



Investing In a Healthy Culture: Achieving Results Via a Healthy and Effective Campus

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UK
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Health & Wellness Program

Today's Agenda

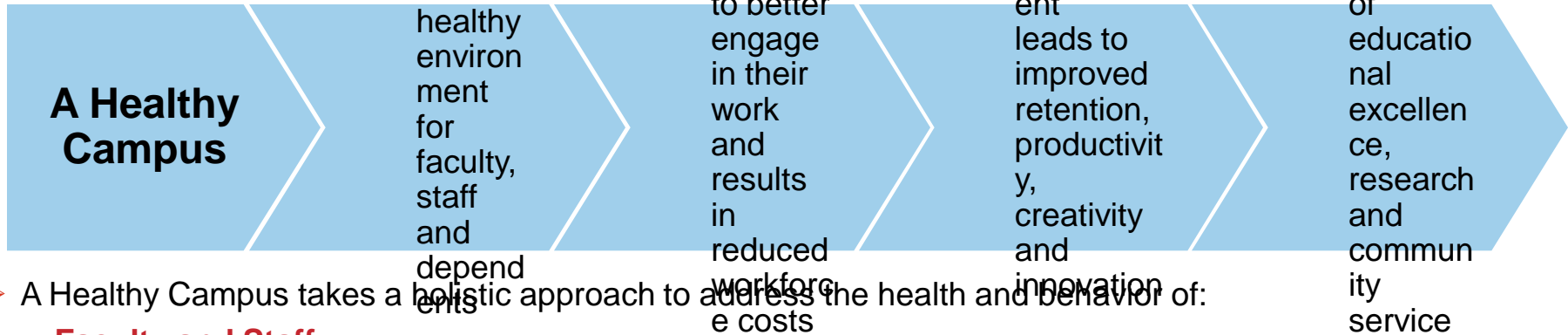
TODAY'S AGENDA

- What is a Healthy Campus?
- Review Healthy Enterprise / Healthy Campus Study Results
- Highlight Process to Upgrade the Health of Your Campus
- Share Outcomes from the University of Kentucky
- Address the Role of Incentives in Motivation and Behavior Change
- Key Takeaways

A Healthy Campus Enables Employees to Fully Engage

WHAT IS A HEALTHY CAMPUS?

Through Sibson's work with clients and Rewards of Work research on employee engagement, we defined a healthy campus:



➤ A Healthy Campus takes a holistic approach to address the health and behavior of:

- **Faculty and Staff**

- Personal and professional development in all five dimensions of health: physical, intellectual/mental, emotional, social and spiritual
- Need to address health, personal and work issues that keep employees from engaging

- **The Organization**

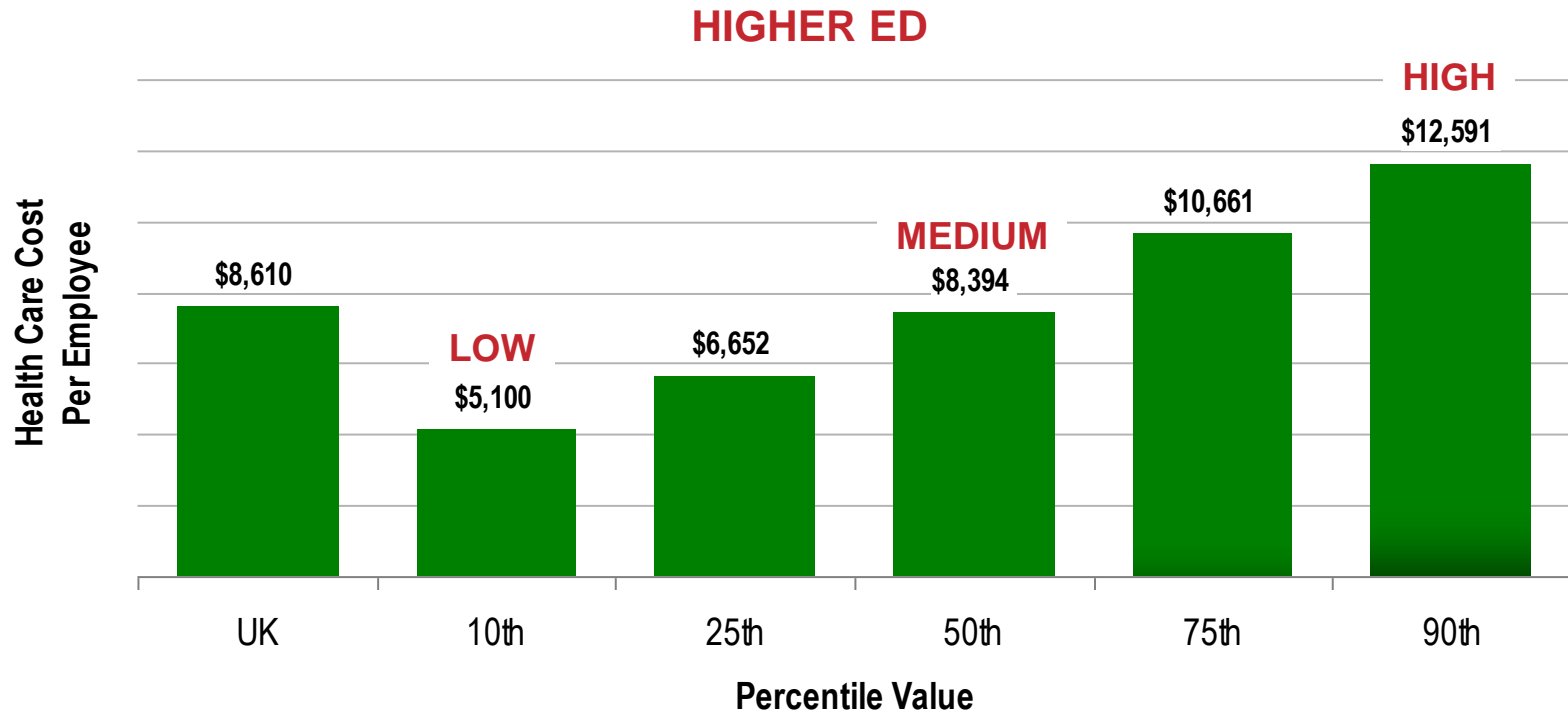
- The manner in which the organization sustains an effective workplace:
 - » job challenge and learning
 - » supervisor task support
 - » autonomy
 - » a climate of respect and trust
 - » work/life fit
 - » economic security

A Healthy Campus requires a paradigm shift from “delivering benefits” to “engaging healthy, productive behaviors.”

- Sibson designed a study to:
 - Evaluate the relative importance of different initiatives on outcomes
 - Test its maturity model of a healthy campus/enterprise, and
- The survey asked participants to:
 - Rate the effectiveness of various practices, beyond wellness
 - Share demographic and outcome data related to health, absence and turnover
- 283 employers (including 71 Higher Ed institutions and 50 Care Providers) representing over 2 million employees, headquartered in 44 states, participated in the Healthy Enterprise study

Our Study Found Substantial Variance for Each Outcome Metrics Requested

Survey participants reported substantial differences in outcomes across all metrics. For example, there was a \$7,500 health care cost difference between the 10th and 90th percentile.



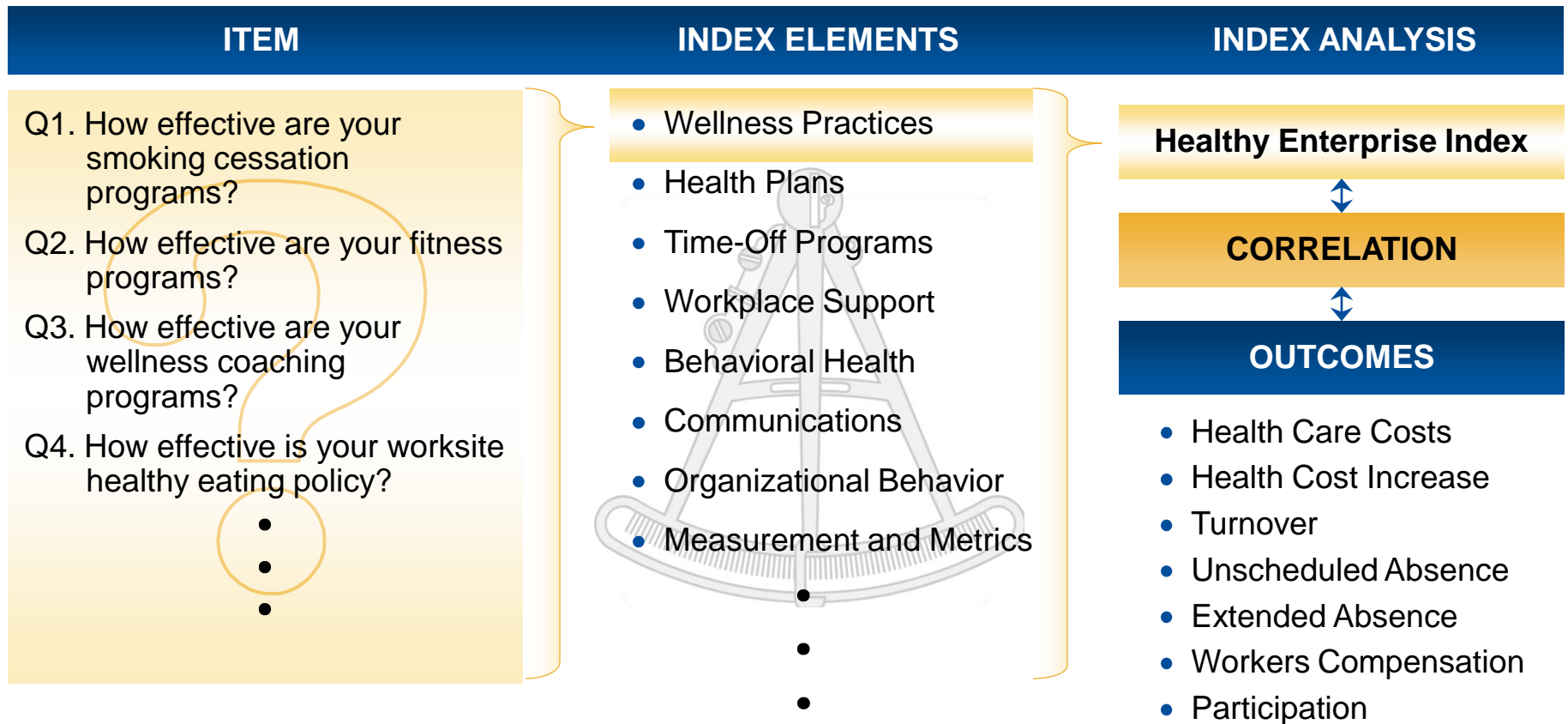
Our analysis seeks to understand the organizational drivers for the substantial range in each outcome.

¹ Health care costs include medical, Rx, wellness, disease management, claims and administrative expenses. Health care cost differences are a function of many things, including health status, plan design, demographics and geographic location.

Healthy Enterprise Index Methodology

STUDY RESULTS

The Healthy Enterprise model frames the discussion of investments by element and item, to provide a detailed understanding of the Healthy Enterprise Index.



A Healthy Enterprise Achieves Better Outcomes

WHY BECOME A HEALTHY ENTERPRISE?

Sibson tested its model across each outcome metric and identified the key factors that lead to improved outcomes.

COMPARISON OF AVERAGE ADJUSTED OUTCOME METRICS FOR THE TOP QUARTILE

	Top Quartile	All Others	Percentage Difference
Healthy Enterprise Index	78%	50%	56%
Annual Health Cost (PMPY)	\$3,431	\$3,769	-9%
Annual Health Cost Increase	\$235	\$302	-22%
Turnover	8.1%	12.1%	-33%
Extended Absence	3.9%	6.1%	-36%
Workers Compensation Cost	0.74%	0.89%	-17%

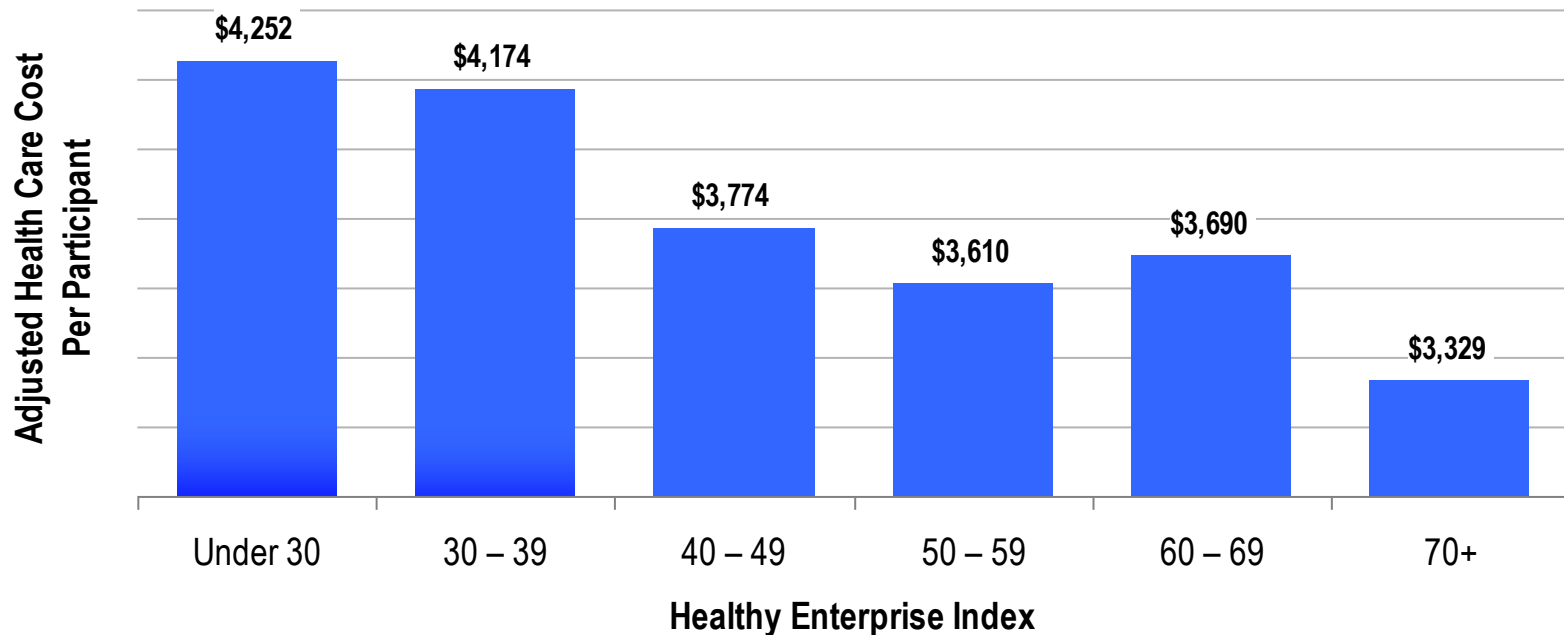
The participants in the top quartile for the Healthy Enterprise Index achieved 9% to 36% better outcomes.

The Index is Predictive of Improved Outcomes

STUDY RESULTS

...and understand the organizational drivers of the various outcome metrics

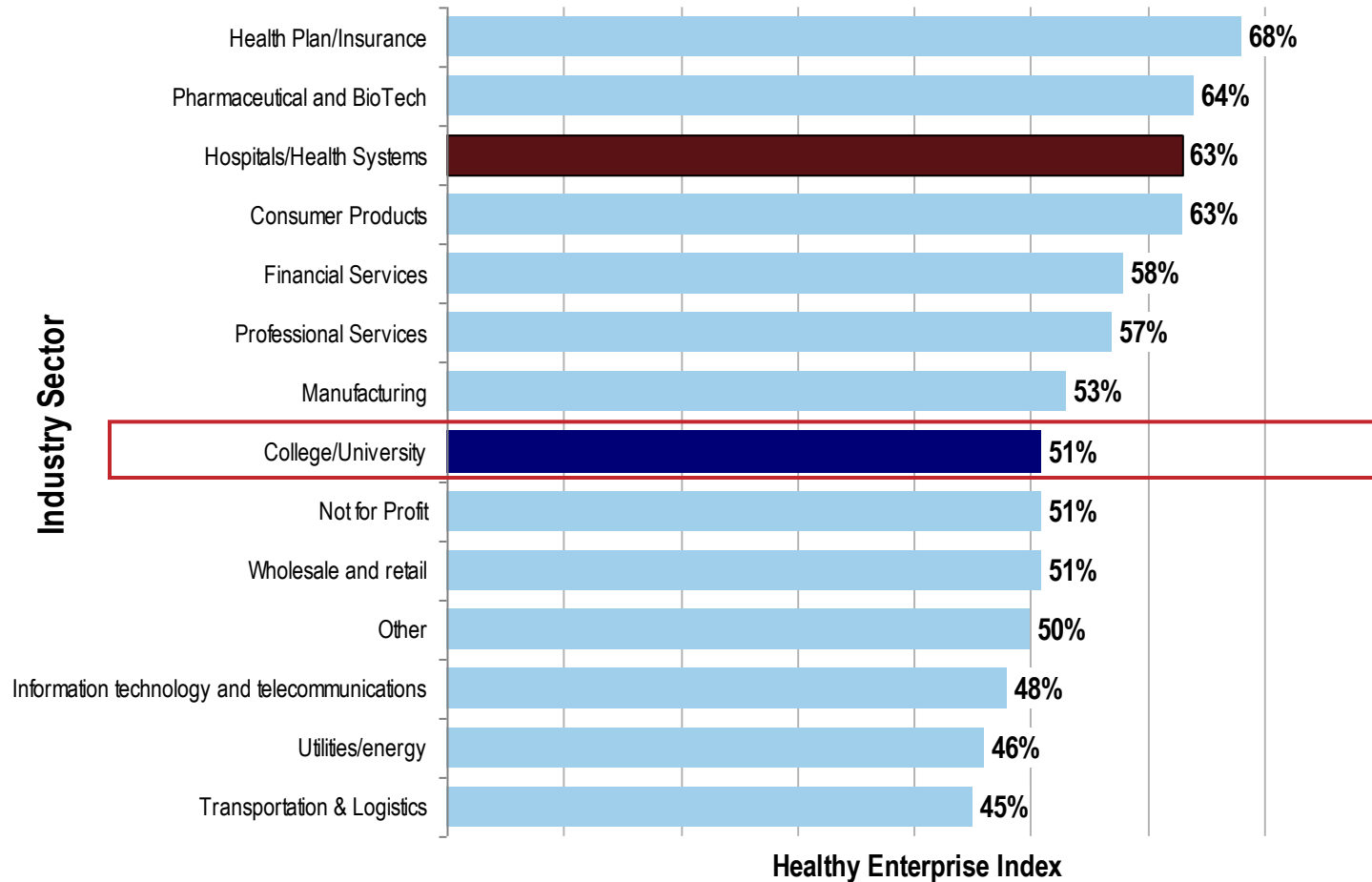
ADJUSTED HEALTH CARE COST PER PARTICIPANT VS. HEALTHY ENTERPRISE INDEX



N = 205, correlation = $-.17$, statistical significance = $.01$

Increasing the Healthy Enterprise Index by 10% can reduce the health care cost per participant by \$160 on average.

HEALTHY ENTERPRISE INDEX BY INDUSTRY

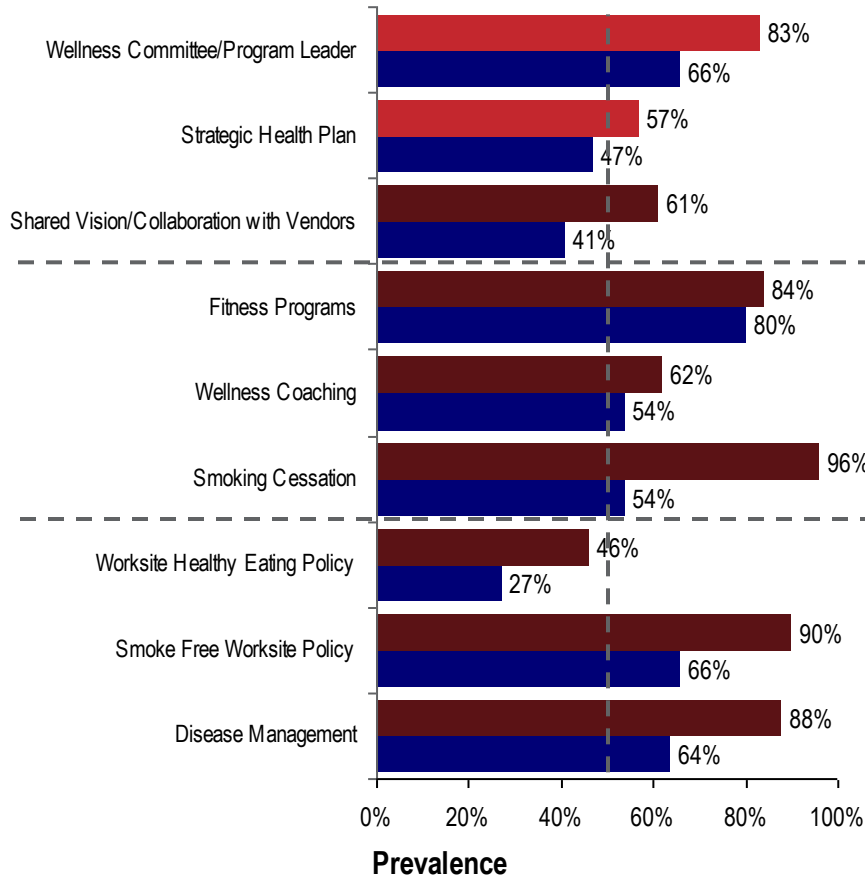


Higher Ed institutions are not as effective as other participants.

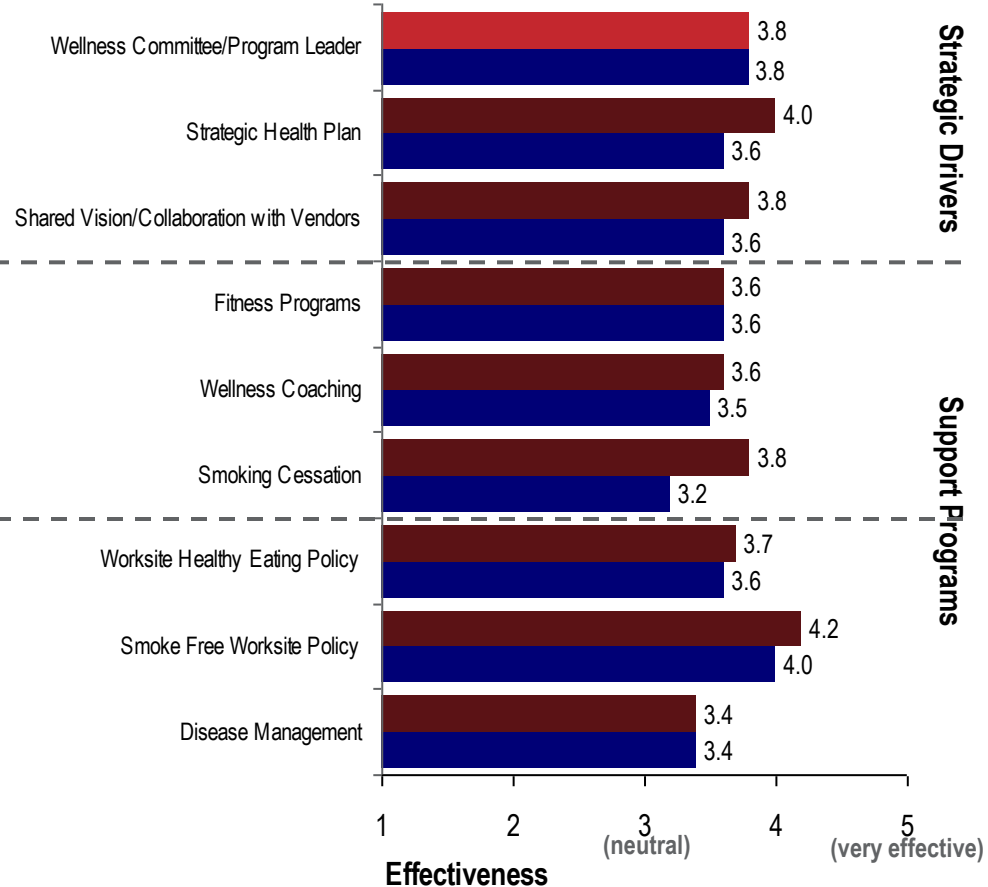
Relative Importance and Perceived Effectiveness of Various Practices

GETTING STAKEHOLDERS TO EMBRACE THE INITIATIVE

PREVALENCE OF PROGRAMS¹



EFFECTIVENESS OF PROGRAMS¹



■ Higher Ed ■ Care Providers

The practices need to be a cohesive part of a broader strategy to create a healthy and effective organization.

¹ Ordered based on impact on overall wellness practice effectiveness

Sibson Developed a Maturity Model

The study tested Sibson’s model to better understand the relative importance of different practices.

Characteristic	Continuum of Maturity		
	Focus on Treatment	Focus on Prevention/ Management	Focus on Optimal Behavior
Health Plans	Provides high quality and cost effective treatment	Reduces health risks and manages conditions	Optimizes health and fitness
Time-Off Programs	Replaces pay, rehabilitates, returns to work	Advocates safety, accountability and risk management	Promotes life-long health, and personal and professional renewal
Workplace Support	Treats minor injuries and/or handles medical emergencies	Detects and prevents problems to avoid more serious health issues	Promotes a culture of health
Behavioral Health	Treats personal and work-related mental health/substance-abuse issues	Addresses factors leading to substance abuse and mental health issues	Promotes a “whole-life” approach to maximize all aspects of personal wellbeing—mind, body, spirit
Communications	Clarifies benefit coverage	Shapes behavior	Promotes proactive approach to health and wellbeing
Organizational Behavior	Addresses unacceptable behavior	Shapes desired behavior	Leaders model behavior consistent with institution’s values

Source: Sibson Consulting

In our model, there are 16 characteristics, and our study tested seven.

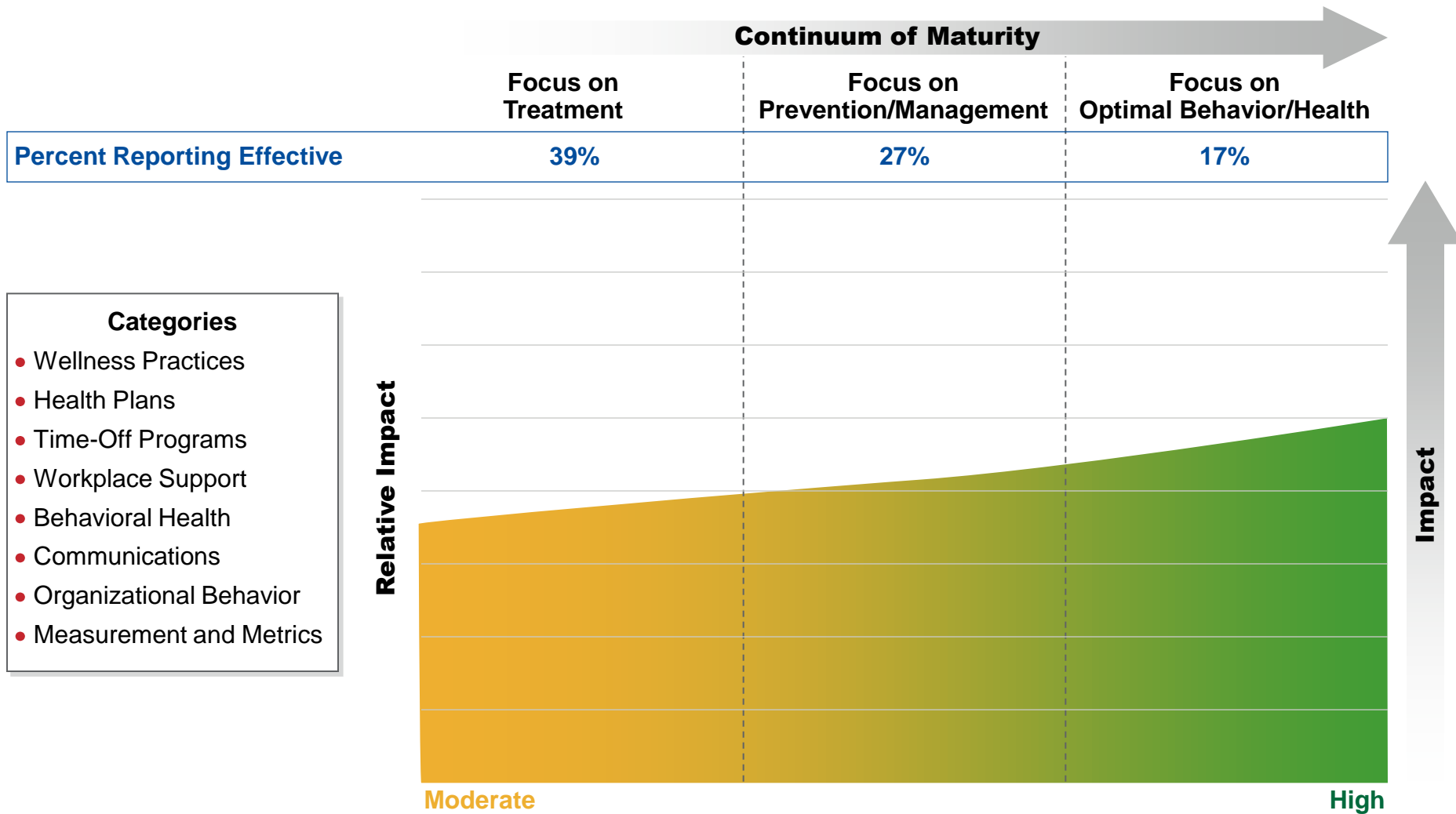
Polling Question # 1

How would you characterize the focus of your organization's efforts?

- We are *Treatment* oriented
- We are *Prevention* focused
- We strive to *Optimize Health & Behavior*
- Don't know

The Maturity of an Initiative Matters

STUDY RESULTS



¹ Relative Impact is based on the number of outcome metrics correlated with the strategies in each of the stages of maturity.

Polling Question # 2

To what extent do you have a strategy that ties everything you offer together to support a healthy enterprise?

- We have a unifying strategy with shared vision, a multi-year plan and metrics
- We have a strategy statement, but we don't have evaluative metrics in place
- We have a strategy for each program/practice, but they aren't tied together
- We are working on a unifying strategy
- We don't have a strategy or plan to develop one

A Healthy Campus Supports the Institutional Strategy

HOW TO BECOME A HEALTHY CAMPUS?

Our research indicates that achieving a healthy campus requires a sound strategy. The strategy starts with clarifying the “vision” of the desired state that aligns with the business strategy. Strategic imperatives define where to invest and what gets measured. Guiding principles clarify the manner in which the investments are made.



The outcome of this process is a roadmap to achieving your vision for a healthy campus and a metrics scorecard for evaluating success.

Collective Success Will Depend On...

HOW TO BECOME A HEALTHY CAMPUS?

Vision + Consensus + Skills + Incentive + Resources + Action Plan = **Change**

_____ + Consensus + Skills + Incentive + Resources + Action Plan = **Confusion**

Vision + _____ + Skills + Incentive + Resources + Action Plan = **Sabotage**

Vision + Consensus + _____ + Incentive + Resources + Action Plan = **Anxiety**

Vision + Consensus + Skills + _____ + Resources + Action Plan = **Resistance**

Vision + Consensus + Skills + Incentive + _____ + Action Plan = **Frustration**

Vision + Consensus + Skills + Incentive + Resources + _____ = **Treadmill**

...Along with Behavior Change Focused Communications

GETTING STAKEHOLDERS TO EMBRACE THE INITIATIVE

Messaging through all communications, regardless of the source, should provide context for Healthy Enterprise components; reinforce the value of these components; provide information about how they work; and clearly identify the behaviors and actions each participant is expected to adopt

Context	Education	Behaviors/Actions
<p>Focus messaging on:</p> <ul style="list-style-type: none">• Institutional commitment to participant's health• The value (and costs) of the benefits program• Connections among Healthy Enterprise components (benefit plans, Health Risk Assessments, coaching and disease/lifestyle management)	<p>Focus messaging on:</p> <ul style="list-style-type: none">• Health Risk Assessment basics—taking the test, interpreting results and participating in follow-up care• Preventive care• Intervention for those at risk through the disease/lifestyle management program• Medical plan benefit design details	<p>Focus messaging on:</p> <ul style="list-style-type: none">• What do I...• How do I...• When do I...• Where do I find...• What happens when I...• Who do I contact if...

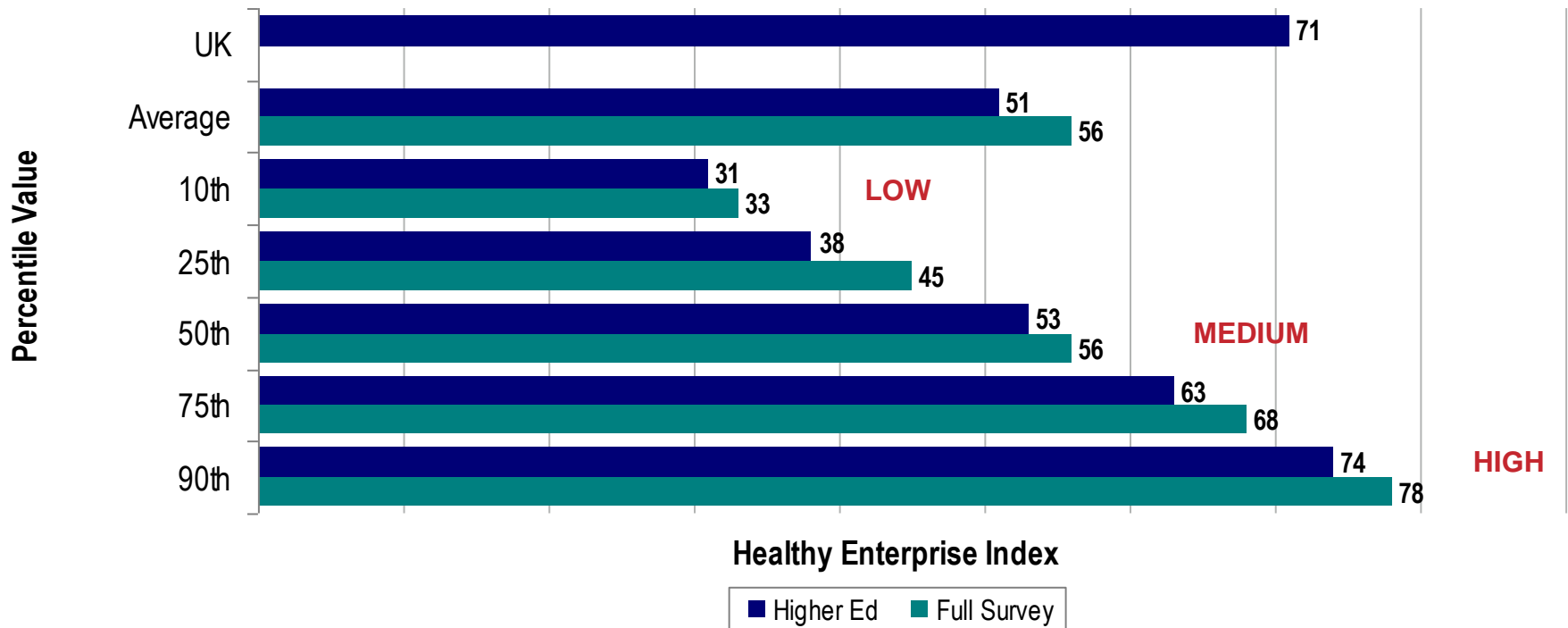
Sound Communications & Education Strategy

The Index Facilitates Comparisons Between Employers

STUDY RESULTS

Sibson developed a Healthy Enterprise Index based on the continuum of maturity model in order to compare organizations based on their level of maturity...

HEALTHY ENTERPRISE INDEX



UK's Healthy Enterprise Index of 71 is at the 89th percentile of Higher Ed survey respondents.

University of Kentucky

Demographics

➤ University of Kentucky

- Public, land grant institution—1865
- The Commonwealth's Flagship Institution

➤ Population

- Students: 27,000
- Employees: 12,335 total (Faculty: 2,402 + Staff : 9,933)
- Retirees: 3,700
- Male: 41%
- Female: 59%

➤ Population sectors/classes

- UK HealthCare (7,000)
- College of Agriculture Extension (located in all 120 counties)
- Laborers: auxiliary and physical plant
- Professional staff
- Faculty

UK: Strategic Plan

UK's Vision:

- The University of Kentucky will be one of the nation's 20 best public research universities.

Strategic Plan: 2009 – 2014

- Develop the Human and Physical Resources of the University to Achieve the Institution's Top 20 Goals
- Improve the Quality of Life of Kentuckians through Engagement, Outreach and Service

History of Health and Wellness

- Early 1990's
- Traditional Wellness
- Early 2000's
- Rising health care costs
 - Employee dissatisfaction
 - Change of president and new administration
- Health Benefits Task Force
 - Multiple strategies
 - Short term:
 - » Pharmacy benefit carve out
 - » Co-insurance vs. copays for Rx
 - » Increase use of generic drugs
 - Long term:
 - » **Population Health Management (2003)**
 - › **Healthtrac Rewards Program**

Population Health Management

➤ **Healthtrac Rewards—making good health pay!**

- Partnership between UK Health Benefits, Health & Wellness Program, and StayWell Health Management Inc.

➤ **What is it?**

- An online health management program, established in 2003, that lets participants become aware of their health, track their healthy habits, set goals, engage in health interventions and enjoy successes while earning up to \$180 per fiscal year!

➤ **Who is eligible? (Approximately 22,300 eligible)**

- UK faculty/staff (13,000), their spouses/sponsored dependents (4,500); retirees/spouses (3,800); and other groups (1,000) enrolled in a UK health plan.

Healthtrac Rewards

Objectives

- Manage the health of the UK community
- Provide information to the consumer about his/her health status
- Create and provide resources to support the effective management of health
- Assist in decreasing health care costs

Goals

- Achieve 50% engagement in Health Assessment
- Achieve 35–40% engagement in BeHIP (Health Coaching)
- Reduce overall risks by 2% or greater
- Reduce overall risks by 6% for those who completed BeHIP
- A financial return on investment

Use of Incentives

2003 – 2004

- \$120
- cash
- Paid quarterly via check

2005 – 06/2009

- Increased amount, \$180
- Cash
- Paid quarterly via check

07/2009 – current

- \$180
- Payroll credit
- Paid quarterly on paycheck (taxed)

2012

- Health Plan Integration - ??

Healthtrac Rewards: Components

1. Complete the Health Assessment twice per year: July – September and January – March. Earn \$30 for each completed Health Assessment—up to \$60 per fiscal year.
2. Enroll in and complete either a BeH.I.P. health coaching program (8) or an online Healthy Living program (12). Earn \$60 per fiscal year.*

Tailoring

- HA Results specific to individual
- Action plan based on results
- Physician referral
- Other tailoring: NRT's, physical activity campaigns, nutrition focus

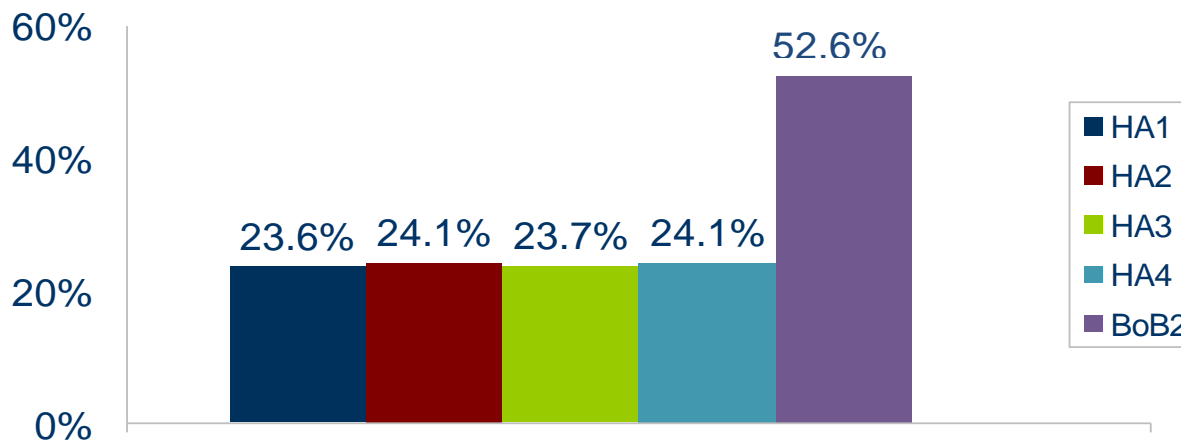
3. Log in to Your Healthtrac Home Page and earn at least 500 Wellness Credits per month using the Health Activity Tracker. Earn \$5 per month—up to \$60 per fiscal year.

*1st time to incent completion of BeHIP and Healthy Living

Health Assessment Participation

	Eligible	Completion	Rate
HA1 (Assessment Period 1) (7/20/2009 – 9/30/2009)	22,300	5,282	23.6%
HA2 (Assessment Period 2) (1/1/2010 – 3/31/2010)	21,150	5,114	24.1%
HA3 (Assessment Period 3) (7/13/2010 – 9/30/2010)	22,800	5,407	23.7%
HA4 (Assessment Period 4) (1/1/2011 – 3/31/2011)	21,775	5,254	24.1%

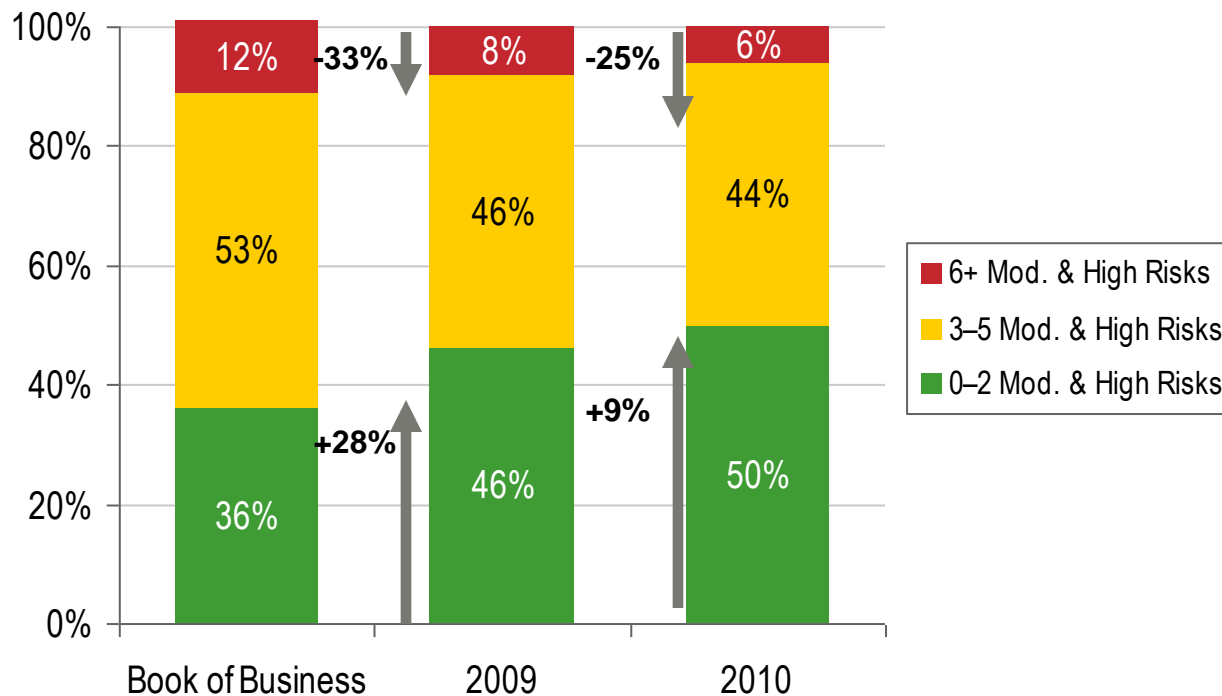
48% (2,520) of participants have completed all 4 health assessments



*BOB2 represents the average participation for the Staywell book of business

Population Health Status

ALL ENROLLED ADULT MEMBERS Comparison to Book of Business Data



The average number of risks for both years, was 2.7, which is better than book of business.

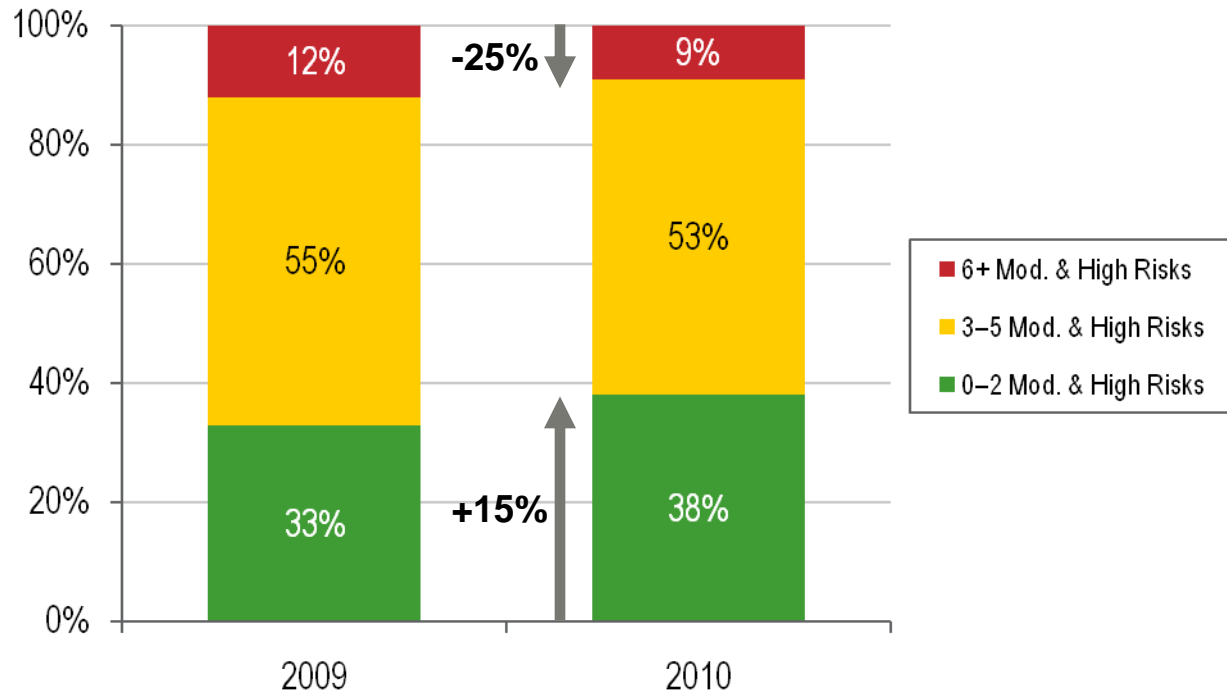
* Number of Risks: Based on nine health risk areas (alcohol, back care, driving, nutrition, physical activity, smoking, stress, weight, well-being).

** Health Assessment Participation Period: 7/20/2009 – 9/30/2009

Overall Risk Reduction by BeHIP Coaching Completers

5.6% decrease! Average number of health risks decreased from 3.4 to 3.2 for the 1,188 repeat BeHIP coaching participants.

CONTINUOUSLY ENROLLED ADULT MEMBERS Comparison of BeHIP Coaching Participants



The high risk participants reduced 25%,
while low risk participants increased 15%

Data Analysis

2004 & 2005

- High cost individuals tended to self-select into Healthtrac Rewards
 - Allows resources to be concentrated on those individuals with greater potential for cost reduction and health improvement
- Healthtrac participants were more likely to pursue preventive care
 - Interventions may initiate or strengthen feedback that shifts medical care in favor of preventive procedures
- Secondary Intervention (HRA + Advising) appeared more effective than the HRA only
 - Lower health costs
 - Averaged 2.4 fewer prescriptions
 - More likely to have zero procedures in three of the four major claim categories
 - Significantly more likely to pursue all four of the selected preventive procedures

Other Health & Wellness Offerings

➤ **Fitness**

- 2 Fitness Facilities
- Group Exercise Classes
- Physical Activity Challenges/Campaigns—START!
- Designated walking routes

➤ **Nutrition**

- Consultations
- Weight Loss Matters—weight management class
- Farmers Market Trips
- Cooking Classes

➤ **Tobacco Cessation**

- Free Nicotine Replacement Therapies
- Health Coaching

Offerings *continued*

➤ **Health Screenings**

- Wellness on Wheels (WOW)

➤ **Therapeutic Massage**

- Chair massage

➤ **Health Smart: Self Care**

- Conversations About Your Health—UK Experts
- “Healthier at Home” Medical Self Care books

➤ **Events**

- Annual Wellness Conference
- 5K Run/Walk
- Lunch & Learn presentations

What's Next?

Data Analysis—to be finalized 11/2011

- Impact of Healthtrac participation on total healthcare costs (excluding preventive & Rx costs)
- Impact of Healthtrac participation on total prescription costs
- Impact of Healthtrac participation on total preventive costs
- Impact of Healthtrac participation on TDL hours (sick leave/staff only)
- Return on Investment, Calendar year 2009

Best Practice Criteria—next steps

- Key Stakeholder Engagement
- PHM/Healthtrac Rewards: Alignment into Health Plan—2012
- Simplification of program design
- Add loyalty component to program design

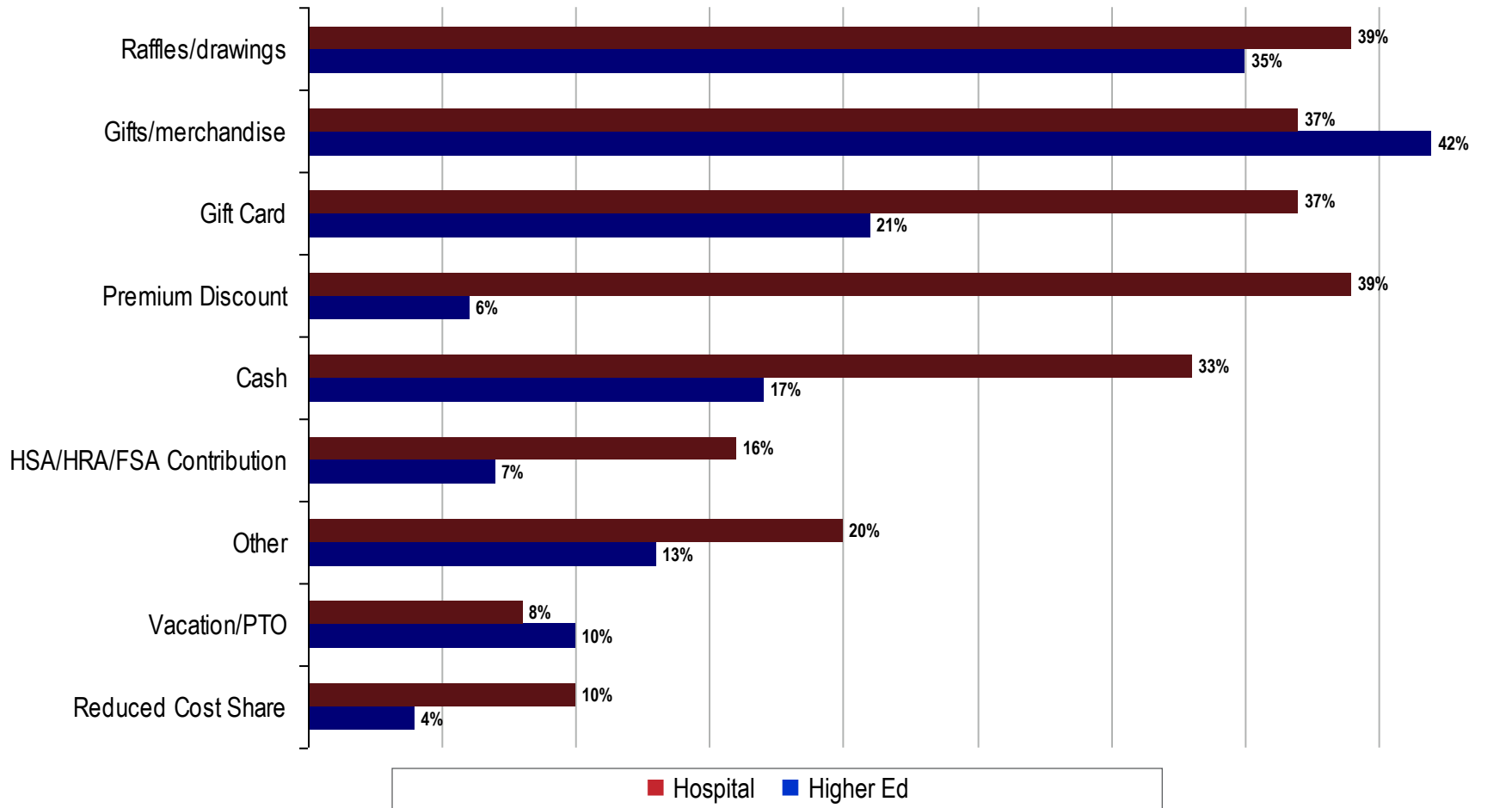
Polling Question # 3

Which type of incentive would be most meaningful to you?

- \$100 of taxable cash, payable in the near term
- \$100 worth of a decrease in payroll deductions spread over 12 months
- \$100 of a non-taxable contribution to a Health Reimbursement Arrangement that provides tax free health benefits

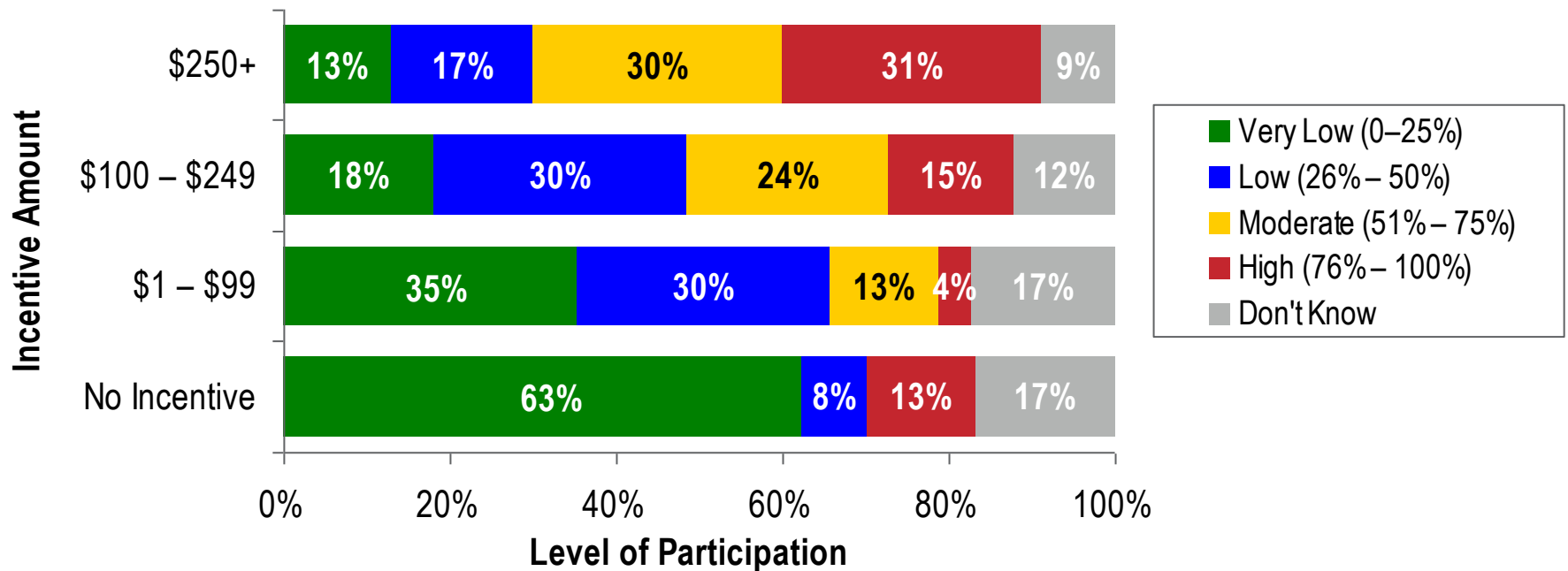
Types of Incentives

PREVALENCE BY TYPE OF INCENTIVE



Do incentives matter?

PERCENTAGE OF EMPLOYEES COMPLETING HEALTH RISK ASSESSMENT BY AMOUNT OF INCENTIVE*



While participation increases as incentives increase, other efforts are needed to optimize participation.

For all respondents providing incentives (77%), the median total value of incentives an employee and dependent can earn each year is \$245 and \$200 respectively. Some bar totals do not equal 100% due to rounding.

Do people behave rationally with their employee benefit decisionmaking?

- People spend little time making their annual benefit elections and a majority regret the decisions they made.
- People persist in behaviors which they know to be unhealthy and expensive
- People want to be screened or receive a physical exam but fail to do so even when those services are free or associated with a reward
- People don't optimize their voluntary contributions to 403(b) plans
- A majority don't choose target date fund investments despite having little to no competence in analyzing alternative asset classes.
- New retirees
 - Take lump sum distributions instead of an annuity
 - Roll their 403(b) distribution into an IRA with higher fees
 - Ask a friend which Medicare Plan to purchase

When Incentives May Go Wrong

Individual Incentives

- **Too low:** fail to motivate behavior change
- **Too high:** they may create a “choking” effect
- **Too distant:** The reward is uncertain or too far off to overcome the “costs” of behavior change today
- They can **crowd out** intrinsic motivation by “cheapening” a task that may be interesting, fun or noble such as with cognitive tasks

Group Incentives

- Is confidentiality effectively breached by signalling an individual’s health status to others?
- Are you effectively putting non-compliant employees at risk?
- Are you creating a culture focused too much on population health and not enough on the institutional mission?

Potential Problems with Qualification Requirements

- Too many ways to earn an incentive can be overwhelming
- Too long of a qualification period may cause procrastination and non-compliance
- When change toward a positive habit is not sustained
- When a reasonable alternative standard is not available
- BMI: when people purge or lose muscle mass to make weight
- When people game the system to earn an incentive

What's Going On When Plan Participants Make Health and Employee Benefit Decisions: Human Nature!

Behavioral Biases: Barriers

Examples within the Context of Health and Benefit Decisions

Anchoring to Old Value Systems

My parents smoked tobacco and lived to 100 years old. Why should I quit?

Inconsistency in Present Behaviors and Future Promises

I know I need to lose weight. When my diabetes gets worse, I will change my diet.

Overconfidence and Ignoring Chance Events

My driving skills are in the top 10%, I don't need to wear a seat belt.

Sentinel Event Bias

Two retiring faculty worked 40 years and suffered strokes from carotid artery blockage. I want that type of health screening,

Loss Aversion

Why restrict the provider network to "higher quality" doctors? I prefer to pay more to preserve choice.

Behavioral Biases Can Also Be Used to Improve Outcomes

Behavioral Biases: Bridges

Examples within the Context of Health and Benefit Decisions

Jumping on the Bandwagon

Have you heard about Bob's weight loss? He is off those painful meds. Twenty other people had the same result!

Clue Seeking

Nudging & Simplicity (Use obvious cues)

A. Healthy Choice Plan

B. Thrifty Consumer Plan

C. Catastrophic Plan

Overvaluing Low Probabilities of High Rewards

Get your biometrics done and get a free lottery ticket. The Powerball is up to \$100 million!

Optimism Bias

Design your own personal health scorecard now and win a prize. Meet the goals next year, and win another prize!

Loss Aversion

If you had met the wellness qualification requirements last year, you would have saved \$500. What would you do with an extra \$500?

Complexity Aversion

If you don't respond, you will be assigned to the Healthy Plan. If you don't want the Healthy Plan, read and sign the affidavit.

Institutions need a comprehensive Healthy Campus strategy

- There is no silver bullet:
 - Develop a strategy
 - Involve the various stakeholders, including leadership and the workforce
 - Customize your approach
- In order to sustain your initiatives:
 - Organize what you have
 - Determine how best to allocate and prioritize your finite resources
 - Measure the effectiveness and impact and adjust as appropriate
- In times of so much uncertainty, make investments that can:
 - Improve the engagement and capacity of your workforce
 - Reduce health care and absence costs in the long term
 - Prepare your organization for the future
- Engage your workforce through a communications process that recognizes rational and irrational decision-making.

Questions?

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