



*AN EVOLUTIONARY APPROACH TO HEALTH AND PRODUCTIVITY MANAGEMENT:
THREE GENERATIONS AT SAINT LUKE'S HEALTH SYSTEM*

JANUARY 2016



INTEGRATED
BENEFITS
INSTITUTE



IBI Employer Case Study

Saint Luke's Health System

AN EVOLUTIONARY APPROACH TO HEALTH AND PRODUCTIVITY MANAGEMENT: THREE GENERATIONS AT SAINT LUKE'S HEALTH SYSTEM

OVERVIEW

Employers rarely have the resources to implement all desired programs to manage workforce in a single undertaking. An evolutionary strategy to program development and implementation can help employers learn from what works and focus on areas that will have the greatest impact. Saint Luke's Health System in Kansas City, MO, was an early leader in employee health and productivity (H&P) management with its first program in 1998, and continues to adjust and develop its programs. Today, the 10-hospital, 10,000+-employee health system is seeing positive outcomes from its third-generation program. Saint Luke's has three generations of H&P programming, each building on the one before.

AN INITIAL FOCUS ON HEALTH RISKS

Saint Luke's was one of the first employers in Kansas City to incent health risk appraisal (HRA) participation by reducing health plan participation costs for employees. The initial HRA program focus in 1998 was to target preventable health risks. In 2003, the health system began using HRAs and biometric screening to gather baseline wellness data.

In 2006, all worksites became tobacco-free, and in 2011 the health system made a formal policy of not hiring tobacco users. This policy operates on an honor system. Each new hire certifies that tobacco products are not used, and all employees are asked to re-affirm annually their non-use of tobacco products. Any misrepresentation about current tobacco use, or becoming a tobacco user, is cause for immediate dismissal. A tobacco cessation program is available to help pre-2011 hires. Saint Luke's made "Get Active" its go-to vehicle for promoting exercise beginning in 2011. (Shapeup.com created Get Active, which is co-branded to Aetna, Saint Luke's health plan.)

EXPANDING TO WELLBEING

In 2011, Saint Luke's launched a second-generation program promoting employee personal goals in four "balance points": physical, emotional, spiritual and financial. Since 2010, the incentive for wellness participation in the point-of-service health plan has been nearly 50% of premium plus a deductible waiver at SLHS facilities. In the high-deductible plan that launched in 2011, the incentive is a monthly health savings account contribution of \$60/\$120 family.

The new program model transferred some employee wellness functions to the employee's personal physician. "We believe the personal physician knows best what to recommend to the individual with regard to screenings and other assessments," said Wellness and Benefits Strategy Partner Megan Craven. This new approach ended employer-provided biometric screening, but not the HRA program.

In surveys and other personal contacts, employees with financial problems reported higher stress levels. In response, the new program model brought financial counselors onsite to help employees manage their 403(b)/401(k) retirement plans. (Chaplains always have been onsite as counselors, and this spiritual resource remained available).

For the financial health component, new employees are auto-enrolled in retirement plans with their personal contribution set at 4%, ensuring the maximum employer match (50% of employee contribution, up to 4% of earnings). Saint Luke's also re-enrolls all employees every two years at 4% if they have fallen under that level. Employees can change their contribution amount at any time or opt out of the system altogether.

Transamerica Retirement Solutions provides annual personalized retirement reports to help all participants review their current saving and investing strategies, assess if they are on track to achieve their retirement income goals, and evaluate alternative strategies. Each report includes a "retirement forecast" with a weather icon (rainy, cloudy, partly sunny, or sunny) that gives a real-time snapshot of retirement savings status.

The spiritual component of the program is defined as employees having "a connection to deeply held values and a purpose beyond him/herself." Other components of the "Definition of a Healthy SLHS Employee" have a spiritual aspect emphasizing that the employee is resilient to life's challenges and daily stresses; and that the employee feels personally fulfilled by contributing to the mission of SLHS.

ENGAGING EMPLOYEES IN THEIR HEALTH

Every wellness program generation at Saint Luke's has had employee engagement components, including focus groups and an annual employee engagement survey since the late 1990s to identify employee needs. In 2014, Saint Luke's launched a third-generation program promoting employee wellness engagement through team competition among sites.

This approach added a "healthiest entity competition" to the fitness model, leveraging the social aspects of competition among sites. The competition has a traveling trophy and a winner is named both quarterly and annually. The quarterly and annual winners have the best overall statistics in five key areas:

- Health risk assessment and adult wellness exam completion $\geq 98\%$.
- Get Active program participation growth $\geq 10\%$.
- Health risk transition (percentage of individuals moving from a higher risk category to a lower risk), verified by annual results from medical/pharmacy experience.
- Preventive care services, annual rate of compliance with chronic condition care plans.
- 403(b)/401(k) participation $\geq 95\%$, with annual average savings increase of 1% to goal of 10%.

In 2014, 97% of covered employees completed an annual HRA and 44% received an adult wellness exam from their primary care doctor (required every two years; 56% received the exam in 2013).

Saint Luke's health plans continue to offer rich incentives to complete the annual HRA and biennial wellness exam: a 50% discount on premiums and a deductible waiver for the point-of-service plan, or a \$720/\$1,440 health-savings-account contribution to the high-deductible health plan. Many wellness components are wired into the health plans: free immunizations onsite; disease management with a prescription benefit; four sessions of nutritional counseling; stress, sleep and depression counseling programs; and an employee assistance program.

Saint Luke's has cross-department employee engagement teams (EETs) at each of the 14 locations, headed by human resources and composed of volunteers. These teams meet quarterly, at a minimum, to discuss employee engagement opportunities, participate in focus groups, plan entity celebrations and recognize employee successes. During the Healthiest Entity Competition rollout, Craven attended each meeting to further communicate strategy and wellness initiatives, and to get employee feedback. The EETs provide ongoing employee involvement on ways to promote wellness and on how well benefits are meeting employee needs. SLHS also solicited employee input through annual surveys, which highlighted a desire for expanded employee educational assistance. SLHS then brought in a new vendor to implement related changes.

RESULTS

Health risks and medical savings

Through the evolution of its programs, SLHS has enhanced employee participation in its H&P management

programs and is reducing health risk of its covered employees. By 2014:

- Nearly 75% of the covered populations (including spouses/partners) were considered low-risk for health conditions.
- Among moderate- to high-risk employees and partners, 78% were compliant with their care plans.
- 15% of employees and partners improved their category (became healthier), 11% moved down a category (became less healthy) and 74% of individuals remained unchanged.
- In the 2014 Healthiest Entity Competition, six entities decreased their percentage of employees in the obese body mass index (BMI of 30 or higher) category, while eight entities saw an increase. The 2014 winner decreased its obesity rate by 8%.
- The Get Active program is promoting a culture of health, with employees logging over 400 million steps and 28,000 minutes of exercise in 2014. Testimonials like “I lost 20 pounds and was able to participate in my first 5K race” are common. Participating employees receive “giving cards,” which are cash donations to the charity of the employee’s choice, resulting in more than \$30,000 in donations over three years. In 2015, 14% of employees consistently are participating in Get Active.

Saint Luke’s self-insures its health benefits and actively manages these costs. From its internal self-insured health plan, Saint Luke’s has evidence that reduced health risks generate lower medical costs. In 2012, the average total medical cost was \$2,956 for Get Active participants, versus \$3,511 for non-participants, and the average absence cost for participants was \$891 compared to \$1,022 for non-participants (excluding cases >\$50,000 medical cost). In 2014, SLHS found that higher health risks generated higher medical costs: obese health plan members cost the plan \$189 more per month than a normal-weight member.

Other risks and savings

In the arena of disability, the organization is fully insured for short-term disability (STD) and long-term disability (LTD). STD is a voluntary purchase by employees, LTD is employer-provided with employee upgrade options. Craven said the organization works with its vendor partners to manage disability costs, and operates on the assumption that “if we are managing health risks, this will impact our leave and disability experience as well.” The Hartford provides fully-insured programs for STD and LTD, and manages family and medical leave (FMLA) claims. Employees have a paid time off (PTO) bank, including sick leave and extended sick leave, which must be exhausted before employees access their STD benefit.

Prior to 2012, Saint Luke’s worked with University of Michigan to analyze medical costs and all absences. Prior to 2012:

- Back pain, hypertension, hyperlipidemia, neck pain and depression were the most prevalent health conditions.
- The most prevalent medical cost risk factors were obesity, hypertension, hyperlipidemia and diabetes.
- Diabetes and back pain were health conditions associated with high workers’ compensation costs.

The impact of health risks on STD and LTD were unknown. Although there was some divergence between health risks and disability risks, there was substantial overlap, so that focusing on health risks could be assumed to affect workers’ compensation risks as well. In 2012, Saint Luke’s worked with Lockton to add their data to InfoLock (Lockton’s proprietary data warehouse), integrating absence, HRA and claims history data for a fuller picture of population health and wellness.

Anonymously comparing employees based on health risk status vs. absence experience has identified a positive correlation among absence, health risk, and noncompliance with care plans, especially when factoring out PTO (more often used in good health). Employees with high medical costs also have the most absences, followed in descending order by high-risk, moderate-risk and low-risk employees with the fewest non-PTO absences. Noncompliant high-risk employees had more non-PTO absences than compliant high-risk employees.

FIGURE 1. HEALTH RISK STATUS VS. ABSENCE: EMPLOYEES WITH PTO OR NON-PTO ABSENCES

Risk Category/Approx. # EEs	2013 Avg. # days non-PTO absences per EE	2014 Avg. # days non-PTO absences per EE
High Cost/ 100	32	21.5
High Risk, non-compliant/270	15.2	16.85
Moderate risk, non-compliant/220	7.5	9.35
High risk, compliant/780	12.2	16.15
Moderate risk, compliant/960	7.2	6.55
Low risk/4200	4	3.61

In addition to STD and LTD insurance plans, SLHS provides Extended Sick Leave in addition to traditional PTO that pays 100% of salary. As a result, disability costs are measured in one large category of “non-paid-time-off absences” that includes FMLA and non-occupational disability (STD and LTD). This provides no direct cost data for insurance silos, so a direct link between wellness, performance and disability experience is not quantified. But because HR tracks non-PTO days lost, the program can compare this data against the health-risk category of individual employees (anonymously) to estimate the relative cost of health risks in broad terms.

In addition to quantifying health risks and medical costs, the Lockton data facility helps identify and categorize non-health risks and their relationship with medical costs.

Efforts to measure the relationship between financial wellness, medical costs and absences are a work in progress. The significance of financial stress for employees was identified on an anonymous basis by Saint Luke’s in-house employee assistance program (EAP). The EAP reports that financial stress is an important factor in the majority of counseling situations. SLHS makes several financial resources available to employees through its EAP, including: budget consultation, credit report analysis, debt management, loan management, and an Employee Emergency Fund that accepts employee contributions to help colleagues.

In establishing the financial domain as a wellness “balance point,” Saint Luke’s has taken employee comments about financial stress seriously. This approach mirrors an interesting, yet limited, study finding¹ that for most employees, health contributes less to total well-being than personal life issues, resilience and financial wellness. Saint Luke’s focused on retirement savings as a wellness vehicle for several reasons: retirement is a significant financial issue with emotional impact for most employees, the program is simple and easy to understand, and it can affect all employees.

At the end of 2010, before Saint Luke’s began its focus on retirement savings, only 55% of employees participated in the retirement plan with an average contribution of 2.6% of their total salary. At the end of March 2015, 97% of employees participated in the retirement plan; 98.5% of participants were saving at the maximum matching rate of 4% or more; and 87% of participants had a “partly sunny or sunny” forecast (retirement savings on track to meet goals). Seventeen percent of participants have set their accounts to “auto-increase” so their income deferral contribution to their savings plan increases every year. The average deferral rate is now higher than 6%, well over twice what it was just five years ago.

CONCLUSION

Saint Luke’s Health System has an advanced effort to reduce health risks through a cluster of wellness programs. With a data warehouse installed, SLHS is developing the capability to link the impact of reduced health risk on medical cost. It has made health risk reduction more user-friendly to employees by giving personal physicians a significant role in designing a personal wellness plan for each individual. This approach is a good fit for the intensive model of health plan self-insurance adopted by Saint Luke’s, where company physicians treat employees. In another employee-friendly wellness strategy, the organization looks beyond health risks to a significant issue for many employees: financial stress. Saint Luke’s has voluntary, fully-insured non-occupational

disability plans, is aware of the relationship between disability durations and health risks, and is seeking ways to more actively manage disability within fully-insured programs.

RECOMMENDATIONS TO OTHER EMPLOYERS

- Focus on total wellness, including spirituality, emotional health and financial health.
- Offer deep premium and deductible discounts for participation.
- Encourage employees to develop strong relationships with their primary care providers through incentives, and defer to providers for individual care plans.
- Follow metrics closely with cross-department teams through established councils.
- Engage employees by including them in benefit and wellness feedback.

References

1. Dunning M. Physical Health Takes Back Seat Among Employee Wellness Concerns. Business Insurance, 10/08/2015. Based on Bright Horizons 2014 Employee Survey, presented at NBGH 29th National Conference, Boston.



Integrated Benefits Institute
595 Market Street, Suite 810
San Francisco, CA 94105
P: 415-222-7280
F: 415-222-7281
info@ibiweb.org
ibiweb.org