October 17, 2013

12 MCS Guidance – Federal Health Reform

Overview: Incentives for Nondiscriminatory Wellness Programs in Group Health Plans

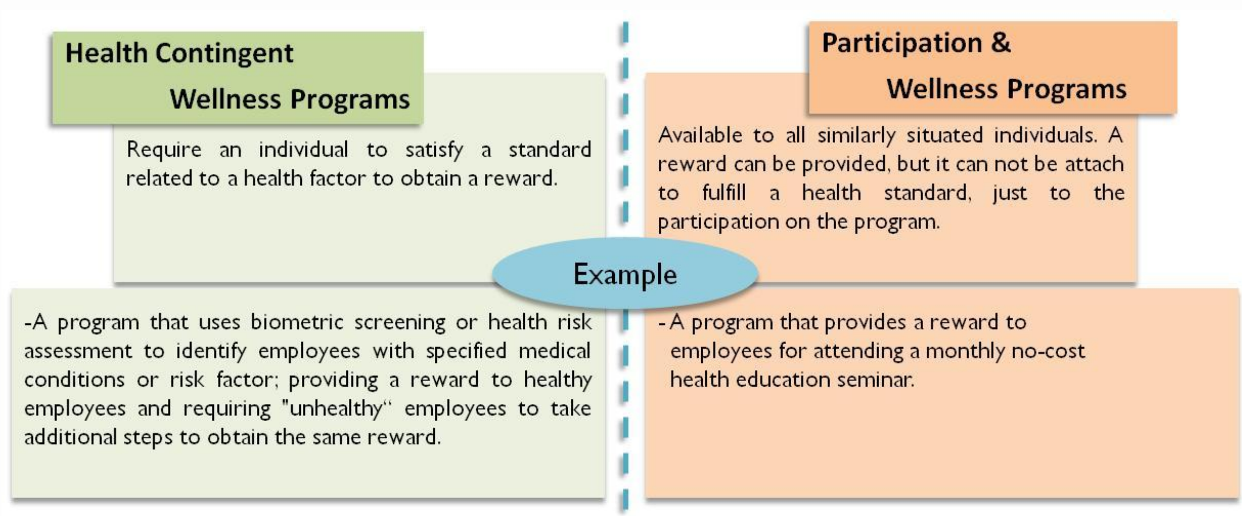
On **May 29, 2013** HHS released a final rule on Incentives for Nondiscriminatory Wellness Programs in Group Health Plans. These regulations propose standards for group health plans and health insurance issuers, to offer group health coverage with respect to wellness programs. They implement the nondiscrimination provisions that prohibits companies from discriminating against individuals based on their health made applicable by the Affordable Care Act (ACA). The ACA creates new incentives and builds on existing wellness program policies to promote employer wellness programs and encourage opportunities to support healthier workplaces. This final rule would be effective for plans years starting on or after **January 1, 2014** and applies to grandfathered health plans.

This document provides information regarding the final rule requirements.

Full text of the final rule visit: http://www.gpo.gov/fdsys/pkg/FR-2013-06-03/pdf/2013-12916.pdf

For more information or questions regarding the Federal Health Reform visit our webpage: **www.mcs.com.pr** or contact us at **mcshealthpolicy@medicalcardsystem.com**

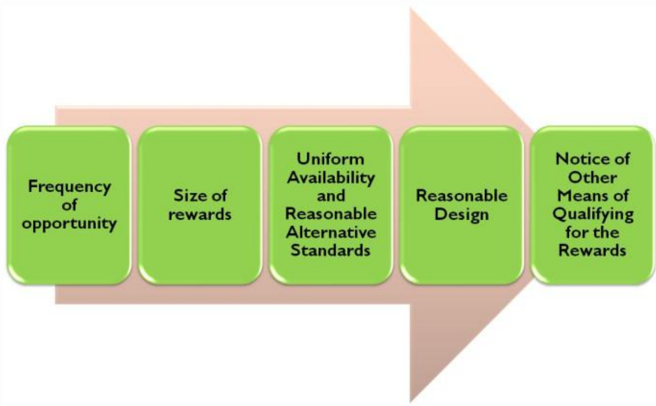
Types of Wellness Programs



What are the possible types of rewards?

- ✓ Form of a discount or rebate of a premium or contribution
- ✓ A waiver of all or part of cost-sharing mechanism (such as deductibles, copayments, or coinsurance)
- ✓ The absence of a surcharge (i.e. absence of an additional fee that would apply for a smoker vs. non smoker)
- ✓ The value of a benefit that otherwise would not be provided under the plan
- ✓ Other financial or nonfinancial incentives or disincentives

Requirements for Health Contingent Wellness Programs



1. **Frequency of opportunity to qualify:** the opportunity to qualify for the reward must be given at least once a year.
2. **Size of rewards:** The new rule increases the maximum reward from 20% to 30% of the cost of coverage. An increase of an additional 20% points is given to health contingent wellness programs that use it in connection with a program designed to prevent or reduce tobacco use (up to 50%).
3. **Uniform availability and reasonable alternative standards:** Plans and issuers cannot cease to provide a reasonable alternative standard due to a medical condition or if it's medical inadvisable.

   These are examples to determining whether a plan or issuer has provided a reasonable alternative standard:

   - **In completion of an educational program**: the plan or issuer must make the educational program available instead of requiring the individual to find such a program unassisted, and may not require an individual to pay for the cost of the program.
   - **A diet program:** the plan or issuer is not required to pay for the cost of food but must pay any membership or participation fee.
   - **In compliance with the recommendations of a medical professional** an employee or agent of the plan or issuer, must provide a reasonable alternative standard that accommodates the recommendations of the individual's physician with regard to medical appropriateness.
4. **Reasonable design:** requires that health-contingent wellness programs be reasonably designed to improve health, prevent disease, is not be overly burdensome, is not a subterfuge for discrimination

based on a health factor, and is not highly suspect in the method chosen to promote health or prevent disease.

- To the extent a plan's initial standard for obtaining a reward is based on results of a measurement, test, or screening that is related to a health factor, the plan must make available to all individuals who do not meet the standard a different, reasonable means of qualifying for the reward.

5. **Notice of other means of qualifying for the rewards:** would require plans and issuers to disclose the availability of other means of qualifying for the reward or the possibility of a waiver of the otherwise applicable standard in all plan materials describing the terms of a health-contingent wellness program.

MCS Plan

1. MCS currently offers wellness initiatives for our members.
2. The MCS wellness initiatives are evaluated and incorporated following the requirements of the new regulations.
3. MCS has developed a communications plan to inform our customers about the available wellness alternatives.

References

- http://cciio.cms.gov