

Incentive-Based Wellness Programs Provide Value to Employees and Their Families

Programs Reward Employees for Engaging in Their Own Health Care

Incentive-based wellness programs are explicitly authorized by the *Affordable Care Act* (ACA). On April 16, 2015, the Equal Employment Opportunity Commission (EEOC) issued a proposed rule that would authorize it to regulate employer wellness programs under Title I of the *Americans with Disabilities Act* (ADA). Any additional regulations must not inhibit the ability to offer wellness programs that are in compliance with ACA.

EEOC PROPOSED RULE RAISES QUESTIONS THAT ERODE ACA REQUIREMENTS

- **Wellness Programs Are Already Regulated:** In 2013 the Departments of Treasury, Labor and Health and Human Services issued regulations for employee wellness programs.
- **Conflicting Regulations Leads to Confusion:** The EEOC's proposed rule limits the *Health Insurance Portability and Accountability Act's* (HIPAA) wellness program incentives, potentially creating uncertainty and jurisdictional questions.
- **Additional Regulation Is Unnecessary:** Wellness program requirements under ACA and HIPAA already include robust privacy protections and rules against discrimination.
- **Limiting Incentives Raises Concerns:** Limiting an employer's ability to offer incentives for family coverage hinders their ability to engage employees and their families in their health and reward their efforts.
- **"Reasonably Designed" Should Allow for Innovation:** Any definition of "reasonably designed" should allow an employer to tailor its plan to its population.
- **Employers Can Reduce Costs Without Increasing Copayments:** Incentive-based wellness programs are an important tool that employers can use to focus on wellness in the workplace and avoid chronic health care issues that may be avoided.

Business Roundtable Recommendations

- » Any additional requirements imposed by the EEOC should not contradict existing regulations on wellness programs;
- » Wellness programs should not be overly restricted. Employers should be given flexibility in designing programs to fit their population;
- » Incentives, particularly related to smoking cessation, should not be limited below ACA requirements; and
- » "Reasonably designed" should be defined broadly to allow for innovation.

WELLNESS PROGRAMS EMPOWER WORKERS WITH INFORMATION AND TOOLS TO LIVE LONGER, HEALTHIER LIVES

- Wellness programs allow employers to help employees understand their health risk factors and support them in making lifestyle changes or seeking appropriate preventive and maintenance care to prevent the onset of chronic disease and disability.
- Obesity and related chronic diseases cost employers an estimated \$93 billion per year in health insurance claims. Centers for Medicare and Medicaid Services and the Institute of Medicine researchers have estimated that 75 percent of all health care costs directly stem from preventable chronic health conditions such as type 2 diabetes, hypertension and obesity. The Centers for Disease Control has also reported that employees with modifiable lifestyle risk factors cost employers 228 percent more in direct medical costs than employees with lower risks.
- As the employee population ages, the burden of these risk factors shifts to the public sector. Analysts have estimated that about a quarter of Medicare beneficiaries have diabetes and more than 90 percent of Medicare spending is associated with patients with chronic conditions. As more individuals succumb to disability and join the Medicaid rolls, public spending will increase.
- Understanding and reducing risk factors across the employee population can both drive down employer costs and fend off increased federal and state spending.