

EMPLOYER HEALTH BENEFITS

2012 ANNUAL SURVEY

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Wellness  
Programs and  
Health Risk  
Assessments

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SECTION

12

## WELLNESS PROGRAMS AND HEALTH RISK ASSESSMENTS

A MAJORITY OF FIRMS OFFERING HEALTH BENEFITS OFFERS SOME TYPE OF WELLNESS PROGRAM, WITH LARGE FIRMS (200 OR MORE WORKERS) BEING MORE LIKELY THAN SMALLER FIRMS (3-199 WORKERS) TO OFFER A WELLNESS BENEFIT. FORTY-ONE PERCENT OF LARGE FIRMS AND 10% OF SMALL FIRMS OFFERING AT LEAST ONE WELLNESS BENEFIT OFFER FINANCIAL INCENTIVES TO EMPLOYEES WHO PARTICIPATE IN WELLNESS PROGRAMS. EIGHTEEN PERCENT OF FIRMS ASK EMPLOYEES TO COMPLETE HEALTH RISK ASSESSMENTS, WITH SOME OF THESE FIRMS TYING FINANCIAL PENALTIES OR REWARDS TO EMPLOYEES WHO COMPLETE WELLNESS PROGRAMS OR MEET BIOMETRIC OUTCOMES.

### WELLNESS BENEFITS

- ▶ For a variety of reasons including efforts to improve health and lower costs, some employers and health plans offer wellness programs. Wellness programs may range from classes in nutrition or healthy living to a wellness newsletter.
  - Sixty-three percent of firms offering health benefits offer at least one of the following wellness programs:
    - weight loss programs
    - biometric screening
    - smoking cessation programs
    - lifestyle or behavioral coaching
    - gym membership discounts or on-site exercise facilities
    - classes in nutrition or healthy living
    - web-based resources for healthy living
    - a wellness newsletter.<sup>1</sup>
  - Large firms (200 or more workers) are more likely to offer at least one of the listed wellness programs than smaller firms (94% vs. 63%). The offer rate for each type of wellness benefit included in the survey is presented in Exhibit 12.1, Exhibit 12.2 and Exhibit 12.3.
- Sixty percent of firms offering health benefits and wellness benefits offer the wellness benefits to spouses or dependents (Exhibit 12.4).
- ▶ In order to encourage participation in wellness programs, firms may offer financial incentives to employees who participate.<sup>2</sup>
  - Eight percent of firms offering health benefits and at least one of the listed wellness programs offer gift cards, travel, merchandise, or cash to workers who participate in wellness programs. Large firms (200 or more workers) are more likely to offer these incentives than small firms (3–199 workers) (30% vs. 7%) (Exhibit 12.5).
  - Few firms offering health benefits and at least one of the listed wellness programs lower worker premium contributions (3%) or cost sharing (1%) as an incentive to encourage employees to participate. Among firms that offer a high-deductible plan paired with a HRA or HSA, 1% of firms offer workers who participate in wellness programs higher HSA or HRA contributions than employees who do not participate (Exhibit 12.5).

#### NOTES:

<sup>1</sup> Respondents were given the option to report “other” types of wellness programs. If those firms that responded “other” are included, the percentage offering at least one wellness benefit is 64%. Two percent of firms indicating “other” said that they had an employee assistance program (EAP) and 5% said that they offered flu shots. In 2012, biometric screening was added to the list of wellness programs.

<sup>2</sup> Firms that offer only web-based resources or a wellness newsletter were not asked questions about any financial incentives provided.

- Ten percent of small firms and 41% of large firms offering one or more of the listed wellness programs offer employees a specific incentive for enrolling in wellness programs<sup>3</sup> (Exhibit 12.5).

#### ENCOURAGING PARTICIPATION IN WELLNESS PROGRAMS

- ▶ Firms use methods such as health fairs or health claims that identify health risks to identify individuals and encourage participation in wellness programs.
  - Twenty-four percent of firms offering health benefits and at least one of the listed wellness programs report using health fairs to identify individuals and encourage participation in wellness programs; this is a significant increase over the 9% of firms reporting using health fairs in 2011. Large firms (200 or more workers) are more likely than small firms (3–199 workers) to use health fairs to encourage wellness participation (44% vs. 23%) (Exhibit 12.6).
  - Eleven percent of firms offering health benefits and at least one of the listed wellness programs use claims to identify individuals with health risks and encourage wellness participation. Large firms (200 or more workers) are more likely than small firms (3–199 workers) to use claims to identify individuals and encourage wellness participation (35% vs. 10%) (Exhibit 12.6).
  - Forty-six percent of firms offering health benefits and at least one of the listed wellness programs use health risk assessments to identify individuals and encourage wellness participation (Exhibit 12.6).

#### REASONS FOR OFFERING WELLNESS PROGRAMS

- ▶ Firms offering health benefits and at least one of the listed wellness programs were asked to identify their primary reason for offering a wellness program. Thirty-seven percent cite as their primary reason that the wellness program was part of their health plan, while an almost equal percentage (35%) say their primary reason is to improve the health of employees and reduce absenteeism. Fewer firms identify improving morale and productivity (9%) or reducing health costs (9%) as their primary reason (Exhibit 12.7).
  - Large firms (200 or more workers) are more likely than smaller firms to report that reducing health care costs (34% vs. 8%) is a primary reason for offering wellness programs, while small firms (3 to 199) workers are more likely than larger firms to say that their primary reason for offering a wellness program was because it was part of the health plan (38% vs. 14%) (Exhibit 12.7).<sup>4</sup>
- ▶ Among firms offering an HDHP/SO and at least one of the listed wellness benefits, 17% report that their decision to offer a wellness program was related to their decision to offer a high-deductible health plan (Exhibit 12.9).<sup>5</sup>
- ▶ Among firms offering health benefits and at least one of the listed wellness programs, 73% think offering wellness programs is effective in improving the health of the firm's employees. Fifty-two percent of firms offering health coverage and at least one of the listed wellness programs think offering wellness programs is effective in reducing their firm's health care costs. Large firms are more likely than small firms to think offering wellness programs is effective in reducing health care costs (68% vs. 51%) (Exhibit 12.8).<sup>6</sup>

#### NOTE:

<sup>3</sup> Financial incentives include: workers pay smaller percentage of the premium, workers have smaller deductibles, receive higher HRA or HSA contributions, or receive gift cards, travel merchandise, or cash.

<sup>4</sup> Eight percent of firms reported "don't know" when asked their primary reason for offering wellness programs.

<sup>5</sup> In 2012, the percentage of firms was limited to firms who offer a high deductible plan with a savings option.

<sup>6</sup> Twelve percent of firms responded "Don't Know" to whether they think offering wellness programs is effective in improving the health of employees. Thirteen percent said "Don't Know" to whether they think wellness programs are effective in reducing health care costs.

- ▶ Among firms offering health benefits and at least one wellness program, 79% report that most of the wellness benefits they offer are provided by the health plan (Exhibit 12.4).<sup>7</sup> Small firms (3 to 199 workers) are more likely than larger firms to report that most wellness programs are provided by the health plan (80% vs. 60%) (Exhibit 12.4).
- ▶ This year, firms that ask employees to complete a health risk assessment were also asked if their employees are rewarded or penalized financially for completing a wellness or health management program or meeting biometric outcomes.
  - Eleven percent of large firms (200 or more workers) report that there are instances where an employee with an identified health risk factor is required to complete a wellness or health management program or activity in order to avoid a financial penalty such as a higher premium contribution or higher patient cost sharing.<sup>9</sup>
  - Nine percent of large firms (200 or more workers) who ask their employees to complete a health risk assessment report that employees are rewarded or penalized financially based on whether they meet specified biometric outcomes (not including smoking cessation), such as meeting a target body mass index (or BMI) or cholesterol level.<sup>10</sup>

#### HEALTH RISK ASSESSMENTS

- ▶ Some firms give their employees the option of completing a health risk assessment to identify potential health risks. Health risk assessments generally include questions about medical history, health status, and lifestyle.
  - Overall, 18% of firms offering health benefits ask their employees to complete a health risk assessment. Large firms (200 or more workers) are more likely than smaller firms to offer employees this option (38% vs. 18%) (Exhibit 12.10).
- ▶ Some firms offer financial incentives to encourage employees to complete health risk assessments.
  - Of those large firms (200 or more workers) offering health benefits and health risk assessments, 63% offer a financial incentive to employees who complete a health risk assessment.<sup>8</sup>

#### NOTE:

<sup>7</sup> The survey asks firms offering at least one wellness program if most of the wellness benefits are provided by the health plan or by the firm.

<sup>8</sup> The estimate for small firms is not reported in the text because of the high standard error associated with this estimate. Although 19 percent of small firms that ask their employees to complete a health risk assessment reported that they offer a financial incentive, the relative standard error is 0.36, which indicates considerable uncertainty. The difference between large and small firms is statistically significant at the 0.05 confidence level.

<sup>9</sup> The percentages of small and large firms offering financial rewards or penalties for completing wellness programs are not significantly different. The small firm estimates are not reported because of the high relative standard errors for the percent for firms which levy financial penalties for not completing wellness programs (0.56).

<sup>10</sup> The percentages of small and large firms offering financial rewards or penalties for not meeting biometric outcomes are not significantly different. The small firm estimates are not reported because of the high relative standard errors for the percent for firms which levy financial penalties for not meeting biometric outcomes (0.68). Smoking cessation is not included as a biometric outcome within this question.

## EXHIBIT 12.1

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2012

	Gym Membership Discounts or On-Site Exercise Facilities	Smoking Cessation Program	Web-based Resources for Healthy Living	Wellness Newsletter	Lifestyle or Behavioral Coaching
<b>FIRM SIZE</b>					
3–24 Workers	22%*	23%*	41%*	42%	16%*
25–199 Workers	48*	48*	58*	53	37*
200–999 Workers	61*	68*	75*	62*	54*
1,000–4,999 Workers	78*	76*	85*	62*	65*
5,000 or More Workers	85*	84*	90*	65*	73*
<b>All Small Firms (3–199 Workers)</b>	<b>28%*</b>	<b>28%*</b>	<b>45%*</b>	<b>45%*</b>	<b>21%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>65%*</b>	<b>70%*</b>	<b>77%*</b>	<b>62%*</b>	<b>56%*</b>
<b>REGION</b>					
Northeast	48%*	33%	46%	49%	23%
Midwest	30	45*	49	53	20
South	27	16*	41	39	19
West	16*	30	47	43	26
<b>INDUSTRY</b>					
Agriculture/Mining/Construction	26%	10%*	35%	48%	14%
Manufacturing	21	51	55	52	20
Transportation/Communications/Utilities	72*	61*	54	77*	66*
Wholesale	23	25	37	55	14
Retail	6*	17	19*	26	15
Finance	70*	77*	66	76*	50*
Service	31	33	48	42	24
State/Local Government	16	14*	62	64	5*
Health Care	25	11*	49	36	13
<b>ALL FIRMS</b>	<b>29%</b>	<b>30%</b>	<b>45%</b>	<b>45%</b>	<b>22%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different within type of wellness program from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

Note: The offer rates for additional types of wellness programs are presented in Exhibit 12.2.

## EXHIBIT 12.2

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, Region, and Industry, 2012

	Biometric Screening <sup>^</sup>	Weight Loss Programs	Classes in Nutrition/Healthy Living	Offer at Least One Specified Wellness Program <sup>‡</sup>	Other Wellness Program
<b>FIRM SIZE</b>					
3–24 Workers	10%*	21%*	19%*	58%*	10%
25–199 Workers	23*	42*	35*	79*	9
200–999 Workers	45*	62*	52*	93*	24*
1,000–4,999 Workers	60*	78*	61*	96*	25*
5,000 or More Workers	61*	78*	68*	99*	38*
<b>All Small Firms (3–199 Workers)</b>	<b>13%*</b>	<b>26%*</b>	<b>23%*</b>	<b>63%*</b>	<b>10%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>48%*</b>	<b>65%*</b>	<b>54%*</b>	<b>94%*</b>	<b>25%*</b>
<b>REGION</b>					
Northeast	17%	36%	28%	72%	12%
Midwest	12	33	20	69	18
South	8*	17*	22	56	10
West	23	28	27	62	2*
<b>INDUSTRY</b>					
Agriculture/Mining/Construction	16%	15%	6%*	67%	16%
Manufacturing	10	23	17	64	24
Transportation/Communications/Utilities	33	57*	53*	94*	4
Wholesale	17	24	22	58	1*
Retail	10	8*	8*	37*	<1*
Finance	31	53	51*	89*	37
Service	15	35*	34*	65	10
State/Local Government	7	49	7*	71	24
Health Care	5*	9*	7*	60	2*
<b>ALL FIRMS</b>	<b>14%</b>	<b>27%</b>	<b>24%</b>	<b>63%</b>	<b>10%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different within type of wellness program from estimate for all other firms not in the indicated size, region, or industry category ( $p < .05$ ).

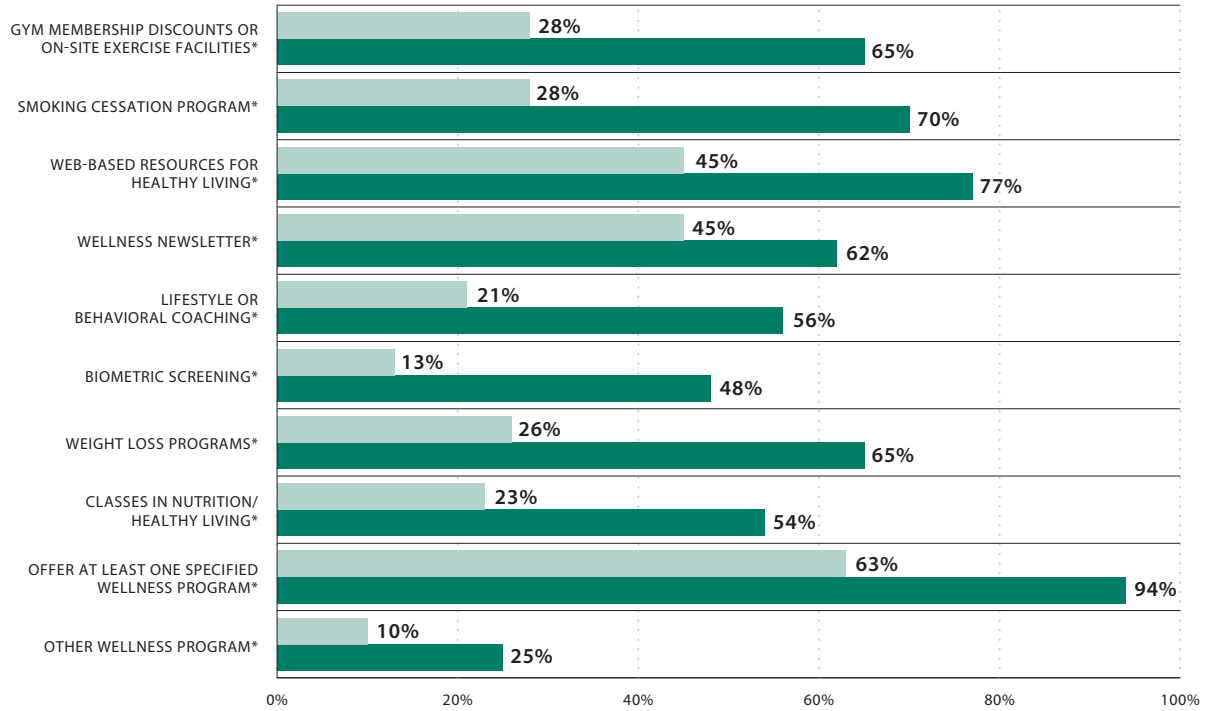
<sup>^</sup> Biometric screening is a health examination that measures an employee's risk factors such as cholesterol, blood pressure, stress, and nutrition.

<sup>‡</sup> Includes the following wellness programs: weight loss programs, biometric screenings, gym membership discounts or on-site exercise facilities, smoking cessation program, lifestyle or behavioral coaching, classes in nutrition or healthy living, web-based resources for healthy living, flu shot, employee assistance program (EAP), or a wellness newsletter. Respondents were given the option to reply that they offer another type of wellness benefit. Two percent of these firms said they had an EAP and 5% said that they offered flu shots. If those that responded "other" are included in the percentage of firms offering at least one wellness benefit, the percentage is 64%.

Note: The offer rates for additional types of wellness programs are presented in Exhibit 12.1.

EXHIBIT 12.3

Among Firms Offering Health Benefits, Percentage Offering a Particular Wellness Program to Their Employees, by Firm Size, 2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

ALL SMALL FIRMS (3-199 WORKERS)  
ALL LARGE FIRMS (200 OR MORE WORKERS)

\* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

Note: Biometric screening is a health examination that measures an employee's risk factors such as cholesterol, blood pressure, stress, and nutrition. Two percent of firms indicating "other" said that they had an employee assistance program (EAP) and 5% said that they offered flu shots.

## EXHIBIT 12.4

Among Firms Offering Health and Wellness Benefits, Percentage of Firms with the Following Features of Wellness Benefits, by Firm Size and Region, 2012

	Wellness Benefits Offered to Spouses or Dependents	Most Wellness Benefits Are Provided By the Health Plan
<b>FIRM SIZE</b>		
3–24 Workers	55%*	80%
25–199 Workers	72*	80
200–999 Workers	62	62*
1,000–4,999 Workers	70	55*
5,000 or More Workers	73*	50*
<b>All Small Firms (3–199 Workers)</b>	<b>60%</b>	<b>80%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>64%</b>	<b>60%*</b>
<b>REGION</b>		
Northeast	62%	70%
Midwest	67	80
South	60	83
West	52	80
<b>ALL FIRMS</b>	<b>60%</b>	<b>79%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

Note: The survey asks firms offering at least one wellness program if most of the wellness benefits are provided by the health plan or by the firm.



## EXHIBIT 12.5

Among Firms Offering Health and Wellness Benefits, Percentage of Firms That Offer Specific Incentives to Employees Who Participate in Wellness Programs, by Firm Size and Region, 2012

	Workers Pay Smaller Percentage of the Premium	Workers Have Smaller Deductible	Receive Higher HRA or HSA Contributions <sup>†</sup>	Receive Gift Cards, Travel, Merchandise, or Cash	Any Financial Incentive to Participate in Wellness Program ~
<b>FIRM SIZE</b>					
3–24 Workers	<1%*	<1%	0%*	5%*	6%*
25–199 Workers	6*	1	2	13	18*
200–999 Workers	13*	3*	5*	29*	38*
1,000–4,999 Workers	17*	3*	17*	36*	51*
5,000 or More Workers	24*	3*	12*	40*	58*
<b>All Small Firms (3–199 Workers)</b>	<b>2%*</b>	<b>&lt;1%*</b>	<b>&lt;1%*</b>	<b>7%*</b>	<b>10%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>14%*</b>	<b>3%*</b>	<b>7%*</b>	<b>30%*</b>	<b>41%*</b>
<b>REGION</b>					
Northeast	2%	<1%	<1%	16%	18%
Midwest	5	1	1	12	15
South	1	1	<1	5	7
West	3	<1	3	3*	6
<b>ALL FIRMS</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>8%</b>	<b>11%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different within type of incentive from estimate for all other firms not in the indicated size or region ( $p < .05$ ).

~ Any financial incentive indicates firms that offer employees who participate in wellness programs one of the following incentives: smaller premium contributions, smaller deductibles, higher HRA or HSA contributions, or gift cards, travel, merchandise, or cash.

† Only firms that offer an HDHP/HRA or HSA-qualified HDHP were asked if participating employees receive higher HRA/HSA contributions as an incentive to participate in wellness programs.

## EXHIBIT 12.6

Among Firms Offering Health Benefits and Wellness Programs, Percentage That Use Specific Methods to Identify Individuals and Encourage Participation in Wellness Programs, by Firm Size and Region, 2012

	Health Fairs	Use of Claims to Identify Health Risks	Health Risk Assessments <sup>‡</sup>
<b>FIRM SIZE</b>			
3–24 Workers	25%	10%	NSD
25–199 Workers	19	12	34%
200–999 Workers	39*	30*	65
1,000–4,999 Workers	62*	56*	81*
5,000 or More Workers	61*	58*	82*
<b>All Small Firms (3–199 Workers)</b>	<b>23%*</b>	<b>10%*</b>	<b>43%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>44%*</b>	<b>35%*</b>	<b>70%</b>
<b>REGION</b>			
Northeast	25%	10%	17%*
Midwest	23	11	25
South	26	8	65
West	22	18	72
<b>ALL FIRMS</b>	<b>24%</b>	<b>11%</b>	<b>46%</b>

## SOURCE:

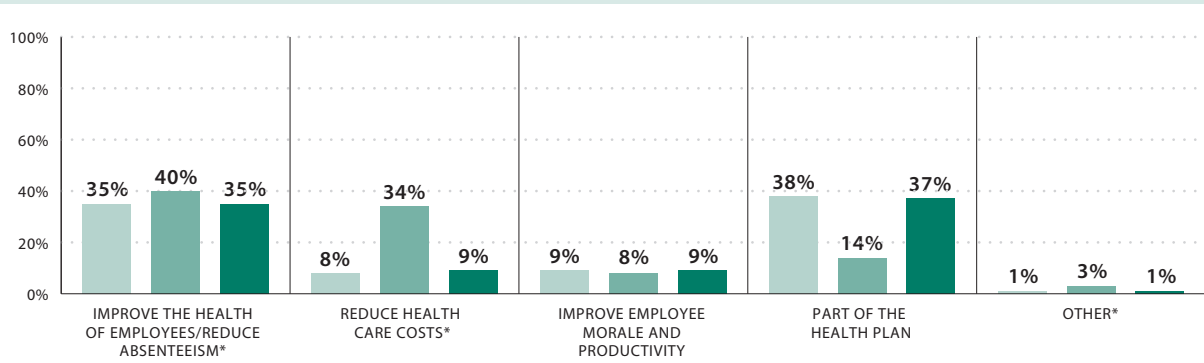
Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different from all firms not in the indicated size or region category ( $p < .05$ ).

‡ A firm's use of health risk assessments to encourage participation in wellness is asked only of firms who ask employees to complete a health risk assessment. A health risk assessment includes questions about medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed.

**EXHIBIT 12.7**

Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms Reporting the Following as the Firm's Primary Reason for Offering Wellness Programs, by Firm Size, 2012



SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

■ ALL SMALL FIRMS (3-199 WORKERS)  
■ ALL LARGE FIRMS (200 OR MORE WORKERS)  
■ ALL FIRMS

\* Estimate is statistically different between All Small Firms and All Large Firms within category (p<.05).

Note: 8% percent of firms reported "Don't Know" to the question about their primary reason for offering wellness.

**EXHIBIT 12.8**

Among Firms Offering Health Benefits and Wellness Programs, Percentage of Firms That Think Offering Wellness Programs is Effective at Improving Health or Reducing Costs, by Firm Size, 2012

FIRM SIZE	Effective in Improving the Health of Employees	Effective in Reducing the Firm's Health Care Costs
3-24 Workers	73%	54%
25-199 Workers	73	45
200-999 Workers	78	66*
1,000-4,999 Workers	84*	74*
5,000 or More Workers	83*	76*
<b>All Small Firms (3-199 Workers)</b>	<b>73%</b>	<b>51%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>79%</b>	<b>68%*</b>
<b>ALL FIRMS</b>	<b>73%</b>	<b>52%</b>

SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different from estimate for all other firms not in the indicated size category (p<.05).

Note: Twelve percent of firms responded "Don't Know" to whether they think offering wellness programs is effective in improving the health of employees. Thirteen percent said "Don't Know" to whether they think wellness programs are effective in reducing the firm's health care costs.

## EXHIBIT 12.9

Among Firms Offering Wellness Programs and a HDHP/SO, Percentage of Firms That Said the Decision to Offer Wellness Programs was Related to the Decision to Offer a High Deductible Health Plan, by Firm Size, 2012

	Decision to Offer Wellness Programs was Related to Decision to Offer a HDHP/SO
<b>FIRM SIZE</b>	
3–24 Workers	17%
25–199 Workers	16
200–999 Workers	16
1,000–4,999 Workers	17
5,000 or More Workers	12
<b>All Small Firms (3–199 Workers)</b>	<b>17%</b>
<b>All Large Firms (200 or More Workers)</b>	<b>16%</b>
<b>ALL FIRMS</b>	<b>17%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different from estimate for all other firms not in the indicated size category ( $p < .05$ ).

Note: HDHP/SO: High deductible health plan with a savings option. Nine percent of firms indicated that they did not know whether their decision to offer wellness programs was related to their decision to offer a high deductible health plan.

## EXHIBIT 12.10

Among Firms Offering Health Benefits, Percentage of Firms That Offer Employees Health Risk Assessments, by Firm Size, 2012

	Ask Employees to Complete a Health Risk Assessment
<b>FIRM SIZE</b>	
3–24 Workers	17%
25–199 Workers	22
200–999 Workers	35*
1,000–4,999 Workers	53*
5,000 or More Workers	58*
<b>All Small Firms (3–199 Workers)</b>	<b>18%*</b>
<b>All Large Firms (200 or More Workers)</b>	<b>38%*</b>
<b>ALL FIRMS</b>	<b>18%</b>

## SOURCE:

Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012.

\* Estimate is statistically different from estimate for all other firms not in the indicated size ( $p < .05$ ).

Note: A health risk assessment includes questions about medical history, health status, and lifestyle, and is designed to identify the health risks of the person being assessed. 63% of Large Firms which ask employees to complete a health risk assessment offer them an incentive to do so.