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**Meeting Location:
Tulare County Employees' Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 7, 2014 9:00 AM**

AGENDA DATE: November 7, 2014

ITEM NUMBER: 16

SUBJECT: Approval of the Recommended Wellness Incentives for the 2015 Plan Year

REQUEST(S): That the Board approves the proposed wellness incentives for the 2015 plan year

DESCRIPTION:

As part of the wellness initiative of the SJVIA, the founding Counties of Tulare and Fresno have offered a financial incentive for participating in the biometric screenings and other activities during the 2014 plan year. Studies have shown that offering an incentive to an employee who participates in wellness activities and screenings helps to drive higher participation rates, which helps to increase the impact of the wellness program.

The County of Tulare offered a cash incentive of \$50 for participating in the wellness screenings and an additional \$150 for maintenance or improvement of scores, paid for from Tulare County excess insurance reserves. The County of Fresno also offered an incentive of \$50 for participation in the screenings and an additional \$50 if the member engaged in two (2) coaching sessions with Delta TeamCare from the SJVIA funds.

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To demonstrate the impact of offering an incentive for participation, consider the increased results in participation from 2013 to 2014.

	<u>2013</u>	<u>2014</u>
Participants	716	1417
Repeat Participants	278	498
Newly Discovered Conditions	365	692
Potential High Risk	21	55
Total SJVIA	8,900	9,200
Percentage Participation	8.0%	15.4%

The 2014 plan year did include participation by entities other than the Counties of Fresno and Tulare for the biometric screenings, but the participation of Fresno County alone tripled from 300 to over 900 by offering the incentive. You can see that the participation as a whole for SJVIA nearly doubled as did the number of newly discovered conditions. The focus of the biometric screenings is first to identify those with undiagnosed conditions and then reduce this risk in subsequent years.

With participation in the 15% range for 2014 there is still a large part of the founding members' employees not engaging in these programs, and if your Board has approved the services agreement with Viverae, staff will work in partnership with Viverae to increase this percentage. Staff is proposing the SJVIA fund an incentive for participation in the biometric screenings and completion of predetermined activities throughout the year. Higher participation in the screenings and activities will also drive higher costs for these budgetable items; however, the Return On Investment (ROI) can be demonstrated by case studies and reporting by Viverae on their current book of business. The attached results from a study on their book of business on clients who offer a \$50 or more per month incentive in the form of contribution discount shows ROI of up to 4.13:1 when wellness programs are used in conjunction with coaching and disease management. While the SJVIA is not yet in a position to offer incentives at this level, a flat financial incentive has also been shown to increase participation and ROI.

Staff is proposing incentive scenarios which give employee participants multiple ways to engage in the program to earn the incentives. In each scenario, the employee is incentivized to participate in the health screenings for one incentive and to also engage in activities throughout the year for additional reward. The employee can participate in challenges offered to the entire SJVIA or in individual activities, both of which earn points toward the amount required to earn the incentive. The scenarios below are based on a population

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of 10,000 employees and show the cost to the SJVIA at participation levels of 20, 30, and 40 percent. Also for each scenario, the cost of the incentive spread over the entire population of 10,000 employees on a per employee per month (PEPM) basis is shown. The 2015 plan year would be the first year that SJVIA would be funding participation incentives for the wellness plan and these funds would be deducted from plan reserves. In subsequent years, participation data will be available to project cost which would be spread across the entire SJVIA as part of the renewal underwriting at amounts similar to those shown on the calculations.

The scenarios for discussion are as follows:

Scenario #1	Incentive	Participation		
		20%	30%	40%
Biometric Screenings	\$50	\$100,000	\$150,000	\$200,000
Additional Activities	\$50	\$100,000	\$150,000	\$200,000
	Total Cost	\$200,000	\$300,000	\$400,000
	PEPM Cost	\$1.67	\$2.50	\$3.33

Scenario #2	Incentive	Participation		
		20%	30%	40%
Biometric Screenings	\$25	\$50,000	\$75,000	\$100,000
Additional Activities	\$75	\$150,000	\$225,000	\$300,000
	Total Cost	\$200,000	\$300,000	\$400,000
	PEPM Cost	\$1.67	\$2.50	\$3.33

Scenario #3	Incentive	Participation		
		20%	30%	40%
Biometric Screenings	\$50	\$100,000	\$150,000	\$200,000
Additional Activities	\$100	\$200,000	\$300,000	\$400,000
	Total Cost	\$300,000	\$450,000	\$600,000
	PEPM Cost	\$2.50	\$3.75	\$5.00

FISCAL IMPACT/FINANCING:

Impact is dependent on the scenario and incentive levels approved by your Board.

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ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager