TO: The House Health Care Committee
FR: Maura C. Roche, American Heart Association
DA: February 6, 2012
RE: HB 4074—Wellness Incentives

The mission of the American Heart Association is to build healthier lives free of cardiovascular disease and stroke. We cannot accomplish this mission in Oregon unless we significantly reduce tobacco use and the incidence of obesity. Tobacco use remains the leading cause of preventable deaths in Oregon, and contributes greatly to the incidence of and death from heart disease, heart attacks and strokes. Obesity is an emerging health crisis creating enormous impacts on the health of Americans and the health care delivery system both now and in the future.

The American Heart Association of Oregon generally supports worksite wellness programs and legislation such as HB 4074. However, we do not support policies allowing employers to charge employees a differential insurance premium based on body weight, tobacco use or similar factors. HB 4074 does not appear to address differential premium payments, but we encourage the committee to clarify that for the record.

As health care costs continue to skyrocket, employers are considering innovative strategies to reduce their costs. Many employers are offering comprehensive worksite wellness programs that have tremendous return on investment and improve employee health and productivity. The American Heart Association is a long-time supporter of these programs and wholeheartedly endorses their implementation, creating a culture of health in an environment where a majority of adults spend a large part of their day.

We support workplace wellness programs that provide for various kinds of financial incentives such as gift cards, cash rewards, vacation time, and giveaways that are not directly linked to employer-sponsored health care coverage.

However we have concerns with financial incentives tied to health behavior outcomes, (i.e. employees who cannot lose weight or stop smoking will pay more for their health insurance deductible or premium) without consumer protections in place to prevent these incentives from serving as medical underwriting. The AHA believes the vast majority of employers will continue to provide robust, evidence-based wellness programming. However, we want to assure consumer protections for the minority of situations where employers may vary premiums and offer little more than the number of the local weight loss support group or tobacco quit line.

Another approach some employers are using to reduce costs is to charge selected employees more for their health insurance premiums or deductibles if they are overweight, smoke, or do not achieve other healthy behaviors. The 2010 Patient Protection and Affordable Care Act codifies existing statute that allows employers to charge employees a differential insurance premium based on meeting certain health status factors or behavior metrics. This goes beyond just requiring employees to participate in worksite wellness programs.

This means that employers can charge a 30% higher deductible to their obese employees or to their employees who are using tobacco and concurrently normal-weight employees or those

who are physically fit can pay a lower deductible. A recent survey[i] showed that because of rising health care costs and the new allowance under the federal law, 62% of employers plan on switching from incentives for participation to incentives for improvements in health metrics, shifting costs from healthy employees to their less healthy counterparts.

The premise behind the new law is that the financial incentive/disincentive will motivate employees to take personal responsibility for their own health and improve their behaviors and health status over the short-and long term. However, this underlying premise is not well supported by evidence-based research. Evidence does show that individuals delay needed health care because of cost. High deductible benefit designs requiring significant cost-sharing may create real barriers to preventive care and disease management and lead to higher medical costs over the long-term. Moreover, the unintended ramifications of this policy are unclear. The AHA supports additional research to monitor the outcomes of an incentive-based approach tied to health care premiums for behavior outcomes on the quality of worksite wellness programming, employee health, and access to health care.

The AHA supports comprehensive worksite wellness programs and their significant role in health promotion and cardiovascular disease prevention.[ii] The AHA even supports providing incentives for employees to participate in these programs. However, the AHA is very concerned about requiring attainment of a health factor or a behavior metric without consumer protections. As these programs are implemented under the new law, the AHA will advocate for the inclusion of effective and enforceable consumer protections so that the current regulations are not used as a backdoor to discrimination or medical underwriting for individuals with preexisting health conditions or disabilities. The ultimate goal is to make certain that Americans are not penalized financially for preexisting health conditions and that access to care becomes more, rather than less, affordable.

The AHA opposes holding employees accountable for achieving health behavior outcomes or health metrics without significant consumer protections to prevent these programs from being used as a subterfuge for discrimination based on health status. Health is impacted by factors that are sometimes beyond lifestyle behaviors, such as genetics, family history, gender, and age. Additionally, many employees, especially the most vulnerable, do not have access to healthy, affordable foods, or safe spaces to be physically active in their communities, or they are overwhelmed with child care or elder care. Penalizing employees for their health status violates one of the major purposes of health reform -- preserving and expanding access to affordable, adequate, high quality insurance coverage for all Americans.[iii] Increasing premiums or deductibles if employees can't reach certain health/behavior metrics will deny them access to the very care they need, especially for the most vulnerable employees where chronic disease incidence and unhealthy behaviors are highest.

References:

[i] Towers Watson Survey. *Changes Ahead: Health Care Reform in a Challenging Economy* September 2010.

[ii] Carnethon, M. Whitsel, L.P. Franklin, B.A. Kris-Etherton, P., Milani, R. Pratt, C.A., Wagner, G.R. Worksite Wellness Programs for Cardiovascular Disease Prevention: A Policy Statement from the American Heart Association. *Circulation.* September 30, 2009. 120(17):1725-1741.

[iii] Gibbons, RJ. Jones DW. Gardner TJ. Goldstein LB. Moller JH. Yancy CW.
The American Heart Association's 2008 Statement of Principles for Healthcare Reform. Circulation, Nov 2008; 118: 2209 - 2218.