

WORKFORCE HORIZONS

Planning Tomorrow's Workforce Today

Louisiana Department of Civil Service

Volume Two, Issue 20: November 2007

In This Issue:

Using Wellness Programs to Reduce Health Care Costs – p.1

Workforce Snapshots – p. 2

USING WELLNESS PROGRAMS TO REDUCE HEALTH CARE COSTS

As health care costs continue to rise, employers in the public and private sector are looking for ways to reduce the insurance costs and shift a greater proportion of the burden of expense to employees whose lifestyle choices contribute to poor health and greater use of health benefits. This has led to the creation of wellness and preventive health programs in many organizations. Both carrot and stick approaches have been used to encourage employee participation in such plans.

Wellness programs usually require some sort of health assessment to identify an employee's current state as well as resources and plans whereby participating employees can improve their health to meet certain standards. Incentives may be given for completion of steps or for achieving certain

WORKFORCE PLANNING MAXIM OF THE DAY

“Leadership is a matter of how to be, not how to do. We spend most of our lives mastering how to do things, but in the end it is the quality and character of the individual that defines the performance of great leaders.” – Frances Hesselbein

objective standards such as being tobacco smoke-free for six months or having cholesterol below a certain level. Types of incentives range from “free” gifts such as gift certificates or vacation packages to reductions in monthly premiums. Those who favor the use of incentives over penalties contend that the incentives are perceived as less negative by employees and are easier to implement.

However, there is an increasing tendency to use penalties. On May 1, 2007, PricewaterhouseCooper surveyed 135 top executives and 62% indicated that they believed their companies should require employees who demonstrate unhealthy behavior such as smoking or obesity to pay a greater share of health care costs. This was up over 48% expressing a similar opinion in the 2005 survey.¹

Indianapolis-based Clarian Health has used a wellness program for five years that includes health risk appraisals, health coaching and other assistance to help employees improve their health and reduce risk factors. They are now phasing in a program of penalties that they plan to fully implement in 2009. For example, this year before employees enroll for their 2008 benefits, they will be required to fill out a health risk appraisal form. Among other factors, if they cannot claim nonuse of tobacco for at least six months, they will be assessed a five dollar per paycheck surcharge for every paycheck in 2008. By 2009 Clarian will add additional five dollar per paycheck surcharges for exceeding the following standards:

Body mass index over 29.9
Blood pressure over 140/90
Blood glucose over 120
LDL cholesterol over 130

Proponents of using penalties over incentives believe that although they may be more objectionable to employees, they get better results. Employees pay attention when they are charged more every paycheck and the penalties are more likely to actually change behavior and reduce health costs, which is the goal. Incentives alone may cost more and end up just being a feel-good exercise that does not really change behavior or reduce costs.

A combined approach of some incentives and some penalties may work best, and to some extent it is a matter of packaging. Providing a high standard premium with a reduction as an incentive for those who participate in a wellness program or meet standards is pretty much the same thing as setting a lower standard premium and adding a surcharge or penalty for those who

do not participate or do not meet minimum health risk standards.

The Federal HIPAA (Health Insurance Portability and Accountability Act) rules provide guidelines for employers seeking to use penalties or incentives to encourage participation in wellness programs. A summary of these taken from a recent article in Workforce Management is given below.²

- “The reward or penalty must not exceed 20% of the cost of employee-only coverage under the plan.
- The program must be reasonably designed to promote health or prevent disease
- Employees must be eligible to qualify for the reward at least annually.
- The reward must be available to all similarly situated individuals.
- A reasonable alternative standard or waiver must be available to individuals for whom it is unreasonably difficult to satisfy the otherwise applicable standard due to a medical condition.”

WORKFORCE SNAPSHOTS

61% of Generation Y'ers plan to stay in their first job less than 3 years according to a nationwide survey of 250 college students and recent graduates by Right Management.³ So look for continued turnover in this group. According to the survey, the most effective incentives for retaining these young workers are 1) providing career development and growth opportunities within the organization through education, training, mentoring and work assignments, 2) providing flexibility in the workplace and work-life balance. For Generation Y this is not just for traditional family commitments. Many of them are single and want time for personal interests

ranging from doing charity work to creating their own rock band, 3) creating an environment where they get along with co-workers and their boss. It's still true that most employees leave because of their boss not because of the organization or working conditions.

The State of California has plans to implement as a recruiting tool, a database of retirees who want to return to the workforce part-time according to a September 2007 article in *Workforce Management*. This is one part of their workforce planning efforts to deal with 48% of managers becoming eligible for retirement within 2-5 years. California plans to implement this in a few months. Here in Louisiana we have already developed a Retiree Rehire Database. It was a joint effort by Department of Civil Service and LASERS. Agency Human Resources offices may access it through the *HR Info* website.

In twenty years cell phones and laptops will be replaced by beaming information directly into our brains. Stuart Wolf, a University of Virginia Physicist who formerly worked for DARPA (Defense Advanced Research Projects Agency) predicts that advances in computer technology in the next twenty years will allow us to replace cell phones and laptops with a headband directly coupled to the right side of our brains. Instead of a computer screen, images and information will be sent directly to our brains using ultrasound through transducers in the headband. Sound like science fiction? Experiments are already being performed in this area, and in 2006 Sony filed a patent for ultrasonic technology that will beam video games directly to our brains.⁴

QUOTE OF THE DAY

"Computers are useless. They can only give you answers." - **Pablo Picasso**

¹Wojcik, Joanne. "Employer to Fine Unhealthy Workers," *Workforce Management*, www.workforce.com. (10/30/07)

²Wojcik, Joanne. "Employer Wellness Programs Must Follow Federal Criteria," *Workforce Management*, www.workforce.com. (10/30/07)

³"News in Brief," *Workforce Management*, October 5, 2007

⁴Schwartz, Peter; Taylor, Chris, and Koselka, Rita; "Quantum Leap," *Fortune*, August 2, 2006

CREDITS

Editor: Max Reichert, Workforce Planning Assistant Division Administrator (email: max.reichert@la.gov)

Issued: Monthly

Purpose: The purpose of the *Workforce Horizons* is to educate readers about workforce planning issues and best practices, inform them about upcoming Civil Service workshops and training related to workforce planning and to provide practical job aids to assist agencies with workforce planning.

Comments and submissions: We welcome questions about workforce planning and suggestions for improvements to the newsletter as well as submissions of articles about what your agency is doing in workforce planning. Questions, comments, and requests to be added to the distribution list for the newsletter should be sent to the editor.

Current and Back Issues are accessible under "Workforce Planning Newsletter" in the HR Reference section of the Civil Service web page at www.civilservice.louisiana.gov