

# Setting up a Wellness Program Incentive Plan

## Employer Incentive Design Considerations

- What is your benefit design?
  - Current premium contributions
  - HSA or FLEX accounts offered
  - Number and type of health plans offered
  - Majority population that elects your health plan -Employee only or Employee/Spouse or Family
- What motivates your employees?
- What population do you want to incentivize?
  - All employees
  - Employees on health plan
  - Employees/spouse/family on health plan
  - Employees who are not covered on your health insurance plan
- What activities/programs do you want to incentivize? For example, THM, online activities, internal wellness activities, community event participation, etc. could all have different incentives tied to them.
- After you decide who you want to incentivize, determine who is responsible for fulfilling the requirements. For example, many groups are requiring both employee and spouse participation to participate.  
*“Employees AND spouses covered under our BCBSMT insurance plan are eligible to participate. Both employee and spouse must complete all requirements to receive the maximum incentive. This higher premium contribution will apply to next year’s health insurance year, beginning in XX.”*
- Consider the administrative burden that complex incentives can have on Payroll staff

## Designing a Wellness Incentive Structure

### Deidentified examples from current BCBSMT groups

#### **Example A: Monthly monetary contribution**

For those who participate, we are committed to returning the savings back to you. For completing the three goals outlined by XX, you will receive a savings of \$25 per month on your monthly employee contribution for the next plan year beginning in XX.

#### **Example B: Health plan premium employer contribution increases if participation requirements met**

As an incentive for employees to participate in this mutually beneficial program, [Company] will contribute an additional 5% toward your health insurance premium (i.e. 75% company/25% employee). In this first year of the THM Program, the only requirement that you (and your spouse if they are on our health insurance) would have to complete is the THM form and screening/s by your primary health care provider(s) before XX to be eligible for this additional premium contribution. This higher premium contribution would apply to the 2015 health insurance year.

#### **Example C: HSA contribution**

If you complete your THM form and submit it to BCBSMT by XX, you’ll earn \$100 toward your HSA.

#### **Example D: Raffle drawing for participation and monetary incentive for health factor score**

In 2014, first, you earn a raffle ticket for one of three \$500+ prizes just for completing your Total Health Management (THM) Health Assessment Form! Second, you can earn a cash incentive if your personal THM score is 85 or above or if you improve your personal THM score by 10 points!

### **Example E: Raffle with increased monetary reward for higher company participation**

Complete your WWB Wellness Assessment by XX and you will be entered into one grand prize drawing for a prize of up to \$3000! The grand prize amount depends on how many people complete the WWB Wellness Assessment, so get your [company] friends and family involved:

- 1000+ [Company] employees, spouses, and dependents over age 18: 1 Grand Prize Drawing of \$3000
- 750-999 [Company] employees, spouses, and dependents over age 18: 1 Grand Prize Drawing of \$2000
- <749 [Company] employees, spouses, and dependents over age 18: 1 Grand Prize Drawing of \$1500

### **Example F: Monthly drawing with increased chances the earlier participation requirements met**

To encourage you to complete your Wellness Assessment, we will do a monthly drawing for \$500 on the last day of August, September, October, and November. If you do not win, you will be eligible for subsequent monthly drawings. So, the sooner you complete your Wellness Assessment, the more opportunities you will have to win!

## **Does your wellness program meet ACA Federal Guidelines?**

Reward must not exceed 30% of cost of coverage for the individual or for the individual and dependents (if dependents may participate in wellness program). Aggregate limitation applies (all rewards for all *health contingent* wellness programs must not exceed the 30% limitation). Reward up to 50% of cost of coverage if wellness program is based on tobacco abstinence/cessation.

*Example:* Reward of \$250 for completion of a specific exercise program; Annual cost of coverage is \$3,000.  $\$3,000 \times 30\% = \$900$ . Therefore, a \$250 reward is less than \$900 and meets the limitation.

*Example: Tobacco abstinence/cessation Program* requiring employees on health plan to complete tobacco attestation and apply a surcharge of \$1,200 for participants that utilize tobacco. Annual cost of coverage is \$3,000.  $\$3,000 \times 50\% = \$1,500$ . Therefore, a \$1,200 surcharge is less than \$1,500 and meets the limitation.

**Please discuss your program details with a trusted advisor. There are several things to consider when setting up your incentives plan.**

**NOTE:** Any and all information supplied by BCBSMT concerning the THM wellness program is intended to provide the Group with educational resources and data to develop and implement its own internal employee wellness program. No such information is intended to be nor should it be considered legal advice. All decisions regarding the design of the wellness program or its administration are the responsibility of the Group. Neither BCBSMT or affiliates or any of their respective directors, officers, employees or agents shall be liable for any decision made, or action taken, by the Group based upon its reliance on any information provided by BCBSMT. The Group must consult its legal counsel, tax advisor, or other professional advisor for any legal or tax advice or guidance.