

Everett School Employee Benefit Trust

Wellness Challenge Summary

The purpose of this section is to revisit the design and timing of the Wellness Challenge as we prepare to launch the program in 2011.

Background

In the summer of 2009, Mercer presented various options to the Trust to consider as a part of the Trust's wellness program. At that time, the Trust selected Wellsource to provide Health Risk Assessment (HRA) and health coaching services and Health Force Partners to provide web portal and incentive administration services.

The initial intent was to introduce this program in 2010 and participation by employees would determine their level of contribution toward coverage through payroll deductions. However, when finalizing plans for 2010, the decision was made to delay the implementation and utilize an incentive in the form of a gift card rather than employee contributions.

Current Design

In prior discussions, the Trust agreed upon the format and level of incentive to use and the criteria necessary to achieve the incentive. The following summarizes the design of the incentive.

There will be three levels of incentives as summarized in the table below:

Incentive Level	Incentive Value	Incentive Requirement
Gold	\$200	Earn 8 wellness credits
Silver	\$150	Earn 7 wellness credits
Bronze	\$100	Earn 5 wellness credits

To be eligible to participate in the program, a participant first has to complete an HRA. Wellness credits can then be earned throughout the year for various activities that a participant completes and enters into the system via the web portal. Wellness activities eligible for credits include participation in health coaching, regular physical activity, regular consumption of healthy foods, participation in on-site and other available programs (e.g. 8 Weeks to Wellness, Free & Clear tobacco cessation, etc.), obtaining recommended preventive care, etc.

The incentive will be in the form of gift cards and it will be the employee's responsibility to report the amount as income on tax forms. The gift cards will be accompanied by a 1099 when sent to the employee.

Timing

The program will launch in January 2011 and will run through the calendar year. Incentive amounts will be determined based on the activity logged by participants in the system and gift cards will be distributed in early 2012.

In advance of the launch of the program, communication materials will be developed and distributed to employees to educate them about the program and encourage them to participate.

Future Considerations

While the use of the gift cards has positive attributes (including simpler administration, ability to brand the cards with the wellness program logo) the Trust may wish to consider using different forms of incentives at some point in the future. Current market data and our experience with other groups suggest that incentives in the form of contribution or plan design differentials are most effective at driving sustained program participation and engagement. Additionally, incentives in this format better allow a plan sponsor to mitigate the cost of the incentive (e.g. cost savings from increased rates or reduced plan designs that apply to non-participants can partially or wholly fund the cost of the program for participants). Note that under the current structure for ESEBT, we can achieve a similar effect through the establishment of higher employee contribution requirements and convey the gift card as a rebate to apply toward the increased contributions at year-end.

Additionally, while we expect the value of the incentives to drive decent levels of participation and engagement, market data and our experience with other groups suggest that higher levels of incentive are necessary to drive desired levels of program participation and engagement. In order to achieve participation rates in the 80% to 90% range, incentive values in the range of \$400 to \$600 are often (although not always) required. The Trust may wish to consider increasing the incentive value in the future.