



SOUTHEAST MISSOURI HOSPITAL
HealthWorks
OCCUPATIONAL HEALTH eNEWSLETTER

HealthWorks Health eNewsletter for January 4, 2010



Wellness Programs May Be Tax Deductible

Happy New Year!!

Hope all of you survived the holidays and are ready to get back to being productive, contributing organizations and putting this recession thing behind us. It's going to be a great 2010.

One of purveying topics for discussion surrounding the New Year has always been resolutions...or lack thereof. Resolutions for many of your employees may include "to get in better shape, stop smoking and take better care of myself." Sound familiar? The incentive to provide a company sponsored wellness program may be beneficial on many levels, including but not limited to, increases in productivity and may have positive financial implications. The expense of implementing a wellness program may be easier to fund than you may realize. Under the current law, the expense of an employer-provided wellness program for employees is deductible by the employer as a business expense under section 162.

Under a proposed congressional option, a tax credit would be allowed for 50 percent of the costs paid by an employer for providing a "qualified wellness program" during a taxable year. The amount of the credit would be limited to an amount not exceeding \$200 for each employee not exceeding 200 employees, plus \$100 for each additional employee in excess of 200 employees. Only employees generally working more than 25 hours per week are taken into account. For purposes of this credit, any amount paid for food or health insurance could not be included as a cost of the wellness program. The credit would not be refundable and would not be paid in advance and would be available for a maximum of five years.

To claim the tax credit for eligible expenditures, an employer would be required to obtain a certification by the Secretary of Health and Human Services (in coordination with the Director of the CDC and the Secretary of the Treasury) that its program meets the definition of a qualified wellness program.

In order for a program to be a qualified wellness program under the proposal, all employees would be required to be eligible to participate in the program. Further, under the proposal, a qualified wellness program includes four

components: health awareness (such as health education, preventive screenings and health risk assessment); employee engagement (such as mechanisms to encourage employee participation); behavioral change (elements proven to help alter unhealthy lifestyles such as counseling, seminars, on-line programs, self help materials); and a supportive environment (such as creating on-site policies encourage healthy lifestyles, eating, physical activity and mental health). For an employer with 500 or more employees, to be a qualified wellness program, a program would be required to include all four components. For an employer with less than 500 employees, to be qualified wellness program, a program would only required to include at least three of the four components.

In addition, to be a qualified wellness program under the proposal, the program would be required to be consistent with evidence-based research and best practices, as determine by the Secretary, such as research and practices described in the Guide to Community Preventive Services and Guide to Clinical Preventive Services and the National Registry for Effective Programs.

Finally, another option would apply all of the criteria described above as well as provide employers with 50 or fewer employees with a credit limited to \$400 per employee. The credit would not have a sunset requirement for those employers.

A current U.S. Senate bill would give employers a substantial tax break for starting wellness programs. It's called the Healthy Workforce Act. It calls for an employer tax credit of up to \$200 per employee enrolled in a newly created wellness program.

For larger firms, there is the \$200 credit for the first 200 employees and up to \$100 per employee thereafter. To qualify for the full credit, your wellness program would have to feature four specific items:

1. • Some form of Health Risk Assessments (HRAs)
2. • Employee Education components (such as online tools and resources)
3. • Behavior management programs (including items like smoking cessation, weight management, health coaches)
4. • "Meaningful" participation incentives for employees to participate (such as lower monthly premiums)

Qualified employers would be able to claim the tax credit for up to 10 years after starting a wellness program.

The bill has enjoyed bipartisan support, but like many things in Washington, the parties disagreed over how to fund the cost of the tax credit. At this time, it has been bogged down in committee but has received additional interest with the proposals noted above. But under the current guidelines the benefits are at the very least partially covered and as noted in previous issues of this newsletter, the cost benefits and productivity levels of a healthy workforce are well worth the initial investment.

Healthy Workforce Act (2009) <http://finance.senate.gov/sitepages>

For more information about a healthy and safe workplace, contact Southeast Missouri Hospital's HealthWorks at (573) 986-4404, or go online to:

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