

Health Enhancement Program Shaves Costs, Boosts Morale at Illinois Company

By Joanie Bretag,
Ottawa Dental Laboratory

QUICK LOOK

- ⇒ The company's in-depth look at health-care costs helped cut premium and pharmaceutical costs, reduced absenteeism and helped employees get healthier.
- ⇒ Employees who undertook risk-reducing activities and interventions were rewarded with points called "Vitality Bucks" that could be redeemed for rewards.
- ⇒ The company's Vitality program encourages camaraderie; colleagues discuss their health status, awards and other health achievements daily.

For more than 70 years, Ottawa Dental Lab in Ottawa, Ill., has been a pioneer in the advancement of dental technology and a company that prides itself on offering the best benefits to its 120 employees. But four years ago, beset by rising health-care costs and a string of double-digit increases in our health insurance premiums, we were wondering how long that could continue. The costs were simply unsustainable, and an answer had to be found.

Today, the situation is dramatically different:

- Premium costs are down, actually below what they were in 2004.
- Pharmaceutical costs have been cut by one-third — from \$31,000 to \$21,000.
- Absenteeism has been reduced from 7 percent of total hours per week — the average for companies our size — to 5.5 percent.
- The portion of the workforce with above-normal blood pressure has plunged from 47 percent to 18 percent.



My life has changed for the better, too. Four years ago my health risk-adjusted “body age” — as computed by a formula including body mass index, strength, blood-oxygen level and flexibility — was seven years older than my real age. Today, it is seven years below my real age, and I’m working to get even “younger.”

Our struggle with health-care costs and the path we followed in getting to where we are today are outlined in Table 1.

As impressive as these numbers are, they tell only a small part of the story because they are not the product of cuts in coverage. For our 78 covered employees, out-of-pocket costs are virtually the same as they were six years ago. The deductible is higher, but the costs are lower because our employees got healthier; their spending went down and the premiums followed.

So the important part of the story is how this challenging feat was accomplished.

In our case, the answer was and is the Vitality incentive-based health enhancement program, which offers

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members rewards ranging from movie tickets to HDTVs and vacation trips for taking part in a wide range of health-enhancing activities and for achieving measurable improvements on clinical factors, such as blood-pressure, blood-glucose and cholesterol levels.

When we started in 2004, our employees were required to endure the sobering experience of undergoing

screenings and a health risk assessment (HRA). Many potentially serious problems were discovered during this process, including two cases of serious heart problems that the individuals did not know they had. For each employee, risk-reducing activities and interventions were suggested, each of which were rewarded with points called “Vitality Bucks” that can be redeemed for rewards.

TABLE 1: HEALTH INSURANCE COSTS, ACTUAL AND PROJECTED: 2001-2009

Period	Coverage	HRA	Annual Cost	Employee Share
7/1/01-6/30/02	GE insurance: traditional, fully insured plan — \$150 deductible	No	\$362,741	20%
7/1/02-6/30/03	GE insurance: traditional plan, partially self-funded — \$150 deductible	No	\$300,221	20%
7/1/03-6/30/04	GE insurance: traditional plan, partially self-funded — \$250 deductible	No	\$325,181	20%
7/1/04-6/30/05	Destiny health consumer-directed plan with Vitality health enhancement program — \$600 deductible	\$600	\$340,902	20%
7/1/05-6/30/06	Destiny health consumer-directed plan with Vitality health enhancement program — \$600 deductible	\$600	\$330,967	20%
7/1/06-6/30/07	Destiny health consumer-directed plan with Vitality health enhancement program — \$600 deductible	\$600	\$293,539	20%
7/1/07-6/30/08	Destiny health consumer-directed plan with Vitality health enhancement program — \$600 deductible	\$600	\$285,648	20%
7/1/08-6/30/09	Trustmark consumer-directed plan with Vitality health enhancement program — \$1,000 deductible	\$1,000	\$253,000	20%

The beneficial effect is reflected in comments by Sally Strohl, who works in our crown and bridge department: “I never went to the doctor like you’re supposed to, but with Vitality, why wouldn’t I go?” she said. “Vitality encourages you to do things you wouldn’t normally do, but that you know you should do. And the results are put into context, so I have a complete picture of my health. It also lets me do things I never thought I’d be able to do — I’m saving up my Vitality Bucks to turn them in for airline miles to take my daughters to Italy!”

Importantly, Vitality’s personalized approach creates appropriate incentives across the entire population, regardless of health status, age and physical ability. In this regard, Vitality is successfully keeping healthy members out of the health-care system and delaying the progression of disease in at-risk and sick members.

Success Requires Support

The complaint I hear about wellness programs is that the employees who need it most fail to participate. Happily, in our case, that is not an issue, partly because the Vitality program provides lots of on-site support, but even more important, because top management

got actively involved from the very start. Our president, Luke Caruso, got a personal trainer and joined a gym, with membership costs subsidized by Vitality. In one of our recent fitness challenges, his sons Luke and Jim won recognition for the most weight lost and the most improved “body age,” respectively.

The key point here is that Vitality is not a program designed or intended to be put in place and left alone.

- Fitness screenings are conducted every six months, with improvements in body age rewarded with “Bucks.”
- Flu shots are given every October and rewarded with “Bucks.”
- Clinical Vitality Checks are conducted once a year, with “Bucks” rewarded for improvements in the individual’s blood chemistry.
- CPR and first-aid training is offered, with certification rewarded with “Bucks.”
- We have two blood drives every year; donors earn “Bucks.”

On top of this, our company sponsors or encourages participation in a variety of walks, runs and other events, such as the recent “Spring in Your Step” competition that was won by an employee who averaged 22,035 steps per day! Participation is incredible. Last year we donated \$3,500 to charity,

with the money raised by charging employees and family members \$5 to take part in a three-mile walk. These challenges are staged every six months, and the results are celebrated at companywide meetings.

The Vitality program has four participation levels, and the higher a person goes, the more “Bucks” are earned. Sixty-eight percent of our Vitality members have achieved the highest level and are benefitting accordingly. To encourage friendly competition, rewards are delivered to the company for everyone to see and include HDTVs, Charbroil grills, lawnmowers, vacation packages and a wealth of other sought-after items. My husband and I recently enjoyed seven nights in a \$700/night room at a Marriott hotel in Puerto Vallarta. Our Vitality member charge was just \$60/night and included a sumptuous breakfast.

A mix of healthy competition and peer pressure is a powerful combination for our employees: “I had to make sure I got to Platinum before Debbie [Thumm, a human resources representative],” said Jim Caruso of the marketing department, who now runs six or seven 5K and 10K community fitness events every year. For her part, Thumm makes sure Caruso knows exactly when she hits every new milestone, and she started taking a Pump It Up class at the local gym, something she never would have done before Vitality.

Perhaps the most important result of our four years with Vitality is the camaraderie it has encouraged at every level. Gains in health status, awards and other achievements are common subjects of daily conversations. Barriers between management and staff, while never very high at Ottawa Dental, have been swept away.

Table 2 and Figure 1 show how our employees rank today on the body mass index scale. I have no proof,

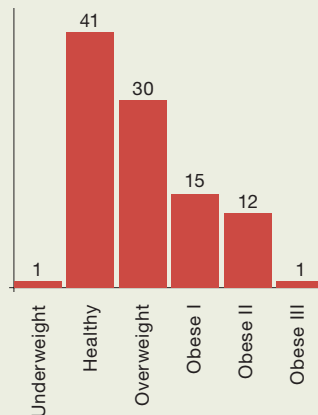
TABLE 2: BMI DISTRIBUTION

$$\text{BMI} = \frac{\text{Weight}}{\text{Height} \times \text{Height}}$$

Classification **BMI Range**

Underweight	Under 18.5
Healthy	18.5-24.9
Overweight	25-29.9
Obese I	30-34.9
Obese II	35-35.9
Obese III	40+

FIGURE 1: BMI DISTRIBUTION (% BY CATEGORY)



but I'll bet we're a healthier bunch than you'll find at most companies.

Criteria for Success

My job in selecting, overseeing and promoting the Vitality program has made me realize that to succeed in delivering measurable results, wellness programs must do more than target single issues like smoking, weight loss or exercise. Specifically, to succeed, they must be:

1. Constructed with an understanding of behavioral barriers, driving behavior through the use of rich and immediate rewards, which are far more effective than appealing to individuals, to change behavior for health reasons alone. Trinkets simply don't work.
2. Designed to stretch across the continuum of people's current states of health. In the case of healthy individuals, the emphasis may be on promoting physical activity, whereas in the case of individuals who are considered at risk, the emphasis may be on factors like regular preventive screening. Similarly, the program needs to address the health needs of different age groups.
3. Armed with components that address all major modifiable risk factors, including but not limited to lack of exercise, poor diet, smoking and obesity.
4. Equitable. Members must be equipped with sufficient knowledge and tools so as to be properly informed of what they should do. Financial barriers to health and fitness facilities should be removed or reduced. For example, by way of subsidized access to gyms and exercise clubs.
5. Objective and nondiscriminatory in its application. Members must be given equal opportunities to

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6. earn rewards regardless of their initial state of health.
6. Inspirational, fun and easy to use.
7. Integrated — where applicable and possible — into the employer's health insurance plan and disease management programs.

Importantly, the programs also must use objective, verifiable criteria enabling them to get an integrated view of the employees' choices with respect to healthy behavior. Advanced systems and infrastructure are required to provide the ability to track key measures and events using clinically sound and objective measures.

Conclusion

Wellness programs alone should not be expected to lower healthcare spending. Success requires an active and enthusiastic client partner. Ottawa Dental is exactly that. Our management is fully engaged and fully invested. On walks and runs managers are there huffing and puffing, side-by-side with their employee colleagues.

The good news is that the results generated by the program and our response to it have exceeded every imaginable hope and expectation. Our bottom line is healthier, and our employees are healthier, happier and more productive. Because word is spreading, we are even attracting higher-quality applicants.

Four years ago, this company's health-care benefits structure was at a critical turning point, and the Vitality program pushed and pulled us in the right direction. 

ABOUT THE AUTHOR

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