

## Incentives for Wellness

### wellness and prevention is the new model for health care

Maintaining good health is an ongoing process. Wellness is about paying attention to one's health before something happens. Not only do wellness programs prevent illness, they also improve the bottom line through reduced absenteeism and health care costs and increased productivity and profits. Promoting education, awareness and the programs that help employees thrive are being strongly promoted under the health care law.

According to a case study conducted by the Centers for Disease Control and Prevention, the indirect costs of poor health – including absenteeism, disability and reduced work output – may be several times higher than direct medical costs. In fact, productivity losses related to personal and family health problems cost U.S. employers \$1,685 per employee per year, or \$225.8 billion annually.

Workforce health programs have the potential to promote healthy behaviors; improve employees' health knowledge and skills; help employees get necessary health screenings, immunizations and follow-up care; and reduce their on-the-job exposure to substances and hazards that can cause diseases and injuries. Furthermore, successful workforce health programs can save \$2.43 for every \$1 spent.

To encourage a culture of prevention, incentives have been created to encourage workplace health programs that promote healthy behaviors, improve employees' health knowledge and skills, help employees get necessary health screenings and follow-up care and more.

### the law aims to increase workplace productivity through prevention

The health care law requires insurance companies to provide important preventive services\* at no additional cost. Businesses and employees will no longer have to pay copayment, co-insurance or deductible fees to receive recommended preventive health services such as screenings, vaccinations and counseling. For a complete list of all preventive services covered under the health care law, visit [www.healthcare.gov](http://www.healthcare.gov).

*\*These preventive services are available now only to people enrolled in non-grandfathered plans.*

### the law offers financial incentives to encourage workforce wellness

Several provisions of the health care law aim to improve workforce wellness, including incentives for employees who maintain or achieve certain wellness outcomes. The Departments of Health and Human Services, Labor and the Treasury recently released proposed rules on wellness programs to reflect the changes to existing wellness provisions made by the health care law and to encourage wellness programs in group health coverage that are appropriately designed and protective of consumers.

Starting Jan. 1, 2014, employers can offer discounts of up to 30 percent to employees who participate in employer-sponsored wellness programs, an increase from the current 20 percent. The reward can rise to a maximum of 50 percent of the cost of health coverage for programs designed to prevent or reduce tobacco use. These discounts represent two significant differences from most wellness incentives currently offered by employers and health plans: the magnitude of the discount is much greater; and incentives are focused on outcomes rather than participation.

If the wellness program ties rewards to health status goals, such as reaching a certain body mass index (BMI), blood pressure or cholesterol level, certain conditions must be met:

- Rewards for all goal-based wellness programs cannot exceed 30 percent of the cost of employee-only or family coverage through the plan.
- Rewards for all goal-based wellness programs cannot exceed more than 30 percent of the cost of employee-only or family coverage through the plan.
- Eligible individuals should be able to qualify for the reward at least annually.
- The program must offer reasonable alternative standards (or a waiver) for obtaining the reward to any individual who cannot satisfy the standard for that period due to unreasonable difficulty resulting from a medical condition or medical inadvisability.

### additional incentives for your business

*Small businesses with fewer than 100 employees can receive grants to initiate wellness programs*

The health care law provides \$200 million over five years for these companies to apply for grants to facilitate programs designed to enhance opportunities and access for employees to improve their health. The Workforce Wellness Grant gives smaller companies a financial boost to help create their own programs.

### *How to qualify for a grant*

The program must be open to all employees and include the following:

- Health awareness initiatives, like health education, preventive screenings and health risk assessments.
- Efforts to ensure maximum employee engagement and participation.
- Initiatives like seminars, counseling, online programs and self-help materials to change unhealthy behaviors and lifestyle choices.
- Supportive workplace efforts, including policies to encourage healthy lifestyles, healthy eating, increased physical activity and improved mental health. For example:
  - Provide vending machine food choices that meet healthy nutritional standards.
  - Replace doughnuts, coffee and sodas at meetings with water, fruits, vegetables and whole-grain bagels.
  - Allow extended lunch hours for employees to engage in physical activity.

### *there's no reason to wait*

The U.S. Secretary of Health and Human Services is finalizing the application process for grants under the health care law but companies don't need to wait to start developing their wellness programs. Good starting points could include making facilities tobacco-free, giving employees flextime for physical activity and offering healthier food choices in workplace cafeterias and vending machines.

### **workforce wellness grants for existing programs**

Wellness grants may be available to some small businesses with fewer than 100 employees who work 25 hours or more per week. They will be available over five years to businesses that did not have a wellness program in place when the law took effect March 23, 2010. To qualify, wellness programs must be available to all employees and include the following:

- Health awareness initiatives, such as health education, preventive screenings and health risk assessments.
- Efforts to maximize employee engagement and encourage participation.
- Initiatives such as seminars, counseling, online programs and self-help materials to change unhealthy behaviors and lifestyle choices.
- Supportive workplace efforts, including policies to encourage healthy lifestyles, healthy eating, increased physical activity and improved mental health.

The U.S. Secretary of Health and Human Services is currently finalizing the fund appropriation and application protocols for wellness grants. In the meantime employers can begin developing comprehensive wellness program plans now. Examples of wellness initiatives include establishing tobacco-free workplace policies, promoting flextime to encourage employees to be more physically active and offering more healthy food choices in worksite cafeterias and vending machines.

Be sure to check back to [www.healthlawguideforbusiness.org](http://www.healthlawguideforbusiness.org) for updates on the application process.

### protecting consumers

In order to protect consumers from unfair practices, the proposed regulations would require health-contingent wellness programs to follow certain rules, including:

- Programs must be reasonably designed to promote health or prevent disease. To be considered reasonably designed to promote health or prevent disease, a program would have to offer a different, reasonable means of qualifying for the reward to any individual who does not meet the standard based on the measurement, test or screening. Programs must have a reasonable chance of improving health or preventing disease and not be overly burdensome for individuals.
- Programs must be reasonably designed to be available to all similarly situated individuals. Reasonable alternative means of qualifying for the reward would have to be offered to individuals whose medical conditions make it unreasonably difficult, or for whom it is medically inadvisable, to meet the specified health-related standard.
- Individuals must be given notice of the opportunity to qualify for the same reward through other means. These proposed rules provide new sample language intended to be simpler for individuals to understand and to increase the likelihood that those who qualify for a different means of obtaining a reward will contact the plan or issuer to request it.

The proposed rules would not specify the types of wellness programs employers can offer, and invite comments on additional standards for wellness programs to protect consumers.