

Employer Investments in Improving Employee Health

Results from the Second Annual National Business Group on Health/Fidelity Investments Benefits Consulting Survey

January 2011

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Methodology For Estimating Spending on Health Improvement Programs



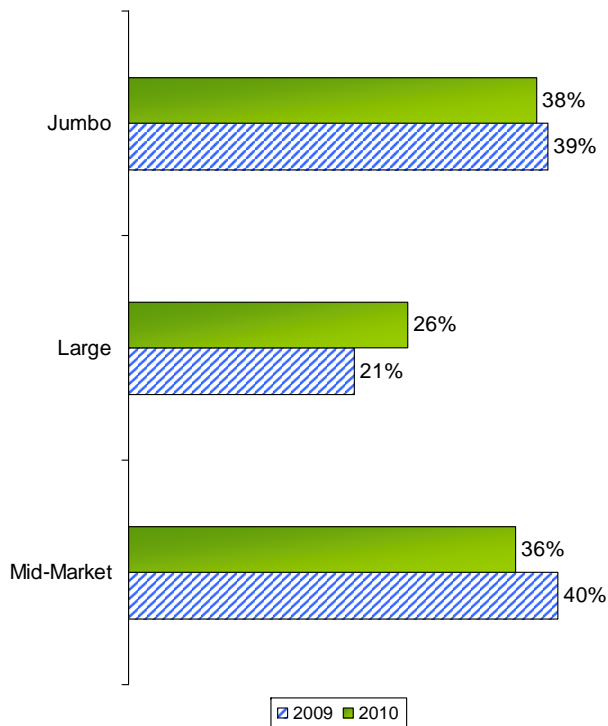
- ▶ Survey data around prevalence of health improvement (HI) programs is used in conjunction with estimated cost data to calculate employer spending on HI programs
- ▶ Costs are estimated based on market data collected from vendors, proprietary databases and other sources
- ▶ Due to significant cost variations for each health improvement program/service offered by vendors, a single cost estimate was utilized for each program/service
- ▶ To calculate the percentage of spending on HI programs relative to total claims costs, the latter is estimated using survey data and other published resources
 - Actual claims costs vary from employer to employer for various reasons, including differences in demographics, geography, plan design and health management effectiveness

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

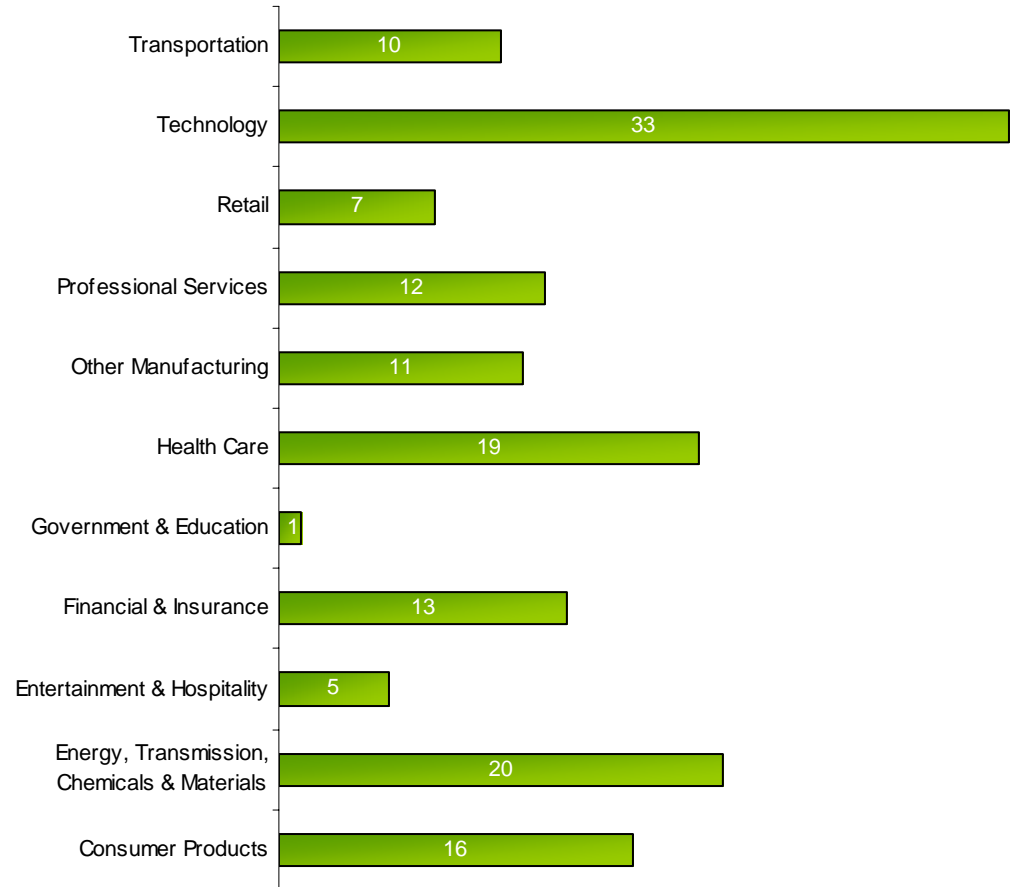
Survey Demographics



Employer Size



Industry



Note:

N = 114 (2009) / 147 (2010)

Mid-Market (< 5,000 employees), Large (5,000 – 15,000 employees) & Jumbo (15,000+ employees). Size based on number of benefits eligible employees in the U.S.

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.



About the Survey



- ▶ The National Business Group on Health (NBGH) and Fidelity Investments conducted an employer survey in September 2010

- ▶ The survey was sent to NBGH member companies and select Fidelity clients
 - 147 employers completed the survey and are included in the survey findings

- ▶ The respondents were asked questions related to their company's health improvement programs, covering a number of areas, including:
 - Costs and Measurement
 - Prevalence and Impact of Programs
 - Incentives, Assessments, and Communication
 - Measuring Return on Investment

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Executive Summary



Key Survey Findings



Investments

- ▶ Total financial investment remained at 2009 levels, roughly 2.0% of employers' medical spend
- ▶ Condition management continued to be the largest component of spend, but employers were focusing more on Health Risk Management relative to 2009

Incentives

- ▶ 62% of employers used incentives in 2010, versus 57% in 2009
- ▶ The prevalence and dollar value of incentives expanded over 2009
 - Half of employers offer incentives to dependents
- ▶ Majority of employers reported incentives improved participation at rates greater than expected
 - Larger employers noted greater success than smaller employers

Value of Programs

- ▶ When asked about the perceived impact of 26 different health programs, there was little differentiation among them
- ▶ Employers' top 3 gauges for program success are participation, engagement and employee feedback; clinical measures/outcomes ranked 7th
- ▶ In instances where health improvement programs are not working well, employers choose most often to re-evaluate their overall strategy (69%) and/or increase communications (61%)

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

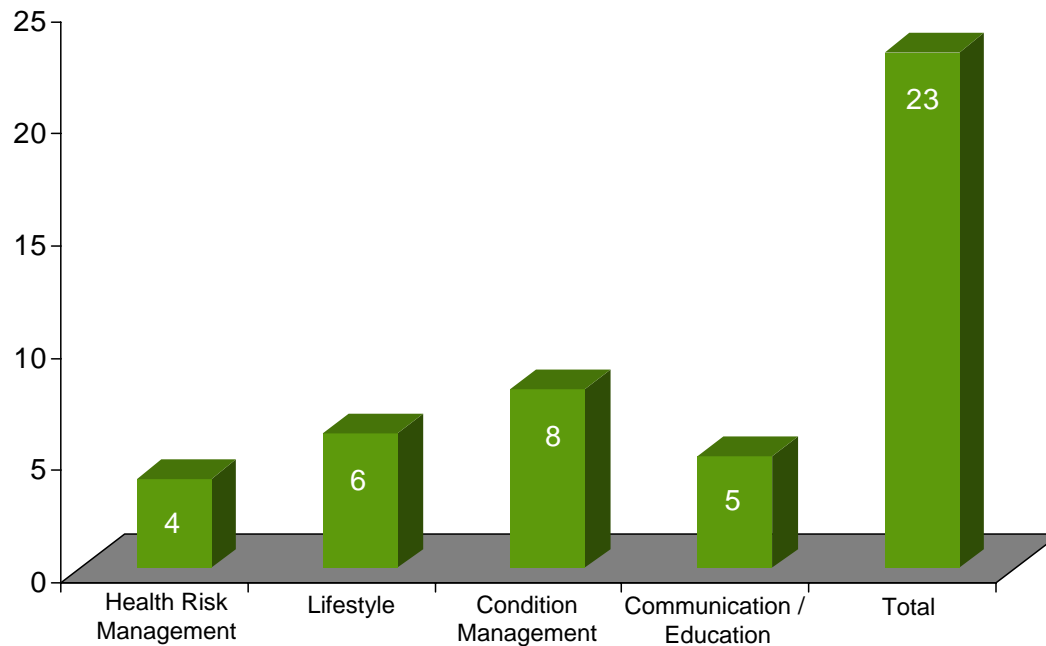
Strategic Investments



Employers continue to offer numerous programs



Average Number of Programs Offered



Top 3 Programs by Category

Health Risk Management

- On-site flu shots (93%)
- Preventive care covered at 100% (80%)
- Health fairs/lunch-n-learns (79%)

Lifestyle Management

- EAP (97%)
- Smoking cessation (74%)
- Stress management (71%)

Condition Management

- Nurse line (85%)
- Diabetes (82%)
- Coronary Artery Disease (77%)

Communication/Education

- Emails (82%)
- Company intranet or health/wellness website (77%)
- Health and wellness newsletters/brochures (73%)

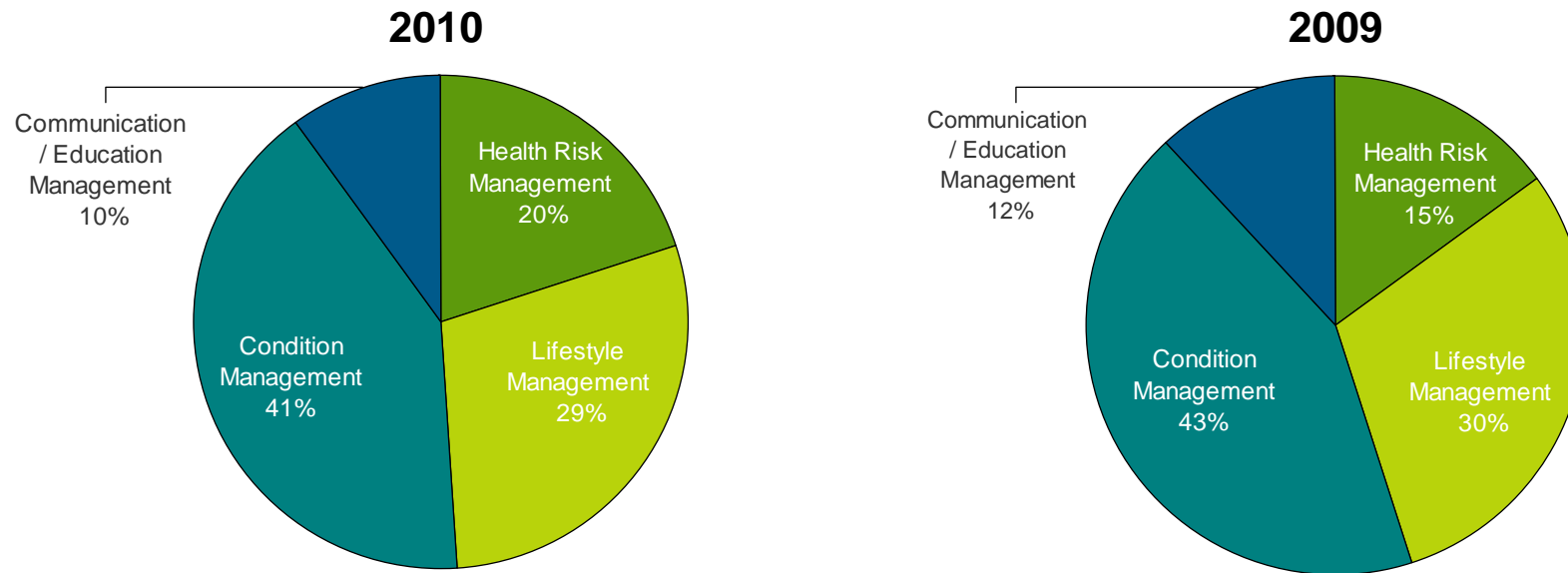
- 74% of employers offer 19 or more health improvement programs

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Employers focusing more on health risk management



In total, employers are investing roughly 2% of medical spend on health improvement programs



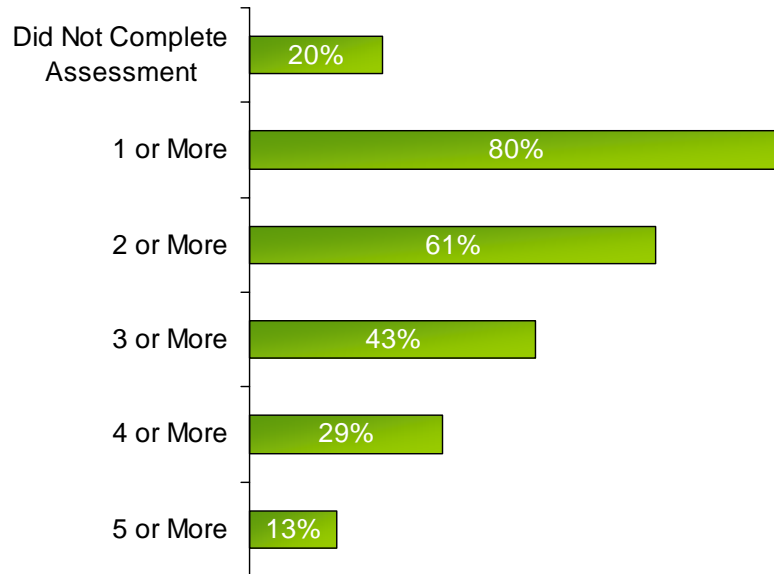
- Median employer reported PEPY spend on health improvement program (excluding incentives) is \$125
- Distribution in spend increased for health risk management programs, but it remains focused on condition management programs
- To determine the right mix on spend, employers should evaluate a number of factors (e.g., benefits strategy, employee demographics, turnover ratio, etc.)

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

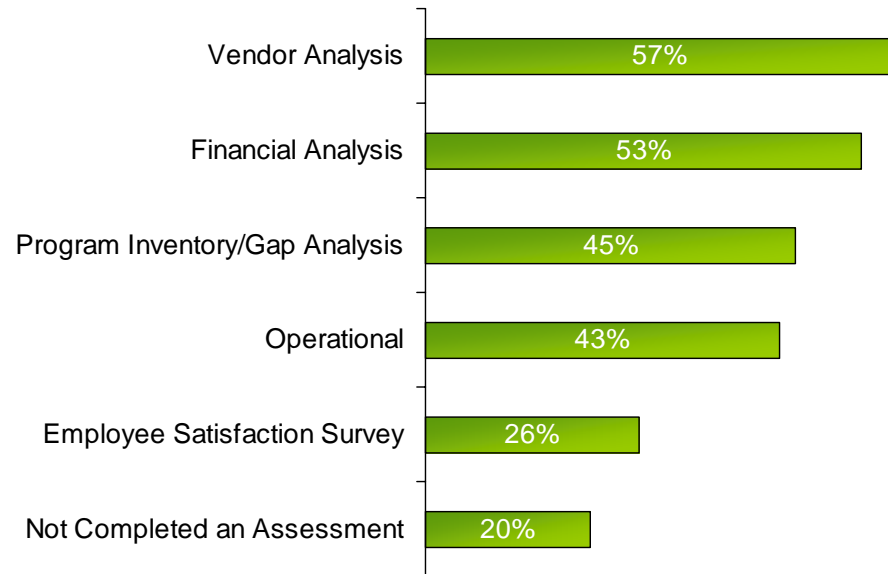
Employers utilize various assessments to manage programs



Number of Assessments Completed



Types of Assessments Completed



- Number of employers completing assessments increased from 61% (2009) to 80% (2010)
- Given the number of programs offered by employers, multiple assessments (varying by type of program) are needed to effectively measure program success and health outcomes

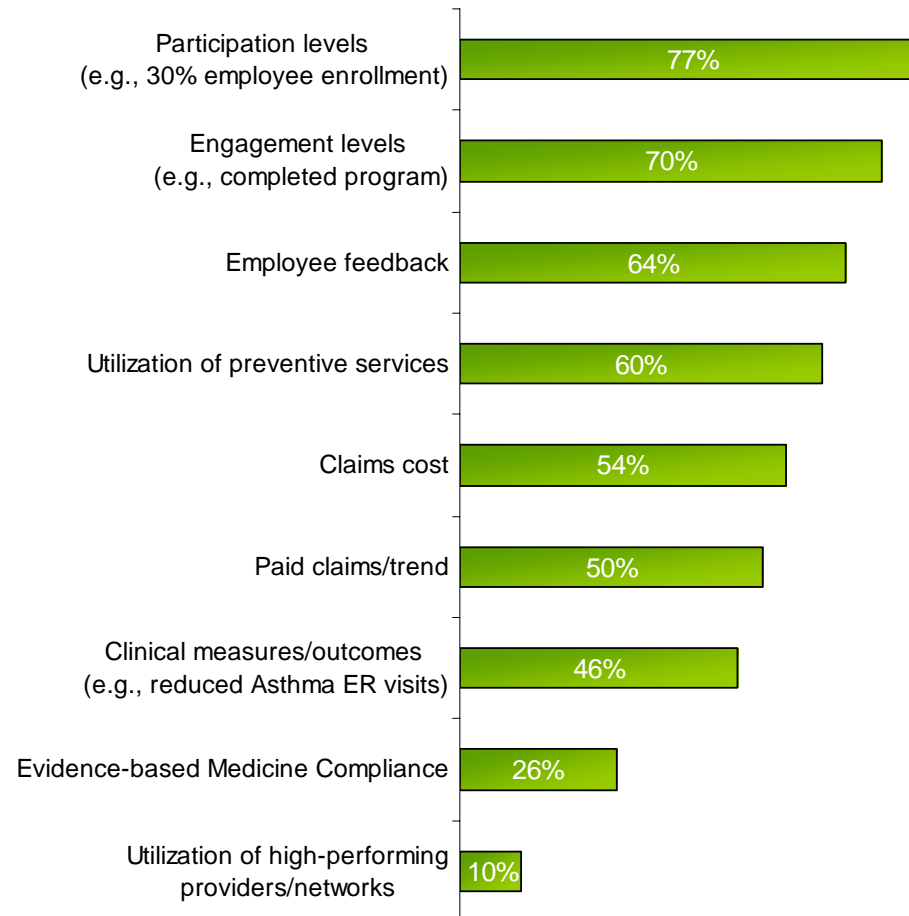
Note: N = 145

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Metrics remain traditional and largely qualitative



Metrics Used to Measure Program Success



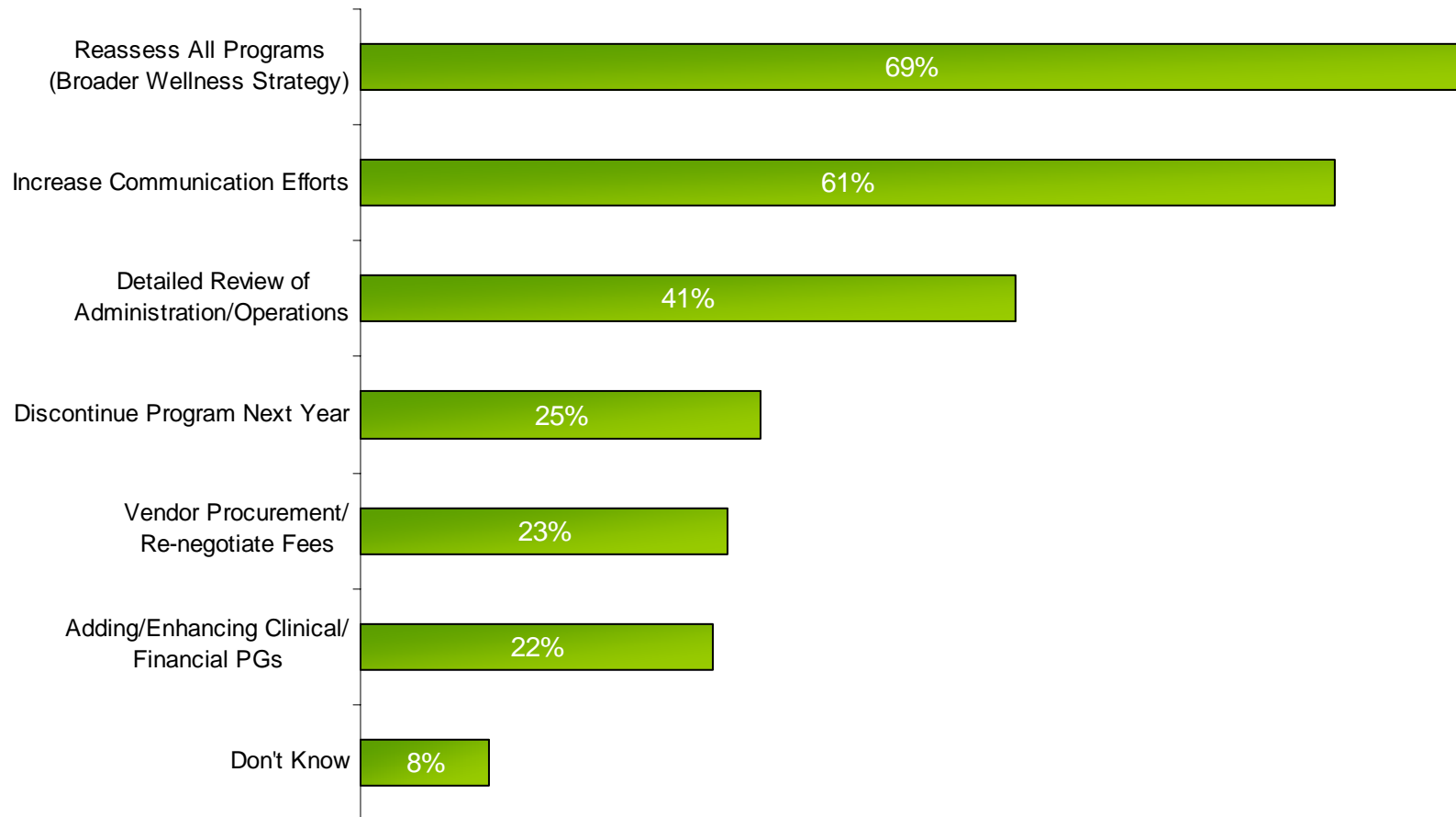
Note: N = 124

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

With numerous programs being offered, the strategy for non-performing programs is critical



Action Taken on Health Improvement Program not Performing Well



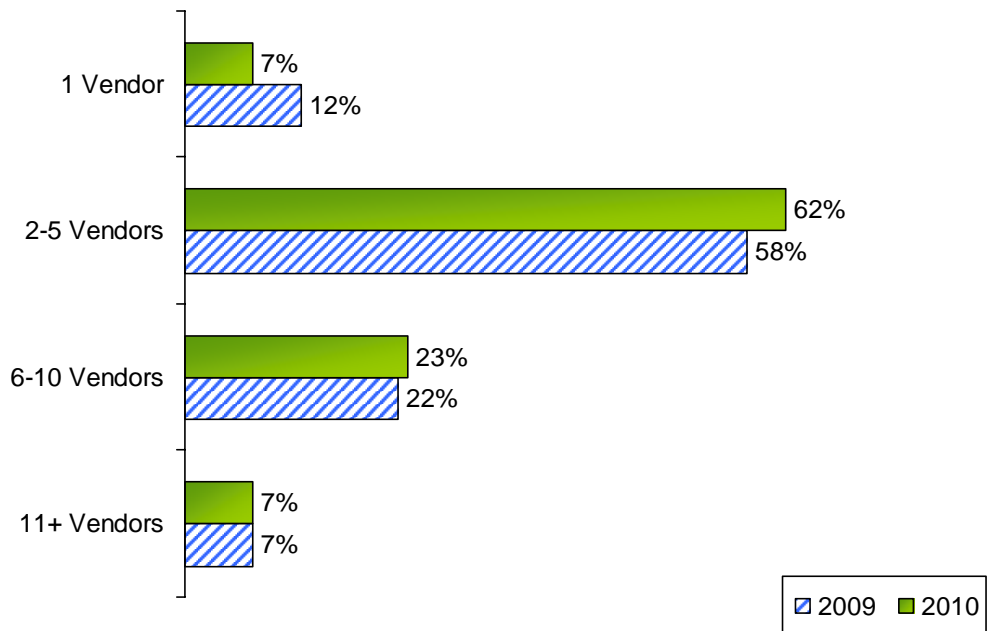
Note: N = 133

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

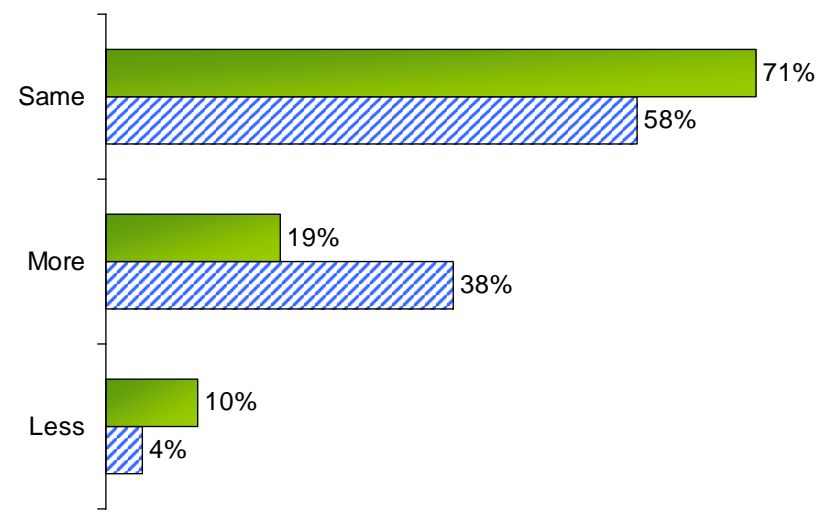
Employers plan to continue using multiple vendors while leveraging current relationships to improve delivery



Number of Vendors Currently Utilized



In the Future, Number of Vendors to be Utilized



Note:

N = 112 (2009) / 121 (2010): Number of Vendors Utilized Currently
 N = 112 (2009) / 119 (2010): In the Future, Number of Vendors to be Utilized

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.



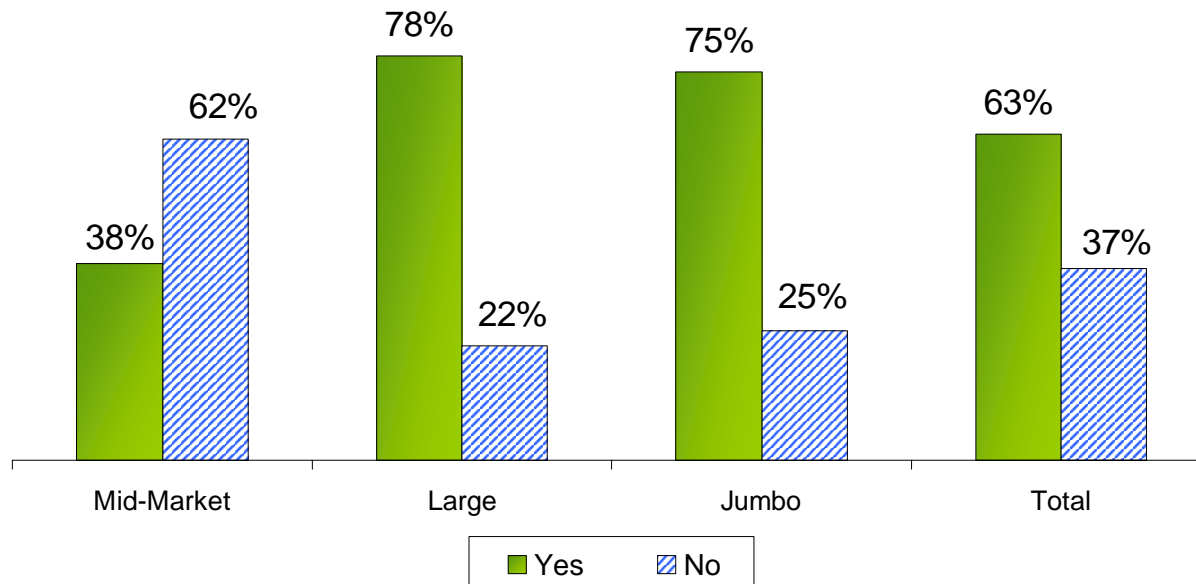
Incentives



Incentives typically offered at larger employers



Provide Incentives for Participating in Health Improvement Programs



Note:

N =146

Mid-Market (< 5,000 employees), Large (5,000 – 15,000 employees) & Jumbo (15,000+ employees). Size based on number of benefits eligible employees in the U.S.

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Incentives take many forms



Types of Incentives by Program

Health Improvement Program	Cash Equivalent	Plan Design Adjustment	Lottery/Prize Drawing/Raffle	Total
Smoking Cessation	84%	9%	7%	100%
Weight Management	76%	2%	22%	100%
Lifestyle Coach/Health Advocate Consultation	77%	10%	13%	100%
Health Risk Assessment	84%	6%	11%	100%
Biometric Screenings	82%	7%	11%	100%
Preventive Care Service/Screenings	57%	33%	10%	100%
Activity or Content/Tool Based Programs/Activities	61%	0%	39%	100%
Disease/Care Management Programs	73%	22%	5%	100%

Cash equivalent comprised of cash, contributions to an account (HRA/HSA) and reduced premium contributions.

- Cash (or “cash equivalent”) incentives are far more prevalent than other types of incentives
- A small percentage of employers (12%) utilize “negative incentives” (e.g., increasing contributions for non-participation)

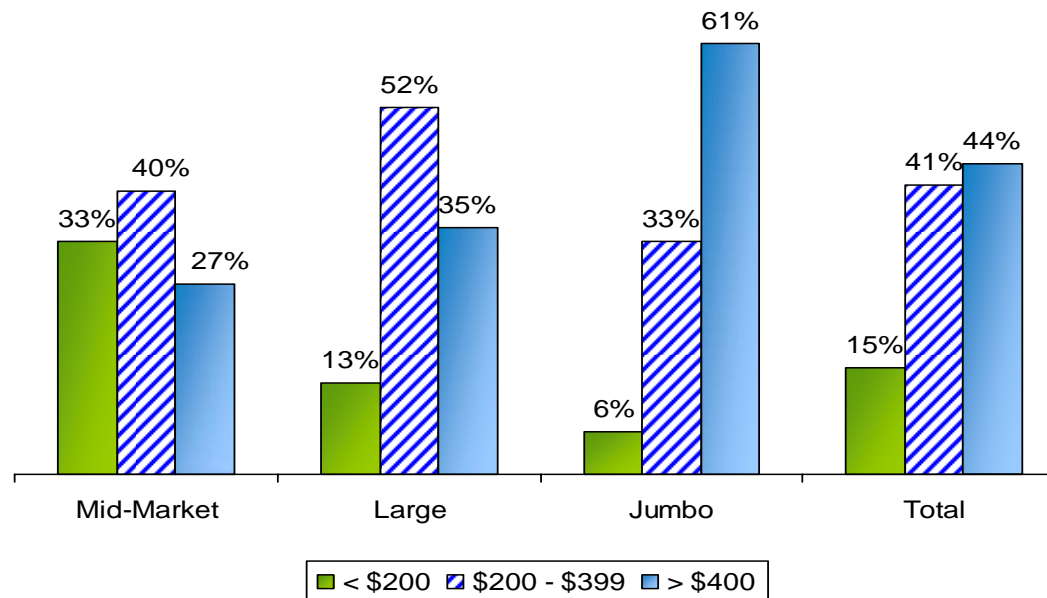
Note: N = 86

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Larger employers typically provide greater incentives



Annual Dollar Value of All Incentives (Employee Only)



- Average employee incentive is \$430 and the median incentive is \$338 in 2010
- 50% of employers that provide incentives to employees also provide them to dependents
 - ▶ Average dependent incentive is \$420 and the median dependent incentive is \$300

Note:

N = 68

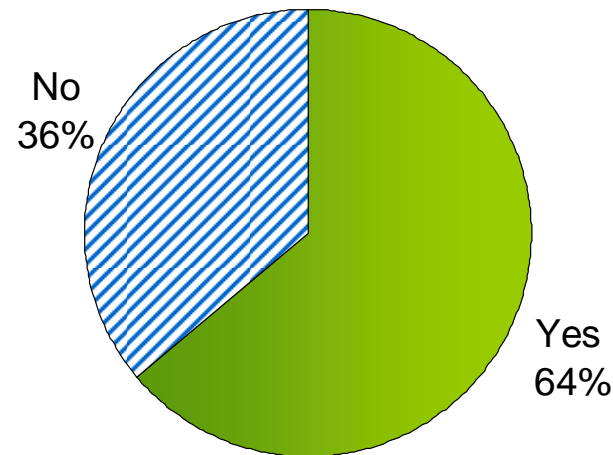
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Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Most employers provide incentives on a cost-neutral basis



Employers Adjusting Contributions to Include the Total Cost of Offering Incentives



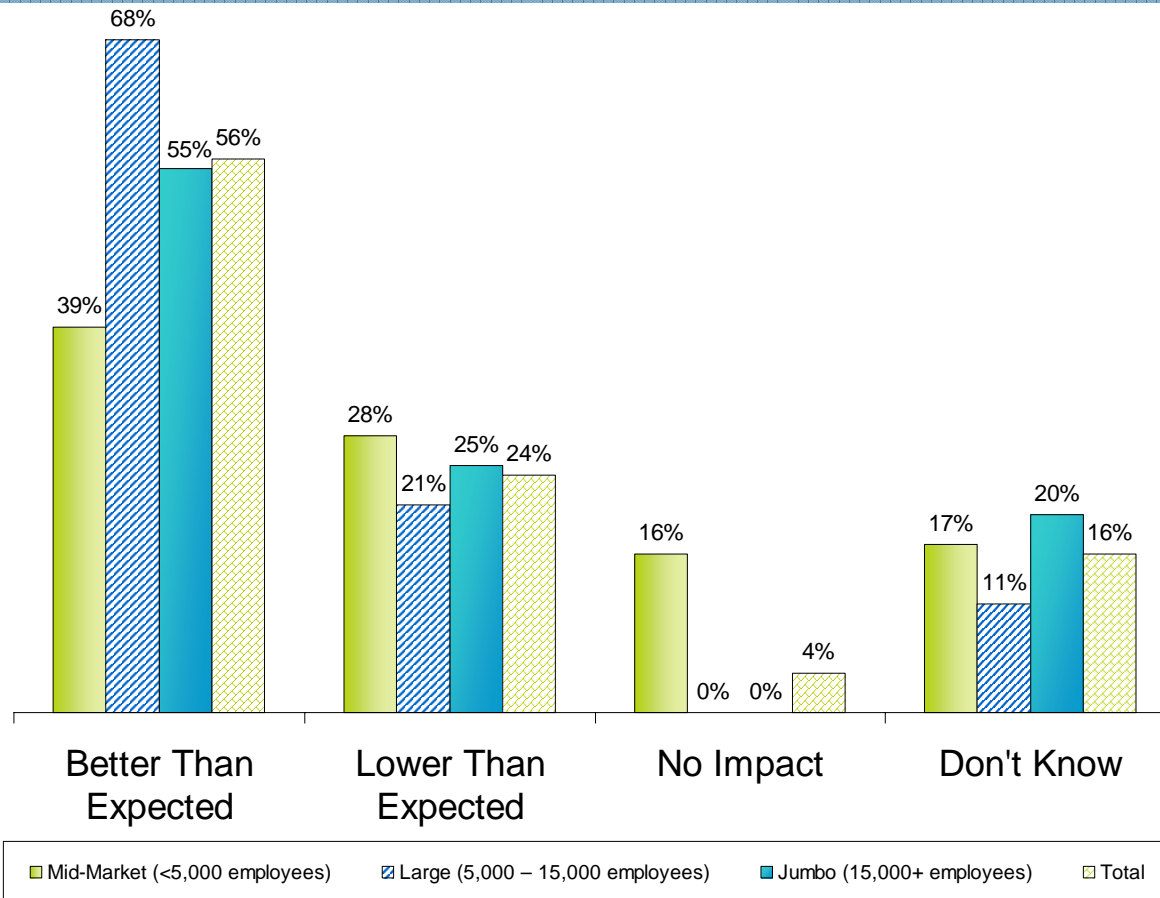
- Cost neutral pricing is developed by adjusting contributions for expected participation and communicated incentive amount

Note: N = 80

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Larger employers report greater success

How Successful Employers Believe Their Incentive-based programs Have Been in Increasing Employee Participation/Engagement



Note: N = 86

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Program Value



Employers continue to leverage various communication channels to raise program awareness and participation



The Relative Value of Communication Program Used to Increase Engagement levels

Communication Programs	Program Prevalence	Perceived Value
Printed Mailings	72%	1.66
Company Intranet or Health & Wellness Website/Portal	77%	1.72
Wellness Champions	40%	1.72
Emails	82%	1.89
Health & Wellness Newsletters/Brochure	73%	2.05
Videos/DVDs	25%	2.42
Posters	65%	2.50
Self-Care Books	27%	2.77
Social Networking	16%	2.79

Perceived Value is based on a scale of 1 to 3, where 1=Highest Value, 2=Mid-Value and 3=Lowest Value.

- 71% of employers utilize 4 or more communication channels
- Emails, even though the most prevalent program, were not perceived to have the highest value in increasing engagement levels
 - ▶ Social Networking is the least prevalent and perceived to have the least value

Note: N = 86

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Employers report modest variation in perceived impact



Health Risk Management	Program Prevalence	Perceived Impact
On-site Medical/Health Clinic	32%	1.53
On-site Flu Shots	93%	1.63
Preventative Care Covered at 100%	80%	1.73
Health Coach/Advocate	65%	2.22
Preventative Care Reminders	71%	2.23
Health Fairs/Lunch-n-Learns	79%	2.35
Health Risk Management Average		1.97

Lifestyle Management	Program Prevalence	Perceived Impact
Fitness & Health Challenges	66%	2.00
On-site Fitness Centers	61%	2.00
Weight Mgmt	63%	2.12
EAP	97%	2.16
Smoking Cessation	74%	2.18
Stress Mgmt	71%	2.23
Healthy Food Discounts	14%	2.26
Off-site Gym Discounts/ Subsidies	64%	2.33
Healthy Food Options	48%	2.38
Nutritional Labeling	53%	2.43
Lifestyle Management Average		2.19

Condition Management	Program Prevalence	Perceived Impact
Diabetes	82%	2.05
Cancer	59%	2.13
COPD	66%	2.14
Congestive Heart Failure	74%	2.15
Coronary Artery Disease	77%	2.16
Maternity	74%	2.19
Back Pain/Musculoskeletal	63%	2.21
Asthma	73%	2.22
Health Care Navigators/Advocates	39%	2.26
Nurse Line	85%	2.50
Condition Management Average		2.20

Perceived Impact is defined as follows: 1=Highest Impact, 2=Mid-Impact and 3=Lowest Impact

- Employers report a higher perceived impact for Health Risk Management Programs
 - Yet variability of perceived value is greatest within this category

Note: N = 125

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

Program ROI tied to time horizon



Employers Ranking Program ROI

Short-Term		Ranking Highest Impact to Lowest Impact	Long-Term	
Perceived Impact	Program		Program	Perceived Impact
1.66	Case Management	1	Disease Management	1.56
1.83	Clinical Management	2	Wellness Programs	1.59
1.96	Utilization Management	3	Clinical Management	1.95
2.06	Wellness Programs	4	Case Management	2.15
2.07	Disease Management	5	Utilization Management	2.23

Perceived Impact is defined as follows: 1=Highest Impact, 2=Mid-Impact and 3=Lowest Impact

Examples of Programs

Case Management - e.g., discharge planning

Clinical Management - e.g., maternity, bariatric surgery, cancer

Utilization Management - e.g., pre-authorization, concurrent review

Disease Management - e.g., diabetes, asthma

Wellness Programs - e.g., smoking cessation, weight management

Note: N = 98

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

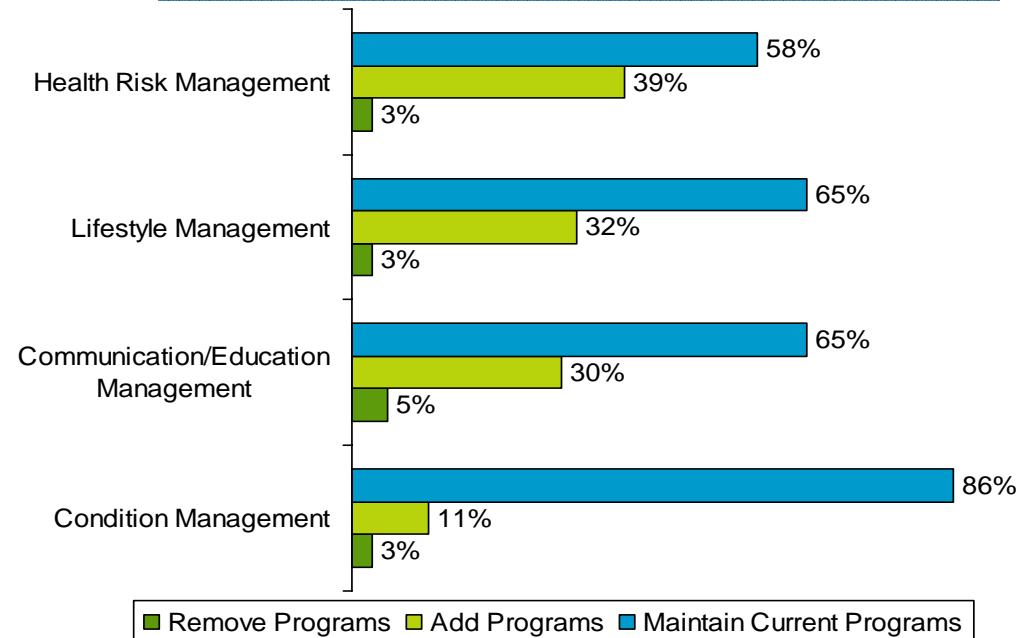
Moving Forward



Many companies expect to increase program offerings



Expected Program Changes for 2011



- Aggregate number of programs to be implemented compared to being discontinued in 2011 is 8:1
 - ▶ Lifestyle Management: 10:1
 - ▶ Health Risk Management: 12:1
 - ▶ Condition Management: 3:1
 - ▶ Communication/Education Management: 9:1

Note: N = 147

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.

What Employers Can Do



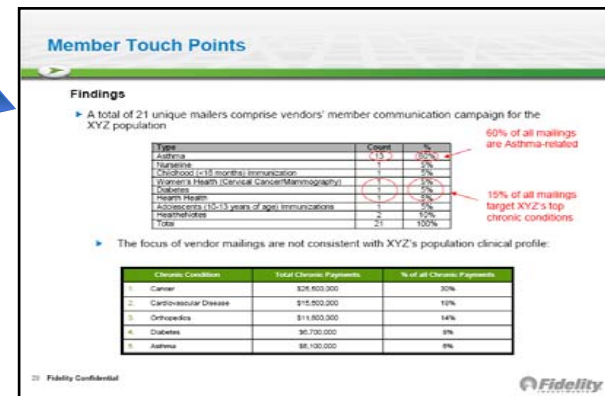
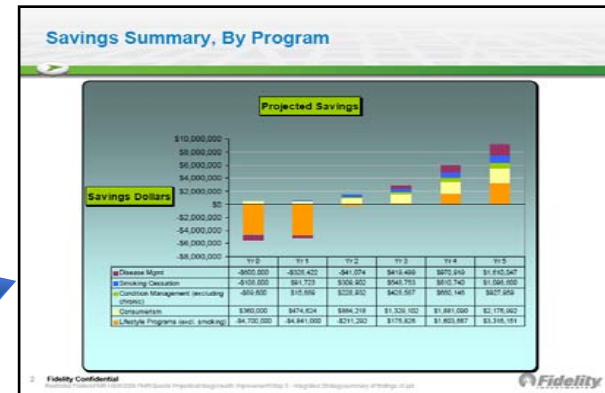
Update health improvement strategy and tactics

1. Document and quantify your current investment

2. Test the reasonability of expected return using experience and published data

3. Identify and categorize programs based on current effectiveness

4. For program with expected opportunities, conduct operational, financial and other analyses as appropriate



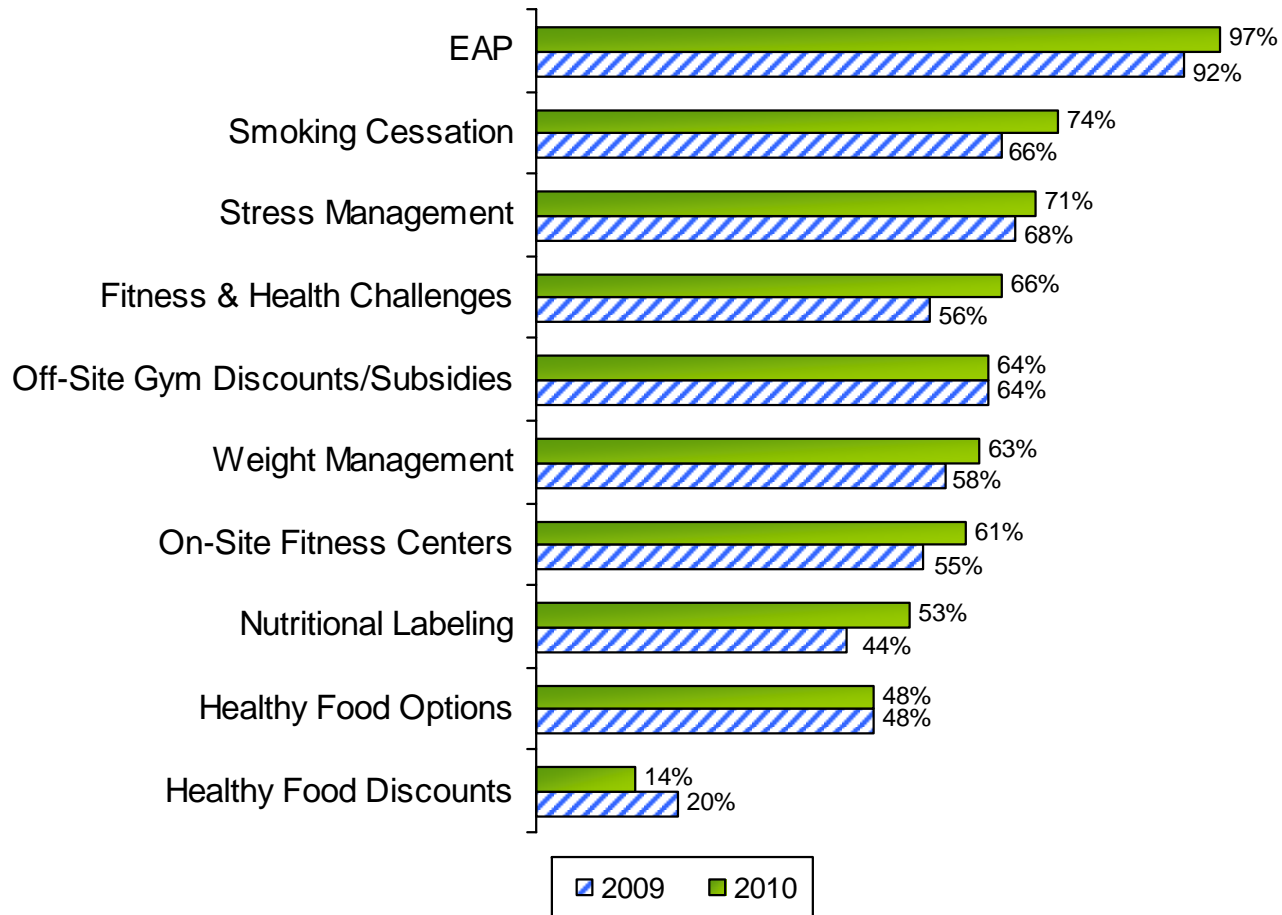
Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.



Appendix



Lifestyle Management Program Prevalence

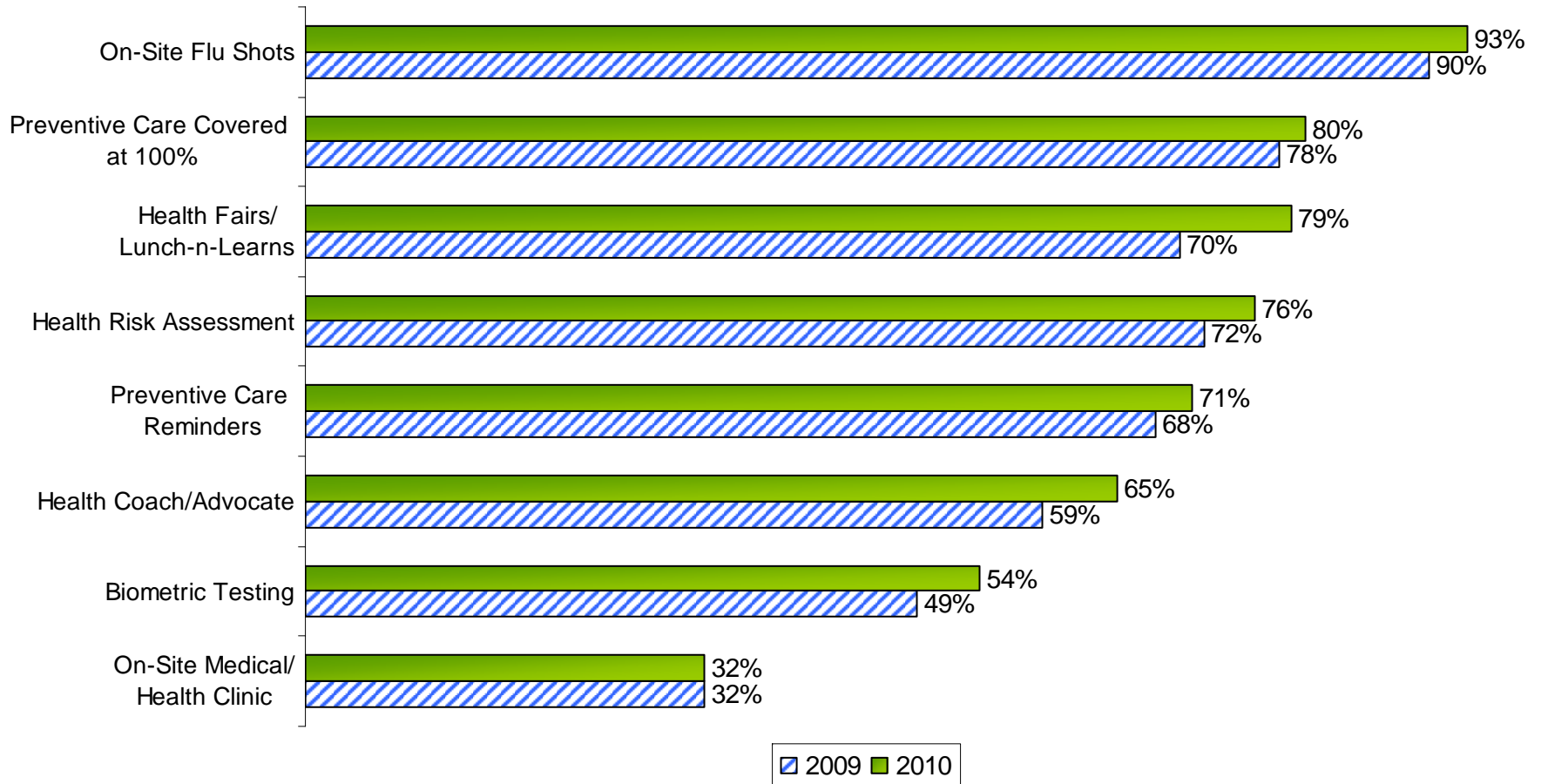


Note: N = 121 (2009) / 147 (2010)

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.



Health Risk Management Program Prevalence

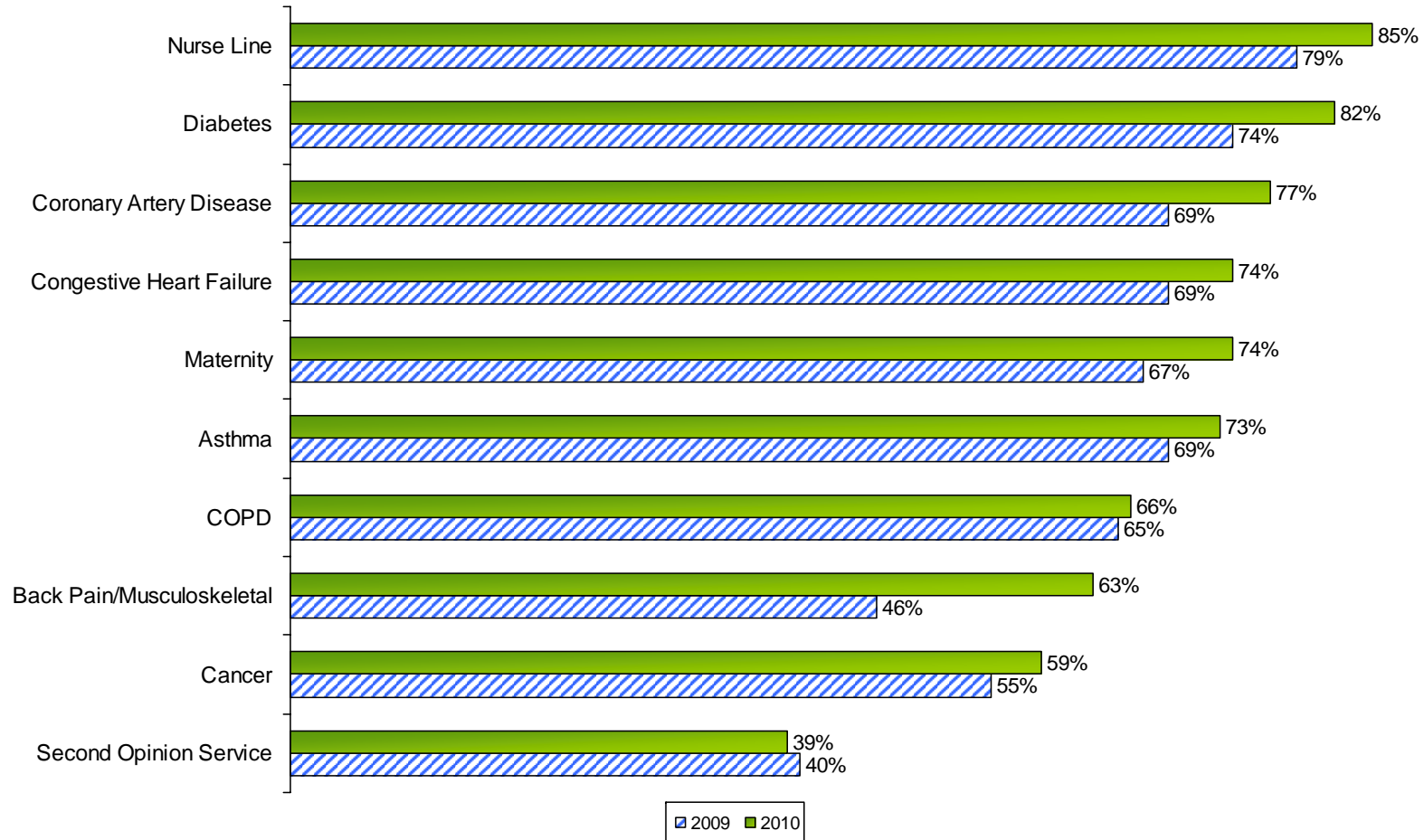


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Condition Management Program Prevalence

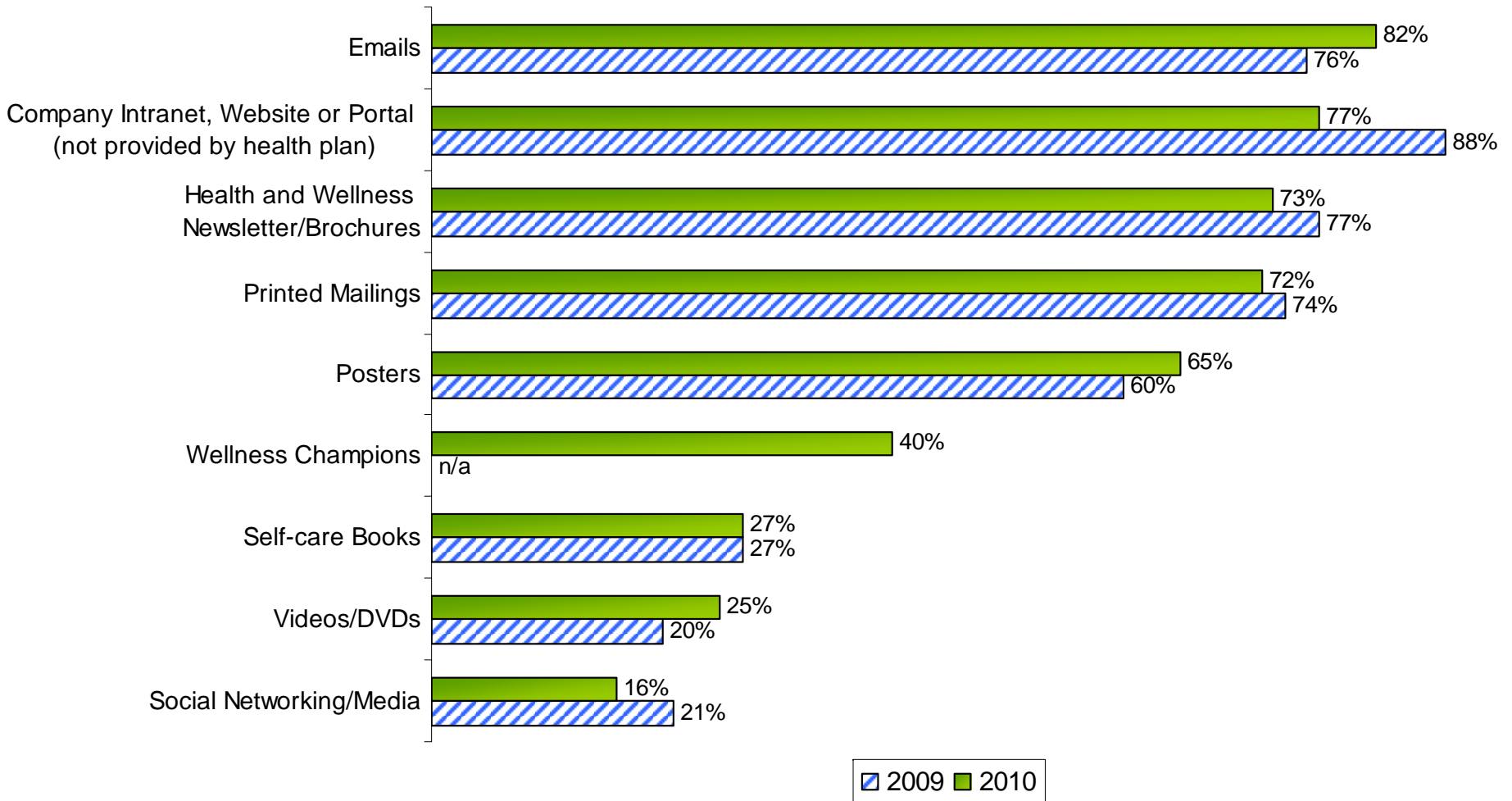


Note: N = 121 (2009) / 145 (2010)

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.



Communication/Education Management Program Prevalence



Note: N = 121 (2009) / 141 (2010)

Source: National Business Group on Health/Fidelity Investments Benefits Consulting, Employer Investments in Improving Employee Health Survey, January 2011.





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