

ACA and Workplace Wellness

Questions Asked; Some Answers Available

By David Norris

With the Affordable Care Act (ACA) looming on the health care horizon, businesses are taking a long and hard look at how the provisions of the legislation will impact their policies, procedures and ultimately their bottom lines. The focus has largely shifted away from debating the law's pluses and minuses and moved toward a more practical discussion about implementation.

One of the most intriguing aspects of the ACA is the language specific to workplace wellness programs, which have increased dramatically in recent years. These programs have become more sophisticated and diverse in the ways in which they promote and reward healthier habits and lifestyle choices. As workplace wellness momentum grows, many business leaders and decision-makers have become more in touch with the ways in which wellness and health care decisions in the workplace can have a profound impact on their employees and their businesses.

That level of involvement is already evident with the ACA, as employers are asking a lot of important and insightful questions about how the law will impact new and existing wellness programs. These are important questions, and while some of the answers have yet to be determined, it is clear that understanding how workplace wellness programs fit within the context of the ACA is a priority for many business owners and executives.

Changing landscape

Under the current model of employer-subsidized health care insurance, employees typically have a fairly limited selection of plans to choose from, and there is not a great deal of transparency beyond the basic cost structure. In 2014, however, the health care landscape will begin to look quite different. There will be a massive influx of new participants into the insurance marketplace, with more people buying health insurance and asking detailed questions about how to get the most out of their plans. Employers are going to be moving toward defined contribution plans, with more health choices and more opportunities for employees. At the same time, employees are going to be expected to be more informed and sophisticated health care consumers. As a result, we are likely to see heightened interest in the financial and health care benefits that can come from participating in workplace wellness programs.

The current range of workplace wellness solutions, and the design of various workplace wellness programs, varies significantly. Some employers have chosen to deploy fairly basic and straightforward wellness programs – featuring online questionnaires, presentations, educational sessions from health and wellness experts, and modest participation-based rewards like gift cards and gym membership waivers. Others are

embracing much more elaborate health-contingent wellness programs, with health insurance premiums contingent upon program participation and/or employees meeting certain biometric standards like blood pressure, BMI and cholesterol.



David Norris

Workplace wellness

When the ACA was written, it seemed like millions of dollars were going to be made available for the promotion of workplace wellness programs (including \$200 million in grants for small businesses to create wellness programs). While that funding has not yet been approved, the parts of the ACA that will have the most impact on businesses will likely have less to do with raw dollars and more to do with the fact that the law makes it possible for employers to design and deploy more effective health and wellness programs.

To that end, the ACA makes some important changes to the HIPAA discrimination rules governing workplace wellness programs. While there is strong language preventing discrimination, the ACA does make it easier for employers to incentivize health-contingent wellness programs by expanding the incentive reward available to eligible employees from 20% to 30% of the cost of coverage under the plan (and as high as 50% for programs designed to prevent or reduce tobacco use).

Wellness programs do cost money, however, to administer and maintain, and while most experts agree that they can deliver significant medium and long-term return on investment, there have been some concerns voiced about whether additional ACA-related costs will impact employers' ability to make the initial investment necessary to deploy wellness programs.

Some smaller employers are even asking if it still makes financial sense for them to have a wellness program. Larger employers with experience running a self-funded health program and closely tracking their monthly per-employee costs have seen the effectiveness of well-designed programs (both as a way to improve employee health care outcomes and as a recruiting tool) and are generally more optimistic and enthusiastic about the newfound flexibility that the ACA's wellness provisions will provide.

Continued on page 38

INFORMATION LINK

Author: David Norris is the president of Hylant's Indianapolis office. Hylant is a full-service insurance brokerage with 14 offices in Ohio, Michigan, Illinois, Indiana, Tennessee and Florida. Norris can be contacted at (317) 817-5110 or David.Norris@hylant.com

ACA and Workplace Wellness

Continued from page 8

Bottom line

While we know some of how the ACA will impact workplace wellness programs, all the answers are not in yet. The only thing that anyone can say with reasonable certainty is that costs are going to go up and accessibility to care will change. For employers, the seemingly unavoidable conclusion is this: control what you can control.

Employers are recognizing that workplace wellness programs are an area where they can exert some level of control – where they can incentivize better health and healthy behaviors, and be an active participant in the process of creating healthier and more informed employees.