

Minutes of Meeting
Wellness Plan Costs
August 16, 2013
9:00 a.m.

The Kootenai County Board of Commissioners: Chairman Todd Tondee, Commissioner Dan Green and Commissioner Jai Nelson met to discuss the following agenda items. Also present were LMM Leadership Group President Wade Larson and Wellness Consultant and Coach Lynne Kinson, Clerk Clifford Hayes, Chief Deputy Clerk Pat Raffee, Benefits Specialist Christina Anderson, Human Resources Specialist Kimberley Buffin, and Deputy Clerk Nancy Jones.

A. Call to Order: Chairman Tondee called the meeting to order at 9:02 a.m.

B. Introductions: There were no introductions made.

C. Changes to the Agenda: There were no changes made to the agenda.

D. New Business:

Dr. Wade Larson, President of LMM Leadership Group, gave a PowerPoint presentation that detailed his company's proposal for an Employee Wellness Program. Dr. Larson gave an overview that explained the goals and benefits of a structured wellness program, the cost impact to the County, suggestions for an implementation strategy, and a timeline for plan development. The proposal included considerations for employee incentives and education. Further, it would include follow up procedures to identify problem areas and provide ongoing result analysis, in order to measure the success of the plan. Dr. Larson stressed the importance of having a wellness plan that is designed to meet the individual needs of the organization, with varied options for employee participation. In addition, Dr. Larson stated that an engaging wellness program can show a proven rate of return, citing a Centers for Disease Control (CDC) report reflecting average medical cost reductions of \$3.27 for every dollar invested in wellness. Overall, the stated program goal would be to reduce health care costs, without encumbering internal staff with wellness plan administration tasks. Initial set up costs would total \$2,500, which would be waived if the County opted for a multi-year contract (with a three year maximum commitment). Monthly program costs would total approximately \$2,550 (\$3.75 per employee, based on a health insurance enrollment estimate of 680 employees). Any supplementary incentive programs would incur additional costs, which could potentially be subsidized with funds that are generated through the employee contribution differential. The differential requires higher insurance contribution rates for any insured employee (or their spouse) that do not elect to participate in the wellness program. Each adult enrolled in the County insurance plan who does not enroll in the wellness plan will pay an additional \$38.50 health care contribution (each month) in FY14.

Clerk Cliff Hayes asked Dr. Larson whether he had previously worked with entities using a premium differential model to encourage participation and wellness, and Dr. Larson stated that he could provide a list to Mr. Hayes with that information. Further, Mr. Hayes asked about the effectiveness of the previous County wellness program, Healthy Measures, including whether that program had shown a significant return on investment, and what was done to evaluate the effectiveness of that program. Chairman Tondee responded that the lack of follow up measurements by Blue Cross was a primary reason that a new wellness program was being considered. Commissioner Green felt that the question was not applicable to Kootenai County, due to the self-funded nature of the health insurance program, which has a budgeted funding amount in lieu of premiums that are set by a third party insurance provider. Mr. Hayes expressed frustration that the rules of the previous program did not allow him, as a

smoker, to participate, as well as dissatisfaction with program guidelines that were not clearly defined. Dr. Larson explained that HIPAA regulations do allow for a premium differential, provided that individual health options are provided within the plan guidelines (e.g. participation in a smoking cessation course in lieu of quitting smoking). Mr. Hayes voiced concern for the 200 – 300 non-participating employees who will see doubled insurance premiums next year, as a result of the new differential policy. Further, Mr. Hayes noted that the change would result in increased contributions for some employees who do not generate insurance claims, while wellness participants may yield significant claims while enjoying lower premiums. Dr. Larson responded that, while that argument had merit, HIPAA laws preclude differentials from being applied on a group plan, based on individual insurance usage (i.e. the number of claims submitted). Mr. Hayes asked if a similar program at North Idaho College allowed for employees to be paid wages for their participation in the wellness program, and Dr. Larson clarified that employees received financial incentives, and that they received regular wages for event participation done during the business day. Mr. Hayes expressed appreciation for the opportunity to ask questions and share his concerns.

Commissioner Green felt that implementation of a wellness program was necessary to provide the best benefits possible while trying to reduce costs to save taxpayer money, and that all employees have an equal opportunity to participate. Chief Deputy Clerk Pat Raffee stated that she was concerned with the County's philosophy on incentivizing employees. Ms. Raffee referenced recent studies, which have indicated that County employees receive insufficient pay for their assigned work duties, while this program would encourage compensation for non-work related activities. Likewise, Ms. Raffee mentioned the decision to disallow bonuses for exemplary job performance. Commissioner Green and Commissioner Nelson countered that the Board had put new controls in place to direct the funding source for bonuses, not to disallow the practice. Commissioner Nelson stated that she is in support of awarding bonuses, and that the issue will be discussed by the Board. Commissioner Green felt that controlling medical costs was an important step in fiscal responsibility. Ms. Raffee felt that current productivity challenges and pay issues are not being sufficiently addressed, while effort is being given to develop a wellness plan that will reduce the net pay of some employees and potentially reward alternative activities during work hours. Dr. Larson noted that an individualized plan could be structured to have minimal effect on productivity. Further, Dr. Larson gave specific examples of the significant cost savings that North Idaho College encountered as a result of similar wellness plan implementation. Chairman Tondee felt that, while the primary goal of the wellness program would be to effect financial savings, additional benefits would result, including creating a healthier workplace and increasing employee morale. The Board considered the technical requirements of moving forward with the plan, including timeline considerations and possible contract specifications. Chairman Tondee stated that Legal would determine if the contract would be considered a professional service, thereby existing outside of the Request for Proposal (RFP) requirements.

- E. **Staff Reports:** There were no staff reports.
- F. **Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. There was no public comment.

The meeting was adjourned at 10:13 a.m.

Respectfully submitted,

CLIFFORD T. HAYES, CLERK

BY: _____
Nancy A. Jones, Deputy Clerk