strategic game plan for getting employees in front of these available wellness tools, which are of interest to them and your company.

These employees also need to be given time, preferably company time, to participate in wellness programs designed specifically for them.

Finally, senior leadership needs to dedicate its time to lead by example; this includes participating in all wellness activities.

Once you are willing to commit the time needed to allow your employees to take advantage of available wellness programs, you are halfway there.

Now, on to the money.

MONEY

Allowing employees to access wellness programs on company time and providing incentives to encourage participation both have costs associated with them.

With health insurance premiums continuing to rise (spoiler alert: Obamacare will not lower your health care premiums now or in the future), companies struggle to allocate additional dollars to run an effective wellness program.

How can companies implement successful wellness programs and spend less than they do today on health care? The answer is pairing consumer-driven health care, health savings accounts and a value-based wellness program (imbedded in the health care plan).

Here is a step-by-step action plan to add a wellness program that will guarantee participation north of 70 percent and save money for you and your company in the process.

STEPS TO SUCCESS

(1) Analyze current costs without wellness plan: Most companies that ask BSI Corporate Benefits to review their benefits have some form of standard of a preferred provider organization plan. This may include a $500 deductible, standard co-pay for office visits, drugs, etc. For a 200 employee group, they may pay $2 million per year to the insurance company.

(2) Implementing a qualified high-deductible health plan: The first step is looking at alternative qualified high-deductible health plan options. Replacing the standard PPO plan with a $2,500 deductible plan will save around 25 percent in premium, or roughly $500,000 in lower premium to start.

(3) Establish and fund health savings accounts: Now that your employees have a higher deductible to manage, health savings accounts are set up for each employee. The accounts are employee owned, and the employer can choose to place money in the accounts on their behalf.

In our example, there are $500,000 in savings and the employer is taking $300,000 of that savings and placing it into their employee's HSA accounts. This dramatically cuts the employee's potential out-of-pocket expense and, most importantly, any unused money rolls over in his or her personal HSA accounts every year. (Note: There is no "use it or lose it" clause with HSAs such as with flexible spending accounts.)

(4) Adding value-based wellness component: The next step is to add a value-based wellness program where employees can earn HSA dollars.

please see **WELLNESS**, page **17**

BEST PATH

continued from page 16

QUANTIFIABLE SAVINGS

The challenges of health care reform and rising health care costs continue to grow. An essential part of the solution is to educate employees on how good health leads to a better quality of life. Research has shown that employee wellness is the easiest, most efficient path to improved health outcomes and more affordable health care.

In 2008, Highmark Health Services conducted a study that appeared in the peer-reviewed publication, Journal of Occupational and Environmental Medicine, which demonstrated a savings of $1.65 in health care expenses for every $1 spent on its comprehensive employee wellness program. The study also showed that Highmark saved $1.3 million during the four-year time span of 2002-05 through its wellness programs.

Employees are the most valuable assets to any company. By providing them with wellness services, companies are improving overall well-being and job satisfaction. Highmark Health Services has seen firsthand that employee wellness has a direct impact on the success of the company and its bottom line.

Heidi Herald is director, employee wellness and model account strategy for Highmark Health Services. She has a master's degree in counseling psychology.

WELLNESS

continued from page 14

Continuing with our example, there is now $200,000 in savings left after the company partially funds the employee's deductibles. The next step is to add a wellness component that lets employees earn additional HSA money by completing simple tasks on a yearly basis; for example, obtain an annual physical or completing an online health risk assessment.

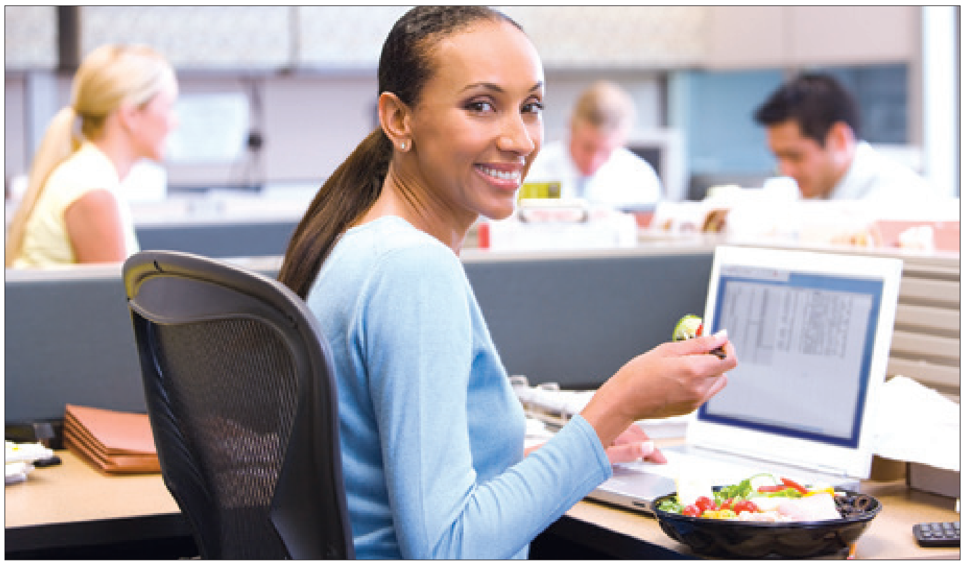
If the employees complete these tasks and initiatives, they can qualify for an additional $250 for a single and $500 for a family that will be added to their HSA accounts. Since physicals are covered at 100 percent with no employee cost, it's a win-win. They receive a yearly physical for free and get paid into their HSA accounts upon completion.

This additional money that the employer puts into the HSA account will cost about $75,000; however, in our example, there are still $125,000 in savings on the table.

Even after the incentive money is paid, the company still is saving more than $125,000 versus doing nothing and sticking with the existing PPO plan with no wellness program.

Would you like to implement a successful HSA wellness program that saves 6 percent to 10 percent today, trends 3 percent to 5 percent lower than standard PPO plans and pays employees for engaging in wellness?

If that answer is yes, engage your trusted advisers to help you implement these plans prior to your health care renewal.



Tony DaRe, agency principal of BSI Corporate Benefits, has more than 17 years of health insurance experience with two large insurance carriers prior to founding BSI, an independent insurance agency. BSI represents more than 100 clients and specializes in group health insurance, dental, vision, life and disability. He can be reached at adare@bsicorporate.com or 484-821-1300, ext. 201.

HEALTH PLAN

continued from page 12

ONGOING CUSTOMER SERVICE

Employees most likely will have questions throughout the benefit year. Giving them access to a team of professionals that knows their benefits plan and can help with any issues will give them that support they need while truly keeping employers "out of the health insurance business."

Dan Gagnier is a principal at The Equinox Agency, which provides employee benefits and human resources services to more than 500 employers in the region. Equinox (www.agentequinox.com) is a leader in the implementation of health care reform and provides companies with strategies to keep costs contained. He can be reached at dan.gagnier@agentequinox.com.

BOSCOV

continued from page 4

Reading called restaurant row that is stalled, also temporarily tying up funding for a new hotel proposed for the downtown.

Saving restaurant row for a later date is the new plan. The top priority is the Doubletree hotel.

"If you're going to make a convention center work, you really need a hotel downtown," and hosting conventions downtown is vital to the community, Boscov said, referring to the downtown Sovereign Convention Center that will be renamed Santander in October.

> 'We want to break even. We're not really worried about making a lot of money.'
>
> – **Albert R. Boscov on the proposed hotel**

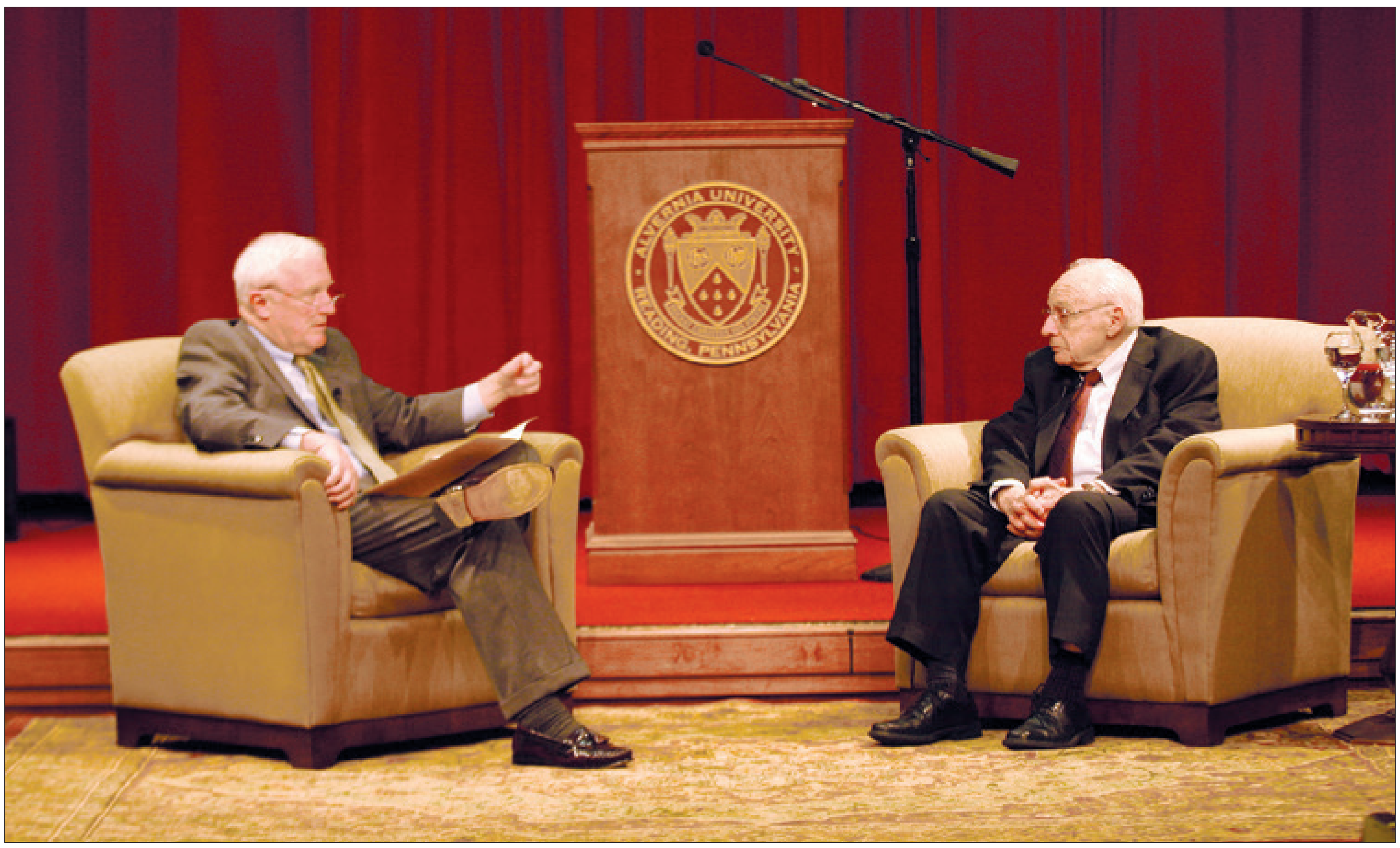
"It took four years for anyone to even consider a hotel in Reading," said Boscov, explaining the difficulty in getting banks to lend money for the project.

The hotel will have two ballrooms, smaller meeting rooms and seats such as the ones at the United Nations – with microphones for people to communicate during conferences, he said.

"You'll see a $52-million hotel like you've never seen anywhere going up in Reading, and it will take almost two years to build it," Boscov said.

The plan is to break ground next month.

"Our city will build it, own it and make it work," Boscov said. "We want to break even. We're not really worried about making a lot of money."



PHOTO/ERIC STEINKOPFF

Albert R. Boscov (right), with moderator R. David Myers, told an audience of about 100 at Alvernia University that a new downtown hotel is a top priority for the city.

GIVING BACK

The hotel is the second part of a broad-brush, three-part plan to improve the downtown Penn Street corridor.

The hotel helps us because "we've got the Second and Third street side to look pretty good now and then we have the Seventh and Eighth street side" near the arena, Boscov said. "Then we're working very hard now to see if we can change the Fourth and Fifth street" section.

Moving from the staunch businessman, Boscov explained his motivation was tied to the wishes of his late father to give back to the nation that gave him the opportunity to be successful.

"My father came over with nothing – they hated the Jews" in the former Soviet Union, Boscov said, his voice cracking with emotion. "He was overjoyed to see America."

Boscov relayed memories of his father's wishes.

His father said "he may not have time to repay America, but we should try," Boscov said, wiping tears from his eyes.