

## Memorandum 12-135 Employee Wellness Program

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# Memorandum 12-135 Employee Wellness Program

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M E M O R A N D U M - 12-135

TO: MAYOR HORNADAY AND HOMER CITY COUNCIL

FROM: CITY OF HOMER EMPLOYEE COMMITTEE

DATE: AUGUST 2, 2012

SUBJECT: EMPLOYEE WELLNESS PROGRAM

In March of 2012, the Employee Committee reconvened to discuss and develop an employee wellness program. The group established the following mission and vision statements:

The Mission of the City of Homer Employee Wellness Program is to enhance organizational health by empowering employees and their families to initiate or expand healthier lifestyles. Provide diverse wellness programs to meet a wide range of personal health needs. Recognize employees for participating in healthier lifestyle activities, decrease absenteeism due to illness and stress, and develop a positive culture that is focused on celebrating and improving the quality of life for all employees and their families.

The Vision of the City of Homer Wellness Program is to become a resource for employees and their families in order to achieve healthier lifestyles.

The group held monthly meetings to consider the following aspects of the program:

- Should our program be facilitated in house or by a third party;
- If the program is handled in house what staff person would be designated to coordinate and how much time would be involved;
- What would be a reasonable cost to present for a third party facilitated program;
- What kind of savings would the city see as a result of implementing an employee wellness program;
- What incentives would encourage participation; and
- What aspects of a program would be discouraging for the overall employee population of participants;
- How to follow the mission statement and include family participation.

The Employee Committee voted to pursue a program that is handled by a third party and had a webinar with two companies.

The first company we heard from was Win for Alaska, a “hands on” program home based in Anchorage. The committee liked the idea of an Alaskan company and during the webinar it was explained that they commonly work with larger organizations like the University of Alaska, Anchorage. We were advised they could create a program for a smaller group like the City of Homer. Their program entailed Win’s team members organizing wellness events and coming on site for these events as well as one on one interaction with employees. While it sounded like a great program, a majority of the Committee felt this might not be the best format as it would be logistically challenging to bring people together for events and the personal interaction might discourage participation. Another key factor is we felt the program would be costly based on the personalization and travel to Homer.

The second program, Virgin Health Miles is provided to smaller organizations through the Horton Group. It is a web based pedometer program in which employees and spouses have the opportunity to gain “health miles” through activity, monthly challenges, and taking advantage of preventative care that is provided through the health plan.

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Participants can log into the website, plug in their pedometer to download their activities, progress through levels of achievement, and have the potential to gain recognition and monetary rewards.

Another aspect of this program the committee found beneficial is cost. The City will be charged per eligible person participating in the program, rather than the entire employee population. It is also open for family members over the age of 18, so spouses are able to participate should they choose to. The program runs annually and the contract would be renewed each year. We were advised that should the City not want to renew after a year there is no obligation to do so, however, the consultant noted that the program is very successful and so far they have not had any organizations cancel.

This program is currently being utilized by the City of Kenai and they have had good results with employee participation, however it has only been in place for about a year and they don't have any feedback regarding savings to their health plan at this time.

The Committee would like to start this program with the Horton Group's upcoming November 1 launch date. The Committee is requesting a total of \$38,000 for the 2012 and 2013 budget years. 2012 budget expenses will be approximately \$8,000 and projected 2013 budget is \$30,000. These figures are based on trends provided by Horton Group, the feedback we have received from City of Kenai and from our own departmental representatives. The cost breakdown is outlined in the spreadsheet attached to this memorandum.

Employees will bear the cost of the pedometer for their spouse; all other costs are included in the budget.

Based on our estimations we anticipate ~60% participation initially and expect to expend \$25,172.37 for the program itself. The remaining \$4,827.63 would be used for monthly challenge rewards, a program kick off event, ancillary expenses for monthly challenge events that encourage team building, and a small buffer in the event we have increased participation or higher than expected level 5 achievers.

The Employee Committee has reviewed statistics that for every \$1 spent on wellness programs organizations can save \$3 in health care costs in a three to five year time frame. We attempted to structure our program to encourage movement and the necessary preventative maintenance for bodies, the annual exams. Studies show that preventable conditions such as high blood pressure, sedentary lifestyle, stress, smoking, cancer and obesity, make up the bulk of health care claims and these conditions can be reduced through activities promoted in this program.

Recommendation: Adopt Resolution 12-075 to approve the Employee Wellness program and its 2012 and 2013 budget. Authorize an ordinance to budget for 2012 expenses and authorize the City Manager to include the 2013 Employee Wellness budget in the 2013 Fiscal Budget and make the Employee Wellness Program a reoccurring budget item.

105 Total Eligible Employee Population  
75 Total Eligible Spouse Population  
180 Total Eligible Population  
60% Estimated/Current Enrollment Rate  
\$ 375.00 HealthCash Reward Program, Projection below  
\$ 12.00 Annual Program Subscription per Population  
\$ 4.25 Monthly Engagement Subscription per Participant  
\$ 24.99 One-Time Tracking Device per Participant (employee only)

### ANNUAL PROGRAM COST

Eligible Population 180 Eligible Participants  
Enrolled Members 108 Projected Participants  
Year 1 Nov 1, 2012 - Oct 31, 2013 Year 2 Nov 1, 2013 - Oct 31, 2014  
Annual Program Subscription \$ 2,160.00 \$ 2,160.00

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Annual Engagement fee \$ 5,508.00 \$ 5,508.00  
Homer Sponsored Challenges & Other Exp \$ 4,827.63 \$ 5,652.00  
One-Time Tracking Device  
(Emp Only) \$ 1,574.37 \$ 749.70 (Year 2: turnover and emp. Participation)  
Company Direct Rewards Funding \$ 15,930.00 \$ 15,930.00  
Total \$ 30,000.00 \$ 30,000.00  
Per Eligible Employee \$166.67 per Yr. \$166.67 per Yr.  
Blended Monthly Budget Cost/EE \$13.89 per Mo \$13.89 per Mo

### EXPECTED REWARDS PAYOUT

Level Value Cumulative Level Forecast \$\$ Forecast

1 \$0 \$0 15% \$0  
2 \$50 \$50 20% \$1,080  
3 \$75 \$125 30% \$4,050  
4 \$125 \$250 25% \$6,750  
5 \$125 \$375 10% \$4,050  
\$375 100% \$15,930

Wellness Program cost breakdown spreadsheet.

Related Resolutions **Memorandum - Related Resolutions:** [Resolution 12-075 Approving the Employee Wellness Program and Enrollment with Virgin Health Miles Program](#)

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