



# **Wellness Programs**

**Incentivizing healthy behavior, improving engagement and profitability (what was that?)**

## Agenda

- The World We Live In
- Impact of Technology on the Life and Health Insurance Industry
- Wellness Program Examples and Evidence
- Key Success Factors



## Wellness Programs



### **What is happening?**

- Use of wellness programs to incentivize healthy behavior.
- Insurers aligning themselves with health/fitness providers allowing access to services at reduced rates.
- Insurers providing incentives for policyholders to improve health via financial rewards e.g. discounted flights, free calls etc.
- Some insurers offering renewal premium discounts, which also improves persistency.
- Program launched in the US, South Africa, UK and emerging in Asia Pacific.

### **What is driving this trend?**

- Recognition of alignment of interests between the insurer & consumer.
- Increase in general awareness to stay healthy.
- Technology trends e.g. smartphones and wearables.
- A desire to create a framework for integration and big data.
- Need for differentiation and more attractive propositions as protection and Accident and Health products become more core.



# **The World We Live In**

## The 3 – 4 – 50 Model



The Oxford  
Health Alliance

*Confronting the Epidemic of Chronic Disease*

**3** health behaviors lead to the incidence of **4** non-communicable diseases that together cause more than **50%** of deaths worldwide

Tobacco use  
Unhealthy diet  
Physical inactivity

Cancer  
Diabetes  
Heart disease  
Lung disease



## Is there really a problem here in Asia?

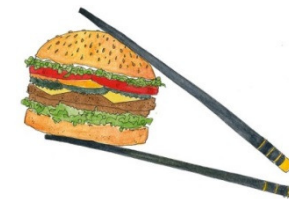


Image: RuthLewisIllustrations.com

### Hong Kong (2012)

| Health Status (Age 18 – 64)  | M     | F     | Both  |
|------------------------------|-------|-------|-------|
| Daily Smoking                | 18.7% | 4.0%  | 10.7% |
| Daily Alcohol                | 3.2%  | 0.8%  | 1.9%  |
| Inadequate Physical Activity | 53.0% | 66.6% | 60.4% |
| Inadequate Diet              | 87.0% | 77.8% | 82.0% |
| Overweight (BMI $\geq 23$ )  | 47.2% | 27.8% | 36.6% |

Source: Hong Kong Department of Health – Health Facts 2014

### China (2008,2011)

- As at 2011, 47% of Males and 2% of Females are Smokers.
- The overall prevalence of diabetes in the Chinese adult population is estimated to be 12.1% for Males and 11.0% for Females. Overall it is 11.6%, up from 9.7% in 2007.
- As at 2008, 4.7% of Males and 6.7% of Females are considered obese (BMI  $\geq 30$ ).

Source: WHO Non Communicable diseases country profiles 2014

### Thailand

- As at 2011, 46% of Males and 3% of Females are Smokers.
- The overall prevalence of diabetes in the Thai adult population is estimated to be 6.4%.
- As at 2008, 5.0% of Males and 12.2% of Females are considered obese (BMI  $\geq 30$ ).

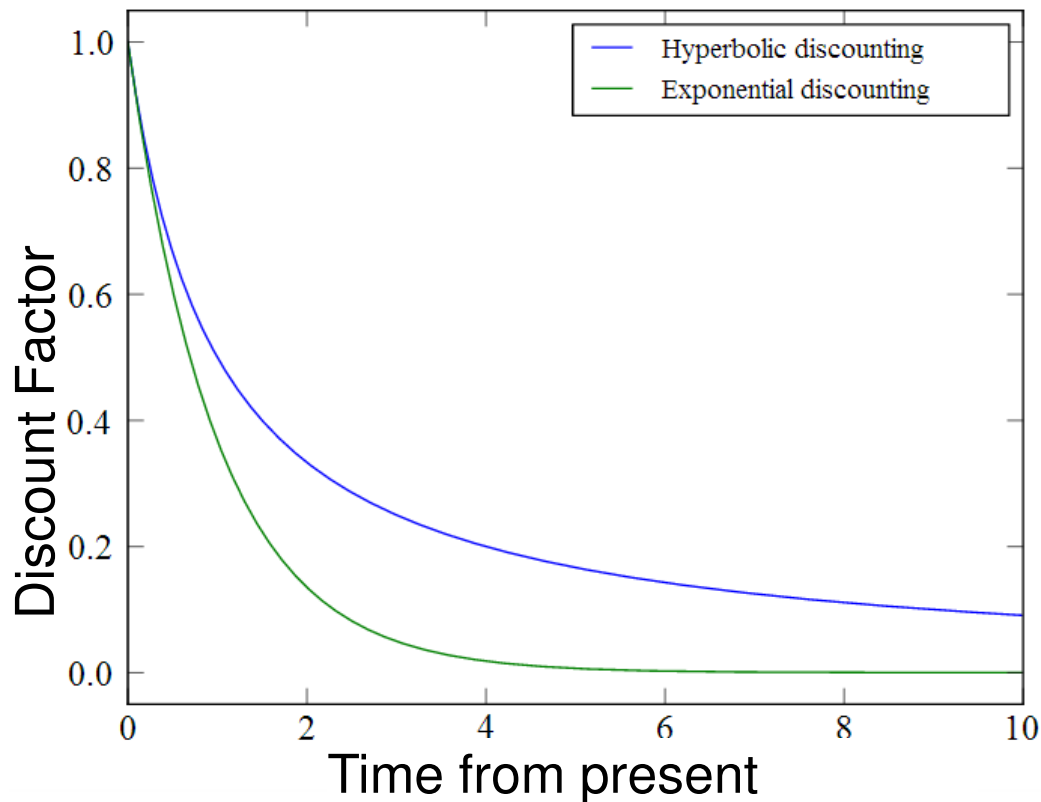
Source: WHO Non Communicable diseases country profiles 2014

### Singapore (2010)

- Proportion of people aged 18 – 69 who smoke cigarettes daily is up from 12.6% in 2004 to 14.3% in 2010.
- The overall prevalence of people aged 18 – 69 with Diabetes is up from 8.2% in 2004 to 11.3% in 2010.
- Proportion of people aged 18 – 69 considered obese (BMI  $\geq 30$ ) is up from 6.9% in 2004 to 10.8% in 2010.

Source: Singapore Ministry of Health National Healthy Survey 2010

## Hyperbolic Discounting as applied to Wellness



- Hyperbolic discounting is the human tendency to prefer smaller payoffs now over larger payoffs later, which leads one to largely disregard the future when it requires sacrifices in the present.
- People thus forego long term survival and comfort in favor of the short-term pleasures of unhealthy foods and laziness.
- People thus need near immediate financial rewards to counteract this.

## Impact of Technology on the Life & Health Insurance Industry





# Patient Education Resources & Social Networks

## Education Resources

- WebMD – Patients research illness, diseases and health.
- MEDgle – Patients enter symptoms, diagnoses, drugs and procedures into probabilistic database.
- HealthTap – Smartphone App to pose a question to a physician and research conditions.

## Social Networks

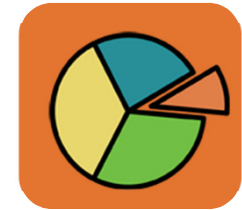
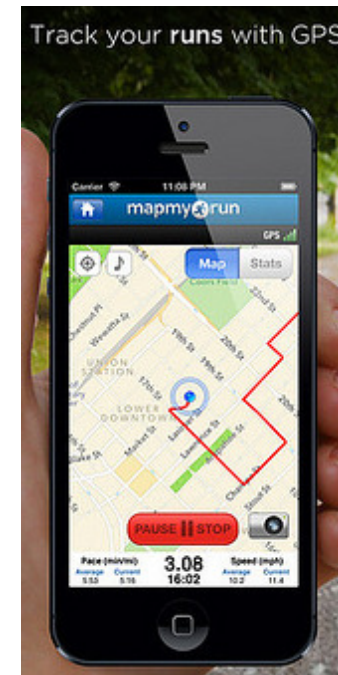
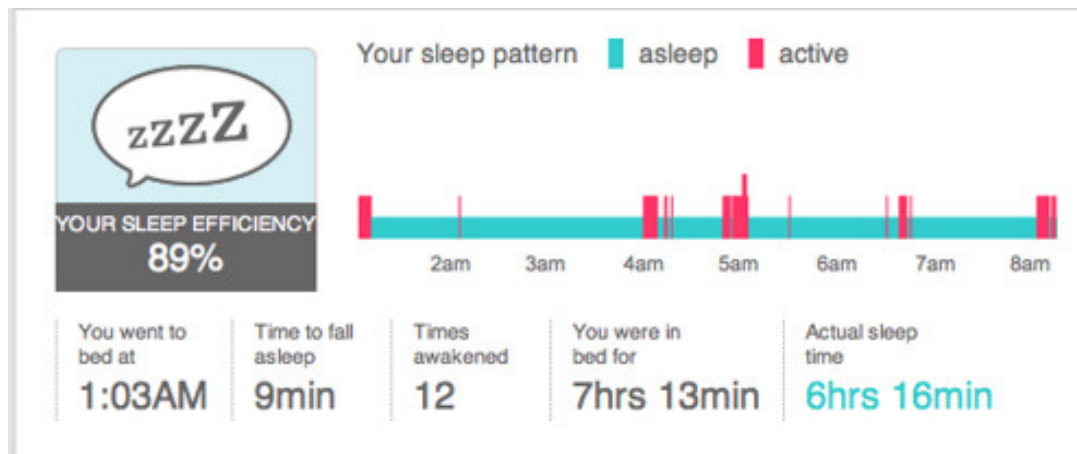
- PatientsLikeMe, CureTogether.
- Enter/search for symptoms, treatment success, prognosis.
- Create personal connection to treatment plan.

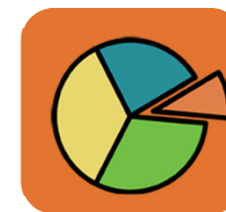
The image shows a screenshot of the WebMD website. At the top, there's a search bar and navigation tabs for 'Health A-Z', 'Drugs & Supplements', 'Living Healthy', and 'Family & Pregnancy'. Below this, a banner reads 'WebMD: Cold and Flu Symptoms Across the Nation'. The main content area displays a 'patientslikeme' social network interface. It includes a sidebar with filters for 'Filter patients by' (Age, Gender, Stars, Treatment, Symptom, Interests) and 'Filter by your conditions' (Condition, Other Condition). The main area shows a list of patient profiles with their avatars, names, and conditions, such as 'Cagedbrd' with 'Systemic Lupus Erythematosus' and 'purpleskies' with 'RA (Rheumatoid Arthritis)'.

## Rise of the Quantified Self

### Fitness, Diet and Exercise Monitors

- Activity Apps – Walking, Running, Cycling
  - MapMyRun, RunKeeper.
- Nutrition Related Apps
  - Nutritional information and calories of foods and restaurant meals.
  - Many weight-loss apps use social collaboration to achieve goals.





## Rise of the Quantified Self

### External Devices Monitoring Physical Activity

- People of all ages, weight and gender are embracing wearable fitness devices offering real-time data to track their physical activity.
  - Bracelets – Fitbit Flex, Jawbone Up, Nike Fuelband etc.
  - Watches – Galaxy Gear Fit, LG G Watch, iWatch etc.
- Although wearable device shipment volumes will reach just 19 million units in 2014, that figure will grow to over 100 million in 2018, according to IDC research.
- Portable, inexpensive devices may improve patient outcomes by collecting health data and influencing behavior.



Image: <http://www.macrumors.com/roundup/iwatch/>



Image: [http://www.samsung.com/global/microsite/gear/gearfit\\_features.html](http://www.samsung.com/global/microsite/gear/gearfit_features.html)



## Rise of the Quantified Self

### Other Devices

- Smart scales: measure weight, body composition, heart rate, and air quality.
- Blood Pressure: Accurately measure blood pressure.
- Blood Glucose Meters: For Diabetes patients.
- Sleep Pattern Monitors: Optimize sleeping habits.
- Heart Rate and Blood Oxygen.
- More on the horizon:
  - Health monitoring tattoos
  - Digestible devices
  - Implantable devices



Source: <http://www.withings.com/>



## Expanded Care Options

### Kiosks - Increasingly available in retail settings

- Kiosks offer health and wellness advice and test:
  - Vision
  - Blood Pressure
  - Obesity
  - Lifestyle behaviors
  - Family history
  - Video visit with doctor
- Walmart and Sam's Club plan to install 2,500 health screening kiosks in stores in 2013.
- Cheek-swab kiosks in New Hampshire to find potential matches for bone marrow donors.
- Genomic vending machines at universities to reduce cost and improve accessibility of high-powered computing for gene sequencing.



Image: Flickr user Bytemarks

#### Sources:

<http://www.kaiserhealthnews.org/Stories/2013/February/19/self-health-care-kiosks-walmart.aspx>

<http://www.npr.org/2012/07/31/157678604/self-service-kiosks-poised-to-change-health-care>

<http://www.fastcolabs.com/3016059/genomic-vending-machines-coming-to-university-campuses>



## Diagnosis

### Health Measurement and Disease Detection at Home

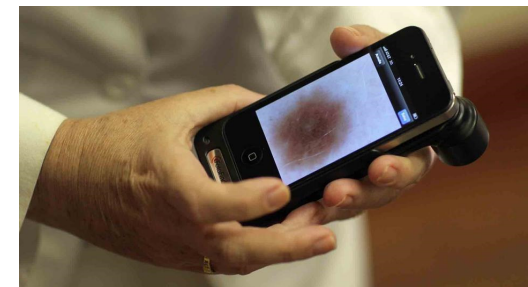
- HIV (blood and saliva tests available)
- Hepatitis
- Cholesterol
- Diabetes
- Colon Disease



Image: <http://www.oraquick.com/What-is-OraQuick/OraQuick-In-Home-HIV-Test>

### Cancer Detection

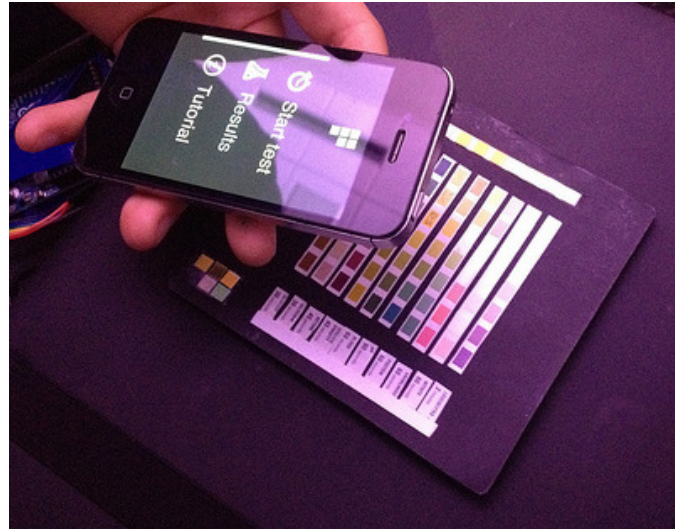
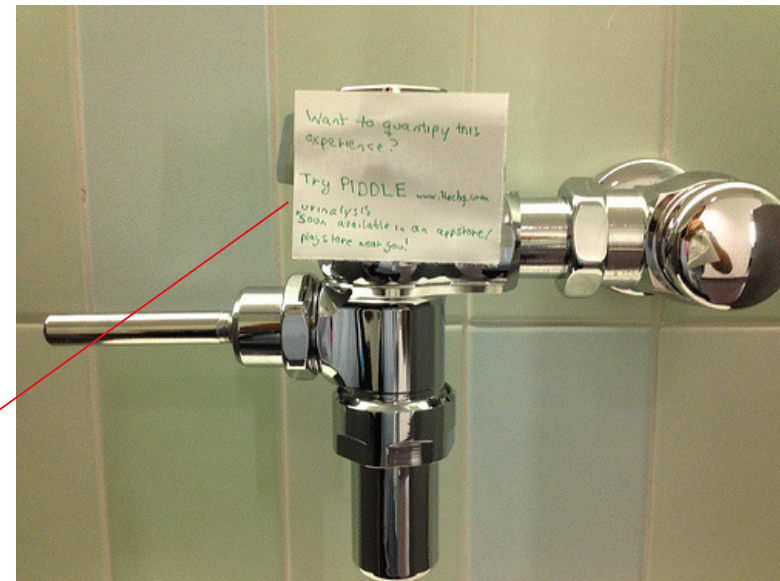
- Individuals are now able to test for cancer themselves.
  - Skin Cancer
  - Prostate Cancer
  - Colon Cancer
  - Cancer detecting bra
- The convenience means it is likely more people will be diagnosed early, however there is also concern regarding the accuracy of some apps.



## Diagnosis

### Urinalysis

- Urinalysis Apps
  - uChek
  - Piddle
  - Smart Diapers
- Abnormalities may indicate:
  - Diabetes
  - Dehydration
  - Kidney Disease
  - Certain Cancers
  - Urinary Tract Infections



“Want to quantify this experience? Try Piddle...”

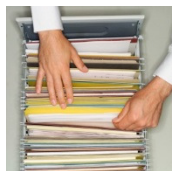
Images: Flickr user juhansonin

## Potential Risks and Opportunities for the Insurance Industry

### Risks



Applicant Anti-Selection



Insurer Overreaching



Regulatory Action



Information Overload

### Opportunities

Point of Sale Underwriting



Research and Analytics



Improved Consumer Health

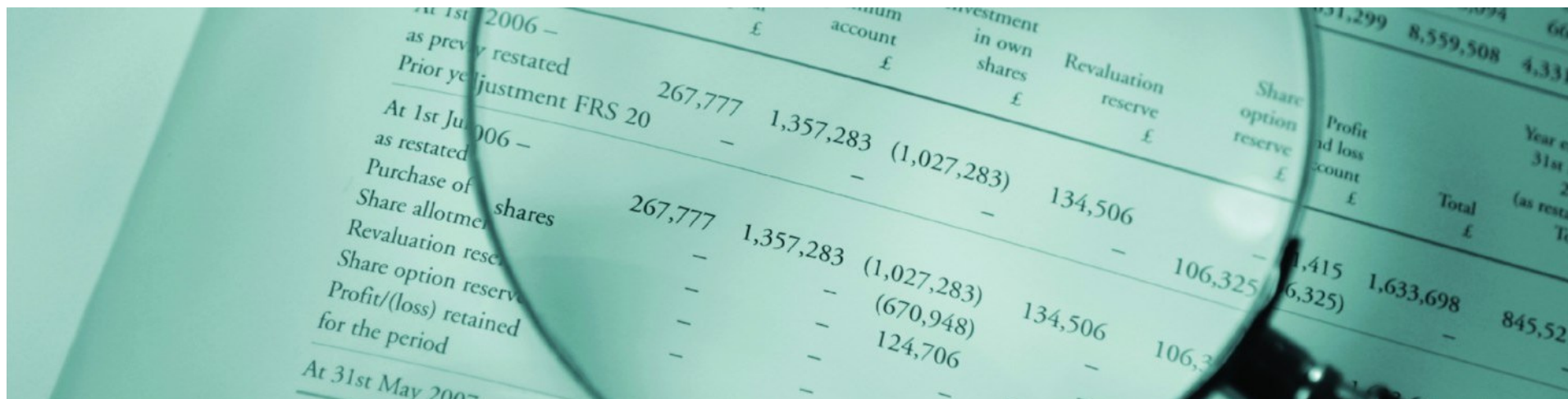


Market Expansion



Customer Engagement





|                                          | £       | £         | £           | £       | £       | £     | £         |
|------------------------------------------|---------|-----------|-------------|---------|---------|-------|-----------|
| At 1st Jan 2006 – as previously restated | 267,777 | 1,357,283 | (1,027,283) | 134,506 | 106,325 | 1,415 | 1,633,698 |
| Prior year adjustment FRS 20             | –       | –         | –           | –       | –       | –     | –         |
| At 1st Jan 2006 – as restated            | 267,777 | 1,357,283 | (1,027,283) | 134,506 | 106,325 | 1,415 | 1,633,698 |
| Purchase of shares                       | –       | –         | –           | –       | –       | –     | –         |
| Share allotment                          | –       | –         | –           | –       | –       | –     | –         |
| Revaluation reserve                      | –       | –         | (670,948)   | –       | –       | –     | –         |
| Share option reserve                     | –       | –         | 124,706     | –       | –       | –     | –         |
| Profit/(loss) retained for the period    | –       | –         | –           | –       | –       | –     | –         |
| At 31st May 2007                         | –       | –         | –           | –       | –       | –     | –         |

# Wellness Program Examples and Evidence



blue  of california

  
wellvolution





## The Discovery Vitality program

- The world's largest science-backed wellness program.
- As at 31 Dec 2013, 5.5 million members across South Africa, the US, United Kingdom, China & Singapore.

### Know your health



Earn Vitality points by doing various health assessments that help you **understand your current health** status and how to improve it.

### Improve your health



Follow our guidelines to **set realistic goals** and use our **health and fitness partners** to **improve your health** and earn even more Vitality points.

### Enjoy the rewards

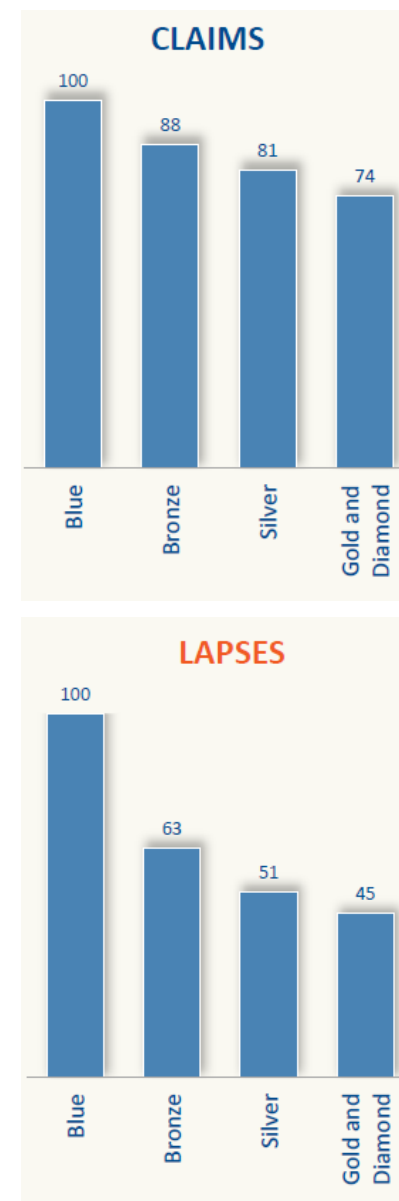


Get **great discounts and cash backs** with Vitality. The higher your Vitality status, the better your **travel, lifestyle and shopping** rewards.

## The Discovery Vitality program

- Discovery's Vitality shows that wellness programs can...
  - Lower claim incidence
  - Lower average claim size
  - Improve lapse rates
- Published Research
  - Cross-sectional studies comparing wellness program members against non-wellness program members.
  - Longitudinal studies showing the impact of engagement on medical claims experience by comparing participants against themselves over a period.
- These studies show that:
  - Engagement reduces the cost of managing chronic disease.
  - Fitter people spend less time in hospital & incur lower healthcare costs.
  - Admission rates are 10% lower, length of stay in hospital 25% lower and hospital cost per patient 14% lower for highly engaged Vitality members relative to members not registered on Vitality.

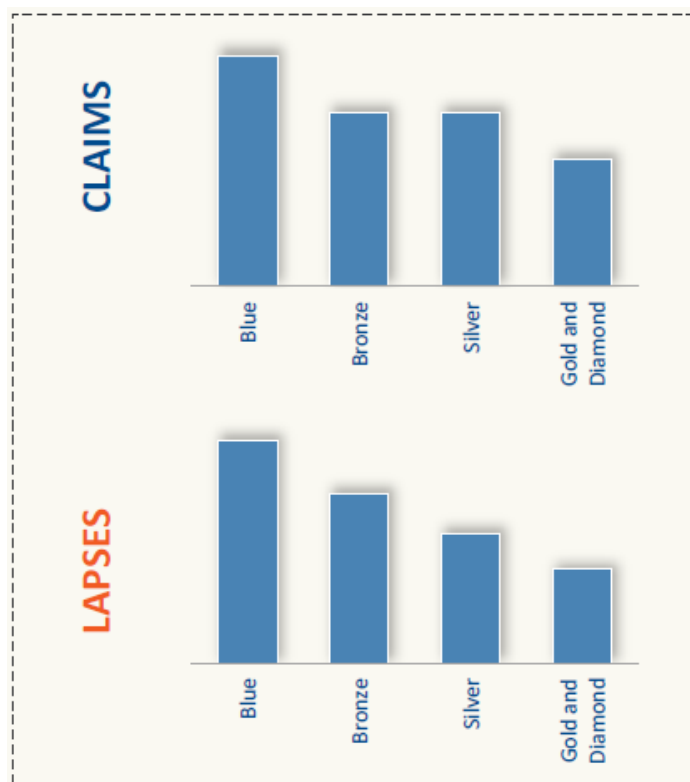
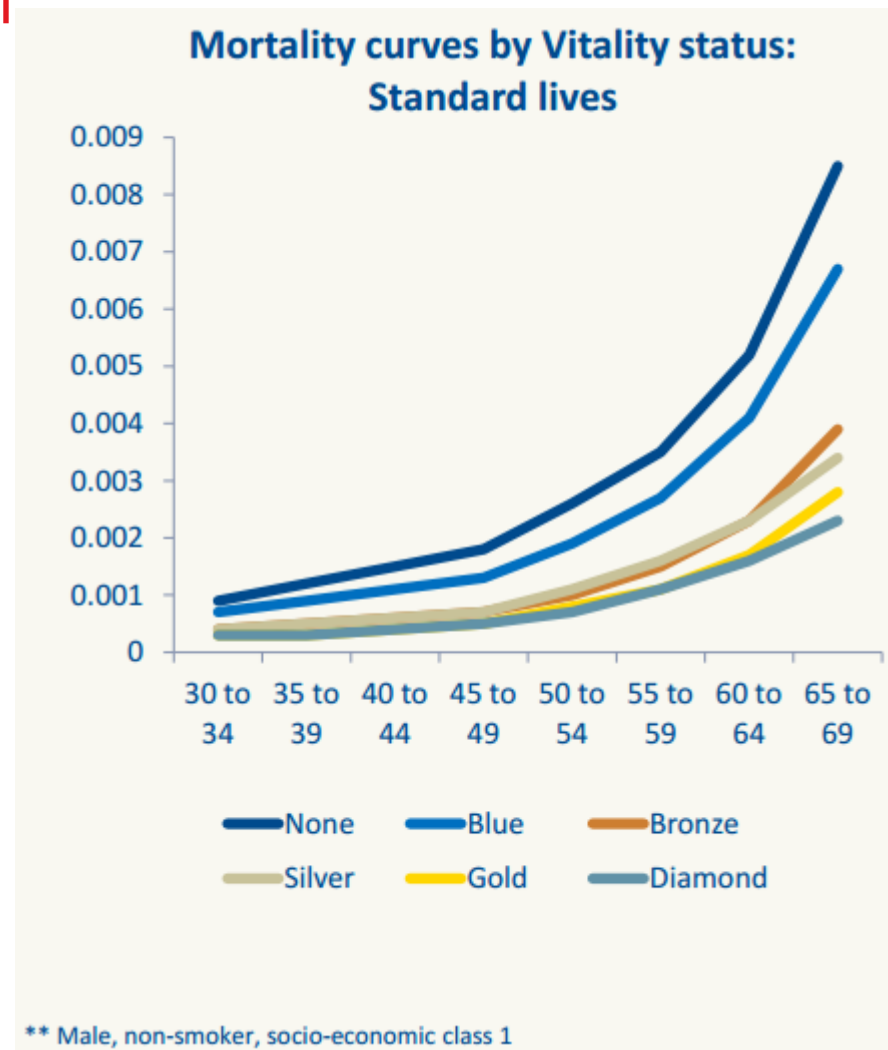
### Health Insurance



## The Discovery Vitality program

Discovery's Vitality shows that wellness programs can...

- Lower claim incidence.
- Improve lapse rates.
- Increase brand awareness.



Source: Discovery Interim Results Presentation



## Impact of Wellness on the South African Economy

### ■ Wellness (Loyalty) Programs are ubiquitous:

- Discovery Vitality
- Momentum Multiply
- Sanlam Reality
- Universal Healthcare 360°
- Zurreal
- Liberty Own Your Life (Loyalty)



Sources

<http://www.planetfitness.co.za/momentum-multiply/>

<http://www.nandos.co.za/menu>

Multiply's Save as you Gym™ benefit allows you to get up to 60% off monthly gym fees depending on how often you visit the gym AND an extra 20% off for achieving and maintaining good fitness levels!



|                                                              |  |
|--------------------------------------------------------------|--|
| Chicken Strips, Veg & Spicy Rice R41.90                      |  |
| L                                                            |  |
| Vitality Meal- seasonal meal due to mielie R49.90            |  |
| L                                                            |  |
| Chicken Breast, with a regular Portuguese Salad and a mielie |  |

### ■ Partners include:

- Health & Fitness (Virgin Active, Planet Fitness, Curves, Run Walk for Life)
- Travel (Kulula, Mango, Emirates, British Airways, Protea Hotels, Europcar)
- Wearables (Garmin, Fitbit, Fitbug, Jawbone, Timex, Magellan, miCoach)
- Healthy Food (Pick 'n Pay, Woolworths)
- Healthy Gear (Adidas, Totalsports)
- Retail (Toys R Us, Nandos, Incredible Connection, Exclusive Books, @ Home)
- Other (Movies, Mobile)



## AIA Vitality Singapore

- Launched in 2H 2013. Joint venture between Discovery and AIA.
- Combine AIA's distribution and product leadership with Discovery's wellness-based expertise.
- Only available to AIA policyholders purchasing a range of protection products i.e. term life, TPD, CI, DI and medical plans.
- Program is not free and costs S\$3 per month but there is an annual cash back benefit.
- Discounts on gym membership, fitness devices, health checks, Adidas gear, healthy foods and non-smoking programs.
- Discounts on movie tickets, international flights and cruises.
- Upfront insurance discount of 5% on first year premium with annual adjustments based on your Vitality status. The premium discount is capped at 15% and is floored at 0%.



## Great Eastern Malaysia – Live Great

- In April 2014, GE Malaysia launched a Wellness Program for new policyholders of their combination product (Life, TPD and Staged CI).
- Program to incentivize sub-std. policyholders to get to std.
- After initial underwriting, the policyholder has two years to improve their health.
- Prior to the 2<sup>nd</sup> policy anniversary, policyholders will receive a health screening voucher.
- All eligible policyholders will go through the same health tests i.e. blood lipid profile, BMI and blood pressure.
- Based on the results and subject to a health declaration, the policyholder can have all or some of their extra premium loading waived indefinitely from year 2 onwards.
- The premium loading for the previous 2 years will be given back to the policyholder as well.

## Blue Shield: Wellvolution



### Background

- Blue Shield of California is a non-profit health insurer.
- Wellvolution is Blue Shield's internal wellness initiative for their 5,000+ employees.

### Program

- Employees are assigned challenges and given points for completing them. These points can be redeemed for rewards.
- Employees are encouraged to share their results and rewards on social media.



#### Well-Being Tracker™

Discover your well-being score and keep track of how you improve over time.



#### Daily Challenge®

Give your well-being a boost with small daily actions that are simple and fun.

## Blue Shield: Wellvolution

kickstart your  
health with  
Wellvolution



### Results

- Employee smoking has decreased by 50%.
- Employee hypertension has decreased by 66%.
- Employees are paying a combined \$3 million less per year in insurance premiums and have enjoyed 2,500 health days off.
- Blue Shield's disability claims have decreased by 20% among participating employees (compared with a 60% increase from non participating).
- Blue Shield estimated an ROI of \$3: \$1 spent.
- 60% increase in employee participation in wellness programs.



Sources:

<https://www.blueshieldca.com/sites/premier-accounts/total-health/wellvolution.sp>

<https://www.blueshieldca.com/bsca/about-blue-shield/careers/wellvolution/incentives.sp>



## Do Wellness Programs Really Work?

*“2014 has been the year when the discussion of well-being has migrated from health and wellness magazines to business magazines”*

– Arianna Huffington

- Research conducted by the International Foundation of Employee Benefit Plans Research shows that Wellness Programs save employers \$1 - \$3 for every \$1 spent.
- A study out of Harvard shows that for each dollar spent on wellness programs, large companies got back \$3.27 in reduced health costs, and \$2.73 in costs connected to absenteeism.
- Johnson & Johnson has a program called "Energy for Performance in Life". \$4 return for every dollar spent on wellness.

Sources:

[http://www.huffingtonpost.com/arianna-huffington/big-business-finally-lear\\_b\\_5559758.html](http://www.huffingtonpost.com/arianna-huffington/big-business-finally-lear_b_5559758.html)

<http://www.ifebp.org/AboutUs/PressRoom/Releases/pages/WellnessProgramsBenefittheBottomLine.aspx>

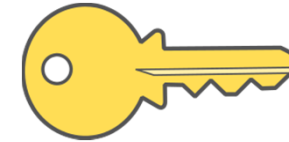
<http://bishop.hul.harvard.edu/bitstream/handle/1/5345879/Workplace%20Wellness%20Programs.pdf?sequence=1>

[http://aspe.hhs.gov/hsp/13/WorkplaceWellness/rpt\\_wellness.pdf](http://aspe.hhs.gov/hsp/13/WorkplaceWellness/rpt_wellness.pdf)



# **Key Success Factors**

## Key Success Factors



### Recipe for Success

- Wellness programs must be comprehensive and engaging otherwise people won't participate.
- Sizeable and immediate financial rewards have proven to be a powerful incentive for health improvement. Behavioral economics backs this up!
- Collaboration with external partners can provide a program with some of its essential components and many desirable enhancements.
- Getting points or tracking healthy activities should be simple, easy and objective especially if discounts are given on insurance.
- Utilize the latest technology at the point of sale and to measure biometrics going forward.
- Analyze, analyze, analyze that BIG data.

# Questions and Discussion

