

A MEMORIAL

REQUESTING THE RISK MANAGEMENT DIVISION OF THE GENERAL SERVICES DEPARTMENT TO CONDUCT A STUDY ON EMPLOYEE WELLNESS INCENTIVES PROGRAMS, TO REPORT THE RESULTS OF ITS STUDY TO THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE AND TO ESTABLISH A PROGRAM THAT PROVIDES RESULTS-BASED WELLNESS INCENTIVES.

WHEREAS, health care costs continue to rise at a yearly rate much higher than the general rate of inflation; and

WHEREAS, the national business group on health reports that, in 2011, large employers expect health care costs to rise by nearly nine percent over 2010 costs; and

WHEREAS, a survey of employers by Towers Watson and the national business group on health found that sixty-seven percent of employers consider employees' poor health habits as the greatest challenge to maintaining affordable health care coverage; and

WHEREAS, in recent years, many employers have begun providing incentives to employees to promote healthy lifestyle choices and thereby reduce health care costs; and

WHEREAS, incentives for employee wellness that employer wellness programs provide may include, among other incentives, reduced health insurance premiums, extra vacation days and gifts; and

WHEREAS, according to a study published by the national institute for health care reform, the design of employer wellness programs is crucial to achieving the goals of wellness and cost savings among employees, with well-designed programs achieving significant gains in wellness, cost savings and employee retention and other programs having little, if any, effect on these measures; and

WHEREAS, a study published in the *Harvard Business Review* reports that employers may save as much as six dollars (\$6.00) for every one dollar (\$1.00) spent on wellness incentives; and

WHEREAS, researchers Leonard L. Berry, Ann M. Mirabito and William B. Baun report in the *Harvard Business Review* that the MD Anderson cancer center saved one million five hundred thousand dollars (\$1,500,000) through increased productivity and decreased costs due to its closely monitored employee wellness program; and

WHEREAS, a study by Towers Watson and the national business group on health shows that organizations with highly effective wellness programs report significantly lower voluntary employee turnover rates than those whose wellness programs are less effective; and

WHEREAS, according to a 2010 national business group on health study, a majority of employers consider having effective employee wellness programs to be one of the top

three ways to cut health care costs; and

WHEREAS, as in the rest of the state and the country, the cost of health care for New Mexico's public employees continues to rise rapidly;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF NEW MEXICO that the risk management division of the general services department be requested to study the best practices among other employers' employee wellness incentive programs; and

BE IT FURTHER RESOLVED that the deputy director of the risk management division of the general services department report, by November 1, 2011, to the legislative health and human services committee on the best practices that the division has identified among results-based employee wellness incentive programs and on the division's recommendations for designing an employee wellness incentive program for state employees; and

BE IT FURTHER RESOLVED that the risk management division of the general services department be requested to implement, by July 1, 2012, a results-based employee wellness incentive program using the best practices that it has identified and to tie the cost of a public employee's premium for the group benefits self-insurance plan health care coverage to employee achievement in the wellness program; and

BE IT FURTHER RESOLVED that copies of this memorial be

transmitted to the governor, the secretary of general services, the deputy director of the risk management division of the general services department and the chair and vice chair of the legislative health and human services committee.