



Welcome! We will be starting momentarily.

Webinar: Using a Pro-active Fitness Strategy to Manage Health Care Costs

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Presentation Topics



- About Triton Benefits
- Conceptual Approach of Program
- Outcome Based Wellness vs Activity Based Fitness
- Use the Statistics to your Advantage
- Architecture Strategy
- Components of Strategy
- How to Evaluate
- Q&A

About Triton



- 1989 to 2001 Founded one of the Largest PEO's in the Country (2001 – Ranked #231 on Forbes Private Business List). Company was sold to Zurich Insurance in 1998
- 2001 to 2008 Founded Checkpoint HR, a Payroll and Benefits Company with over 500 Clients and revenues of \$10M (sold to Private Equity Company)
- 2008 to Current Triton has become one of the largest HR Outsourcing and Benefit Companies in the Nation for small to mid-sized businesses. We currently serve over 400 Clients, have offices in NJ, NY, TX, FL, and manage over \$150M in Annual Insurance Premium

Conceptual Approach

- Speco Live Feed



ACA Incentive Rules – Protects against unfair practices that reduce benefits based on health



- Program Categories
- Reasonable Alternatives
- Maximum Reward Amount
- Reward in Same Plan Year
- Full Reward Amount

Wellness Program Categories



- **Participatory programs** reward customers for completing a health action – but not meeting a health goal. Examples include completing a health assessment, preventive care visit, or biometric screening.
- **Activity-based programs** reward customers for completing a health goal or activity – but not one that requires a measured health outcome. Examples include completing a nutrition or exercise program.
- **Outcome-based programs** reward customers for meeting a measured health outcome – like blood pressure less than 140/90, or BMI less than 30.

Reasonable Alternative



- **Participatory program:** Reasonable alternatives are not required.
- **Activity-based program:** If medically inappropriate or difficult for a customer to complete a program requirement, they must be allowed: 1) a physician recommended alternative, or 2) a physician exemption from the program.
- **Outcome-based program:** If a customer doesn't meet the outcome, or if the goal is inappropriate for them, they must be allowed an alternative: 1) completion of an online or telephonic coaching program; or 2) a physician recommended alternative 3) a physician exemption – but not based on a health factor
- **Communicate availability of alternatives for Activity-based and Outcome-based programs.** Plan materials that describe incentive terms should outline alternatives, and provide a phone number to call for questions.



Maximum Reward Amount

- Incentives for Activity-based and Outcome-based programs can not exceed 30% of a customer's annual premium (including employee and employer contribution), unless tobacco cessation is rewarded as well.
- If tobacco cessation is rewarded, award can not exceed 50% (with no more than 30% provided for non-tobacco related incentives).
- Review incentive design to ensure that a customer's incentives across Activity- and Outcome-based programs is not more than 30% of their premium – or 50% if the customer has a non-tobacco use incentive



Reward in Same Plan Year

- Activity- or Outcome-based health program incentives should be given in the plan year that the program is completed, or within a reasonable amount of time in the next plan year.
- If a 'reasonable alternative' was used to earn an incentive, the reward still must be delivered in the same timeframes.
- Rewards for activities completed in one plan year can be delivered in the following plan year. For example, rewards for activities completed as part of open enrollment can be delivered during the following plan year. And completing an activity during one year can be rewarded in the next plan year.
- Review incentive design to ensure that any Activity- or Outcomes-based rewards are delivered in the same plan year that they're completed, or within a reasonable amount of time in the next plan year.

Full Reward Amount



- All customers must be able to qualify for the same reward amount at least once per plan year.
- Customers earning a premium adjustment should always receive the full incentive amount. For example, a customer earning a premium discount for a BMI>30 in March should also get the January – February discount.
- New hires can receive a different amount if not in the plan for the entire year.
- Ensure customers receive the same reward amount for an activity - including customers who use any reasonable alternatives.
- Clearly define rules when reducing rewards for reward new hires.
- Ensure that customers can qualify for the reward once per year



Wellness vs Activity Based Fitness

- Wellness is a retroactive program that provides benefit incentives for losing weight and measured using BMI readings.
 - Wellness programs contain smoking cessation incentives
 - Medication Monitoring
 - Case Management
 - Data Modeling (John Hopkins Research)
 - Monetizing the success of the program is suspect?
- ACA's view on Wellness
 - Non-discriminatory
 - No Direct Premium Incentives for the Company
 - Employee Incentive based on program acceptance

Wellness vs Activity Fitness



- Fitness is a proactive approach and long term strategy that's designed to Benefit the Employee and Company
- Most people want to be healthy and lose weight
- Most people would rather not have to take medication
- Most smokers want to stop smoking
- Employees who regularly exercise have:
 - Lower Cholesterol
 - Lower Blood-pressure
 - Better Immune System
 - Greater Flexibility
 - Increased Metabolism
 - Better Diet and Eating Habits
 - Less Likely to Smoke

Significant Health Benefits of Fitness Program

Cardiovascular Disease	Higher levels of cardiovascular fitness are associated with a 50% reduction in risk of CVD in men (Myers et al., 2004). Myers and colleagues demonstrated that increasing physical activity to 1000 kilocalories per week is associated with a 20% reduction of mortality in men	Physically inactive (engaging in less than 1 hour of exercise per week) middle-aged women doubled their risk of mortality of CVD as compared to their physically active female counterparts
Diabetes, Insulin Sensitivity and Glucose Metabolism	Diabetes has reached endemic proportions, affecting 170 million individuals worldwide (Stumvoll, Goldstein and van Haeften, 2005). One misfortunate health consequence of physical inactivity is the weakening of the body's insulin regulatory mechanisms	Regular aerobic exercise meaningfully increases insulin sensitivity and glucose metabolism, which means the body's cells can more efficiently transport glucose into the cells of the liver, muscle and adipose tissue (Steyn et al., 2004)
Hypertension	higher risk of developing coronary heart disease (CHD), congestive heart failure, stroke, and kidney failure. There is a one-fold increase in developing these diseases when blood pressure is 140/90 mmHg (Bouchard & Despres, 1995). It is necessary for the fitness professional to educate clients that reducing weight and lowering alcohol and salt intake in their diet may also help reduce elevated blood pressure in many cases	Moderate-intensity aerobic exercise (40%-50% of VO2max), performed three to five times per week for a 30 to 60 minute session appears to be effective in blood pressure reduction (when elevated).

Significant Health Benefits of Fitness Program

Blood Triglycerides, HDL-Cholesterol, and LDL-Cholesterol	It is well established that a sedentary lifestyle contributes significantly to the development of CHD and unfavorable elevation of blood fats and cholesterol levels; physical activity plays an important role in decreasing these health risks.	Experts indicate that exercise training studies rarely show a decrease in total cholesterol or LDL-C (the bad cholesterol) unless there is a loss of body weight or dietary fat is decreased (or both).
Stroke	Statistics show that those who are moderately active have a 20% lower risk of stroke while those who are highly active have a 27% lower risk of stroke (Sacco et al., 2006).	The implementation of progressive aerobic exercise (for cardiovascular health) and strength training (for mobility and balance) is recommended to reduce the risk of stroke or recurrent stroke (Sacco et al., 2006).
Colon, breast, lung and multiple myeloma cancer	Physical activity and exercise are correlated with a lower incidence of colon cancer and breast cancer in men and women, respectively. Lee (2003) reports that moderate-to-vigorous physical activity has a greater protective effect than lower intensities of physical activity. She notes that physically active men have a 30% to 40% reduction of relative risk to colon cancer as compared to their inactive counterparts.	In addition, physically active women have a 20% to 40% reduction in relative risk of breast cancer as compared to their inactive counterparts.

Significant Health Benefits of Fitness Program

Osteoporosis	Evidence does suggest that moderate weight-bearing activity, such as brisk walking done regularly, and for a long-term basis, is effective in averting age-related bone loss.	Recommend doing weight-bearing endurance activities 3 to 5 times per week, and resistance exercise 2 to 3 times per week for a total of 30 to 60 minutes per day to preserve bone health during adulthood.
Musculoskeletal Health and Sarcopenia	Sarcopenia is the age-related loss of muscle mass and strength (Marcell, 2003). Marcell adds that the rate of muscle loss with age is relatively consistent, approximately 1-2% per year starting at age 50	There is a linear relationship with loss of muscle strength and loss of independence, contributing to falls and fractures. In addition, there is a decrease in metabolic rate and maximal oxygen consumption (due to the loss of muscle mass).
Body Composition and Obesity	Obesity has risen to epidemic levels in the U.S., with over 65% of the U.S adults being overweight and 31% obese (ACSM, 2006). According to the Centers for Disease Control (CDC, 2007), overweight and obesity are associated with increased risk for hypertension, osteoarthritis, abnormal cholesterol and triglyceride levels, type 2 diabetes, coronary heart disease, stroke, gallbladder disease, sleep apnea, respiratory problems and some cancers (endometrial, breast, and colon).	The most favorable approach to weight loss is one that includes committed endurance exercise, resistance exercise, and caloric restriction within a sound behavioral modification delivery program.

Significant Health Benefits of Fitness Program

Arthritis	Consistent exercise improves aerobic capacity, muscle strength, joint mobility, functional ability, and mood, without apparent increases in joint symptoms or disease (Finckh, Iversen and Liang, 2003). Exercise has been proposed to have a pain-relieving effect similar to that of a pharmacological treatment for some people	Swimming, aquatic exercise, aquatic walking, and biking, which are much safer on the weight bearing joints. Exercise programming for clients with arthritis should focus on gradually increasing cardiovascular conditioning, increased flexibility, and steadily increasing flexibility and joint stability (Maes and Kravitz, 2004).
Stress	A growing body of research over the last 10 years substantiates that physical activity and exercise also improves psychological well-being (Dubbert, 2002).	Published investigations conclude that individuals with improved levels of fitness are capable of managing stress more effectively than those who are less fit (Hassmen, Koivula & Uutela, 2000).
Mood State	Cardiovascular and resistance exercise can positively affect different mood states including tension, fatigue, anger and vigor (a psychological variable defining vitality or energy) in normal and clinical populations (Lane & Lovejoy, 2002; Fox, 1999).	Acute bouts of exercise may improve a person's present mood state. It has been shown that a single bout of 25-60 minutes of aerobic exercise (at low, moderate or high intensities) increases positive mood feelings while also decreasing negative mood feelings.

Significant Health Benefits of Fitness Program

Depression	The antidepressant action is one of the most commonly accepted psychological benefits of exercise. Individuals with clinical depression tend to be less active than healthy active adults and have a reduced capacity for physical exertion (Fox, 1999).	Patients diagnosed with depression have credited exercise as being a most important element in comprehensive treatment programs for depression (Dunn et al., 2002).
Anxiety	According to Webster's Unabridged Dictionary, anxiety is "distress or uneasiness of mind caused by fear of danger or misfortune." It is a stage of apprehension. The results of over 30 published papers substantiate a link between acute and chronic exercise and the reduction of anxiety (Scully et al., 1998).	Most of the research on exercise and anxiety involves aerobic training regimens.
Self-Esteem	As with the other psychological health variables, exercise has a positive influence on improving self-esteem (Callaghan, 2004).	In relation to exercise, it is interesting to note that important factors influencing a person's self-esteem are perceptions of their body attractiveness and physical condition (McAuley et al., 2000).
The "Weekend Warrior"	All position statements on physical activity surround their messages around the importance of consistent physical activity and exercise throughout the course of the week	Individuals with one or more risk factors to CHD may not benefit from this sporadic approach to physical activity, and should be encouraged to get their physical activity and exercise throughout the course of most days of the week.

How do we Motivate our Employees to Exercise on a Steady Routine



- Free Gym Membership
- 30% Reduction in Medical Deduction “Single Rate Base Medical Plan”
- Ongoing Basis Providing - “ They Use it”
 - Agreement they join one of the Preferred Vendor Gyms”
 - Agreement they will utilize 12 times per Month



Architectural Strategy

- **Employee/Company Agreement**

- Employee Agrees that in consideration for participation in Fitness Program they will utilize a bona-fide fitness center 12 times per month and in return receive “free gym membership to Preferred Fitness Center”. In addition, their payroll deduction for medical insurance for the single coverage portion will be decreased by 30% (can be off of the base medical plan rates). If the employee does not comply in a given month, the gym membership becomes a cost if they continue and the 30% contribution decrease goes back to the standard 9.5% of wage contribution (or deduction program established by company).

- **Fitness Center Strategy**

- Preferred Fitness Center for Company Members if Business doesn't have a bona-fide gym on its premises
 - Powerhouse Fitness, Planet Fitness, NY Sports, LA Fitness, Etc.
- Broker Relationship with Fitness Center to set-up Program and Validate Membership Usage
 - ABC Reporting, Mind-Body Reporting, etc.
- Broker Relationship with Payroll Provider to enforce Deduction Incentive as a result of Membership Usage Agreement

Architectural Strategy



- Insurance Program designed for Strategy
 - Self or Level Funded Insurance Programs become to vehicle to monetize on the Strategy
 - 100% of Claims Reduction belongs to the Employer
 - Reduction in claims less increased company contribution for incentive program equals net program savings
 - 7% to 10% ACA Reduction in Surcharges and Taxes
 - Coming from a “traditional fully-insured plan” to a level or self-funded plan will eliminate the following ACA costs that are built into fully-insured premium

Components of Strategy – Self Funded Plan



- Specific Stop Loss (Reinsurance Carrier)
- Aggregate Stop Loss (Reinsurance Carrier)
- Attachment Factor (25% corridor on aggregate- Reinsurance Carrier)
- Administration Costs (Third Party Administrator-TPA)
 - Claims Processing, Use of Provider Network (Cigna, Aetna, Etc.), Commissions
- Claim Costs (Controllable when strategically managed)
- Financial Work-flow
 - Each month the Company pays the fixed costs and employee claims and at the end of the plan year contract if the claims exceed the Aggregate + Attachment Factor then the reinsurance will reimburse. In most cases, better cash flow but some predictability issues with claims each month and run-out claim reserves.

Components of Strategy – Level Funded Plan



- Specific Stop Loss (Reinsurance Carrier)
- Aggregate Stop Loss (Reinsurance Carrier)
- Attachment Factor (25% corridor on aggregate- Reinsurance Carrier)
- Administration Costs (Third Party Administrator-TPA)
 - Claims Processing, Use of Provider Network (Cigna, Aetna, Etc.), Commissions
- Claim Costs (Controllable when strategically managed)
- Financial Work-flow
 - Client pays a flat monthly premium over 12 months and any claim surplus after month 15 audit is returned to Client. No downside and only upside..

Self and Level Funded = Open Architecture for Plan Design



- Creating cost effective base plan and MEC
 - MEC for employees who do not take base plan that's offered elude paying the 2015 individual penalty of \$395 and 2016 \$695 penalty
 - Employer doesn't pay the \$2,000 or \$3,000 penalty either
- Buy up Plans (Base, Medium and High Plans)
- Claim Reporting and adjusting the plan based on data
 - Monthly Claim Reports will help to Manage and Monitor effectiveness
 - Change RX Incentives
 - Change Emergency Room Provisions
 - Change Plan Design

Components of Strategy – Fitness Center



- Preferred Vendor Pricing (leveraging the participation)
- Client and Employee Agreement
- ABC Financial and MindBody Reporting Capabilities

Reports > Clients > First Visit

First Visit Between: 1/1/2015 and 1/31/2015

Service category: All service categories

Sort by: Client name

Calendar Months: <Y <Q <M <D | =Y =Q =M =D | <365 <90 <30 <7

Client	First Visit	Staff member	# Visits Since First Visit
M BRADFORD, GERSON	1/20/2015	STAFF STAFF	14
BRAN, LUIS	1/5/2015	STAFF STAFF	0
M BROWN, DANIEL	1/20/2015	STAFF STAFF	3
M Bruce, Devonn	1/12/2015	STAFF STAFF	13
M BUCHALLA, ASHLEY	1/5/2015	STAFF STAFF	16
M CAMERA, ERIC	1/9/2015	STAFF STAFF	29
M Cantres, Maria	1/5/2015	STAFF STAFF	28
M CAPIZZI, JOSEPH	1/24/2015	STAFF STAFF	1
M Caraballo, Elaine	1/16/2015	STAFF STAFF	22
M Cardona, Jquio	1/31/2015	STAFF STAFF	0
M CARR, LINDA	1/19/2015	STAFF STAFF	1
M Castellanos, Douglas	1/1/2015	STAFF STAFF	11
M Castellanos, Yenni	1/5/2015	STAFF STAFF	10
M CASTILLO, ANGEL	1/21/2015	STAFF STAFF	0

Components of Strategy – Payroll Service Deduction and Communication Control



SAFE HARBOR DEDUCTION GROUP

Plan Coverage Information				
Click the + sign to set coverage levels and enter costs.				
+ -				
Coverage Level	Employee Cost	Employer Cost	Total Contribution	
<input type="checkbox"/> Employee	164.67	235.33	400.00	

30% INCENTIVE DEDUCTION GROUP

Plan Coverage Information				
Click the + sign to set coverage levels and enter costs.				
+ -				
Coverage Level	Employee Cost	Employer Cost	Total Contribution	
<input type="checkbox"/> Employee	126.67	273.33	400.00	

Components of Strategy – Employee/Company Agreement

- Employee Agreement



Components of Strategy – Broker Enablement



- Broker Arranges the Fitness Center Agreement (no cost)
- Broker Provides Insurance Product
- Broker Loads Benefit Information into Online Portal
- Broker Educates Employees about Fitness Incentive Program
- Broker Facilitates The On-line and Manual Enrollment Process
 - Insurance Enrollment and Fitness Center Enrollment
- Broker becomes Conduit between Fitness Center Usage Reporting and Payroll Company Deduction Process
- Broker Conducts Quarterly Claims and Strategy Meetings

For More Information and to Learn More..

- Please contact a Triton HR Representative at: (877) OKTRITON
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Thank you for joining us today!

