

Wisconsin Works Well

The rising cost of health care premiums has been causing strain on many budgets including the State of Wisconsin. In addition to the cost of health insurance, unhealthy workers cost the state in workmen's compensation claims, and sick leave.

Since 2007 worker compensation (WC) lost time costs have increased 33% costing the state an average of \$3.7 million per year. Sick leave has cost has increased 3% and costs an average of \$44.4 million per year. The table below breaks WC and sick leave hours and cost out by year.

	2007	2008	2009	2010	Average
WC Hours	168,219	162,753	188,318	205,643	181,233
WC Cost	\$3,238,649	\$3,335,135	\$3,937,685	\$4,312,672	\$3,706,035
Employee Sick Leave Hours	1,961,472	2,020,222	1,938,197	1,926,338	1,961,557
Sick Leave Cost	\$42,708,472	\$46,073,881	\$44,857,829	\$44,129,996	\$44,442,544

During this same time frame health insurance costs paid by the state have increased 28%, an average annually cost since 2007 of \$326.3 million expect to rise to \$427.9 million in 2013.

Healthy workers would enable the state to get better insurance rates, decreased workers compensation claims and lower sick leave use. Based on these factors alone it would be beneficial to the state to invest time and money into assisting their workforce in becoming healthier. However, some of the greatest impacts of a dedicated and sincere health and wellness program would be the positive impact on the public servants in Wisconsin, increase in productivity and the progressive example the State would set for other employers.

Based on these factors, the ELA class of 2011 proposes that the State of Wisconsin implement a health and wellness initiative. By reviewing the success of two wellness programs that have been successfully implemented in other governmental units, a good program would save the state an estimated \$18.8 million dollars biennially.

Background

The ELA class looked at various other health and wellness programs across the nation to get estimates of the impact such a program could have on Wisconsin. Two programs that were reviewed in depth were Oakland County, Michigan and the City of Wauwatosa, Wisconsin.

Both of these programs saw decreases in their health insurance costs. The City of Wauwatosa also documented large cost savings in their workers compensation and sick leave use. Oakland County did not measure the impact on the workers compensation or sick leave use. Both programs report a positive return on investment (ROI) for their programs:

Oakland County, Michigan

Oakland County's wellness program known as Oakfit was fully implemented in 2007 and they started out with a 45% of their employees participating. By 2010 that participation rate has increased to 56%.

Since 2007 the county has invested \$1.3 million and this investment has generated an estimated savings of \$11.6 million, a ROI of 8:1 - \$8 saved for every \$1 spent.

These savings have been generated by Oakland County's ability to hold their health insurance costs to 2007 levels. The county estimated, and budgeted for, their health costs to be at \$50 million by 2010 based on previous year's percentage rate of increase trends. Actual costs in 2010 were \$38.9 million, a 22% savings.

The City of Wauwatosa, Wisconsin

The City of Wauwatosa initiated their wellness program in 2005 and have currently participation rate of.....

The City invests \$173,000 biennially on their program and their measurements indicate they have a return on investment of 7:1 - \$7 saved for every \$1 spent.

Wauwatosa estimates annual savings combined reduction in sick leave reduction, lower workers compensation claims and reduced health insurance to save \$1.2 million.

Summaries of these programs are available in Appendix A – City of Wauwatosa and Appendix B - Oakland County Michigan. However the basic core activities in both programs are:

- Employee Health screenings and risk assessments completed annually. These cover such items as measuring blood pressure, cholesterol, glucose, body mass index and screening for cancer.
- Employee Wellness Coaching to assist the employees in setting and meeting their goals to become healthier and to lower their risks of serious health complications.
- High employee participation due to active support for the program and incentives for the employees.

Proposal

Establish a health and wellness program that includes the following core initiatives;

Annual health screenings and risk assessments

These will be conducted by the employee's physician annually. The physician will complete a form indicating the results of screenings. These results will be used to place the employee in a general health category:

- Excellent

- Good
- Fair
- Poor
- Very Poor

Wellness planning and coaching provided by Deer Oaks services.

As part of the state's Employee Assistance Program the State currently contracts with the Deer Oaks facility for various employee wellness services. These services could be expanded to include wellness coaching. Wellness coaching would consist basically of reviewing the results of your annual health screening and creating specific goals to reduce risk or maintain your current health.

Additionally, the State has many disparate EAP services going on to promote employee health and wellness. For example the Department of Agriculture Trade and Consumer Protection (DATCP) has Weight Watchers groups, Yoga, and some lunch n learns on healthy habits. However these initiatives are not coordinated statewide, there are no measurable goals for the participants, and since there is no data, such health assessments, to support that these activities make employees lower health risk participants, we are unable to negotiate lower insurance premiums for the State.

Healthy food options in all state facility vending machines and food services.

All State facilities begin to offer healthy options that meet specific guidelines for nutrition; guidelines are available in Appendix C. The goal is to have 100% of vending machine choices to be healthy items at the end of four years by phasing in the introduction of these items over that duration.

Employee Rewards Program

The key to the success of the program will be employee participation. The State should look at employee incentives to gain participation. We propose that the following incentives be considered:

- A reduction in health insurance premiums paid for participants that are actively participating in the program.
- Time during the work day for exercise for participants.
- Earning Health Bucks for accomplishing goals. Reward dollars that can be used to offset membership costs or program costs for health clubs or exercise classes.

Cost/Benefits for the State of Wisconsin

The cost benefit analysis is based the following assumptions:

- A conservative participation rate of 20% the first 2 years, increased to 50% participation rate by the 2016-2017 biennium.
- Program investment required and projected savings we are basing our projections on the results reported by the City of Wauwatosa.

Based on these assumptions the program would have 14:1 return on investment. With an investment of \$1.4 million, the state could save a projected \$18.8 million over two years.

Biennium	11-13	13-15	15-17	17-19
Participation rates	20%	40%	50%	50%
Number of Participants	6,719	13,438	16,798	16,798
Savings per Participants (\$2800/participant)	18,813,200	37,626,400	47,033,000	47,033,000
Cost (\$200/participant)	1,343,800	2,687,600	3,359,500	3,359,500
2 year ROI	14.00	14.00	14.00	14.00

Currently the state of Wisconsin invests \$16 per year per employee for the existing employee assistance program (EAP). The EAP program has existing health and wellness programs and infrastructure that could be utilized for the broader wellness program as proposed.

The key to increasing the participation rate and ensuring the success of the Wellness program in Wisconsin will rely on it being a coordinated and well supported effort that has measurable goals for success. To ensure success the program will need 1.0 full time equivalent wellness coordinator at an estimated annual cost of \$100,000. All agency currently have some staff operating as EAP coordinators, these same staff could be utilized to coordinate wellness program activities.

Conclusion

With the rising cost of health care in our society, and with more of that cost being passed through to our employees, the State of Wisconsin needs to take steps to enhance the health of their employees. As proven by programs such as the one put together by the City of Wauwatosa, a program such as theirs could save the state an estimated \$18.8 million over the next biennium. An active health and wellness program in the state will not only save the State money, but it will provide the immeasurable benefits of increased morale and productivity as well as setting a exemplary example to other employers demonstrating how an initial investment in employee health and wellness will have tremendous returns on all levels.

APPENDIX A

City of Wauwatosa Health and Wellness Initiatives

In 2005, based on the increasing cost of health care premiums and a genuine concern for their public servants, the city of Wauwatosa instituted voluntary health and wellness incentive program. It began with a blood screen testing glucose and cholesterol and transitioned into a three step multidisciplinary process. As a result of healthier employees, large cost savings is seen in the areas of city and employee contribution to health insurance premiums, workers compensation, and sick leave. The greatest savings, however, is un-measurable. That is the **prevention** of serious illness and injury.

Core Wellness Steps

These steps are paid for by the city and the results are confidential.

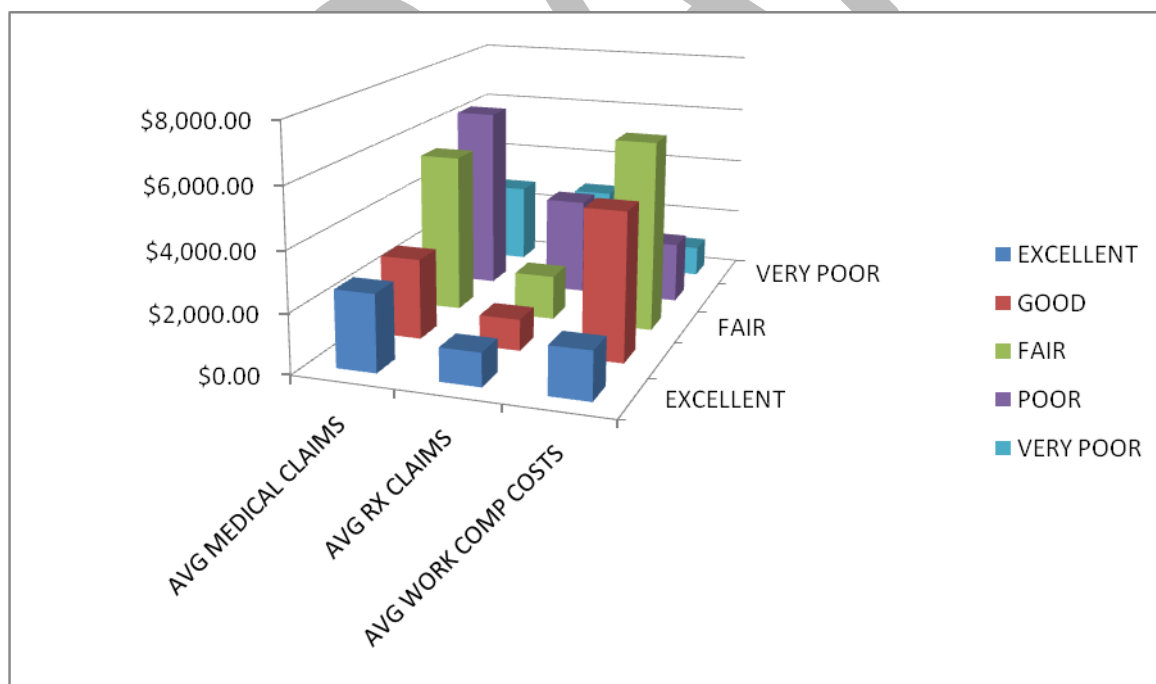
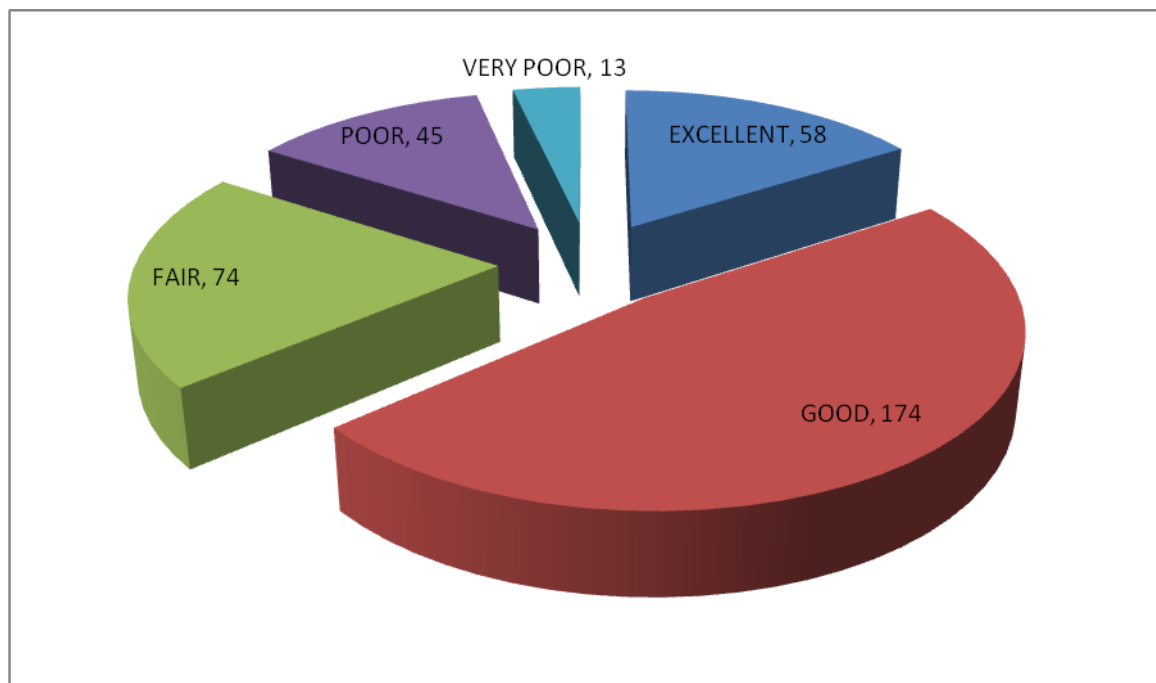
- 1.) On-site full fasting blood draw, health risk assessment and biometrics testing for 52 pre-disease and disease states.
- 2.) Age appropriate screenings for cervical, breast, colorectal and prostate cancer: *These screenings are completed by the employee's personal health care provider. The provider completes a form indicating compliance with these screens.*
- 3.) Employee Wellness Coaching: *Involves the discussion of assessment results and creation of specific goals to reduce risk or maintain low risk level.*

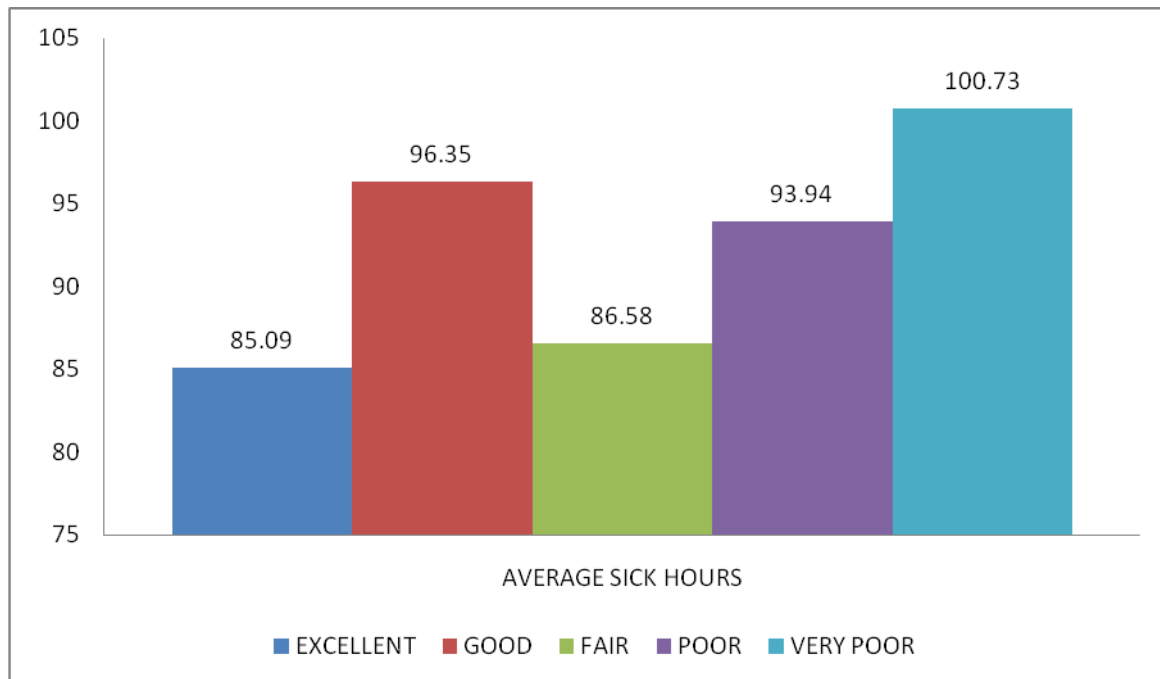
An employee who satisfies all three steps qualifies for discounted health insurance contributions in the form of lower deductibles and lower bi-weekly cost sharing amounts. The chart below illustrates the annual savings based on classification and collective bargaining.

COVERAGE	REPRESENTED	NON-REPRESENTED
PPO-Single	\$269-\$308	\$473.28
PPO-Family	\$655-\$720	\$1,127.68
PPO w/ HRA-Single ¹	N/A	\$418.50
PPO w/ HRA-Family		\$996.38
HMO-Single	\$169	N/A
HMO-Family	\$455	N/A

¹ HRA: Health Reimbursement Account

After completion of the Core Wellness Steps, participants are placed into one of five overall health categories (Excellent, Good, Fair, Poor, and Very Poor.) The data below is based on 364 participants during the 2009 program.





Dividend Reward Program

Once the screenings and assessments have been completed, the city offers an incentive program to encourage employees to continue on the journey to wellness and productivity by lowering their health risks. Throughout the year, points can be accrued in one of three categories. The employee tracks their participation and at the end of the year the points can be converted to cash (\$25.00, \$50.00, or \$100.00).

- Healthy Behaviors: Points are available to those with healthy blood pressure, cholesterol and glucose levels. In addition points are awarded based on the overall assessment score and if you are tobacco free.
- Activities: There are various activities which earn points. Participation in smoking cessation, nutrition assessments, gym memberships, flu shots, dental wellness, and many others.
- Ongoing: City wide weight loss challenge, walking and other physical activity.

Costs

The program costs \$173,000.00 per year. Using clinical research data and advanced algorithms, the return on investment has been estimated at \$7.06 for each \$1.00 spent.

APPENDIX B

OakFit Wellness Review

Oakland County, Michigan

OakFit began in March of 2006 with a mission to assist county employees establish and maintain healthy behaviors in order to improve overall quality of life, enhance productivity, and reduce long term health care costs.

Health Screenings and Health Risk Assessments

The Health Screenings are performed annually to measure blood pressure, cholesterol, glucose, and body mass index.

Health Risk Assessments surveys are completed online and evaluate the health of participants based on screening results and factors such as stress, sleep, fitness and nutrition.

The above two items create a confidential in-depth person report that helps employees understand their current health status and risks, along with specific suggestions about how to make positive and lasting health related behavioral changes.

- Results are compiled by outside third party vendor (Summit Health).

2010 participation – 56.2% (1922 eligible employees out of 3421)

41% have participated in all four years (2007 to 2010) – 823 employees.

“At Risk” referrals

Employees reaching established thresholds in one or more categories during their screening are considered “at risk” and are referred to their primary care physician.

2010 “At Risk” referrals were 4%. 2009 = 5% 2008 = 9.6% 2007 = 14.9%

2010 Top Risk Factors

- | | |
|-----------------------------------|-------------------------------|
| 1. Body Weight | 6. Lack of Physical Activity |
| 2. Blood Pressure | 7. Job Satisfaction |
| 3. Stress | 8. Existing Medical Condition |
| 4. Life Satisfaction | 9. Safety Belt Use |
| 5. Medication/Drug for Relaxation | 10. Smoking |

Participant Planned Health Changes

Top behaviors that participants identified to change:

- Increase Physical Activity (89.5%)
- Lose Weight (79.5%)
- Reduce Fat/Cholesterol Intake (69.5%)
- Cope Better with Stress (58.7%)

Favorable Biometric Trends

Based on measurable biometric outcomes, all readings favored those employees that participated in all four years of the screening program compared to those that did not.

Biometrics measured for employees participating in the program for four years, compared to nonparticipants were:

1. Lower total cholesterol
2. Higher HDL cholesterol
3. Lower total cholesterol/HDL cholesterol ratio
4. Lower Triglycerides
5. LDL (Bad) was lower.
6. Glucose lower (both fasting and non-fasting)
7. Blood pressure lower
8. Body mass index lower

Medical and Prescription Cost Analysis

Oakland County experienced a 9% increase per year in health care costs from 2004 to 2006. From 2006 to 2007 rates increased by 20%.

Treating 2007 as an outlier year, Oakland County based its health budget projections on a trend of 9% annual increase. Oakland County projected to spend in excess of \$50 million in FY2010. With the implementation of the program, actual expenses for healthcare costs in FY 2010 were only \$38.9 million, which was actually \$300,000 lower than actual expenditures in their highest cost year FY2007.

OakFit Wellness Program Cost Analysis

Oakland County invests \$400,000 annually toward the Oakfit Wellness effort. This represents 1.04% of actual health care expenditures for FY2010. This funding supports health risk assessments, health screenings, publications, speakers; IT costs to track participation and incentives.

Return on Investment (ROI) 8:1

- \$1,305,124 spent over four years estimated savings \$11,630,449

To date, Oakland County has not conducted a leave time or workman's compensation analysis.

Summary of Additional Ongoing Wellness Program Initiatives and Participation

- Availability of a particular program is based on employee status (part-time, retired) and dependents.
- Wellness Website – primary source of marketing; 9,900 hits per month in 2009.
- Weight Watchers at Work – average of 30 employees per quarter register; 3,442 pounds lost.
- Seasonal Flu Shot Program – administered on-site
- Lunch n Learns – 44 held to date and attended by 939 employees; average of 21 people per session.

DRAFT

APPENDIX C

Suggested Recommendations for Foods and Beverages Sold in State Public Vending Machines

Food Items:

- items sold should have less than or equal to 300 mg sodium per serving
- items sold should have at least 2 grams of dietary fiber per serving
- items sold should have less than or equal to 10 percent of its calories from saturated fat
- items sold should have less than or equal to 35 percent of its calories from total fat (not including nuts and seeds)
- items sold should have less than or equal to 0.5 grams of trans fatty acids (such as partially hydrogenated oils) per serving
- items sold should be free of artificial flavorings and colors
- items sold should be free of preservatives
- items sold should be free of high fructose corn syrup
- items sold should be free of artificial sweeteners

Beverage Items:

- Juices sold must contain 100 percent fruit or vegetable juice with no added sweeteners
- Water
- Nonfat or 1% low fat milk
- Beverages are limited to a portion size of no greater than 12 ounces (excluding water) and preferred size for juice is 6 ounce if available

Mandatory Pricing/Placement Requirements:

- Food items and beverages meeting the mandatory nutrition standards must be sold at a price that is equivalent to or lower than the price of the remaining food items/beverages within the vending machine until full conversion in 2015.
- Food items and beverages meeting the mandatory nutrition standards must be placed within the top third of the vending machine so that they are visible at eye level.

Implementation timeframe:

July 1, 2011-June 30, 2012: 25% of items must meet standards

July 1, 2012-June 30, 2013: 50% of items must meet standards

July 1, 2013-June 30, 2014: 75% of items must meet standards

July 1, 2014-June 30, 2015: 100% of items must meet standards