

**health care reform alert**

**Wellness Programs and Rewards Final Regulations Released**

June 3, 2013

Final regulations on wellness programs and rewards for group health plans were issued on May 29, 2013 by the Departments of Treasury, Labor and Health and Human Services. These regulations apply to insured and self-insured group plans, both grandfathered and non-grandfathered, for plan years beginning on or after January 1, 2014.

The final regulations confirmed the maximum wellness reward amounts that will be allowed.

- The maximum wellness program reward is 30 percent of the total cost of medical coverage, including both employer and employee contributions.
- The maximum wellness program total reward may be increased to 50 percent for programs related to tobacco use.
- Rewards can take many forms, such as premium discounts or surcharges, reduced cost sharing, enhanced benefits, gift cards or deposits to Health Savings Accounts or Health Reimbursement Accounts.
- The reward must be available at least once per year for all similarly situated individuals.
- If family members participate in wellness programs, the reward can be based on the total cost of coverage for all covered family members. If some family members are eligible for the reward and others are not, employers have flexibility in determining the portion of the reward attributable to each family member.

**There are two types of Wellness Programs: Participatory and Health-Contingent**

**1. Participatory Wellness Programs**

Any Participatory Wellness program reward is based only on participation, not on meeting specific health standards. Examples of these types of programs include health club discounts or rewards for completing a health assessment. There are no limits on the rewards for Participatory Wellness programs.

**2. Health-Contingent Wellness Programs**

Health-Contingent Wellness programs require individuals to meet a health standard or participate in a health program to receive a reward. Every individual eligible for the program must be given an opportunity to qualify for the reward once a year. The reward cannot exceed the maximum amounts noted above.

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