

ADDRESSING COST DRIVERS

HOW POINTS-BASED WELLNESS PLANS CAN REDUCE COSTS



EMPLOYEES WHO put off recommended screenings or struggle to manage chronic conditions can develop complications that require expensive treatment, which can filter into what you pay for group coverage.

Encouraging workers to stay on top of preventive care and seek appropriate care earlier offers a way to reduce the need for expensive treatment that can drive up group coverage costs. One way employers can do that is through a points-based wellness program, which rewards employees with lower payroll deductions for health insurance when they attend health screenings, keep up with vaccinations and take steps to improve their health.

How the programs work

With these programs, employers work with a wellness plan administrator to establish a menu of eligible activities, assign point values and set a threshold employees must reach to earn a reward. A benefits platform or program administrator tracks participation and verifies completed activities.

Employees might earn points for:

- Attending an annual physical or dental checkup.
- Receiving recommended cancer screenings or vaccinations.
- Participating in diabetes education or health coaching.
- Completing nutrition, exercise or stress-management activities.
- Attending financial wellness sessions.

Employees who reach the required point total receive a discount on their health insurance contribution, often for the following plan year. Offering several ways to earn points helps workers choose activities relevant to their needs.

Where potential savings come from

The employee's discount does not automatically reduce the health plan's total premium or claims expenses. When an employer lowers the worker's contribution without a corresponding reduction in plan costs, it generally assumes more of that expense. Administration and incentives also carry costs.

The potential financial benefit comes later, if participation helps employees avoid complications or manage existing conditions more effectively. Connecting someone with diabetes to ongoing treatment, for example, may help prevent an expensive hospitalization.

Self-funded employers pay claims directly, so lower claims can reduce their costs. For fully insured employers, improved claims experience may lead to more favorable renewal pricing, although medical inflation, the insurer's rating practices and other factors also influence premiums.

Savings are not assured. A randomized study published in Health Affairs found that a workplace wellness program improved some reported health behaviors but did not significantly reduce spending after three years. Employers should evaluate results rather than assume participation alone produces savings.

What employers can do

- Work with us or administrator to prioritize appropriate preventive care and chronic-condition support.
- Explain how to earn points, meet deadlines and qualify for the premium discount to employees.
- Offer accessible activities for employees with different abilities and schedules.
- Have advisers review incentive rules, privacy protections and applicable wellness requirements.
- Track participation, claims trends and total program costs to determine ROI.

The strongest approach connects rewards with useful care and follow-up support, giving employees an immediate financial benefit while pursuing better long-term health outcomes.

If you have questions about your coverage or our products, please reach out to me:

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