



# Benefit Insights

## ***Wellness Program Investment Is Worth Every Dollar***

Various studies of the return on investment (ROI) generated by wellness and health promotion programs establish that these programs can indeed provide payback on the dollars invested in them. Regardless of the ultimate payback, however, an employer wishing to establish such programs still will need to find the financial resources to set them up—an investment that may be small or large, depending on the extent of the program. Given the added costs generated by employees with unhealthy lifestyles or modifiable health risks, it's worth exploring all possible ways to fund a wellness initiative.

Employees' unhealthy behaviors add greatly to a company's health care costs. Using tobacco, living a sedentary lifestyle, being overweight or obese, eating a diet lacking in nutrition, or failing to properly care for a controllable chronic health condition all can take a toll on a company's bottom line, as well as on an individual's health. According to data cited in a report from the Wisconsin Public Health & Health Policy Institute, illness and injury associated with an unhealthy lifestyle or modifiable risk factor can account for at least 25% of employee health care expenditures.

This same report cites a handful of studies that support the proposition that wellness, health promotion and disease prevention programs provide "multifaceted payback on investment," through improved worker health, reduced benefit expense and enhanced productivity. Studies cited reported ROI ranging from approximately \$1.50 to close to \$6.00 per dollar invested, varying by type of program and by whether health care costs alone, or also factors such as reduced absenteeism and improved productivity, were considered. Another study published in the *Journal of Occupational and Environmental Medicine* found that employers could save \$1.65 in health care costs for every dollar spent on a comprehensive employee wellness program.

If you accept that wellness programs will save you money over time, you still need to find the money to get such a program up and running. Try not to let funding concerns convince you to skimp on the quality of the program, as it takes a well-designed, targeted and comprehensive program to achieve the kind of ROI found in the studies. That said, consider these funding possibilities:

- Implement the wellness program at the same time that you make other health plan changes. If your benefit program does not include any high deductible health plan options (with lower premiums), now would be a good time to think about adding a consumer-driven plan to the mix.
- Make a health risk assessment part of the wellness program, charge a higher health plan premium rate for employees who decline to take the assessment, and apply these funds to wellness program costs.
- Ask your health plan vendors what wellness programs they offer and whether they are integrated with your current plan, or if they could be added to your plan at a discount.
- Survey employees to ascertain what types of programs they would use and, furthermore, would be willing to contribute to.
- Look at your benefits program overall for possible sources of funding. For example, are there little-used benefits that could be converted to a voluntary program? Or any high cost (for both employer and employees) health plan options that draw a low enrollment and, potentially, could be eliminated?

Employees with unhealthy lifestyles or modifiable health risks are likely to cost more to employ. It's worth taking the time and exploring all options to fund programs that target these employees' needs.



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## ***Can Health Plans Offer Rewards or Discounts for Employee Participation in Wellness Programs?***

While HIPAA's nondiscrimination provisions do not prevent health plans or insurers from offering wellness incentives that encourage participants to take part in health promotion and disease prevention programs, certain stipulations apply.

If the wellness program offers no rewards or if the conditions for obtaining a reward are not based on an individual satisfying a standard related to health factor, the program complies with the nondiscrimination requirements (assuming the program is made available to all similarly situated individuals). Here are some examples:

- Reimbursement for all or part of the cost for memberships in a fitness center.
- A diagnostic testing program that provides a reward for participation rather than outcomes.
- Copayment or deductible waivers for the costs of, for example, prenatal care or well-baby visits, to encourage preventive care.
- Reimbursement for the costs of smoking cessation programs without regard to whether the employee quits smoking.
- Rewards to employees for attending a monthly health education seminar.

Wellness programs that condition a reward on an individual satisfying a standard related to a health factor must meet the following five requirements:

1. The total reward for all the plan's wellness programs that require satisfaction of a standard related to a health factor

is limited - generally, it must not exceed 20 percent of the cost of employee-only coverage under the plan. If dependents (such as spouses and/or dependent children) may participate in the wellness program, the reward must not exceed 20 percent of the cost of the coverage in which an employee and any dependents are enrolled.

2. The program must be reasonably designed to promote health and prevent disease.
3. The program must give individuals eligible to participate the opportunity to qualify for the reward at least once per year.
4. The reward must be available to all similarly situated individuals. The program must allow a reasonable alternative standard (or waiver of initial standard) for obtaining the reward to any individual for whom it is unreasonably difficult due to a medical condition, or medically inadvisable, to satisfy the initial standard.
5. The plan must disclose in all materials describing the terms of the program the availability of a reasonable alternative standard (or the possibility of a waiver of the initial standard).

For employers, HIPAA clearly outlines its provisions for employee wellness programs and rewards for participation. It is the responsibility of the employer to take it from there, and to ensure wellness programs meet HIPAA's outlined criteria, and that they do not discriminate against employees for any reason.

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## ***Making Your Voluntary Benefits Program a Success***

Both employers and employees have much to gain from a solid voluntary benefits program. For employees, being able to enroll in an insurance product through a workplace voluntary benefits program offers them the advantage of group pricing, the convenience of paying through payroll deduction, and perhaps access to insurance that would be difficult to get on an individual basis. For employers, offering a range of voluntary insurance products can help increase employee satisfaction-and along with it loyalty and morale-and make the employer more competitive in attracting and retaining the best employees.

These advantages alone, however, do not ensure that a voluntary benefits program will be a success. Careful planning, including the selection of benefits to offer, choice of

vendors and well-crafted communications, are keys to program success.

- Bring in the kinds of benefits that employees want and will enroll in. Survey employees as to what types of additional benefits they would participate in if given the opportunity. Depending on your employee demographics, these could include additional life insurance options, long-term care, or even pet insurance. Voluntary benefits enable employees to self-customize an individual benefits package that is uniquely appropriate to them.
- Examine gaps in your company's current benefits coverage, and consider how voluntary benefits plans can be used to fill these gaps. For companies that have had to

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## **EAPs Promote Good Health and Boost Employee Morale**

In today's complicated workplace, where many employees are primary caregivers of children under 18 or elderly relatives, workers may need assistance in resolving family-related events. Other employees could be facing marital problems, substance abuse issues, or even depression. Companies and group insurance policies can help provide a resolution by offering participants an Employee Assistance Program, or an EAP. Created for the purpose of promoting and maintaining good health as well as offering a variety of mental health counseling services, EAPs are strictly confidential and are generally offered to employees at little or no expense.

Most EAPs offer referrals and/or treatment for a variety of situations, including but not limited to:

- Health and Wellness
- Dependent Care (including child care and elder care)
- Diet and Nutrition Consultation
- Depression
- Anxiety
- Stress Management
- Marital Conflict
- Parent-Child Issues
- Financial Planning
- Legal Concerns
- Substance Abuse
- Career Planning

Insurers offer EAPs to employees with a goal of promoting overall employee health and well-being. Based on the idea that

healthy, well-balanced employees are more productive, have less absenteeism, are less likely to become injured, file fewer workers' compensation and general health claims, and even demonstrate a lower turnover rate, EAPs provide a very valuable service for employees, and employers alike.

EAPs help to alleviate stresses and problems that may negatively affect an employee's attitude or performance by providing necessary professional assistance to the employee and/or their family members.

Likewise, employees perceive EAPs as an extra benefit, which boosts employee morale, and demonstrates that employees are cared about, and even cared for.

EAP counseling and consultations are conducted by qualified professionals and typically take place away from home or work. Discussions, consultation, and counseling offered through EAPs are highly confidential. None of the information provided in counseling sessions, including employee name, can be released without the employee's written consent. The only exceptions are those required by law, such as the mandated reporting of child or elder abuse, or if an employee presents a threat to himself or others. The EAP gives employees, even those not on corporate health insurance, the safety net they need when they reach out for necessary assistance.



### ***continued from page 2...Making Your Voluntary Benefits Program a Success***

scale back on their regular benefits package, voluntary benefits can be particularly helpful. If your benefits budget is tight and, for example, needs to be dedicated to helping fund medical benefits, offering dental and vision on a voluntary basis gives employees easy and affordable access to these benefits.

- After determining which benefits your company would like to extend to employees on a voluntary basis, research appropriate vendors. Look for the product lines vendors offer, whether they have minimum participation requirements, how they conduct enrollment, and their initial and ongoing communications materials. Also examine the vendors' experience and track record working with companies of your size and in your industry. The quality of the vendor, employees' customer service experience with the vendor, and the vendor's ability to smoothly work with your company's human resources department and systems will go a long way in determining the success of your voluntary benefits program.
- Though the vendor will supply some communications materials, company communications concerning the program will help to incorporate it into your overall

benefits program in the eyes of employees, making it more likely employees will enroll. Consider announcing new voluntary benefits offerings in a communication from top management, which will demonstrate the company's commitment to the program. Make voluntary benefits enrollment a part of your annual enrollment process, and incorporate descriptions and information on voluntary benefits offerings into the communications materials for your core plans.

- Work closely with the insurance provider you select for your company's voluntary benefits to enhance communications opportunities and enrollment efforts. This will be particularly important if any of the voluntary benefits have minimum participation requirements. Some voluntary benefits vendors will want to come in for presentations, individual meetings or enrollment sessions, all of which can be very effective in increasing participation in these programs.

Voluntary benefits can be a great add-on to any company's benefits program. Careful planning and consideration of the various issues that can affect participation can increase the chances of program success.

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## ***Routine Eye Exams Detect Medical Problems, Result in Health Care Cost Savings***

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It has long been known that regular eye exams are key in detecting not only vision problems, but also various other medical conditions, while still at an early stage. Now, a study has quantified the dollar value of such early detection efforts, in terms of the cost savings to a company's health care plans.

Human Capital Management Services analyzed the health care costs for five companies—all VSP clients—with a total employee population of 90,000, and examined how disease detection that resulted from eye exams impacted these costs. Each of the five employers saw health care cost savings ranging from \$204,000 to \$968,000, attributable to the early detection of medical conditions through eye examinations. Specifically, when an eye exam resulted in early detection, companies saved \$2,875 in health care costs annually per employee with diabetes, \$1,510 in health care costs annually per employee with hypertension, and \$755 in health care costs annually per employee with high cholesterol. Overall, for every dollar spent on routine eye exams, a company could recuperate 94 cents in avoided medical costs.

Diabetes, hypertension and high cholesterol are among various diseases that can produce symptoms visible in an eye exam. Regular eye exams also are critical in detecting serious conditions of the eye, including macular degeneration, corneal

ulcers, glaucoma and cataracts, as well as other non-eye-related conditions such as brain tumors.

Statistics surrounding diabetes illustrate how an additional route of detection, such as vision exams, can have a life-saving and cost-saving impact. Estimates indicate that nearly 23 million Americans have diabetes, yet 6 million—more than a quarter—do not know that they have the disease. Untreated diabetes can lead to vision impairment and blindness. Diabetic retinopathy, a diabetes-related medical condition, is the leading cause of new cases of blindness in adults ages 20-74, according to the American Optometric Association. Diabetes also can be a contributing factor in glaucoma and cataracts. Comprehensive eye exams include dilation, during which the optometrist or ophthalmologist examines the blood vessels leading to the eyes and looks for symptoms of retinopathy which, if found, would indicate the presence of diabetes.

Employees are more likely to attend to their eye health if they are enrolled in a vision plan that covers all or part of the cost of routine eye exams. A vision plan is an inexpensive benefit to begin with. Given the cost/benefit figures cited above—94 cents in avoided medical costs for each dollar spent on routine eye exams—can your company afford not to offer a vision plan to employees?



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