

Cost and Health Effects of Healthy IncentivesSM

King County Washington's Award-Winning Workplace Wellness Program

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In response to fast-rising employee healthcare benefits costs and high rates of obesity, in 2006 the government of King County, Washington and its employees implemented, Healthy IncentivesSM, a workplace wellness program and health insurance plan design that promotes healthy choices of exercise, diet and smoking cessation through lower deductible limits and coinsurance rates. In 2013 the County was given the Innovations in American Government Award by the Harvard Kennedy School of Government.



This study evaluates Healthy Incentives' effect on employee health, out-of-pocket costs and health care utilization and the County's cost of providing employee benefits.

Methods

Study Design

A retrospective, observational, cross-sectional, monthly time-series analysis of employee healthcare claims and health risk assessments from 2006 to 2011.

Annual changes in medical and pharmaceutical costs for both employees and the County are estimated and attributed to cost-shifts to employees and healthcare utilization change.

Annual changes in BMI, smoking status and overall health status are compared to a frequency-weighted national sample from the Medical Expenditures Panel Survey (MEPS).

Study Data

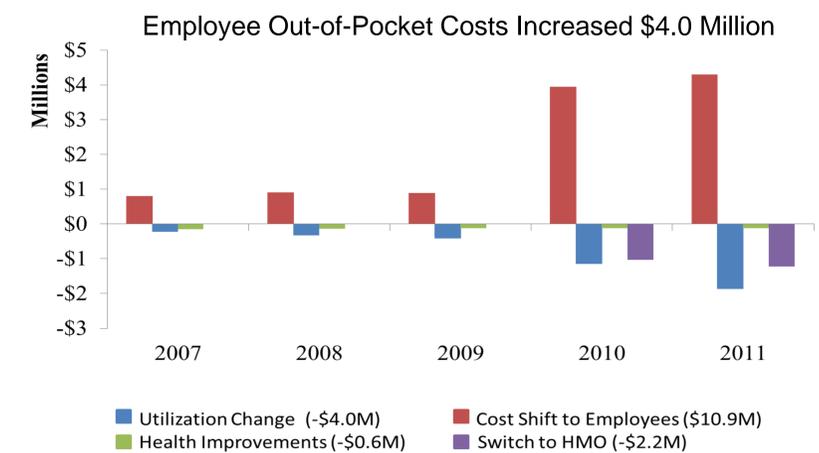
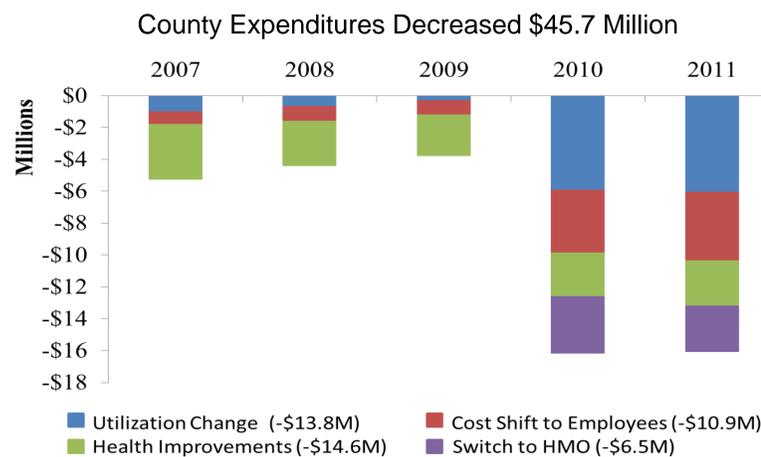
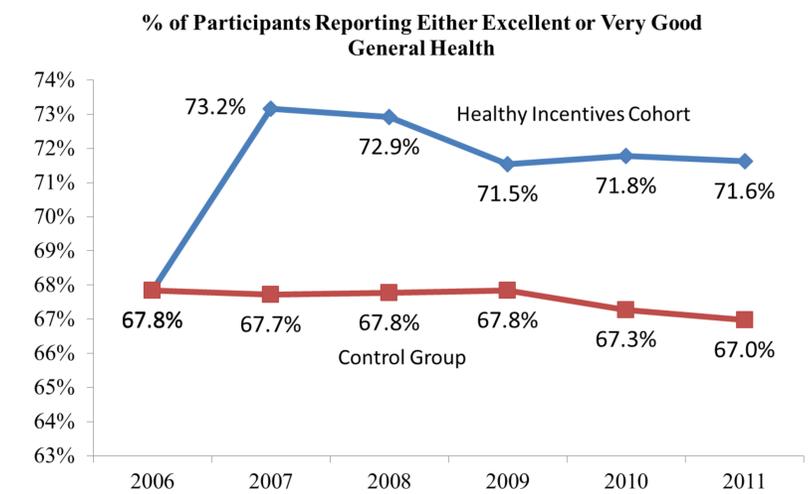
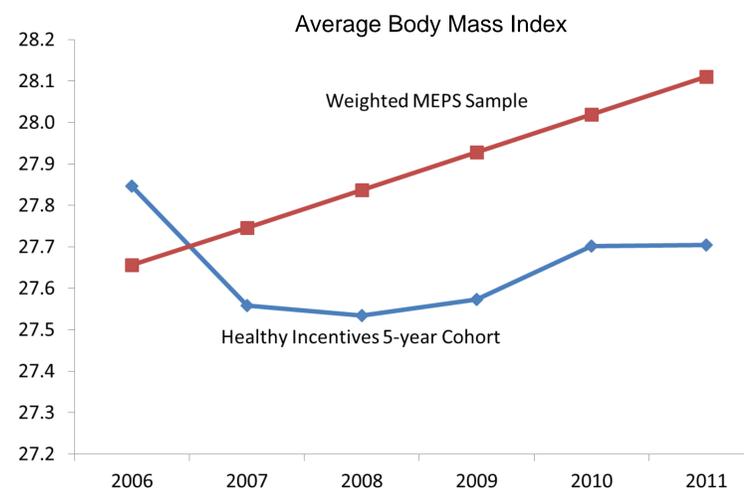
- 100,830 wellness assessments
- 7,944,857 medical and pharmacy claims
- 48,453 employees and dependents
- 2,185,929 member months
- \$968 million of expenditures
- 50 regression models
- 8,103 MEPS respondents

PPO Plan Designs, 2006-2011

Year	(1)	Annual Deductible		(2)	OOP Maximum	
		Individ.	Family		Individ.	Family
2006-2009	Full	\$100	\$300	10%	\$800	\$1,600
	Partial	\$300	\$900	20%	\$1,000	\$2,000
	None	\$500	\$1,500	20%	\$1,200	\$2,400
2010-2011	Full	\$300	\$900	15%	\$800	\$1,600
	Partial	\$600	\$1,800	25%	\$1,000	\$2,000
	None	\$800	\$2,400	25%	\$1,200	\$2,400

(1) Participation Level, (2) Coinsurance Rate

Findings



Conclusion

Healthy IncentivesSM is associated with improved self-reported general health status, lower average BMI and a decreased percentage who smoke compared to a control group.

A combination of better employee health and the incentive of lower deductibles and coinsurance rates for participation is associated with a decrease in County health insurance benefits expenditures and an increase in employee out-of-pocket costs.

References

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2. Scoggins J, http://www.kingcounty.gov/~media/employees/HealthyIncentives/Toolkit/docs/healthy_incentives_impacts_report_2012.ashx (September 19, 2014).
3. Agency for Healthcare Research and Quality. Medical Expenditure Panel Survey. Available at: <http://www.meps.ahrq.gov/mepsweb>.



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