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Correspondence Memorandum

Date: April 30, 2019

To: Group Insurance Board

From: Molly Heisterkamp, Wellness & Disease Management Program Manager
Office of Strategic Health Policy

Subject: 2020 Wellness Program Changes

The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board):

- **Approve expanding Ignite, a group-based weight management and diabetes prevention program offered by StayWell for benefit year 2020; and**
- **Discuss additional opportunities for the wellness and disease management program.**

Background

There have been successes in the wellness and disease management program over the last five years. Some highlights include: establishing a uniform wellness incentive program, Well Wisconsin, in 2014 for all subscribers and spouses regardless of their group health insurance provider; contracting with a third-party administrator (currently StayWell) to implement the uniform wellness incentive program and offer additional resources such as online prevention tools, health coaching and disease management starting in 2017; increase program participation from 15% in 2016, to 25% in 2017 and 29% in 2018; reduced health risks by 2.1% for participants who completed program activities in both 2017 and 2018; and wellness and disease management data reporting from StayWell to ETF's data warehouse, DAISI.

ETF staff believe there are opportunities to help reach Well Wisconsin program goals of 40% participation by 2022, maintaining high participant satisfaction rates, and improving health outcomes. Furthermore, StayWell will be completing a return on investment analysis as part of their current contract to further assess the value of the program. The following topics are outlined below: expanding Ignite, reducing member confusion and minimizing tax liabilities of wellness incentives; and implementing strategies to increase participation in Well Wisconsin.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy

Eileen K Mallow Electronically Signed 5/6/19

Board	Mtg Date	Item #
GIB	5.15.19	7C

Expanding Ignite

ETF is seeing positive results from StayWell's Ignite pilot, a 12-week group-based program focused on weight management and diabetes prevention. According to StayWell, one year after the completion of the 2017 pilot with University of Wisconsin institutions outside of Dane County, 43% of pilot participants have lost an average of 14.5 pounds and 23% maintained their weight. The 2018 pilot with ETF and Department of Corrections employee participants ended in late December 2018, with 46% of participants losing an average of 12.6 pounds at the end of the 12 weeks. Another 11% had maintained their weight.

According to StayWell, 67% of GHIP members are overweight or obese, making weight the most prevalent health risk. Leveraging the data warehouse (DAISI), the cost of obesity is apparent with the allowed amount for an obese participant being $248 more per month as compared to someone at a normal weight from January – November 2018. That's an estimate of $2,976 more per obese member over the course of one year. See Appendix A for a comparison of allowed amount costs for different risk categories.

Further, DAISI indicates that diabetes is the highest-cost health condition (after preventive care encounters) for GHIP members. See Appendix B for the top five-episode groups by allowed amount through October 2018. The percent of members with diabetes went from 7.0% in January – October 2017 to 7.4% in January – October 2018. The largest increase was recorded among the GHIP Medicare Retiree subgroup, with those diagnosed with diabetes going from 18.2% to 20.7%. Overall, there were 1,481 newly diagnosed diabetes patients in the first ten months of 2018 with $2.9M in diabetes-related costs.

For 2020 ETF recommends another expanded pilot involving a larger population because the 2017 and 2018 pilots had a maximum of 50 participants each. One consideration is to offer the pilot to the Wisconsin Public Employers (local employers). This is because their percentage of overall incentive program participation is lowest amongst the different GHIP employer groups, and their weight risk is highest (after local retirees). Additionally, reaching members before they are diagnosed with diabetes as a retiree would be beneficial.

ETF would also like to build a wellness champion network alongside Wisconsin Public Employers. This network would assist with program communication and building a culture of well-being; offering a pilot opportunity may help secure buy-in.

Conducting an additional pilot available among a larger number of participants would provide broader access to participants while also allowing more ability to analyze the data of the previous pilots to look at long-term outcomes and impacts on health costs.

If approved, staff can bring options and costs to the August meeting for further discussion.

Reducing Member Confusion and Minimizing Taxable Liabilities of Wellness Incentives
As previously mentioned, the Board approved the uniform wellness incentive program, Well Wisconsin in 2014 and contracted with StayWell to implement consistent/uniform program offerings to all subscribers and spouses beginning in 2017.

In addition to the $150 Well Wisconsin incentive, some members, depending on their health insurance provider, receive additional monetary incentives (up to $100/individual or $200/family) for fitness memberships, Community Supported Agriculture (CSA) shares, Weight Watchers and other wellness classes, and for completing recommended preventive care. Several members were not able to receive these incentives from their health plan when Well Wisconsin was established in 2014, while others continued. This causes confusion among members because they are not sure who to go to for wellness/prevention programming support and some members become disgruntled when they learn that others have access to additional monetary support.

For reference, Table 1 provides information on the wellness incentives issued to members by health plans in 2017 and 2018.

Table 1: Health Plan Issued Incentives

Year	# of health plans	# of members	# of payments	Average payment amount	Total amount payed
2017	7	7,492	9,576	$101.75	$974,319.99
2018	5	4,930	6,043	$85.05	$513,934.30

Three health plans (with a combined 30,619 eligible subscribers) are administering wellness incentives in 2019 for costs associated with fitness center memberships, CSAs and other wellness-related activities. A fourth health plan, UnitedHealthcare® (UHC) offers Medicare Advantage members monetary incentives for complying with specified preventive care. UHC's wellness incentives are part of a comprehensive Medicare Advantage approach approved by the federal Centers for Medicare and Medicaid Services (CMS). These incentives encourage members to get screenings, vaccines and manage chronic health conditions. When members use these services, UHC is awarded a higher Star Rating from CMS. Vendors with the highest ratings receive financial incentives from CMS, which results in lower premium costs for members. UHC members have access to the Well Wisconsin/StayWell resources but not the incentive because of duplication with the incentive offered by UHC.

Furthermore, wellness incentives are considered taxable/reportable income. Members do not intuitively understand that they have access to incentives due to their current or previous employment status and therefore will see tax deductions withheld via payroll or from the incentive itself and will receive a W-2 for the incentive. ETF requests StayWell and health plans include a disclaimer on all member communications regarding taxability of wellness incentives. However, many members miss this communication and are surprised when they receive a W-2 or see a tax deduction.

Due to timing limitations, some members do not see the tax deduction or a W-2 for up to a year after they received the incentive causing more confusion for the member and subsequently their employer, ETF, StayWell and health plans who may be fielding questions.

Segal Consulting suggested transitioning the wellness incentives from a gift card/check to a premium credit to avoid the tax reporting requirements and liability to both members and employers. The Board previously approved this transition for state employees earning the $150 Well Wisconsin incentive. Based on ETF's technical capabilities, 2022 will be the first year a premium credit can be implemented.

Future action is possible to reduce member confusion and minimize the wellness incentive tax liabilities/responsibilities. One consideration includes transitioning all non-Medicare Advantage health plan wellness/prevention programming to Well Wisconsin in 2020 or 2021 so that all incentives earned can be issued via the premium deductions beginning in 2022, avoiding the tax liabilities. This would also address the variances in members' access to and confusion regarding GHIP incentives issued by health plans.

Additionally, routing all wellness/prevention program data through the third-party Well Wisconsin program administrator allows for more comprehensive reporting to DAISI and easier ability to assess health impacts and outcomes of initiatives, particularly when StayWell completes a return on investment analysis for ETF and the Board. Health plans do not currently report wellness incentive participation to DAISI nor do they report wellness incentive program impact/outcomes to ETF.

Implement Strategies to Increase Well Wisconsin Program Participation
As indicated above, incentive program participation increased significantly in the first two years of StayWell's administration (up from 15% in 2016 to 25% in 2017 and 29% in 2018). The increase in incentive program participation for 2018 occurred with the addition of a third requirement (a well-being activity). Currently, participation appears to be leveling off for the 2019 program year. The 2022 goal is to reach 40% participation, which Segal Consulting reported as the minimum necessary rate "to have a measurable impact on changing the health risk profile of the covered population" (REF GIB | 3.25.15 | Item 4C1). They indicated 70% participation as being preferable.

ETF and StayWell continue to assess and implement new opportunities to drive engagement in the program and reach the 40% participation goal. New strategies implemented this year include adding a second StayWell program manager, implementing an employer-competition around the Million Steps Challenge, and increasing modes and frequency of communications. Additional approaches that are currently being assessed include: building a local employer wellness champion network, working with leaders to embed wellness in employee engagement strategies, and developing an employer awards and recognition program.

Another consideration to support increased engagement in Well Wisconsin is increasing the incentive value. It has remained consistent at $150 since 2014. A recent 2018 Employer Health Benefits Survey report found that 85% of employers with more than 200 workers offer greater than $150 in wellness incentives. See Appendix C for more information. Additionally, a strategic incentive value increase may address system limitations and concerns presented by payroll centers and ETF related to evenly distributing future wellness premium deductions for different payroll frequencies in 2022.

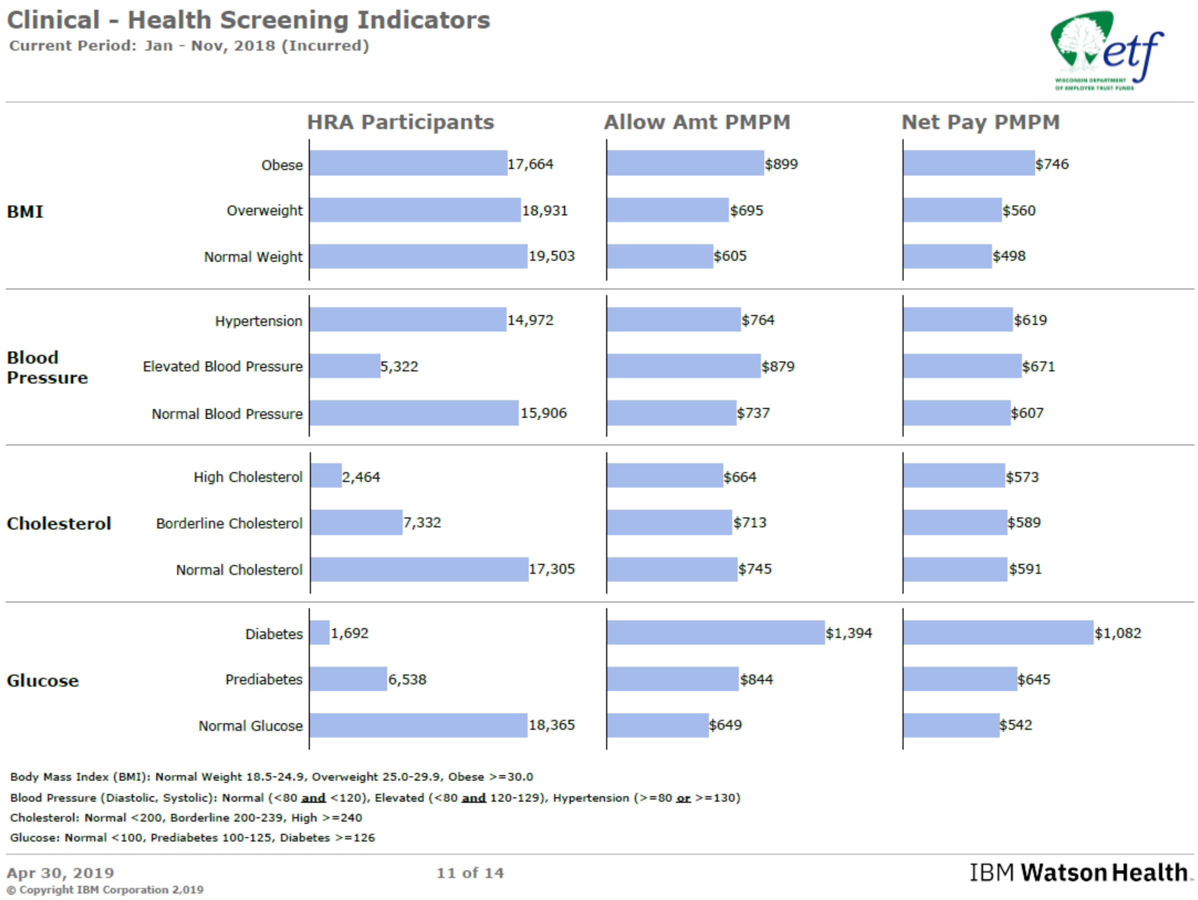
Conclusion

ETF is seeing promising results with Well Wisconsin and believes there are additional opportunities to continue increasing member engagement and improving health outcomes. ETF staff recommends the Board approve expanding Ignite, a group-based weight management and diabetes prevention program, to a larger pilot population for broader access to the program in 2020 while providing additional time for program impact/outcome research.

Additionally, ETF staff would like to know if the Board is interested in exploring options to address variances in and member/employer confusion regarding available wellness incentives, minimizing wellness incentive tax responsibilities/liabilities for members and employers, and the stagnating participation rates in Well Wisconsin. Some possible considerations include transitioning all wellness/prevention programming to Well Wisconsin and increasing the incentive value.

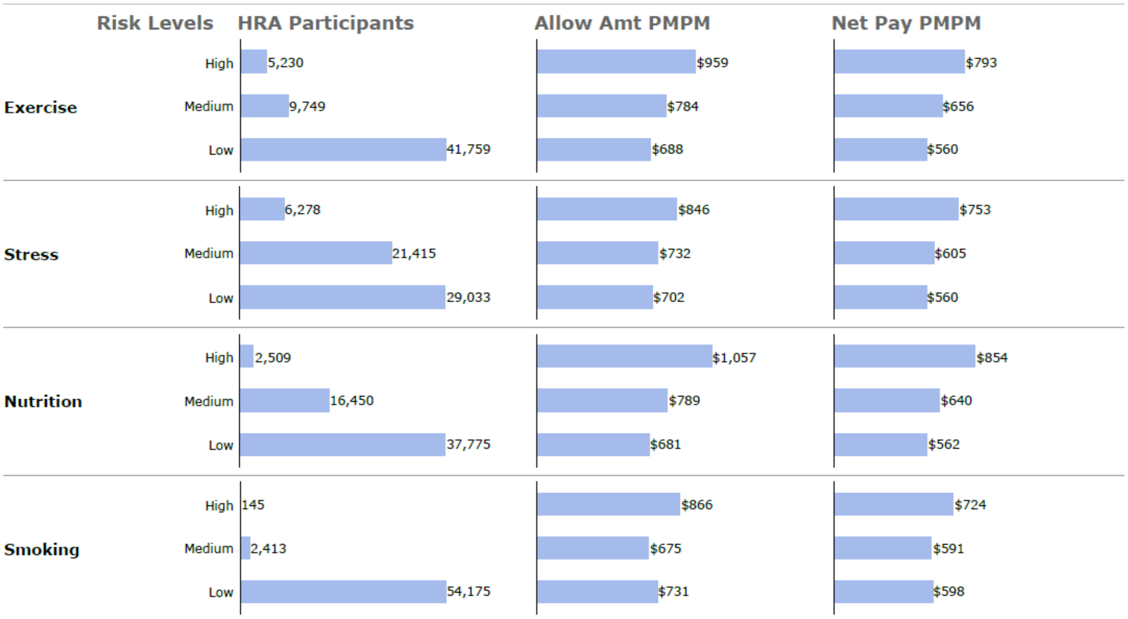
Staff will be available at the meeting to answer questions.

Appendix A: Comparison of Allowed Amount Costs Based on Risks (IBM Watson)



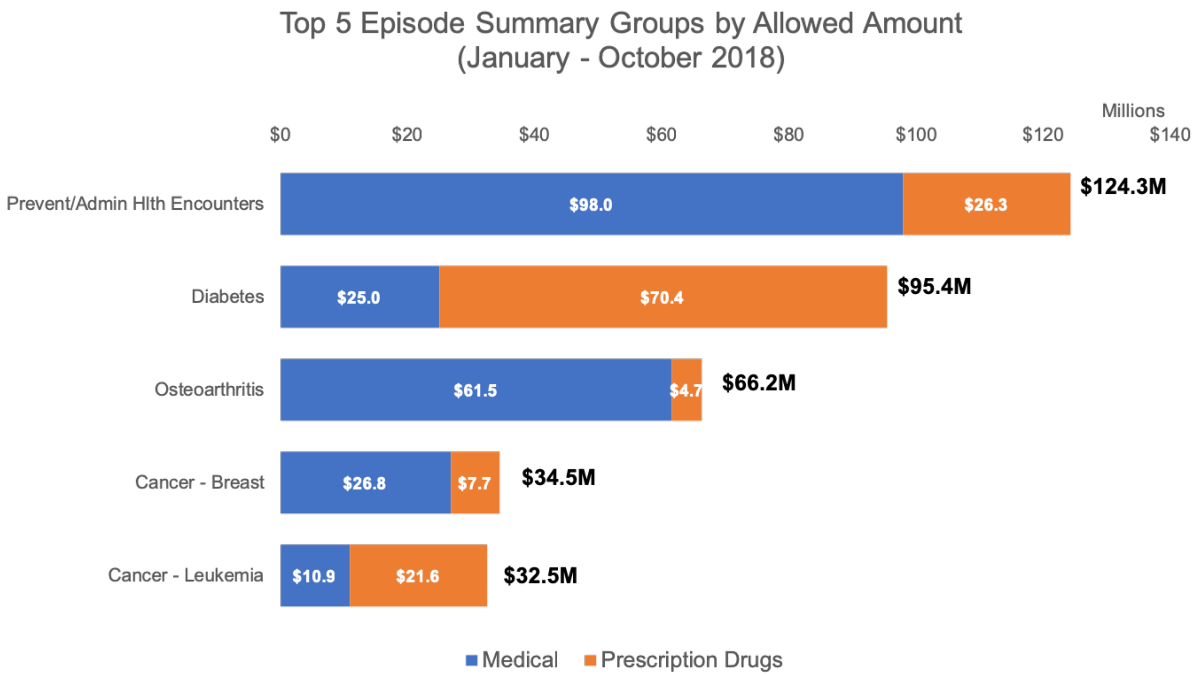
HRA Lifestyle Indicators

Current Period: Jan - Nov, 2018 (Incurred)



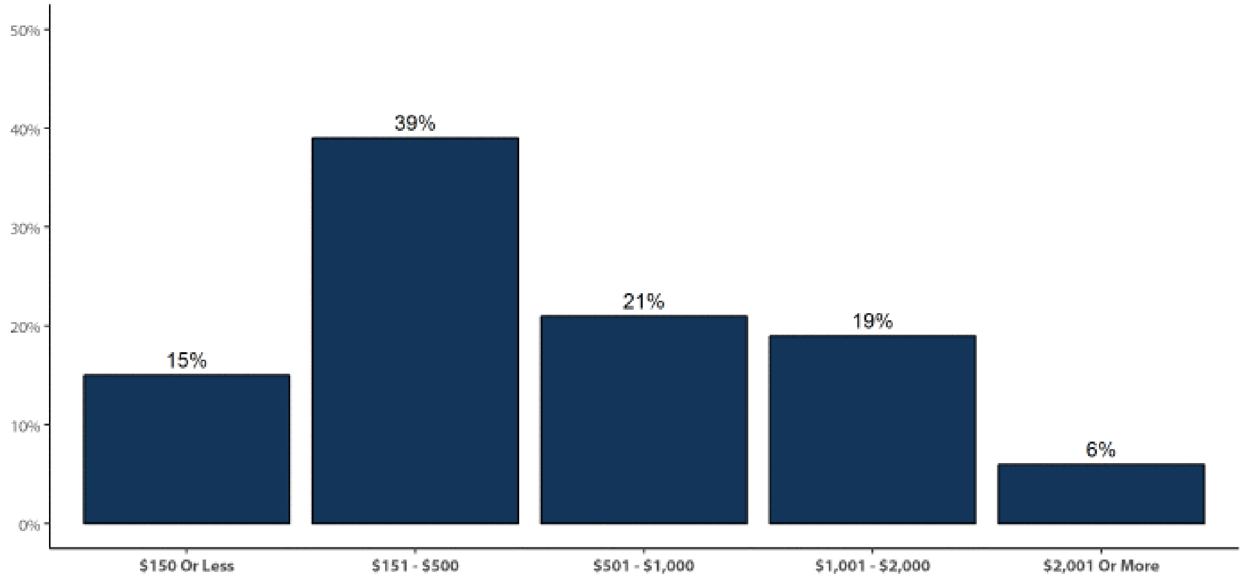
IBM Watson Health

Appendix B: Top 5 Episode Summary Groups by Allowed Amount for ETF (IBM Watson)



Appendix C: Among large firms that offer workers an incentive to participate in or complete any health promotion programs, maximum annual value of the incentive for all programs combine, 2018

Figure H
Among Large Firms That Offer Workers an Incentive to Participate in or Complete Any Health Promotion Programs, Maximum Annual Value of the Incentive for All Programs Combined, 2018



NOTE: Large firms have 200 or more workers. Includes incentives for health risk assessments, biometric screenings, and wellness programs. Firms with at least one of the listed health promotion programs were asked to report the maximum incentive an employee and his/her dependents could receive for all of the firm's health promotion programs combined. Forty-five percent of large offering firms have an incentive to complete any of their health promotion programs.
SOURCE: KFF Employer Health Benefits Survey, 2018