



BOARD OF DIRECTORS

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**Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93921
February 21, 2014 9:00 AM**

AGENDA DATE: February 21, 2014

ITEM NUMBER: 14

SUBJECT: Direction on SJVIA Wellness Strategy for 2015

REQUEST(S): That the Board direct staff to perform an RFP for integrated wellness and disease management programs in Plan Year 2015.

DESCRIPTION:

As the SJVIA plans wellness efforts for 2014, staff and Gallagher Benefits Services have evaluated the programs offered to date. Although the SJVIA has been proactive and offered several successful programs (Walking Works, Health Risk Assessments, Onsite Mammograms) that increase employee awareness, staff recommends pursuing a programs in the future that are more integrated with actual SJVIA claims experience and disease management programs.

The Rand Corporation completed a study¹ on the effectiveness of wellness programs in 2013. In the study, they noted five key factors that promote wellness program success:

1. Effective Communication Strategies: Clear communication using multiple channels as to the services available and how to access them.
2. Opportunity for Employee to Engage: Activities are convenient, easily accessible and address the needs of employees.

¹ Workplace Wellness Programs Study Final Report – Rand Corporation
http://www.rand.org/content/dam/rand/pubs/research_reports/RR200/RR254/RAND_RR254.pdf

AGENDA: San Joaquin Valley Insurance Authority

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3. Leadership Engaged at All Levels: Building a culture of wellness from the top down generates excitement and connects employees to available resources.
4. Use of Existing Resources & Relationships: Leverage existing relationships with health plans and partners to expand offerings at little or no cost.
5. Continuous Evaluation: Conducting needs assessments and evaluating program outcomes.

The SJVIA and its participating entities have employed most of these strategies but should evaluate past efforts and focus on measurable outcomes. The Rand report confirmed that “lifestyle management programs” can reduce risk factors and increase healthy behavior. However, the measurable results were more difficult to nail down. The report also confirmed that participation in many programs remains low but modest incentives are effective in increasing participation rates (see item 14 for recommendations on incentives).

However, the report also studied the measurable cost impact of both “lifestyle management” and “disease management” programs. The study concluded that effective disease management programs had measurable reductions in healthcare costs. For example, a study of participation in PepsiCo’s integrated wellness program with both lifestyle and disease management components over seven years resulted in a reduction in healthcare costs by \$136 per member per month, driven primarily by a 29% reduction in hospital admissions.

Since inception the SJVIA has included a disease management program called Anthem 360 through the contract with Anthem Blue Cross at a current cost of \$2.10 (PPO) and \$3.38 (HMO) per employee per month. Although the program may prevent some medical costs, the disease management program is not directly linked to lifestyle wellness efforts or screenings. Furthermore, staff cannot report the actual return on investment for these efforts. However, past efforts confirm that employees may have serious health conditions for which information and prevention would improve outcomes. For example, even though only 713 of 9,000 employees participated in the health risk assessment and biometric screening through Delta TeamCare, 26 of them were reported to have a previously unknown condition that was considered critical or severe enough to be advised to urgently contact their physicians. However, these results are currently not integrated with the Anthem 360 disease management program.

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Considering all of these factors and trends, staff recommends that the SJVIA request proposals that consider an integrated lifestyle and disease management program that allows for flexibility and more targeted efforts. The recommendation does not suggest that current wellness and disease management efforts have been unsuccessful but rather considers the benefits and cost of a more integrated approach that may provide a better return on investment. Approval of the recommended action would result in staff, working with Gallagher Benefits Services, releasing an RFP and coming back to your Board with options and recommendations for more robust, measurable, integrated wellness and disease management efforts. Ali Payne, Gallagher Benefits Services, National Wellness Practice Leader, would assist in the development of the RFP and recommendations based on expertise in the industry.

REFERENCES

¹ “Study Raises Questions for Employer Wellness Programs” – New York Times, January 6, 2014
<http://www.nytimes.com/2014/01/07/your-money/study-raises-questions-for-employer-wellness-programs.html? r=1>

² Workplace Wellness Programs Study Final Report – Rand Corporation
http://www.rand.org/content/dam/rand/pubs/research_reports/RR200/RR254/RAND_RR254.pdf

FISCAL IMPACT/FINANCING:

The SJVIA currently pays \$2.10 (PPO) and \$3.38 (HMO) per employee for month for disease management programs through Anthem 360 (approximately \$340,000) per year. Health Risk Assessments and Biometric Screening through Delta TeamCare are offered at \$195 per employee that participates.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Rhonda Sjostrom
SJVIA Assistant Manager

**BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE
AUTHORITY**

IN THE MATTER OF Direction on SJVIA Wellness Strategy for 2015

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF DIRECTOR _____, SECONDED BY
DIRECTOR _____, THE FOLLOWING WAS ADOPTED BY
THE BOARD OF DIRECTORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

That the Board directed staff to perform an RFP for integrated wellness and disease management programs in Plan Year 2015.