

Cover story

Firm basing deductibles on health tests sees costs fall

Workers' share of premiums hasn't risen in three years

By Julie Appleby
USA TODAY

Would \$2,000 a year be enough to entice workers to live a healthier lifestyle — and would efforts to get them to do so result in slower health insurance cost increases in future years?

Those are just some of the questions surrounding a new type of insurance, but answers won't be in for a while.

Still, managers of the Swiss Village Retirement Community — one of the first employers to try such a program — say they think it's working.

Three years ago, the non-profit organization in Berne, Ind., switched its 120 health insurance eligible employees from a \$500 annual deductible on their health insurance to \$2,500.

To help offset the cost increase, workers were offered a supplemental policy that would grant them credits worth up to \$2,000 if they kept their weight in check, didn't smoke and met specific standards for



By Steve Linsenmayer, For USA TODAY

Pioneering spirit: From left, Mary Rutledge, Natalie Macdonald and Jeanette Johnsons work at Swiss Village Retirement Community, one of first employers to adopt program that bases deductibles on worker health tests.

blood pressure and cholesterol.

"We always wondered if there isn't something we can do to get people to take their health care seriously," says Daryl Martin, executive director of the continuing care retirement community.

The cost of providing health care dropped from 11.5% of wages before the program to 9.1% in the first year and have fallen to 7.5% since, Martin says.

Because of that, the amount workers pay in premiums has not increased in three years, he says. Part of the drop came from switching to the high deductible, says Martin, who also credits better health among employees for the rest.

Starting this month, that type of insurance policy is

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Falling within range for credit

Under UnitedHealthcare's new Vital Measures program, members can earn credits to offset their annual deductibles if tests show they fall into target ranges for the following categories:

	NIH ^a goal	Target ranges ^b Standard plan
Body Mass Index ^c	25	27.5
Blood pressure	120/80	130/85
LDL cholesterol*	100 mg/dL	130 mg/dL
Tobacco/nicotine use	None	None

1 = less than or equal to; 2 = National Institutes of Health; 3 = BMI calculation: ratio of height to weight; 4 = low-density lipoprotein or "bad" cholesterol
Source: UnitedHealthcare

Cover story

Employees can volunteer to be tested yearly at workplace clinic

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being offered by the nation's largest health insurer, UnitedHealthcare, in a move seen as part of a growing effort by employers to both shift additional medical costs to workers and provide incentives for workers to pay more attention to their own health.

Workers take tests to save them costs. Under a typical scenario highlighted by United in its marketing materials, an employer would offer workers a high-deductible health plan, such as one with an annual deductible of \$2,500 for a single worker and \$5,000 for a family.

Workers who want to offset the deductible can volunteer to be tested once a year at a workplace clinic run by a benefits administrator called BenComp, of Fort Wayne, Ind. BenComp provides the testing, which checks for nicotine use, blood pressure and cholesterol levels and height/weight ratio.

Workers who don't smoke or meet specific target levels for the other conditions can earn up to four \$500 credits toward the annual deductible.

Those who don't meet the standards can sign up for weight loss and other health management classes through United.

Workers who take medication to control blood pressure or cholesterol must meet the targets, which are looser than the recommendations from the National Institutes of Health, or get a doctor's note saying why they can't. Family members are not tested.

The policies are among the first to set a financial price for achieving actual results, rather than just making attempts to control conditions thought to play a role in development of illnesses such as heart disease, cancer, diabetes and stroke.

During the past few years, many employers have begun offering their workers cash prizes or discounts for filling out health risk questionnaires. Others have made disease management programs available to workers with chronic conditions — sometimes with discounts on health insurance costs as a reward for participating.



By Steve Linsenmayer, For USA TODAY

Insurance: Heidi Schoeneman, left, director of day care services, and teacher Lindsey Hamrick work at Swiss Village Retirement Community in Berne, Ind. Schoeneman passed qualifying tests to get a lower deductible.

But because the UnitedHealthcare program rewards actual results — and with far larger dollar amounts than most of the other programs — it is raising concern among some patient advocates.

"A key protection in the Americans with Disabilities Act is that your employer can't discriminate against you based on health status," says Karen Pollitz at the Georgetown University Health Policy Institute. "They can't even ask about your health, with the only excep-

tion being if they ask through a voluntary program. You could argue that this program is not voluntary."

Doug Short, president and CEO of BenComp, likens the program to a "good driver" discount for auto insurance. Results of the individual employees' tests are not sent to the employer, he says.

Short says the supplemental plan, which his company has offered separately from United since 2004, is licensed in 37 states and meets federal standards under

both the Americans with Disabilities Act and the Health Insurance Portability and Accountability Act because it is voluntary and separate from the health insurance policy. United is offering the policies to mid-size employers in Rhode Island, Pennsylvania, Ohio and Colorado and may go nationwide next year.

"We're not grading or penalizing or rewarding anything that is a health factor," Short says. "If a person comes in with cancer, that's not in the grading scheme. We're only looking at things the employee personally controls."

UnitedHealthcare says the policies would cut costs for employers, initially by switching workers into high-deductible policies: just changing from a policy with a \$500 annual deductible to one with \$2,500 could save up to 25% on the premium, says Tom Beauregard, who oversees the program for United.

He and others promote the program as a way to slow cost growth by promoting a healthier workforce. To track that, the insurer will first determine whether the policies prompt more workers to sign up for weight loss and other health programs.

Martin, at Swiss Village, says his group signed on with the BenComp Advantage plan in 2004, well before the United partnership. Unlike the United plan, his program allowed workers half-credits for trying, but failing, to meet the standards.

He says employees did not complain about the program, which saw about 72% of employees earning three or more \$500 credits toward the deductible.

"We had very little push back," Martin says. "We had people who said, 'It's about time I was rewarded to take care of myself.'"

Heidi Schoeneman, 35, who runs the day care program at Swiss Village, passed all four tests and saw her deductible drop to \$500 annually from \$2,500. Even though she passed, she worried that she was close on some measures.

"At first I was a little leery (of the program), but now I see the benefit," Schoeneman says. "I strive now to get those credits and have tried to exercise more this past year so I can continue to qualify."