

Wellness Programs in the Colorado Private Insurance Market



Colorado
Division of Insurance
January 1, 2013



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 Division of Insurance to report certain data regarding the number and type of programs and incentives to the Health Care Task Force.

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, 2011.

Survey Methodology

The Colorado Division of Insurance surveyed all 391 carriers with \$10,000 or more in written health premium, of which 159 reported having health coverage plans in the individual, small or large group markets. For purposes of this report, the Division surveyed health coverage plans, which provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services. As opposed to the more limited “health benefit plan” definition, health coverage plans include a wider array of policies such as dental, long-term care, specified disease, and short-term policies (see §10-16-102(21) and (22.5), C.R.S.). A copy of the survey is included with this report as Appendix A. The carriers submitted the following data for calendar year 2011.

- 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

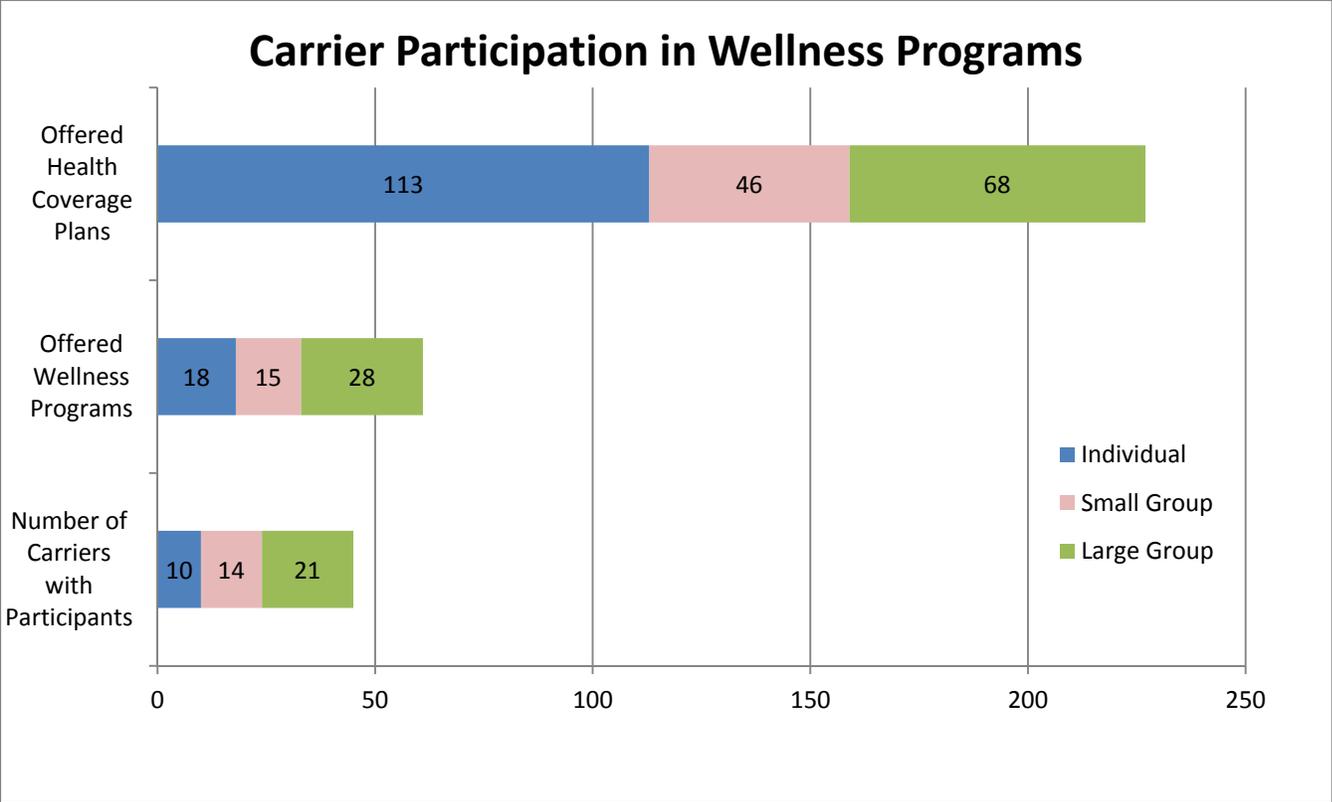
Findings

Carriers Offering Health Coverage Plans and Wellness Plans in Each Market

Forty-one percent (159) of the carriers surveyed (391) offered health coverage plans in at least one of Colorado’s health insurance markets. The largest group of 113 carriers offered coverage in the individual market, while only 46 carriers offered health coverage plans in the small group market (employers with 50 or fewer employees). The other 232 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	77
Large Group Market Only	24
Small Group Market Only	4
Small Group and Individual	8
Large Group and Individual	10
Large Group and Small Group	16
Large Group, Small Group and Individual	18
Total in Small Group Market	46
Total in Large Group Market	68
Total in Individual Market	113

Of the carriers that offered health coverage plans, 38 percent also offered wellness plans, an increase over 2010 when only 30 percent did so. The largest number of carriers (28) offered wellness programs in the large group market. Across large group, small group and individual markets, only 45 carriers had individuals participating in wellness programs on December 31, 2011. 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	2,799	4,765
Groups 2-10	6,674	31,236
Groups 11-25	1,620	31,697
Groups 26-50	606	26,463
All Small Group	11,699	94,161
Individual Market	27,710	56,480

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 HB 1160. Many programs focused on better nutrition, wellness education, health screenings, health coaching and disease management.

WELLNESS OFFERINGS	
	# Carriers
Health screenings	23
Mental health and substance abuse screenings and prevention	17
Internet, telephonic, live coaching, or consultation-based wellness programs	21
Education and training about dietary habits, including nutritional counseling	21
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	22
Wellness programs geared specifically for children, teens, or special populations	21
Stress management programs	18
Employee assistance programs for employees and their families	19
Disease management	24
Diabetes care programs	21
Tobacco cessation programs	21
Prescription drug or carrier-approved nonprescription dietary supplement use that aids in overall health and wellness or which prevents disease	18
Patient-centered medical home programs	10
Nurse-on-call programs	22
Onsite or external health club or fitness center membership or facilities	6
Discount Services	3
Medication Therapy Management	1
Voluntary Case Management	1
Biometric Screening	1
Cancer and Cardiovascular Prevention Outreach	1

Discounts for Wellness Programs

Only a small number of 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 \$8,201 and \$14,379 in discounts for the small group market.

Wellness Discount Incentives	
	# Carriers
Premium discounts	10
Rebates	3
Modifications to co-payments	4
Modifications to deductibles	3
Modifications to coinsurance premiums	3
Product discounts or rebates	6
Gym Membership Discounts	5
Health Allocation Fund Credit	1

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.” 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 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 also accepts inquiries and formal complaints on health insurance issues. The Consumer Affairs section did not receive any complaints about wellness programs in 2011.

Federal Health Care Reform

The federal health care reform law, the Patient Protection and Affordable Care Act, made some changes to the existing federal rules for wellness programs, on which the Colorado wellness and prevention statute was based. While most of the changes made by the federal law are not significant, the federal law does permit greater incentives for participation in a wellness program than currently permitted under Colorado law. The Division expects further guidance to be issued by the federal government on wellness and prevention programs, and based on that guidance, the Division will determine whether changes need to be made to the Colorado law or program.

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 2011. 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 2011.

	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