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New PPACA Wellness Rules Include Fat Rewards

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Benefits Pro

Workers who lose weight or quit smoking while enrolled in a workplace wellness programs could see their health care premiums drop under new rules issued Wednesday as part of the Patient Protection and Affordable Care Act.

Beyond lowering premiums, the Health and Human Services Department said the rules — released by HHS along with the Labor and Treasury departments — also are aimed at protecting individuals from unfair underwriting practices that could reduce their health benefits.

Wellness programs typically tie financial incentives to weight loss or reducing blood sugar.

As the mounting cost of health insurance continues to strain budgets, both employers and policy makers are increasingly turning to wellness programs as a way to help bring those costs under control.

Proponents say wellness programs can save employers as much as \$7 for every \$1 spent, as well as deliver higher employee morale, reduced absenteeism and increased productivity and retention.

The rules support “participatory wellness programs” that, for example, reimburse employees for the cost of membership in a fitness center, or provide some kind of reward to employees for attending a monthly, no-cost health education seminar.

The rules also outline standards to reward individuals who meet a specific outcome related to their health, say losing weight or cutting smoking.

Some Democrats in Congress worried that the outcome-based programs could allow insurers to discriminate against unhealthy people.

Businesses, meanwhile, expressed concerns about overly burdensome regulations, requiring them to provide tests to determine whether employees met wellness program benchmarks. Helen Darling, president of the National Business Group on Health, in a letter said she worried that “certain provision[s] of the proposed regulations will impede innovation and increase administrative and cost burdens for wellness programs, with little to no benefit to participants.”

But HHS said it had “clarified” some “confusion” about how the new incentives would work, though it left intact the size of the incentive employees can receive for meeting wellness goals. Some had wanted the incentives reduced.

Under the rules, employers can bump up the maximum permissible dollar amount of the rewards offered to employees to 30 percent — it had been 20 percent — of the total cost of their health care coverage, and can raise incentives tied to smoking prevention or reduction programs to up to 50 percent of total coverage costs.

“Today’s final rules ensure flexibility for employers by increasing the maximum reward that may be offered under appropriately designed wellness programs, including outcome-based programs,” HHS said in a statement.

“The final rules also protect consumers by requiring that health-contingent wellness programs be reasonably designed, be uniformly available to all similarly situated individuals, and accommodate recommendations made at any time by an individual’s physician based on medical appropriateness.”

The intent, HHS said, is that, regardless of the type of wellness program, anyone taking part in the program should be able to receive the full amount of any reward or incentive, “regardless of any health factor.”

Above all, HHS said, it has tried to be reasonable.

"These final regulations state that a wellness program is reasonably designed if it has a reasonable chance of improving the health of, or preventing disease in, participating individuals, and is not overly burdensome, is not a subterfuge for discrimination based on a health factor, and is not highly suspect in the method chosen to promote health or prevent disease," agency officials said.

The rules will go into effect Jan. 1.

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