

# VALIDATE WELLNESS VENDORS With a Data-Driven Approach

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A data-driven approach can help health plan sponsors evaluate whether wellness programs and vendors will produce the desired results.



**A**s medical costs continue to rise, human resources (HR) and benefits managers are increasingly tasked with finding new solutions to better manage health care spending. Wellness programs may offer an attractive option—in theory, at least.

One study recently published in the *Journal of the American Medical Association (JAMA)* found that an employee wellness program had no significant effects on health outcomes, health care spending and utilization, or employment outcomes during the 18-month trial.<sup>1</sup> However, it did note that the program encouraged more employees to engage in healthier behaviors such as exercise and weight management. Whether those activities might eventually pay off in the longer term remains unknown.

The *JAMA* study wrapped up by stating only short-term financial return-on-investment (ROI) expectations may need to be tempered. The basic underlying premise of wellness programs—that healthier employees are happier and more productive and have fewer medical costs—remains attractive.

The problem for plan sponsors is that there is no one-size-fits-all approach to wellness solutions. Every worker population is unique. And while vendors may flaunt tremendous ROI, plan sponsors are uncertain. The question, then, is how to sort through vendor claims and validate which wellness solutions might best match the needs of participants to reduce health care costs and improve outcomes effectively. The answer to that question may lie in data analysis.

## Know the Organization's Goals

Before diving into the data itself, it's important that health plans first define the goals they want to accomplish through wellness programs. What are the top priorities? For some organizations, reducing absenteeism may be a crucial factor. Some may want short-term cost reduction, while others may prioritize long-term savings through disease prevention. Many employers consider wellness programs to be a primary tool to better attract and retain employees.

To get started, organizations must define what wellness means for them. Work done by the Centers for Disease Control and Prevention (CDC) National Center for Chronic Disease Prevention and Health Promotion (NCCDPHP) reveals some of the potential benefits to wellness.<sup>2</sup> As much as 90% of health care expenditures are for people with chronic illnesses and mental health conditions, yet preventing chronic disease through lifestyle changes is among the most difficult steps to achieve. For that reason, wellness programs typically include three distinct components:

- 1. Screen and diagnose.** It's imperative to understand the prevalence and risk of certain physical and mental health conditions within the worker population. Although mental health poses distinct sensitivities, its effects on physical health and vice versa cannot be dismissed.
- 2. Treat.** Access to care services should go beyond the doctor's office and incorporate relevant social and environmental factors as well. Wellness programs should include solutions for social determinants of health, such as access to transportation, healthy foods and social support networks.
- 3. Manage and monitor.** With the first two supports in place, programs should then encourage ongoing healthy lifestyle choices including good diet and exercise regimens, smoking cessation and the like.

Knowing which goals an organization wants to achieve steers the data-gathering process. It determines *what* to measure as well as *how* to measure it. With goals and definitions set, plan sponsors can begin to leverage independent data sources to see which wellness programs are most likely to spark the desired outcomes.

## Identify Data Resources

Once goals have been defined, one more step must be completed before data analysis can begin. Health plan spon-

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sors must identify *where* they will get the data they need.

Just as no two organizations are alike, neither are their data needs. Each health plan requires a data snapshot exclusive to its participants and its goals. Regardless, all plans need the kind of 360-degree view that comes from linking together multiple sources of disparate data at the employee/member level.

The problem is that few plans have the resources or expertise to create and manage an in-house data warehouse. In addition to the expense and technology demands of a data warehouse, plan sponsors that undertake the investment also must ensure appropriate data security and governance measures are created, maintained and followed.

To overcome these challenges posed by an in-house solution, health plans can use data experts from a health care data analytics solutions organization to store data, normalize it across disparate sources and provide holistic views to examine. In fact, outsourced data specialists should be capable of demonstrating a variety of ways to look at the data based on what the plan wants to know. They can benefit employers by enabling data-driven proposal processes, and they can even help wellness vendors identify ways to improve their products. Working together, data specialists can support health plans and vendors in the quest for mutually beneficial enhancements.

### Use Simple Demographics Data

Whether health plans opt to use their own data warehouse or experienced data experts, data analysis should start simply. Three of the easiest—and most valuable—data points to capture are gender, age and engagement level.

## takeaways

- When choosing a wellness program vendor, health plan sponsors should define their goals, which may include objectives like reducing absenteeism, controlling costs or preventing chronic disease.
- Wellness programs typically include three components: (1) screening for and diagnosing physical and mental health conditions, (2) treating health conditions, and (3) managing and monitoring health conditions.
- Before beginning data analysis, plan sponsors should identify whether data will be analyzed by an internal expert or by a vendor that offers a data warehouse.
- Gathering participant demographic data such as the gender, age and engagement level of health plan participants will provide information about what types of wellness programs will have the biggest impact.
- Plan sponsors can compare data against wellness vendor claims to determine whether the vendor is a match for the plan's demographic profile.
- Plans also can use data to track past performance and key performance indicators for a wellness program or to design a pilot program.

### Gender

Even a very small tilt toward male or female dominance in the participant population can materially impact a health care plan's bottom line. Primarily, this is because of differences in the health care utilization patterns of each gender. For example, female populations tend to be easier to engage in wellness programs, especially around family health. However, maternity drives higher utilization. In addition, productivity and emergency department (ED) use may be impacted by the types of health conditions often seen in female populations, such as migraines or autoimmune disease. Male populations, by contrast, tend to be harder to engage—especially in wellness initiatives. They are more likely to adopt health risks such as smoking or drinking and are more prone to diseases such as diabetes, heart failure and cancer.

### Age

Age and gender data together can reveal an enormous amount of infor-

mation regarding health care trends. Like gender, age is an indicator not just of disease prevalence but of how someone might manage his or her health. Participants in their 20s or 30s, for example, might tend toward higher ED use because they lack a primary care provider (PCP). Use of maternity benefits is higher among this age group, and digital engagement is essential. For workers in their 40s or 50s, screenings and PCP utilization become more important as they start to experience the emergence of chronic diseases. Participants in their 60s or 70s are more likely to encounter disease complications, which increases the value of maximizing time with specialists. They also may be easier to engage with nondigital communication options.

### Engagement

The best wellness plan in the world will fail without active engagement, which may be heavily influenced by

the employer/employee relationship. Will plan participants greet a wellness initiative as a collaborative benefit from a caring employer or health fund? Or will they skeptically view it as a coercive invasion of privacy? If mostly the latter, wellness programs are not likely to generate enough engagement to be effective. Fortunately, though, there are some indicators of engagement that organizations can use to evaluate how well their wellness programs are received. Participants who are aware and engaged typically show higher rates of PCP and in-network provider utilization. They have—and use—primary care doctors and preventive services. On the flip side, high utilization of out-of-network providers and inappropriate ED services is an indicator that workers are either unaware of their benefits or disengaged.

#### **What About Turnover?**

Taken together, the data around these three factors can tell a powerful story about the wellness programs most likely to engage and motivate a given participant population. One other demographic factor, employee turnover rate, is also worth analyzing.

Employers with high turnover rates often question whether it's worth investing in wellness solutions. Perhaps surprisingly, high employee turnover is not necessarily a reason to forego a wellness program. Rather, employers should drill down further into the data to see which microsegments of the employee population tend to turn over fastest and then look at the data to illuminate any factors with the potential for immediate bottom-line impact. For example, a demographic profile that reveals high use of costly ED visits for nonemergency conditions means that a wellness initiative aimed at promoting more effective PCP use could quickly reduce costs and impact productivity—despite turnover.

#### **Compare Data Against Vendor Claims**

Armed with a demographic data story, plans can then methodically start to validate the ROI claims of the many wellness vendors clamoring for attention. What a plan should ask itself is, “Based on our demographics, are we likely to achieve similar results?” To answer yes, the vendor's value strategy must be a good match for the plan's demographic profile. That means learning the following information.

- **Which worker populations the vendor is targeting.** A wellness solution tailored to working moms likely would have little benefit for a plan or employer dominated by men, for instance.
- **What assumptions the vendor built into its “expected benefits” statements.** If a vendor says it expects an ROI of X, assuming a 90% engagement rate, and 90% engagement seems unlikely, then the expectation must be adjusted.
- **How the vendor measures the benefits.** Plan sponsors should require wellness vendors to explain how they plan to track ROI and should be on guard against cherry-picking selected populations to artificially inflate outcomes.

Health plan sponsors should find out what data the vendor needs to have in order to estimate ROI—and help ensure that data is obtainable. Both parties should strive for transparency. It's a good idea to agree up-front to exactly which data the health plan is responsible for providing and tracking and which data the wellness vendor is responsible for providing and tracking. Plans should not be afraid to ask the vendor, “What are your performance guarantees?” For everyone, success requires a teamwork approach.

#### **How to Measure ROI**

The three easiest ways to measure wellness program impact are to evaluate past performance, track key performance indicators (KPIs) or conduct a pilot program.

- **Past performance.** Health plans should use their own data for consistency in any before/after analysis. They can look at the results of past wellness programs. At what point did they begin to fail and why? If participation rates were too low, for example, then they should be sure to track participation rates for any new program. To analyze current initiatives, they should establish targets and track them over time. Results should be tracked against the wellness vendor's value promises, as well.
- **KPIs.** KPIs can be used to check whether program results represent the engagement of participants who could benefit most or just low-hanging fruit. For example, measures to look at could include reduction in ED visits by demographic or rates of return to work from a leave of absence or disability. It's important to

define what constitutes success as well as the target time frame in which success is to be achieved. Behaviors take time to change, so it's often good to assess near-term indicators and long-term indicators, with defined checkpoints along the way.

- **Pilot programs.** Data can be used not only to highlight the most successful pilot programs but also to determine the best rollout strategy. For example, health plans may want to start expanding a pilot program by engaging those participants who are demographically closest to those in the pilot. With any pilot program, the results of the pilot population should be compared with the total. For example, a pilot program might appear to decrease expensive ED utilization. However, if analysis shows all employees lessened their ED use when a new urgent care center opened, then the pilot's results lose their luster.

It's best to keep any wellness program in place at least 12-18 months before evaluating its ROI. The wait increases data accuracy because it accommodates the lag time between when health care services are rendered and when the insurance claims are paid.

Finally, plans should remember to evaluate existing programs that may not be fully leveraged. It's expensive to enter into a contract, considering the time and resources required to build vendor relationships. Therefore, there is inherent value in making sure existing vendor services and expertise are used to their fullest extent.

bio



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## Bring Data Into Wellness Design

HR and benefits managers must find ways to satisfy plan participants while holding the line on health costs. Yet every employment environment is different; there is no one-size-fits-all answer. Many wellness solutions on the market claim they can reduce health costs and improve outcomes, but plan sponsors may require data to provide an impartial and objective validation of whether a wellness solution really can drive the desired results. 🎯

## Endnotes

1. See [https://jamanetwork.com/journals/jama/fullarticle/2730614?guestAccessKey=f67976b4-63b8-4369-983f-196774f9404e&utm\\_source=For\\_The\\_Media&utm\\_medium=referral&utm\\_campaign=ftm\\_links&utm\\_content=tf1&utm\\_term=041619](https://jamanetwork.com/journals/jama/fullarticle/2730614?guestAccessKey=f67976b4-63b8-4369-983f-196774f9404e&utm_source=For_The_Media&utm_medium=referral&utm_campaign=ftm_links&utm_content=tf1&utm_term=041619).
2. See [www.cdc.gov/chronicdisease/about/costs/index.htm](http://www.cdc.gov/chronicdisease/about/costs/index.htm).



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