

Why brokers need to get smart about wellness

By Dave Hall

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Brokers and consultants serving the mid-size market may understand the basic concept of wellness, but that's no longer good enough. In today's highly competitive environment, brokers must differentiate themselves. One way to do that is by becoming savvier about employers' changing vision of wellness programs, innovative ways to assess return on investment and new incentive strategies.

A key reason to focus on mid-sized employers is because that many of them are increasingly considering switching from fully insured plans to self-insurance. In the past, the tipping point for making such a move was roughly 1,500 covered lives. Now, we see groups with as few as 300 lives exploring this option.

The shift to self-funding, in turn, is driving huge interest in wellness. Self-insured employers recognize, of course, that every dollar saved on claims is another dollar in their pockets. Despite continued corporate belt-tightening, more than one-third of mid-sized firms surveyed recently by Optum through Optum's sixth annual Wellness in the Workplace Study expect their wellness program spending to increase over the next three years.

Employers frequently tell us that "just about anybody can shop our plan and negotiate our renewals." Instead, what they really value is a broker with creative strategies for improving the health of their workforce, increasing productivity and lowering costs.

A broker whose perception of wellness is limited to seasonal flu shots and employee assistance policies is at a competitive disadvantage compared to a broker who understands the power of connecting health risk assessment and biometric data with claims data. For example, high stress levels, poor diet, lack of sleep and inadequate work-life balance may be a harbinger of increased claims down the road.

A ticking time bomb

The workforce of a self-insured financial services company — average age mid-20s — illustrates this point. With such a young population and few medical claims currently, the senior executives seemed quite satisfied. But its wellness program data revealed employees' unhealthy habits — excessive smoking and alcohol

consumption, sedentary lifestyles, high stress, poor sleep habits and improper diets — which could eventually lead to chronic conditions and increased absenteeism. Additionally, and perhaps most alarming, most employees do not get preventive care checkups with a doctor. By recommending the implementation of smoking cessation, fitness, stress reduction and other wellness initiatives, the firm's broker can help it get ahead of the ticking time bomb of costly, future medical claims, while cementing her role as a valued strategic consultant.

Savvy brokers also know that sophisticated wellness programs encompass a holistic view of workforce health by looking, not only at claims costs, but also other factors as well, such as productivity, absenteeism and employee happiness. Indeed, Optum survey research found that most employers assess several measures, in addition to medical cost savings, when calculating return on investment. These include:

- Reducing disability claims
- Enhancing job satisfaction
- Decreasing presenteeism
- Attracting talented employees
- Improving profitability

Brokers should also be aware of new trends in incentive design. Until fairly recently, mid-sized employers offered few, if any, incentives for participation in wellness programs. Today, viewing wellness programs as part of a broader strategy to promote workplace health and productivity, these firms are introducing significant cash incentives for employee participation. Others offer incentives for program completion. And still others are installing premium differentials (whereby employees who engage in wellness programs pay a discounted premium) in order to incentivize participation and shift some costs to employees.

Mid-sized employers tell us on a weekly basis that they expect more insights from their brokers on how wellness programs can be aligned with their cost containment strategies. Meeting that expectation will help brokers maintain a competitive edge.

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