

2013 ERC Wellness Practices Survey

September 2013

Conducted by ERC

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Where Great Workplaces Start.

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About ERC

ERC is Northeast Ohio's largest organization dedicated to HR and workplace programs, practices, training and consulting. ERC membership provides employers access to an incredible amount of information, expertise, and cost savings that supports the attraction, retention, and development of great employees. We also host the nationally recognized NorthCoast 99 program and sponsor the ERC Health insurance program. For more information about ERC, please visit www.YourERC.com.



Introduction & Methodology

This report summarizes the results of ERC's survey of organizations in Northeast Ohio, conducted in August of 2013, on practices related to health care and wellness. The survey reports trends in:

- Health insurance premiums
- Increases to co-pays, deductibles, and employee contributions
- Eligibility for health insurance
- Health insurance cost-control
- Wellness programs
- Wellness program administration

All ERC members were invited to participate in the survey in early August via email invitation and other promotions, and participated in the survey throughout the month. The survey officially closed on September 6, 2013. In order to provide the most reliable and accurate information, data was cleaned and duplicate records were removed. Any outliers or invalid data were also eliminated, yielding a final data set of 102 participating organizations from Northeast Ohio. Qualitative data was coded where applicable or analyzed according to commonality or major themes, and all quantitative data was analyzed using statistical software to ensure data validity and reliability.

This report shows several frequencies and response distributions. Frequencies of data responses may not total 100% exactly in some cases due to rounding of decimals or the ability for participating organizations to select multiple response options. In some cases, industry and organizational size breakouts are not included due to quantity of data or insufficient sample size.

Health Insurance

Health insurance premiums

The average percent of health insurance premium that employers plan to contribute in 2014 is 76% and the average percent of health insurance premium that employees will be required to contribute is 24%. On average, employers' health insurance premiums rose 9.9% in 2013.

Figure 1 | Average percent contributions to health insurance premiums and average percent increase in premium

	Average employer contribution (%)	Average employee contribution (%)	Average % increase in premium
All Organizations	76%	24%	9.9%
Industry			
Manufacturing	79%	21%	8.9%
Non-Manufacturing	75%	25%	11.5%
Non-Profit	72%	28%	8.6%
Organizational Size			
1-50	83%	17%	11.3%
51-200	75%	25%	8.9%
201-500	71%	29%	10.5%
Over 500	70%	30%	10.4%

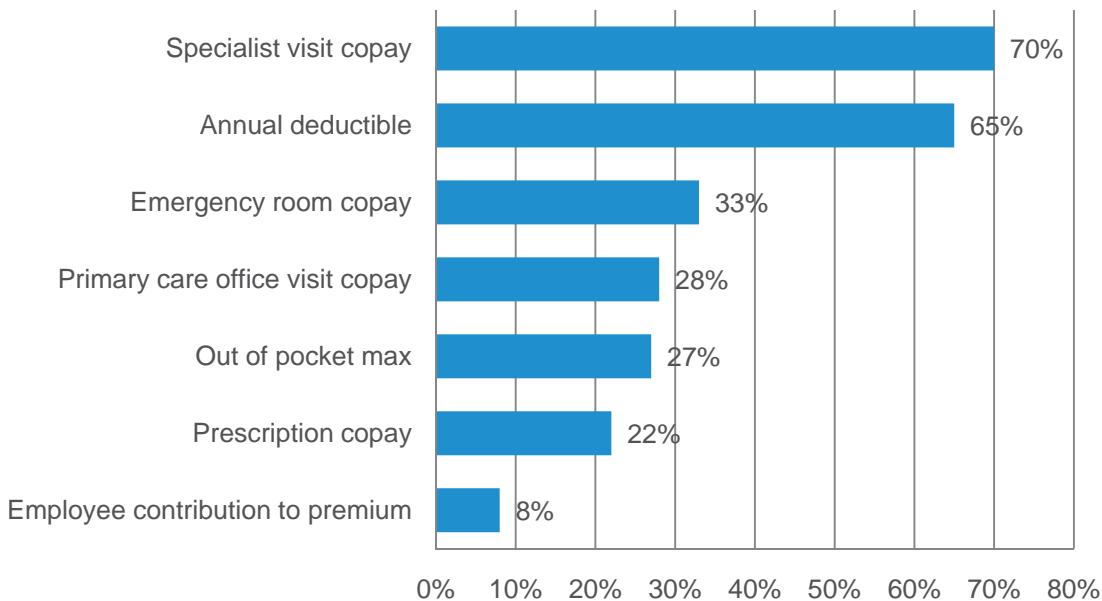
Copays, deductibles & employee contributions

Some employers increased employee contributions to the health insurance premium (25%) and annual deductibles (21%), while only a few increased prescription (10%) or primary care copays (9%) for 2014. Nearly half of employers (48%) indicate they did not increase any of the employee healthcare costs surveyed. Specialist visit copays and annual deductibles saw the largest percentage increases at 70% and 65% respectively. However, there was significant variation in average percentage increases across the various employee healthcare costs and in general the percentage increases were reported from only a small proportion of the overall sample.

Figure 2 | Percentage of employers that increased any of the following employee healthcare costs for 2014

	Primary care copay	Specialist copay	Rx copay	ER copay	Annual deductible	Employee contribution	Out of pocket max	Did not increase
All Organizations	9%	15%	10%	15%	21%	25%	11%	48%
Industry								
Manufacturing	7%	16%	5%	14%	21%	26%	12%	47%
Non-Manufacturing	8%	19%	17%	14%	22%	17%	11%	53%
Non-Profit	6%	0%	6%	12%	12%	41%	6%	47%
Organizational Size								
1-50	4%	4%	8%	4%	16%	12%	16%	68%
51-200	10%	22%	12%	18%	22%	30%	6%	38%
201-500	0%	7%	0%	13%	7%	27%	0%	60%
Over 500	14%	14%	14%	14%	43%	43%	43%	29%

Figure 3 | Average percentage increase in co-pays, deductibles, and employee contributions to premium in 2014



Eligibility for health insurance

The average number of health plans offered to employees is 2, and this was consistent across all breakout groups. Typically, employees must work an average of 33 hours per week to be eligible for health insurance, according to employers. In addition, 83% of employers require a waiting period before employees are eligible for health insurance. Waiting periods vary in length, with no clear trend among employers; however, the most commonly cited lengths of waiting periods were 90 days (19%), first of month following 60 days (17%), and 30 days (17%).

Figure 4 | Average number of hours per week required to work in order to be eligible for health insurance benefits

	Average (# hours per week)
All Organizations	33
Industry	
Manufacturing	35
Non-Manufacturing	31
Non-Profit	30
Organizational Size	
1-50	30
51-200	35
201-500	30
Over 500	28

Figure 5 | Percentage of employers that impose a waiting period before an employee is eligible to receive health insurance benefits

	Percent
All Organizations	83%
Industry	
Manufacturing	84%
Non-Manufacturing	83%
Non-Profit	75%
Organizational Size	
1-50	76%
51-200	86%
201-500	80%
Over 500	86%

Figure 6 | Percentage of employers imposing each of the following waiting periods to receive health insurance benefits

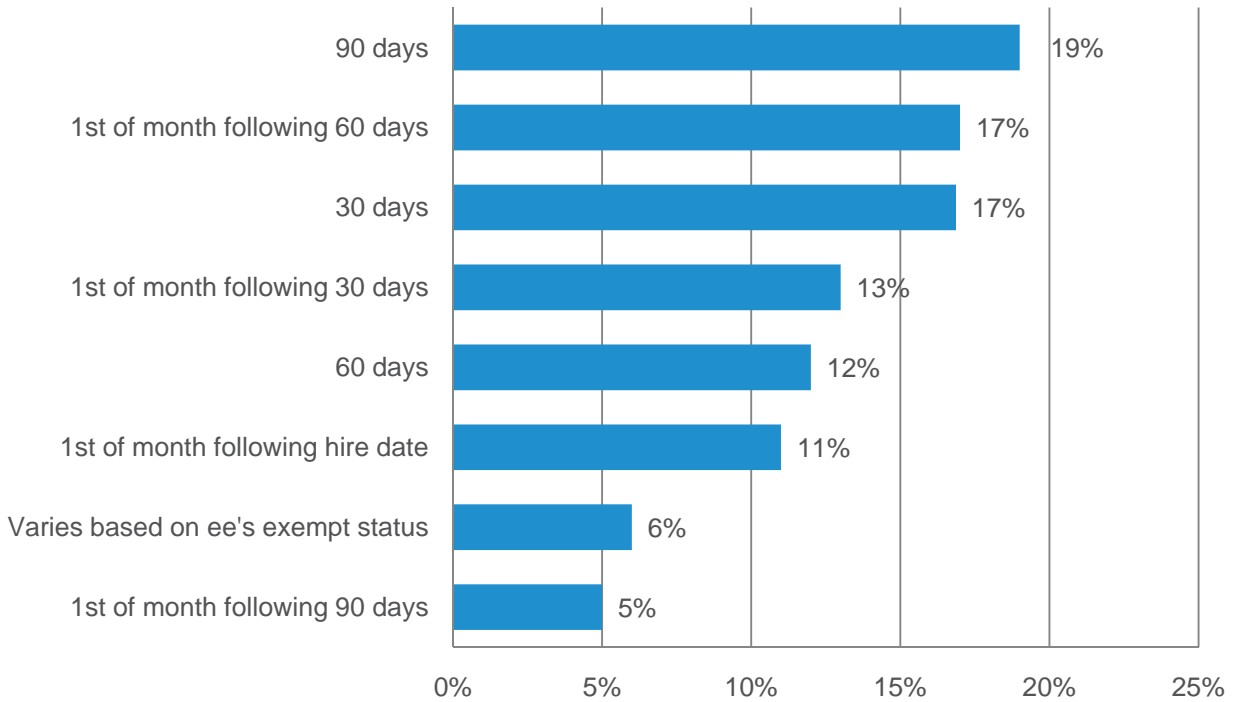


Figure 6a | Number of employers imposing certain waiting periods to receive health insurance benefits

	Count
90 days	16
1st of month following 60 days	11
30 days	14
1st of month following 30 days	14
60 days	10
1st of month following hire date	9
Varies based on ee's exempt status	5
1st of month following 90 days	4

Health insurance cost-control

A consistent percentage of the respondents, about 17-18%, do charge tobacco users more for health insurance. Very few employers allow the use of e-cigarettes inside the workplace and in fact, a strong 42% have banned their use altogether. The average dollar amount that employers spend on health insurance each year is \$1,353,780, however wide variation in costs was observed. The two most common ways employers try to manage health insurance costs are by educating employees on becoming better health-care consumers (67%) and creating wellness programs (65%).

Figure 7 | Percentage of employers that charge more for health insurance based on tobacco usage

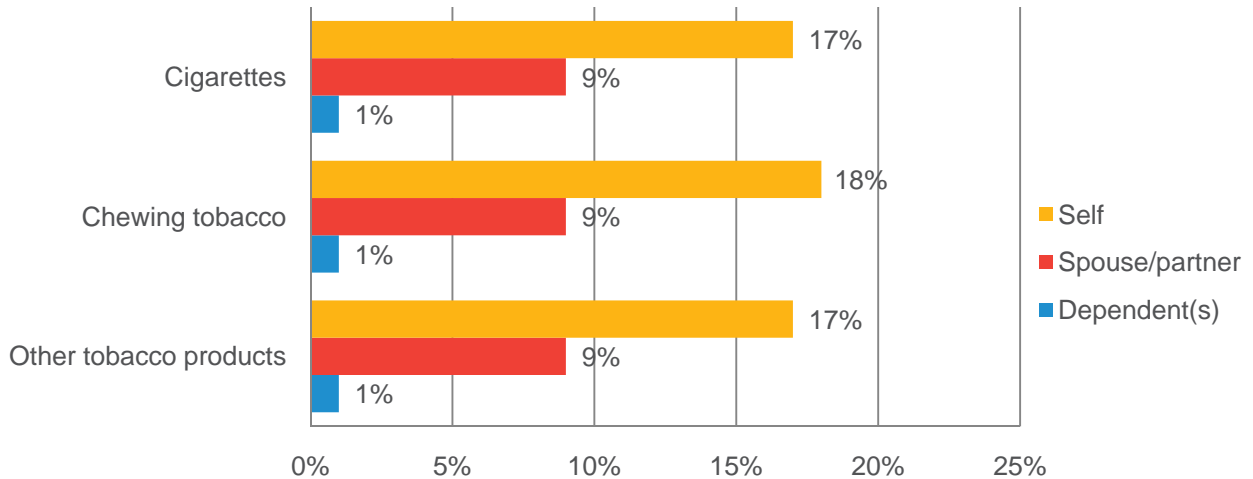
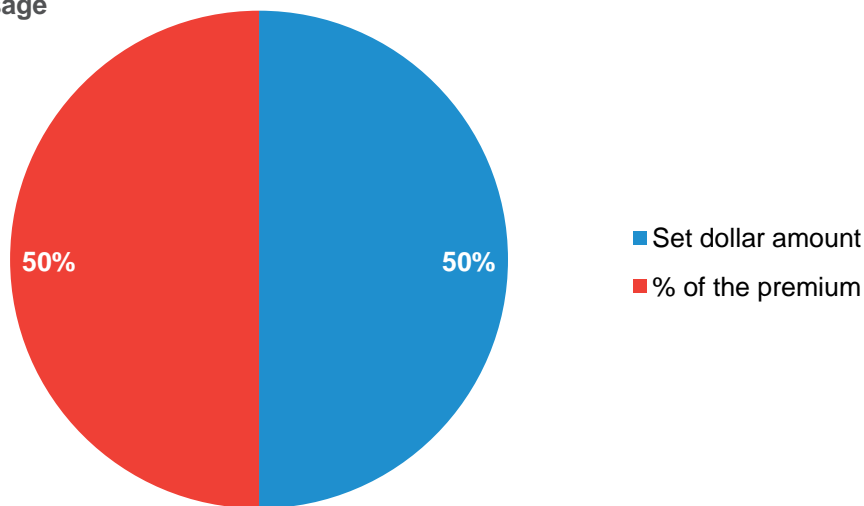


Figure 7a | Percentage of employers that use the following methods to apply the extra charge for tobacco usage



% of the premium: 3%; 5%; 5%; 9%; 18%; Before 2014, we have imposed the maximum 20% surcharge. Our understanding is that the maximum increases to 50% as of 2014, but we have not decided whether or not to enforce a higher penalty yet; In combination with participation in a wellness program can maintain the 80/20 split otherwise it is a 70/30 split.

Set dollar amount: \$10 per paycheck (\$260 a year); \$20 single or \$45 married; \$390-1300 annually; \$5/week single or \$10/week employee & spouse; \$10 per week; \$75 per month; \$50 per month; \$30 per month

Figure 8 | Percentage of employers that allow the use of electronic cigarettes in the following environments

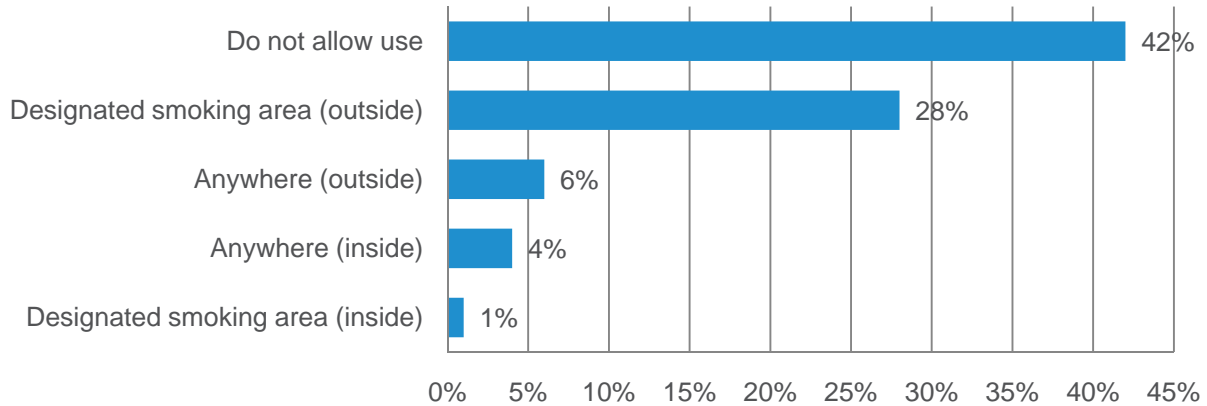


Figure 9 | Percentage of organizations that have a spousal carve-out provision

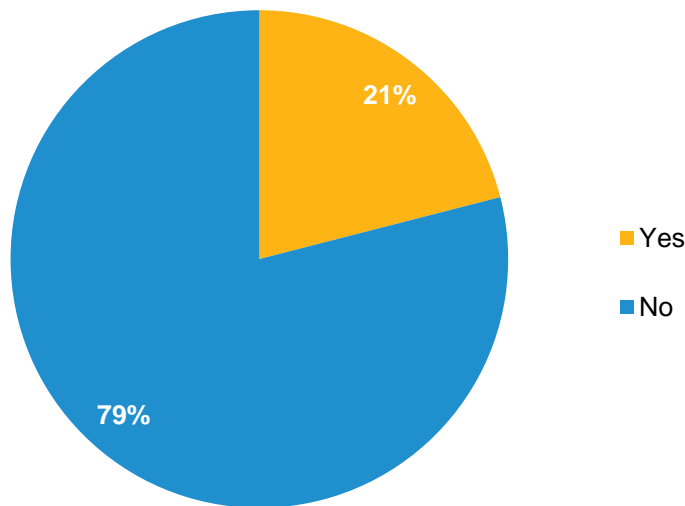
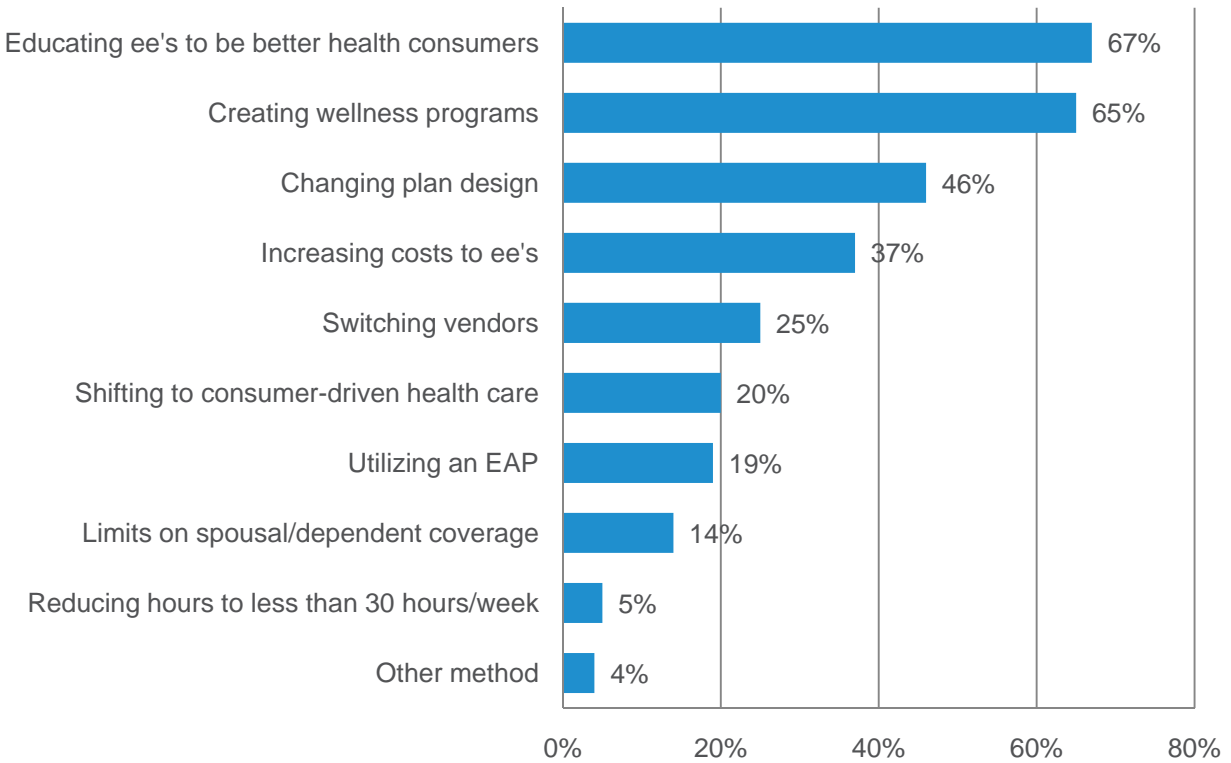


Figure 10 | Total dollar amounts spent annually by employers on health insurance

	Average	Median
All Organizations	\$1,353,780	\$500,000
Industry		
Manufacturing	\$872,645	\$600,000
Non-Manufacturing	\$580,737	\$250,000
Non-Profit	\$4,499,707	\$785,000
Organizational Size		
1-50	\$169,099	\$122,500
51-200	\$605,058	\$550,000
201-500	\$2,176,149	\$2,500,000
Over 500	\$13,875,000	\$6,000,000

Figure 11 | Percentage of employers using various methods of coping with increasing health insurance costs



Other methods used to cope with increasing costs

- Possibly becoming completely self insured next year
- We are currently in the process of negotiating our health insurance offerings for 2014. We hope to not have to change vendors, increase employee contribution percentages, etc, but are still uncertain of our entire situation at this time.
- We're waiting to see what 2015 brings before we make any changes.
- Currently company is absorbing increase
- Changed to self funded health insurance
- Limited due to collective bargaining agreement
- Tobacco surcharge

Wellness Programs & Practices

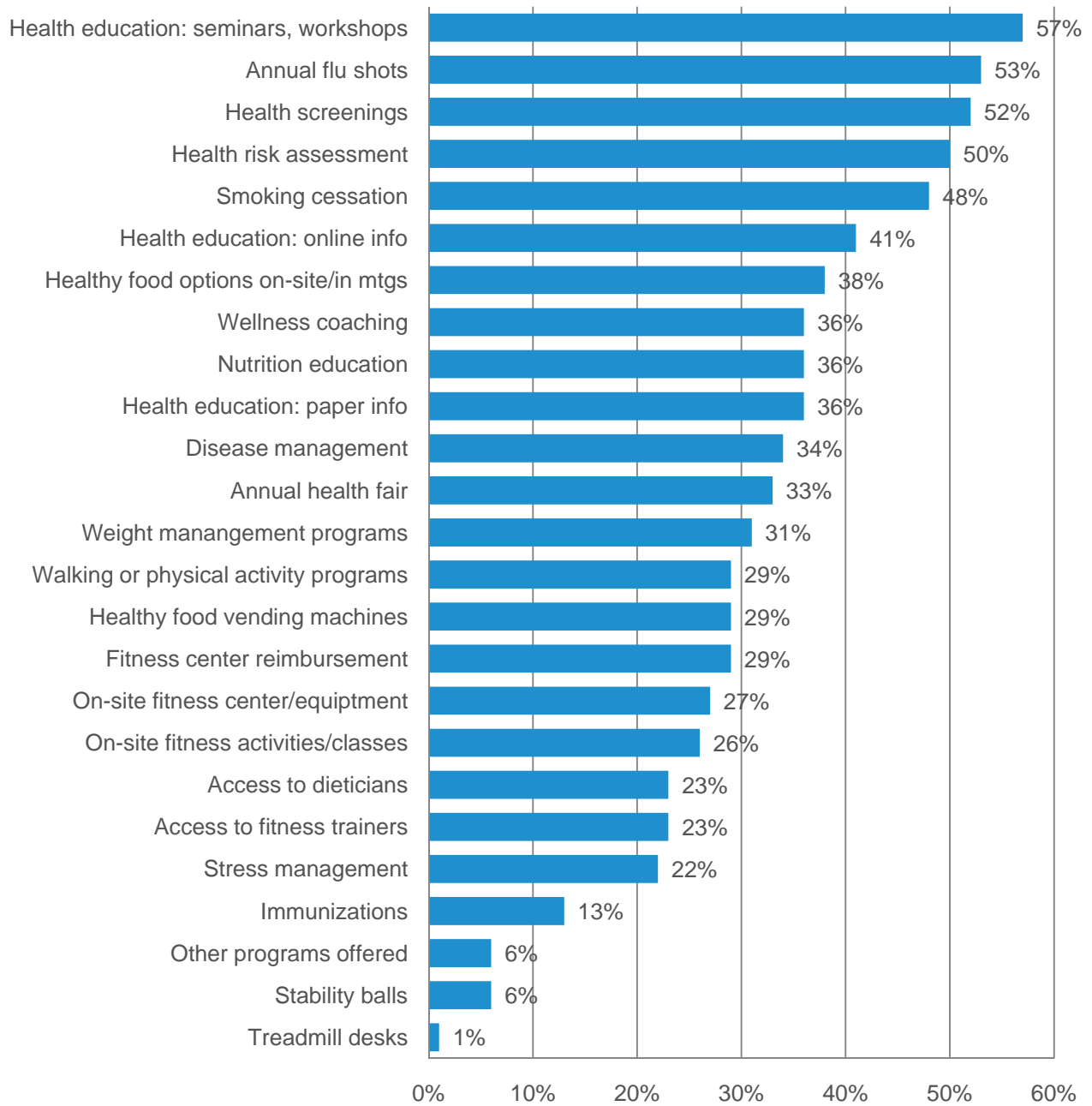
Activities

The majority of employers (62%) have a wellness program in place, with 24% planning to implement one this year. Of those employers with wellness programs in place, at least half pay for various wellness activities including general health education (57%), annual flu shots (53%), health screenings (52%), and health risk assessments (50%). Very few organizations offer to pay for items like stability balls (6%) or treadmill desks (1%).

Figure 12 | Percentage of employers with a wellness program in place

	Yes, wellness program is in place	No, but plan to implement one this year	No, and do not plan to implement one
All Organizations	62%	24%	14%
Industry			
Manufacturing	63%	30%	7%
Non-Manufacturing	58%	19%	22%
Non-Profit	71%	12%	18%
Organizational Size			
1-50	44%	24%	32%
51-200	70%	20%	10%
201-500	60%	40%	0%
Over 500	71%	14%	14%

Figure 13 | Percentage of employers with wellness programs that pay for various wellness activities



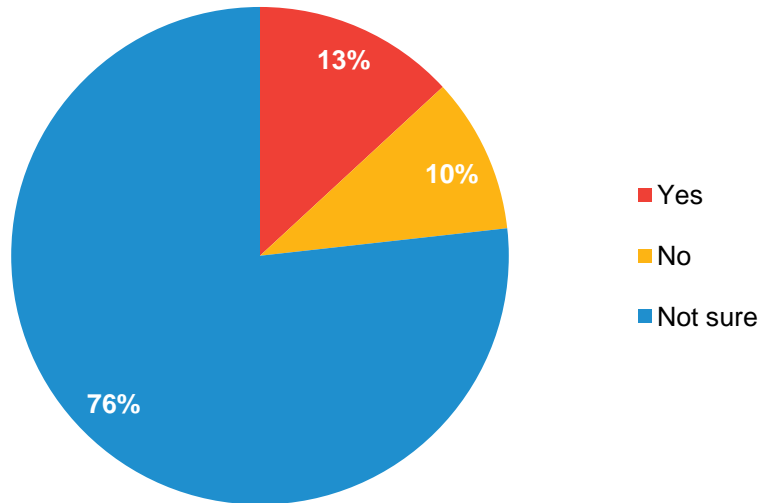
Other wellness programs paid for

- Chair massage
- Our insurance covers many of these items i.e., flu shots, immunizations, disease management, screenings. And we are a distributor/publisher of [wellness related programs] so our employees have access to stress reduction, sleep help, and smoking cessation programs via our products
- Free, healthy lunches; Chair massages; Blue Sky Green Field delivery.
- We partner with Blue Sky Green Fields to allow employees to order fresh fruits, vegetables, etc online, then have the items delivered to them at our worksite.
- Smartphone app
- Fruit / Vegetable delivery, onsite fruit in summer

Tracking & incentives

Most employers (76%) are unsure if wellness programs have reduced the health insurance costs for their organization. A similar percentage (76%) of employers also does not track the impact of their wellness programs on their health insurance costs. Detailed descriptions of the programs employers find most effective in reducing costs as well as descriptions of the incentive practices used in conjunction with these wellness programs can be found in Appendixes A and B, respectively.

Figure 14 | Percentage of employers indicating their wellness program reduced their organization’s health care costs*



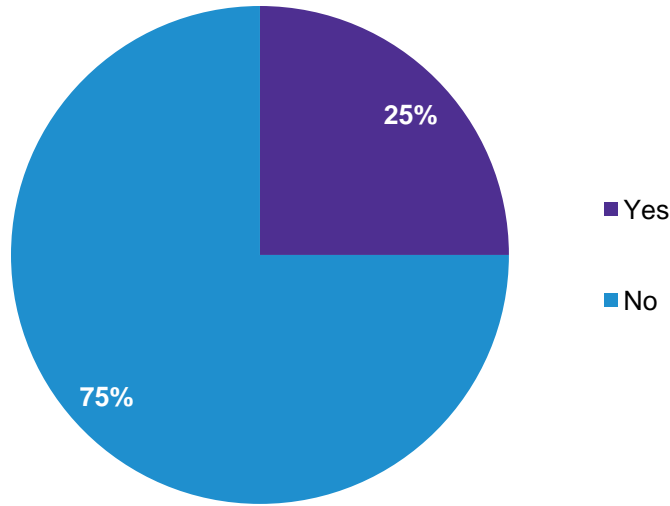
* See Appendix A for a full listing of the programs that respondents reported have been most effective in terms of reducing health care costs and creating a healthier workforce at their organizations

Figure 15 | Percentage of employers that offer incentives for wellness programs**

	Participatory	Outcomes based
All Organizations	46%	21%
Industry		
Manufacturing	49%	23%
Non-Manufacturing	42%	22%
Non-Profit	59%	18%
Organizational Size		
1-50	24%	16%
51-200	50%	22%
201-500	67%	27%
Over 500	71%	29%

** See Appendix B for a full listing of the incentives that respondents reported using at their organizations as well as the criteria for receiving them.

Figure 16 | Percentage of employers with wellness programs in place that track the impact their wellness program has on their health insurance costs



Tracking methods used:

- Anthem, ERC conducts the tracking
- Through ERC
- We track claims and view if employee and dependents are receiving physicals, flu shots and other preventative services. We also look to see if our health care costs are decreasing. Wellness programs have been light, in 2013 we implemented wellness credits for health care and we will evaluate at the beginning of 2014
- Measure preventative care utilization and total costs, risk factors, health scores
- Insurance broker helps, insurance carrier reports
- We track the number of employees/spouses that have high risk factors for serious disease. We also look at the number that are utilizing medical services or medications to help manage their condition.
- We try to correlate our wellness initiatives with our reductions in chronic conditions, long-term absences (FMLA, etc), on-the-job injuries, and tobacco users. Our health insurance carrier assures us that these improvements are factored into our annual rates, and our past two renewals have been two-year agreements that have been below national averages in terms of percentage increases.
- By the % reduction in the increase they want to hit us with.
- Health Care Strategies - contracted
- BMI indicators for the group
- Just started; will be combined tracking from ERC and us.
- Annual ROI report, but exact cost savings almost impossible to determine.
- Reports provided by ERC
- We have recently drafted a dashboard that we will be using going forward to determine the impact our programs are having on our claims data/health insurance costs. Utilizing a variety of data resources to measure change over time.
- Annual rate increases

Administration & development

Employers report that internal staff (56%) and insurance brokers (41%) are typically used to develop wellness programs. The average percentage of wellness activities facilitated by in-house staff is 58%, by online methods is 26%, and by external carriers/vendors is 55%.

In terms of resources employers need to create a successful program, organizations commonly report needing better education and motivation of employees to participate, quality vendors, a dedicated committee or individual to drive the program and develop new creative ideas, management buy-in, more resources (e.g. larger budget and time), as well as a workplace oriented to the value of a strong wellness culture.

Figure 17 | Average percentage of wellness activities facilitated by the following methods

	Internal staff	Online	External carriers/vendors
All Organizations	58%	26%	55%
Industry			
Manufacturing	62%	14%	70%
Non-Manufacturing	53%	26%	53%
Non-Profit	58%	36%	30%
Organizational Size			
1-50	37%	45%	70%
51-200	63%	25%	55%
201-500	63%	23%	53%
Over 500	53%	15%	38%

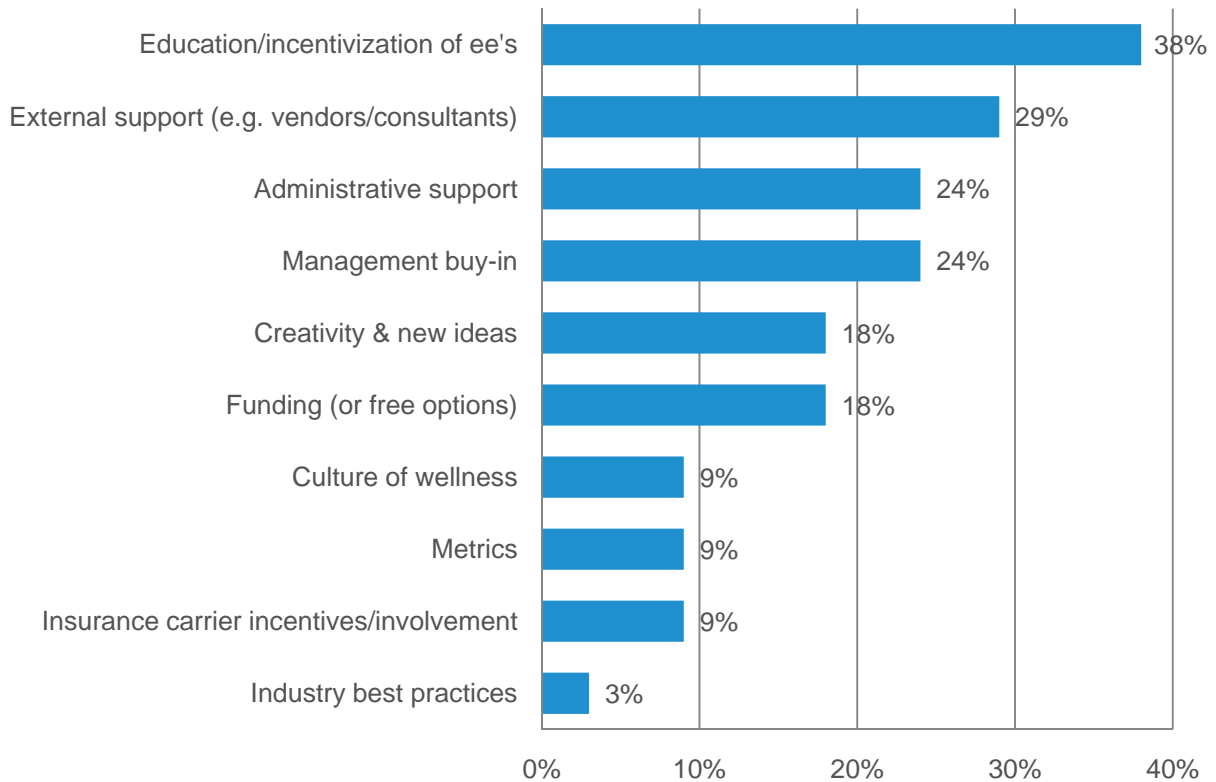
The most common vendors cited by employers include:

- Blue Sky Green Fields
- Ease@Work
- ERC Health
- Healthy Lifestyles
- Insurance plans (United Healthcare, Medical Mutual, etc.)
- Summacare
- Wellness Coaches USA

Figure 18 | Percentage of employers that use the following resources to develop wellness programs

	Internal staff	Insurance broker	Wellness consultant	Wellness vendors	Other
All Organizations	56%	41%	27%	15%	3%
Industry					
Manufacturing	58%	40%	23%	12%	5%
Non-Manufacturing	44%	42%	31%	8%	3%
Non-Profit	76%	53%	35%	35%	0%
Organizational Size					
1-50	40%	24%	8%	20%	0%
51-200	58%	50%	32%	10%	4%
201-500	73%	47%	33%	13%	7%
Over 500	71%	43%	57%	29%	0%

Figure 19 | Percentage of employers reporting a need for the following resources for a successful wellness program



Respondent Demographics

Below is a breakdown of the industries and sizes that respondents represent.

	Percent
Industry	
Manufacturing	51%
Non-Manufacturing	36%
Non-Profit	13%
Organizational Size	
1-50	27%
51-200	55%
201-500	13%
Over 500	5%

Appendix A

Wellness programs most effective at reducing health care costs & creating a healthier workforce

- Personal care physicians, Biggest Loser, Walking, Smoking Cessation
- Health Screenings
- Weight loss challenge
- Health coach; newsletter
- Lunch and learns; support for fitness activities such as charity run/walk events; in house fitness classes; healthy food at meetings
- Healthy vending machine and onsite workouts
- Our total wellness program
- Just getting people to use medicines and change diet habits
- MoveItLoselt LiveHealthy - had in place for 2 years
- Fitness challenges
- Walking programs
- On-site flu shots and on-site mammograms
- Encouraging smoking cessation.
- After 3 years of wellness screenings and coaching, it is very difficult to place a dollar amount on the reduction in health care costs. However, we can certainly point to successes where participants have made significant life style changes due to an awareness of the risks.
- Overall emphasis on making better choices more often in terms of diet, exercise, and lifestyle habits. Also, we have seen good results from employee-generated Biggest Loser programs and from employees motivating co-workers to participate together in physical fitness events.
- Education on being wise consumers: utilizing generic Rx and lower cost network lab services.
- Assistance from ERC
- All of the physical activity helps employees reduce stress and be happier. Running, Walking, Yoga, Boot Camp, Bicycling at lunch and before work
- Education, health screens
- Health fair and assessment.
- No specific program, but the overall awareness that has helped the most. Possibly the preventive care campaign has done the best at forcing employees to take a look at themselves.
- The IWS program worked well in educating on the importance of preventive care. The more employees participate in annual screenings the better chance of preventing catastrophic claims.
- Annual health fair with testing
- Creating an incentive for getting an annual physical (\$100 per participant)
- Outcome based
- Smoking cessation and fitness center discounts
- Weight management, smoking cessation
- Health fair
- Biggest Loser Challenge, access to Fitness Centers
- ERC - Renewal Credit Program (Preventive Care Sign off requirements).
- Getting employees physically active
- On-site Wellness Coach; healthy foods at meetings; walking program; health information by paper & e-mail

Appendix B

Incentives related to wellness programs and criteria to receive them

- Certain opportunities are tracked and if an employee participates, then would receive a discount on contributions. Completing the smoking cessation program will also earn contributions discount.
- Discount for receiving an annual physical by their doctor. Discount as a non-tobacco user or completing a tobacco cessation program.
- Highest weight lost.
- Participants in our quarterly wellness challenges receive points toward the Wellness Plan which awards American Express gift cards to all participants who earn a minimum number of points. Winners of the wellness challenges receive additional points towards their Wellness Plan.
- T-shirts for participating in events
- Monthly Wellness Credits- Employee Physical - \$20, Employee Non-Tobacco User - \$15, Employee Blood Pressure less than 130/85 - \$15, Employee registration into Teladoc - \$5, and All Dependents Physicals- \$15.
- \$100 for completing HRA and biometrics, \$800 for achieving a predetermined number of points for participating in educational programs
- Percentage off premiums
- Gift card after biometric screening and another one after consultation with wellness coach.
- Gift cards and prizes
- Small incentives are distributed for participation in activity, challenges. In house gift drawings - gift cards, etc. Participation is key.
- Ability to earn PTO through a walking challenge; physical assessments are completed early and end of the year, depending on positive changes, employees receive prizes including personal trainer, personal nutrition review, bod-pod session, or massage.
- Use of wellness coach and health day are required for reduced healthcare premiums. 7% difference between the two rates.
- We offer a chance for nice prizes (iPad) for completing a 12-week fitness challenge. Those who completed the challenge, were put in a drawing for a chance to win a prize.
- Awards for meeting goals, reimbursement for programs enrolled in
- Our wellness program is administered through a third party. As employees participate in the program, they earn points in fitness, healthy living, prevention, and education categories. Those points can then be redeemed for prizes in an online mall.
- We offer monthly premium reduction for health insurance for completing 3 incentives
- Cash incentive for participation in specific events
- A weight loss contest, company pays money for weight lost
- Premium holiday- for 1 pay in Nov their portion of the health premium will be reduced by \$54
- Gift cards are given for participation
- Incentives in the form of wellness credits for outcomes based measures. Employees can receive up to a 20% reduction in their contribution level.
- Credits are awarded for participation in a variety of activities through the year, 1 point for attending a Lunch-n-Learn seminar, 3 points for running a 10K, etc. All employees reaching 36 total credits receive a \$200 cash payout. The program emphasizes participation and does not require specific results to be achieved.

- Very informal at this point. Mostly raffles for participants. Refund of fees for those who meet outcomes. Nothing formalized.
- We gave gift certificates out last year if participated in a behavior change program
- If people complete their preventative care requirements, they get a 10% discount on their health insurance premiums. Another example is: we've done wellness programs around the holidays that only offer incentives if you maintain your weight or don't gain too much.
- Discounted premiums
- Contest with cash and prizes and premium additions for certain behaviors (coaching, non smoking, preventive care)
- Monetary rewards at the end of the year based on a point system.
- ERC Health requires a minimum of 50% participation in preventive care/screenings for participation in their program. Our goal is 75% participation and next year's contributions will be linked in some degree to that participation.
- Participation reduces employee premium
- 3 of 5 biometrics
- The company is providing an additional 10% toward insurance premiums if they participate in the preventive care campaign.
- The more an employee participates in the wellness program, the more points they earn. The more points an employee has the lower the cost of their medical premium contribution.
- Cash incentives - annual preventive care doctor visit, completing fitness and nutrition coaching, walk/run activities
- Preventive care and favorable biometrics, non smoker
- BMI < 30, Blood Pressure < 140/90, Glucose within recommended limit, Cholesterol < 240
- Individuals that complete a health assessment and biometric screening receive a \$600 discount on their individual health care contribution for the following plan year.
- For participating in a wellness screening and completing a HRA, the employee receives a discount on their medical premium. If they do well in our wellness challenges, they can earn prizes.
- Preventative care - up to date, tobacco free
- Participate in HRA - \$50 gift card, participate in screenings - \$50 gift card, participate and complete telephonic coaching - \$100, participate in Disease Management - \$100
- Drawings if participate
- Premium credits for participation in incentives. 5% credit for participant completing Preventive Care Sign off. 5% credit for covered spouse completing Preventive Care Sign off.
- If you meet physical activity goals, employees are eligible for Wellness Days (days off) & financial perks.
- Anyone participating in Preventive Care Exams have the opportunity to win gift cards.

Participating Organizations

Thank you to the following organizations for their participation!

Accel Group, Inc.
Alcon Tool Company
Allen Aircraft Products, Inc.
Aluminum Line Products
Alzheimer's Association - Cleveland Chapter
American Spring Wire Corp.
Anchor Manufacturing Group Inc.
Bainbridge Township
Bay Corporation
Berson Sokol Agency
blind and sons
Boiler Specialists, Inc.
Briteskies
C&K Industrial Servcies
Chapman & Chapman, Inc.
Chemical Associates
Child Guidance & Family Solutions
Cleveland Foodbank
Cleveland Metroparks
Cleveland Steel Container
Cornwell Quality Tools Company
Cuyahoga Arts & Culture
DRB Systems, Inc.
Empaco Equipment Corporation
Enerco Group Inc
Equity Trust
Excelas LLC
Fallsway Equipment
FedEx Custom Critical
Firefighters Community Credit Union
GLT Companies
Goodwill Industries of Lorain County, Inc.
Great Lakes Brewing Company
Group Transportation Services
Hattie Larlham
Hawken School
Health Journeys
Hinkley Lighting
HzW Environmental Consultants
Intrerstate-McBee
Kappus Company
Kerr Lakeside Inc.
Kinetico Incorporated
Koinonia Homes
Kurtz Bros., Inc.
Laurel School
Logos Energy Inc
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Meister Media Worldwide
MesoCoat
Miles Farmers Market
Motorcars Toyota
Multi-Wing America
National Machine Group
National Safety Apparel, Inc.
Neundorfer, Inc.
Neuros Medical, Inc.
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The Holden Arboretum
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The MetroHealth System
The Robbins Company
TMG Performance Products
Transformer Engineering
Trelleborg Sealing Profiles
Tylok International, Inc.
United Initiators
United Labor Agency
Weltman, Weinberg & Reis
WHEELER MFG
Whirlaway Corporation
Willoughby Supply
Zion Industries, Inc.

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