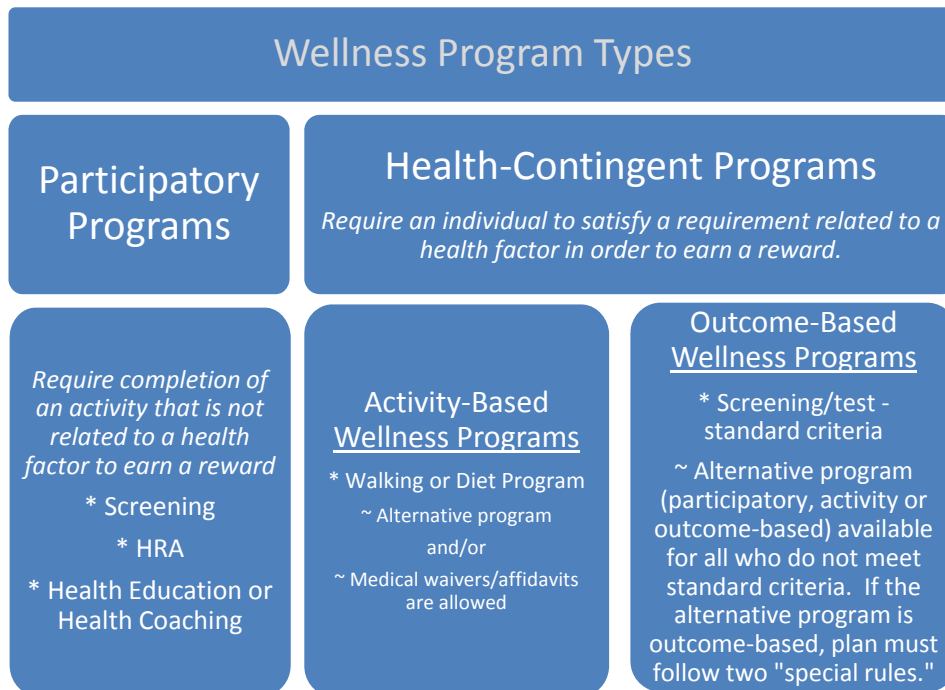


Blueprint for Wellness Rewards™

Affordable Care Act (ACA) Wellness Programs and Rules : Understanding Client Incentive Program Impacts

What the ACA wellness program guidelines establish:

- Generally prohibit employers from discriminating against individual participants and beneficiaries with respect to health plan eligibility, benefits, or premium based on a health factor such as BMI or tobacco use
- Allow employers to reward or penalize participants who satisfy or fail to satisfy a health standard as long as the program promotes health, meets certain conditions and allows for a reasonable alternative to the standard
- Define how much an employer or insurer is allowed to reward/penalize within wellness programs and tobacco-related programs



Definition of key terms:

Participatory Program A program where the conditions for earning a reward are not based on meeting a health-factor related standard. Participatory programs do not have to follow any special rules and the reward does not count towards the 30%/50% maximum allowed as described with newly created category of Health-Contingent Programs. Examples of participatory programs include biometric screenings, health risk appraisal completion and health coaching.

Two Types of Health-Contingent Programs

Activity-only wellness programs require individuals with specific health factors (ex. BMI, tobacco use) to complete a related activity to earn a reward (e.g., diet or exercise). Individuals are not required to obtain or maintain a specific health outcome. Participatory programs become activity-based programs when the participant is required to complete an activity where there could be a health reason the individual could not engage, so that they could get a medical waiver due to inappropriateness (diet, walking or running program).

Outcome-based wellness programs (Blueprint for Wellness Rewards designs) require individuals to meet or maintain specific outcomes to earn a reward (e.g., BMI below 30). The preliminary measurement, test or screening is the first determinant for who earns the reward. Those who do not meet the initial criteria must be given a reasonable alternative to earn the reward or have the criteria waived if the alternative is medically unreasonable. The reasonable alternative may be a participatory, activity-only or a subsequent outcome-based design. If the alternative is participatory then no further analysis is required. However, if the alternative is health-contingent, then the rules for a health-contingent program must be followed (as outlined below).

5 Special Requirements for health-contingent wellness programs:

1. **Reward Size.** Limits the total amount of all health-contingent incentives/surcharges to 30% (as of 1/1/2014) of the total cost of unsubsidized coverage and up to a total of 50% for programs designed to reduce/prevent the use of tobacco.
2. **Reasonable Design.** The program must be designed to promote health or prevent disease.
3. **Minimum Frequency:** Allows all participants the opportunity to qualify for the reward at least once per year – *Note: employers who offer screenings every other year must also offer rewards only during the screening years.*
4. **Uniform Availability / Reasonable Alternative Standard.** Requires the wellness program to make the full reward available to all similarly situated participants regardless of what point during the program year the activity or outcome-based requirements are complete, and to offer and disclose a “reasonable” alternative method for those who fail the initial standard (as described below) to earn the same reward.
 - a. **Activity-based:** Only required to provide an alternative to those for whom it is unreasonably difficult or medically inadvisable to complete the activity (plan may require a physician’s note).
 - b. **Outcome-based:** Must offer an alternative to all participants who do not satisfy the standard, regardless of medical reason, and may not require a physician’s note.
 - If the plan offers a participatory alternative – no further analysis is needed.
 - If the plan offers an activity-based alternative, the plan will need to offer a second alternative if it is unreasonably difficult or medically inadvisable to satisfy the activity-based alternative (and can require a physician’s waiver).
 - If the plan offers an outcome-based alternative, the plan will need to offer a second alternative to anyone who fails the standard. In addition, where the plan has an outcome-based initial standard and an outcome-based alternative, the plan must follow two “*Special Rules*”: 1) the plan must allow additional time to comply with the second outcome test that takes into account the individual’s circumstance and 2) the plan must allow an individual, at any time, to request to follow his or her doctor’s orders to satisfy the alternative to earn the reward.
5. **Notice of Availability of Reasonable Alternative Standard.** Plans and issuers must disclose the availability of a reasonable alternative standard to qualify for the reward (and if applicable, the possibility of waiver of the otherwise applicable standard) in all plan materials describing the terms of a health-contingent program (activity-based and outcome-based), including where plan materials reference a premium differential. This disclosure must include contact information for obtaining the alternative and a statement that recommendations of a personal physician will be accommodated. For outcome-based programs, this notice must also be included in any disclosure that an individual did not satisfy an initial outcome-based standard.

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How Blueprint for Wellness Rewards enables tracking of Reasonable Alternative Standards for Outcome-based wellness programs:

Blueprint for Wellness Rewards implements outcome-based standard criteria and provides the pass/fail information to employer wellness programs. Federal law now requires wellness programs to always offer individuals who fail the initial standard a reasonable alternative.

Employers must decide if they will offer a participatory (e.g., health education seminar or wellness class), activity (health coaching, walking program, etc.) or a follow-up outcome-based program (improvement in scored results) as the alternative.

- Rewards offers the ability for activity attestation: an online attestation tool that facilitates the collection of required information when an individual has completed the required alternative activity.
- Rewards offers the ability for a participatory alternative / re-screening: allowing participants to retest within a predefined window of time during the program year simply to gain results with no incentive tied to improvement.
- Rewards offers the ability to accept physician affidavits when it is medically inappropriate for an individual to complete the health-related activity requirement.
- Rewards offers the ability for a retest and follow-up outcome-based program (reduced or improved scored over defined time period).

As noted above:

- If the alternative is a participatory program, then no further analysis is needed.

- If the alternative is an activity-based program, then the plan must provide a second alternative if it is unreasonably difficult or medically inadvisable to satisfy the activity-based wellness program (the plan can require a doctor's waiver).
- If the plan offers an outcome based alternative, then the plan must provide a second alternative to anyone who fails the standard; the plan must also follow the two "special rules" previously noted.

How Quest Diagnostics enables the notification of Reasonable Alternative Standards to program participants:

Wellness program sponsors who leverage the Rewards solution have the ability to include customized messages to the participant site and participant reports that could enable the sponsor to deliver the necessary information about what the alternative standard is and how to complete it.

- All employee materials with the wellness program description must also include an explanation of the acceptable reasonable alternative standards to earn the full reward, contact information for obtaining the alternative, and a statement that recommendations of a personal physician will be accommodated.
- The Blueprint for Wellness participant site and other descriptive participant collateral given to employees and participants are likely the best place for this notification.
- This notice must also be included in any disclosure that an individual did not satisfy an outcome-based standard.

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Level of Complexity ratings: Level of complexity for alternatives takes level of effort for build and administration of program into account.
1 = Low, 5 = High

Participant Impact ratings: Participant impact for alternatives portrays estimated value of impact for alternative for wellness program.
1 = Low, 5 = High (1 would be allowing a waiver for those who fail with no process for validating the rationale, 5 would be an alternative that is accessible and able to be validated.)

Level of Complexity	Participant Impact	Example
2	3	<p><u>Example of Activity-based Health Contingent Program</u> Activity-based Requirement with Physician Affidavit Reasonable Alternative Standard</p> <ul style="list-style-type: none"> • Participants will pass the program standard (receive reward) for completing a predefined walking program within the allotted time • Physician Affidavits: Participants for whom it would be unreasonably difficult or medically inadvisable to complete the walking program are allowed to submit a physician affidavit validating the situation, which would pass them to receive the full reward without further engagement • Alternatively, the plan could require a participant who has the physician's affidavit to complete a reasonable alternative in order to earn the reward (such as engaging in a participatory health education program)
1	2	<p><u>Example of Activity-based Health Contingent Program</u> Participatory Wellness Program (not subject to rules or reasonable alternative requirements like Health Contingent Programs)</p> <ul style="list-style-type: none"> • Participants who complete the health screening and Health Risk Assessment within the allotted time will be eligible for the full reward regardless of results (does not count towards 30%/50% max allowed within Health Contingent rules) • Employers are not required to offer a reasonable alternative to participatory programs nor are they required to meet the 5 special requirements

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Level of Complexity	Participant Impact	Examples of accepted approaches for Outcome-based Health Contingent Programs
2	3	<p>1. Attestation for Participatory Reasonable Alternative to Outcome-based Program</p> <ul style="list-style-type: none"> • Participants will pass the program standard (receive full reward) for passing 3 of 5 Metabolic Syndrome measures in the screening (triglycerides, HDL, blood pressure, glucose, waist circumference) • Participants who do not pass at least 3 of 5 the measures are given access to a health coaching program • Participants who engage with the health coach are able to attest that they met the health coach requirement, which makes them eligible to receive the full reward • Because health coaching is participatory, no alternative is required or offered • <i>Physician Affidavits:</i> the wellness rules do not allow physician affidavits to be required for those who fail the outcome-based program standard, but in addition to offering an alternative to the standard (health coaching in this example), they may offer an affidavit option for special circumstances, like pregnancy where the screening or coaching does not need to be completed
1	2	<p>2. Participatory Reasonable Alternative to Outcome-based Program</p> <ul style="list-style-type: none"> • Participants will pass the program standard (receive reward) for passing 3 of 5 Metabolic Syndrome measures in the screening (triglycerides, HDL cholesterol, blood pressure, glucose, waist circumference) • Participants who do not pass at least 3 of 5 the initial measures are given the opportunity to rescreen in 6 months which, when completed, makes them eligible to receive the full reward, regardless of the rescreening outcome • <i>Physician Affidavits:</i> the wellness rules do not allow physician affidavits to be required for those who fail the outcome-based program standard, but in addition to offering an alternative to the standard (rescreen in this example), they may offer an affidavit option for special circumstances, like pregnancy where screening or rescreening does not need to be completed

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Level of Complexity	Participant Impact	Example
5	5	<p>3. Outcome-based Program as Reasonable Alternative to Outcome-based Program</p> <ul style="list-style-type: none"> Participants will pass the program standard (receive reward) for passing 3 of 5 Metabolic Syndrome measures in the screening (triglycerides, HDL cholesterol, blood pressure, glucose, waist circumference) Participants, who fail 3 or more measures, are allowed to retest in 6 months to determine if they improve at least 1 of the failed Metabolic Syndrome measures, which will allow them to pass and earn the full reward Special affidavit requirement: In addition to the outcome-based alternative, participants must be given the opportunity to follow the recommendations of his or her personal physician (with completed physician affidavit) at any time during the year to earn the full reward
4	4	<p>4. Activity-based Reasonable Alternative to Outcome-based Program</p> <ul style="list-style-type: none"> Participants will pass the program standard (receive reward) for passing 3 of 5 Metabolic Syndrome measures in the screening (triglycerides, HDL cholesterol, blood pressure, glucose, waist circumference). Participants who do not pass at least 3 of 5 the measures are given the opportunity to complete a pre-defined walking program within 6 months which when completed, passes them to receive the full reward. Physician Affidavits: Participants for whom it would be unreasonably difficult or medically inadvisable to complete the walking program are allowed to submit a physician affidavit validating the situation, which would pass them to receive the full reward without further engagement. In addition to offering an alternative to the standard (walking program in this example), they may offer an affidavit option for special circumstances, like pregnancy where the screening or walking program do not need to be completed. Alternatively, the plan could require a participant who has the physician's affidavit to complete a reasonable alternative in order to earn the reward (such as engaging in a participatory health education program).