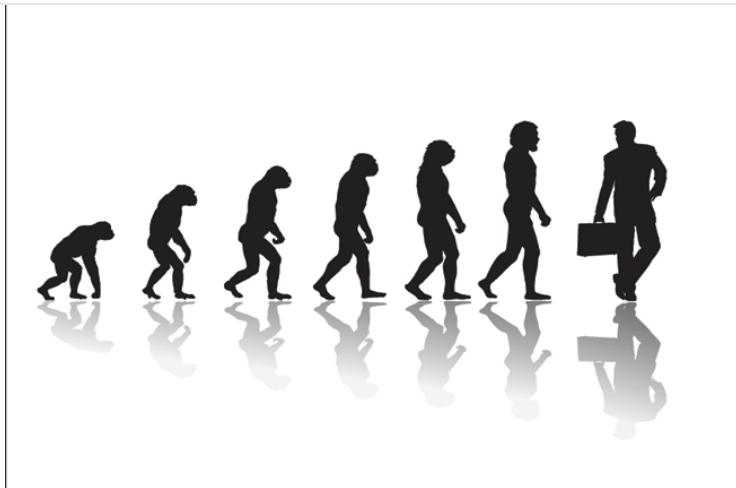


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The Evolving Nature of Worksite Wellness: Contingent Incentives Move to the Leading Edge

By [William H. West](#)

For over three decades, U.S. employers have made a significant investment in worksite wellness. Progressive CEOs have championed wellness as a foundational value of their corporate culture.

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~~an now familiar components of the workplace environment.~~

There are fundamental reasons that corporate America has found worksite wellness compelling:

- 1) healthcare costs continue to escalate;
- 2) lifestyle choices are responsible for a staggering 70% of our healthcare costs;
- 3) holistic employee wellness is a fundamental corporate asset; and
- 4) employees spend most of their waking hours at work.

A culture of wellness at work is destined to have a favorable impact on lifestyle choices at home. Given these arguments for worksite wellness, erosion of employer-based insurance might threaten one of the most effective battlefronts in the confrontation of health cost.

Despite the strong rationale for traditional wellness, there is an ongoing debate regarding its return on investment (ROI). Most Americans know firsthand that health behavior change is a daunting task. While many of us aspire to healthier lifestyles, forces of nature push back against our best intentions.

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development of abnormal lipids and elevated blood pressure.

While a culture of wellness might delay or even prevent the development of health risks in a significant percentage of the population, another sizeable percentage of employees are slowly developing chronic diseases.

This problem compounds the fact that wellness and healthcare live in separate silos. The average wellness director and the typical primary care provider have minimal understanding of their counterpart's activities and role.

Enter Contingent Wellness: "From Know your Numbers" to "Own and Manage Your Numbers"

While a culture of wellness remains the mainstay of wellness programs, the rise of "contingent" or "results-based" incentives is a rational response to the realities of individual health risk. This movement has its roots in the tobacco surcharge.

Given the well-documented disastrous impact of smoking on diverse aspects of health, many employers decided decades ago that employees who smoke should pay a larger share of their health insurance cost. Efforts to discourage tobacco use have included the premium surcharge, steadily rising taxes on tobacco products and a pervasive cultural shift that has made

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more than 45% of U.S. adults in 1945 to 18–20% today. Now a new component of the healthcare law permits the tobacco surcharge concept apply to indicators of general health status.

While a focus on "weight loss," is giving way to a focus on "weight maintenance" or "weight management," the health impact and increased medical costs associated with obesity are clear and the tendency for weight gain to accelerate with age is well known.

One in three Americans are pre-diabetic and destined over time to develop full-blown diabetes. One in three Americans has unhealthy blood lipids and another significant proportion of the population is living with dangerous elevations of blood pressure.

The cumulative impact of our overall health status suggests an undeniable bottom line: Americans must own and manage their fundamental health to control our healthcare destiny. "Contingent" or "results-based" incentives are rapidly moving to the wellness front line because they provide a new roadmap for a system in desperate need of both individual accountability and population health-risk management.

Controversy and Compromise: The HERO Consensus Statement and ACA Regulations of June 2013

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~~promotion programs to improve their health.~~

Progressive employers who saw contingent incentives as the missing component of the wellness landscape quickly embraced this component of the healthcare law. At the same time, patient advocacy groups signaled their alarm: would premium differentials based on health status impact the poor or disadvantaged?

Would patients with established heart disease or cancer pay a disproportionate price? These concerns led to a consensus conference where all sides shared their perspective.

Proponents of contingent wellness expressed their optimism that the mechanism was finally at hand to focus the workforce on the fundamental importance of blood pressure, blood glucose, cholesterol and other health parameters.

Skeptics expressed their concern that the concept would land unequally on a culturally diverse workforce.

Thoughtful commentary argued for "reasonable alternatives" including provider-designed progress goals. Fortunately, this debate resulted in consensus. Final wellness regulations were published in June 2013. The well-publicized basic regulations are the reward pool is limited to 30% of the individual premium as of 2014 (30% of the employee/spouse premium if spouses participate; although, many employers are selecting reward pools well below the maximum allowed percentage).

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~~a well-publicized mechanism for appeals and participants~~

must be offered well-defined "reasonable alternative standards" (see below).

Rewards must be available to all similarly situated individuals. Many employees are now familiar with the contingent incentive process. Employers typically begin by choosing health parameters and specific targets for each parameter and scheduling a worksite screening. Independent third-party incentive managers translate screening results into reward values and communicate the outcome to employees.

Employees failing to meet targets have a 30-day period to appeal the results and a 6-month window to demonstrate progress. The entire process recycles on an annual basis. While occasional employee populations have objected to this process as an unwarranted invasion of privacy, most employees recognize that a minority of employees with self-induced health risks trigger higher rates for the entire company workforce.

The American workforce is ready to see each coworker take responsibility for their health and pay their fair share. Contingent incentives are on the move: the proportion of companies with 500 or more employees deploying contingent incentives has increased from 11% to 24% between 2011 and

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facing traditional programs: can results-based incentives influence medical claims? Will there be an ROI? This new incentive strategy will come to naught if it only results in a shift in healthcare costs with no impact on overall health. Will differential premiums motivate employees to focus on their individual health status?

Much more importantly, will they motivate at risk employees to take steps to improve their health? There are significant roadblocks between the premium shift and health improvement, not the least of which is the human affinity for procrastination and denial. Inefficient and expensive access to care only reinforces this human inclination to postpone and delay. No busy employee relishes the thought of spending non-productive time away from work in a provider waiting room.

Even more concerning is the fact that half of all Americans have no established primary care provider. Responsible vendors of contingent incentives must do more than maintain a spreadsheet of health outcomes. They must do more than report premium shifts and refer at risk employees to third party web sites.

Quality incentive programs must be primary care savvy, helping at risk participants efficiently navigate the healthcare system while giving those same participants the resources to

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~~While individuals must take ownership of their health.~~

At the very same time, many Americans lack the skills and resources to become effective health risk owners. Americans who decline ownership -- who persistently do nothing -- will be asked to pay more. That may be rational and fair - but only if potential owners are given new roadmaps to understand and perfect their ownership.

Screening and immunization can deliver a huge dividend, but only if screenings and vaccinations are widely available and efficiently delivered. Health behavior change can prevent the need for chronic medication, but only if lifestyle changes can be sensibly converted into long-term habits.

Prescription management can avoid or alleviate the ravages of chronic disease, but only if prescriptions are affordable and available. Americans' healthcare future requires a coordinated combination of all of the above with every citizen recognizing the important role he or she can play in each part of the process.

Employers can make a major contribution through the judicious embrace of health-promoting incentives - and by asking more of their incentive vendors than the simple manipulation of health premium data.

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medical oncology. He is founder-emeritus of the West Clinic in Memphis, TN, one of the largest cancer treatment programs in the southeast, and has published numerous articles in the peer-reviewed medical literature. Dr. West has a career long interest in health care delivery systems.

Note: LIFESIGNS owns and manages prevention/primary care clinics in multiple U.S. cities. Providers affiliated with the company have completed 500,000 prevention visits over a twenty-year period. LIFESIGNS is the first clinical care provider to embrace contingent wellness with LIFESIGNS incentive management and to offer medical support through LIFESIGNS video health.

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