

Evaluation of the City's Employee Health Promotion Programs

**Prepared for the
Board of Supervisors
of the City and County of San Francisco**

**by the
San Francisco Board of Supervisors**

Budget Analyst

March 11, 2008

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

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March 11, 2008

Honorable Sean Elsbernd,
and Members of the Board of Supervisors
City and County of San Francisco
Room 244, City Hall
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San Francisco, CA 94102-4689

Dear Supervisor Elsbernd and Members of the Board of Supervisors:

The Budget Analyst is pleased to submit our report presenting an *Evaluation of the City's Employee Health Promotion Programs*. The Budget Analyst conducted this evaluation, pursuant to the Board of Supervisors powers of inquiry as defined in Charter Section 16.114. The purpose of the evaluation has been to analyze the efficiency and effectiveness of City departments' employee health promotion programs, and identify program and policy changes to improve outcomes and benefits. This transmittal letter to our *Evaluation of the City's Employee Health Promotion Programs* presents the Budget Analyst's findings and recommendations.

Employee health promotion programs are worksite programs to encourage employees' physical activity, nutrition, and other activities promoting health. Health programs can take a variety of forms. Frequently offered programs include flu shots, health fairs, health screenings, organized employee walks and challenges, on-site work out facilities and exercise or yoga classes, and other activities.

The City's Existing Employee Health Promotion Programs

The City's two existing Citywide employee health promotion programs include Shape Up at Work and the Employee Assistance Program. Additionally, 13 City departments have allocated funding or implemented employee health promotion programs within their respective departments. Estimated FY 2007-2008 funding for these programs is \$1,248,315, which includes \$18,000 for the Department of Human Resources temporary intern position to coordinate Shape

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Up at Work, \$338,814 for the Employee Assistance Program, \$814,577 for City departmental programs, and \$76,924 for a health fair conducted by the Department of Public Works.

In addition, the Fire Department was awarded a \$1.2 million one-time grant by the Federal Emergency Management Agency (FEMA) in February 2008 to implement an ongoing wellness and fitness program for the Department's uniform and civilian employees. The total program costs for the Fire Department's program are \$1.5 million, including the \$1.2 million grant and \$300,000 in Department funds.

In general, City programs to promote employee health do not collect and analyze data sufficiently to track program participation and outcomes, although, as noted below, specific programs track some program participation.

The City has two Citywide employee health promotion programs, Shape Up at Work and the Employee Assistance Program, as follows:

- The Mayor issued an executive directive in April 2006, adopting the San Francisco Shape Up at Work Strategies (Shape Up at Work). This directive instructed all City departments to incorporate employee health promotion strategies into their mission statements. The Departments of Public Health and Human Resources and the Health Service System were to assist City departments to develop five-year implementation plans. Shape Up at Work, which promotes employee health through worksite physical activity, nutrition, and other programs, does not have a dedicated budget for program management or implementation. Although the Department of Human Resources hired a part-time intern to coordinate Shape Up at Work programs within City departments at a cost of \$18,000 in FY 2007-2008, City departments have participated in the program through existing resources.

Thirty-three departments responding to the Budget Analyst survey reported participating in Shape Up at Work in 2007. According to the Shape Up at Work Steering Committee members, Shape Up at Work has experienced growing participation but does not maintain formal participation numbers.

- The Employee Assistance Program, which is currently organized in the Department of Human Resources, offers free, confidential, and voluntary mental health counseling and information to City employees and their dependents. The program is staffed by licensed mental health counselors. In FY 2007-2008, the Employee Assistance Program has a budget of \$338,814, which pays for rent, software licenses and other expenses, and salary and fringe benefits for three positions, including one Senior Employee Assistance Counselor, on Employee Assistance Counselor, and one Clerk Typist.

The Employee Assistance Program tracks program participation through the Employee Assistance Program's data management system. In FY 2006-2007, the Employee Assistance Program opened 292 client cases during the year, which is approximately 18.4 percent less than the 358 client cases opened in FY 2004-2005. This reduction in cases occurred at the

same time as reductions in Employee Assistance Program staff, from 3.5 counselor positions in FY 2004-2005 to 2.0 counselor positions in FY 2006-2007.

In addition to these two Citywide programs, 13 City departments have implemented employee health promotion programs with estimated FY 2007-2008 costs of \$814,577, as follows:

- Eleven of these 13 departments reported small amounts of funding for employee health promotion programs or partial funding of Department positions to promote employee health programs as part of their broader responsibilities, totaling approximately \$180,781 of the \$814,577. These 11 departments include the Airport, the Asian Art Museum, the Human Services Agency, the Department of Building Inspection, Commission on the Status of Women, Fire Department, Public Library, Public Utilities Commission, Recreation and Park Department, Sheriff's Department, and Rent Arbitration Board.
- The Police Department reported an estimated \$383,796 for the Department's physical fitness program for uniform personnel. In FY 2006-2007, 1,298 uniform personnel participated in the Police Department's physical fitness program, which is mandatory for uniform personnel hired in 1994 and later.
- The Municipal Transportation Agency (MTA) reported \$250,000 for the Agency's employee health promotion program. According to the Municipal Transportation Agency, the number of MTA employees participating in the program increased from 1,107 participants in July 2007 to 1,327 participants in January 2008.

In addition to the \$814,577 in FY 2007-2008 reported by City departments, the Department of Public Works conducted a health fair for departmental employees, at an estimated cost of \$76,924.

The Health Service System's Wellness Project and Dashboard Project

In addition to the two Citywide programs, Shape Up at Work and the Employee Assistance Program, and the departmental programs noted above, the Health Service System is considering two additional projects. The Health Service System has been evaluating the feasibility of a "Wellness Project" through its contract with an outside consultant, Mercer Health and Benefits (Mercer). According to the August 2007 Health Service Board minutes, the Wellness Project would consist of health risk assessments, health coaching, fitness and disease management programs, and behavioral health services. According to a report provided by Mercer to the Health Service Board on September 13, 2007, Mercer is evaluating wellness programs provided by the City's existing health plans with the intention of evaluating gaps in existing programs and proposing program enhancements. Mercer expects to present the preliminary recommendations to the Health Service Board prior to March 2008.

The City has four health plans: one self-funded plan, the City Health Plan, and three insured plans, Kaiser, Blue Shield, and PacifiCare. The Health Service System is in the process of

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developing an information system user interface (or "Dashboard") that would allow the four City health plans to electronically transfer utilization and health plan performance data to the Health Service System. The goals of the Dashboard Project include (a) standardizing reports and data that the Health Service System receives from the four health plans; (b) improving financial and performance management of the health plans; and (c) measuring health plan members' access to and use of each health plan's health promotion or disease management program. According to the Health Service System, the first phase of Dashboard implementation was completed in December 2007. The second phase of Dashboard implementation, which includes measurement of members' use of the health plans' health promotion and disease management programs, will be completed at a later unspecified date.

The Health Service System refused to provide any cost information regarding the Wellness Project and the Dashboard Project to the Budget Analyst.

Role of the Health Service System in Coordinating a Citywide Employee Health Promotion Program

San Francisco does not currently have an effective City-wide program to promote employee health. The Mayor's Shape Up at Work initiative is largely unfunded, and only 22 departments reported having implemented the Mayor's April 2006 directive to incorporate employee health promotion strategies into their mission statements. The City's decentralized approach to employee health promotion programs results in inconsistent information sharing. For example, the Health Service System and the Department of Public Works did not coordinate or share information on their respective health fairs, despite significant overlap of information, services and vendors between the two health fairs.

The City's decentralized approach to employee health promotion programs also results in widely varying employee participation levels across departments. For example, the Municipal Transportation Agency and Police Department employees have direct access to programs sponsored by their respective departments while employees of many other City departments do not have such direct access.

The existing City-wide employee health promotion programs are managed across a patchwork of departments. The Department of Human Resources and Department of Public Health have shared responsibility for coordinating Shape Up at Work. The Department of Human Resources currently oversees the Employee Assistance Program. The Health Service System oversees the City's health plans, and is implementing its Wellness Project and Dashboard Project independently of other City departments.

Our report recommends that the City's employee health promotion programs should be centrally coordinated to eliminate program gaps, ensuring that all City employees have equal access to health promotion programs, and reduce redundancies, such as the overlap of information, services and vendors between the two health fairs noted above. Because the Health Service System has begun working with the City's health plans to develop the health plans' existing

health promotion programs through the Wellness Project and improve data collection through the Dashboard Project, the Health Service System is the logical organizational unit for a coordinated City health promotion program. Therefore, the Health Service System should coordinate the two existing City-wide employee health promotion programs, Shape Up at Work and the Employee Assistance Program.

The Budget Analyst notes that, although the Health Service System is the logical organizational unit for a coordinated City-wide employee health promotion program, the Health Service System has not been consistently responsive in working with Shape Up at Work or in providing information for the preparation of this report. Although the Health Service System Executive Director met with the Budget Analyst staff in an initial interview, and Health Service System staff have provided some requested documents, the Health Service System Director refused to meet with the Budget Analyst in an exit conference to discuss the confidential draft report, which was provided to the Health Service System Executive Director on January 18, 2008. The Health Service System also refused to provide any cost information regarding the Wellness Project and the Dashboard Project to the Budget Analyst, as noted above. In fact, the Health Service System's refusal to provide requested information, as detailed further in this report constitutes an impairment of the audit process under U.S. General Accountability Office's Government Auditing Standards prepared by the Comptroller General of the United States.

In order to implement the Budget Analyst's recommendation that the Health Service System coordinate a Citywide employee health promotion program, the Budget Analyst recommends that the Health Service Board, which oversees the Health Service System, should engage in a policy discussion and adopt a resolution that (i) identifies the Health Service System's role in coordinating a City-wide employee health promotion program; (ii) links the Health Service System's Dashboard and Wellness Projects to the City's Shape Up at Work Strategies and Employee Assistance Program; (iii) ensures channels of communication and cooperation with City departments; and (iv) identifies and ensures the Health Service System's accountability and responsibility as coordinator of the City-wide employee health promotion program to the Mayor, the Board of Supervisors, City departments, and City employees.

The Mayor's 2006 executive directive establishing the Shape Up at Work Strategies assigned the Health Service System responsibility for implementing Shape Up at Work, in conjunction with the Department of Human Resources and the Department of Public Health. If the Health Service System were to actually coordinate Shape Up at Work, the Health Service System would need to work more closely with the Department of Human Resources, the Department of Public Health, and other City departments than it currently does. Presently, the Health Service System is not a member of the Shape Up at Work Steering Committee and has not worked consistently with the Department of Human Resources and Department of Public Health in coordinating Shape Up at Work. Further, the Health Service System has moved forward with its own Wellness Project with little discussion or involvement of other City departments.

In order to successfully implement a coordinated employee health promotion program, the Health Service Board would need to ensure the accessibility and accountability of the Health

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Service System to City departments, their employees, the Mayor, and the Board of Supervisors, as recommended in this report.

Citywide Employee Health Promotion Programs Costs and Benefits

As noted above, the Budget Analyst estimates that City departmental programs to promote employee health, including Shape Up at Work and the Employee Assistance Program, cost approximately \$1,248,315 per year. This estimate of \$1,248,315 does not include the Fire Department's program to be funded by the \$1.2 million FEMA grant, which was awarded in February 2008, or the Health Service System's one-time costs for the Wellness Project and Dashboard Project.

This report does not propose any new direct costs in FY 2007-2008. Transfer of the Employee Assistance Program and assigning responsibility for Shape Up at Work to the Health Service System should not result in immediate new costs.

If the proposed City-wide employee health promotion program were to be coordinated by the Health Service System, as recommended by the Budget Analyst, the City-wide program could incur new costs over time for data analysis and performance measurement, program outreach, and program services. The Budget Analyst has not quantified these potential costs. To identify the program needs and the related potential costs, the Health Service System would need to evaluate and develop a program plan for Shape Up at Work and the Employee Assistance Program, which the Budget Analyst has recommended should be coordinated by the Health Service System. The Health Service System would also need to evaluate and develop a program plan for the proposed Wellness Project and the Dashboard Project.

Studies of employers' programs have found that employee health promotion programs can result in potential savings in reduced medical claims costs, contributing to reductions in health plan premium costs. However, because more than 83 percent of active employees are members of Kaiser or Blue Shield, in which market rates and member profile, rather than utilization, drive monthly premium costs, reductions in utilization or medical costs will have minimal impact on the City's contributions for employee health plans. Consequently, in the professional judgment of the Budget Analyst, employee health promotion programs intended to reduce health plan premium costs will have little impact on actual health plan premium costs.

The City could experience cost reductions from successfully implementing a City-wide employee health promotion program through reductions in workers' compensation leave, sick leave, and disability leave. The Budget Analyst estimates that if the use of such leave were decreased by five percent, the City could realize annual savings of approximately \$8.9 million, or savings of \$4.0 million if such costs are reduced by just two percent.

Any benefits or savings resulting from implementation of a City-wide employee health promotion program would not be realized immediately, however. Based on the Budget Analyst's interviews with private and public employers and industry experts, improvements in employee

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health resulting from participation in employee health promotion programs, and related savings, would not begin to be realized until an estimated three years after implementation of an employee health promotion program, and total benefits would not be fully realized until an estimated five years.

We would like to thank the staff of the Department of Public Health, Department of Human Resources, Fire Department, Police Department, Municipal Transportation Agency, Health Service System, and various representatives from other City departments for their cooperation and assistance throughout this evaluation.

Respectfully submitted,

Harvey M. Rose
Budget Analyst

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Executive Summary

The Board of Supervisors requested the Budget Analyst to conduct an evaluation of all the City's plans and programs to encourage and assist City employees to lead a healthy lifestyle, in a motion adopted in July 2007 (File 07-0847).

POTENTIAL COST SAVINGS TO THE CITY FOR IMPLEMENTING EMPLOYEE HEALTH PROMOTION PROGRAMS

Many large private employers and some public employers have begun implementing employee health promotion programs to reduce their costs for health insurance premiums, sick leave use, and other costs related to poor employee health. Several academic studies of large employers who have implemented employee health promotion programs have shown that employees who participate in health promotion programs can reduce their health risk factors. These studies have also shown that reductions in health risk factors can reduce medical claims costs, workers' compensation costs, and lost work days due to sick leave or disability.

The City's Estimated Costs for Lost Productivity Due to Absenteeism and Potential Cost Savings from Implementing Employee Health Promotion Programs

Many health risks result from individual behaviors. For example, physical inactivity can cost the City an estimated \$4,704 per employee per year for medical care, workers' compensation, and lost productivity. Lost productivity in the form of absenteeism and reduced job performance accounts for 95.6 percent of this cost.

Although City departments overall experienced a 6.7 percent reduction in lost work hours due to sick leave, disability leave, and workers' compensation leave between FY 2004-2005 and FY 2006-2007, the City still incurs high costs. In FY 2006-2007, lost work hours due to sick leave, disability leave, and workers' compensation leave cost the City an estimated \$160 million in salary costs. This lost productivity was equivalent to 1,800 full time employees.

The City could experience cost benefits from successfully implementing a City-wide employee health promotion program through reductions in workers' compensation leave, sick leave, and disability leave. The Budget Analyst estimates that if the use of such leave were decreased by five percent, the City could realize annual savings of approximately \$8.9 million, or savings of \$4.0 million if such costs are reduced by just two percent.

Any benefits or savings resulting from implementation of a City-wide employee health promotion program would not be realized immediately, however. Based on the Budget Analyst's interviews with private and public employers and industry experts, improvements in employee health and resulting benefits or savings would begin to appear

approximately three years after implementation of an employee health promotion program, and would not be fully realized until five years.

The City's Minimal Health Insurance Premium Cost Savings from Implementing Employee Health Promotion Programs

Studies conducted by the University of Michigan have directly linked improvements in employee health from participation in workplace health promotion programs to reductions in medical claims costs. According to one University of Michigan study, employees participating in workplace health promotion programs can have medical claims cost savings up to 44 percent compared to non-participants. Reductions in medical claims costs can contribute to reductions in monthly health insurance premium costs.

Widespread implementation of employee health promotion programs in San Francisco would have minimal impact on the City's costs for monthly health insurance premiums, however. 83.5 percent of City employees are members of Blue Shield or Kaiser health plans, in which the City and the health plans negotiate the monthly premium costs based largely on member profile and market conditions rather than utilization of health services. Consequently, even if employee health improves through participation in health promotion programs, potentially resulting in reduced utilization of services, such decreased utilization may have no impact on monthly premium costs.

The City could potentially achieve savings in the monthly premium costs for the City's self-insured plan, the City Health Plan, and the flexibly-funded plan, PacifiCare, that allows for reductions in monthly premium costs if utilization is less than anticipated. However, the relationship between employee health promotion programs, reduced utilization, and reduced monthly premium costs have not been well documented by employers who offer health promotion programs, especially in the short term.

ISSUES FACING THE CITY'S HEALTH PROMOTION PROGRAMS

Insufficient Support for Health Promotion Programs Among City Managers

City departments have not placed a high priority on worksite programs promoting employee health. Although the April 2006 Mayor's directive establishing the Shape Up at Work Strategies instructed City departments to incorporate employee health promotion strategies into their mission statements, only 22 of 42 departments responding to the Budget Analyst's survey had done so.

Management support is essential in fostering a culture from top to bottom that is supportive of employee health promotion programs. However, when the Fire Department applied to the Federal Emergency Management Agency (FEMA) in 2007 for an approximately \$1.2 million grant to fund wellness and physical fitness programs for Fire Department staff, the grant application was not accompanied by letters of support from

elected officials, which according to the Fire Department is encouraged by grant experts in the field.

Decentralization of Health Promotion Programs and Funding

The City's departments are decentralized, with each department identifying the need and resource allocation for employee health promotion programs. Funding for health promotion programs, which is an estimated \$814,577 Citywide in FY 2007-2008, is unevenly distributed among departments. Consequently, the knowledge of and access to health promotion programs by individual City employees are subject to the available funding within each department.

Inadequate Means to Track Participation and Outcomes in the City's Existing or Proposed Programs

Although the City tracks lost work hours due to sick leave, disability leave, and workers' compensation leave through SF Stat, the City's performance measurement program, the City has no existing mechanism to track participation in health promotion programs, and the impact on absenteeism. City programs to promote employee health do not collect and analyze data sufficiently to track program participation and outcomes.

For example, the Police Department tracks uniform employees' compliance with the Department's mandatory physical fitness program requirements but does not track overall participation trends or the impact of participation in physical fitness programs on sick leave, disability leave, and workers' compensation leave.

Also, in 2006 the Fire Department applied for the FEMA Assistance to Firefighters Grant that would have funded a comprehensive \$1.5 million Employee wellness and fitness program. FEMA denied the grant, informing the Fire Department that the grant application was worthy of award but lacked compelling information on the costs and benefits of the proposed program. In 2007, the Fire Department submitted a new grant application, and in February 2008, the Fire Department received official notice that FEMA would award the Fire Department a \$1.2 million one-time grant to implement an on-going wellness and fitness program.

Informal Tracking of City Departments' Participation in Shape Up at Work

The Mayor's Shape Up at Work initiative, which is largely unfunded, is the first City-wide effort to begin developing a culture where value is placed on employees taking an active role in improving their health and associating wellness with the workplace. Thirty-three departments responding to the Budget Analyst survey reported participating in the Shape Up at Work initiative in 2007 by organizing teams to participate in the Walking Challenge, set measurable distance goals, and track distance walked as a group.

According to the Shape Up at Work Steering Committee members, the initiative has experienced growing participation. However, departments' tracking of and reporting

participation in Shape Up at Work is informal. Shape Up at Work does not have means to track employee participation in health promotion activities or evaluate the impact of employee participation, such as reductions in absenteeism.

THE CITY'S NEED FOR COORDINATION OF EMPLOYEE HEALTH PROMOTION PROGRAMS

To implement an effective employee health promotion program the City would have to take several actions.

- **The City's employee health promotion programs should be centrally coordinated.** Local governments with effective employee health promotion programs, including King County (Washington), Stanislaus County, and San Mateo County, all have centrally coordinated their employee health promotion programs. Central coordination can increase efficiency by reducing program redundancies and gaps. Because the Health Service System has begun working with the City's health plans to develop the health plans' existing health promotion programs, including data collection through the Dashboard Project, the Health Service System is the logical home for a coordinated City health promotion program.
- **The Health Service System needs to develop and track performance measures.** The Health Service System is currently working with its consultant, Mercer, to develop a Wellness Project. It is the role of the consultant to identify how the Health Service System can better use health plans' existing health promotion programs, including health risk assessments, coaching, and incentives, to meet the needs of the Wellness Project. The Health Service System should also work with its consultant to develop a system that allows for tracking of individual employees through the program, using anonymous identifier numbers, tracking the employee's risk assessment, intervention plan and medical claims experience, in the same manner as King County, Washington. Potentially, if the Health Service System is able to develop better health plan data collection and tracking, the Health Service System could use the health plans' health promotion program participation and outcomes to negotiate lower monthly premium costs.
- **The Health Service System should work with the Fire Department as a pilot project for developing and implementing best practices.** With the recent FEMA grant award to the Fire Department to develop a comprehensive wellness and fitness program for the Department, the Health Service System should coordinate a plan for the Fire Department to serve as a multi-year pilot for developing and implementing best practices in tracking employee program participation and measuring the program impacts on absenteeism and workplace injury.
- **Responsibility for coordinating Shape Up at Work should be transferred to the Health Service System.** Prior to the proposed transfer, the Health Service System should work with Department of Public Health and Department of Human Resources

staff currently responsible for the City's broader Shape Up San Francisco initiative for all City residents, to identify what is included in the transfer and integration of Shape Up at Work into the Health Service System, and a reasonable timeframe for transfer of Shape Up at Work to the Health Service System.

- **Health risk assessments need to be incorporated into worksite program planning.** Transferring Shape Up at Work to the Health Service System can help achieve this objective. Currently, the City lacks information on the health risks of its employees. The Health Service System would need to work with the City's health plans to provide aggregate health risk assessment data, allowing the City to identify its major categories of health risks and plan worksite programs through Shape Up at Work that address these risks.
- **The Health Service System should maintain the communication and outreach network set up through the Shape Up at Work Steering Committee.** This requires a commitment to work openly with City departments, exchanging information and ideas.
- **The City's Employee Assistance Program, which is currently managed by the Department of Human Resources, should be transferred to the Health Service System.** This would facilitate integration of the Employee Assistance Program into a general employee health promotion program combining mental and physical health programs, as well as better link the Employee Assistance Program to mental and behavioral health services provided by the health plans. According to the Department of Human Resources, the Department would not oppose such a transfer. However, Employee Assistance Program services would need to be provided to all City employees and not limited to only City employees covered by the Health Service System.
- **The Health Service System would need to develop and meet programs goals.** Goals should include: (a) providing the program at a low cost, (b) developing performance measures and tracking performance, (c) developing systems to measure productivity, (d) achieving high levels of participation through communication, outreach, and City department involvement, (e) keeping members informed of their health plan benefits, and (f) keeping policy makers informed.

EMPLOYEE HEALTH PROMOTION PROGRAM COSTS AND SAVINGS

The Budget Analyst estimates that the City departments' existing programs to promote employee health are approximately \$1,248,315 per year. These costs include \$814,577 for City department programs, \$338,814 for the Employee Assistance Program, \$76,924 for the Department of Public Works health fair, and \$18,000 for the Department of Human Resource's temporary part time intern to coordinate Shape Up at Work. The Health Service System refused the Budget Analyst's request to provide information on the one-time costs to implement the Health Service System's Dashboard Project and Wellness Project, which are General Fund costs.

This report has not proposed any new direct costs in FY 2007-2008. The proposed City-wide employee health promotion program coordinated by the Health Service System could incur new costs over time for data analysis and performance measurement, program outreach, and program services. The Budget Analyst has not quantified these potential costs. To identify program needs and potential costs, the Health Service System will need to evaluate and develop a program plan for the Shape Up at Work program, Employee Assistance Program, health plans' wellness programs, and availability of program and health plan data.

As noted above, implementation of employee health promotion programs in San Francisco would have minimal impact on the City's costs for monthly health insurance premiums, because most City employees are members of Blue Shield or Kaiser health plans, in which the City and the health plans negotiate the monthly premium costs based on member profile and market conditions rather than utilization of health services.

The City could experience cost benefits from successfully implementing a City-wide employee health promotion program through reductions in workers' compensation leave, sick leave, and disability leave. The Budget Analyst estimates cost benefits to range from \$4.0 million annually, resulting from a two percent reduction in such leave, to \$8.9 million annually, resulting from a five percent reduction in such leave. Improvements in employee health and resulting benefits or savings would not begin to appear until approximately three years after implementation of an employee health promotion program, and would not be fully realized until five years.

1. Reasons that Employers Implement Employee Health Promotion Programs

The Mayor issued an executive directive in April 2006, adopting the San Francisco Shape Up at Work Strategies. This directive instructed all City departments to incorporate employee health promotion strategies into their mission statements. The Departments of Public Health and Human Resources and the Health Service System were to assist City departments to develop five-year implementation plans.

According to the executive directive, workplace wellness strategies benefit both the employer and the employee. Preventive health and wellness activities reduce the risk of chronic diseases and may increase productivity, which can reduce healthcare costs, workers' compensation costs, and absenteeism.

Shape Up at Work does not have a dedicated budget for program management or implementation. Although the Department of Human Resources hired a part-time intern to coordinate Shape Up at Work programs within City departments, City departments have participated in the program through existing resources.

THE REASONS EMPLOYERS IMPLEMENT EMPLOYEE HEALTH PROMOTION PROGRAMS

Many of the larger City departments have existing health and safety programs to reduce workplace injury and illness and associated workers' compensation costs. Additionally, some City departments have existing programs to promote employee health overall. For example, in 2004 the Human Services Agency developed in-house programs to reduce employee stress and promote wellness as part of their strategic planning process. The Police Department has a physical fitness program for uniform personnel, which is included in the Memorandum of Understanding with the Police Officers Association. The Municipal Transportation Agency has implemented an employee health promotion program that promotes general employee health and physical fitness. In general, though, the City has not had a coordinated program to promote employee health.

Employee Health Promotion Programs and the Associated Reduction in Employers' Health Insurance Costs

In the United States, employers are the largest provider of health insurance coverage for non-elderly adults. Health insurance costs for both employers and employees have increased significantly over the past many years with health insurance costs increasing at a higher rate than the Consumer Price Index.

According to a 2006 survey conducted by the Business Roundtable, an association of business executives, businesses implement employee health promotion programs to promote healthier employees, and lower the cost of health benefits. According to the

1. Reasons That Employers Implement Employee Health Promotion Programs

survey, health insurance programs that manage employees' access to care have had limited success in containing healthcare costs.

Because the rate of increase in health care costs is continuing to rise, both employers and health plans have looked to other means to contain healthcare costs. Employers and health plans both consider employee health promotion programs as a possible means to change employee behavior, reducing risky behaviors that contribute to high healthcare costs and thus reducing these costs.

Employee Health Status and Reductions in Medical Claims Costs

Studies conducted by the University of Michigan have directly linked employee health status to medical claims costs. Medical claims costs, especially for self-funded health plans, directly impact the costs of health benefits. According to the University of Michigan's 2003 study of General Motors, gender, age, and existing disease increase medical claims costs.¹

According to the same study, an increase in wellness, measured by a 100-point "wellness" score ranking healthy behaviors, reduced medical claims costs. The wellness score was generated from three major components: (1) behavioral health risks, such as smoking, alcohol consumption, lack of physical activity, and other risks; (2) mortality risks; and (3) use of preventive health services. Employees with a wellness score greater than 92.9 on the 100-point scale, indicating that the employee had low behavioral health and mortality risks, had average annual medical claims costs of \$867, which were 44.3 percent less than average annual medical claims costs of \$1,251 for all employees participating in the study.

Impact of Employee Health Promotion Programs on Health Status

A 2006 University of Michigan study of employees at IBM found that employee health promotion programs improved employee health status.² According to the study, regular physical activity, a major component of health promotion programs, can reduce the risk of heart disease, diabetes, hypertension, and colon cancer. The study reviewed individual health risk assessments of 24,996 IBM employees in two different time periods (2004 and 2005) and found that employees participating in health promotion programs reported fewer health risk factors in their 2005 health risk assessment compared to their 2004 health risk assessment.

The health risk assessments evaluated the number of health risk factors for each participating employee, including physical inactivity, life satisfaction, perceived good health, stress, elevated cholesterol, smoking, overweight, blood pressure, and other factors. Employees were considered low risk if they had two or less factors, medium risk if they had three or four risk factors, and high risk if they had five or more risk factors.

¹ "Association between Wellness Score from a Health Risk Appraisal and Prospective Medical Claims Costs", *Journal of Occupational and Environmental Medicine*, Vol. 45, No. 10, Oct. 2003

² "Effectiveness of an Incentive-Based Online Physical Activity Intervention on Employee Health Status", *Journal of Occupational and Environmental Medicine*, Vol. 48, No. 9, September 2006.

1. Reasons That Employers Implement Employee Health Promotion Programs

According to the 2004 health risk assessments, of the employees participating in health promotion programs, 4.8 percent were considered high risk and 17.6 percent were considered medium risk. According to the 2005 health risk assessments, the percent of employees participating in health promotion programs who were considered high risk reduced from 4.8 percent to 3.6 percent, and the percent of employees participating in health promotion programs who were considered medium risk reduced from 17.6 percent to 15.4 percent.

According to the 2004 health risk assessments, 77.6 percent of employees participating in health promotion programs were considered low risk, with two or less health risk factors. According to the 2005 health risk assessments, the percentage of employees participating in health promotion programs who were considered low risk increased from 77.6 percent to 80.9 percent.

The results of these two studies suggest that employee health promotion programs contribute to increased wellness and that increased wellness contributes to reduced medical claims costs. Because medical claims costs impact employers' and employees' costs for health benefits, effective employee health promotion programs can have an impact on health insurance costs.

Employee Health Promotion Programs and Reductions in Workers' Compensation Leave, Sick Leave and Disability Leave

Several peer-reviewed studies reported in the *Journal of Occupational and Environmental Medicine* have found links between employee health risks and the employers' costs for disability leave, workers' compensation leave, and lost productivity. In at least two of these studies, participation in a health risk assessment or a health promotion program contributed to reductions in these costs.

Impact of Health Risk Assessments on Reducing Workers' Compensation Costs

A 2001 University of Michigan study found that smoking, poor perception of physical health, physical inactivity, and life dissatisfaction were associated with high workers' compensation costs.³ The University of Michigan's Health Management Research Center looked specifically at the impact of employees' overall health risks on the rate of workplace injuries and workers' compensation costs. In a four-year study of Xerox Corporation's employees, their health risks, and their workers' compensation costs, the University of Michigan found that employees with higher general health risks experienced a higher rate of workplace injuries and workers' compensation costs. Average claims costs for low risk employees were \$2,179, for medium risk employees were \$5,350, and for high risk employees were \$15,162.

The University of Michigan study also found that participants in health risk assessments had lower costs than non-participants. According to the study, the Xerox Corporation's

³ "The Association of Health Risks with Workers' Compensation Costs", *Journal of Occupational and Environmental Medicine*, Vol. 43, pages 534-541, 2001.

1. Reasons That Employers Implement Employee Health Promotion Programs

health risk assessment program serves as a gateway to health awareness materials and risk reduction programs. Workers' compensation costs for the health risk assessment participants decreased annually during the four-year study compared to workers' compensation costs for the non-participants, which increased slightly.

Impact of Health Promotion Programs on Reducing Sick Leave and Disability Leave

Peer-reviewed studies, published in the *Journal of Occupational and Environmental Medicine*, have found that employees with higher health risks are absent from work more often. In response to these studies, the University of Michigan Health Management Research Center looked at the impact of employee health promotion programs on reducing health risks and absenteeism.⁴ The study evaluated short and long term disability use among two manufacturing plants' employees over a six-year period, of whom more than 60 percent participated in health promotion programs. The health promotion programs included health risk assessments, on-site health screening, on-site and telephone wellness programs, medical vouchers, and telephone nurse counseling.

In the first year of the University of Michigan study, the percent of employees who were absent due to disability on any specific day was 2.65 percent for health promotion participants and non-participants. The daily absentee rate increased for both groups over the six-year period but increased at a higher rate for non-participants. In the sixth year of the study, 6.9 percent of employees participating in health promotion programs were absent due to disability each day compared to 9.3 percent of non-participating employees

The University of Michigan study also found that employees with high health risks had more annual disability days on average than employees with low or medium health risks. Low risk employees had an average of 8.5 disability days per year, medium risk employees had an average of 12.4 disability days per year, and high risk employees had an average of 19.7 disability days per year.

COMPONENTS OF EMPLOYEE HEALTH PROMOTION PROGRAMS

Many of the employee health promotion programs sponsored by public and private sector employers and by health plans have key components.

Health Risk Assessment

Many employers provide hard copy or on-line health risk assessment tools, allowing employees to identify their health conditions and health risks and access programs that target these conditions or risks. According to the Business Roundtable survey, 58 of the 73 survey respondents who offer employee health promotion programs, or 80 percent, offered some form of health risk assessment.

⁴ "Influence of Participation in a Worksite Health-Promotion Program on Disability Days", *Journal of Occupational and Environmental Medicine*, Volume 44, Pages 776-780, 2002.

In many instances, the health risk assessment is provided by the employee's health plan or a third party vendor. The employee can choose if the results of the health risk assessment, which consists largely of self-reported information, are to be shared with the employer or the health plan. For example, Kaiser's health risk assessment is available to plan members on the Kaiser website and managed by a third party vendor, HealthMedia. The plan member participating in the health risk assessment can choose to not share the information with Kaiser or with the City.

Classifying Health Risks

The third party vendor administering the health risk assessment can aggregate employees' risk data for each employer. To ensure privacy, employee names can be excluded from the aggregate data. The aggregate data can then be used to profile employees' health risks, identifying the percentage of low, medium, and high risk employees within the work force.

For one public sector employer, King County, Washington, the vendor provides individual employee data with an identifier number that allows the county to track the employee's risk assessment, intervention plan, and medical claims experience. The employee's name is not included in the information, allowing for privacy.

According to the Business Roundtable survey, companies used the health risk assessment to classify health risks within the work force and to design targeted interventions to employees, such as smoking cessation or weight reduction programs. Although companies were aware of employees' privacy concerns and ready to address these concerns, the survey did not provide information on how privacy concerns were addressed.

Health Programs and Interventions

Health programs can take a variety of forms. Frequently offered programs include:

- Flu shots
- Health fairs
- Health screenings
- Organized employee walks and challenges
- On-site work out facilities and exercise or yoga classes
- Discounts at private gyms
- On-site weight reduction programs, such as Weight Watchers
- Health and wellness information provided through websites, emails, and newsletters
- Nutrition information and healthy foods in vending machines and staff meetings

The use of health risk assessments allows for programs targeted to individual employee's needs, such as smoking cessation or weight reduction programs. In addition, health plans

offer services that can include advice nurse lines, wellness programs and disease management programs.

Incentives

Many employers and health plans use cash or other incentives to encourage participation in health promotion programs. According to the Business Roundtable survey, 69 percent of survey respondents use some form of incentive, including cash rewards, athletic wear, pedometers, and public recognition.

THE REASONS TO IMPLEMENT EMPLOYEE HEALTH PROMOTION PROGRAMS IN THE CITY AND COUNTY OF SAN FRANCISCO

The City and County of San Francisco, as an employer, has incurred increasing costs over the past several years, not only for health plan premiums but also for sick leave, disability leave, and workers' compensation leave.

The City's Costs for Physically Inactive Employees

Through the "Healthier Worksite Initiative", the federal Centers for Disease Control address employee health promotion programs. To determine an employer's baseline costs for employee health risks, the Healthier Worksite Initiative has developed cost calculators, based on demographic data. These calculators allow the employer to estimate health care, disability, productivity, and other costs resulting from employee health risks.

According to the Healthier Worksite Initiative, physical inactivity contributes to the risks of developing diabetes, high blood pressure, and other illnesses. Based on the City's employee profile, the Healthier Worksite Initiative estimates that City employees' physical inactivity costs the City \$4,704 per employee per year for medical care, workers' compensation, and lost productivity. Of this estimated cost, 95.6 percent results from lost productivity due to absenteeism or reduced job performance.

The City's Lost Work Hours for Sick Leave, Disability Leave, and Workers' Compensation Leave

The Administrative Code assigns central responsibility to the Department of Human Resources for managing workers' compensation claims costs. However, because City departments are decentralized, no single City entity is responsible for tracking or implementing programs to reduce workplace illness and injury, sick leave, or disability leave. City departments do not uniformly track sick leave, disability leave or workers' compensation leave among their employees. Of 42 City departments responding to the

1. Reasons That Employers Implement Employee Health Promotion Programs

Budget Analyst's survey, only 32 City departments, or 76 percent, stated that they tracked sick leave and disability leave among the departments' workforce.

SF Stat tracks lost work hours due to sick leave, disability leave, and workers' compensation leave. Charged with working with City departments to identify inefficiencies and improve performance, SF Stat consists of representatives from the Mayor's Office, the City Administrator's Office, the Department of Human Resources, and the Controller's Office. Over the past three fiscal years, the number of lost work hours due to sick leave and workers' compensation leave as a percentage of total work hours has declined, as shown in Table 1.1.

Table 1.1

City Department's Lost Work Hours due to Sick Leave, Disability Leave, and Workers' Compensation Leave as a Percentage of Total Work Hours

FY 2004-2005 through FY 2006-2007

	FY 2004-2005	FY 2005-2006	FY 2006-2007	Percentage Point Increase/ (Decrease)	Percent Increase/ (Decrease)
Citywide Average					
Paid Sick Leave	4.2%	4.0%	4.0%	(0.2)	(4.3%)
Unpaid Sick Leave	1.3%	1.3%	1.3%	(0.0)	(2.8%)
Workers' Compensation Leave	1.1%	0.8%	0.8%	(0.3)	(24.7%)
Disability Leave	<u>0.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.0</u>	1.6%
Total	7.1%	6.6%	6.6%	(0.5)	(6.7%)

Source: SF Stat

Although City departments overall experienced a reduction in lost work hours due to sick leave and workers' compensation leave, several City departments had an increase in lost work hours. The Airport experienced a nine percent growth in lost work hours due to sick leave, disability leave, and workers' compensation leave. The Fire Department and Police Department each experienced a 2.7 percent growth in lost work hours.

The City continues to experience high costs for lost work hours due to sick leave, disability leave, and workers' compensation leave. In FY 2006-2007, the City's lost work hours were 6.6 percent of total work hours, resulting in an estimated \$160 million in salary costs and lost productivity equivalent to 1,800 full time employees.

The City's Increasing Costs for Employee Health Plans

To provide insurance for City employees, retirees, and dependents, the City contributed \$400.7 million in FY 2007-2008. This is an increase of approximately 10.1 percent compared to the FY 2006-2007 contribution of \$364 million.

The City's Health Plans

The Health Service System manages the City's health plans under the direction of the Health Service Board. The City has one self-funded health plan, the City Health Plan, and three plans provided through third-party insurers: Kaiser, Blue Shield, and PacifiCare. The City Health Plan administrative and health care costs, as well as insurance premiums for Kaiser, Blue Shield, and PacifiCare, are paid from employer, employee and retiree contributions. The Health Service System Trust Fund receives all contributions and pays all health plan expenses.

- The City Health Plan is a managed care plan, providing services through a preferred provider organization. The preferred provider organization is made up of a network of providers who provide services to Plan members for an agreed upon price per service (or "eligible expenses"). Plan members pay a percentage of the price (or "coinsurance") when accessing services. Under the City Health Plan, members must meet an annual deductible before the Plan pays a share of eligible expenses. Members are only liable to pay their percentage of eligible expenses up to the amount of the annual out-of-pocket maximum expenses.
- Both Kaiser and Blue Shield are health maintenance organizations, or HMOs. Like the preferred provider organization, each HMO is made up of a network of providers who provide services at a discounted price. The members pay a monthly fee and a co-payment when they access services. Under the preferred provider organization, the member can access services from a provider who is not in the network but must pay the difference between the non-network provider's price for the service and the eligible expenses determined by the plan for such services. The HMOs, however, restrict access to providers outside of the HMO network.
- The Health Service System began contracting with a "flex-funded" health maintenance organization, PacifiCare, in FY 2007-2008. Under the contract between the Health Service System and PacifiCare, PacifiCare performs as a third party insurer. However, the monthly premiums approved by the Board of Supervisors each year are "target" premiums based on the projected costs that will be paid on a monthly basis. The Health Service System reconciles actual costs compared to the target premiums two times per year. If actual costs are less than the target premiums, PacifiCare reimburses the Health Service System. On the other hand, if actual costs exceed the target premiums, the Health Service System will be required to reimburse PacifiCare up to 120 percent of the target premiums. Although the Health Service System is not required to set aside reserves to pay for potential costs exceeding target premiums, the Trust Fund is liable for additional costs.

1. Reasons That Employers Implement Employee Health Promotion Programs

Previously the Health Service System administered a third HMO plan, Health Net, but discontinued the plan in FY 2007-2008.

Increases in the Health Plans' Monthly Premium Costs in FY 2003-2004 through FY 2006-2007

The City, as the employer, and City employees share the monthly cost of health plan premiums. According to the Charter, the City's share of the monthly premium cost equals the average monthly premium contribution of ten populous California counties surveyed by the Health Service Board. According to the Memoranda of Understanding between the City and the labor unions representing City employees, the City pays the full monthly premium for single employees, and contributes at least \$225 for the monthly premiums of employees' dependents.

Each year the Health Service System surveys ten populous California counties and calculates the average monthly premium contribution. As shown in Table 1.2, the monthly premiums for two of the City's HMO plans, Kaiser and Health Net, increased at a faster rate than the ten-county average contribution between FY 2003-2004 and FY 2006-2007.

Table 1.2

Comparison of the City's Health Plans' Employee-Only Monthly Premiums to the Average Employee-Only Monthly Premium for Ten California Counties

FY 2003-2004 through FY 2006-2007

	FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2006-2007	Average Annual Increase
10 County Average Monthly Contribution	\$281.21	\$312.90	\$345.53	\$365.66	9.2%
Employee Only Monthly Premium					
Blue Shield	282.83	291.29	335.77	354.12	7.9%
Over/(Under) 10 County Average	1.62	(21.61)	(9.76)	(11.54)	
Health Net	310.26	348.81	397.83	438.66	13.2%
Over/(Under) 10 County Average	29.05	35.91	52.30	73.00	
Kaiser	276.70	293.80	329.34	368.49	10.1%
Over/(Under) 10 County Average	(4.51)	(19.10)	(16.19)	2.83	

Source: Annual Actuarial Reports

From FY 2003-2004 through FY 2006-2007, the City's monthly health insurance premiums have generally increased at a lower rate than the California Public Employees Retirement System (CalPERS) health insurance premiums.

1. Reasons That Employers Implement Employee Health Promotion Programs

- The City's Blue Shield HMO average annual increase of 7.9 percent and the Kaiser HMO average annual increase of 10.1 percent, as shown in Table 1.2, are lower than the CalPERS HMO monthly premiums' average annual increase of 10.6 percent. The City's Health Net HMO average annual increase of 13.2 percent, as shown in Table 1.2, exceeded the CalPERS average.
- The City Health Plan's average annual increase of 4.1 percent from FY 2003-2004 through FY 2006-2007 was lower than the CalPERS PPO monthly premiums' average annual increase of 9.5 percent.

Increases in the Health Plans' Monthly Premium Costs in FY 2007-2008

The employee-only monthly premium for Blue Shield and Kaiser increased at a greater rate than the ten-county average monthly contribution in FY 2007-2008.

- The ten-county average monthly contribution increased from \$365.66 to \$403.14 or 10.3 percent.
- The Blue Shield employee-only monthly premium increased from \$354.12 to \$413.29 or 16.7 percent.
- The Kaiser employee-only monthly premium cost increased from \$368.49 to \$410.07 or 11.3 percent.

In FY 2007-2008, the Health Service Board approved changes in the structure of the City Health Plan, separating out the monthly premium costs for active employees from the monthly costs for retired employees. As a result, the monthly premium costs for active employees increased by 13.6 percent from \$548.64 in FY 2006-2007 to \$623.03 in FY 2007-2008.

The City discontinued its contract with Health Net in FY 2007-2008 and implemented the PacifiCare flexibly funded health plan, as noted above.

Health Plan Utilization and Monthly Premium Costs

According to business organizations, such as the Pacific Business Group on Health⁵ and the Business Roundtable, employers often expect employee health promotion programs to contribute to reduced medical claims costs. Reduced medical claims costs can result in reduced monthly health plan premium costs only if utilization and medical claims costs drive monthly premium costs.

For the self-funded City Health Plan, monthly premium costs are directly linked to utilization and medical claims costs. The PacifiCare health plan is a flex-funded plan, which reconciles actual costs with the target premium two times per year. Thus, a

⁵ The Pacific Business Group on Health is a business coalition on health care, representing private and public employers that include CalPERS, the University of California, Stanford University, Pacific Gas and Electricity, and other employers.

1. Reasons That Employers Implement Employee Health Promotion Programs

reduction in utilization and medical claims costs could lead to a reduction in health plan premium costs.

For the Kaiser and Blue Shield health plans, market rates and member profile, rather than utilization, drive monthly premium costs. The Health Service System does not maintain or monitor health plan utilization data, and although, according to the Health Service System, utilization is considered in annual health plan premium negotiations, actual health plan premiums are based largely on member profile and market rates.⁶

Because 83.5 percent of active employees are members of Kaiser or Blue Shield, reductions in utilization or medical costs will have minimal impact on the City's contributions for employee health plans. Consequently, employee health promotion programs intended to reduce health plan premium costs will have little impact on actual health plan premium costs.

Table 1.3

Participation of Active Employees in the City's Four Health Plans as of September 6, 2007

	Active members by plan	Percent
Blue Shield	12,430	43.4%
Kaiser	11,494	40.1%
Pacificare	2,918	10.2%
City Plan	1,827	6.4%
Total	28,669	100.0%

Source: Health Service System

Health Plans' Existing Health Promotion Programs

The City's three insured health plans – Blue Shield, Kaiser, and Pacificare - and the City Health Plan offer some form of health promotion program that includes a health risk assessment, individually-designed programs to improve health, and incentives for program participation.

The three insured health plans' programs are not highlighted on the Health Service System website although information about the health promotion programs can be found on each of the health plans' websites. The Health Service System developed summaries of the health promotion programs provided by the four City health plans to distribute at the annual health fair in October 2007.

⁶ Services provided under the health plan, deductibles and co-payments, and other health plan components also determine the monthly premium costs. If the health plan's components remain unchanged, then utilization, medical claims costs, and market rates determine the monthly premium costs.

Table 1.4

Summary of the City Health Plans' Health Promotion Programs

	City Health Plan	Kaiser	Blue Shield	PacifiCare
On Line Health Risk Assessment	x	x	x	x
On Line Assessment Results	x	x	x	x
Health Coaching Program	x			
Health Promotion Programs				
Stress Reduction		x		
Chronic Pain		x		
Chronic Illness		x		x
Back Care	x	x		
Blood Pressure	x			
Cholesterol	x			
Nutrition	x	x	x	
Exercise	x	x		
Smoking	x	x		x
Weight Control	x	x	x	x
Customized			x	
Nurse Advice Line	x	x	x	x
Incentives	x	x	x	x

Source: City Health Plans

All four City health plans offer key components:

- An online health risk assessment, providing results and recommended programs or health promotion plans;
- General health education and promotion programs, such as nutrition, weight loss, and exercise;
- A 24-hour nurse advice line; and
- Program incentives for participating and completing components of the health promotion program.

The City Health Plan health promotion program provides an online health risk assessment and individualized online coaching program. The program includes a variety of six-week programs on general topics, such as weight loss or smoking cessation, or a customized program for the individual member. Participants can receive cash awards, such as \$200 to complete the health risk assessment that can be applied to a health savings account or flexible spending account.

1. Reasons That Employers Implement Employee Health Promotion Programs

The Kaiser health promotion program provides an online health risk assessment and results. Based on the results, Kaiser offers an online information program to support lifestyle changes and improve behavior. Classes, such as yoga, weight reduction, stress management, and other topics, are offered at the various Kaiser medical centers and clinics for a fee. Participants can receive award cards, ranging in value from \$10 to \$150 for completing programs.

The Blue Shield health promotion program provides online health risk assessment and results. The participant can then select a six-week health promotion program, such as nutrition or weight loss, that consists of quizzes, short articles, and other program tools. Participants receive points for completing programs, which can then be redeemed for cash or merchandise.

The PacifiCare health plan offers a health risk assessment as well as other health promotion and education programs. Participants can collect credits for participating in and completing programs, which can be used for savings on selected consumer goods and services.

All four health plans offer discounts for alternative care, such as chiropractor or massage therapy services. Behavioral or mental health services are also included in each of the four City health plans.

As discussed in Section 3 of this report, the Health Service System has begun to evaluate the health plans' wellness programs, as part of the Health Service System's Wellness Project, with the intention of evaluating gaps in existing programs and proposing program enhancements.

2. San Francisco's Employee Health Promotion Programs

Prior to the Mayor's 2006 Shape Up at Work Strategies, most City departments had no formal program to promote employee health. In the April 2006 executive directive initiating the Shape Up at Work Strategies, the Mayor instructed City departments to incorporate their commitment to employee health and wellness strategies into their mission/vision/value statements by June 30, 2007.

INCORPORATION OF EMPLOYEE HEALTH AND SAFETY INTO DEPARTMENTS' MISSION STATEMENTS AND STRATEGIC PLANS

City departments did not uniformly respond to the Mayor's directive instructing City departments to incorporate their commitment to employee health and wellness strategies into their mission/vision/value statements by June 30, 2007. City departments function under a mission statement and conduct operations under a strategic plan. In general, a mission statement serves as the department's statement of purpose for employees, commission members, and the public, while a strategic plan outlines the direction and approach used to implement the department's mission. In San Francisco, the mission statement or strategic plan is the highest level at which a department's senior management can sponsor employee health promotion programs. However, in a survey of 49 City departments conducted by the Budget Analyst, only 22 of the 42 departments responding to the survey, or 52 percent, reported that the department's mission statement or strategic plan incorporated employee health and safety promotion. The list of City departments that were surveyed and that responded to the survey is attached to Section 2.

As shown in Table 2.1, nine of the City's ten largest departments incorporate promoting employee health and safety in their mission statements or strategic plans. These departments include the Department of Public Health, Municipal Transportation Agency, Police Department, Public Utilities Commission, Human Services Agency, Airport, Department of Public Works, Sheriff's Department, and Recreation and Park Department. The Fire Department does not include promoting employee health and safety in their mission statement or strategic plan, but as discussed below, successfully applied for a grant from the Federal Emergency Management Agency that will support the physical fitness of its employees.

Table 2.1

Incorporation of Employee Health and Safety in Departments' Mission Statements and Strategic Plans

City Departments that Do Incorporate Promoting Employee Health and Safety in the Department's Mission Statement or Strategic Plan	City Departments that <u>Do Not Incorporate</u> Promoting Employee Health and Safety in the Department's Mission Statement or Strategic Plan
Airport Commission	Adult Probation
Arts Commission	Board of Supervisors
Asian Art Museum	Building Inspections
Child Support Services	Children, Youth, and Their Families
City Planning Commission	City Attorney
Comm. on the Status of Women	Civil Service Commission
Controller	District Attorney
Fine Arts Museum	Emergency Communications
General Services Agency	Ethics Commission
Health Service System	Fire
Human Services Agency	Human Resources
Municipal Transportation Agency	Human Rights Commission
Police	Juvenile Probation
Port	Law Library
Public Defender	Mayor's Offices of Community Development and Housing
Public Health	Public Library
Public Utilities Commission	Rent Arbitration Board
Public Works	Retirement System
Recreation and Park	Taxi Commission
Sheriff	Treasurer-Tax Collector
Telecommunications and Information Services	
War Memorial	

Source: Budget Analyst Survey

According to the Adult Probation Department, the Department is currently developing a strategic plan that will incorporate a strategy for promoting employee health and safety.

Seven departments did not respond to the Budget Analyst survey question on the incorporation of employee health and safety programs in the department's mission statement or strategic plan. These departments include the Academy of Sciences, Office of the Assessor/Recorder, Board of Appeals, Department of Economic and Workforce Development, Department of Elections, Department of the Environment, and Mayor's Office.

CITY DEPARTMENTS' IMPLEMENTATION OF THE MAYOR'S SHAPE UP AT WORK STRATEGIES

According to the Shape Up at Work website, the primary goal for Shape Up at Work is to "ensure that all City employees work in environments that support healthy eating and physical activity through the development and implementation of policy, programs, and events".

Shape Up at Work as Part of Shape Up San Francisco

Shape Up at Work is part of the larger City-wide Shape Up San Francisco initiative, which targets the entire San Francisco population, including youth and adult residents, and private and public employees. Four City departments have lead responsibility for Shape Up San Francisco, including the Department of Children, Youth and Their Families, Department of Public Health, Recreation and Park Department, and Department of Human Resources. The Department of Human Resources and the Department of Public Health have both played coordinating roles in Shape Up at Work.

Shape Up San Francisco has received approximately \$220,000 in funding for programs. The Department of Public Health received \$160,000 for Shape Up San Francisco programs for City residents, including \$70,000 for the Walking Challenge, a ten-week program intended to engage employees and San Francisco residents to be physically active, and \$90,000 to develop an awareness campaign. The Recreation and Park Department received \$60,000 for events to promote active life styles and healthy eating for children.

Shape Up San Francisco does not have funding for dedicated staff, however. The Department of Public Health has two positions and the Department of Children, Youth, and Their Families has one position who allocate some time to coordinating Shape Up San Francisco as part of their broader job responsibilities.

City Departments' Participation in Shape Up at Work

Shape Up at Work is coordinated by a Steering Committee, consisting of representatives from six City departments, including the Department of Public Health, Public Utilities Commission, Department of Public Works, Recreation and Park Department, Human Services Agency, and Fire Department. The Shape Up at Work Steering Committee meets to discuss strategy and programming for the City-wide initiative on a monthly basis. Previously, the Department of Human Resources had a temporary intern position to support the Steering Committee and coordinate Shape Up at Work participation among City departments, but that temporary position no longer exists.

Thirty-three departments responding to the Budget Analyst survey reported participating in Shape Up at Work in 2007. Many of these departments have designated a department liaison who attends quarterly Shape Up at Work meetings to receive information, discuss programs within the individual departments, and coordinate future programs.

Most departments reported taking part in Shape Up at Work by organizing teams to participate in the Walking Challenge, set measurable distance goals, and track distance walked as a group.

Ten departments reported participating in another major employee health promotion initiative sponsored by the American Cancer Society, Active for Life, which was conducted from February 2006 through April 2006. These ten departments coordinated individual employees' and department teams' participation in Active for Life, including physical activity and eating healthier foods on a regular basis.

Eight departments did not report or reported that they do not participate in Shape Up at Work programs. These departments include Asian Art Museum, Board of Supervisors, Child Support Services, City Attorney, Emergency Management, Law Library, Mayor's Office, and Taxi Commission.

CITY DEPARTMENTS' PROGRAMS TO PROMOTE EMPLOYEE HEALTH

Few City departments allocate funding in their budgets for employee health promotion programs. The City departments that do allocate funding for employee health promotion programs generally allocate a small amount. Thirteen City departments responding to the Budget Analyst's survey reported total estimated FY 2007-2008 funding of \$814,577 for employee health promotion programs. Eleven of the 13 departments reported small amounts of funding to pay program costs or partial funding of department positions.

- The Airport reported approximately \$3,000 to \$5,000 in the Airport's Health and Safety Unit's budget to promote health and wellness in the workplace. In addition, the SFO Medical Clinic, operated by a private contractor at the Airport, provides on-site annual medical monitoring exams and ongoing medical services, such as the flu shot program, to non-City as well as City employees at the Airport.
- The Asian Art Museum reported \$4,000 in the budget of the Asian Art Museum Foundation, a non-profit organization, to pay for flu shots, Employee Assistance Program services, and other workplace health and wellness services.
- The Human Services Agency reported developing and implementing strategies to reduce employee stress and promote wellness in 2004, as a result of the Agency's strategic planning efforts. The Agency reported including approximately \$2,000 in the FY 2007-2008 budget for training costs and materials and supplies for health promotion activities.
- Eight other departments, including the Department of Building Inspection, Commission on the Status of Women, Fire Department, Library, Public Utilities Commission, Recreation and Park Department, Sheriff's Department, and Rent Arbitration Board, reported small amounts of funding for employee health promotion programs or partial funding of Department positions to promote employee health programs as part of their broader responsibilities.

In total, these eleven City departments reported approximately \$180,781 of the total estimated FY 2007-2008 funding of \$814,577 for employee health promotion programs. Additionally, the Police Department reported an estimated \$383,796 for the Department's physical fitness program for uniform personnel and the Municipal Transportation Agency reported \$250,000 for the Agency's employee health promotion program, as discussed below.

The Police Department's Physical Fitness Program

The Police Department's physical fitness program tests uniform employees for a variety of physical fitness measures, including strength, endurance, body composition, and cardiovascular status, twice each year. Uniform employees who perform well in the physical fitness tests can earn up to 40 hours of paid time off each year.

The City's Memorandum of Understanding with the Police Officer's Association first included a provision for the Police Department's uniform employees to participate in physical fitness programs in 1993. Participation is voluntary for uniform employees hired prior to 1994 and mandatory for employees hired in 1994 and later.

As shown in Table 2.2, participation in the Department's physical fitness program and accrual of paid time off has increased between FY 2003-2004 and FY 2006-2007.

Table 2.2

Participation in the Police Department's Physical Fitness Program FY 2003-2004 through FY 2006-2007

	FY 2003- 2004	FY 2004- 2005	FY 2005- 2006	FY 2006- 2007	Percent Increase FY 2003- 2004 to FY 2005- 2006
Total Hours of Paid Time Off Accrued for All Employees	26,660	27,084	28,431	32,245	20.9%
Total Number of Participating Employees	1,133	1,200	1,225	1,298	14.6%
Average Number of Hours of Paid Time Off Per Employee	24	23	23	25	5.6%

Source: Police Department Human Resource Information System

Not only are a larger number of uniform employees participating in the Department's physical fitness program, but a larger number are accruing the maximum hours of paid time off. In FY 2003-2004, 313 employees accrued 40 hours of paid time off and in FY 2006-2007, 435 employees accrued 40 hours of paid time off, a 39 percent increase.

Of the \$383,796 estimated program costs in FY 2007-2008, approximately \$60,000 are the costs of accrued paid time off. The remaining \$323,796 estimated program costs pay

for Police Department staff time to coordinate the physical fitness program, proctor exams, and take the physical fitness exams.

The Police Department tracks employees' compliance with the program requirements but does not track overall participation trends or the impact of participation in physical fitness programs on sick leave, disability leave, and workers' compensation leave. Consequently, the Police Department can not determine if the costs of the program result in savings from reduced sick leave, disability leave, or workers' compensation leave.

The Municipal Transportation Agency's Employee Health Promotion Program

The Municipal Transportation Agency provides an on-site back strengthening and comprehensive health awareness program to the Agency's employees. The Agency's program began as a two-year pilot program in 2002 to provide back strengthening to transit operators and reduce the incidence of workplace back injuries. Participation in the program is voluntary.

The on-site back strengthening and comprehensive health awareness program is currently provided through a contract originally awarded through a competitive process in 2003 to BackFirst and renewed in 2006 for three years in an amount not to exceed \$300,000 per year. The Municipal Transportation Agency has reported that the FY 2007-2008 contract costs are \$250,000.

BackFirst provides on-site back strengthening and comprehensive health awareness screenings, which include: blood pressure screening, cholesterol testing, yoga, massage and aerobic exercises at the Municipal Transportation Agency's Presidio and Cable Car Divisions. In April 2007, BackFirst added a mobile van to expand services to the remaining five Municipal Transportation Agency Operating Divisions. In addition to classes at these seven divisions, BackFirst also regularly holds classes at the Municipal Transportation Agency's administrative headquarters located at 1 South Van Ness Avenue.

The number of employees participating in the on-site back strengthening and comprehensive health awareness program has increased in the seven-month period from July 2007 through January 2008. In July 2007 the program had 1,107 participants and in January 2008 the program had 1,327 participants, an increase of approximately 20 percent.

Health Risk Assessments

BackFirst provides health risk assessments to employees through its mobile van. The health risk assessments include on-site blood pressure, blood sugar, and cholesterol screening. Employees are then provided an individualized risk assessment report, providing information about their health risks and what to do about them. Participating employees receive health risk counseling from BackFirst staff, who assist employees in developing individual action plans.

As of January 2008, 309 Municipal Transportation Agency employees had completed the health risk assessment, of whom 55 percent were transit operators, 14 percent were mechanics, and 27 percent were office and administrative staff. According to the Municipal Transportation Agency, health risk assessment information is confidential, and collected health risk assessment data does not contain information that could identify specific individuals.

The Municipal Transportation Agency has collected aggregate data for the 309 completed health risk assessments. This data has shown that approximately one-half of the participating employees have risks associated with nutrition, stress or depression, back pain, high blood pressure, and weight. The Municipal Transportation Agency intends to use the health risk assessment data and on-going onsite observations to develop programs targeting employees' health risks.

Measuring Program Outcomes

The Municipal Transportation Agency has not yet developed a system to measure program outcomes. The Agency's Workers' Compensation Division Manager, who oversees the back strengthening and comprehensive health awareness program, reports that the number of workers' compensation claims has decreased since the implementation of the program but the cause for the decrease can not be directly linked to the program. According to actuary reports, the Municipal Transportation Agency's expected workers' compensation payments decreased from \$27.3 million in FY 2006-2007 to \$25.3 million in FY 2007-2008, a decrease of 7.3 percent.

THE FIRE DEPARTMENT'S PROPOSED PROGRAM

The Fire Department submitted a grant proposal to the Federal Emergency Management Agency (FEMA) to fund a wellness and fitness program for the Fire Department's uniform and civilian employees. In February 2008, the Fire Department received official notice that FEMA awarded the grant to the Department. Under the grant proposal, the Fire Department will receive approximately \$1.2 million as a one-time grant for a proposed ongoing wellness and fitness program to mitigate the work-related injuries, absenteeism, cardiovascular disease, and the effects of aging.

Firefighter Health Risks and Potential Risk Reductions

According to national firefighting statistics, firefighters face a high risk of cardiovascular events due to the nature of their job, where sudden shifts from sedentary status to high activity pose a particular stress on the body. Over time, it is possible that, without attention, individual employees are "deconditioned" and fall into less than peak health condition. One additional risk factor germane to the Fire Department is age. As reported by the Fire Department, 66 percent of uniform personnel are over 40 compared to the national average of 45.6 percent, and 44 percent of uniform personnel are over 50 compared to the national average of 19.5 percent, which increases the department's likely incidence of illnesses and injuries due to age-related conditions like arthritis, deterioration in reflexes, flexibility, and range of motion.

From 2004 to 2006, the Fire Department spent over \$39 million in workers' compensation costs and nearly \$23 million in total sick pay. During the same period, Fire Department employees reported 1,205 serious work-related injuries or illnesses, of which 63 percent were due to strain, sprain, or muscular pain and 5 percent were due to cardiac conditions or strokes. The 2006 Department of Human Resources Report on the Status of Health and Safety reported that 38 percent of Citywide claims associated with cardiovascular disease were filed by Fire Department uniform employees.

Health and Fitness Program Outcomes in Other Local Fire Jurisdictions

According to the Fire Department, there is a movement within fire departments around the country to make wellness and fitness programs mandatory. In California, Los Angeles County Fire Department has a mandatory program. Following negotiations with their unions, the Orange County and San Diego County Fire Departments' health and fitness programs are now mandatory for new employees.

According to the Fire Department, the Department's goal is to create a mandatory and non-punitive wellness and fitness program for uniform employees. Creating a mandatory program requires meeting and conferring with the San Francisco Firefighters Union. The Department's civilian employees' participation in the program would be voluntary.

Mandatory participation has not always resulted in high levels of participation among firefighters. The Los Angeles County Fire Department manages an incentive program, providing a 3 percent pay incentive to employees who develop and adhere to a wellness plan. This new incentive program was instituted after measuring an employee participation level of 40 percent in the wellness program despite the program being mandated.

Fire departments in other jurisdictions have reported positive physical and financial outcomes of comprehensive employee health and safety programs. The Los Angeles County Fire Department has identified 42 cases of cardiovascular disease over the past three years as part of their cardiovascular screening, with savings estimates from \$450,000 to \$1.3 million due to return to work expediting and prevention of unnecessary workers' compensation claims. Over a ten-year period, the Phoenix Fire Department realized a reduction in injury by 26 percent, injury severity by 42 percent, and re-injury by 75 percent. The Orange County Fire Department saw a reduction in lost days due to lower back injuries by 59 percent in the second year of their program and recorded a reduction in workers' compensation by \$1 million in FY 2003-2004.

The FEMA Grant Proposal

The FEMA Assistance to Firefighters Grant provides funding to local fire jurisdictions to support the physical health of their employees. The Fire Department has successfully applied to FEMA for grant funding for a comprehensive \$1.5 million program focused on health and wellness for Fire Department employees, including \$1.2 million in grant funds and \$300,000 Fire Department matching funds. Activities included in the program are:

- Annual medical exam and fitness assessments for uniformed members,
- Formal fitness and injury/illness prevention programs, including exercise prescriptions and nutritional guidance,
- Durable exercise equipment for 45 fire stations, paramedic units, and administration uniform and civilian staff,
- An exercise physiologist, who will be accessible at no cost through employees' current health check provider, and
- Peer fitness trainers, with a goal of 25 certified trainers who receive 40 hours of training and are then able to provide one-on-one training for fitness and nutrition.

Currently, the Fire Department only provides medical screening for the Department's uniform employees but not broader wellness and fitness programs.

In 2006, the Fire Department submitted a grant application to FEMA for a wellness and fitness program. FEMA denied the grant, informing the Fire Department that the grant application was worthy of award but lacked compelling information on the costs and benefits of the proposed program. In 2007, the Fire Department submitted a new grant application, and in February 2008, the Fire Department received official notice that FEMA would award the Fire Department a \$1.2 million one-time grant to implement an on-going wellness and fitness program. Although the grant application was successfully awarded, of note with this second grant submission, as with the first, was the absence of letters of support from elected officials which, according to the Fire Department, is encouraged by grant experts in the field.

In 2007, the Fire Department also formed a Joint Labor/Management Physical Fitness Committee consisting of four (4) uniform members, two (2) appointed by the Chief of the Department and two (2) appointed by the Firefighters Union. This committee will contribute to developing the Department's wellness and physical fitness program for uniform employees.

THE CITY'S EMPLOYEE ASSISTANCE PROGRAM

The Employee Assistance Program, which is currently organized in the Department of Human Resources, offers free, confidential, and voluntary counseling and information to City employees and their dependents. The program is staffed by licensed mental health counselors.

In FY 2007-2008, the Employee Assistance Program has a budget of \$338,814, which pays for rent, software licenses and other expenses, and salary and fringe benefits for three positions, including one Senior Employee Assistance Counselor, one Employee Assistance Counselor, and one Clerk Typist. In addition, several professional therapist interns are engaged during the academic year to provide practicum experience to local students.

The Employee Assistance Program serves a majority of City departments, their employees, and the employees' dependents. Some City departments, such as the Police Department and the Municipal Transportation Agency have contracts with private employee assistance program providers, although employees of these departments can also access the City's Employee Assistance Program services. Also, the Police Department, Fire Department, and Municipal Transportation Agency have their own peer counseling units.

To outreach to eligible City employees, the Employee Assistance Program conducts orientation to help employees understand the Employee Assistance Program services. From 2002 through 2007, the annual number of Employee Assistance Program orientations for City employees and dependents ranged from a low of nine to a high of 42 sessions.

The primary services provided by the Employee Assistance Program include:

- Brief solution-focused therapy sessions, a six session model that is solution focused and does not include ongoing mental health counseling,
- Employee Assistance Program referrals for City employees to access Employee Assistance Program services, and
- Outside referrals for employee support that requires more than six sessions or professional expertise beyond the scope of services provided by the Employee Assistance Program.

In addition, the Employee Assistance Program can refer City employees to community counseling agencies, such as family service agencies, culturally-targeted organizations, or services provided through local academic organizations.

Employee Assistance Program Utilization

The Employee Assistance Program's data management system, EAPISoft, is a customized management information system, designed by a former Employee Assistance Program professional, which tracks demographic and diagnostic information. The system has been in place since 1999.

Based on utilization reports from FY 2002-2003 through FY 2006-2007, the most prevalent issues assessed by the Employee Assistance Program, comprising nearly 75 percent of all primary assessed problems for clients include:

- Work-related issues,
- Family, marital, and relationship problems, and
- Psychological problems.

The components of the three primary assessed problems are listed in Table 2.3 below.

Table 2.3

**Top Three Primary Assessed Problems for City Employees,
FY 2002-2003 through FY 2006-2007**

Work-related Issues	Family/ Marital/ Relationship Problems	Psychological Problems
<ul style="list-style-type: none"> • Job Stress • Job Loss • Safety/Accidents • Roles and Duties • Career Issues • Customer/Vendor Relations • Absenteeism/Tardiness • Supervisor/Manager Relations • Organizational Change • Work Quality/Quantity • Workplace Violence 	<ul style="list-style-type: none"> • Family significant other substance abuse • Child behavior/parenting • Child abuse • Relationship conflict/communication problem • Separation/divorce • Extended/Blended family • Domestic violence • Childcare issues • Elder care issues • Other family/relationship problems 	<ul style="list-style-type: none"> • Psychosis • Depression • Adjustment Reaction • Anxiety • Personality Disorder • Eating Disorder • Depression • Grief/ Loss • Trauma Response

Source: Employee Assistance Program Reports and Staff

In FY 2006-2007, the Employee Assistance Program opened 292 client cases during the year, which is approximately 18.4 percent less than the 358 client cases opened in FY 2003-2004. This reduction in cases corresponds to Employee Assistance Program staff reductions. In FY 2003-2004, the Employee Assistance Program had 3.5 full time counselor staff, including 1.5 Employee Assistance Counselors, 1.0 Senior Employee Assistance Counselor, and 1.0 Employee Referral Program Director. In FY 2004-2005, the Employee Assistance Program reduced to 2.0 full time counselor staff, including 1.0 Employee Assistance Counselor and 1.0 Senior Employee Assistance Counselor. According to the Employee Assistance Program staff, the Program's clinical staff are currently focused on offering counseling sessions and are unable to focus on marketing efforts for the Program.

The Employee Assistance Program receives clients primarily through self-referral. The Program has not generally served as a tool for supervisors to assist employees with problems that impact work performance. The Employee Assistance Program staff identified three reasons given by City employers for low referral rates, including:

- The supervisor's hope for employee's self-resolution of issues rather than escalation;

- The supervisor's attribution of behavior to the employee's personal issues or an employee's own personality and attitude; and
- The supervisor's desire to not become a target of negative employee attention or legal liability by getting involved with an employee's issues.

Anecdotally, clients who receive referrals on this basis tend not to cooperate with the Employee Assistance Program's counselors.

Employee Assistance Program Policies and Procedures

The Employee Assistance Program was transferred from the Department of Public Health to the Department of Human Resources in FY 2004-2005. Because the Department of Human Resources has not updated the Employee Assistance Program's Policies and Procedures since the transfer, the Policies and Procedures continue to describe the Employee Assistance Program as part of the Department of Public Health. Some provisions of the Policies and Procedures, including utilization meetings, organization strategy meetings, and staff training assessments are not currently conducted.

THE CITY'S HEALTH FAIRS

During the course of the Budget Analyst audit, two City departments conducted health fairs, one by the Health Service System and another by the Department of Public Works. Approximately 3,000 City employees participated in the two fairs, where they received a breadth of health plan information, flu shots, and health assessments on site. The Health Service System and Department of Public Works did not coordinate the health fairs despite significant overlap of information, services, and vendors between the two fairs.

Health Services System Member Fair

On October 31, 2007, the Health Services System held its second annual member health fair at the Hotel Whitcomb. The Health Service System reported that more than 2,500 members attended the event, which was approximately 54 percent more than the 2006 attendance of 1,600. This increased attendance resulted in part from increased outreach and visibility of the second annual health fair compared to the first health fair. According to the Health Service System, 1,500 members received flu shots, and more than 500 members patronized the health assessments on blood sugar, cholesterol, blood pressure, and body mass index. Members also received chair massages and participated in Qi Gong demonstrations.

Health plan representatives from Blue Shield, Kaiser Permanente, PacifiCare, United Healthcare, Delta Dental, Pacific Union Dental, and VSP Vision were present and provided health and wellness information and tools in printed format and online. Other attending organizations included City programs such as Shape Up San Francisco and the Employee Assistance Program, as well outside vendors like ING Financial Services, the San Francisco Employees' Retirement System, the Retired Employees of the City and

County of San Francisco, the United Educators of San Francisco – Retired Division, and the Chinese Community Health Care Association.

According to the Health Service System, Health Service System staff solicited feedback throughout the event in efforts to mitigate the delays in accessing health screenings, flu shots and other activities, and to identify areas of potential improvement for future annual events. The Health Service System staff noted that health fair participants had long waits to access health screenings, in which wait times ranged from 30 minutes to over 2 hours depending on the number of screenings a member sought, and vendors, in which wait times ranged from 30 minutes to 4 hours.

The Public Works Department's Health Fair

On November 2, 2007, the San Francisco Department of Public Works held the first of what the Department intends to be an annual health fair with an estimated cost of \$76,924. Several hundred Department of Public Works employees participated in the fair that targeted the Department's operations employees, who work in the field and were unable to attend the Health Service System downtown health fair. Department of Public Works management explained that employee health issues in recent years demonstrated the need for employee health promotion and preventive care.

Department of Public Works offered a variety of services to employees, including: body mass indexing, blood pressure reading, blood sugar level reading, total cholesterol measurement, diabetes testing, flu shot, and chair massage. The primary coordinators of the health fair were Department of Public Works senior management and General Service Agency health and safety staff. Participants in the fair included the Department of Public Works operations staff, the Department of Public Health/Nutrition Services, the Department of Emergency Management, the Employee Assistance Program, the San Francisco General Hospital, vendors Redback Shoes and 24 Hour Fitness, and healthcare provider California Pacific Medical Center.

To facilitate field employees' access to services, the City should consider providing standalone computer terminals in the Department of Public Works Yard and other difficult-to-reach employees who do not have access to a computer and the internet. Such access would enable field employees' participation in health risk assessments, accompanying incentive programs, and other online resources.

City Departments Surveyed by and Responding to the Budget Analyst

	City Department	Survey Sent	Completed
1	Academy of Sciences	✓	
2	Adult Probation	✓	✓
3	Airport Commission	✓	✓
4	Arts Commission	✓	✓
5	Asian Art Museum	✓	✓
6	Assessor-Recorder	✓	
7	Board of Appeals	✓	
8	Board of Supervisors	✓	✓
9	Building Inspections	✓	✓
10	Child Support Services	✓	✓
11	Children, Youth, and Their Families	✓	✓
12	City Attorney	✓	✓
13	City Planning Commission	✓	✓
14	Civil Service Commission	✓	✓
15	Commission on the Status of Women	✓	✓
16	Controller	✓	✓
17	District Attorney	✓	✓
18	Economic & Workforce Development	✓	
19	Elections	✓	
20	Emergency Communications	✓	✓
21	Environment	✓	
22	Ethics Commission	✓	✓
23	Fine Arts Museum	✓	✓
24	Fire	✓	✓
25	General Services Agency (not including Public Works)	✓	✓
26	Health Service System	✓	✓
27	Human Resources	✓	✓
28	Human Rights Commission	✓	✓
29	Human Services Agency	✓	✓
30	Juvenile Probation	✓	✓
31	Law Library	✓	✓
32	Mayor (including Mayor's Office of Criminal Justice)	✓	
33	Mayor's Office of Community Development and Mayor's Office of Housing	✓	✓
34	Municipal Transportation Agency	✓	✓
35	Police	✓	✓
36	Port	✓	✓
37	Public Defender	✓	✓
38	Public Health	✓	✓
39	Public Library	✓	✓
40	Public Utilities Commission	✓	✓
41	Public Works	✓	✓
42	Recreation and Park	✓	✓
43	Rent Arbitration Board	✓	✓
44	Retirement System	✓	✓
45	Sheriff	✓	✓
46	Taxi Commission	✓	✓
47	Telecommunications and Information Services	✓	✓
48	Treasurer-Tax Collector	✓	✓
49	War Memorial	✓	✓

3. Development and Central Coordination of Employee Health Promotion Programs

San Francisco does not currently have an effective City-wide program to promote employee health. The Mayor's Shape Up at Work initiative is largely unfunded, and only 22 departments reported having implemented the Mayor's April 2006 directive to incorporate employee health promotion strategies into their mission statements. The City's decentralized approach to employee health promotion programs results in inconsistent information sharing and widely varying employee participation levels across departments.

The existing City-wide employee health promotion programs are managed across a patchwork of departments. The Department of Human Resources and Department of Public Health have shared some responsibility for coordinating Shape Up at Work. The Department of Human Resources currently oversees the Employee Assistance Program. The Health Service System oversees the City's health plans, which provide health and wellness programs to plan members, including health risk assessments, individualized wellness action plans, and follow up.

Additionally, City departments have implemented programs independently, without coordination or information sharing with other City departments or programs. The Health Service System has implemented City-wide health fairs for Health Service System members, and the Department of Public Works has implemented a department health fair independently of the Health Service System. The Police Department and Municipal Transportation Agency have both implemented department-specific physical health and fitness programs, and the Fire Department will begin to implement a program funded by the FEMA Assistance to Firefighters Grant.

EMPLOYEE HEALTH PROMOTION PROGRAMS IN OTHER LOCAL GOVERNMENTS

The Budget Analyst's Office recorded a number of best practices through a health promotion program survey of nine counties, listed in Table 3.1 below. Seven jurisdictions responded and provided data on employee health promotion programs and activities. The survey responses provided information about how other jurisdictions currently coordinate their employee health promotion programs. This section discusses several practices that could be successfully applied in San Francisco.

Table 3.1

Counties Surveyed for Employee Health and Safety Programs

	Jurisdiction	Responded to survey
1	Alameda County	✓
2	King County (Washington)	✓
3	Marin County	
4	Mendocino County	✓
5	Monterey County	
6	San Mateo County	✓
7	Santa Clara County	✓
8	Santa Cruz County	✓
9	Stanislaus County	✓

All of the respondent counties reported central coordination of their employee health promotion programs. The centralized counties reported the following as the host departments: the Risk Management Department, Health Benefits Division in the Human Resources Department, and Public Health. In King County, Washington, an entirely separate centralized program was created. We profile three of these counties below.

King County, Washington's Health Reform Initiative

King County's Health Reform Initiative is a centralized health and safety promotion program organized under the elected County Executive's office. The program is a comprehensive, integrated effort to address gaps in the health care system and to control increasing utilization of health services by county employees. The goals of the program are focused on improving the health of county employees and their families, as well as reducing the rate of cost increase for health care. The centralized program manages an information sharing structure similar to San Francisco's Shape Up at Work through its Health Promotion Leadership Committee, which is composed of representatives from multiple county departments.

The primary differences between the Health Reform Initiative and Shape Up at Work are the dedicated staff and the funding of the Health Reform Initiative. The Health Reform Initiative maintains eight full-time positions, including a program manager, a benefits manager, two communications experts, two health educators, one web manager, and one statistician. The staff supports two primary program areas to promote employee health and safety, including publicizing the health risk assessment to King County employees and employee cost savings through its Healthy Incentives Program, which has resulted in over 86 percent of all eligible King County members completing the wellness assessment and subsequently developing an individual wellness action plan.

To provide King County employees with this continuum of support from program promotion to implementation, the Health Reform Initiative received a total budget of \$4.1 million in FY 2006-2007: \$1.5 million for the health risk assessment and individual action plan, \$1.3 million for smoking cessation, \$767,000 for staffing costs, \$170,000 for

a monthly newsletter, \$60,000 for measurement and evaluation consulting, and \$332,000 for the Healthy Workplace Funding Initiative, which provides funds to self-organized workgroups to purchase healthy goods and services.

King County's annual funding for the county's centralized Health Reform Initiative is significantly more than San Francisco's annual funding of employee health promotion programs, both in total funding and funding per full time position. As noted above, King County's FY 2006-2007 budget for the Health Reform Initiatives was \$4.1 million. This compares to the Budget Analyst's estimate for the City departments' annual funding of health promotion programs for department employees of \$814,577. King County's FY 2007-2008 budget is \$4.0 billion and includes 13,360 full time positions, compared to San Francisco's FY 2007-2008 budget of \$6.0 billion and 27,884 full time positions.

San Mateo County's Health Promotion Program

San Mateo County has operated a centralized employee health and safety promotion program for nearly thirty years. Organized under its Benefits Division in the Human Resources Department, the county centrally coordinates its health plans, work/life programs, retiree benefits, and other employee health and safety promotion programs such as the county's Employee Assistance Program, Workplace Violence Prevention, and onsite childcare. Work/life programs are intended to provide a comprehensive set of programs to "promote health and well-being of the family; increase the employee's capacity to resolve family issues; and ease the demands of balancing work and family responsibilities." Health and fitness programs with a focus on health promotion, physical fitness, and working well programs are also available to San Mateo County employees. According to County staff, in the aggregate, this centralization creates a widely-known and convenient hub for employees to access any employee health and safety promotion program currently offered.

Stanislaus County's Health Promotion Program

Stanislaus County centralized its employee health and safety promotion program, Workplace Wellness, fifteen years ago under the County Executive's Office. The county integrated wellness and mental health services with the county's Employee Assistance Program in an effort to provide coordinated services to all county employees and dependents. According to county staff, programs such as improvisation theater to reduce stress have cultivated a positive perception, helping the county integrate its health promotion programs and move employees beyond stigmas associated with employee behavioral health services. In recent years, the county has begun further developing the physical wellness side of employee health and safety programs, recognizing that its existing "outreach infrastructure" of newsletters, centralized location in the County Executive's Office, and reputation for providing comprehensive health services would facilitate the participation of county employees in a new set of programs.

The Stanislaus County Workplace Wellness program consists of two full time and two part time clinical staff and one administrative support staff. The Workplace Wellness program's FY 2007-2008 budget is \$301,054. Stanislaus County's FY 2007-2008 budget is \$946 million and includes 4,603 full-time positions.

CENTRALIZING SAN FRANCISCO'S EMPLOYEE HEALTH PROMOTION PROGRAMS

The Health Service System, which became a separate department in 2005 after being housed in the Department of Human Resources, centrally administers health, dental, and vision benefits, as well as other non-pension benefits for the City employees. Duties include health plan rate negotiations, claims management, employee health outreach, and other initiatives focused on health promotion.

The Health Service System's Wellness Project

The Health Service System has been evaluating the feasibility of a "Wellness Project" through its contract with Mercer for consulting services. This project is being developed outside of the Mayor's Shape Up at Work initiative and other health promotion programs in the City. According to the August 2007 Health Service Board minutes, the Wellness Project would consist of:

- Health risk assessments
- Health coaching
- Fitness and disease management programs
- Behavioral health services provided through the Employee Assistance Program

According to a report provided by the consultant to the Health Service Board on September 13, 2007, the consultant is evaluating wellness programs provided by the City's existing health plans with the intention of evaluating gaps in existing programs and proposing program enhancements. The consultant expects to present the preliminary recommendations to the Health Service Board prior to March 2008.

Coordinating the Health Plan's Wellness Programs with the City's Health Promotion Programs

As noted in Section 1, health risk assessments, coaching, incentives, and individually designed physical activity and nutrition programs are typical components of health promotion programs. Because the Health Service System has begun working with the City's health plans to develop the health plans' existing health promotion programs, including data collection on health plan members' access to the plans' health promotion programs, the Health Service System is the logical home for a coordinated City health promotion program that incorporates health risk assessments, and other key components.

3. Development and Central Coordination of Employee Health Promotion Programs

If the Health Service System were to coordinate a City-wide employee health promotion program, the Health Service System should also coordinate the two existing City-wide health promotion programs, Shape Up at Work and the Employee Assistance Program.

The Mayor's 2006 executive directive, establishing the Shape Up at Work Strategies, assigned the Health Service System responsibility for implementing Shape Up at Work, in conjunction with the Department of Human Resources and the Department of Public Health. If the Health Service System were to coordinate Shape Up at Work, the Health Service System would need to work more closely with the Department of Human Resources, the Department of Public Health, and other City departments than it currently does. Presently, the Health Service System is not a member of the Shape Up at Work Steering Committee and has not worked consistently with the Department of Human Resources and Department of Public Health in coordinating Shape Up at Work. Further, the Health Service System has moved forward with its Wellness Project with little discussion or involvement of other City departments.

The Health Service System's Role in Coordinating Shape Up at Work Initiative with the Health Plans' Risk Assessments

By reorganizing Shape Up at Work under the Health Service System, the City could combine health risk assessment services offered by the health plans with the healthy and active lifestyles promoted by Shape Up at Work. As discussed in Section 1, each City health plan already offers a health risk assessment and incentives to enrolled members. The City can use health risk assessment results to plan the City's health promotion programs. Health Service System's Dashboard Project, discussed below, is intended to consolidate and standardize data on the health plans' clinical performance and health plan members' access to wellness and disease management programs. To the extent that the Dashboard data will track aggregate health risk assessment results, the City can tailor the physical activity programs offered through Shape Up at Work to address the most prevalent risks that can be prevented through early intervention.

Integration of Shape Up at Work into the Health Service System would require a more detailed assessment by the Health Service System on how to implement Shape Up at Work effectively, including existing resources within the Health Service System to provide coordinating and analytical support, and availability of aggregate health risk assessment data for worksite health promotion program planning.

Prior to assuming coordinating responsibilities for Shape Up at Work, the Health Service System would need to meet with the Department of Public Health and Department of Human Resources staff who currently work with the Shape Up at Work initiative to identify what is included in coordinating Shape Up at Work and integrating Shape Up at Work into the Health Service System, and a reasonable timeframe for assuming coordinating responsibilities.

3. Development and Central Coordination of Employee Health Promotion Programs

The Health Service System would need a plan to continue working effectively with the Shape Up at Work Steering Committee, maintaining channels of communication and ensuring effective outreach to departments' employees.

Members of the Shape Up at Work Steering Committee recommended a coordinator for the Shape Up at Work initiative to centrally manage recurring City-wide programs like the Walking Challenge and Active for Life. Prior to any request for a new position, the Health Service System needs to evaluate existing resources and the costs and benefits as well as the potential budgetary savings from the new position. The budget impact of the coordinator position could be offset with the identification of outside grant funding and community partnerships such as with the American Cancer Society for its Active for Life program.

Integrating the Employee Assistance Program into the Health Service System

Transferring the City's Employee Assistance Program from the Department of Human Resources to the Health Service System would facilitate integration of the Employee Assistance Program into a general employee health promotion program combining mental and physical health programs as well as better link the Employee Assistance Program to mental and behavioral health services provided by the health plans. The Employee Assistance Programs in San Mateo County and Stanislaus County are integrated into the array of employee health benefits in their respective counties. According to both counties' representatives, the Employee Assistance Program is perceived as integral to promoting the mental health of their employees as part of a supportive and comprehensive health promotion environment. Additionally, employee privacy protections under federal Health Insurance Portability and Accountability Act regulations are already in place with the City's health plans managed by the Health Service System and such privacy standards could be readily applied to the Employee Assistance Program.

According to the Department of Human Resources, the Department would not oppose transferring the Employee Assistance Program from the Department of Human Resources to the Health Service System. However, the Department of Human Resources noted that Employee Assistance Program services would need to be available to all City employees, not just members of the Health Service System.

Education and Outreach

Centralization of services under the Health Service System could facilitate outreach and communication, reducing redundancies and filling gaps in employee health promotion. Redundancies currently exist with outreach efforts for Shape Up at Work, the Employee Assistance Program, and the health fairs. All three programs are concerned with employee health and safety promotion, but are publicized through their own ad-hoc communication channels like emails, in person orientation sessions, flyers, and word-of-mouth. The Health Service System could use its existing outreach and communication tools to promote Shape Up at Work and the Employee Assistance Program resources but

would need to actively maintain the department communication network of Shape Up at Work as used during the Walking Challenge.

Education and outreach to City employees is integral to the proposed organization of Shape Up at Work, the Employee Assistance Program, and the Department of Public Works' health fair. King County's learning model approach to the Health Reform Initiative involved three stages, based on the belief that employees would adopt positive change in their behavior over time, if given information to support their decisions. The stages included:

- ? Providing information aimed at increasing employee awareness of the impact of health on costs, productivity, and quality of life;
- ? Increasing personal commitment to improving and maintaining health; and
- ? Motivating actual behavior change.

While the breadth of programs offered through a reorganized Health Service System would be broader than those offered through King County's Health Reform Initiative, the education and outreach program was effective in developing countywide awareness and buy-in, which saw over eighty-five percent participation in its health risk assessment in the first year of the program

Maintaining Existing Department Programs

The Budget Analyst's recommendations to assign responsibility to the Health Service System for coordinating Shape Up at Work and managing the Employee Assistance Program are intended to bring these City-wide programs together and link these programs to the City health plans' wellness programs. Bringing these programs together under the Health Service System will be less effective if the current Shape Up at Work Steering Committee and department contacts are not well-maintained. Successful implementation of these recommendations will require an ongoing commitment by the Health Service System to maintain existing and develop new department Shape Up at Work contacts.

The Health Service System's role as the coordinating department for the City's employee health promotion programs would be to work with but not supplant existing City programs. For example, the Department of Public Works' health fair has been able to reach employees not reached by the Health Service System's health fair. The Municipal Transportation Agency is developing a program that mirrors much of the City-wide and Health Service System efforts, including developing individual health promotion plans based on health risk assessments and promoting worksite fitness and nutrition activities, but reaches department employees who may not otherwise participate in City-wide programs. By facilitating the exchange of information between City-wide and department-sponsored programs, City departments can better coordinate their programs with City-wide activities without losing the initiative and specific focus of department-sponsored programs.

USE OF DATA TO MEASURE PROGRAM PERFORMANCE

In order to evaluate and improve the impact of their programming, Health Service System management will need to develop consistent and integrated data measures into its management practices. Today's leading businesses and governments and nonprofits are mid-process in utilizing data to influence management decisions, including determining cost savings, return on investment, and trend analysis. King County is currently engaged in bringing in professional consultants to manage the development of data measures and analysis, which are described in detail below. King County's process to develop performance measures are outlined in the Attachment to Section 3.

Implementation of the Dashboard System

The Health Service System has not had systems to collect health plan utilization, medical claims, and other cost data. To the extent that employee health promotion programs are intended to reduce employee health risks and the associated medical claims costs, the absence of health plan data prevents the City from evaluating the impact of employee health promotion programs on health plan costs.

The Health Service System is in the process of developing an information system user interface (or "Dashboard") that would allow the four City health plans to electronically transfer utilization and health plan performance data to the Health Service System. The goals of the Dashboard include:

- (a) Standardizing reports and data that the Health Service System receives from the four health plans;
- (b) Improving financial and performance management of the health plans; and
- (c) Measuring health plan members' access to and use of each health plan's health promotion or disease management program.

Once implemented, Dashboard would be able to track:

- (a) The distribution of members among the four health plans;
- (b) Claims data for the health plans, including the components of paid claims;
- (c) Details of hospital and outpatient utilization; and
- (d) The ratio of premiums collected to total claims.

According to the Health Service System, the first phase of Dashboard implementation was completed in December 2007. The second phase of Dashboard implementation, which includes measurement of members' use of the health plans' health promotion and disease management programs, will be completed at a later unspecified date.

Implementation of Dashboard should provide the Health Service System with utilization data that is currently lacking. The Health Service System will need to be able to collect and analyze this data to evaluate members' access and utilization of services, and trends in medical claims costs. Dashboard is a new system to the Health Service System, and the delivery and quality of data, as well as the Health Service System's use of the data, is still in development. Consequently, the Health Service System cannot yet show how the data will be collected and analyzed effectively.

The Employee Assistance Program's Database Software

The City also currently has database software that tracks Employee Assistance Program utilization, known as EAPISoft. EAPISoft is already folded into the Employee Assistance Program's current service operations, but would benefit from support from the Health Service Systems' existing analytical staff.

EAPISoft could provide a stronger analytical tool than is currently used. According to the EAPISoft website, EAPISoft has a spectrum of reports and outputs, integrated appointment scheduler, case management guides, comprehensive resources directory, and workplace and clinical outcomes evaluation capabilities, allowing EAPISoft to provide a customized management information system for the Employee Assistance Program to continue tracking and analyzing utilization trends for the City employees.

The Health Service System could use the EAPISoft database to develop workplace and clinical outcome measures. Well-developed outcome measures would allow the Health Service System to evaluate the Employee Assistance Program's existing and potential services and results. With this information, the Health Services System could then identify the Employee Assistance Programs services could be more effectively integrated into a City-wide employee health promotion program.

PROGRAM ACCOUNTABILITY, COSTS, AND SAVINGS

A growing number of studies and employer programs have found that employee health promotion programs can contribute to reductions in risky behavior and corresponding health problems, potentially reducing health care and other costs. Whether a coordinated employee health promotion program in San Francisco would ultimately lead to budgetary savings, either through reduced health plan premium costs or reduced absenteeism, is unknown. To ensure the best possible outcomes, including minimizing program costs and maximizing benefits, the proposed employee health promotion program needs to build on existing resources, contain new or increased program costs, and develop strong measures and systems of accountability.

Key components of the proposed central employee health promotion program under the Health Service System include:

- Providing the program at a low cost. Cost components of the program would include program coordination, data collection and tracking, communication and outreach, and direct services. Some of these cost components already exist. The Health Service

3. Development and Central Coordination of Employee Health Promotion Programs

System has already begun to implement increased data collection capability through the Dashboard project and would assume the Employee Assistance Program's EAPISoft system. The Health Service System also has marketing, communication, and outreach capacity through its existing program to keep health plan members informed of their benefits, including the annual health fairs. The Health Service System would need to carefully evaluate the need for staff positions to provide coordination and analytical support to the health promotion program and present sufficient justification for any position requests.

- Developing systems to measure productivity, especially decreases in sick leave, disability leave and workers' compensation leave that can be attributed to improved employee health status. The Fire Department could be tested as a pilot, under the Department's wellness and fitness program funded by the recently-awarded FEMA Assistance to Firefighters Grant.
- Developing performance measures and tracking performance. Performance measures can include participation and outcome. Performance measurement should incorporate some of the practices already developed in King County, Washington, including identifying baseline data, developing the evaluation approach, identifying data needs and collection capacity, and developing specific first, second, and subsequent year measures for participation and outcomes.
- Achieving high levels of participation. The Health Service System would have to continue to work effectively with the Shape Up at Work Steering Committee and City departments to support worksite physical activity, nutrition, and other health promotion programs, and increase and track worksite participation.
- Informing members of their health plan benefits. The Health Service System has begun this process through the annual health fairs. The Health Service System should work with the Department of Human Resources and other City departments to provide ongoing information about health plans' programs through existing employee orientation and training programs.
- Keeping policy makers informed. The Health Service System would need to produce an annual report and report at least annually to the Board of Supervisors on the health promotion program's participation and outcomes.

Summary of King County, Washington Health Reform Initiative’s Measurement and Evaluation Report

King County’s Health Reform Initiative, developed in 2005, publishes an annual Measurement and Evaluation Report. In its first year, King County recognized that the development of its measures would be based on a multi-year timeframe that would, in sequence, develop a baseline, produce indicative findings, identify guiding principles, suggest early trends, and finally confirm trends over a five year period.

King County Evaluation Timeline

Results	Period	Comment	Report
Baseline	2005	Establishes reference point for measuring changes	August 2006
Indicative Findings	2006	Early point estimates too preliminary to signal directional change	August 2007
Directional Guidance	2007	Initial indications of serial results that could represent emerging trends	August 2008
Early Trends	2008	Likely emerging trends	August 2009
Program Trends	2009	Statements of cumulative change, 2005-2009	August 2010

Source: King County 2005 Measurement and Evaluation Report

Following a comprehensive industry review and literature research, the county identified the following key lessons:

- Longitudinal studies of best practice health productivity programs show savings ramp up over time.
- There will be some increase in costs even with programs that successfully reduce the overall risk level of the target population because even low-risk individuals need more medical care as they age.
- Research indicates that programs that address multiple risks (e.g., high blood pressure, high cholesterol, large waist measurement) may be more effective than programs directed at single risks (e.g., high cholesterol only).
- Productivity is a significant part of the cost-benefit equation and should be measured.
- Improvement in health is directly tied to increased employee productivity.

Key steps in King County's first year in determining data measures included:

- 1) Determining the evaluation approach and logic models for the measurement of the health risk assessment incentive program and the health promotion and education programs.
- 2) Determining sources for data.
- 3) Establishing the database and the process for obtaining, normalizing and integrating the data from multiple sources.
- 4) Developing and testing the measurement methodology.
- 5) Calculating first year baseline information.

The specific measures that King County has focused on:

- 1) Medical claims year to year trend.
- 2) Pharmacy claims year to year trend.
- 3) Opinions of and satisfaction with the overall the Health Reform Initiative, including importance of managing one's own health and satisfaction with the Health Reform Initiative information and assistance.
- 4) Percent of members who completed health risk assessments and categories of risk for the entire population pool.
- 5) Health Fair assessments

Second year measures included utilization, management culture, and self-assessment measures:

- 1) Percent of members who completed health risk assessments year to year.
- 2) Change in group risk profile for employees in health risk categories.
- 3) Change in self-reported body mass index.
- 4) Change in generic prescription rate.
- 5) Number and percent of employees receiving flu shots at work.
- 6) Self-reported levels of employee awareness of resources available through King County to reduce personal health risks and maintain or increase health behaviors in the upcoming year.
- 7) Self-reported levels of employee agreement that supervisor supports health and maintaining healthy behaviors.

Recommendations, Costs, and Benefits

Recommendations

The Health Service Board should:

1. Engage in a policy discussion and adopt a resolution that:
 - (a) Identifies the Health Service System's role in coordinating a City-wide employee health promotion program;
 - (b) Links the Health Service System's Dashboard and Wellness Projects to the City's Shape Up at Work Strategies and Employee Assistance Program;
 - (c) Ensures channels of communication and cooperation with City departments; and
 - (d) Identifies and ensures the Health Service System's accountability and responsibility as coordinator of the City-wide employee health promotion program to the Mayor, the Board of Supervisors, City departments, and City employees.

The Board of Supervisors should:

2. Authorize the transfer of the Employee Assistance Program, including one Senior Employee Assistance Counselor, one Employee Assistance Counselor, and one Clerk Typist, from the Department of Human Resources to the Health Service System during the FY 2008-2009 budget review, upon adoption of a resolution by the Health Service Board.
3. Request the Mayor to assign responsibility and oversight for Shape Up at Work to the Health Service System, upon adoption of a resolution by the Health Service Board.
4. Instruct City departments to incorporate employee health and safety into the departments' mission statements and strategic plans, as part of the FY 2008-2009 budget review.

The Health Service System Executive Director should:

5. Report to the Government Audit and Oversight Committee prior to June 1, 2008, on the Health Service System's proposed Wellness Project, including:
 - (a) The City's health plans' existing health promotion programs and recommended changes or enhancements;

- (b) Implementation of phase two of the Dashboard project, including (i) availability of aggregate health risk assessment data and (ii) potential for tracking individual health risk assessments, programs, and outcomes through anonymous identifiers.
 - (c) Planned integration of the Employee Assistance Program into the Health Service System's proposed wellness program, including (i) program outreach, (ii) coordination with health plan services, (iii) employee needs assessment and program design, and (iv) utilization data collection and analysis;
 - (d) Potential integration of Shape Up at Work into the Health Service System's proposed wellness program, including (i) timeframe, (ii) availability of aggregate health risk assessment data and worksite health promotion program planning, (iii) existing Health Service System resources for program coordination and analytical support, (iv) existing or necessary tools for tracking program participation, and (v) ongoing outreach and communication plan for continuing development of the Shape Up at Work Steering Committee and department participation.
6. Work with the Department of Public Works and other City departments to develop coordinated plans, extending access to health fairs and other health plan information, including access to stand alone computer terminals, to difficult-to-reach employees due to work location or shift assignment.
7. Develop short term and long term employee health promotion program measures, including program participation, changes in risk profile, health plan utilization, decreases in absenteeism and other measures of program effectiveness and provide an annual program report to the Board of Supervisors prior to June 30 each year.

Costs and Benefits

Costs of Recommendations

This report has not proposed any new direct costs in FY 2007-2008. Transfer of the Employee Assistance Program and assigning responsibility for Shape Up at Work to the Health Service System, as recommended in Recommendations 3.2 and 3.3, should not result in immediate new costs.

- The Employee Assistance Program has a budget of \$338,814, which pays for rent, software licenses and other expenses, and salary and fringe benefits for three positions, including one Senior Employee Assistance Counselor, one Employee Assistance Counselor, and one Clerk Typist. These three positions and the associated program expenses, which are funded by the General Fund, would be transferred to the Health Service System.

- Shape Up at Work has not had a dedicated budget or staff. The Department of Human Resources hired a part time intern to coordinate the program, with an annual salary cost of \$18,000 but this position no longer exists. Implementation of Shape Up at Work has been largely through the voluntary efforts of the Steering Committee and other City department staff.

The Shape Up at Work Steering Committee members stated the need for a Shape Up at Work coordinator. The Budget Analyst has not recommended a new coordinator position, but has recommended in Recommendation 3.5(d) that the Health Service System evaluate and report on the potential integration of Shape Up at Work into the Health Service System's proposed wellness program, including existing Health Service System resources for program coordination and analytical support. If the Health Service System were to request new resources, including new positions, to support Shape Up at Work, these would be General Fund costs. For example, a new 1823 Senior Administrative Analyst position would incur new General Fund costs for salaries and benefits of \$113,295. The Health Service System would need to provide justification for any new position requests, which would be subject to Board of Supervisors approval.

Summary of Costs

In summary, City departments' programs to promote employee health are estimated to cost approximately \$1,248,315 per year. These costs include:

- \$814,577 for City department programs,
- \$338,814 for the Employee Assistance Program,
- \$76,924 for the Department of Public Works health fair,
- \$18,000 for the Department of Human Resource's temporary part time intern to coordinate Shape Up at Work.

The Health Service System refused the Budget Analyst's request to provide information on the one-time costs to implement the Health Service System's Dashboard Project and Wellness Project, which are General Fund costs.

The proposed City-wide employee health promotion program coordinated by the Health Service System could incur new costs over time for data analysis and performance measurement, program outreach, and program services. The Budget Analyst has not quantified these potential costs. To identify program needs and potential costs, the Health Service System will need to evaluate and develop a program plan for the Shape Up at Work program, Employee Assistance Program, health plans' wellness programs, and availability of program and health plan data.

Program Benefits

The Budget Analyst interviewed other local government employers, business organizations, and health program professionals for this report. According to these interviews, employers can not easily identify the cost benefits of employee health promotion programs. As discussed in Section 1, studies of employers' programs have found that employee health promotion programs can result in potential savings in reduced medical claims costs, contributing to reductions in health plan premium costs.

However, because more than 83 percent of active employees are members of Kaiser or Blue Shield, in which market rates and member profile, rather than utilization, drive monthly premium costs, reductions in utilization or medical costs will have minimal impact on the City's contributions for employee health plans. Consequently, employee health promotion programs intended to reduce health plan premium costs will have little impact on actual health plan premium costs.

The City could experience cost benefits from implementing a City-wide employee health promotion program through reductions in workers' compensation, sick leave, and disability leave costs. As discussed in Section 1, the City's lost work hours due to sick leave, disability leave, and workers' compensation leave were 6.6 percent of total work hours, resulting in an estimated \$160 million in salary costs. If the use of leave were decreased by 5 percent, a reduction of 0.33 percentage points from 6.6 percentage points to 6.27 percentage points, the City's lost work hours due to sick leave, disability leave, and workers' compensation leave would reduce to an estimated \$151 million in salary costs, an annual savings of approximately \$8.9 million. If the use of leave were decreased by 2 percent, a reduction of 0.13 percentage points from 6.6 percentage points to 6.47 percentage points, the City's lost work hours due to sick leave, disability leave, and workers' compensation leave would reduce to an estimated \$156 million, an annual savings of approximately \$4 million.

Any cost benefits resulting from implementation of a City-wide employee health promotion program would not be realized immediately. According to King County, any improvements in employee health and resulting cost benefits would begin to appear three years after implementation of an employee health promotion program and would not be fully realized until five years.

Department of Human Resources' Written Response

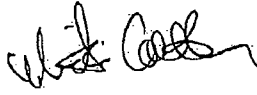
Gavin Newsom
Mayor



Department of Human Resources
Micki Callahan
Human Resources Director

DATE: February 25, 2008

TO: Office of the Budget Analyst

FROM: Micki Callahan, Human Resources Director 

RE: **Comments on the Budget Analyst's Final Draft Report Regarding the City's Health Promotion Programs for Employees**

Thank you again for allowing us the opportunity to weigh in on the Budget Analyst's report regarding the City's Health Promotion Programs.

In general, the Department of Human Resources ("DHR") does not oppose the Budget Analyst's recommendation to authorize the transfer of the Employee Assistance Program ("EAP") from DHR to the Health Service System during the Fiscal Year 2008-2009 budget. However, this is with the understanding that EAP services would continue to be offered to all City employees and not limited to only City employees covered by the health system.

Additionally, the following are factual corrections that should be made to the report (bold and underlined):

- Regarding the departments served by the Employee Assistance Program. The current draft report should be revised to reflect the following: "The Employee Assistance Program serves **City employees** who work at the Asian Art Museum, Fine Arts Museum, San Francisco General Hospital and the Law Library."
- Regarding the primary services provided by the Employee Assistance Program. The current draft report should be revised to reflect the following: "Brief solution-**focused** therapy sessions..."
- Lastly, the correct name of the Employee Assistance Program's Database Software is **EAPISoft**.

Please feel free to phone me at (415) 557-4845 for additional questions or comments.