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\$200M in Health Bill for Healthy Companies

New legislation offers incentives to small business owners who initiate wellness programs for employees.

For many small business owners, a wellness program for employees is a luxury they simply cannot afford. But a provision in the new health-care reform law makes it far more feasible.

The legislation provides \$200 million in grants over five years to small business owners who want to initiate wellness programs for their employees. The grants, which begin in 2011, target employers with fewer than 100 employees who do not currently have a workplace wellness program.

“I think this is a game changer,” said **Rob Wilson, president of Employco**, a Westmont, Ill., firm that provides human resource services to more than 400 small- and mid-size businesses. “We definitely will pitch this to clients. This makes wellness programs more accessible to more and more small business owners. Many of the restrictions on implementing wellness programs will change substantially.”

In vogue for the past decade, wellness programs focus on the physical well being of employees. Programs usually offer weight-loss regimes, smoking-cessation programs and advice on stress management, exercise, diet and fitness. But the end result of fewer sick days, heightened productivity and fewer costly insurance claims have been hard to quantify, especially for cash-strapped small businesses.

“We’ve pitched wellness before, but we don’t really have the stats to answer the questions of whether or not they really affect sick time and productivity,” Wilson said. In the past, he added, a small employer with 20 people would ask whether or not there was any long-term benefit. And a lot of insurance companies haven’t wanted to pay for wellness and preventive care.

“In theory, yes, wellness programs should result in fewer sick days,” he said. “How much impact? It’s really hard to say. But if we are entering a situation where it doesn’t cost anything, it’s worth trying. Small biz might take more notice than they have in past.”

The details of the new health-care reform bill remain unclear, and thousands of pages will be written interpreting the various sections, said Bryce W. Eddy, senior vice president for [Poms & Associates Insurance Brokers](#) in Woodland Hills, Calif.

“For small businesses there are grants that will help them pay a portion of the cost of comprehensive workplace health promotion programs,” he said. “Historically, it has been very tough for small businesses to compete with larger companies who have the capital to invest in programs that help keep their employees healthy and still continue to pay for the increasing insurance premium costs.”

The legislation requires the Secretary of Health and Human Services to develop an application process this year. But to be eligible for the grant money, an employer must be willing to offer the following facets of a workplace wellness program:

*Initiatives that include health education, preventive screenings and health-risk assessments.

*Mechanisms or incentives to maximize employee participation.

* Efforts to change unhealthy behaviors and lifestyle choices, including counseling, seminars, online programs and self-help materials.

* A supportive environment with workplace policies that encourage healthy lifestyles, healthy eating, increased physical activity and improved mental health.

“Small business owners want to offer wellness programs,” said Burton Goldfield, chief executive officer of [TriNet](#), a San Leandro, Calif., company that provides human-resources services to small businesses. “They get that wellness programs are proven to aid employee health while bringing down medical care costs. But small business owners are stretched for resources. The challenge to small business is affordability. Employees are absolutely interested, but small businesses unfortunately cannot afford the cost.”

Goldfield said wellness programs increase worker productivity by reducing absenteeism up to 30%, the overall use of health care benefits by 26% and worker’s comp claims by 30%.

“Of course we would support small businesses in applying for wellness program grants,” he added. “But we found the prospect of good health isn’t enough to incentivize employee involvement. Participation is crucial in making wellness programs a success. Small businesses can concentrate funds from grants and subsidies toward offering incentives. According to the Employee Benefits Institute of America, there is a 70% jump in wellness program participation when incentives are offered.”

For instance, Salt Lake City-based [Universal Accounting](#) offers incentives for 50 employees to participate in its wellness programs. Employees receive points for healthy behaviors like eating a certain number of fruit or vegetable servings per day, exercising or avoiding certain foods. The points can be redeemed for monthly prizes or saved to redeem for larger, higher-value prizes.

CEO Allen Bostrom even created a map of the UA campus, with distances measured, and encourages employees to walk during work breaks. But even UA is already reevaluating its program.

“The existing program has been successful in terms of participation, and in changing behavior,” said UA spokesman Brad Rutledge. “But ultimately, the company wants healthier employees and lower insurance premiums.”

Smaller businesses simply don’t have the buying power to keep increases down, said David Lewis, president of Stamford, Conn.-based [OperationsInc](#), a company that handles human resources for companies too small to warrant their own HR personnel. As a result, direct subsidies to small businesses who initiate wellness programs will help level the playing field, he said.

“Without question, this is an attractive provision,” said Lewis. “Most small business owners are skeptical of the wellness approach, rightfully so ... The return on investment for going the wellness route is a hard sell. Insurance carriers don’t look at these smoking cessation and weight-loss programs and say ‘We’ll drop your rates.’”

The fallacy in arguing for the wellness approach, Lewis added, is that “the reason your bill went up 15 to 31% last year isn’t because of unhealthy people. It’s all these other factors – the rising cost of prescription drugs, the rising cost of care, the reduced number of insurance providers, the greater number of doctors who don’t accept certain insurance providers anymore.

“Everyone’s been on edge trying to figure out what Obamacare will bring,” Lewis said. “Some of that increase is baked in as speculation that there are going to be bigger costs for insurers with the new bill. And they are right. We can expect the same rate of increase – or more – in 2011.”

Lewis said he and his staff will spend part of 2010 getting educated on the criteria and application process for the wellness subsidies.

“Once we have enough information to be dangerous, we’ll offer educational webinars for our staff and clients,” he said. “We would hope to show them it’s worth the time and effort and expense. There’s a great altruistic twist for a small employer to come out in support of a healthy lifestyle that will result in more productive workers. But the bottom line for these folks is what it will do to put money in their pockets or at least offset expenses.”

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