



***Missouri State University
Employee Wellness Program***

November 29, 2017

Office of Internal Audit and Compliance



Missouri State[™]

U N I V E R S I T Y

DATE: November 29, 2017

TO: Dr. Frederick D. Muegge, Director of Health & Wellness Services
Mr. Benjamin Hunt, Employee Wellness Coordinator

FROM: Donna Christian, Director of Internal Audit and Compliance
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CC: Dr. Dee Siscoe, Vice President for Student Affairs
Mr. Steve Foucart, Chief Financial Officer
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Employee Wellness Program

BACKGROUND

A University Wellness program for students was first initiated by Taylor Health Center in 1995 with a Wellness Educator who developed programs for students with the occasional programs for employees and dependents. This position was funded by the Health Center. In 2006 with the allocation of \$50,000 for program development, specific programs for employees and insured dependents was explored. Recognizing the importance of a wellness program for the campus community and the potential cost savings to the employee healthcare plan, the Wellness Program was incorporated into the 2006-2011 Long Range Plan as a part of a strategy to maintain a competitive, fiscally sound plan:

- *Implement an incentivized wellness program, including the use of health risk appraisals, promotion of healthy lifestyle choices, and education of plan members with the goal to change the culture toward wellness. The University will provide seed money — \$200,000 in 2006-2007 — to initiate the wellness program. Subsequently, the program's ongoing operational costs will be funded via the Healthcare Plan budget. The Wellness Program will be enhanced by a new Recreation Center which is being planned for completion within the five years covered by the plan.*

The University's Employee Health Insurance Fund receives premium contributions made by the University for each covered employee (currently \$451 monthly) plus premiums paid directly by employees and retirees for coverage. This use of these funds is governed by the Employee Retirement Income Security Act of 1974 (ERISA) which provides federal oversight of employee benefits funds. These funds are restricted to be spent for the benefit of the covered employees in accordance with the University's Health Care Plan approved by the Board of Governors. The University's Employee Health Insurance Fund has allocated \$175,000 annually for the Employee Wellness Program since implementation.

The goal of the Employee Wellness Program is to provide meaningful programming that addresses all components of the human being, namely social, emotional, spiritual, environmental, financial, intellectual, physical and occupational in a manner that is respectful of the diversity of the community at large.

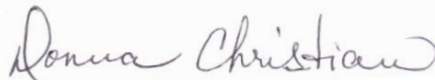
OBJECTIVE AND SCOPE

Our objectives were to determine if Employee Wellness Program funds were used appropriately and efficiently, and to evaluate the level of participation in wellness classes. The scope of this audit included, but was not limited to, the years ending June 30, 2016 and 2017.

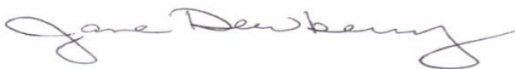
SUMMARY

This report includes recommendations to improve the value of the University Wellness Program by

- Improving the financial efficiency of the classes offered,
- Developing classes/programs that strategically address the specific health care costs incurred by the University,
- Increasing employee participation levels,
- Tracking class revenue,
- Monitoring hourly employee time,
- Separating employee and student wellness expenses.



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Jane Dewberry, Senior Internal Auditor
Audit Field Work Completed: October 16, 2017

OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Financial Management of Wellness Funds

The Employee Insurance Fund provides \$175,000 annually for the Employee Wellness Program. After covering the Wellness Coordinator's salary and other fixed costs, there is approximately \$88,000 to cover the direct costs of wellness classes. With approximately 2,300 employees covered by the University health insurance, there is about **\$38 per covered employee** to spend annually for wellness. With so little money per employee, a targeted approach towards spending is necessary to focus funds on areas that can have the greatest impact on University employee health care costs. Our review noted a lack of financial management over several wellness classes offered. The excessive costs and low participation levels associated with several classes has resulted in the inefficient use of wellness funds.

Mat Pilates Classes

During the last two years, the net cost (total cost less participant fees) to provide the Mat Pilates Classes has ranged from \$191 per person/per semester in the Fall of 2015 to \$2,457 per person/per semester in the Fall of 2016 when only one employee enrolled in the class. With only one enrollee, the class should have been cancelled, but was not and the contracted instructor was paid \$2,557 from the wellness budget. In total, only **12** individuals have paid to take the Mat Pilates classes in the last two years while the instructor has been paid salary and fringes of approximately **\$12,700**. The University should consider whether there is enough interest or health benefits from this class to justify the cost to continue offering it.

Ageless Grace Classes

The participation levels in the Ageless Grace Classes have decreased while the total cost to offer this class has increased. The chart below shows an increase in the net cost per person of \$305 (\$388-\$83).

<u>Date of Session</u>	<u>Number of Participants</u>	<u>Fees Collected</u>	<u>Class Expenses</u>	<u>Net Cost Per Participant</u>
Spring 2016	11	\$ 440	\$1,350	\$ 83
Spring 2017	4	\$ 200	\$1,750	\$ 388

If interest in this class has diminished and the cost to provide the class has increased, the continued offering of this class should also be reevaluated.

Tai Chi Classes

Participation levels in the Tai Chi classes have decreased from 19 during the Spring 2016 session to only 8 in the Spring 2017 session. As a result, the net cost per person has increased from \$87 per person for the Spring 2016 session to \$181 per person for the Spring 2017 session. The continuation of this class should also be evaluated.

Summary

According to the Director of the Health Center, wellness program class participation by employees was challenging during 2016 with the resignation of the former Wellness Coordinator, the demolition of the Health Center Building and the introduction of the new Learning Management Software system.

Because some classes cost significantly more to offer than other classes and some classes provide more of a wellness benefit than other classes, we recognize that the net cost per participant is not going to be similar for all wellness classes. However, with limited funds available, the proper financial management of wellness funds is vital. The Wellness Coordinator needs to determine the cost to offer a class, a fee per participant and a target

participant level that will result in an efficient use of wellness funds. If the target participant level is not reached, the class should be cancelled and the wellness funds redirected to another class.

Recommendation:

Determine the cost to offer a class, a fee per participant and a target participant level that will result in an efficient use of wellness funds. If the target participant level is not reached, the class should be cancelled and the wellness funds redirected to another class.

Management Response:

We agree. Our goals are to keep our cost per class less than community averages, and to maximize the number of participants according to each program. It is anticipated that each program will have at least 10 participants.

2. Wellness Program Development

A successful Wellness Program requires employee participation in meaningful classes that are designed to reduce health care costs and help employees to lead healthier lives. Over the years, the Employee Wellness Program has experienced various levels of increasing and decreasing participation. Based upon class registration documentation maintained for the Fall 2016 and Spring 2017 classes, only 168 employees participated in the various wellness classes on campus. With over 2,300 employees on the University's health insurance plan, the wellness class participation rate for employees is only 7.3 percent. During the Summer 2017 sessions, the Wellness Coordinator offered several new classes and several free classes which attracted 52 new employees that had not participated during the last year.

In the future, the University's Wellness Program needs to take steps to be more successful.

Reducing Health Care Costs and Improving Employees' Health:

Offering classes and programs targeted at reducing the University's health care costs while improving employees' health must be the main goal of the University's Wellness Program. In order to achieve this goal the Wellness Coordinator must have accurate employee health data and use the data to strategically design programs that address the health risk factors of the University's employee population. Obtaining medical claims data from the University's health insurance plan is necessary to establish this targeted approach. Information such as diagnosis codes and prescription data could aid in determining targeted wellness classes. (Note: To ensure HIPAA compliance, de-identified aggregate data would be obtained, rather than patient specific data.) Additionally, meaningful data from the University's Health Risk Assessment survey should also be used to determine wellness programs aimed at employee health risks (See 4B below).

According to the Wellness Coordinator, data from the University's Pharmacy was analyzed and a diabetic prevention class was started recently in an effort to reduce the University's health care cost related to diabetes. Enrollment for this class is full which represents a great example of establishing wellness classes targeted at addressing employee needs and reducing the University's health care costs.

Increasing Participation:

Increasing the visibility of the Wellness Program is key to increasing participation. Some opportunities include unveiling a new program in conjunction with the anticipated completion of the new Health and Wellness Center building in December 2017, reestablishing a committee of University employees to act as advisors for the program, and soliciting input and participation from academic departments for wellness teaching and advising. Additionally, working more collaboratively with the University's Foster Recreation Center (FRC) for fitness classes can help make the program more visible and more efficient. Finally, the Employee Wellness Coordinator indicated he would like to brand the Wellness Program establishing a specific name and logo to identify it. His idea to develop an identity to help grow the program is a good idea and should be pursued.

To be successful, the University's Wellness Program must be strategically designed to reduce health care costs and appeal to a majority of the employees and not just a few. Specifically addressing health care risks of University employees while achieving a desired participation level in programs will require significant planning and design and is crucial in determining the program's overall success.

Recommendation:

Take action to make the Employee Wellness Program more successful by strategically designing the program to reduce health care costs, improve employee health and increase participation.

Management Response:

We Agree. Employee Wellness will continue to target programs for increased participation, improved employee health, and reduced health care costs.

3. Revenue Accountability

Fees for classes offered through the University's Wellness Program range from only \$5 for the Healthy Cooking Demonstration class to \$250 for the Complete Health Improvement Program (CHIP) classes. As a benefit for each full-time employee, the University offers a \$150 non-credit fee waiver that can be used to pay for a variety of non-credit class options on campus, including wellness classes. Employees are also allowed to charge the cost of wellness classes to their employee charge account, or nonemployees can pay the class fee at Taylor Health and Wellness Center. All class fees collected are to be deposited in the Employee Wellness Account and used for future wellness program expenses.

Our review noted that class rosters are not compared to fees paid to ensure all class participants pay fees and some class fees collected were not properly recorded as revenue in the Employee Insurance Fund.

- We noted several instances when individuals attended wellness classes, but did not pay the fee associated with the class or use their non-credit fee waiver benefit. As a result, significant revenue associated with the wellness program was lost.
 - Five employees attended the Spring 2017 Mat Pilates classes without paying the \$50 class fee.
 - Some family members of employees and retirees attended wellness classes held in FRC, but did not pay any fees associated with the classes. Our review found instances where the Wellness Coordinator assumed all participant fees had been collected so the instructor authorized FRC to provide a temporary membership/building access to these participants for the wellness class. Our comparison of the electronic FRC access record to wellness class payments noted that several participants attended these classes without paying the associated fees.
 - During fiscal years 2016 and 2017, **40** individuals were not charged and did not pay a total of **\$6,909** in fees associated with Weight Watcher Classes. Since fees associated with the Weight Watchers classes are simply pass-through fees, the University pays directly to Weight Watchers for each participant, the \$6,909 also represents funds paid directly to Weight Watchers but not collected/reimbursed from participants. Additionally, seven individuals were overcharged a total of **\$966**. These situations occurred because no one was comparing the invoice from Weight Watchers to participant payments. To correct these errors, overcharges should be refunded and unpaid fees should be collected from participants.
- We identified **\$820** cash collected during fiscal years 2016 and 2017 at Taylor Health and Wellness Center (THWC) for wellness classes that was incorrectly recorded as clinic revenue and credited to the THWC Fund instead of the Employee Insurance Fund. As a result, a transfer should be made from the THWC Fund to the Employee Insurance Fund for \$820 to correct this error. It should be noted that this \$820 is not related to the unpaid fees identified above.

To ensure all fees are properly paid and recorded, the Wellness Coordinator should review all class rosters and verify that fees have been paid by all participants and all income was properly recorded in the Employee Insurance Fund.

Recommendation:

Institute reconciliation procedures for each wellness class that compare class rosters to payment records to ensure all class participants pay class fees. Also, steps should be taken to collect the **\$6,909** in unpaid Weight Watcher fees and reimburse the **\$966** in Weight Watcher fee overcharges. Additionally, **\$820** should be transferred from the THWC Fund to the Employee Insurance Fund to correct the revenue recording error.

Management Response:

The \$820 has been transferred from the Health Center Fund to the Employee Insurance Fund. The collection of the \$6,909 is underway. The Health Center Fund will compensate for unpaid student Weight Watcher fees occurring prior to 2017. Refunds of \$408 have been made to employees for overpayments, and a total of \$588 in overpayments has been applied toward other charges that were not billed to employees. (408 + 588 = 966) The Health Center has a new Business Office and Financial Coordinator who has established new protocols for the Wellness Coordinator to follow regarding class charges, instructor expenses, and documentation. The Financial Coordinator will oversee the financial work of the Wellness Coordinator.

4. Wellness Program Procedures

A. Attendance Records:

Attendance records were not maintained for wellness classes prior to the Spring 2017 sessions when the Wellness Coordinator began requiring instructors to keep attendance records. We relied upon registration records through the University's My Learning Connection and payment records to determine participation levels. During the time of our review, the University implemented a new enrollment management system, which caused some confusion in tracking enrollees during the transition. Class attendance records could have helped reduce confusion during this period. Attendance records that were available for our review made it apparent that some individuals were attending classes without registering or paying the fees as noted in No. 3 above.

Tracking attendance for all wellness classes is important to not only ensure all participants register and properly pay the fees, but also to track the level of interest in each class and provide guidance for decisions regarding future class offerings.

B. Liability Insurance:

The Employee Wellness Program does not require proof of liability insurance for independent contractors providing fitness classes. Currently, independent contractors are being used to teach some yoga classes, Tai Chi and Ageless Grace classes on campus.

C. Health Risk Assessment Software:

The Employee Wellness Program pays approximately \$11,600 annually for access to a web-based software used by employees to complete a Health Risk Assessment (HRA) by answering questions about lifestyle and personal health habits (Do you wear your seatbelt? How many servings of fruits and vegetables do you eat daily? Etc.). They can also self-report biometric data such as weight, blood pressure, cholesterol results, etc. After answering all the questions, a personalized wellness profile is created offering advice on ways the employee can improve their health. Completing the HRA reduces the employee's health insurance premium by up to \$30 monthly.

According to the Wellness Coordinator, the data from the HRA is used for wellness presentations to campus groups, and provides evidence that an employee wellness program is needed on campus. However, it is

not clear from our review that the risk assessment data has historically been used to establish a wellness program that is specifically targeted toward the health risks identified in the assessment. Questions within the HRA can be edited and/or additional questions can be added that could provide an increased focus on campus wellness activities, which might provide a greater benefit to the wellness program. Additionally, consideration should be given to establishing an in-house HRA through the University's Computer Services Department. The University's contract with the HRA vendor was recently renewed through May 2018 with three optional one-year renewals. Steps should be taken to analyze the benefit of the HRA before the contract is renewed again in May 2018.

Recommendations:

- A. Continue to maintain attendance records for all wellness classes. Provide instructors with a class roster to use as a sign-in sheet so that they know who has enrolled in their classes. The instructor should send the names of those not on the roster to the Wellness Coordinator so he can contact them and get them properly enrolled. In addition, utilize attendance records when determining future class offerings.
- B. Require proof of liability insurance coverage from independent contractors hired to teach employee fitness classes. The University's General Counsel should be consulted when determining the appropriate level of coverage needed.
- C. Before the May 2018 contract renewal date, determine if the HRA data can be better utilized to target wellness class offerings and market wellness activities, or if an in-house HRA would be more cost efficient and useful.

Management Response

- A. *Agree.*
- B. *We will obtain proof of liability coverage from all independent contractors, at a level deemed appropriate by MSU Counsel. We already have all wellness participants in physical activities sign a release of liability form.*
- C. *We have previously considered in-house HRA instruments and elected not to do this due to HIPAA concerns. Our current HRA is from a nationally well-regarded firm and the price for this year did not increase. Human Resources has customized questions to promote awareness of their programs. We also customize the HRA to promote smoking cessation and to reward nonsmoking. The smoking rate for employees has declined 10% in the last 15 years. Each smoking employee is estimated to cost the employer in excess of \$5,816 annually.*

5. Wellness Program Expenses

A. Dietitian Payroll Expenses

A Dietitian Instructor receives \$40 per hour to assist with wellness class preparation and teaching. During the year ended June 30, 2017 she was paid for 343 hours with salary and benefits totaling \$15,031. Documentation is not maintain by the Dietitian showing the amount of time she worked on each wellness class to allow this additional payroll expense to be allocated to the appropriate class. We also noted time sheets submitted by the Dietician included hours charged to the University during some weekends and holidays. The Wellness Coordinator indicated the Dietician often works from her home. To ensure hours charged to the University are appropriate and to properly manage wellness related expenses, adequate documentation should be maintained of the time charged to the University by the Dietitian.

Recently, the Dietitian was sent to training to learn how to teach the Complete Health Improvement Program (CHIP) classes. The former Wellness Coordinator previously taught these classes. Travel expenses associated with the training were \$1,138 and the University paid \$1,500 for the Dietitian to obtain a 3-year CHIP Facilitator license. The CHIP class is one of the most expensive wellness classes offered by the University, costing over \$600 per participant. Now with the added hourly instruction cost by the Dietician,

the cost of the class will increase further. Consideration should have been given to the impact on total class costs and longevity when deciding to train, license and utilize a part time employee receiving \$40 per hour for the CHIP instructor. It may be more cost effective to train the current full-time Wellness Coordinator to teach the CHIP classes.

B. Furniture Expenses

In 2016, **\$11,043** was paid from Employee Wellness funds for tables and chairs for the THWC conference room, and office furniture. Furniture for THWC is not a direct cost of the Employee Wellness program or a benefit allowed in the University's Health Insurance plan document approved by the Board of Governors. As a result, these expenses cannot be paid by the Employee Insurance Fund and must be reimbursed.

Recommendations:

- A. The Employee Wellness Coordinator should require the Dietitian to maintain adequate documentation of the time spent on each wellness class so the costs can be allocated to the appropriate class. Additionally, consideration should be given to utilizing the Employee Wellness Coordinator to teach classes in an effort to maintain efficiency.
- B. Transfer \$11,043 from the THWC fund to the Employee Wellness fund to reimburse the cost of the furniture.

Management Response

- A. *Agreed. The Dietitian worked with our previous Wellness Coordinator in CHIP programs and received her CHIP certification training during the interval when we did not have a Wellness Coordinator. Our new Wellness Coordinator will take on most of the future CHIP planning, organizing and data analysis work to minimize the costs. The CHIP Program produces excellent outcomes. The Dietitian will submit detailed hourly explanations for work done, which will then be reviewed by the Employee Wellness Coordinator. Having completed his first year at Missouri State University, the Employee Wellness Coordinator is now able to take on more of the primary work previously done by the Dietitian.*
- B. *The \$11,043 has now been reimbursed from the Health Center to the Employee Wellness Fund.*

6. Student Participation in Employee Wellness Programs

The Student Wellness Coordinator and the Employee Wellness Coordinator both work closely together at THWC. Many of the activities they plan would probably be of interest to both students and employees but because of the different funding sources it is important to ensure expenses are split properly when both groups are combined. Funding for the Employee Wellness Program comes from the Employee Health Insurance Fund which is restricted by federal regulations to only benefits allowed under the University's health insurance plan. While the University's health insurance plan allows for Employee Wellness expenses, it does not allow for student expenses from those funds. Similarly, the Student Wellness Program is supported by student fees that should not be used to pay employee expenses.

The Employee Wellness account has paid **\$1,288** for students attending CHIP classes in FY16, **\$2,126** for students attending Weight Watcher classes during FY16 and FY17, and **\$1,557** for students attending a variety of other classes.

Additionally, in the Fall 2016 Mindful Meditation class students were allowed to attend **free**. While attendance records were not maintained, enrollment records show only 3 employees paid to attend this class and expense records show a food buffet for 24 was paid for with Employee Wellness Funds. Based upon our calculations of 21 students participating in this class, the Student Wellness Fund should reimburse the Employee Health Insurance Fund **\$2,982**.

Recommendation:

Reimburse the estimated **\$7,953** expense for students wellness costs paid with Employee Wellness Funds. In the future, any joint activities between Employee and Student Wellness should be shared appropriately.

Management Response

The Student Wellness Coordinator previously realized enrollment in this course was lower than expected and requested Chartwells reduce the number of meals to 10 per class. This was confirmed in writing. However, when billed by Chartwells the number of meals charged was not reduced. We have now asked Chartwells to refund this overcharge to the Health Center. Based upon the attendance of 10 students, the student portion of the cost is recalculated to be \$7,358, which has now been reimbursed. We will carefully segregated Employee Wellness costs from Student Wellness costs.

Employee Wellness Program Statement of Income and Expenditures

	Year Ending June 30,	
	2016	2017
Revenue:		
Program Fees Collected	32,373	17,914
Transfer From Employee Insurance Fund	175,000	175,000
Total Revenue	\$ 207,373	\$ 192,914
Expenditures:		
Payroll	106,169	85,094
Class Related Expenditures	62,654	46,515
Employee Health Risk Assessment tool	11,490	11,640
Furniture	11,043	-
Employee Newsletter	9,138	-
Gift Cards for Programs	5,254	2,700
Supplies	4,845	616
Conference, Training and Certifications	6,995	592
Miscellaneous	1,722	1,304
Website maintenance	1,000	-
Set up costs for classes held in PSU	2,624	3,276
Total Expenditures	222,934	151,737
Revenue Over (Under) Expenditures	\$ (15,561)	\$ 41,177