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“Wellness” Health Care Programs

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With ever-continuing increases in health care costs, companies are constantly seeking for new ways to provide health benefits in a way that is affordable for both employees and employers. So-called “wellness” programs are part of the current focus on achieving this goal through preventative care – reducing health care costs by keeping workers healthy and by managing existing health conditions to limit the adverse consequences.

What is a “wellness” program?

- A wellness program is a program designed to promote the health of employees, generally focusing on the prevention of health problems rather than treatment.
- Wellness programs include education programs, health risk assessment programs, fitness programs and programs designed to address poor health habits and conditions.

What are examples of common types of wellness programs?

- Education programs – prenatal classes for pregnant women, infant care education, nutrition education
- Health risk assessment – health screening tests for blood pressure, cholesterol, diabetes and cancer (such as mammograms).
- Fitness programs – exercise classes, employer-sponsored athletic teams, employer exercise facilities, subsidies for health club memberships
- Health habit/health condition programs -- smoking cessation, weight loss, stress management, chronic condition management (such as programs for diabetes, high blood pressure, heart disease)

Why would an employer sponsor a wellness program?

- Cost-benefit. A relatively low-cost wellness program can help significantly reduce the number and severity of expensive health problems experienced by employees.
- For example, one study has estimated that employers lose an average of \$400 annually in employee time and medical expenses on account of the flu, while flu vaccinations only cost around \$10.
- For example, if a prenatal education program for pregnant women helps avoid a single premature birth, the program can avoid thousands of dollars in expenses and pay for itself for years.
- Attracting and retaining employees. In some industries, wellness programs of some type may be necessary to provide benefits that are competitive with other employers in the industry.

How do employers get employees to participate in wellness programs?

- Convenience. Wellness benefits provided at the workplace generally save employees time compared to receiving the benefit somewhere else and often permit them to schedule the activity for the time that is most convenient for them – getting a blood pressure test at work saves the time of a trip to the doctor and may, unlike a doctor’s office visit, be possible to do during lunch without interfering with work or family life.
- Cost/incentives. Employers often pay for wellness program services, such as the cost of health screening tests, and in some cases provide direct financial incentives, such as subsidies for health club memberships or discounts on health insurance for non-smokers and individuals who participate in smoking cessation programs.

Are there legal issues that an employer needs to worry about in establishing or maintaining a wellness program?

- Yes. The primary concern is the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which prohibits group health plans from using health status to determine eligibility, contributions or benefits. This affects wellness plans that offer incentives related to an employer health plan, such as reduced health insurance premiums for non-smokers. “Health status” is a broad term that would cover conditions such as high blood pressure and smoking addiction. “Group health plan” includes not only a standard employer health plan but can include cafeteria plans, health reimbursement arrangements and other employer health benefits. HIPAA does contain an exception for "bona fide wellness programs" that meet certain requirements, but you must consult with a benefits attorney or other benefits professional to ensure compliance. For example, if you offer non-smokers a discount on health insurance premiums, you must annually offer smokers a reasonable alternative method of qualifying for the same discount (such as participation in a smoking cessation program). Additional requirements also apply.
- Other laws, particularly nondiscrimination laws, can also affect wellness programs, although this is not as common an issue as HIPAA compliance.

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