

Wellness Platform Feature and Cost Analysis

On June 1, 2015, CalPERS staff released a Request for Information (RFI) to solicit information from health and wellness vendors about the services they could provide active employees, retirees, and adult dependents while addressing CalPERS' unique position as a purchaser of health benefits for the State of California and more than 1,200 contracting agency employers. Thirteen companies responded to the RFI, many of which offer a full suite of wellness solutions.

Product Offerings

Below is an analysis of their product offerings, categorized as Lean, Moderate, and Deluxe for comparison purposes from the perspective of a purchaser of these products.

Lean

Lean solutions can be understood to be those that require the lowest level of effort for development and implementation, which would be limited to mobile or web-based solutions to engage members and track participation. All RFI respondents offer a mobile or web-based wellness product and most of these products provide a means for group communication, integrate with wearable fitness trackers, and track reportable results.

Note: Few vendors offer these products as a standalone solution as they are not designed to be de-coupled from other wellness products and services. The majority of vendors recommend a more comprehensive approach to ensure optimal wellness results.

The implementation of a lean solution would also place the burden of administrative and communication work on the purchasers and users.

Moderate

Moderate solutions provide more of a "platform" upon which their various products and services are integrated. In addition to mobile or web-based solutions, many vendors offer health risk assessments (HRAs), customized health challenges, educational and marketing materials, limited account management and administration services, coaching services, and more robust reporting with configurable user permissions.

Some vendors have experience implementing their solutions for government employers, but most have not managed a participant pool as large as CalPERS'. It is unclear how scalable each vendor's products and services are without obtaining additional case-study information and many vendors did not make any claims or guarantees regarding their ability to provide efficient customer service.

Rollout and implementation would be lengthy. Purchase of a moderate solution would create a reliance on the vendor for administration and communication.

Deluxe

Deluxe solutions are full-featured and priced accordingly. These solutions bundle all available vendor products and services itemized in the lean and moderate offerings, and in many cases also add biometric screening (typically outsourced), disease management programs, coaching and case management.

Deluxe products and services would require a longer rollout period than a moderate solution in order to perform biometric screenings and any complete site visits necessary to measure and tailor wellness approaches to targeted groups. Considerable coordination among multiple vendor business resources would also be necessary. Not all vendors believe a deluxe solution is required to improve employee wellness, and those that don't do not offer these services.

Pricing

For the few vendors that did provide pricing for a standalone "lean" product, such a solution could cost up to approximately \$3.50 per member per month (PMPM), or approximately \$60 million per year.

Many of the vendors provided additional implementation and program management pricing that is required for their solutions. Including these additional costs, implementing a moderate wellness platform solution could cost up to approximately \$4.00 PMPM, or approximately \$67 million per year.

Each of the deluxe services increases the cost of the solution greatly. Implementing a deluxe platform solution could cost up to approximately \$25.00 PMPM, or approximately \$419 million per year.

Estimated Wellness Solution Costs			
	Lean	Moderate	Deluxe
Max PMPM	\$3.50	\$4.00	\$25.00
Total Annual Cost	\$60 million	\$67 million	\$419 million