

## Heavy Attention on Alabama Plan

***A recently passed wellness plan for Alabama state employees draws criticism and kudos from the media and industry experts. Initiatives that use positive rewards instead of punitive actions are often more successful, experts say.***

*By Paul Gallagher*

When the State Employees' Insurance Board of Alabama approved a new wellness plan for its employees, it received a heavy dose of national attention. The focus was directed at what some have called a "fat tax" – a punitive charge for obese state workers.

But a representative from the State Insurance Board of Alabama and some health-plan experts say the attention is misguided, and defend the wellness plan as appropriate and increasingly common among employers.

Alabama is ranked just after Mississippi as the most obese state in the nation by the Centers for Disease Control, based in Atlanta. The wellness plan will require workers to pay a higher monthly insurance premium if they do not show any attempt to improve their health by reducing their risk of a variety of health conditions – including their body-mass index.

William Ashmore, executive director of the State Employee's Insurance Board in Montgomery, Ala., sounds a bit ruffled when he hears the term "fat tax."

"It's not a surcharge on obesity," says Ashmore. "If we were putting a 'fat tax' in place, I wouldn't agree with it, either."

Since the board announced the plan on Aug. 20, Ashmore says he's been fielding calls and dodging criticism from those whom he insists have misunderstood the details of the plan.

"What the program actually does," he says, "is it provides a discount for employees that participate in worksite wellness screenings."

That discount amounts to a waiver of a \$25 per month insurance premium beginning in 2010, as well as a voucher for a free follow-up visit to a physician for those whom the screening deems at-risk. At-risk conditions include high glucose, high cholesterol and a BMI of 35 or greater. According to the CDC, a BMI of 30 or higher indicates obesity.

"This is not a punitive situation at all," he says. "This is an incentive."

Punitive or incentive? That may depend on who's on the receiving end, says J.D. Piro, principal in the health-law consulting practice for Lincolnshire, Ill.-based Hewitt Associates.

"I'm sure the person who's paying the bigger amount views it as a distinction," says Piro.

In the private sector, Piro says that, while health-management programs that use incentives to engage their workforce are becoming more commonplace, the Employee Retirement Income Act prevents the use of punitive actions to force employees into healthier lifestyles.

"You can't require results-oriented rewards unless you give people a reasonable alternative," he says.

A reasonable alternative, he says, may be taking part in a smoking-cessation program for cigarette smokers or participating in a wellness program to help reduce cholesterol.

Yet, even though ERISA does not apply to government employers such as the State Employees' Insurance Board of Alabama, Ashmore says, the board's newly passed wellness plan was inspired by both ERISA and the Health Insurance Portability and Accountability Act.

"We're actually even more lenient than HIPAA," says Ashmore. Until now, Ashmore says, insurance has been free for the

employees – with the exception of cigarette smokers, who pay \$24 per month, because the board views cigarette smoking as a lifestyle choice as opposed to physical conditions such as high cholesterol or obesity.

"Smoking is a choice," he says. "You either smoke or you don't, and if you smoke, you will pay \$24."

For the past 15 years, Ashmore says, the state has provided worksite wellness screenings for multiple risk factors, including glucose, blood pressure, cholesterol and obesity. The screenings cover about 10,000 workers each year, out of the total workforce of more than 37,500.

"We know that between 10 and 15 percent are at risk from these screenings," says Ashmore, adding that the goal is to help employees-at-risk to identify and bolster their health, thus reducing the state's insurance costs.

Beginning in 2009, screenings will be provided to all workers, and the clock starts ticking but, Ashmore says, as long as employees volunteer for that screening, the potential \$25 premium in 2010 is waived.

In 2011, those who are identified as at-risk for a variety of health conditions must show they have made an attempt to improve their condition through a doctor's care, a worksite-wellness program or on their own. With such proof, their insurance remains free. Without proof, they'll get charged the \$25 per month premium.

Regardless of BMI or other factors, Ashmore says that those who do not participate in the 2009 screening will be charged a \$25 premium.

While it's true that one of the most effective means of gaining someone's attention is through the wallet, Ashmore says the looming specter of a monthly premium is a positive incentive that will result in health-screening compliance, a healthier workforce and lower healthcare costs in the long run.

Rita Piper, vice president of wellness for Workplace Options, an employee benefits provider based in Raleigh, N.C., says she's impressed that the Alabama state agency has given the employees as much lead time as a year and a half to understand the program and ready themselves for the screenings.

One company that Workplace Options works with sprang the details of a similar screening/premium-hike plan on their staff within weeks of its start date.

Piper says pandemonium erupted.

"With this specific company, there were less than 1,000 employees, and about 90 percent of them contacted us," she says. "And, I can tell you, people were very, very angry."

Still, Piper says, wellness programs that wield the stick of larger premiums are often more successful in gaining employee compliance than rewards such as merchandise or gift certificates.

"The best way to do it is to offer something positive, and probably the highest level of that would be to say, 'if you achieve this goal, or are within this range, then you will receive a reduction in premium,'" she says. She says Alabama's waiver of the \$25 premium is just such a useful incentive.

Dr. Nina Taggart, corporate medical director for employee-health provider AllOne Health Group, Inc., says the media focus on obesity in Alabama's program may be misplaced.

In her view, obesity is just one of myriad health risks that the state plan is hoping to address – no different than most such programs from many providers, including AllOne Health Group. The company is headquartered in Wilkes-Barre, Pa., and serves over 1,000 employers.

"I think one of the good things Alabama is doing is saying, 'Look, we're starting now,' so they can find problems that might even save lives," says Taggart. "So, they're starting with that, and they're saying, 'we're going to help you get where you need to go.' I think that's really important."

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