

Wellness Program Woes

Recent years have seen a growth in employer-sponsored “wellness programs”, which offer both rewards and penalties to employees based on performance for certain health metrics. The original intent of wellness programs was to capitalize on an “...*opportunity to not only improve the health of Americans, but also help control health care spending.*”ⁱ According to a recent survey by RAND Health, 51 percent of all employers (with more than 50 employees) offer some type of wellness program, and larger employers are more likely to offer programs than smaller employees.ⁱⁱ

Employees, however, have begun to protest some of these programs, citing excessive costs associated with program penalties and concerns regarding privacy of health information. Recently, employees of Pennsylvania State University have begun petitions protesting various aspects of the mandatory wellness program, which was initiated to reduce tuition costs and help employees identify strategies to improve health.ⁱⁱⁱ Employees (and spouses covered under the health plan) that fail to complete comprehensive health screening, including a detailed health questionnaire; physical exam; and, biometric screenings, will be charged \$100 per month beginning in January 2014. Additional monetary penalties exist for tobacco users (\$75 per month).^{iv} Petitioners have also voiced concerns about the security and privacy of the detailed health information collected in wellness assessments.^v

Growth in employer wellness programs in recent years has been aided by regulations and incentives offered under the Patient Protection and Affordable Care Act. The Act supports both participatory wellness programs and health-contingent wellness programs, both of which were designed to reward employees for taking advantage of education and activities to improve their health.^{vi} While the regulations were designed to allow employers flexibility in the type of wellness program(s) offered, and allow employees reasonable alternatives and opportunities to achieve rewards,^{vii} it does not address an employer’s right to employ fiscal penalties for employees that do not meet health standards.

Prior research suggested that wellness programs could constitute significant return on investment—anywhere from \$3 to \$6 per \$1 invested.^{viii} However, recent literature suggests that despite the well reasoned rationale supporting cost savings of wellness programs, the people that would ideally benefit the most, i.e., those with underlying preventable conditions, don’t actually spend more on healthcare than people without. In addition, the study raised questions regarding whether cost shifting caused by these programs may constitute discrimination based on health status and socioeconomic status.^{ix} This recent literature, as well as a lack of evidence that suggests fiscal penalties associated with health targets of wellness programs can improve employee health, casts doubt on whether current wellness program legislation is sufficient, or if opportunities exist to enhance consumer protection in wellness programs.^x

ⁱ “The Affordable Care Act and Wellness Programs”, by the U.S. Department of Labor, November 20, 2012, p. 1

ⁱⁱ “Workplace Wellness Programs Study: Final Report”, by Matke et al., RAND Health, 2013, p. 18-19

ⁱⁱⁱ “Penn State Employees Protest Wellness Effort”, by Anna Wilde Mathews and Timothy W. Martin, The Wall Street Journal, August 15, 2013, online.wsj.com/article/SB10001424127887323455104579014653816536802.html#printMode?dsk=y (Accessed September 14, 2013)

^{iv} *Ibid*, Wall Street Journal, August 15, 2013

^v *Ibid*, Wall Street Journal, August 15, 2013

^{vi} *Ibid*, U.S. Department of Labor, November 20, 2012, p. 1

^{vii} *Ibid*, U.S. Department of Labor, November 20, 2012, p. 1-2

^{viii} “Wellness and Beyond: Employers Examine Ways to Improve Employee Health and Productivity and Reduce Costs”, by Hewitt Associates, August 2008, p. 19

^{ix} “Wellness Incentives in the Workplace: Cost Savings Through Cost Shifting to Unhealthy Workers”, by Horowitz et al., Health Affairs, Vol. 32, No. 3, 2013, p. 474

^x “Premium Incentives to Drive Wellness in the Workplace: A Review of the Issues and Recommendations for Policymakers”, by JoAnn Volk and Sabrina Corlette, Georgetown University Health Policy Institute, February 2012, p. 8



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