

Faced with unsustainable increases in health benefit costs, a Midwestern public university triples wellness program participation and achieves 10 percent claims savings.

The challenge

When a public university found itself faced with unsustainable increases in health benefit costs, it decided to turn a challenge into an opportunity. It set its sights on redesigning its medical plans to slow the growth of healthcare costs for both the university and for its faculty and staff.

Our solution

Segal's approach to achieving the goal was to redesign the institution's three medical plans by enhancing consumerism and leveraging principles of behavioral economics.

At our team's recommendation, the university agreed to require positive, active open enrollment for benefits. Faculty and staff were offered higher deductibles with attractive account contribution opportunities (HSAs and HRAs). Additionally, we redesigned the benefits enrollment guide to create choice architectures that nudged faculty and staff toward consumer-directed health plan (CDHP) options and wellness program participation.

The wellness program incentive structure was revamped using three tactics to increase engagement and reduce costs. The first tactic was to include a simple wellness pledge as a precommitment strategy, asking participants to commit to a healthy lifestyle.

A second tactic was to offer an earlier payout of incentive rewards to control for hyperbolic discounting, which is the tendency of people to heavily discount the perceived value of rewards paid out in the future. A third was a clawback of the incentives paid to individuals who failed to fulfill the pledge promise.

The success of the plan redesign would also require an effective rollout strategy that introduced the new benefits program and socialized the "burning platform" for change.

The results

Under our guidance, wellness participation more than tripled, increasing from 24 percent of faculty and staff to 88 percent.

The university saw significantly higher employee engagement in a variety of on-campus health programs including assessments, biometric screenings, phone coaching, smoking cessation and weight loss programs, and online health challenges.

Population health improved dramatically across key metrics, including reduced body weight, blood pressure and stress — the client's top three risks.

Equally important, specific plan participation goals were achieved, with 60 percent of faculty and staff enrolling in a CDHP during the first year of its operation.

Favorability ratings for the new program were also high, with 82.3 percent of survey respondents reporting that they were very satisfied or satisfied with the wellness program.

Finally, the ultimate goal of reducing health benefit costs for the university and its people was also attained, with an estimated claims savings of 9.8 percent in the first year alone.

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