

Workplace Wellness

RESULTS-ORIENTED WELLNESS PROGRAMS

Wellness programs can significantly reduce health care costs when implemented successfully.

But did you know that there are three different types of wellness programs – and that the least commonly offered type, a results-oriented program, has actually been proven most effective? Read on for information about the advantages of a results-based wellness program and tips for successfully designing and implementing one.

Types of Wellness Programs



AWARENESS-ORIENTED

- » Provides information and resources to help employees learn about healthy lifestyle choices
- » Emphasizes education and awareness, not actual activity or behavior
- » Tends to be most appealing to already health-conscious individuals, so generally ineffective for reducing health care costs



ACTIVITY-ORIENTED

- » Combines awareness with participation in healthy activities
- » Examples: walking programs, weight-loss challenges, discounted/free gym memberships
- » Generally offers some type of participation incentive
- » Usually leads to some health care savings, but could take three or more years to break even or realize a positive return on investment



RESULTS-ORIENTED

- » Focuses on measurable outcomes and behavior changes achieved through the program
- » Also includes components of awareness- and activity-based programs
- » If paired with strong incentives, this type has the ability to produce significant return on investment through lower health care costs, decreased absenteeism and fewer workers' compensation incidents



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BENEFITS

This article is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel or an insurance professional for appropriate advice.

Are you a current client ready to start a wellness program in your office? Interested in learning more?
Contact Sue Bennett at sue@ktbenefits.com or visit ktbenefits.com/wellness.

Implementing a Successful Results-Oriented Program

Follow HIPAA guidelines. One reason employers may shy away from results-oriented wellness programs is concern about HIPAA's nondiscrimination rules. HIPAA prohibits group health plans and group health insurance issuers from discriminating against individual participants and beneficiaries in eligibility, premiums or benefits based on a health factor. However, HIPAA does allow benefits (including cost sharing), premiums or contributions to vary based on participation in a wellness program, if the program complies with certain nondiscrimination standards. Under these rules, results-oriented wellness programs are permitted if they abide by the following five conditions:

1. **The program must give eligible individuals the opportunity to qualify for the reward at least once per year.**
2. **The total reward (incentive) for results-based programs is limited** – generally, it must not exceed 20 percent of the cost of employee-only coverage under the plan. However, the Affordable Care Act (ACA) increases this limit to **30 percent** for plan years beginning on or after Jan. 1, 2014. Following a governmental study on wellness programs, the incentive may be increased to as much as 50 percent. Also, final ACA regulations issued on May 29, 2013, increase the maximum permissible reward to 50 percent for wellness programs designed to prevent or reduce tobacco use.
3. **The program must be reasonably designed to promote health and prevent disease** – to be considered reasonably designed to promote health or prevent disease, results-oriented wellness programs must provide a reasonable alternative standard to qualify for the reward for all individuals who do not meet the initial standard that is related to a health factor.
4. **The reward must be available to all similarly situated individuals** – the program must allow a reasonable alternative standard (or waiver of initial standard) for obtaining the reward for to all individuals who do not meet the initial standard based on a measurement, test or screening, regardless of any medical condition or other health status.
5. **The plan materials describing the terms of the program must disclose the availability of a reasonable alternative standard (or the possibility of a waiver of the initial standard).**

COMPONENTS OF SUCCESSFUL PROGRAMS

- » **Health risk appraisal** – This helps identify risk areas to focus on.
- » **Health testing** – Such testing measures weight, body mass index (BMI), blood pressure, blood lipids, etc. and provides a benchmark for goals to improve these factors.
- » **Incentives** – Offer monetary or other significant rewards for participation in certain activities or for achieving specific accomplishments within the wellness program.
- » **Education** – Give employees access to information about healthy eating, exercising, quitting smoking, losing weight and other healthy living topics.
- » **High participation rates** – Use incentives, marketing and other strategies to increase participation rates and drive the most return on investment.
- » **Frequent contact** – Distribute posters, emails, bulletin board reminders, etc. to keep employees aware of the program.
- » **Family participation** – Allow and encourage family members to participate, making it easier for the employees to strive toward a healthier lifestyle.
- » **Exercise** – Consider offering on-site workout facilities or discounted gym memberships to encourage regular physical activity.
- » **Smoking cessation** – Offer a smoking cessation program within your wellness plan to help combat one of the leading health risks among employees.
- » **Flexibility** – Allow flexibility in setting your objectives/standards so that employees can have personalized programs that address their most pressing risk factors.

Getting Started

- » **Seek executive approval:** No good program will get off the ground without buy-in from your company's executives. Strong senior-level support is the foundation for building a solid, effective wellness program.
- » **Put together a wellness team:** A team effort is important so that enough resources are available to successfully design, implement, administer and monitor the program.
- » **Develop a plan:** Design a very specific wellness program based on your company's size, needs and financial situation. You'll need to decide what incentives to offer, which health initiatives to emphasize, what programs to offer, etc. Remember to keep your program in compliance with the HIPAA guidelines mentioned above.
- » **Follow up and evaluate:** Once your program is implemented, monitor participation rates and progress to make sure it is on the right track. If not, aspects of the program may need to be changed or revamped. Only by continuing to evaluate the program will your company be able to achieve their maximum return on investment.

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