



August 2010

## Welcome!

Banyan Consulting LLC is pleased to present our monthly newsletter. We hope the articles in this and future editions will provide insight into an array of employee benefits topics.

We appreciate your feedback! If you have a topic for future discussion, please let us know.

## Motivating Employees to Complete Health Risk Assessments

The use of health risk assessments has become an important tool in helping workers understand how to live a healthier life. Unfortunately, it has also become a pain for companies to get their employees to complete health risk assessment questionnaires, let alone they use the information they learn to make healthier changes in their lifestyle.

Mercer, a human resource consultancy, surveyed over 2,900 companies and found that 73% of employers in 2009 asked their workers to complete health risk assessments, up from 53% only three years earlier. This rise could be attributed to use of incentives by almost a quarter of employers, given to workers who fill out and return their assessment.

Cash was the most popular incentive offered, used by 45% of businesses polled, with 32% of companies offering reduced premium costs on employee benefits packages. A smaller percentage of companies made contributions to their employees' health care savings accounts or similar flexible spending accounts. In all, the incentives averaged a value of around \$150.

Smaller rewards, like coffee mugs and lower health care deductibles were also very common in the Mercer survey. About 4% of employers forced health care plan participants to complete a health risk assessment in order to receive benefits, but that can create a whole other set of problems.

## **Incentives that Motivate**

Money talks, and in the case of health assessments, money gets employees to talk. By simply offering gift cards to employees who complete different steps of the assessment process, one international corporation was able to raise their participation level from 10% up to 38%, costing the company only \$25 per employee incentive.

To ensure that employees continue to push for healthier lifestyles after the assessment process, some employers offer incentives to workers who participate in health-conscious activities, like a walking club or eliminating soda from their diet. Gift cards and other prizes are handed out to those who participate in multiple programs.

Reducing health care premium costs has shown to be a very effective method of motivating employees to complete assessment questionnaires. A lump-sum annual reduction of \$250 was able to get half of the employees of one international company to complete their assessment process, and monthly reductions of \$50 was enough motivation to get 93% of another international company's employees to participate.

The researchers at Mercer agree that it is next to impossible to achieve total participation in employee health risk assessments, due to skepticism or other fears, but companies should shoot for about 60% participation. At this level, significant and reliable statistics can be generated.

## **Non-Financial Motivators**

Not every employer can afford the incentives mentioned above, but other methods can be used to motivate employees. Interoffice and departmental competitions can increase teamwork and peer pressure to complete the health assessments, even if the reward is small. Employers must understand what types of things their staff values before offering an incentive, whether it is sporting event tickets or contributions to a local charity.

The most important non-financial motivator is how the company presents the health risk assessment process to their employees. Workers who understand why the assessment exists and how it can help improve their health and reduce their benefits costs are more likely to fill it out.

Health risk assessments must be presented in a way that makes it sound simple, beneficial, and quick to complete. They should be offered online and in paper form, and they do not need to have "risk" or "assessment" in their name, since these terms might sound like a turnoff to some employees. Think of a more inviting title, such as "health questionnaire".

## **The Next Step**

Completing the assessment is only the beginning of the process to create a healthier workforce, reducing health care costs along the way. Once the results come in, employers need to formulate a plan to encourage healthy living habits among their staff in order to catalyze real changes.

# When Management and Employees Work Together, Benefits Costs Go Down

A commonality in many workplaces is the rift between the employees and management when it comes to health care benefits. Employees usually accuse the company of being too frugal, and management is unable to find a compromise that makes everyone happy. In the end, employees of the company are left feeling like their hands are tied.

Luckily, a recent session at the Society for Human Resource Management's (SHRM) 2010 Annual Conference explained how one company, with less than 150 employees, saved around \$2 million by simply creating a partnership between the employees and management staff. Together, the company was able cut the soaring costs of medical coverage while still providing excellent benefits to employees and their families.

SHRM recommends an ongoing four-stage method to help control health care costs. Through evaluation, education, communication, and motivation, management and employees can work together to keep the costs of health care down.

## **Evaluation**

Health insurance claims are processed by the provider or a third-party administrator, and in most cases, employers do not see the complete picture of how the benefits are being used. By requesting summative claims data, employers are able to see how money is being spent and who it's going to.

An evaluation of claims data can reveal unnecessary expenses, like miscoded treatments, erroneous charges, and misuse of the system. Employers will also notice ways to cut costs without reducing the benefits, such as when employees are prescribed medicines that are either available over-the-counter or in the formulary. The data will provide insight into the amount of out-of-network care that is being used.

A thorough evaluation gives employers the information needed to better educate their employees on how to efficiently use their health benefits and eliminate unnecessary spending at the same time.

## **Education**

Just as people tend to breeze through owner's manuals and other instructions, the Explanation of Benefits statements from the insurance provider usually gets the same treatment. Without a total understanding of how costs are determined and why rates go up, many employees operate under the guise that "if it's covered, then just tack it on my bill".

Meeting with small groups of employees is a great way to educate the staff on how the prices of their insurance premiums are directly related to how the employees, as a staff, use the insurance. Higher annual costs equal increased premiums for the following year and lower annual costs result in cheaper rates.

Give cost efficient suggestions to the staff, letting them know how they can help reduce the amount they spend each year. Recommend using only in-network physicians and clinics, and explain how doctors can provide samples of medication before writing expensive prescriptions for drugs that may not work. Since health care plans often cover the families' of employees, make sure to host educational sessions where spouses can attend, as well.

### **Communication**

Communicating the positives of cost effective health care coverage should begin at new employee orientation and continue throughout employment. Dedicating a wall or bulletin board to display current usage data and dollar figures is a key component to keeping employees up to speed on the state of their insurance programs. By making this general data known, employees are able to hold themselves accountable and see how the improvements they have made are affecting the system.

### **Motivation**

With a little motivation from management, employees can see that their bosses are serious about reducing the amount they have to pay for insurance. Rewarding the employees when quarterly costs go down with picnics or even a one-month reprieve of premium charges can motivate the staff to continue to work towards more efficient health care usage.

## **Banyan Helps with the Fight Against MS**

Altoona, PA/State College, PA

Several months ago, the folks at Banyan found out that one of their own was diagnosed with Multiple Sclerosis and they decided to fight. On July 24th, seven Banyan Family members took on the challenge of the MS 150 Keystone Country Ride to help raise money to fight this potentially debilitating disease. The 150 mile ride from Altoona to State College PA (and back) raised an estimated \$400,000 for research and support of families with MS. Team Banyan was proud to be part of this effort.

The Banyan Team survived 104 degree road temperatures on Saturday – rain and tornado warnings on Sunday - to ride triumphantly back to Altoona no worse for the wear.

The Team Banyan riders were: Ali and Kristian “Tandem” Carney; Larry “Downhill” Cooney; Bill “Ironman” Hartz; Brian “Snackman” Orsinger, and Lisa “Where’s the Path” Rand. Joining the hundreds of

support people manning the rest stops along the way and making the whole event possible was Sharyn "Church Lady" McCormick.

Watch for an expanded Team Banyan as they ride 100 miles to support the fight against blood cancers in the Sea Gull Century Ride on October 9th on the Chesapeake's Eastern Shore. Please contact Emily Burk at [eburk@banyan-llc.com](mailto:eburk@banyan-llc.com) if you would like to join the Banyan Team for the ride or in spirit by making a donation to Team In Training's Leukemia & Lymphoma Society.