

Wellness Programs in the Individual Market in 2014

- The Affordable Care Act (ACA) codifies and amends certain Health Insurance Portability and Accountability Act (HIPAA) nondiscrimination laws and regulations
 - HIPAA non-discrimination prohibits a group health plan from discriminating based on a health status related factor, but provides an **exception for wellness programs that meet certain criteria**
 - ACA codifies and applies nondiscrimination rules to plans offered in the individual market, but not the **wellness program exception**
- Rewards provided in the individual market starting January 1, 2014 may be prohibited except through the **10-state individual market wellness program demonstration project**
 - By July 1, 2014, HHS is required to establish the demonstration project. Participating states would offer wellness programs in the individual market
 - This may be the only way wellness programs can be offered to individual and family purchasers

Importance of Wellness Programs in the Individual Market in 2014

- The ACA’s rating requirements will significantly impact individual coverage
- State statutes currently limit the rating factors health insurers use: geographic location, family composition, and age. ACA’s restrictive 3:1 age band will increase premiums significantly for younger individuals
- Wellness programs can help by providing premium discounts to alleviate the cost of healthcare coverage, up to 30%, with HHS discretion to increase the limit to 50%
- Perfect complement to Oregon’s Triple Aim goals:
 - *Improve the lifelong health of all Oregonians*
 - *Increase the quality, reliability and availability of care for all Oregonians*
 - *Lower or contain the cost of care so it is affordable for everyone*

Examples of wellness programs available in the group market under proposed rules:

Participatory programs:

- *Fitness membership costs – partial or total reimbursement*
- *Biometrics participation - do not base rewards on outcomes*
- *Smoking cessation programs – regardless whether individual quits smoking*
- *Completing a Health Risk Assessment, selecting PCP, or attending health seminar*

Health-contingent programs:

- *Rewards: can be in the form of premium discounts/rebates, the absence of a surcharge, a waiver of cost-sharing mechanisms, the value of a benefit that would not otherwise be covered under the plan or other financial or nonfinancial incentives*
- *Conditions:*
 - *Opportunity to qualify once a year*
 - *Provide a reasonable alternative standard*
 - *Program design: reasonably designed to promote health or prevent disease*
 - *Limit on reward*