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Bill would give biz, workers tax credit for wellness programs

Intent is to reduce health care costs, promote healthy lifestyles

BY ANDREW DIETDERICH
CRAIN'S DETROIT BUSINESS

Businesses could receive a \$200 tax credit for employees who participate in wellness programs designed to reduce chronic diseases such as diabetes if a federal bill introduced by a Michigan congressman passes.

Employees may be more motivated to participate because they also would receive a \$200 tax credit if they meet the proposed neces-

sary requirements.

And the bill also could be a boon for third-party companies that run wellness programs, because the bill calls for outside organizations to operate them.

U.S. Rep. Joe Knollenberg, R-Bloomfield Hills, introduced the Wellness and Prevention Act of 2007 to the U.S. House of Representatives on Feb. 6.

The bill was referred to the House Ways and Means Commit-

tee and House Energy and Commerce Committee.

Though the proposed bill calls for tax credits, Knollenberg said in a press release the real incentive is to promote healthy living in the workplace and reduce the costs of health in-



Knollenberg

surance for employers.

The bill calls for participating employees to undergo two annual screenings for chronic diseases such as heart disease, and education seminars on healthy eating, exercise and managing stress.

For a business to receive tax credits, 50 percent of employees at a company must participate.

A Feb. 5 report released by PricewaterhouseCoopers said the global workforce is becoming fatter, sicker and less productive because of

the same kind of chronic diseases Knollenberg's bill targets.

The report says that too little attention is being paid to preventing the diseases, with only 3 percent of health care spending in industrialized nations going toward prevention.

However, the report also says that corporate wellness programs have been shown to provide a 3-to-1 return on investment.

"We know from our experience as an employer that providing financial incentives for employee wellness programs does improve a person's health status," said Daniel Zembrzuski, director of the Beaumont Employee Health Plan. William Beaumont Hospitals has more than 12,000 employees at its Royal Oak and Troy locations.

"And we also know as a provider of health services that health care costs increase due to the effects of smoking, obesity, lack of exercise and other poor health habits."

Ann Arbor-based HealthMedia Inc. provides online self-management programs for health and wellness, disease management and medication compliance.

President and CEO Ted Dacko said the company's disease-management programs project a 4 percent improvement in productivity after six months and a cost savings of \$760,000 annually for employers with 10,000 employees, an average salary of \$50,000 and modest program participation.

Michigan passed two laws last October that allow health insurers to offer wellness coverage, incentives and rebates to employers whose workers participate in wellness programs.

Under Michigan law, wellness coverage can include a rebate or reduction in premiums or reduced co-payments, co-insurance or deductibles for participation in employer-offered wellness, maintenance or improvement programs.

Rebates can be up to 10 percent of paid premiums.

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