REPORT FROM PERSONNEL DEPARTMENT

TO: **HONORABLE MEMBERS OF THE PERSONNEL COMMITTEE**	DATE: **July 26, 2011**
REFERENCE:	COUNCIL FILE:
SUBJECT: **CIVILIAN FLEX BENEFITS PROGRAM CONTRACT EXTENSIONS (Plan Year 2012)**	

RECOMMENDATION

That the City Council:

(a) Receive and file this joint report from the Personnel Department General Manager and the Chair of the Joint Labor Management Benefits Committee (JLMBC) regarding the Civilian Modified Flexible Benefits Program;
(b) Approve the 2012 Flex Plan; and
(c) Authorize the Personnel Department General Manager to execute fourth-year contract extensions with the following Flex Program providers:

- **Anthem Blue Cross** (C-15672) to provide medical insurance services for the City's Civilian Modified Flexible Benefits (Flex) Program from January 1, 2012 through December 31, 2012;
- **Kaiser Permanente** (C-115927) to provide medical insurance services for the City's Civilian Modified Flexible Benefits (Flex) Program from January 1, 2012 through December 31, 2012;
- **Delta Dental** (C-115673) to provide dental insurance services for the City's Civilian Modified Flexible Benefits (Flex) Program from January 1, 2012 through December 31, 2012;
- **MetLife** (C-111263) to provide accidental death and dismemberment insurance services for the City's Civilian Modified Flexible Benefits (Flex) Program from January 1, 2012 through December 31, 2012; and,
- **Wage Works** (C-107655) to provide third party administrative services for the Dependent Care Reimbursement Account Program (DCRA) and Flexible Spending Account (FSA) Program from January 1, 2012 through December 31, 2012.

Margaret Whelan

MARGARET WHELAN
GENERAL MANAGER, PERSONNEL DEPARTMENT

Cheryl Parisi

CHERYL PARISI, CHAIRPERSON
JOINT LABOR-MANAGEMENT BENEFITS COMMITTEEE

SUMMARY

The Personnel Department administers the City's Civilian Modified Flexible Benefits (Flex) Program for active City civilian employees and their qualified dependents in conjunction with the Joint Labor-Management Benefits Committee (JLMBC). Each year, the JLMBC reviews and develops recommendations regarding Flex Program plan design and contract renewals for the upcoming calendar year. At its meeting of July 15, 2010, the JLMBC recommended that certain benefit provider contracts be extended. The purpose of this transmittal is to request that the City Council approve the Plan Year 2012 Flex Plan, approve certain Flex Program contract extensions, and receive and file information about efforts, by the JLMBC and Personnel Department, to mitigate the cost of employee benefits.

DISCUSSION

The Personnel Department's Employee Benefits Division administers the City's Civilian Modified Flexible Benefits (Flex) Program for active City civilian employees and their qualified dependents in conjunction with the Joint Labor-Management Benefits Committee (JLMBC). The JLMBC is composed of five management and five labor representatives. The JLMBC was created in the 1990's by action of the City Council and Mayor for the purpose of determining what plans were to be included in the civilian employee benefits program, defining the structure of the plans, recommending providers/contractors to the Personnel Department's General Manager, and monitoring the administration of the employee benefit program by the Personnel Department.

On an annual basis, the JLMBC reviews and makes recommendations regarding Flex Program plan design and contract renewals for the upcoming calendar year. The JLMBC also reviews information provided by the Personnel Department, benefits consultants, and the City's health and dental carriers regarding Flex Program plan costs and options for mitigating cost increases.

During the last three years, the JLMBC has been cognizant of the City's fiscal pressures and the degree to which escalating healthcare costs have contributed to the City's financial problems. The JLMBC has made significant progress in slowing the pace of healthcare increases by focusing on three areas:

1. Negotiating lower premium increases from health plan providers;
2. Adopting a number of plan design changes, including increases to employee co-pays; and
3. Implementing a pilot Wellness Program to encourage healthy lifestyle choices that can generate long-term savings in employee healthcare costs.

In addition, the JLMBC issued a Request for Information to the healthcare industry in June 2011 to obtain information regarding methods and programs for reducing the City's trend of increasing employee healthcare costs. The JLMBC plans on using the RFI results to help develop its upcoming medical insurance provider Request for Proposal (RFP) which is scheduled to be released in November 2011 for Plan Year 2013 contracts.

Below is a summary of the JLMBC efforts to mitigate the cost of employee benefits, an update on the proposed 2012 Flex Plan, and recommendations related to extending certain Flex Program carrier contacts beyond their current three-year contract terms.

HEALTH PLANS

The Flex Program provides health coverage to approximately 25,767 employees and 34,604 dependents. The health plan benefit represents the largest expense of the Flex Program. The medical premium costs for health benefits are estimated at $232 million for Plan Year 2011 (includes proprietary department employees except those of the Department of Water and Power). The City pays 94% of premium costs. The City's healthcare costs are impacted by:

- Plan premiums;
- Providers and plan types selected by employees (e.g. Kaiser, Anthem HMO, Anthem PPO);
- Coverage levels selected by employees (e.g. individual, individual plus spouse or domestic partner, individual plus children, or individual plus family coverage);
- Enrollment levels;
- Claims experience (i.e. utilization of services);
- Plan design (e.g. what services/benefits are included, the degree to which employees contribute to the costs of those services/benefits, etc.); and,
- The negotiated City subsidy towards premium costs.

The current Flex Program health plan providers are Anthem Blue Cross and Kaiser Permanente. With assistance from its consultant, Mercer Benefits Consulting, the JLMBC has been effective in regularly negotiating reductions in proposed rate increases from Anthem and Kaiser. The table below compares initially proposed rate increases vs. final rates negotiated by the JLMBC for the period 2009-2012:

FLEX MEDICAL RATE INCREASES
Comparison of Proposed vs. Final Rate Increases

Plan Year		Kaiser	Blue Cross HMO	Blue Cross PPO
2009	**Final Based on RFP Results**	**3.1%**	**0.0%**	**0.0%**
2010	Proposed	9.8%	17.5%	25.0%
	Final	**8.4%**	**12.8%**	**19.8%**
	Difference	*-1.4%*	*-4.7%*	*-5.2%*
2011	Proposed	7.2%	24.3%	21.2%
	Final – 1/11	**6.8%**	**8.9%**	**9.1%**
	Revised 7/1*	**5.1%**	**6.7%**	**4.5%**
	Difference	*-2.1%*	*-17.6%*	*-16.7%*
2012	Proposed	6.0%	8.1%	-3.4%
	Final	**6.0%**	**6.3%**	**-4.5%**
	Difference	*0.0%*	*-1.8%*	*-1.1%*
Total Prior 3 Years (2010-2012)	Proposed	23.0%	49.9%	42.8%
	Final	**19.5%**	**25.8%**	**19.8%**
	Difference	*-3.5%*	*-24.1%*	*-23.0%*

*Revised rate increases based on JLMBC plan design changes.

The City's Flex Plan experienced a spike in claims experience in Plan Year 2009, which resulted in higher premium increases for Plan Year 2010. In 2011, the JLMBC implemented a range of plan design changes. These changes have produced immediate and long-term savings by:

1) Lowering premiums;
2) Reducing City subsidy obligations; and,
3) Reducing increases for future years by establishing a lower premium base.

To slow growth in the City's long-term Flex Program costs, Personnel Department staff recommended various structural plan changes to encourage better service utilization trends and to promote employee health and well-being. Decisions to make plan design changes that would result in higher out-of-pocket costs for employees were difficult given that many employees' wages were reduced as a result of furloughs, deferred salary increases, etc. Ultimately, the JLMBC opted to adopt the following plan design changes effective July 1, 2011:

- Increase the HMO (Kaiser and Blue Cross) Office Visit co-pay to $15 and the PPO Office Visit co-pay to $30;
- Increase the PPO Calendar Year Deductible by $250/individual and $500/family;
- Increase the Emergency Room co-pay to $100 for all plans;
- Increase prescription drug co-pays; and,
- Eliminate the $7.50 per pay period Flex Credit.

These plan design changes lowered the average medical premium costs by 3.97% and reduced the total medical plan costs by approximately $4.2 million between July and December 2011. The elimination of Flex Credits is expected to result in additional savings of $2.2 million during the same time frame.

The reduction in premium costs resulted in savings to the City and employees that have premium contributions (which varies depending on the health plan the employee is enrolled in). In July 2011, the cost of the average monthly premium per employee decreased from $861.01 to $825.82. On average, the premium reduction saved employees $4.54 per month and the City $29.65 per month.

The reduction in premiums also resulted in long-term savings by reducing the base amount upon which future premium increases are projected. A savings of approximately $108.3 million dollars will result from these plan design changes over the next five years. The following table compares the Flex Program 5-Year expenditure projection before and after the Flex Plan design changes were adopted by the JLMBC. The reduction in the 5-Year projection is based on a number of factors including updated enrollment data, the final Plan Year 2012 premium rates, and revised proprietary department reimbursement rates based on their proportion of Flex costs.

Comparison of Civilian Flex 5-Year Expenditure Projection (General Fund)

Projection as of:	FY 10-11 Adopted Budget*	FY 10-11 Actual**	2011-12	2012-13	2013-14	2014-15	2015-16
January 2011	$ 211.2	$ 211.0	$ 227.4	$ 247.8	$ 269.0	$ 290.4	$ 311.2
July 2011* **	$ 211.2	$ 211.0	$ 208.8	$ 227.6	$ 247.3	$ 267.2	$ 286.6
Difference (Savings)			**$(18.60)**	**$(20.20)**	**$(21.70)**	**$(23.20)**	**$(24.60)**
Total Estimated Savings for Flex Program Over 5 Years						$	108.3

*The 2010-11Civilian Flex Adopted Budget amount includes a $10.6 transfer from the Unemployment Insurance Account (CF # 10-0600).

**Civilian Flex expenditures exclude proprietary department expenditures.

***Projection based on 2011 and 2012 final premium rates, implementation of Flex Plan design changes, change in enrollment, and increase in the Proprietary Department reimbursement rate.

Note: The Five Year Projection assumes no changes in Flex Plan enrollment (number of employees).

The 2012 premium increases were much lower due to better claims experience. Except dental, the JLMBC opted not to make additional plan design changes for Plan Year 2012 given the scope and number of plan design changes that were implemented in July 2011.

Health Plan Contracts

Blue Cross and Kaiser have been the Flex health plan providers since January 1, 2009. The Plan Year 2011 contracts with Kaiser and Anthem Blue Cross are in the third and final year of the contractual period allowed under the Los Angeles Administrative Code (LAAC) and expire on December 31, 2011. The Council can authorize an extension of these contracts for two additional one-year periods (Plan Year 2012 and Plan Year 2013).

On June 16, 2011 the JLMBC recommended that these contracts be extended for a one-year period (Plan Year 2012) and that an RFP be issued for the provision of services in Plan Year 2013. The Personnel Department recommends that the City Council approve a fourth-year contract extension for Kaiser and Blue Cross for Plan Year 2012 (January 1, 2012 to December 31, 2012). The Personnel Department will release an RFP for medical insurance vendors in December 2011 for Plan Year 2013.

DENTAL PLANS

The current dental insurance carrier for the Flex Program is Delta Dental. The City has a three-year agreement with Delta that includes a rate guarantee between Plan Years 2009 and 2011. Although the premium rates did not increase during this period, the JLMBC opted to make a mid-year 2011 design change to reduce employee benefit costs. The JLMBC reduced the City subsidy by $7.48 per employee, which is expected to generate $708,610 in savings ($579,288 general fund savings) between July and December 2011.

There will be an increase in the Delta premium rates in Plan Year 2012. However, the JLMBC took actions to mitigate the increase by changing certain co-pays and deductibles. This resulted in a reduction in premium increases from 9.3% to 4.3% for the Dental Dental PPO Plan, which lowered premium costs for both employees and the City.

Dental Contract
The JLMBC voted to recommend the extension of the Delta Dental contract for one additional year (Plan Year 2012). Given that the City is going to issue an RFP for the medical plan providers for Plan Year 2013, staff recommends that the City also issue an RFP for the dental plan for Plan Year 2013, as well. The JLMBC concurred with staff's recommendation.

The Personnel Department recommends that the City Council approve a fourth-year contract extension for Delta Dental for Plan Year 2012 (January 1, 2012 to December 31, 2012). The Personnel Department will release an RFP for the dental plan in December 2011 for Plan Year 2013.

DISABILITY AND LIFE INSURANCE

All Flex Program eligible employees receive a base 50% disability insurance plan that pays up to $2,998, monthly, for up to 24 months, after the employee exhausts all sick time (100% and 75%). Employees also are provided with a base $10,000 life insurance policy. This benefit is paid by the City. Employees have the option to purchase additional coverage at their cost. In 2010, the JLMBC released an RFP for a disability and life insurance provider for Plan Year 2011. The JLMBC adopted the recommendation of the benefits consultant and Personnel Department staff to award a contract with Standard for disability and life insurance. The new contract reduced the premium cost for these benefits by $1.9 million in 2011 ($952,405 for employees and $990,211 for the City) and provided a rate guarantee for three years. The Personnel Department recommends that the Council approve the 2012 Flex disability and life insurance benefits. The JLMBC recommended that the contract with Standard be extended for a second year for Plan Year 2012 (January 1, 2012 to December 31, 2012).

OPTIONAL BENEFITS

The Flex Program offers employees optional benefits that employees can elect and pay for with their own salary:

Accidental Death & Dismemberment Insurance and Contract
Employees have the option to purchase accidental death and dismemberment (AD&D) insurance coverage. The current provider of AD&D coverage is MetLife Insurance Company. At it is meeting of June 16, 2011, the JLMBC recommended that this contract be extended for Plan Year 2012, and that an RFP be issued for Plan Year 2013. The Personnel Department

recommends that the City Council approve a fourth-year contract extension for MetLife Insurance Company for Plan Year 2012 (January 1, 2012 to December 31, 2012). The Personnel Department will release an RFP for the Accidental Death & Dismemberment Insurance Program in December 2011 for Plan Year 2013.

Dependent Care Reimbursement Account Program (DCRA) and Flexible Spending Account (FSA) Program and Related Contracts

The Flex Program offers employees two programs that allow pre-tax contributions for certain expenses. The Dependent Care Reimbursement Account Program (DCRA) allows employees to set-aside between $600 and $4,992, in an individual account, for estimated daycare expenses for a child, elderly parent, or disabled spouse. After a participating employee pays the qualified provider for the daycare services rendered, the employee can submit a request and receive a reimbursement payment from their DCRA account. The Flexible Spending Account (FSA) program is similar to DCRA, but the eligible expenses are medical expenses (e.g., prescriptions, eye glasses, chiropractic treatment). Employees that participate in these programs pay a $2.25 per payperiod administrative fee.

The City contracts with a Third Party Administrator, Wage Works, to administer these programs. Wage Works provides telephonic and online support for employees, processes claims requests and reimbursements, maintains employee accounts and data files, provides reports on the program activities, and assists with communicating the program benefits to employees.

The JLMBC voted to recommend the extension of the Wage Works contract for one additional year (Plan Year 2012). This extension would represent the 4th contract year, which requires City Council approval. The Personnel Department recommends that the City Council approve a fourth-year contract extension for Wage Works for Plan Year 2012 (January 1, 2012 to December 31, 2012).

WELLNESS PROGRAMS

During 2010, the JLMBC approved participation in a citywide Health Risk Assessment (HRA) survey and in Kaiser Permanente's 10,000 Steps Walking Program. The HRA is an online survey that asks a series of questions related to an employee's health and habits. The questionnaire helps identify an employee's current health issues, suggests areas of the employee's lifestyle where improvement can be made to lower health risks, and helps the insurance carriers provide information to the employee regarding current conditions they might have or be at risk for. Participation in the HRA numbered 1,781 civilian employees. The Walking Program was rolled-out to employees of four City departments where Team Leaders set-up walking routes, group walks, daily challenges and physical activities. Of the 828 employees that began the program, 485 employees completed the program. The Personnel Department presented a report to the JLMBC that outlined the preliminary outcomes of the pilot programs (See Attachment).

The JLMBC recently approved participation in the Thrive Across America Program, which is currently underway. Thrive is a 16-week fitness program that encourages employees to increase their physical activity and to form teams to promote peer group support. Employees record their progress online. Approximately 1,900 employees have signed up to participate in the program. In conjunction with the Thrive Program, the Personnel Department launched a Yammer site that has over 250 participants that allows employees to share ideas and provide peer support related to increasing physical activity.

FISCAL IMPACT STATEMENT

For Plan Year 2012 (January 1, 2012 to December 31, 2012), medical insurance premiums increased by the following percentages: Kaiser, 6%; Blue Cross HMO, 6.3%. Premiums for the Blue Cross PPO Plan fell by 4.5%. The Dental Plan premium increase fell from 9.3% to 4.3% after plan design changes were adopted by the Joint Labor Management Benefits Committee (JLMBC). Overall, the cost increases were less than expected for a number of reasons including lower enrollment levels, improved claims experience and aggressive plan design changes.

The FY 2011-12 Adopted Budget for the Flex Program is $213 million (excluding proprietary departments, the employees' portion of premium costs, and the Third Party Administrator contract). It is estimated that approval of the Plan Year 2012 Flex Program recommendations will save $4.8 million from the Adopted Budget. It should be noted that in accordance with CAO recommendations, the City Council recently reduced the Adopted FY 2011-12 Flex Program Budget by $8 million (C. F. # 0116-0600 S104).

The reduction in premiums also resulted in long-term savings by reducing the base amount upon which future premium increases are projected. A savings of approximately $108.3 million dollars will result from these plan design changes over the next five years.

Attachment

Attachment

Civilian Flex Benefits Program Contract Extensions (Plan Year 2012) myFLEX | Benefits for your way of life.

CITY OF LOS ANGELES
JOINT LABOR-MANAGEMENT
BENEFITS COMMITTEE

Date: April 7, 2011

To: Members of the Joint Labor-Management Benefits Committee

From: Staff

Subject: **Wellness Pilot Program 2010 (Item #7)**

Recommendation

That the Joint Labor-Management Benefits Committee:

1. Receive and file this report regarding the 2010 Pilot Wellness Program; and
2. Approve a Citywide walking incentive program through Kaiser Permanente's Thrive Across America during 2011.

Summary

During 2010, the JLMBC approved a pilot wellness program consisting of incentives for employees to complete an online Health Risk Assessment (HRA) survey and to participate in the Kaiser Permanente 10,000 Steps Walking Program. The goal of the program was to engage employees as partners in assuring their best possible health and to reduce preventable health care problems that drive costs. On September 2, 2010 Staff presented the results of the pilot wellness program which involved four pilot departments participating in an online HRA with $25 gift card incentive, a proposed a pilot worksite Walking Program, and a Citywide HRA. This report provides an update on the wellness program initiatives, including:

- Citywide HRA results;
- Four department pilot walking incentive program results; and
- Recommendation for implementing a Citywide walking incentive program.

Discussion

The Personnel Department in collaboration with Anthem Blue Cross and Kaiser Permanente implemented an online HRA survey and the 10,000 Steps Walking Program. The HRA was introduced to four departments on a trial basis and then rolled out Citywide. The walking program was only implemented on a trial basis to the four pilot departments thus far and staff is recommending that a similar program be rolled out Citywide in June 2011.

Part 1: Update on Citywide HRA and $25 Gift Card Incentive

The HRA is an online survey that asks a series of questions related to a member's health and habits. The questionnaire helps identify a member's current health issues (some they may not be aware of), suggests areas of the member's lifestyle where improvement can be made to lower health risks, and helps the insurance carriers provide information to the employee regarding current conditions they might have or be at risk for. The Citywide HRA incentive program started on November 1, through December 31, 2010. All Flex City employees had an opportunity to take an HRA and earn a $25 gift card. A $25 MasterCard gift card was offered to the first 3,900 Kaiser Permanente subscribers to complete the HealthMedia SUCCEED Total Health Assessment. A $25 Target gift card was offered to the first 700 Anthem Blue Cross subscribers to complete the Health Risk Assessment. The Citywide HRA program was announced via City e-mail. Kaiser Permanente and Anthem Blue Cross also provided customized posters that were distributed to Department Personnel Directors for posting in their work areas. Staff also displayed posters on bulletin boards and near elevators in City Hall, City Hall East, and City Hall South.

The results of the Citywide HRA compared to the initial pilot program are provided on the table below.

Health Risk Assessment Survey Participation by Opportunity & Plan

Program Phase:	Anthem HRA Participants	Kaiser HRA Participants	Total HRA Participants		Total Number of Flex Employees
			#	%	
Four Department Pilot Program (June 2010)*	233	323	**556**	**16.42%**	3,387
Citywide HRA (November - December 2010)	521	704	**1225**	**5.26%**	23,308
Pilot and Citywide Combined	754	1,027	**1781**	**6.67%**	26,695

*Four Pilot Departments: Housing, LACERS, Personnel, and Sanitation

During the Citywide opportunity, approximately 5.26% of all Flex employees completed the online HRA and were eligible for the gift card compared to the Pilot Program's 16.42%. The participation rate in the Citywide HRA was lower that the four Department Pilot Program's rate. Staff attributes this difference to the type and frequency of communication used to publicize the HRA incentive program.

The June Pilot Department Program included a mailing to the employee's home from the JL-MBC about the HRA incentive program. In addition, staff provided the Pilot Departments more direct contact with General Managers and Departments Personnel Directors to request their support and participation in the program. The Citywide Program occurred during the November and December months during the height of Flex Open Enrollment activities.

The following is a list of key findings the health insurance carriers reported regarding the HRA respondents:

<u>Kaiser</u>

- Weight Management was identified as a priority health behavior by 45% of the respondents, who reported 14% corresponding productivity impairment which is equivalent to 65 full-time employees;
- Depression was identified as a priority health behavior by 12%, who reported 25% corresponding productivity impairment which is equivalent to 31 full-time employees;
- Physical Activity was identified as a priority health behavior by 12%
- Most all respondents (98.2%) are not meeting nutritional recommendations
- Approximately 45.81% of the respondents are not meeting physical fitness recommendations; and
- 27.68% of the respondents reported that they excessively drink alcohol and 9.2% are smokers.

<u>Anthem Blue Cross</u>

- Prevalence for the following conditions were above book of business risk levels:
    - Asthma (7.3% vs. 4.1%)
    - Chronic obstructive pulmonary disease (emphysema) (1.4% vs. 1.0%)
    - Arthritis (5.9% vs. 4.2%)
    - Lower back pain (9.6% vs. 7.2%)
    - Diabetes (5.0% vs. 3.7%)
    - Obesity (8.4% vs. 3.9%)
- Based on a reporting period from October 2009 through September 2010, 5,232 members were enrolled in ConditionCare programs offered though Anthem. From October 2010 to December 2010, 146 new members were identified and enrolled into ConditionCare Programs.

- 22% (1,149) of members were considered high and moderately at risk for ConditionCare programs and were targeted for outbound telephone calls from nurse care management.

The Anthem Blue Cross data reported above contains results from the four pilot departments' HRAs and total claims information reported October 2009 through September 2010. A report based on the Citywide HRA is pending.

Part 2: 10,000 Steps Walking Program

The Pilot Walking Program was sponsored by Kaiser Permanente and open to all employees in the pilot departments, including employees enrolled in Anthem Blue Cross plans. Through an online enrollment process, employees registered and received pedometers free of cost. The program ran for 8 weeks.

The first phase of the pilot program was for Personnel Department employees only and was held from September 20 to November 5, with registration week taking place the week of September 13th. Two Kick-off events were held on September 9th in the Personnel Department building. These events included an overview of the 10,000 Steps Walking Program, a question & answer session, a short presentation about fitness, a 20 minute mini-exercise class, and a raffle. Employees received stretch bands and 20 minutes of low-impact exercise at the Kick-off session and were allowed to keep the bands so that they could exercise and stretch at their desks.

The second phase of the walking program took place from November 1 - December 26 and was directed towards the Bureau of Sanitation, LACERS, and the Housing Department. A one week registration period took place from 10/18 to 10/22. Several one-hour Kick-off info sessions were scheduled: three on 10/18 at Housing, one at Hyperion on 10/25, two on 10/27 at LACERS, one on 10/27 at the Public Works Media Center, and three on 10/28 in the Public Works Building in Sub-Basement. Unlike the Personnel Department's group, the 8 weeks of walking were separate from the one week registration period and one week pedometer receipt period.

For both phases, team leaders were recruited from various department divisions to help motivate and encourage co-workers. These key members (Team leaders) set-up walking routes, group walks, daily challenges, healthy lunch treats, and even fun activities such as hula hooping and jump roping. They also sent reminders to those enrolled in the program to log in their steps weekly and provided words of encouragement. In addition, they acted as liaisons between their employees and the Employee Benefits Division. In return for their dedication, team leaders were given a special thank you gift donated by Kaiser Permanente.

The following table indicates the employees' interest level for a walking program as indicated by the pulse survey sent out in May, compared to the number of people who actually enrolled in the 10,000 Steps Walking Program and those who completed the program (and opted-in).

Pilot Department:	Pulse Survey Respondents - Indicted Interest in Incentive Program		Walking Program Participation						
			Walking Program Enrollees		Employees that Completed Program		Employees that Opted In for Rewards & Completed the Program		Total Number of Flex Employees
Housing	74	64.9%	218	42.8%	106	20.8%	106	20.8%	509
LACERS	32	72.7%	66	56.4%	39	33.3%	39	33.3%	117
Personnel	68	68.0%	221	64.4%	148	43.1%	77	22.4%	343
Sanitation	77	57.0%	323	13.4%	192	7.9%	173	7.2%	2418
Total	**251**	**63.9%**	**828**	**24.4%**	**485**	**14.3%**	**395**	**11.7%**	**3387**

Budget

For our Wellness Program, $300,000 was provided by Kaiser Permanente and $50,000 was provided by Anthem Blue Cross. The funds were used for on-site health screenings at the Open Enrollment Fairs, HRA Gift Cards, Walking Program Gift Cards, Walking Program Kick-Off meeting presenters, and raffle/giveaway items. Anthem Blue Cross did not deduct the expenditures for the cost of printing posters or postage for the mailing of gift cards. Kaiser Permanente did not include Open Enrollment health screenings & services costs in their Wellness Program budget because they deduct those costs from a separate fund. Staff is awaiting a final estimate of wellness program incentive expenditures from Kaiser Permanente.

Implementation Issues

No pilot program goes without hiccups, and ours was no exception. The primary implementation issues related to technical systems problems, delay in reporting the program results, and delay in processing incentives to employees (reward cards). In our initial HRA opportunity, we experienced difficulty with the Kaiser THA website due to the sign-in process taking significantly more steps than the Anthem site and the rewards process being delayed. These problems were fixed for the second opportunity, however new problems arose. For example, when the citywide e-mail was released, many employees attempted to access the survey and caused the servers at both Kaiser and Anthem to crash. Although instructions were made by EBD to assist employees with the sign-in and rewards process, these instructions did not apply to the second go-around because the carriers had revamped their websites. Getting immediate resolution for these problems took quite a bit of staff time.

In the 10,000 Steps program, the initial pilot program for Personnel was confusing for employees due to the lack of instructions. Specifically, employees needed to opt-in to the program to receive the rewards, wait for their pedometer to arrive, then sign-in to the website and pick a date to start the 8 week program. Many employees chose the wrong start date as a result of not receiving instructions. These registration problems were fixed during the second pilot program because staff created step-by-step instructions for participants to follow.

For both the HRA and Walking Programs, Kaiser Permanente and Anthem Blue Cross did not provide timely reports to staff on the progress of the programs. Once the programs were completed, it took several months to receive final outcome reports. This delay in results caused frustration amongst employees who had expected to receive their gift cards much sooner.

Conclusion

The Walking Program was very well received by employees. In addition, the Walking Program provided employees an opportunity to join other fellow employees in forming walking groups and encourage each other to continue the walking effort. The online Walking Program offered by Kaiser Permanente proved to be an effective method to encourage employees to engage in a physical activity.

Kaiser Permanente is offering a new walking program called, "Thrive Across America". This program has the potential to reduce the administrative coordination because unlike the 10,000 steps program, the new program

- Employees track time exercised versus steps which allow employees more flexibility;
- The online program website tool will convert the activity into mileage based on the amount of time and type of exercise performed;
- Does not require pedometer distribution to employees thus eliminating the start-up costs and administration;
- The program allows employees to join teams; and
- Program has the ability to create and report the status of walking teams to encourage friendly competition between departments and divisions.

Thrive Across America is an 8 week long program like the 10,000 Steps Program. Kaiser is proposing to offer the program to all Flex employees including Anthem Blue Cross members. Participation in the program is voluntary.

Staff estimates that between 12% and 30% of the Flex participants will complete the Citywide Walking Program with a $50 reward. The participation estimates are based on the results of the pilot program. The estimated cost of providing the $50 reward would range between $156,000 and $390,000 based on staff's estimated participation rates. The rewards will be capped at $200,000. The Citywide Walking Program costs would be funded by the Kaiser Wellness Program budget for 2011.

In addition to the monetary rewards, staff recommends encouraging departments, divisions, or individual teams to create their own incentives. For example, departments can encourage employees to take a "wellness walking" break. Having departmental support of wellness activities may not only boost participation, but also workplace morale—a win-win situation for employees and employers.

Staff recommends that the JLMBC approve a Citywide walking incentive program through Kaiser Permanente's Thrive Across America during 2011.

Submitted by: ______________________
Randyn Calvo

Approved by: ______________________
Alejandrina Basquez