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ACA Side Effects: Dealing with Health Reform

Wellness focus welcomed by area employers



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For all the frustration expressed by the business community over the Affordable Care Act's mandates and anticipated health insurance cost increases, there is at least one part of the law that has broad support — its employer-sponsored wellness program provisions.

The ACA allows employers to offer larger incentives to employees to participate in wellness initiatives or achieve healthy outcomes, the idea being that healthier workers will need less medical care, thereby boosting company morale and productivity while lowering insurance costs.

Currently, employers can offer a reward equal to a maximum of 20 percent of the

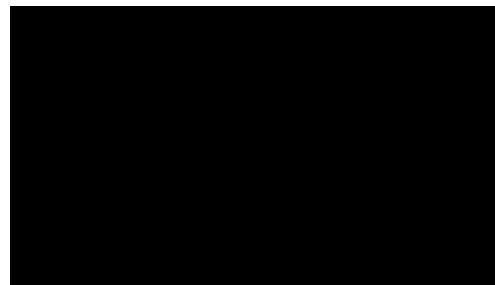


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Health care reform is expected to result in expanded corporate wellness programs.

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cost of coverage, said **Todd Cleary**, a shareholder with the employee benefits practice group at **Godfrey & Kahn SC** in Milwaukee, Madison and Waukesha.

"It didn't put enough teeth into the wellness program," Cleary said. "I think a lot of employers felt that limit, that 20 percent carrot or stick, as the case may be, didn't sufficiently incentivize many employees to change behaviors."

That 20 percent will increase to 30 percent when the ACA provision takes effect in January. And that incentive rises to 50 percent for programs designed to prevent or reduce tobacco use.

"It's one of the few health care changes seen by most individuals in a positive light," Cleary said.

Briohn Building Corp., Brookfield, has ratcheted up the offerings in its wellness program. Last year Briohn hired an outside firm to conduct health risk assessments for employees, said chief executive officer **Nelson Williams**. Other company wellness initiatives include sponsoring charity bicycle rides and stair climbs.

Company leaders view the initiatives as taking care of Briohn's 35 employees while also preparing the company for changes in the U.S. health care system, Williams said.

"The model is to reduce our exposure and our costs for health care down the road," Williams said. "We're stepping up our wellness efforts, thinking the more prepared we can be, the more healthy we can be as a work force, it will help offset changes that are beyond our control."

The trend toward implementing and expanding employer-sponsored wellness programs has accelerated in the past few years, observers said.

In 2006, 19 percent of U.S. employers with 500 or more workers offered wellness programs, with fewer utilizing incentives. A recent Aon Hewitt survey of 800 U.S. employers found that 83 percent use incentives in their wellness programs, according to a May article in Employee Benefit Adviser.

Locally, the **YMCA of Metropolitan Milwaukee** has been a leader in wellness initiatives. Its workplace wellness department, formed in 2007 to promote Y membership to Milwaukee-area businesses with more than 250 employees, works with more than 600 local businesses.

The YMCA also partnered with UnitedHealthcare in 2011 to launch a diabetes prevention program. Annual health care costs for someone with diabetes can reach \$20,000, but just 11 percent of the 79 million Americans with pre-diabetes are aware, said **Meg Radowski**, area director with the YMCA program.

More than 400 people have participated in the program so far, Radowski said.

Such prevention programs are "absolutely the wave of the future," said **Donna Bembenek**, YMCA of Metropolitan Milwaukee senior vice president of philanthropy.

"We talk about who's going to pay" for health care, Bembenek said. "We don't talk enough about bringing down (health care) usage."

Offering a wellness program is all well and good, but what's the best way to entice employees to sign up and then stick with it? There's still debate about that, said **Amy Haft**, senior account manager with FEI Behavioral Health, a Milwaukee-based organization that established the first national employee assistance program network.

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If a reward doesn't get the job done, some employers are resorting to imposing penalties on employees for not participating or achieving wellness goals, said **Dan Potterton**, FEI Behavioral Health chief operating officer.

The Employee Benefit Adviser article proclaimed "financial disincentives" as "the trend of the year in wellness." CVS Caremark grabbed headlines in March for a policy requiring employees to see a doctor for a health screening or pay a \$600 surcharge.

Jeff Engel is The Business Journal's reporter covering the manufacturing industry and technology.

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