



EXECUTIVE SUMMARY
Government of Guam's Wellness Benefits
Report No. 09-07, December 2009

To promote healthier lifestyles and curb health problems among its employees and retirees, the government of Guam offers fitness and wellness services through the Government of Guam Health Insurance Plan (GHIP) administered by the Department of Administration (DOA). The wellness center contracted by the GHIP provider offers management programs for a variety of health issues such as diabetes, obesity, cardiovascular diseases, and smoking. The fitness center, later added to the GHIP, provides a variety of physical fitness services, counseling, and coaching.

Nature and Objective of Our Audit

Our audit of the GHIP's wellness and fitness benefits (Wellness Benefits) was prompted by citizens' concerns regarding the GHIP provider's procurement of service providers for the Wellness Benefits. Our objectives were (1) to assess the cost, benefit, and utilization of the Wellness Benefits and (2) to determine whether adequate processes are in place to monitor the Wellness Benefits' effectiveness.

Results

Title 4 of the Guam Code Annotated (GCA) §4302(c) states a Negotiating Team (NT) consisting of the Director of DOA, who shall serve as chairperson; as well as directors and representatives of other government entities, were tasked to develop the most economical and beneficial health plan for government of Guam employees and retirees.

Though well intentioned, the NT negotiated the cost of the Wellness Benefits without considering what the greater population of government employees needed or wanted from such benefits, how many would participate and use wellness/fitness center services, or whether they would be willing to pay for such services. Currently, the cost of the Wellness Benefits is fixed into the employees and retirees' monthly health insurance premium and is paid to the GHIP providers at a flat rate. While participation in the Wellness Benefits is entirely voluntary, all employees and retirees share the cost for these services and are paying more for these services than private or non-government users.

After the GHIP contract was negotiated, an addendum dated August 29, 2008 was added to provide physical fitness services for FY 2009. This addendum was not part of the original healthcare plan Request for Proposal (RFP). The addendum called for the inclusion of physical fitness services and specified that the GHIP provider procure a fitness center offering cardiovascular training, resistance and strength training, flexibility training, and group exercise classes. This addendum was a sole source procurement and was not advertised.

Between October 1, 2007 and June 30, 2009, the government of Guam, through the GHIP provider, paid \$699,788 to the wellness center and the physical fitness center. Of the total, \$496,388 was paid to the physical fitness center and \$203,400 was paid to the wellness center. The payment was based

on the total number of government employees enrolled in the GHIP rather than the number of government enrollees who actually participated in the Wellness Benefits. The cost for the fitness center was based on the average GHIP enrollment of 10,250 enrollees each month. Although \$496,388 was paid to the fitness center, we found a discrepancy of over \$35,000, which is being reviewed by DOA.

Over the two-year period from October 2007 to September 2009, the only utilization data provided was that 58 government employees participated in the wellness center between October 2008 and February 2009. Out of 10,250 GHIP enrollees, we found that a monthly average of 618 government employees or 6% of the total GHIP enrollees utilized the fitness center.

We found that no agency was tasked to manage the Wellness Benefits. As a result, there was no requirement to provide utilization data at the wellness or fitness centers; no survey of employees was conducted as to the types of Wellness Benefits that could be offered; no comprehensive plan as to how to utilize and manage the Wellness Benefits; and no cost-benefit analysis of such a program. DOA's role is to ensure that the terms of the contract are applied accordingly. DOA does not have dedicated personnel and expertise to monitor Wellness Benefits activities.

Conclusion

The Wellness Benefits are available to all government of Guam employees and retirees. However, based on the scant utilization data provided, only a small number of employees utilize these services. Without a designated entity to monitor this program, government of Guam has paid non-competitive rates to have the wellness and fitness centers available to government employees.

We recommend that the Governor designate an entity to be responsible for monitoring the Wellness Benefits. The designated entity should:

- Develop a comprehensive plan to include a survey of the government of Guam employees;
- Collect and assess data on the utilization of the wellness and fitness services; and
- Coordinate efforts with the Healthy Guam Initiative.



Doris Flores Brooks, CPA, CGFM
Public Auditor