



MEMORANDUM

TO: Health Care Commission
Duane Goossen, Chair
Steve Dechant
Sandy Praeger
Nancy Ruoff
John Staton

FROM: Doug Farmer

DATE: March 5, 2010

SUBJECT: **Healthy Living Strategy**

Wellness and the SEHP

Health plans that have been successful in controlling health care costs are generally Value Based Benefit designs (VBB). At the core of value-based design is the philosophy that a health plan must aim to improve the health of its members, as opposed to controlling the costs of the members' care. Those health plans that have had success in improving the health of their members have a combination of robust wellness offerings and incentives for employee participation.

The Health Care Commission has taken several important steps to move the SEHP in the direction of adopting a healthy living strategy. For Plan Year 2008, members were provided with health coaches, health screenings, online health assessments, and tobacco and weight control programs. Members were provided incentives for participation. Members received discounted tobacco control medication, and members participating in the Health Assessment were offered a \$50 gift card.

Beginning with Plan Year 2009, members who were non tobacco users were given a premium discount. Tobacco users were given the option of participating in a tobacco control program and were eligible to receive the same premium discount for the year by completing the program.

For Plan Year 2010, the SEHP offers all of the wellness benefits offered in Plan Years 2008 and 2009. Encouraging members to be tobacco free and to participate in the health screening and health assessment are cornerstones of the HealthQuest program. Eligible members are offered a \$50 gift card incentive for participating in a health screening and completing the online health assessment. The benefit of a health screening is that it increases member awareness of potential health risks. The health assessment raises awareness of each member's overall health, and provides feedback to them on specific lifestyle choices impacting their overall well being.

The Next Step

The next step in improving the health of our members is to move to a healthy living strategy that rewards members for participation in the full menu of programs designed to improve their health and overall well being. However, the current \$50 gift card is unlikely to be sufficient to entice members to participate in multiple programs. At the same time, the plan is not financially positioned to invest in an increased financial incentive. Therefore, the SEHP would like the HCC to consider a change in the plan structure that would provide sufficient incentive for participation, without increasing the plan's overall investment.

The SEHP believes that a long term strategy of replacing the gift card incentive with a premium discount would sufficiently entice members to participate in their own health improvement. We believe that the current wellness offering could be used to adequately fill all needs associated with moving to a more robust healthy living strategy.

The basic premise of a premium discount structure would allow members access to a premium discount for accumulating a set number of health "Points" each plan year. For example: a member who is tobacco free or participating in cessation would receive 50 points; members participating in screenings would receive 10 points; members participating in the Personal Health Assessment would receive 10 points; members participating in disease management programs would receive 10 points, etc. We will bring the HCC detailed program options for the Healthy Living strategy for consideration.

How it Would Work

As part of this proposed transition, the member would be required to pre-qualify for the premium discount. The current premium discount structure is granted prospectively at the beginning of the plan year. Members who begin but do not complete the control program have their discount revoked at such time as they are non-compliant with their plan. The loss of the discount is disruptive to the member, the human resource officers, and State Employee Health Plan membership staff, and could have tax implications for the members. Pre-qualifying will reduce member disruption and premium discount appeals.

Plan Year 2011

For plan year 2011, we propose to give everyone the discounted premium rate. During open enrollment members will be required to disclose their tobacco status and enroll in the tobacco control program if desired. Between November 2010 and July 31, 2011, members wanting the 2012 discount would pick from the menu of options to include: completing the tobacco control program if applicable; participating in the health screening; completing the online health assessment; working with a health coach by phone and/or completing online healthy living courses to reach a predetermined number of points. Those who have their points by July 31, 2011, would be eligible for the premium discount in 2012. Those who do not have their points by July 31, 2011, will pay the base rates for plan year 2012.

Plan Year 2012

Those members who complete certain activities during the prescribed time frame become eligible for the discount premium rates in 2012. Members that do not accumulate enough points would pay the base rates in 2012. Non tobacco use or completing the tobacco control program, participating in the health screening and the online health assessment would provide members the largest number of points. Telephonic coaching and online Healthy Living programs will be available for a member to complete for additional points. Some Healthy Living options include: Get In Shape, Healthy Aging, Cancer-Fighting, Healthy Seniors, Stress Relief, Healthy Heart, Healthier Diet, Strive for Five, Get Moving Challenge and

Fighting Diabetes. Alere also offers six lifestyle coaching programs to choose from (they include a workbook sent to the member by Alere) that are also eligible for points.

Our current wellness vendor has a significant number of program offerings, and an electronic system that is capable of tracking points accumulated for completion of any and all programs offered by Alere that we would include in our healthy living strategy. The current tool is customized for each member, and displays current point totals and updated messages relevant to the members' health progress.

In summary, the SEHP believes that adopting a more robust healthy living strategy would be beneficial to SEHP plan members and the long-term financial strength of the Plan. The SEHP stands ready to answer questions and to provide additional information.

Does the HCC wish to consider changing the incentive structure and adopting a healthy living strategy?