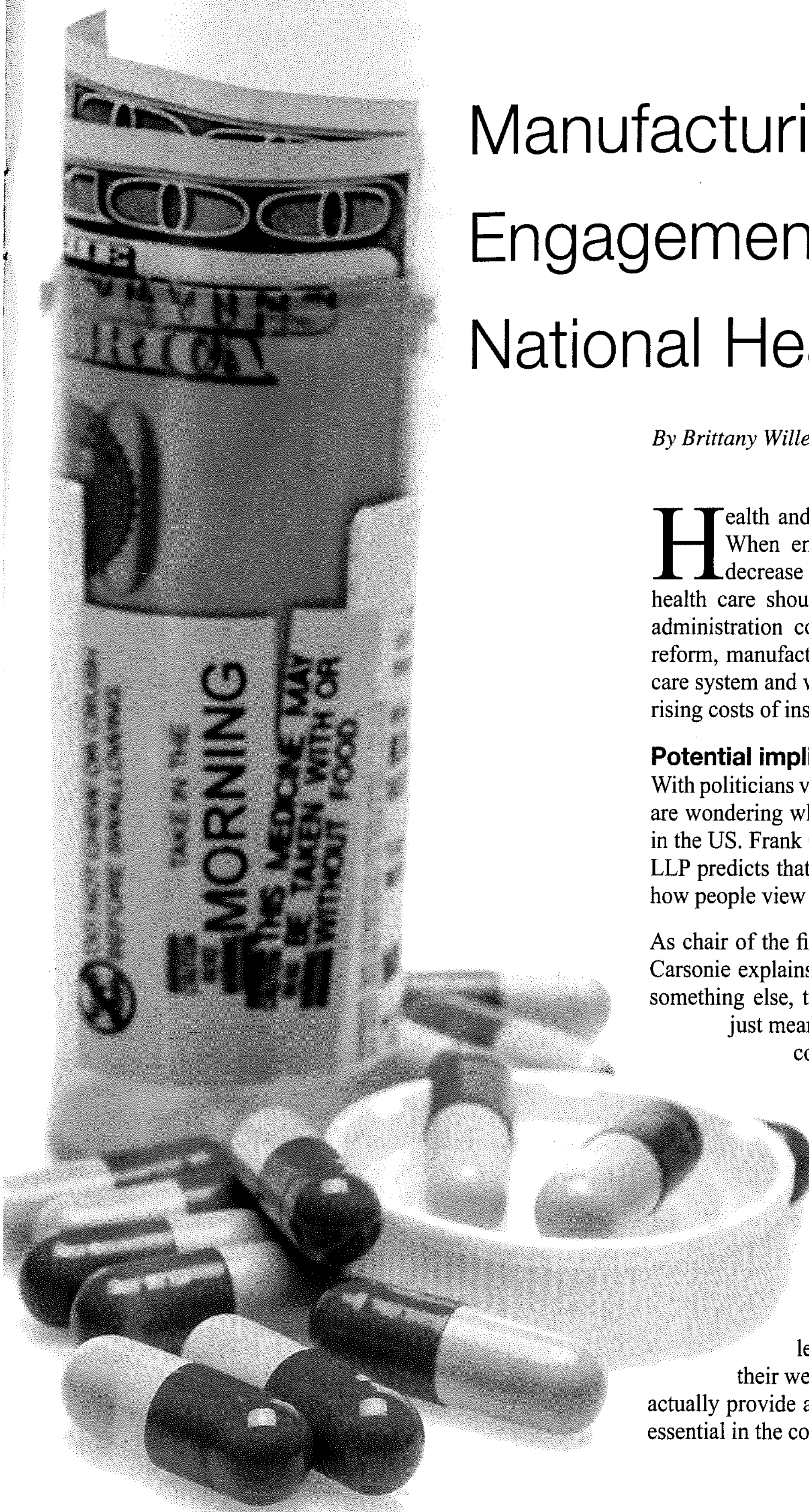

Manufacturing Wellness: Engagement in the Face of National Health Care Reform

By Brittany Willes, contributing writer, The American Mold Builder

Health and wellness are vital to the manufacturing workforce. When employees get sick, efficiency and productivity can decrease dramatically, which is why access to affordable health care should be a top concern for employers. As the Trump administration continues shaping its policies regarding health care reform, manufacturers need to be prepared for a potential new health care system and what it will mean for them and their ability to combat rising costs of insurance premiums.

Potential implications of new White House

With politicians vowing to repeal the Affordable Care Act, many people are wondering what such a move will mean for the state of insurance in the US. Frank Carsonie of Benesch, Friedlander, Coplan & Aronoff LLP predicts that any changes will need to result in a reimagining of how people view health care.

As chair of the firm's Health Care and Life Sciences Practice Group, Carsonie explains, "Even if we repeal Obamacare and replace it with something else, the mindset of our health care system – and I don't just mean the providers and insurers, I also mean patients and consumers, including employees – will have to change. People want super-high-quality health care, but they scratch their heads and become concerned when they see the cost accelerating at a level that makes them uncomfortable. You can't really have it all."

According to Carsonie, in order to control costs in a way that is beneficial for everyone – not just employers or policy-makers looking to save money – changes must occur at the patient level. Engaging patients at a much higher level in both their wellness and their expectations for what the system can actually provide and produce for them in terms of care is going to be essential in the coming months and years.

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"We're turning a corner there," he stated, "but we haven't quite fully managed it yet. Some parts of the ACA are directed toward greater patient engagement, but even before it existed, the industry needed to recognize that we must do a better job in working toward that."

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As far as he can predict, no matter what happens with the ACA or other health care policies, patient engagement is going to be a key in maintaining reasonable insurance rates. "On the policy side of things, making sure we define and, to a certain extent, control and limit what people have access to will be very important," Carsonie stated.

Where employers are concerned, they need to be thinking about not only how to control the actual cost of the insurance premiums but also how to reduce the potential cost for lost productivity due to a workforce that is getting sicker. In terms of population and age demographics, high incidences of chronic conditions exist for manufacturing employees older than 50. According to Carsonie, as much as 70 percent of the population over age 50 is dealing with some kind of chronic condition – such as high blood pressure, diabetes or arthritis, to name just a few. As populations get sicker, they miss more work, which results in a loss of productivity.

"Employers are going to have to be more willing than ever to engage their workforces," Carsonie said. "Engaging employees in wellness activities, in programs that incentivize them to do the right things, like quit smoking and lose weight, is going to create the biggest long-term impact for employers." For Carsonie, employers looking to achieve the ultimate benefits of having an engaged workforce – saving on health care costs – have to be serious about their efforts. "They're going to have to create a culture of wellness from the top down," he said.

Two companies working hard to create such a culture are Fremont, Ohio-based Freeman Company and Polymer Conversions, Inc., Orchard Park, New York. To combat rising health care costs, Freeman recently implemented an employee wellness program designed to reduce or prevent future health care claims. Meanwhile, Ben Harp of Polymer Conversions, Inc., has established the Healthy Manufacturers of New York State – a health care trust that allows multiple companies to pool their employees and qualify for lower premium rates. Both companies are striving to create a culture wherein all employees are more engaged with – and aware of – their health care options and what can be done to offset rising costs.

Implementing employee wellness programs

For several years, Freeman Company offered its employees the chance to participate in an annual wellness check. The optional checkup consists of a biometric screening wherein individuals are tested in such areas as blood sugar, cholesterol, blood pressure, etc. Despite offering the annual checkup, Freeman did little with the actual results. That changed in 2016 when Freeman implemented a results-based wellness program for the 2017 calendar year. While the annual biometric screening still is optional for employees, the results of the test now tie directly into employees' health insurance rates, dictating how much copay is taken out of their paycheck. "Based on the results of their wellness screening, employees now earn points toward reducing their insurance copays," explained Laura Willer, controller for Freeman.

Previously, Freeman offered employees an 85/15 plan, with which employees were responsible for 15 percent of the premium. With the new wellness program, plans changed to 70/30, with the employees able to earn credits/discounts by passing any, or all,

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Workplace wellness programs can help control health care costs by engaging employees to have a higher level of interest in their overall health. Programs can take on many forms, helping employees to be healthier and, ultimately, more productive.

of the five biometric tests. Although participation still is optional, employees now have the opportunity to earn enough credits to achieve a 90/10 plan, saving even more than what had been offered to them in the past. Of the five biometric areas tested, each was worth one point (except for smoking, worth four points), for a total of eight possible points. Each point allows employees to earn percentages back on their premiums. "Employees are not required to meet all of the metrics in order to get some portion of the discounts available," said Willer. "For instance, if they only met one criterion, they still earned the percentage for that one point."

Freeman also offers a "reasonable alternative" for those who don't pass the screening. For this option, employees who don't pass simply visit their doctor, discuss the results of the screening and have the doctor fill out a form they then sign so the employee is eligible for the discount. According to Willer, the reasonable alternative, more than just allowing employees to gain that immediate premium discount, is designed to help prevent more serious health costs. "If someone tests high for cholesterol, we want them to speak with their doctor so they can learn about how to control or prevent long-term illness," said Willer.

It may be as simple as the doctor prescribing a certain medication, something that in the long run could prevent more serious health costs. "Those types of things are going to be harder to track based on our premium because we're preventing a future claim, and it's hard to put a monetary amount on something that never happens. Trying to prevent claims down the road is our goal right now. Part of our workforce is at the upper end of the age group. It's really a preventative thing at this point," she said.

Part of the wellness plan's preventive measures includes a smoking cessation class. Smoking represents 10 percent of the credit employees could earn back toward their premium, more than any other criterion. For smokers to earn that credit, they participate in a six-week course offered by Freeman's Employer's Association. Willer reported that all of Freeman's employees who were smokers attended and completed the program.

"According to the program instructor, about half of the people who attended were ready to quit," said Willer. "The other half was maybe not quite ready but at least hearing the information. If we get half of our people who are smokers to make a good faith effort at trying to quit, that's going to help us down the road with our premium costs."

Although the program still is in its early stages, Freeman executives had been considering an incentive-based program for quite some time. With its premiums climbing higher each year, it was time to do something with the information gathered in the annual health screenings. In the past year, Freeman had 100 percent employee participation in the wellness program – opposed to previous years of only 50 percent to 60 percent – showing employees are incentivized by the money they could potentially save. Of course, there was some initial resistance when employees learned their premiums would increase or decrease based on their results.

"The first thing they see is, 'My rate is going to double'," said Willer. "Then there were a lot of people feeling they were being told how they had to live their lives." However, the more people realized they were simply being asked to take more responsibility for their own health, the more they began to see the program as a positive thing, and Willer has received few complaints.

"After this first year, I would say the majority of our employees are at the same 85/15 rate they were before. There are very few that are paying the full 70/30 rate, and almost everyone is earning credits back," Willer stated. "I think initially many were thinking 'I'm never going to pass any of these criteria,' but they have since gotten on board. Everyone has the chance to earn the highest possible discount." This past year, roughly 50 percent of Freeman employees met the 90/10 rate, which means many of its employees are doing better now than they were with the previous plan.

"We're slowly getting into it," said Willer. The next few years will tell if there have been any substantial improvements and more credits given for employees making healthier choices. For this year, in addition to having all of its employees participate in the program, Willer reported one true victory. "I had one employee thank me," she said. "He went to his doctor in order to receive credit for the reasonable alternative, and because of that they found that he was pre-diabetic. He admitted he never would have gone to the doctor and found the condition if not for the wellness screenings. That, in our view, was a win for this year."

Forming a health care consortium

In 2010, Ben Harp, chief operating officer for Polymer Conversions, Inc., attended a plant tour in Indiana. While there, he witnessed a discussion among HR professionals and company owners on ways to decrease health care costs, including forming a health care consortium to be made up of several companies to better purchase health care plans. The notion of pooling multiple companies to save money – and maybe even increase benefits – resonated with Harp. "On my way back to Buffalo, I kept thinking about it, and it just made good business sense," he stated. "I reached out to AMBA Executive Director Troy Nix to see if he would help support a similar consortium in New York. He was all for it, so I went to work."

Harp started by contacting all of the plastic processors in New York State, wanting to host a meeting at the Polymer plant to discuss pooling resources and employees to negotiate better health care rates. "It was a lot of hard work to get that first meeting," Harp confessed. "New York is pretty big from east to west, so to get everyone together on a regular basis was very difficult." Harp quickly realized he would have to go about the process differently. Instead of trying to get all of the New York processors together, he scaled back to companies within 30 square miles of Polymer.

"I called 12 manufacturing companies that do everything from screw machine parts to 3D printing services to labeling and automation – companies that we have really good relationships with and who help us support our customers at Polymer," said Harp. Polymer again hosted a meeting, and all 12 companies agreed to participate, meeting every two weeks for six months to establish what would become the Healthy Manufacturers of New York State (www.hmnys.org) – a health care trust focused on providing the best benefits at the best price for the employee and member company.

In 2010, according to New York State law, insurance providers were not required to provide businesses with claims information on how their insurance was actually being used. At the time, Polymer had 75 employees; therefore, the company was not able to demand access to more detailed information/breakdowns regarding its insurance claims.

"When we would request a quote to renew our health care insurance, the insurer would quote exactly what they knew the market will yield – because the provider knew exactly how we'd used our insurance since it was the one paying the claims," explained Harp.

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Furthermore, state law did not dictate that information be made available to other potential insurance providers. So, when shopping around for the best quote, "it wasn't an apples to apples quote," he continued. By setting up a health care trust, Polymer and the other companies gained access to their claims data for the first time. "We went from the 75 employees at Polymer Conversions outside the trust to over 1,300 people inside the trust," said Harp. "Suddenly, we were a bigger customer – we got more attention, better service and now had access to our claims information."

This was a monumental shift for Polymer and companies in the trust. Previously, shopping for health insurance was a painful ordeal, with providers more or less dictating what a company's yearly rates would be and the company having very little control. For a company like Polymer that prides itself on controlling all processes of its business – from how it makes tools to how its products are assembled – this made health insurance shopping particularly unpleasant. As Harp noted, "Health care was an area where we had no influence – we didn't have the data to fight the increases that were being passed down by the insurers." By forming a health care consortium, Polymer and other members were in the driver's seat for the first time. Now, insurance providers were coming to the trust member companies to ask, "What can we do to keep your business?"

While the consortium members had originally settled with Blue Cross and Blue Shield, a few years into the trust, Polymer and the other members decided to go back to the market for a formal quote. The member companies pulled together all of their details of the trust – including three years' worth of claims data – and went out for bid.

"We had been with Blue Cross for three years and were very happy with the service they had provided," Harp stated. "We hoped that by going to market and getting more bids, they would sharpen their pencils and give us a better deal. They didn't." Instead, the members opted to go with a different provider. "The second biggest carrier in our market gave us an 8.3 percent rate decrease and increased each employee's wellness card from $200 to $300. They also came back with a second-year and a third-year rate guarantee," he affirmed. "It was the best deal possible, with three years of cost certainty."

During the past few years, Polymer and the other members have not seen an increase in health care premiums. Instead, they have had back-to-back years of premium decreases, and their employees are now paying rates equivalent to those of four and five years ago. The value of such savings goes beyond the monetary. As Harp has seen, lower – and more predictable – rates make for happier employees and helps with employee retention and recruitment. "Our health care plan is more competitive and is one reason that talented employees would consider us vs. going to work for another processor. From a competitive position, we believe it has definitely helped our business. It even helps lower our operational costs, which means we can be more price-competitive for our customers," he explained.

Of course, there were challenges with setting up the trust. State and federal regulations posed their own challenges, as did getting all the member companies to agree on plan offerings and guidelines for how the trust continues to operate. Getting all 12 member companies – and their employees – to agree on the plan set forth by the trust was daunting. For some companies, the improved plan meant employees were spending less on copays than they had previously. For others, it was just the opposite.

"We had companies whose copay increased, which employees were not happy about; however, those employees are now seeing their premiums going way down," remarked Harp. "We had to get each member company to consider the long-term benefits of the trust rather than the short-term benefits for their company, but it worked out in the end."

For other companies considering a similar health care consortium, Harp offered this advice: "Believe in the future outcome. There is some hard work to formulate a trust like what we've established. It can be difficult to get other companies with different cultures to think along the same lines and to think long-term. However, if you can find five or 10 companies that you work well with and can invest in a little patience, the return can be significant." ■