

Healthy Workforce Act

Health care costs in the United States are sharply increasing. In 2006, total annual health care spending in the U.S. is estimated to be \$2.2 trillion. Chronic illness affects more than 33 percent of working-age Americans and costs associated with chronic disease, many of which are preventable, account for approximately 75 percent of the nation's annual health care costs.

Rising health care costs not only have an impact on individuals, but on employers too. Average employer medical costs increased 72 percent between 2000 and 2006. With healthcare costs quickly increasing, it is no surprise that some companies report spending more than 50 percent of their profits to cover these expenses. Employers are increasingly bearing costs of diet-related chronic disease and obesity through employer-provided health care plans and indirectly through higher rates of absenteeism. Obesity related health conditions cost employers approximately \$33 billion in health care and other indirect costs. For example, proactive treatment of hypertension costs about \$1,000 per year whereas treatment for a heart attack costs a minimum of \$50,000, not including time off and loss of productivity.

Employer spending on health promotion and chronic disease prevention is a good investment. Studies have reported a proven rate of return on investment within 12 to 18 months, ranging from \$2 to \$10 for each dollar invested. Workplace wellness programs are economical, averaging \$30-\$200 per employee. Senator Harkin believes that the federal government can and should play a role in providing incentives to employers to implement health promotion programs at work.

The Healthy Workforce Act

Senators Harkin and Smith will soon introduce the **Healthy Workforce Act**. The Healthy Workforce Act will assist businesses in providing a range of opportunities to help employees lead healthier lives, including incentives to offer onsite health promotion programs. The legislation is targeted primarily at smaller and mid-sized companies, who would otherwise have difficulty making the initial investment needed to support such programs. Keeping workers healthy in the first place can go a long way to reducing the growth in health care costs to employers.

For example, a family-owned manufacturing company in Ottumwa, Iowa reports tremendous success with its employee incentive program. They pay up to 75 percent of an employee's health insurance premiums for employees who meet goals such as quitting smoking, losing weight or reducing cholesterol. This has resulted in employees engaging in the programs offered, reduced health care costs, and absenteeism lower than the national average.

What Does the Bill Do?

- Provides a tax credit to businesses that offer comprehensive wellness programs to their employees.
- Employee wellness programs eligible for the tax credit may include:
 - Raising health awareness through health education and health risk assessments.
 - Behavioral change programs that encourage employees to lead a healthy lifestyle through counseling, seminars or on-line programs. Programs could include classes on nutrition, stress management, or smoking cessation.
 - Supportive environment to encourage employee participation in workplace wellness programs. This could include offering a meaningful incentive to participating employees, such as a reduction in health insurance premiums.
- Businesses can receive the tax credit for 10 years for establishing new qualified wellness programs.

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