

2007 Statewide Best Practices Award Winner
Arkansas SHRM State Council

Benton County's Wellness Initiative



*Prepared by Thomas Dunlap, PHR
Benefits Administrator*

“Right now, we have the potential for a perfect storm in health care...If we don't do something the system will break and I think we'll go to a system that no one in this room will be happy with”

--July 2004, Dr. Fay Boozman, Director, Arkansas Department of Health

No different than any other employer, Benton County Arkansas has struggled in recent years to provide an attractive health insurance benefit plan to its current and prospective employees. However, in the fall of 2005, the cost of insurance and our experience with a self funded plan created its own perfect storm that if left alone, would have hindered our ability to provide even catastrophic coverage to the members of our plan.

To put it simply, we insure a population of employees that one seasoned insurance agent described as “a loaded deck”, and by the end of 2005, we were doing it on credit. The anticipated increase in premiums for 2006, in addition to the reduction in benefits, would have adversely affected the take home pay of every single employee, regardless of whether or not they were even on the plan. And in order to fund our claims, we would have to take from other discretionary lines, specifically payroll.

At the same time we realized that the typical strategy of scrounging for more money would not stimulate any long term savings. In order to ensure a better future for our plan in the next five to ten years, we would have to identify and deal with the cost drivers, which are ultimately the health behaviors of your population.

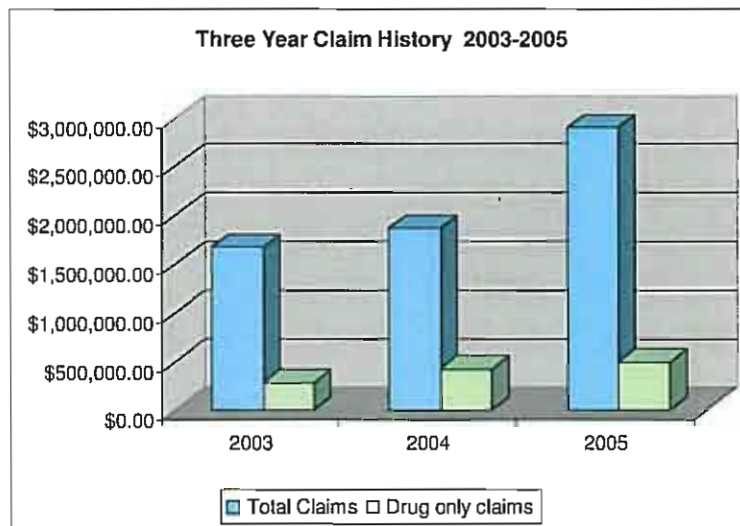
Over a period of the next year, the Human Resource department, partnering with our benefit broker and claims TPA, implemented a long term wellness strategy that produced nearly immediate results.

Naturally, our first step was to scan our internal environment for opportunities. This required an in-depth look at our claim history from 2003 to 2005, and some of the information we learned was eye opening to say the least...frightening is more like it.

Our 2005 claim expense had already required us to go before the Quorum Court (a panel of elected officials) and ask for a \$450,000 loan. This loan is nothing more than a transfer from state mandated reserves, with an agreement that the amount must be repaid out of next year's budget. We would start off 2006 in the hole. So imagine our reaction when our total claim spending in 2005 exceeded the previous year's by **1.1 million dollars**. Our research from 2005 also brought the following to light:

- Total claim lines had increased from **6424 to 11682** in the last year
- The average claim amount per participant was \$6574.55, a **50% increase** in one year
- The percentage of total claims that were considered catastrophic jumped from **13% to 37%**
- In two years time, we were spending **50% more** just on pharmacy costs

Our claim performance for the life of our self funded plan is shown below:



At the end of 2005, we were asking ourselves how we could possibly continue to fund the plan based on current circumstances. Examining our efforts to keep the plan healthy up to 2005 showed the following:

- Since 2003, we had increased the employer contribution to our claims from **\$3,000 per year to \$5580**
- Since 2001, we had increased our annual insurance contribution by **165%**
- In the same time period, our annual budgeted salaries had increased by **only 42%**

So even though we were funding our health plan at a rate *four times faster* than our salary spending, and even though we had to borrow \$450,000 in mid 2005 to keep up with claims, we had still exhausted all of our resources to maintain our health plan at its current level into 2006 and beyond.

Since 2002, the County had been absorbing the entire cost of health insurance increases without passing some of the burden on to the employee. Some might consider this a mistake, because it further reinforces the entitlement idea that many employee populations have. This was no more apparent than when our employees did not receive a merit increase going in to 2006. At last, the employees were starting to feel our pain.

A further examination of the lifestyle characteristics of our employee population revealed the following:

- Blood test results from an October 2005 Health Fair indicated that 44% of those tested were in the two *highest of five cardiac risk groups*, and 5% had *blood sugar levels* outside normal limits *without their knowledge*.
- The top 5 most prescribed medications to County employees treated these symptoms: *High Cholesterol, Ulcers, Diabetes, and Depression*
- The top three most expensive treatments to our employees treated the following illnesses in this order: *Heart Disease, Nonspecific Respiratory Symptoms*, and weight related *Osteoarthritis*. (This information was harvested directly out of a 2005 listing of all doctor indicated CPT and ICD 9 codes)

Based on our assessment of the situation we felt there were several paths that we could take going into 2006. First, we could somehow find a way to fund our out of control claim costs while at the expense of raises and new position requests. Second, we could make drastic benefit adjustments that included large premium increases and a reduction in paid benefits (copays, deductibles, etc.) Third, we could stop offering a benefit plan altogether, and transfer the savings to the employee as cash for them find insurance privately.

We realized though that these strategies only treated symptoms, not the disease. Not to mention that all we had tried them all in previous years with little success. Of strategic importance was finding a way to keep a benefit plan that would be attractive. As our elected Sheriff put it to us, how could we recruit and retain public safety officers of a young age when affordable health insurance for their families was out of reach?

Then we considered the model of the auto insurance industry...discounts for good driving, individual rates, and rewards for clean records. There seemed to be a way to find health plan savings in a similar way, if we could just *focus on the health behaviors* of our employees.

A suggestion on a new product called **Benicomp Advantage** given to us by our Third Party Administrator was selected as the strategic resolution to our health plan problem. We would be the first employer in the state of Arkansas to try this new program. It would take almost a year to implement.

The basic premise of the **Benicomp Advantage** program is that you increase your plan deductible significantly, and then allow employees to complete a confidential wellness screening. Based on the results of this screening, the employee would then be eligible for deductible reimbursements that would buy their way back to the original deductible amount.

The screening consists of these five measurements. For each one you satisfy, you are given a \$400 credit against the deductible increase:

Category	2006 Generous Goal	Medium Goal	N.I.H. Goal
Body Mass Index	≤29.9	≤27.5	≤25
LDL Cholesterol	≤160	≤130	≤100
Blood Pressure	≤140/90	≤130/85	≤120/80
Blood Sugar	≤126	≤118	≤110
Nicotine	Negative	Negative	Negative

We decided to use the most generous goal available. For example if you score above 126 in the Blood Sugar category, you would be diagnosed as a diabetic if tested by a physician. Also, the use of medications to achieve a result is encouraged. At the end of each year, you tighten up your standards as an incentive for employees to pay attention to their health on an ongoing basis. While the screening takes place onsite by qualified medical personnel, the employee's results are strictly confidential. The program is a fully insured product that your organization purchases as a supplement to your basic health coverage, which satisfies privacy and discrimination concerns.

Clearly, there would have to be some buy in from both department heads and supervisors. In March of 2006, I delivered a presentation on the Benicomp program to a combined meeting of the Quorum Court's Finance and Personnel committees. Many of my talking points used in that public meeting appear in this application. There was a brief article in the newspaper the following day about the county's new approach to wellness. On the day of that article, I was presenting the same information to all of our county department heads.

One of the unique traits of this work environment is that we have often have to satisfy seven different elected officials at one time, in addition to our Quorum Court. While ultimately the County Judge (our direct report) enters into all business agreements for county government, it is clearly beneficial to any success to have the rest on board. Unfortunately, at the time we began discussing this program with them, we were in the thick of a primary election season. A few battle lines were drawn, and our HR Director Barbara Ludwig would often appear as a fact checker whenever a county official summoned a member of the media to talk about this controversial new plan.

Over the next month into April, Barbara and I facilitated nearly two dozen presentations on the Benicomp program to every department within the county, and almost all 600 employees. Several of the meetings were contentious, while others were well received. It was interesting to observe the overactive imaginations and misinformation being circulated regarding the new plan, and then to squelch these thoughts completely once the employees came to one of our sessions. We had one particularly stubborn elected official

who was quietly trying to rally the troops into going against the plan. After hearing some very similar talking points from several associated people, we met individually with this official and they were encouraged to come to a session to get all of the information. Finally and with a bit of theater, the official arrived at one of our presentations given to another department. Although the official got up and left the meeting early, this particular uprising was not heard from again.

One of my favorite pieces of feedback about our meetings was that this was the first time that the county had ever been straight with the employees about the cost of benefits and the numbers behind it. In preparing for this "campaign", I felt it was very important to build a case that could not be refuted. That's the reason my claim research was so in-depth...you can get a lot of mileage from your employees by simply being honest. The alternative to me was very clear...premium increases to those who were not responsible for the cost, and benefit reductions on those who had routine medical needs like broken bones and newborn children. In essence, if you were healthy under this new plan, you received a good driver discount. That's a fair approach from any direction.

We had set an effective date of June 1st, 2006 to activate the Benicomp program, so by the end of April our employees were getting screened. It took nearly a week to get to everybody. Several of our departments operate on a twenty four hour basis, the County Jail in particular. We had to arrange to meet them in the middle of the night so that we would match their work schedules. Other departments required attention early in the morning. The screening requires fasting by the employee, so you have to screen them when their workday begins, not later in the day.

We also have a lot of employees who could not break away from regular duties to attend to the screening (prosecutors, dispatchers, undercover deputies). It was important to find an accommodation for these people that would encourage them to participate. We reached out to a local Doctor's office so that these employees could drop by after hours and complete their screening. This also worked well for some employees who were simply too shy to be screened in front of others, or who needed appropriate medical attention in case of fainting. It goes without saying that we could not allow employees to feel humiliated about their screening.

Attention was also paid to some of our employees who might have felt they had little chance at earning any credits based on their current health. For these people, we decided to offer a few bonus rewards. First, if they tested, they were guaranteed at least one credit. And we also partnered with a separate vendor to provide online health risk assessments that while voluntary, could be used to earn a credit if you failed the wellness screening completely. This way, someone who could not pass any of our screening goals would still get at least two rewards, not to mention some motivation just to be screened.

By the time we went live in June, we assessed that nearly 85% of all employees had participated in the screening (it was optional). This included our retiree and COBRA populations. Over a hundred employees completed on the voluntary health risk assessment. From this point on we have to ensure that new hires have the opportunity to

screen when they become eligible. We continue to use our local Doctor's office for this process.

It is very important to remember that making your employees aware of their own health is only one leg of the stool. You still have the responsibility of providing some tools that they can use to improve on what they learn about themselves. Our focus shifted in the summer and fall to providing some of these opportunities. First, we worked with local fitness centers to provide special discounts to our employees. We communicated these through in-office events and payroll stuffers. Next, we sponsored a smoking cessation class through our EAP that achieved a 20% success rate. And every year we organize a day long Health and Wellness fair in October. In 2006 we invited several health food stores and nutritionists, in addition to providing the normal free wellness screenings like hearing, vision, BMI, blood pressure, etc. A highlight of this particular year was a carotid artery ultrasound performed on site that identifies your risk for arterial blockage, which increases your chances of heart disease and stroke.



A Benton County employee receives a Carotid Artery Ultrasound at the 2006 Employee Wellness Fair

We also found that employees started organizing around healthy lifestyle activities on their own. One of the most recognizable changes was that employees formed walking groups that get out around the lunch hour. There is even a small group of employees that take over a break room for lunch time aerobic exercises. In the fall, our Juvenile Detention employees challenged another department to a weight loss contest that was so popular that it was repeated a month later. These are all of the little things that have to happen to permanently change the health awareness in your workforce.

Although we knew within a few months that the Benicomp program was making a difference, it became very clear during our fall renewal process that improvement was quickly accelerating in regards to our claim experience and expense.

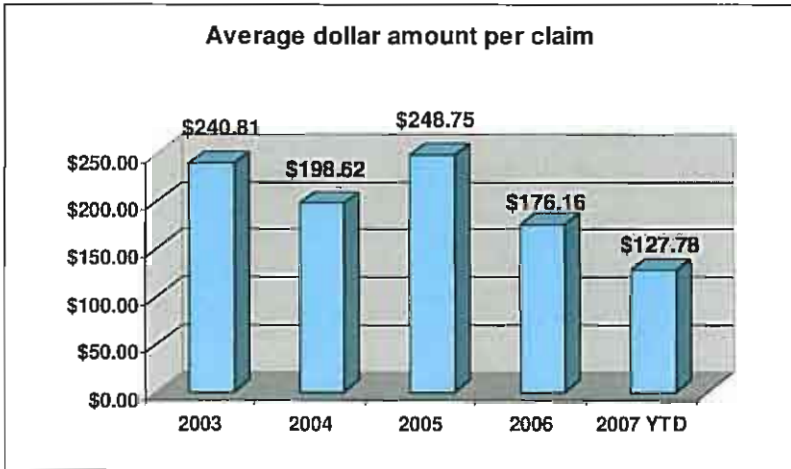
Some could argue that our initial savings were made on the backs of employees who put off having certain procedures after the higher deductible was put in place. No doubt some of that is true. But we could hear employees talking like smart consumers for one thing. "I asked my doctor if this test was necessary"... "I shopped around for a cheaper price on my MRI". And we had two very important facts on our side. First, our claim expense just for the month of May 2006 was the highest in the history of our plan, telling

us that a lot of our employees were getting expensive treatments out of the way prior to the new program, not later. We would carry this expense for the year regardless of when it occurred. The second relevant item is that our drug cost increased towards the end of 2006. It appeared that employees, armed with a little more knowledge of their own health, were seeking medications to help prevent a more significant treatment or illness.

By the end of the summer in 2006, we were already saving money in our claims fund. We made several transfers against our \$450,000 loan and paid that off almost immediately. Going into the fall, we started to build a fund reserve of several hundred thousand dollars. When we sat down to plan for 2007, we realized that not only would we not have to ask the Quorum Court for a funding increase, a first, but we felt we could also lower the deductible on the plan as well. Employees were glad to hear this, because they would be required to test again in November. The results from this test would carry them through 2007.

In November 2006, the Bella Vista Property Owners Association voted to incorporate into a city. This would mean a county wide revenue decrease in the neighborhood of \$3,000,000, as Bella Vista would receive their share of state turnback money instead of it traditionally coming to the county. Obviously, there would have to be some budget tightening, which ultimately resulted in a tax increase. Adjusting our revenues was a little more complicated than I have room to explain here, but think for a moment how liberating it was as an employer to take a health insurance funding increase off the table during a time like that. We could focus exclusively on salaries and new positions, and in the end employees received an overall wage increase of 7%. How many employers in our area do you think had a similar experience?

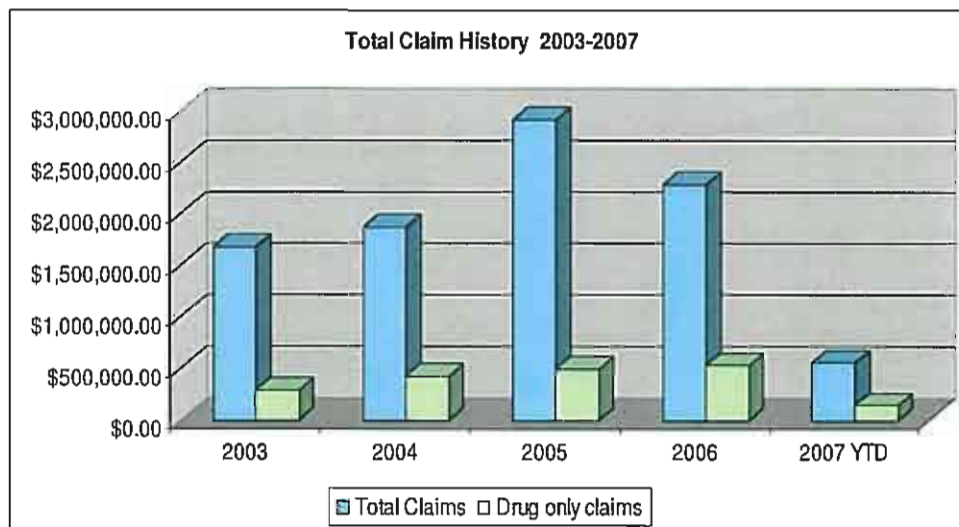
Like conversion and average transaction to a retailer, every organization must identify the key financial indicators that are relied upon to predict their success. For our health plan, we believe that to be the average dollar amount of each claim that goes through our system. Examining this particular statistic after the installation of the Benicomp program is stunning:



This figure is particularly useful because it can't tell time. It doesn't matter what month you check, you can still get a result that is accurate when comparing one period against the other. Also, the amount of people who are on the plan at any given time is irrelevant. Notice that since 2003 we have added nearly 100 new employees to our payroll and benefits, yet the average claim amount has decreased significantly over the same period.

It's also important to point out that while our average dollar amount for claims is decreasing, the actual number of claim lines is increasing. In 2005, when we experienced our worst year, the total number of claim lines was 11,680. For 2007, we're forecasted to have over 13,000 claim lines on our plan. Fortunately, each one of those claims now costs \$120 less than it did just two years ago.

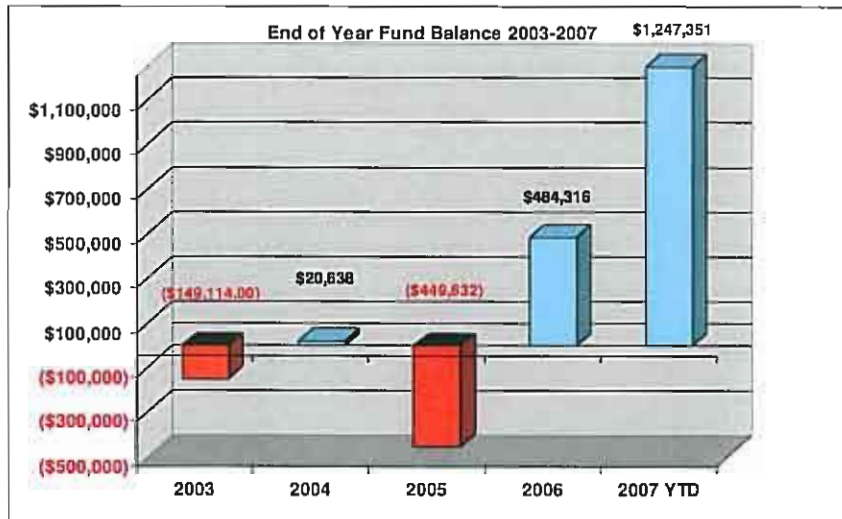
Earlier we looked at total claim history from the period of 2003-2005 (page 2). It's not as exact as the average claim cost, but by adding in the last two years, our success with Benicomp can't be missed. The 2007 data only includes January through April:



We still have eight months of 2007 remaining, and our average claim cost is holding rather low, even in light of some pretty large individual claims.

Now we should look at the one item that is most important to those members at the top of the organization...the one area that all Human Resources departments have to keep in mind when planning a fundamental strategic change. We're talking, of course, about the check book.

From the end of December 2005 to the end of February 2007, just short of 15 months, the revenue saved in our health insurance fund represents a turnaround of nearly **1.7 million dollars**.



There are two new revenue producing concepts in our health plan that had never even occurred to us prior to this year. First, we now earn interest on our fund balance, which has provided almost \$15,000 this year alone. And we are also likely to place some of this excess revenue into a Certificate of Deposit to draw even more interest. This revenue alone will pay for the testing fees and premiums associated with the Benicomp Advantage program entirely.

As mentioned earlier, we felt comfortable enough in the fall of 2006 to not ask for an increase to our funding level, and to lower the deductible going in to 2007. This was even before we knew that we'd end up with almost a half a million dollar surplus in 2006. And yet we continue to save money. It's possible in the coming years that we can do several new things if our success continues. We'd like to purchase group dental coverage and group disability for all employees. And it may even be possible to decrease our funding rate and invest in other long term obligations (like a new jail pod). Every couple of months these numbers will be updated to keep track of our progress, and no doubt in November 2007 we will be screening employees again. We're confident that we have found a very reliable tool to deal with the market forces of health care, and that the next 5-7 years should be fruitful for both the workforce and the taxpayers that we are ultimately accountable too. We definitely like our chances.

In closing, it might be appropriate to offer the following suggestions to other employers who find themselves in similar situations. In other words, what has Benton County learned?

- *Focus on behaviors.* This concept can be applied to so many different workplace strategies, and it fits perfectly as a wellness solution. Identify the factors in your workplace that result in unhealthy lifestyles. Do your employees have enough time during the day to make healthy eating choices? Can they find 15 minutes to exercise in their schedule? Is your

campus smoke free? If not, are you making it too comfortable by providing seating, vending machines, etc., in your designated smoking areas?

- Expecting employees to take ownership of their health is strategically important to your organization. The upheaval and resentment that comes with it is normal, and not permanent. For the employer, there are other benefits relating to sick time, productivity, and morale.
- Your best chance of a long term health cost solution is found in the individual health of all of your employees. Every other option simply shifts costs. Improving the health awareness of your population is the richest vein that you can strike, and once you do it is possible to continue mining the gold for as long as you keep focusing on wellness.

If an organization is not currently using or thinking about implementing a wellness strategy, that day comes soon. Be straight with your employees when the time comes...the survival of each of you depends on it.

ARSHRM.com

arkansas SHRM state council, inc *Online*

promoting and serving the human resource profession in arkansas

- Home
- Our Mission & Vision
- State Council Roster
- Calendar
- Arkansas SHRM Chapters
- Arkansas Student Chapters
- Scholarships
- Recognizing HR Leaders
- Federal Legislative Issues
- State Legislative Issues
- Write Your Legislators
- State HR Conference
- Legislative Conference
- Leadership Conference
- HR Resources & Links
- SHRM Resources

Home > [Recognizing HR Leaders](#) > [Best HR Practice Award](#) > 2007 Best Practice Recipient Benton County

2007 Best Practice Award Recipient - Benton County

The County of Benton, Arkansas was the recipient of the 2007 Best Practice Award, which was presented at the 2007 Arkansas Human Resources Conference & Expo in Little Rock, AR (shown at right).



Like every other employer, Benton County has struggled in recent years to provide an attractive health insurance benefit plan to its current and prospective employees. In the fall of 2005, the cost of insurance and experience with their self-funded plan, if left alone, would have hindered their ability to provide even catastrophic coverage to the members of their plan.

The anticipated increase in premiums for 2006, in addition to the reduction in benefits, would have adversely affected the take home pay of each county employee. And in order to fund claims, the county was anticipating taking from other discretionary lines, specifically payroll.

Over a period of one year, the human resource department, partnering with their benefit broker and claims TPA, implemented a long-term wellness strategy that produced nearly immediate results. They considered the model of the auto insurance industry...discounts for good driving, individual rates, and rewards for clean records. They knew there had to be a way to find health plan savings in a similar way, if they could just focus on the health behaviors of their employees.

A suggestion on a new product called Benicomp Advantage was selected as the strategic resolution to the health plan problem. The county was the first employer in the state of Arkansas to try this new program. By the time they went live in June; they found that 85 percent of all employees had successfully participated in an optional wellness screening. Additionally, employees started organizing around healthy lifestyle activities on their own.

In 2005 the county's average claim amount was \$248.75 Currently 2007 year-to-date the average claims amount is \$117.07. Additionally the fund balance available to the county to pay claims was \$149,000 in 2003, and currently the 2007 year-to-date fund balance is over \$1.5 million. Proving a successful practice for any self-insured company.

For the county's innovative approach to benefit administration, the Arkansas SHRM State Council is proud to present the 2008 Best Practice Award to Benton County.

[Learn more about the ARSHRM Best Practice Award.](#)

© 2006 Arkansas SHRM State Council, Inc. • Website by [Copper Cup Images](#)



Page Information

- Maintained by: **Jeff Owens, PHR**
- Last Updated: **May 04, 2007**
- [Suggest corrections or changes for this page](#)