

## Introduction

Benefit design is an important component of a successful, comprehensive worksite wellness initiative. Historically, worksites treated health plans and employee wellness initiatives as separate entities, however, successful wellness initiatives must be incorporated into the existing infrastructure of the organization. Therefore, it is important to choose an effective benefit plan that supports health and meets the needs of employers and employees alike.

### Steps to Benefit Plan Design

Below are actions employers can take to select a benefits plan that meets the needs of the worksite and its employees.<sup>1</sup>

#### → **STEP 1: Plan and Analyze**

- **Survey** employees to identify the benefits of greatest interest to them that your insurance carrier is able to offer. This can allow your worksite to reallocate time and resources to maximize benefits of interest. If there is little consensus, then it might be best to offer a “cafeteria plan” and allow employees to pick their own benefits package within a pre-determined price range. Click [HERE](#) for an example of survey questions to ask.
- **Compare** plan options with employee needs in mind. Small and medium sized employers can seek the assistance of a broker or agent to navigate the plans available and find the best fit(s) for the worksite. Brokers can compare benefits and premium quotes, and help with administrative tasks like explaining benefits to employees, completing enrollment forms, and providing assistance when service issues arise. Commissions are usually built into all of a health plan's premiums, meaning employers will pay for broker services whether they use them or not.
- **Analyze** the company's financial capacity to offer certain benefits. Determine how much of the cost the company can absorb, and consider using copayments to deter those who do not actually need coverage from enrolling. When considering flexible spending account (FSA) programs and setting a maximum contribution, remember that employees can request reimbursement for the full annual amount after making only one monthly payment, and set the maximum accordingly.

1. Institute for Health and Productivity Studies, Johns Hopkins Bloomberg School of Public Health. From Evidence to Practice: Workplace Wellness That Works. Baltimore, Maryland: Johns Hopkins Bloomberg School of Public Health; 2015.

## → STEP 2: Implement the Benefit Design Strategy

- **Educate** employees about the benefits plan. A benefit plan is worthless if no one is using it no matter how carefully planned and considered. Providing one-on-one benefits counseling can help employees better grasp the breadth of benefits available to them.

## → STEP 3: Evaluate Success

- **Survey** employees about the new benefit design package once every 1-2 years to determine whether or not their needs were met, and identify changes they would like to see in the future.

## Tips for Talking to Your Insurance Provider

### → #1: You are the customer

- Whether you are self-insured or fully-insured you have the right to drive your benefits plan. You are the paying customer, along with your employees. It is important and expected that you advocate for your worksite and employees.

### → #2: Regular and open communication

- Keep communication with your insurance carrier and/or broker regular and open/honest. For instance, "We are using this benefit, and we aren't using that benefit. Can we alter this benefit so it..."

### → #3: Demand data

- You are entitled to de-identified/aggregate data to allow you to make informed decisions when updating your benefit plans. It is sometimes difficult for insurance carriers to share this information with worksites employing a relatively small number of employees. However, take the time to work with your carrier to find ways to provide data to help you make informed decisions, while also ensuring the protection of employee's identity.
- Think about what data you want to inform your decision-making. As we know from the 3-4-80, three modifiable behaviors contribute to 4 chronic diseases that then contribute to 80% of the premature death in the United States. The three behaviors are: tobacco use, poor nutrition, and physical inactivity. If your worksite focuses on addressing any of these topics in a comprehensive way (and one topic at a time), your worksite will steadily reduce the high prevalent conditions that manifest with too little physical activity, poor diet, and tobacco use (e.g. high cholesterol).

## Participatory vs. Health-Contingent Wellness Program

The Affordable Care Act (ACA) divides workplace wellness programs into two categories: participatory programs and health-contingent programs. Within the category of health-contingent workplace wellness programs, there are two basic sub-groups: activity-based and outcome-based. Below we define each type of program, provide examples, and suggest which programs are best.

Wellness Programs		
Participatory Programs	Health-Contingent Programs	
<p><u>Participatory</u></p> <p>A program where the conditions for earning a reward are not based on meeting a health-factor related standard.</p> <p>Examples include:</p> <p>Reimbursement for all or part of the cost for memberships in a fitness center.</p> <p>Reimbursement for the costs of <u>or</u> for participating in, a physical activity program, without regard to whether the employee becomes more physically active.</p> <p>A reward for employees who attend a no-cost health education seminar related to physical activity.</p> <p>Participatory programs are suggested as they are the most simple to implement.</p>	<p><u>Activity-Based</u></p> <p>A program where participants must complete a physical activity program within an allotted time-frame to earn a reward.</p> <p>Examples include:</p> <p>A deposit in their HSA for employees who participate in a walking challenge for 3 months.</p> <p>A premium reduction for employees who meet physical activity guidelines (150 minutes/week) for 3 months.</p> <p>NOTE: You are required to provide an alternative to those for whom it is unreasonably difficult or medically inadvisable to complete the activity.</p> <p>Activity-based programs are suggested due to the fact that they focus on healthy behaviors. While an activity-based program may be more complicated to implement, it may also be more successful at increasing physical activity among participants.</p>	<p><u>Outcome-Based</u></p> <p>A program that requires an individual to meet or maintain specific outcomes (e.g. BMI below 30) to earn a reward.</p> <p>Examples include:</p> <p>A premium reduction for employees who have a BMI below 30 during the annual health assessments.</p> <p>~Those who do not meet the initial criteria (BMI &lt;30) must be given a reasonable alternative or have the criteria waived if the alternative is medically unreasonable.</p> <p>~Alternatives may be participatory (e.g., health education seminar or wellness class), activity-based (health coaching, walking program, etc.) or a follow-up outcome-based program (improvement in scored results).</p> <p>We <b>do not</b> suggest an outcome-based program due to the fact that it focuses on outcomes, not behaviors.</p>

NOTE: The total amount of all incentives/surcharges are limited to 30% of the total cost of unsubsidized coverage and up to a total of 50% for programs designed to reduce/prevent the use of tobacco. For example, if total cost of insurance is \$6,000, then the insurance carrier can leverage up to \$1,800 for physical activity or \$3,000 for tobacco.