

# Wellness

## **ACTION NEEDED:**

Congress should provide tax incentives to employers that adopt wellness programs as a benefit for their employees. In addition, we believe that Congress should provide legal protections for employers that create wellness programs, and incorporate wellness and disease-management programs into all federal health benefits programs, such as the Federal Employees Health Benefit Program, Medicaid, Medicare, SCHIP and the Veterans Health System.

## **BACKGROUND:**

Unhealthy behaviors and lifestyle choices are two key factors in the increased cost of health care. As much as 50 percent of health care costs can be attributed to individual behaviors. Smoking, alcohol abuse and obesity are examples of behavioral factors that increase the need for health care and, consequently, the cost.

Wellness programs that encourage families to adopt healthier lifestyles and prevent chronic illnesses are important elements of cost-reduction efforts. Wellness programs help reduce health insurance claims and overall health care costs and, most important, help Americans achieve a greater level of health.

Any comprehensive health insurance market reform bill should allow for wellness factors to be allowed as rating characteristics when determining private group and individual market premium rates. This includes for employer groups not only the existence of a wellness program, but also factors that help determine wellness like smoker status, BMI, participation in disease-management programs, etc. These rating factors should be broad to allow for adjustments and innovations in wellness programs over time.

NAHU also supports codification of the current HIPAA bona fide wellness plan rules for employer-sponsored health insurance plans with the following changes:

- Allow state insurance commissioners or HHS or DOL to waive the 20% limit on the value of wellness plan incentives on a case-by-case basis to allow employers to design innovative plans to accomplish wellness plan goals. An alternative would be to raise the cap to 50 percent. Either option will fully allow employers to vary premium rates/copayments/coinsurance charged and provide other rewards to employees based on employees participating in wellness programs, obtaining routine preventive care and meeting personal wellness participation goals. Currently, the value of all incentives may be no more than 20% of each individual's total annual premium.
- Establish a safe harbor for those employers promoting wellness and health activities among their employees from non-intentional discrimination charges.
- Address the Equal Employment Opportunity Commission rules that currently prohibit mandated health risk assessment due to their interpretation of Americans with Disability Act.

In order to realize a greater level of health, as well as cost savings, NAHU supports legislation that provides incentives for employers that establish wellness and disease-

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management programs for their employees. Not only do these programs promote a healthy lifestyle, but they also promote the prevention of high-cost chronic diseases.

Disease-management programs are a crucial component to lowering health care costs. Chronic diseases like diabetes, congestive heart failure, asthma and others affect millions of Americans and lead to increased health care costs and a reduction in individual productivity. Disease-management programs target conditions that can be influenced by patient monitoring and intervention. They provide a coordinated system of health care communications and information combined with doctor support to assist chronic care patients with staying healthy and not allowing their conditions to worsen.

Finally, NAHU feels that our nation's largest providers of health care coverage – our federal and state government health plans – should lead by example in the areas of wellness and disease management. NAHU supports the incorporation of wellness and disease-management benefits into all federal and medical programs, including not only health insurance plans for federal and state employees, but also government-subsidized health coverage programs such as Medicaid, Medicare, SCHIP and the Veterans Health System.

Such programs could be modeled after the highly successful Healthy Arkansas Initiative, which targets the state's 50,000 employees, Medicaid recipients and other residents by encouraging them to stop smoking, lose weight and exercise more. Arkansas state employees now receive nutrition counseling, "walking breaks" instead of smoking breaks, paid leave as a reward for healthy behaviors, and discounted health insurance premiums if they agree to undergo a voluntary health risk assessment.

Arkansas' nearly 600,000 Medicaid recipients have similar incentives and the Medicaid program now pays for nicotine patches and similar smoking-cessation tools. According to a recent national study, 26 percent of all adult Medicaid recipients in Arkansas used tobacco products in 2002, costing the state an estimated \$540 million. The state Medicaid program is also implementing a highly successful disease-management program to help curb costs and improve treatment of diabetes.