

Wellness Programs in the Colorado Private Insurance Market



Colorado
Division of Insurance
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Dora
Department of Regulatory Agencies

Introduction and Legislative History

In 2009, the Colorado General Assembly passed House Bill 09-1012 (HB 1012). The new law, §10-16-136 C.R.S., allowed insurance carriers to provide incentives and rewards to policyholders in the small group and individual markets if the policyholders participated in wellness and prevention programs. Carriers already offered wellness programs in the large group market. In the small group market, defined as employers with one to fifty employees, the incentive or reward could apply to the entire group or to individuals in the group based on their participation. The new law also outlined how the incentives and rewards could be applied, defined the term “wellness and prevention program,” stated the law applied to any carrier offering a “health benefit plan,” and required the Colorado Division of Insurance to report certain data regarding the number and type of programs and incentives to a statutorily-created Health Care Task Force that was repealed in 2010.

In 2010, the General Assembly amended §10-16-136, C.R.S., through House Bill 10-1160 (HB 1160). The changes expanded the requirements a carrier could use in administering a wellness program. The incentive or reward could now be “tied only to participation in the program” or “based on satisfaction of a standard related to a health risk factor...” The legislation also required the wellness program to be accredited by a nationally recognized non-profit entity that accredits wellness programs, and to offer a “reasonable alternative standard” to individuals who cannot meet the original standard due to a medical condition. It increased the Division’s reporting requirements. More detail about the legislation and full text of the bills can be found at www.leg.state.co.us.

This report meets the requirements of §10-16-136(5), C.R.S., as passed in HB 1160. All data reflect wellness programs in effect on December 31, 2010.

Survey Methodology

The Division surveyed all 329 carriers with \$10,000 or more in written health premium, of which 147 reported having health coverage plans in the individual, small or large group markets. A copy of the survey is included with this report as Appendix A. The carriers submitted the following data for calendar year 2010:

- Types of wellness and prevention programs offered,
- Types and nature of incentives or rewards provided,
- Total number of small groups participating in wellness programs by group size
 - Business groups of one
 - Two to ten employees
 - Eleven to twenty-five employees
 - Twenty-six to fifty employees
- Number of individual market policyholders participating in programs
- Dollar amount of discounts provided to all participating small groups
- Dollar amount of discounts provided to all participating individuals

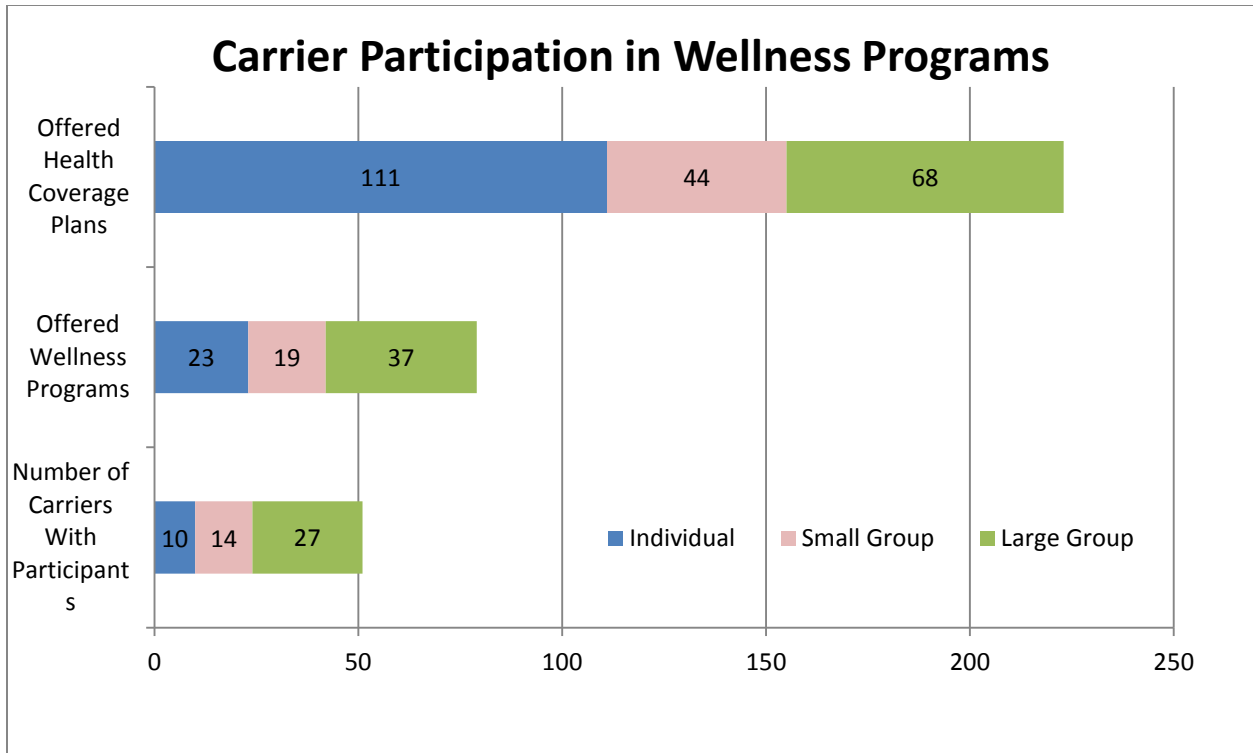
Findings

Carriers Offering Health Coverage Plans and Wellness Plans in Each Market

Health coverage plans provide, deliver, arrange for, pay for, or reimburse any of the cost of health care services and include comprehensive major medical, disease only, dental and/or vision plans. Forty-five percent, or 147 of the 329 carriers surveyed, offered health coverage plans in at least one of Colorado's health insurance markets. The largest group of 111 carriers offered coverage in the individual market, while only 44 carriers offered health coverage plans in the small group market where employers have 50 or fewer employees. The other 182 carriers surveyed did not offer health coverage plans. Many carriers sell health coverage plans in more than one market as the following chart illustrates.

Type of Market Where Carrier Sells Health Coverage Plans	# of carriers offering coverage
Individual Market Only	66
Large Group Market Only	21
Small Group Market Only	1
Small Group and Individual	11
Large Group and Individual	15
Large Group and Small Group	14
Large Group, Small Group and Individual	18
Total in Small Group Market	44
Total in Large Group Market	68
Total in Individual Market	111

Only 30 percent of carriers that offered health coverage plans also offered wellness plans. The largest number of carriers (37) offered wellness programs in the large group market. An even smaller number of carriers (31) had individuals participating in wellness programs on December 31, 2010. Once again, the large group market had the most carriers with active participants in wellness programs. The following chart shows the differences between the carriers in each insurance market and their participation in wellness programs.



Number of Policies and Covered Lives

In the small group market, the largest number of policies with wellness plans is found with employers who have two to ten employees. The chart below shows how participation in wellness programs varied according to the size of the small employer.

Size of Employer	Number of Policies in Wellness Plans	Lives in wellness plans
Business Groups of One	4,401	11,245
Groups 2-10	6,783	52,984
Groups 11-25	1,342	30,836
Groups 26-50	340	12,446
All Small Group	12,866	107,511
Individual Market	26,985	46,241

Types of Wellness and Prevention Programs Offered

Carriers offered a variety of wellness and prevention programs. The chart below shows the number of carriers that offered a particular type of wellness program as outlined in HB1160. Many programs focused on better nutrition, exercise and disease management.

WELLNESS OFFERINGS	
	# Carriers
Health screenings	28
Mental health and substance abuse screenings and prevention	19
Internet, telephonic, live coaching, or consultation-based wellness programs	28
Education and training about dietary habits, including nutritional counseling	28
Online and in-person seminars or podcasts on health and wellness topics, wellness handouts, a wellness library, videos, or newsletters and a wellness intranet site.	28
Wellness programs geared specifically for children, teens, or special populations	24
Stress management programs	23
Employee-assistance programs for employees and their families	25
Disease management	32
Diabetes-care programs	30
Tobacco-cessation programs	27
Prescription drug or carrier-approved nonprescription dietary supplement use that aids in overall health and wellness, or which prevents disease	20
Patient-centered medical home programs	9
Nurse-on-call programs	26
Onsite or external health club or fitness center membership or facilities	14
MD Call Program	1

Discounts for Wellness Programs

Fewer carriers offered premium discounts or cost-sharing modifications as an incentive for an employer or individual to establish a wellness program. Carriers reported the total dollar value of discounts in the individual market at \$315,443. Carriers did not report any total dollar values in the small or large group markets.

Wellness Discount Incentives	
	# Carriers
Premium discounts	5
Rebates	4
Modifications to co-payments	2
Modifications to deductibles	0
Modifications to coinsurance premiums	1
Product discounts or rebates	5
Gym membership discounts	6

Rate Review and Consumer Complaints

All new health premium rates must be filed with the Division prior to use. The Division reviews the new rates to make sure they are justified and comply with Colorado law. The Division reviews and must approve all health insurance rate *increases* on renewals before they are used. HB 1160 specified that carriers must submit “any information, including socioeconomic information, as required by the Commissioner pursuant to § 10-16-107, C.R.S. to ensure that rates filed in conjunction with the programs are not excessive, inadequate, or unfairly discriminatory.” However, carriers do not collect socioeconomic information from each individual insured, therefore, the Division did not request socioeconomic data as part of this study on wellness programs.

The Division reviewed the structure and costs of wellness programs as part of each carrier’s rate filing. To date, the Division has not seen any issues related to wellness programs. The Division also accepts inquiries and formal complaints on health insurance issues. The Consumer Affairs section did not receive any complaints about wellness programs in 2010.

Future Reports

Pursuant to §10-16-136(5), C.R.S., the Division will issue an annual report on wellness programs to the General Assembly until January 1, 2015.

Appendix A
2011 Wellness Program Survey

<http://doraapps.state.co.us/Community/se.ashx?s=2511374549C5EF4A>

- Colorado.gov

Colorado The Official State Web Portal

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Wellness Survey

Company Information

Company Name:

NAIC Code:

Address:

City:

State:

Zip Code:

Submitter Information

First Name:

Last Name:

Phone:

Email:

All questions should be answered for information as of 12-31-2010 and for wellness and prevention programs as defined in §10-16-136 C.R.S.

1a. What types of health coverage plans did your company provide?

- Individual
- Small Group
- Large Group
- No Health coverage plans

1b. In which types of health coverage plans did your company offer wellness and prevention programs?

- Individual
- Small Group
- Large Group
- No wellness plans

1c. In which types of health coverage plans did policyholders/subscribers/members actually participate in wellness and prevention programs?

- Individual
- Small Group
- Large Group
- No wellness plans

2. What types of wellness and prevention programs did your company offer?

- a. Health Screenings
- b. Mental health and substance abuse screenings and prevention
- c. Internet, telephonic, live coaching, or consultation-based wellness programs
- d. Education and Training about dietary habits, including nutritional counseling
- e. Online and in-person seminars or podcasts on health and wellness topics, wellness handouts, a wellness library, videos, or newsletters and a wellness intranet site
- f. Wellness programs geared specifically for children, teens, or special populations
- g. Stress management programs
- h. Employee assistance programs for employees and their families
- i. Disease Management
- j. Diabetes care programs
- k. Tobacco cessation programs
- l. Prescription drug or carrier-approved nonprescription dietary supplement use that aids in overall health and wellness or which prevents disease
- m. Patient-centered medical home programs
- n. Nurse-on-call programs
- o. Onsite or external health club or fitness center membership or facilities
- p. Other (Please list)

3. What incentives and/or rewards did your company provide for participation in a wellness and prevention program?

- a. Premium discounts
- b. Rebates
- c. Modifications to co-payments
- d. Modifications to deductibles
- e. Modifications to coinsurance premiums
- f. Product discounts or rebates
- g. Other (please list)

4. For each size category of small business group please provide the number of groups and the total covered lives in wellness and prevention programs and the total dollar value of discounts from wellness and prevention programs for calendar year 2010. For individual insurance please provide the total number of policies and the total number of covered lives in wellness and prevention programs, and the total dollar value of discounts from wellness and prevention programs for calendar year 2010.

	Business Groups/ Individual Policies	Covered Lives	Total Dollar Value of Discounts
Small Business Groups of 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
Small Business Groups of 2-10	<input type="text"/>	<input type="text"/>	<input type="text"/>
Small Business Groups of 11-25	<input type="text"/>	<input type="text"/>	<input type="text"/>
Small Business Groups of 26-50	<input type="text"/>	<input type="text"/>	<input type="text"/>
Individuals in participating programs	<input type="text"/>	<input type="text"/>	<input type="text"/>

5. Please provide any clarifying remarks you may have relating to this survey here.

If you have any questions please contact Kelly Schultz at kelly.schultz@dora.state.co.us or 303-894-7481