



**Client:**

L.L.Bean, Freeport, Maine

**Challenge:**

Help employees and their families address health risks before they become costly health conditions.

**Solution:**

Offer a substantial premium reduction to participating employees and pay for the incentives with non-participant funds.

**Results:**

In the first year, results were impressive:

- > 85% of employees eligible for medical coverage participated in the Healthy Lifestyles Program

Of those who participated:

- > 98% completed the HRA
- > 95% completed the entire process

## L.L.Bean Achieves 85% Participation with Generous, Neutral-Cost Incentives

### A Case Study

For nearly a century, L.L.Bean, Inc. has helped people enjoy the outdoors. Its culture is firmly rooted in its history and the philosophy that people can only enjoy the outdoor activities the company promotes if they stay healthy.

#### LONG-STANDING SUPPORT FOR WELLNESS

L.L.Bean's wellness culture shows in the company's long-standing support for wellness that has included on-site fitness centers, a tobacco-free environment, and paid preventive care since 1982. Since 2003, the company has offered an on-site health risk appraisal program supported by a \$40 cash incentive. The program had met moderate success, but unsustainable increases in healthcare costs prompted a new approach. L.L.Bean added generous incentives that motivate employees to address health risks before they become costly health conditions.

#### GENEROUS INCENTIVES PROMPT HEALTHY LIFESTYLES PROGRAM PARTICIPATION

L.L.Bean's management realized that the costs of keeping people well and the costs for healthcare were closely linked. In 2005, the benefits and wellness staff began meeting with senior management, showing projections that healthcare costs could double in five years and laying down the business case for what they needed to do to contain them. In 2006, the benefits and wellness staff began a series of company meetings and an extensive communications campaign to help employees understand the implications of rising healthcare costs, for the company and the individual. The staff then explained the goals and requirements of the Healthy Lifestyles Program and the benefits participants would receive.

*"We believe healthy people lead fuller, more productive lives. Our employees and other stakeholders should feel their association with L.L.Bean contributes to their health and wellbeing."*

*– L.L.Bean Core Value*

The L.L.Bean Healthy Lifestyles Program included an on-site health screening for height, weight, blood pressure, glucose, and lipid panel and required completion of the WebMD HealthQuotient<sup>SM</sup> health risk assessment (HRA). Participants were also required to participate in at least one call with a health coach. For many employees, this process provided surprising information about their health and health risks.

Key to the program success was a substantial financial incentive to participate. Participants in the Healthy Lifestyles Program received significantly more favorable medical plan premium rates versus non-participants. For program participants with single coverage that equated to about \$500 in premium savings per year; participants with family coverage received about \$1,000 in premium savings per year. In contrast, those who chose not to participate paid up to \$1,000 more per year for medical coverage. As healthcare costs continue to rise, the differential for family coverage in three to five years could be as high as \$2,000 to \$2,500.

By eliminating a \$500 credit for employees who did not elect medical coverage through L.L.Bean and by the added premium from non-participants, the premium incentive program was kept cost-neutral. This sends a strong message to employees that their participation contributes to lowering healthcare costs and that the company is willing to invest in its employees' health and well-being.

### The Healthy Lifestyles Program requires that participating employees complete:

- > An on-site health screening (height, weight, blood pressure, glucose, and lipid panel)
- > The WebMD HealthQuotient<sup>SM</sup> HRA
- > At least one health coaching call

Because families make up about 50% of L.L.Bean's covered lives, spouses and domestic partners are also required to participate if the employee includes them in coverage.

### INTEGRATED WELLNESS AND BENEFITS ACTIVITIES

A key to L.L.Bean's success was the tight integration between the benefits and wellness groups. "Benefits and wellness need to work together and make this a company effort," stated Susan Tufts, L.L.Bean wellness manager. "It's broader than wellness or benefits – it's a company issue."

Wellness became even more important as the company worked to keep its benefits package competitive. And working together allowed both groups to tell a story to employees that wasn't one-sided. "Frame the message for employees: this isn't something we're trying to do to you, it's something we need to do together," said Mark Cook, L.L.Bean benefits manager. "This is a solution we all need to be engaged in. If we make good decisions as a group, our costs won't rise the way they would otherwise. The choices employees make do make a big difference."

These managers knew they couldn't have achieved what they have – especially in capturing the participation of spouses and domestic partners – without working closely together. And they've received support from senior managers who appreciated that plans from both groups were tightly integrated.

### RESULTS AND NEXT STEPS

The initial focus was on getting people into the program, engaging them in their health, and helping them address health risks. The results are impressive: In the first year, 85% of all employees chose to participate. Of those participants, 98% completed the HRA (83% of all employees) and 95% (81% of all employees) completed the entire process. Going forward, the focus is on reinforcing the value to each individual to manage his or her own health and stay healthy. New incentives are being planned to drive employee engagement in appropriate behavior and lifestyle changes. With indications that these programs make a difference for individuals and affect the company's bottom line, L.L.Bean is maintaining a long-term, positive view of the future.