

WELLNESS AND HEALTHCARE REFORM

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WELLNESS AND HEALTHCARE REFORM

Healthcare reform encompasses the dueling goals of making high quality, cost effective health care available to all Americans while controlling the cost of such health care services.

Wellness programs are typically viewed as a means of achieving these dueling goals.

1. 91% of employers “believed they could reduce their healthcare costs by influencing employers to adopt healthier lifestyles.” Harris Interactive, 2008
2. In addition to lower healthcare costs, wellness programs also offer the benefit of increased productivity and morale.

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CURRENT LEGAL RESTRICTIONS ON WELLNESS INCENTIVES

HIPAA restricts discrimination in health benefits based on “health factors” including health status, medical condition, and medical history.

In general what is permitted: Programs that reimburse workers for participating in health services, including reimbursement for gym memberships, diagnostic tests, or smoking cessation programs.

Programs that reward actual health results are more complex to implement from a legal perspective and must enact the following requirements (Implemented in 2006; Bush Administration)

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CURRENT LEGAL RESTRICTIONS ON WELLNESS INCENTIVES (Cont'd)

1. Premium differential must not be more than 20% of total cost of employee coverage.
2. The program must be reasonably designed to promote health and prevent disease.
3. Eligible individuals must be given a chance to qualify once per year.
4. Program must be available to all similarly situated individuals and offer an alternative for worker who it is medically inadvisable.
5. Program materials must disclose option of an alternative means to satisfy program requirements.

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CURRENT LEGAL RESTRICTIONS ON WELLNESS INCENTIVES (Cont'd)

Also ADA and GINA concerns.

These current laws clearly support a policy which attempts to prevent pricing health care benefits differently for workers based on health factors.

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HEALTH CARE REFORM AND WELLNESS

As the cost of health care continues to escalate, and the additional costs of health care reform get factored in, there is support in Congress for relaxing the policy of preventing pricing health care benefits differently based on health status.

House Bill

- HHS to make grants to small employers who offer wellness programs but the financial rewards for participants cannot be tied to premium or cost sharing.

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HEALTH CARE REFORM AND WELLNESS (Cont'd)

Senate Bill

- An eligible program must have “a reasonable chance” of helping people stay healthy and “is not overly burdensome, is not a subterfuge for discriminating based on health status factor, and is not highly suspect in the method chosen to promote health or prevent disease.”

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HEALTH CARE REFORM AND WELLNESS (Cont'd)

Senate Bill (cont'd)

Rewards can be based on health status factors if the following are met:

1. Program must be “reasonably designed” to promote health or prevent disease”, and “is not overly burdensome, is not a subterfuge for discriminating based on health status factor, and is not highly suspect in the method chosen to promote health or prevent disease.
2. Rewards can't exceed 30% of cost of employee – only coverage or 50% if HHS agrees.

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