Small Employer Wellness Grants
Health Care Reform and Grants for Small Businesses to Provide Wellness Programs

Prior to the enactment of the Patient Protection and Affordable Care Act (PPACA), small employers faced a number of barriers to offering wellness programs primarily related to the costs associated with implementing and maintaining such a program. To address this issue, PPACA provides programs and incentives to bolster wellness programs for small employers. It is generally believed that the grants to small businesses for wellness programs provided under PPACA will lessen the cost restrictions associated with implementing wellness programs and make wellness programs more accessible to small employers. The following provides a summary of the wellness program grants for small employers included under PPACA.

Small Business Wellness Program Grants

Beginning in 2011, PPACA provides $200 million in grants for fiscal years 2011 through 2015 (or until expended) to small business owners who initiate wellness programs for their employees. The grants are available for employers that i) employ less than 100 employees who work 25 hours or greater per week and ii) did not provide a workplace wellness program as of March 23, 2010 (the date of PPACA’s enactment). To be eligible for the grant money, the wellness program must be available to all employees (apparently not just employees enrolled in health coverage) and it must include the following components:

- Initiatives that include health education, preventive screenings, and health risk assessments;
- Mechanisms to maximize employee participation and engagement;
- Initiatives to change unhealthy behaviors and lifestyle choices, including counseling, seminars, online programs and self-help materials; and
- Supportive environment efforts that include workplace policies to encourage healthy lifestyles, healthy eating, increased physical activity, and improved mental health (§10408 of PPACA).

Eligible employers seeking to participate in the grant program must submit an application to the Secretary of Health and Human Services (HHS) that contains a proposal for a comprehensive workplace wellness program meeting the criteria and requirements set forth above. PPACA provides for the development of a grant application process. However, the Secretary of HHS has not yet released details regarding the application process for small employer wellness program grants.

Increased Wellness Incentives

In addition to grants for small employers, PPACA also provides increased incentives for those who participate in wellness programs. Beginning in 2014, employers (regardless of size) can offer larger incentives for participation in wellness programs (provided they satisfy certain requirements). Current law limits employer rewards to not more than 20 percent of the premium (employer plus employee contributions if any) for single coverage. Effective January 1, 2014, employers may increase the reward to 30 percent of the premium for single coverage, or total premium applicable based on family size (new §2705 of PHSA). The reward may be in the form of a discount or rebate of a premium or contribution, a waiver of all or part of a cost-sharing mechanism (such as deductibles, copayments, or coinsurance), the absence of a surcharge, or the value of a benefit that would otherwise not be provided under the plan. The Kaiser Family Foundation’s 2009 Employer Health Benefits survey found that the average 2009 total premium for employer-sponsored health insurance was $13,375 for family coverage. Thus, the additional 10 percent incentive increase calculates out to a credit of $1,337 per employee per year. The single person coverage average for an employer in 2009 was $4,824, which would translate into a $483 additional tax credit in 2014.