

# Benefit Insights

## **Health Care for Americans Improves Modestly, Except for Preventive Care**

While the overall quality of health care delivered by U.S. providers continues to improve, use of prevention tools lags, resulting in missed opportunities to avoid certain serious diseases and their complications, according to annual reports from the Agency for Healthcare Research and Quality (AHRQ). The most recent editions of the National Healthcare Quality Report and the National Healthcare Disparities Report found less than optimal participation in cancer screenings, obesity counseling, and disease management strategies by individuals with chronic conditions such as diabetes and asthma. These missed opportunities can increase health care costs and deter effective prevention and treatment of disease.

The AHRQ quality measures look at the extent to which health care providers deliver evidence-based care for specific services, as well as the outcomes of the care provided. Forty-two core measures focus on four aspects of quality—effectiveness, patient safety, timeliness and patient-centeredness—during four stages of care—staying healthy, getting better, living with an illness or disability, and coping with the end of life.

Overall, most measures show improvement, though on a modest basis, according to the report on quality. Hospitals demonstrated most improvement, outpacing other centers of care, such as ambulatory care, nursing home care and home health care. Specifically, hospital care for heart attack patients improved 15%, for pneumonia patients almost 12%, and for avoidance of complications after surgery more than 7%.

The median rate of improvement for acute care quality measures was about twice that for preventive and chronic care quality measures. Delving further into this difference, while vaccinations for children, adolescents and the elderly showed high rates of overall improvement, the improvement rate for other preventive measures—screenings, advice and



prenatal care—was low. For example, only half of adults received recommended colorectal cancer screenings; fewer than half of obese adults reported receiving diet counseling from a health care professional; less than half of asthmatics received advice on how to change their environment and only 28% said they had received an asthma management plan; and less than half of diabetics received the screenings recommended for this disease (blood sugar tests, foot exams and eye exams) to prevent disease complications.

The second AHRQ report examined disparities related both to the quality of and access to health care among racial, ethnic and socioeconomic groups in the U.S. The measures of quality were the same used in the report discussed above, while access measures assessed how easily patients are able to get needed care and their actual use of services. According to the report, disparities continue to “pervade” almost all aspects of the U.S. health care system, with racial/ethnic minorities receiving lower quality care and worse access to care on most measures, and poorer populations receiving lower quality care on most measures and worse access to care on all measures. Disparities were particularly apparent in the area of prevention. Neighborhood solutions and focused community-based projects are the keys to eliminating these disparities, the report says.

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We welcome your thoughts and suggestions.



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## **American Association of Occupational Health Nurses Say Employees Need Help to Lose Weight, Stop Smoking**

Americans are spending more of their time at work. According to the Organization for Economic Cooperation and Development, between 1979 and 2004 the number of hours Americans spent at work rose 82 percent. As the number of working hours increase, employees will look to their employers more and more for help in solving non-work-related problems. The American Association of Occupational Health Nurses (AAOHN) reports that workplace-driven solutions for personal situations can be extremely effective.

A 2004 survey commissioned by the organization reveals that workplace weight-management programs are important tools in helping employees achieve weight loss. In fact, almost half of all survey respondents who participated in workplace weight-management programs reported they not only achieved their weight loss goal, but also maintained their target weight.

When asked to give the reasons why they were so successful in the company-sponsored program, the respondents answered:

- Being able to participate in workplace support groups
- Receiving guidance from onsite occupational and environmental health nurses
- Having physical activity classes accessible onsite
- Eating healthier foods in the company cafeteria

- Being given incentives for reaching weight-loss goals from their employer

The researchers who conducted the study noted that the findings proved the value of workplace weight-management programs and were a call to action for more businesses to provide employees with onsite wellness programs that address obesity. They also stressed that more employees should take advantage of these programs.

AAOHN also feels that obesity isn't the only issue that workplace wellness programs should address. They are firm believers that non-smoking programs should also be instituted because smoking not only affects employees' health; it affects their employer's bottom line. Smoking claims the lives of about 1,100 people each day. According to the Centers for Disease Control (CDC), for every employee who smokes, U.S. businesses pay \$47.2 billion in indirect costs from smoking-attributable illness and death, absenteeism, workers' compensation payments, accidents and fires, property damage and secondhand smoke exposure.

AAOHN says that employers can provide support for employees to stop smoking in a variety of ways that best fit the work situation. They cited such measures as paying employees to participate in smoking cessation programs or partnering with health care providers to offer referral support.

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It is important to note that these requirements are for wellness programs that base a reward on the employee satisfying a standard related to a health factor. If satisfaction of a standard related to a health factor is not required—for example, if employees earn the reward simply by participating in the wellness program—the program is not subject to these five requirements. The guidance gives these examples of specific programs not subject to the five requirements—

- Reimbursing employees for all or part of the cost of membership in a fitness center.
  - Providing a reward for participation rather than for outcomes.
  - Encouraging preventive care by waiving the copayment or deductible for the cost of services, such as prenatal care or well-baby visits.

- Reimbursing employees for the cost of a smoking cessation program without regard to whether the employee actually quits smoking.

- Providing a reward to employees for attending a monthly health education seminar.

These new rules apply to plan years beginning on or after July 1, 2007. In the preamble to the final rules, the agencies note that in the past (before this final guidance was issued) they had not taken enforcement action against plans that simply were acting in good faith in designing their wellness initiatives. Now, with the publication of final guidance, "the nonenforcement policy ends" with the effective date of the final rules. Thus, this is a good time to review any wellness programs for compliance.

## Wellness Programs Help Avoid Preventable Health Costs

With medical costs on the rise, employers need to consider all possible ways to help employees lower their health care spending. Many of the conditions that give rise to health care spending are preventable, and can be managed—or avoided altogether—with behavioral or lifestyle changes. Workplace wellness programs can provide the tools for employees to adopt the changes that can improve their health and lower their health care spending.

A study published in the American Journal of Health Promotion examined the relationship between group health care costs and 11 modifiable risk factors that are tied to various medical conditions—stress, current or former smoking, sedentary lifestyle, obesity, nutrition, depression, high blood pressure, high cholesterol, alcohol use and blood glucose level. The study found that, overall, these risk factors accounted for approximately 25% of total medical care costs in the studied companies. Almost 8% of costs were related to high stress, and 8% were related to smoking. Another study, published in the Journal of Occupational and Environmental Medicine, concluded that approximately one-third of a studied organization’s corporate costs in medical claims, pharmacy claims and employee absences could be defined as “excess costs” associated with health risks.

Wellness programs offer employers the opportunity to avoid excess health care spending, reduce employee absence rates, and improve employee productivity through encouraging healthy lifestyles. Furthermore, implementing wellness initiatives can aid an employer’s efforts to attract and retain the best employees, and can help an employer build a positive reputation and image in the community.

Wellness initiatives can be simple or complex, and can focus on behavior change for employees overall (such as nutrition counseling, fitness programs and weight management) or for those with a targeted illness (such as asthma, diabetes or hypertension). According to information included in a report prepared by PricewaterhouseCoopers and the Working Toward Wellness initiative of the World Economic Forum, among surveyed U.S. companies, health risk appraisals were the most commonly offered wellness initiative, followed by smoking cessation programs, workout facilities, diet groups,



cafeteria healthy food options, gym memberships, exercise breaks and diet counseling.

The Wellness Councils of America describes seven elements as being inherent to successful workplace wellness initiatives—

1. Having support for the program from senior management, including their involvement in employee communications about the wellness initiative and their being seen as role models for the program.
2. Having in place a team of individuals responsible for the wellness initiative, to avoid individual burnout or loss of leadership in the event of promotions, job transfers or an individual’s move to outside of the organization.
3. Collecting data on various factors that are crucial to establishing and designing the program: What do employee health risk appraisals and screenings indicate would be effective wellness programs? What types of health care claims might be modified by a wellness program? What does data on absences and disabilities indicate? What impact might the physical workplace environment have (e.g., ergonomics, heating and ventilation)?
4. Having in place an annual operating plan that includes measurable goals, a timeline for implementation, budgets, an employee communications/marketing plan, and methods of evaluation.
5. Choosing the best interventions based on the data collected and plan developed.
6. Creating an environment that supports the program, along with supporting overall health. For example, if a program targeting obesity is implemented, providing healthy food choices in the cafeteria and in vending machines not only helps employees to change their behavior, but also shows company support for the program.

Though wellness programs will entail some cost, most employers find the investment worthwhile, and that it pays them back over time, with return-on-investment estimates varying. Implement the right kind of program—or programs—for your workplace, and both your company and employees will benefit.



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## Wellness Programs Must Comply with HIPAA

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Employers increasingly are looking to promote lifestyles that can help employees avoid higher health care costs, reduce absenteeism, and raise productivity in the workplace. Wellness programs can be part of this strategy. To encourage participation in wellness initiatives, an employer might consider offering an incentive, such as a premium reduction. In offering incentives, however, an employer must remain cognizant of the nondiscrimination rules under the Health Insurance Portability and Accountability Act (HIPAA), which prohibit health plans from charging similarly situated individuals different premiums or contributions or imposing different deductibles, copayments or other cost-sharing requirements based on a health factor.

HIPAA carves out an exception that allows plans to offer wellness programs. Previously, the exception was for “bona fide” wellness programs. Recent final regulations issued by the federal agencies responsible for HIPAA oversight abandon this term, and instead spell out five requirements that wellness programs must follow. These requirements are—

1. The total reward for all of the plan’s wellness programs that require satisfaction of a standard related to health must be limited to no more than 20% of the cost of employee-only coverage under the plan. (Cost encompasses both employer and employee contributions.) If dependents may participate in the program, the reward cannot exceed 20% of the cost of the coverage in which the employee and dependents are

enrolled. The reward can be in the form of a discount or rebate of a premium or contribution, a waiver of all or part of a copayment, deductible or coinsurance, the absence of a surcharge, or the value of a benefit that would otherwise not be provided under the plan.

2. The program must be reasonably designed to promote health and prevent disease. The agencies state that they intend for this requirement to be an easy standard to satisfy, but do clarify that the program cannot be overly burdensome or a subterfuge for health-based discrimination.

3. The program must give individuals eligible to participate the opportunity to qualify for the reward at least once per year.

4. The program must include a reasonable alternative standard for obtaining the reward for individuals for whom it is medically inadvisable or unreasonably difficult to meet the regular requirement of the program. The plan may seek verification (for example, from the employee’s physician) that is it unreasonably difficult or medically inadvisable for the employee to satisfy the plan’s regular requirement.

5. The plan must disclose, in all materials that describe the program, that there are alternative ways to obtain the program reward. The agency guidance suggests standard language that can be used to meet this requirement.

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