

# Financial incentives OK'd for workplace wellness programs (Update)

April 16 2015, by Ricardo Alonso-Zaldivar

---

In a victory for business, federal regulators said Thursday that employers can continue to use financial penalties and rewards to nudge staff to participate in fast-growing workplace wellness programs.

But the Equal Employment Opportunity Commission—which enforces laws against discrimination—also proposed some safeguards for employees.

Those include limits on the size of financial incentives, confidentiality of employee medical information and prohibitions against firing workers who decline to participate or denying them access to the company health plan.

Financial incentives can range as high as 30 percent of the cost of premiums for employee-only coverage, the commission said. The proposed regulations are now open for public comment for 60 days.

Programs that encourage workers to lose weight, quit smoking, get active and better manage stress are spreading throughout American businesses. Employers are looking for ways to cut costs associated with chronic illnesses, which can be influenced by lifestyle, not just family medical history.

Some wellness programs require employees to complete a health risk assessment questionnaire and discuss the results with a health coach. Some require employees to take specific actions, such as losing weight

or getting blood pressure readings down to recommended levels.

The wellness regulations have been lobbied hard by business groups pressing for more leeway and advocates for people with disabilities, seeking limitations. The influential Business Roundtable warned the administration last year that the employment commission's pursuit of discrimination claims related to wellness programs was having a chilling effect on efforts to control health costs.

Businesses say the programs are paying financial dividends, but independent assessments are mixed. For example, a 2013 study of a major St. Louis hospital system found that its wellness program was associated with a sharp drop in hospitalization. Yet increased outpatient costs erased those savings.

The 30-percent standard for financial carrots and sticks was set in President Barack Obama's health care overhaul law.

Here's how it works: If the total premium paid by the employer and employee for single coverage is \$5,000, rewards or penalties for participating in a wellness program under that plan cannot exceed \$1,500.

Virtually all large companies offer some sort of wellness benefit as part of their health insurance program. But fewer than 4 in 10 use financial incentives to get employees to participate or meet specific health goals. In most cases the penalties or rewards are well below what would be permitted under the proposed regulations.

After the health care overhaul passed in 2010, questions arose about potential conflicts with the Americans with Disabilities Act, or ADA, which dates back to 1990 and protects people with chronic conditions against workplace discrimination. That law says wellness programs have

to be voluntary.

The employment commission is trying to balance the two laws.

Karen Pollitz, an insurance expert with the nonpartisan Kaiser Family Foundation, said the commission previously had maintained that participation in wellness programs must be voluntary.

"Without question, the EEOC has stepped away from its prior enforcement guidance," said Pollitz. "Now they are saying it is OK to penalize people as long as the financial penalties or incentives, as well as other aspects of the program, are within these limits."

Commission Chairwoman Jenny R. Yang said in a statement the goal is to "harmonize" the workings of different federal laws that address the issue.

"Medical inquiries and exams that are part of an employee health program must be voluntary," said Yang. At the same time, "allowing incentives to encourage participation in wellness programs" is permitted by federal law.

© 2015 The Associated Press. All rights reserved.

Citation: Financial incentives OK'd for workplace wellness programs (Update) (2015, April 16) retrieved 19 April 2024 from <https://medicalxpress.com/news/2015-04-wellness.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.