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INNOVATION IN BENEFITS

## Benefits Brief

TBB



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#### » CONGRESS MARGINALLY MOVES THE NEEDLE ON HEALTH CARE REFORM From Individual Health Insurance Reform Weekly, August 6, 2009

The Finance Committee will go home for the recess without a deal but with a promise to continue negotiating during the break, and with a target date of September 15 for Committee action. In the House, the Blue Dog Coalition of 52 conservative Democrats put a halt to the Energy & Commerce Committee's process for 10 days when seven coalition members refused to proceed without concessions and compromises on the House health reform bill: a public plan that is optional to providers and that negotiates rates; preservation of the role of agents/brokers; keeping the bill under \$1 trillion; and allowing state-based exchanges.

The compromise reached allowed the committee to continue its mark-up and ultimately approve the bill. There are 50 additional amendments that the Committee intends to address prior to floor debate in the Fall. The House will try to meld all three Committee versions into one bill in anticipation of a full House debate and vote in September, at the earliest.

The Blue Dogs have made it clear that the larger coalition of 52 has not signed off on anything and that the compromise was chiefly designed to allow the Committee process to proceed. No sooner was the Energy & Commerce Committee/Blue Dog compromise struck when opposition came from both the House progressive caucus and the Congressional Black Caucus. The bottom-line is that neither the House nor the Senate will be voting as a Chamber on health care reform until the Fall, when there will be a major confrontation of all competing interests.

#### » PUSH FOR TIME OFF GAINS IN MANY STATES From The Wall Street Journal.

New and strengthened Democratic majorities in many state legislatures are pushing measures that require businesses to grant employees additional time off for personal or family reasons.

Governors in Colorado and Nevada signed laws within the past month that give employees unpaid leave for school-related events, becoming the first states to do so in a decade. Wisconsin lawmakers will take up similar legislation this fall.

Lawmakers in roughly a dozen other states are debating measures that would require employers to grant paid family or sick leave; President Barack Obama campaigned in support of such laws last year.

Democrats now control both houses in 27 state legislatures, up from 24 two years ago, and share power with Republicans in eight others.

The political shift has created “a slightly more employee-friendly climate,” said Margaret Hogan, a shareholder at employment-law firm Littler Mendelson. Ms. Hogan said Democratic state lawmakers are promoting employee-leave laws to help workers offset recent cuts in wages and benefits.

The push worries people such as Tony Gagliardi, Colorado’s state director of the National Federation of Independent Businesses, who lobbied against that state’s new law. He said the mandatory-leave laws unfairly burden businesses struggling with the recession.

## » TREADING CAREFULLY WITH WELLNESS PROGRAMS

From The Wall Street Journal, July 28, 2009

Employers promoting wellness in the workplace need to be careful what they ask for, and how they ask it.

Wellness programs can be effective in cutting a company’s health-care costs. But how employers go about establishing them, and guiding employees into them, is key to avoiding legal problems including possible lawsuits.

At issue is the use of health risk assessments, or HRAs. These surveys include questions about workers’ habits, personal health and family medical histories. The results, which are confidential, are used to direct workers into employer-sponsored wellness programs, such as smoking cessation and weight-loss courses.

Many employers offer financial rewards to workers who voluntarily complete HRAs at annual enrollment. Now some employers are raising the stakes, requiring employees to fill out HRAs if they want to be eligible for the health plan.

### READ FULL STORY

## » OBESITY COSTS U.S. HEALTH SYSTEM \$147B

Source: Reuters, July 27, 2009

Obesity-related diseases account for nearly 10% of all U.S. medical spending or an estimated \$147 billion a year, researchers said. According to the study released at the U.S. Centers for Disease Control and Prevention’s Weight of the Nation conference in Washington:

- U.S. obesity rates rose 37% between 1998 and 2006, driving an 89% increase in spending on treatments for obesity-related diseases such as diabetes, heart disease, arthritis and other conditions.
- Obese people spent an extra \$1,429 per year or 42% more for medical care in 2006 than did normal weight people, with most of that spent on prescription drugs.
- Obesity accounts for 9.1% of all medical spending in the United States, up from 6.5% in 1998.
- Obesity accounts for 8.5% of health costs among people on Medicare, the federal program for the elderly and disabled, and 11.8% of costs from Medicaid.

- The total cost of obesity increased from \$74 billion in 1998 to maybe as high as \$147 billion today.

More than 26% of Americans are obese, which means they have a body mass index of 30 or higher. BMI is equal to weight in kilograms divided by height in meters squared. A person 5 feet 5 inches tall becomes obese at 180 pounds.

#### » **CDHP ENROLLMENT GROWING QUICKLY**

From Business Insurance, July 27, 2009

Enrollment in consumer-driven health care plans linked to health savings accounts continues to gain ground as more employers offer the plans to reduce benefit costs and employees seek ways to save money in a down economy, experts say.

Enrollment in HSA-linked CDHPs, or health care plans with high deductibles, grew to 8 million lives at the beginning of this year, according to a May report from America's Health Insurance Plans. This compares with 6.1 million in 2008, 4.5 million in 2007 and 3.2 million in 2006.

Between January 2008 and January 2009, the fastest-growing market for such CDHPs was large groups, where penetration grew by approximately 35%, followed by small groups, which rose 34%, according to AHIP.

#### [READ FULL STORY](#)

#### » **TAX CREDITS FOR WELLNESS PROGRAMS CONSIDERED**

From Employee Benefit News, July 13, 2009

Senate lawmakers are considering tax credits for sponsors offering employee wellness programs, in part to deter employers from curbing health benefits in a post-reform environment.

Currently House and Senate leaders are furiously working on a handful of bills in hopes of finding viable measures that can garner enough votes for approval. Key sticking points remain the cost of reform – in the area of \$1 trillion – and the possibility of a government-run public health plan option. Some key Democrats are pushing hard for a government plan to keep private insurers honest, but others favor a more moderate approach such as purchasing cooperatives operated by members.

Some analysts predict a government-run plan would prompt employers to cut health insurance programs, even if it meant they would have to pay a fee for not playing. That's why members of the Senate Finance Committee inserted a provision designed to hold the line on employer investments in wellness programs.

Under current tax code, costs for an employer-provided wellness program for employees are deductible by the sponsor as a business expense. Under the proposed option, a tax credit would be allowed for 50% 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.

#### [READ FULL STORY](#)

#### » **NEW YORK GOVERNOR SIGNS BILLS TO IMPROVE HEALTH CARE ACCESS**

From Associated Press, July 29, 2009

New Yorkers who lose their jobs will now be able to continue to get lower cost health care coverage for twice as long under a new law.

Gov. David Paterson said the bill he signed will make health care more affordable and accessible through several changes.

It will give people 36 months to use COBRA after losing their jobs. COBRA allows people who have lost their jobs to continue with the same insurance plan they had under an employer. It's less than half the cost of insurance on the open market.

A second bill will allow families to cover children up to age 29 under insurance provided by their employer. Children will be eligible if they're unmarried and don't have access to employer-provided insurance. Families must pay the premiums instead of employers, but it will cost less under group policies than if the young adult took out an individual policy.

The health bills are designed to help people who can't afford private insurance, but don't qualify for Medicaid — the government health care coverage for the poor.

One of Paterson's top priorities for health insurance reform didn't make it into law. The bill would have required health insurers to get state approval before raising premiums — a move strongly opposed by the powerful health insurance lobby.

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