

# **Bond Case Briefs**

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## **New Law Boosts Wellness Incentives.**

The Affordable Care Act is largely permissive in terms of what counties can provide their employees in the wellness arena. It dangles a carrot more so than brandishes a stick.

Unlike some provisions of the ACA, there are no penalties for what you “don’t do” regarding wellness but rather the permission to raise wellness benefits for counties that currently offer them — or plan to.

Employers with wellness programs can increase wellness incentive payments from 20 percent to 30 percent of the cost of health coverage, and up to 50 percent for tobacco-cessation programs starting Jan. 1, 2014. This change applies to grandfathered and non-grandfathered plans, and to fully insured and self-funded group health plans. Grandfathered plans are those already in existence on the date the health reform law took effect.

Hopkins County, Ky. has had a wellness program since 2004 but made a major change in its wellness benefits because of early uncertainty about what the ACA would require. It wasn’t until late this past summer that some of the rules were clarified and finalized.

The biggest change for the county was in how it chose to reward employees. Formerly, Hopkins County provided employees a \$25 a month wellness benefit that could either be applied to a health savings account or be used to reduce their premiums, according to County Treasurer Cindy Jones. To qualify for it, employees had to participate in a specific number of county-sanctioned wellness activities. Last year, the wellness benefit was changed to a lump-sum \$300 benefit paid directly to the employee in December of each year, again, with proof of participation in wellness activities.

Jones said the county’s plan is grandfathered, but county officials made the change out of concern that keeping the \$25-a-month benefit could affect their grandfather status. “There was so much disagreement — we’d get a legal opinion that said it would and we’d get legal opinion that said it wouldn’t,” she added. “So finally, we just said forget it; we’re not going to do this anymore. We’re going to change it and pay everybody a (lump sum) monetary award.” The county has about 160 full-time employees and about 200 part-timers.

John Kaegi is chief strategist for Healthstat Inc., a company that provides onsite health clinics and wellness programs for employers. He affirmed that uncertainty led employers, including counties, to make some decisions in a vacuum.

“Until recently, the bureaucrats writing the ACA rules had been very unclear about what the rules were going to be in terms of how a company could spend its wellness dollars,” he said, “and I think that led to many organizations pulling back for a short time to see how it would come out.”

In Oregon, Clackamas County has existing wellness programs but doesn’t offer incentives, said Carolyn Williams, the county’s benefits manager, but it is considering doing so in the future. In January 2011, the county began covering preventive care such as annual physicals, mammograms and colonoscopies, with an employee copay.

Click here to access a RAND Corp. study of workplace wellness programs sponsored by the U.S. Departments of Labor and Health and Human Services

<http://www.dol.gov/ebsa/pdf/workplacewellnessstudyfinal.pdf>

The county, too, made changes in its prevention benefits due to a lack of clarity, until recent months, in the ACA's wellness benefits rules on employer-based wellness programs. Final rules were not issued until May 29, 2013 by the Departments of Health and Human Services, Labor and Treasury.

In the meantime, the county decided to make preventive care free, "and we consider that a wellness initiative," Williams said. Now, there is no out-of-pocket cost to employees for services such as screenings and physicals. The county has about 1,900 benefit-eligible employees and provides them a choice among three medical plans and three dental plans.

"We knew that at some point, our plans would no longer be grandfathered and we'd have to do it anyway," she said, "so we just decided it was a good time to do it."

In the short term, the change has led to a 0.5 percent increase in benefit costs, but over time, she believes prevention will lead to fewer claims because of illnesses that have been avoided.

Teresa Lovely is business coordinator for worksite wellness with the Kentucky Department of Public Health. Having helped counties throughout the state, she has a few pointers for counties interested in starting wellness programs.

"A wellness committee is really, really important," she said. "It often falls upon a person who has another job and they attempt to do it on their own, and it almost always fails because they don't have the expertise at the time.

"If funds are available use them, if not, determine what free resources are available." Oftentimes, she added, especially in smaller or rural counties, health professionals might not be available, but having a group of enthusiastic employee champions to lead the effort can build momentum.

Healthstat's Kaegi advises counties to provide wellness incentives more frequently. "I would argue that they should go from a monthly to a daily benefit," he said. "Immediate gratification works much better than delayed gratification when it comes to getting people to change their health behaviors."

By Charles Taylor

SENIOR STAFF WRITER