

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 7501	Department HUMAN RESOURCES	Priority No. 5
Budget Request Name 7501-005-BCP-BR-2016-GB		Program 6210	Subprogram

Budget Request Description
 Expansion of the Healthier U State Employee Wellness Program

Budget Request Summary

This proposal requests \$100,000 in reimbursement authority for fiscal year 2016-17 and \$250,000 in ongoing reimbursement authority beginning in fiscal year 2017-18 to phase-in implementation and support of a wellness program service for all state employees. The wellness program service will provide all state employees with opportunities to track and monitor health practices and access to wellness resources. In addition, it will provide statewide wellness coordinators tools and structure for facilitating wellness activities in their departments and the Department of Human Resources (CalHR) with data and analytics to monitor program effectiveness. CalHR will provide training and oversight to state departments. This proposal will facilitate statewide expansion of Healthier U, since implementation of a wellness program service is a key component.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal? Yes No
 Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Ralph Cobb	Date 12/29/2015	Reviewed By Belinda Collins <i>Belinda Collins</i>	Date 12/29/15
Department Director Richard Gillihan <i>[Signature]</i>	Date 12/29/15	Agency Secretary Marybel Batjer <i>[Signature]</i>	Date 12/31/15

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA *[Signature]* Date submitted to the Legislature
 1/7/16

BCP Fiscal Detail Sheet

BCP Title: Expansion of the Healthier U State Employee Wellness Program

DP Name: 7501-005-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services -	0	100	250	250	250	250
Total Operating Expenses and Equipment	\$0	\$100	\$250	\$250	\$250	\$250
Total Budget Request	\$0	\$100	\$250	\$250	\$250	\$250

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	0	0	0	0	0
0995 - Reimbursements	0	100	250	250	250	250
Total State Operations Expenditures	\$0	\$100	\$250	\$250	\$250	\$250
Total All Funds	\$0	\$100	\$250	\$250	\$250	\$250

Program Summary

Program Funding						
6210 - Benefits Administration	0	100	250	250	250	250
Total All Programs	\$0	\$100	\$250	\$250	\$250	\$250

Analysis of Problem

A. Budget Request Summary

This proposal requests \$100,000 in reimbursement authority for fiscal year 2016-17 and \$250,000 in ongoing reimbursement authority beginning in fiscal year 2017-18 to phase-in implementation and support of a wellness program service for all state employees. The wellness program service will provide all state employees with opportunities to track and monitor health practices and access to wellness resources. In addition, it will provide statewide wellness coordinators tools and structure for facilitating wellness activities in their departments and the Department of Human Resources (CalHR) with data and analytics to monitor program effectiveness. CalHR will provide training and oversight to state departments. This proposal will facilitate statewide expansion of Healthier U, since implementation of a wellness program service is a key component.

B. Background/History

In 2012, the State Controller's Office, State Treasurer's Office, the California Public Employees' Retirement System (CalPERS), Service Employees International Union Local 1000 (SEIU), and CalHR partnered to create a model workplace wellness and injury prevention program designed by state employees for state employees. Given the state budget constraints at that time, funding from the California Endowment, California Wellness Foundation, California Health Care Foundation, Sierra Health Foundation, CalPERS, and Kaiser Permanente was obtained for the pilot.

The California Department of Public Health (CDPH) and Department of Health Care Services (DHCS) East End Complex (EEC) were selected as pilot sites. The Healthier U pilot has exceeded all participation goals for the health screenings and program interventions. Because results were so good, funders extended the two-year pilot to a third year for the purpose of obtaining additional biometric data for the health outcomes evaluation.

In 2013, Healthier U piloted Thrive Across America, Kaiser Permanente's core intervention program service. With a targeted goal of 20 percent participation, Healthier U exceeded that goal and achieved a 32 percent participation rate, compared to a 5 to 19.5 percent participation rate from other pilots involving Kaiser Permanente/CalPERS agencies and departments. Over two million exercise minutes were logged during the eight week inter-department competition without any financial incentives.

During 2014-15, Healthier U piloted Health Trails, another wellness program service that could be made accessible to all state departments. Contrary to Thrive Across America, which addresses only physical activity, the Health Trails program is customizable and addresses various health practices, including, fruit and vegetable consumption, stress management, fitness, nutrition, and weight control. In 2014, 28 percent of the employees at the EEC participated in Health Trails, exceeding the 20 percent goal. For the 2015 Health Trails program, there were 592 new registrants which increased total registration to 43 percent from its 2014 inception. After the most recent Health Trails intervention in 2015, 47 percent of survey respondents reported that their workplace was "very supportive" of employees efforts to create healthier habits. When we include employees who reported that their workplace was "moderately supportive," the figure is 75 percent.

As a result of the Healthier U successes at the EEC, the 2015-16 May budget revision provided CalHR with an authorized position to expand Healthier U. The authorized position in the 2015-16 Budget Act allows CalHR to move forward with this budget proposal to develop and release a Request For Proposal (RFP) for a core wellness program service accesible to all state employees. CalHR will provide ongoing vendor oversight and technical assistance to state departments and agencies.

Analysis of Problem

C. State Level Considerations

This proposal furthers the Governor's initiative to reduce the individual, social, and economic burdens of preventable and chronic conditions and improve the health of Californians, as outlined in his Executive Order (EO) B-19-12 establishing the Let's Get Healthy California Task Force. The Task Force publicly recognized the Healthier U pilot as an exemplary public sector health intervention at the November 2013 Task Force meeting. This proposal is consistent with CalHR's strategic plan, which includes pursuing wellness initiatives to enhance the overall well-being of the state workforce. Specifically, CalHR is to develop evidence-based programs to improve employee health and reduce associated costs by June 2018.

In addition to the Healthier U Program, CalHR continues to coordinate a statewide wellness program pursuant to EO W-119-95 that charged the Department with leading the development and implementation of a comprehensive statewide Work Site Health Promotion and Illness Prevention Program. The EO required each state department to dedicate resources to coordinate their participation in the program or arrange to cooperate with other departments within their agency or their geographic proximity for program coordination. As a result of the EO, CalHR established California WorksWell, the current statewide employee wellness program. Health and wellness forums were held quarterly to provide health and wellness training and illness prevention information to department wellness coordinators. CalHR also provided informative monthly wellness newsletters to department coordinators. Implementation of California WorksWell varies statewide depending on department resources. Many wellness coordinators merely forwarded the wellness newsletters to their employees. Currently, CalHR provides online information on organizing physical activity programs, assessing workplace environment, promoting healthy eating options, and establishing a worksite wellness committee. CalHR is in the process of reinventing the California WorksWell program, as we anticipate it being subsumed into Healthier U at some point in the coming years.

D. Justification

The current statewide wellness program pursuant to the EO W-119-95 is not a coordinated, evidence-based approach to delivering wellness services to all state employees. The absence of a core wellness program service creates varied and limited wellness opportunities for state employees; many of whom have no access to employee wellness.

A wellness program service will allow all state employees access to wellness information, as well as provide CalHR with a tracking mechanism to evaluate progress. It will provide the department wellness coordinators with an infrastructure to better promote and implement wellness services. The wellness program service is essential to having a viable statewide wellness program that will make a broader impact on organizational effectiveness and health-related costs.

CalHR and its Healthier U partners have received several requests from state departments to implement Healthier U at their work sites. Healthier U is currently planning to expand to one new department/work site and expand the existing pilot site to all statewide DHCS and CDPH satellite offices in order to develop additional best practices around potential challenges in different types of work environments. Due to the number of departmental requests to implement Healthier U, CalHR will be working with the Healthier U partners to identify additional ways to expand Healthier U during 2016. A key lesson learned from Healthier U is the need for a core wellness program service, which would provide all state employees access to wellness opportunities and facilitate more rapid expansion of Healthier U.

Kaiser Permanente provided funding for the Health Trails annual license, which ended June 3, 2015. While Kaiser Permanente has only officially committed funding until the end of 2015, Healthier U partners plan to seek funding from Kaiser Permanente to sustain the wellness program service for CDPH and DHCS during 2016. CalHR is seeking \$100,000 in reimbursement authority for fiscal year

Analysis of Problem

2016-17 and \$250,000 in ongoing reimbursement authority beginning in fiscal year 2017-18 to develop and phase-in implementation of a core wellness program service accessible to all state employees, including communication costs to train, promote and implement the program statewide.

In 2014, Health Enhancement Systems (HES), the Health Trails vendor, estimated costs for an annual license to be \$221,000 for 224,000 state employees. CalHR expects industry pricing to be relatively consistent with prior year, based on similar cost estimates HES provided to Kaiser Permanente for the pilot site in 2014 and 2015. Any remaining funds after the program service contract will be used for communication and training materials.

CalHR staff will draft and issue a Request for Information (RFI) to help identify services that are available through a wellness program service and inform our understanding of the marketplace. CalHR will use this information to draft a realistic Request for Proposal (RFP) to solicit and procure a wellness program service. We do not anticipate that the RFI will result in any changes to the estimated \$250,000 in requested ongoing funding.

Specifically, the \$250,000 requested funding will be used for a program service contract with a vendor. In addition to the program service, the current pilot site vendor also: 1) helps define elements and provide any data needed to determine effectiveness; 2) helps develop and administer pre- and post-intervention evaluations; 3) resolves technical issues; 4) provides a wellness-type blog where a nutritionist engages employees in a health-related topics; and 5) provides training on how to utilize the service. Health Trails also has a Facebook-like feature where an employee can virtually travel with and support other co-workers outside of his/her team. This program service will provide department wellness coordinators a core program structure from which to offer wellness opportunities.

In addition to oversight and direction of the wellness program service vendor, CalHR wellness program staff will represent CalHR on the Healthier U Steering Committee, maintain a network of 150–200 departmental wellness coordinators, develop and maintain a Healthier U Toolkit for departmental wellness coordinators, develop and maintain a training program for departmental wellness coordinators using a train-the-trainers approach, and interface with agencies (e.g., General Services, Highway Patrol, State Fire Marshal, Dept of Rehabilitation) on statewide policy issues that impact the conduct of wellness activities on state property.

E. Outcomes and Accountability

This proposal will provide state departments with a program service so that their employees will have access to wellness opportunities. Department wellness coordinators will use the program service to track associated wellness activities; evaluate and make modifications to their wellness program. A health and wellness vendor will be selected through an RFP process and CalHR will provide training to implement the program. CalHR will provide vendor oversight and technical assistance to state departments. The wellness program service will also support CalHR's effort to measure Healthier U effectiveness and achieve CalHR's strategic plan objective of improving employee and workplace health.

The following Healthier U accountability measure will inform CalHR's decision-making about incorporating and utilizing additional data as a result of this budget proposal.

- *Workforce Effectiveness* - The Healthier U program is expected to improve workforce effectiveness and employee health, as measured by HR metrics and health outcomes metrics. CalHR is working with the human resources departments at the pilot site and other state departments to look at this data, which could include: sick leave, worker's compensation, and SDI/NDI claims, as early indicators of positive impact.

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- *Health Outcomes/Costs* - Aggregate data will be analyzed to identify early trends for the pilot program. In addition, the Healthier U Steering Committee is pursuing private funding for a quantitative health outcomes evaluation using CalPERS data and data from Healthier U participant screenings. Funding has not yet been secured.
- *Employee Engagement* - The UC Berkeley Labor Center is currently conducting a qualitative study to examine the impact of union involvement on employee engagement. SEIU's Local 1000 evaluation team is also using data to identify areas of low participation in department divisions to develop and refine engagement strategies.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve this proposal.

Pros: This would allow CalHR to: 1) fulfill CalHR strategic plan objective to pursue wellness initiatives to enhance the overall well-being of the state workforce by developing evidence-based programs to improve employee health and reduce associated costs, and 2) develop a core wellness program service that would be accessible to all state employees.

Cons: There would be ongoing cost to the state to fund a core wellness program service.

Alternative 2: Approve this proposal as one-time cost.

Pros: There would be no ongoing costs to the state. One-time funding would allow for opportunity to evaluate existing Healthier U pilot participation data and reassess program service needs.

Cons: One-time funding would not be cost-effective for either CalHR staff to develop and release an RFP or state employees to actively engage in wellness and create sustained behavior change. While the one-time funding could provide baseline participation data and one additional data set, it would not provide a multi-year comparison. Research indicates that three years of data are needed to identify any possible health trends. It would also limit department wellness coordinators ability to assess and modify their wellness program.

Alternative 3: Approve this proposal as a pilot for three years.

Pros: This would limit costs to the state. It would provide CalHR with an opportunity to evaluate the program service and change vendors, if needed.

Cons: This would fail to: 1) meet the ongoing health and wellness needs of the state workforce by not fully implementing a need clearly demonstrated by the Healthier U pilot, and 2) fully sustain the ongoing commitments outlined in the CalHR strategic plan.

Alternative 4: Do not approve this proposal.

Pros: There would be no increased cost to the state.

Cons: This would significantly delay CalHR from meeting outcomes identified in the strategic plan for an evidence-based and accountable wellness program, as well as preventing all state employees from having access to a wellness program service.

Analysis of Problem

G. Implementation Plan

TIME FRAME	OUTCOME
2016-2017	Implement Healthier U pilot at one additional state worksite and expand to all CDPH and DHCS satellite offices statewide.
By October 2016	CalHR will develop and release an RFP for a core statewide wellness program service.
January 2017-June 2017	First phase of implementation of the wellness program service will begin. Several state departments and their employees will be selected to participate in this initial phase.
July 2017-June 2018	Second and final phase of implementation will occur and allow all active state employees to participate in the program service. Training and technical assistance will be provided to all state departments.
By June 2018	Operationalize Healthier U for implementation statewide.

H. Supplemental Information

Healthier U has been using the Health Trails program service provided by Health Enhancement Systems (HES) at the pilot site. HES previously estimated that, for 224,000 state employees, Health Trails would cost in the neighborhood of \$221,000 for an annual license. CalHR expects pricing to be relatively consistent with prior year, based on similar costs in 2014 and 2015 for the pilot site. Any remaining funding after a competitive bid process would be used for communication and training materials.

I. Recommendation

Approve Alternative 1. This alternative will provide: 1) all state employees with wellness opportunities, 2) department wellness coordinators with a tool to monitor and improve wellness program offerings; and 3) CalHR with data and analytics to oversee, assess, and evaluate wellness program effectiveness.