

**Alabama Wellness Premium Discount Program (USA-Government)**  
**<http://www.alseib.org/HealthInsurance/SEHIP/HealthWatch/WellnessWatch.aspx>**

**Section I: Summary**

In 2008, the State Employee Insurance Board of the state of Alabama, United States, approved a wellness program that links health behavior to insurance premium levels paid by state employees. Employees at risk for potentially costly conditions like diabetes and heart disease, as measured by indicators such as body mass index, blood pressure, cholesterol, or blood sugar, will pay higher premiums unless they participate in wellness programs. The Wellness Premium Discount Program goes into effect in January 2010.

**Section II: Statement of Purpose**

The state of Alabama has the second highest obesity rate in the United States, the second highest incidence of hypertension, and the fourth highest incidence of adult diabetes. The goal of the Wellness Premium Discount Program is to lower risks and reduce the incidence of costly chronic conditions among state employees and thereby reduce costs to the state employee health insurance plan.

Alabama has approximately 37,500 state employees who currently pay no premiums for their health coverage, except for a \$25 per month premium paid only by smokers. In 2010 all employees will pay \$50 per month with the opportunity to have their premium reduced to zero for healthy behaviors. For example, non-smokers will automatically have their payments reduced by \$25. An additional discount of \$25 will be given to employees who participate in the wellness program, including initial screening and followups.

In 2009 employees will be offered a free health screening to determine values for four risk indicators: blood pressure, cholesterol, blood sugar, and body mass index (BMI). Employees that exceed the baseline in any of these factors will be given a voucher for a free followup visit with a doctor. In order to keep the discount, employees will be required to annually certify that they are taking steps to manage their condition, either through followup with a physician, participation in a wellness program, or active self-management. Employees whose condition does not improve will not be penalized as long as they show good faith in trying to manage their condition through one of the steps above.

The program builds on the existing wellness program offered by the Alabama State Employees Health Insurance Plan (ASEHIP). Currently ASEHIP offers worksite health screenings, flu vaccines, quarterly blood pressure screening,

and reimbursement for participation in tobacco cessation programs. However, the new plan has faced some criticism by obesity advocates and others who claim it is too punitive and discriminatory toward overweight individuals. There has also been some criticism over the appropriateness of using BMI as one of the risk indicators. Other states offer free screenings and wellness programs and two states – Arkansas and Missouri – offer lower premiums to employees for participation in such activities. However, Alabama appears to be the first state to offer discounts based on a specific set of risk indicator measurements.

### **Section III: Outcomes**

Due to the newness of the program, data on evaluation and outcomes is not yet available. However, the \$25 smoker premium for employees has been in effect since 2004 and data suggests that this may not be enough to affect behavior, at least related to smoking. Initial expectations were that 18-20% of employees (active and retired) on the state health plan would pay the premium, but in the first year more than 22% of individuals paid the premium. In the second year the number was even higher.

Whether or not the new wellness premium discounts will result in behavior changes and ultimately a cost savings to the state remains to be seen. Much will depend on the rate of employee participation, the effectiveness of the wellness strategies offered, and the overall healthcare cost of high risk employees relative to the premiums paid.

### **Section IV: Additional Resources**

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Conis, Elena, "Alabama's Wellness Premium Discount Program," *Health Policy Monitor*, Survey (12) 2008, [http://www.hpm.org/en/Surveys/Emory\\_University/12/Alabama\\_s\\_Wellness\\_Premium\\_Discount\\_Program.html;jsessionid=014964E96373624614EE38197A82EFA9](http://www.hpm.org/en/Surveys/Emory_University/12/Alabama_s_Wellness_Premium_Discount_Program.html;jsessionid=014964E96373624614EE38197A82EFA9).

Winterfield, Amy, "States Promote Wellness," *State Health Notes*, Vol. 28, Issue 488, National Conference of State Legislatures, April 2, 2007, <http://www.ncsl.org/programs/health/shn/2007/sn488c.htm>.

Wolke, A and Sandoe, E, "Improving the State of State Employees' Health: Alabama Acts," *State Health Notes*, Vol. 29, Issue 525, National Conference of State Legislatures, October 14, 2008, [www.ncsl.org/programs/health/shn/2008/sn525c.htm](http://www.ncsl.org/programs/health/shn/2008/sn525c.htm).