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Final Wellness Regulations Released

This morning Treasury, Labor and Health and Human Services issued final regulations concerning wellness programs. The final regulations will be effective beginning January 1, 2014, and apply to wellness penalties / rewards that apply to the 2014 plan year. The final regulations increase the reward from 20% to 30%, with an additional 20% for programs relating to tobacco cessation.

The final regulations completely re-design the proposed regulations that were issued late last year. The final regulations divide wellness programs into three general categories – participatory wellness programs, activity-only wellness programs and outcome-based wellness programs. The wellness program requirements do not apply to participatory wellness programs (such as fitness club discounts, etc.). However, different rules apply to activity-only and outcome-based wellness programs. As you can imagine, stricter rules apply to outcome-based wellness programs (such as tobacco surcharges and programs that require meeting a certain BMI or cholesterol level). One of the rules requires that plans provide a reasonable alternative standard for both an activity-only program and an outcome-based program. However, the type of reasonable alternative standard as well as the timing differ between activity-only and outcome-based programs.

A pre-read of the final regulations is available at the following link. The official version of the final regulations will be published on Monday, June 3rd.