In response to fast-rising employee healthcare benefits costs and high rates of obesity, in 2006 the government of King County, Washington and its employees implemented, Healthy IncentivesSM, a workplace wellness program and health insurance plan design that promotes healthy choices of exercise, diet and smoking cessation through lower deductible limits and coinsurance rates. In 2013 the County was given the Innovations in American Government Award by the Harvard Kennedy School of Government.

This study evaluates Healthy Incentives’ effect on employee health, out-of-pocket costs and health care utilization and the County’s cost of providing employee benefits.

**Methods**

**Study Design**

A retrospective, observational, cross-sectional, monthly time-series analysis of employee healthcare claims and health risk assessments from 2006 to 2011.

Annual changes in medical and pharmaceutical costs for both employees and the County are estimated and attributed to cost-shifts to employees and healthcare utilization change.

Annual changes in BMI, smoking status and overall health status are compared to a frequency-weighted national sample from the Medical Expenditures Panel Survey (MEPS).

**Study Data**

- 100,830 wellness assessments
- 7,944,857 medical and pharmacy claims
- 48,453 employees and dependents
- 2,185,929 member months
- $968 million of expenditures
- 50 regression models
- 8,103 MEPS respondents

**Findings**

**County Expenditures Decreased $45.7 Million**

![Image showing changes in County Expenditures](image)

**Employee Out-of-Pocket Costs Increased $4.0 Million**

![Image showing changes in Employee Out-of-Pocket Costs](image)

**Conclusion**

Healthy IncentivesSM is associated with improved self-reported general health status, lower average BMI and a decreased percentage who smoke compared to a control group.

A combination of better employee health and the incentive of lower deductibles and coinsurance rates for participation is associated with a decrease in County health insurance benefits expenditures and an increase in employee out-of-pocket costs.

**References**