



HIPAA Requirements for Health-Related Wellness Standards

All the data supporting workplace wellness these days has many folks ready to launch into healthy campaigns and wellness incentives to start things off right. Are you sure, however, that your wellness incentives comply with the Department of Labor's HIPAA regulations about wellness programs?

If your wellness program conditions a reward on the employee for satisfying a health-related standard, then you must comply with these five requirements:

1. SIZE OF REWARD

The value of the rewards must not exceed 20% of the total cost (employer + employee contributions) of the employee-only premium. If a spouse and/or dependents participate in the wellness program, the reward must not exceed 20% of the total cost of the employee + spouse or employee + dependent premium.

2. DESIGNED TO PROMOTE HEALTH

This is intended to be an easy standard to meet. The regulations state that a program satisfies this standard if "it has a reasonable chance of improving the health of, or preventing disease in, participating individuals and it is not overly burdensome, is not subterfuge for discriminating based on a health factor, and is not highly suspect in the method chosen to promote health or prevent disease."

3. ANNUAL QUALIFICATION

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

4. AVAILABLE TO ALL

The reward must be available to all similarly situated individuals unless the program provides for a reasonable alternative standard or waiver for individuals who have difficulty meeting the standard due to a medical condition. A plan sponsor can ask an employee for verification from a doctor that a health factor makes a standard too difficult or medically inadvisable. In such cases, a plan sponsor may waive a requirement or lower the standard, but must still provide the reward.



5. DISCLOSE ALTERNATIVE STANDARDS

All plan materials describing the program must disclose the existence of a reasonable alternative standard or possibility of a waiver, given a situation as described above. However, the reasonable alternatives need not be described in the materials. The regulations provide the following sample language to satisfy this disclosure requirement:

“If it is unreasonably difficult due to a health factor for you to achieve the standards for the reward under this program, or if it is medically inadvisable for you to attempt to achieve the standards for the reward under this program, call us at [insert telephone number] and we will work with you to develop another way to qualify for the reward.”

If your wellness program

1. is not associated with a health plan, or
2. it does not require participants to meet a health-related standard,

then you **do NOT** have to comply.

Examples where these HIPAA guidelines do NOT apply are:

- ✿ A program that reimburses all or part of the cost for membership in a fitness center;
- ✿ A diagnostic testing program that provides a reward for participation and does not base any part of the reward on outcomes;
- ✿ A program that reimburses an employee for the costs of smoking cessation programs without regard to whether the employee quits smoking;
- ✿ A program that provides a reward to employees for attending a monthly health education seminar.

Questions about the details of these regulations for your company? Want help in designing an engaging and compliant program at your place of work? We'd love to help!

Give Aaron a call at 303.369.3200 or email aaron@fallriverbenefits.com.