



TERRY MOULTON



WISCONSIN STATE SENATOR

23RD SENATE DISTRICT

Senator Terry Moulton

Testimony on SB 73—Workplace Wellness Tax Credit/Healthy Jobs Act

Senate Committee on Agriculture, Small Business and Tourism

Wednesday, April 24, 2013

Members, I appreciate the opportunity to speak to you today. As a small business owner, I'm proud to author a bill that will create a tax credit for small businesses that implement employee wellness programs in order to produce a healthier, more productive workforce in Wisconsin.

This bill is a win-win. The tax credit encourages small businesses, with 50 employees or less, to establish wellness programs that have been shown to (1) reduce healthcare-related business costs and (2) encourage job creation and economic growth.

We've all heard it before: "An ounce of prevention is worth a pound of cure." The problem is clear. According to the Centers for Disease Control and Prevention (2003), seventy five percent of costs related to health care in the United States can be linked to chronic disease. These chronic diseases – like heart disease, stroke, cancer, obesity and diabetes—so often attributed to poor eating habits, physical inactivity and tobacco use are among the most prevalent and costly worker health issues for employers. Keeping employees healthy really is good for business; chronic diseases place a huge burden on our healthcare system and economy.

To address this problem and reduce the health and economic burden of chronic disease, community and individual behaviors must change. Worksites are a key environment for that change to take place. A wellness program that provides incentive for preventative measures such as physical activity or guidance in making healthier lifestyle decisions would not only contribute to heading off these potential diseases but could increase productivity and general workplace satisfaction. Improved overall fitness, mental alertness and morale are a mutual benefit to both employers and employees. A work environment that supports and encourages good health makes sense.

It also makes sense as a business decision. Even as Wisconsin continues to recover from the downturn, we must remain focused on job creation. As a small business owner, I can personally tell you that rising healthcare benefit costs are a significant concern. Poor health habits and unnecessary medical costs consume growing portions of payroll as well as the employee paycheck. An investment in employees' health may lower health care costs allowing our businesses more resources for expansion and job creation.

- According to the Centers for Disease Control and Prevention, every \$1 invested in wellness programs saves businesses \$3 to \$7 in costs.

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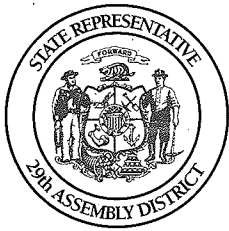
- Employer health care costs fall by about \$3.27 for every \$1 spent on wellness programs and absenteeism costs fall by about \$2.73 for every dollar spent. (Baicker K, Cutler T, Song Z. "Workplace wellness programs can generate savings." Health Affairs 2010).

This bill puts aside a maximum of \$3 million each year to offer up to 30% of the amount that a small business employer pays in the taxable year to provide a workplace wellness program to employees who are employed in this state. A workplace wellness program is a health or fitness program, as defined by administrative rule that includes a health risk assessment and one or more of the following programs or services:

Chronic disease prevention
Weight management
Stress management
Worker injury prevention programs
Health screenings
Nutrition education
Health or fitness incentive programs
Vaccinations
or Employee physical examinations

The credit is available to a business for up to 3 taxable years.

Prevention is critical to lowering healthcare costs just as it is critical for our businesses to flourish. Establishing wellness programs that have been shown to reduce healthcare-related business costs and encourage job creation and economic growth is common sense for Wisconsin. I'd be happy to answer any questions at this time.



JOHN MURTHA

STATE REPRESENTATIVE • 29th ASSEMBLY DISTRICT

**Testimony on Senate Bill 73
Creating a Workplace Wellness Tax Credit
Senate Committee on Agriculture, Small Business, and Tourism
April 24, 2013**

Chairman Moulton and members of the Senate Committee on Agriculture, Small Business, and Tourism.

Thank you for holding a hearing today on Senate Bill 73, the Healthy Jobs Act, which would create a Workplace Wellness Tax Credit for employers who provide wellness programs for their employees and encourage small business owners to invest in wellness programs to help lower overall healthcare costs for their businesses.

According to the U.S. Department of Health and Human Services, 75 percent of health care dollars are spent on chronic conditions that are preventable, to include, diabetes, obesity and cardiovascular disease. Also, overall poor health can lead to missed work, reduction in disabilities and production which can cost several times more than direct medical costs.

This bill will provide income and franchise tax credits for wellness programs that would be equal to 30 percent of the amount an employer pays in the taxable year to provide such programs to their employees. The program will be capped at \$3 million and made available to small businesses employing 50 or less who do not have already established programs.

A workplace wellness program is defined as any program that includes a health risk assessment and one or more other programs including chronic disease prevention, weight management, stress management, worker injury prevention programs, health screenings, nutrition education, and health and fitness incentive programs.

This bill has bipartisan support and the support of numerous health and business organizations including the Wisconsin Public Health Association, the Wisconsin Association of Local Health Departments and Boards, the American Heart Association, the Wisconsin Association of Health Plans, the Marshfield Clinic, the Gunderson Lutheran Health System and the Wisconsin Athletic Trainers Association.

Workplace wellness programs have been proven to improve employee productivity, lower employee absences, reduce workplace injuries, and increase overall employee morale and retention. Studies have shown, by implementing a workplace wellness program, overall employer health care costs fall by \$3.27 for every \$1 they spend. This bill will work to create a healthier, happier, and more productive workforce in Wisconsin.

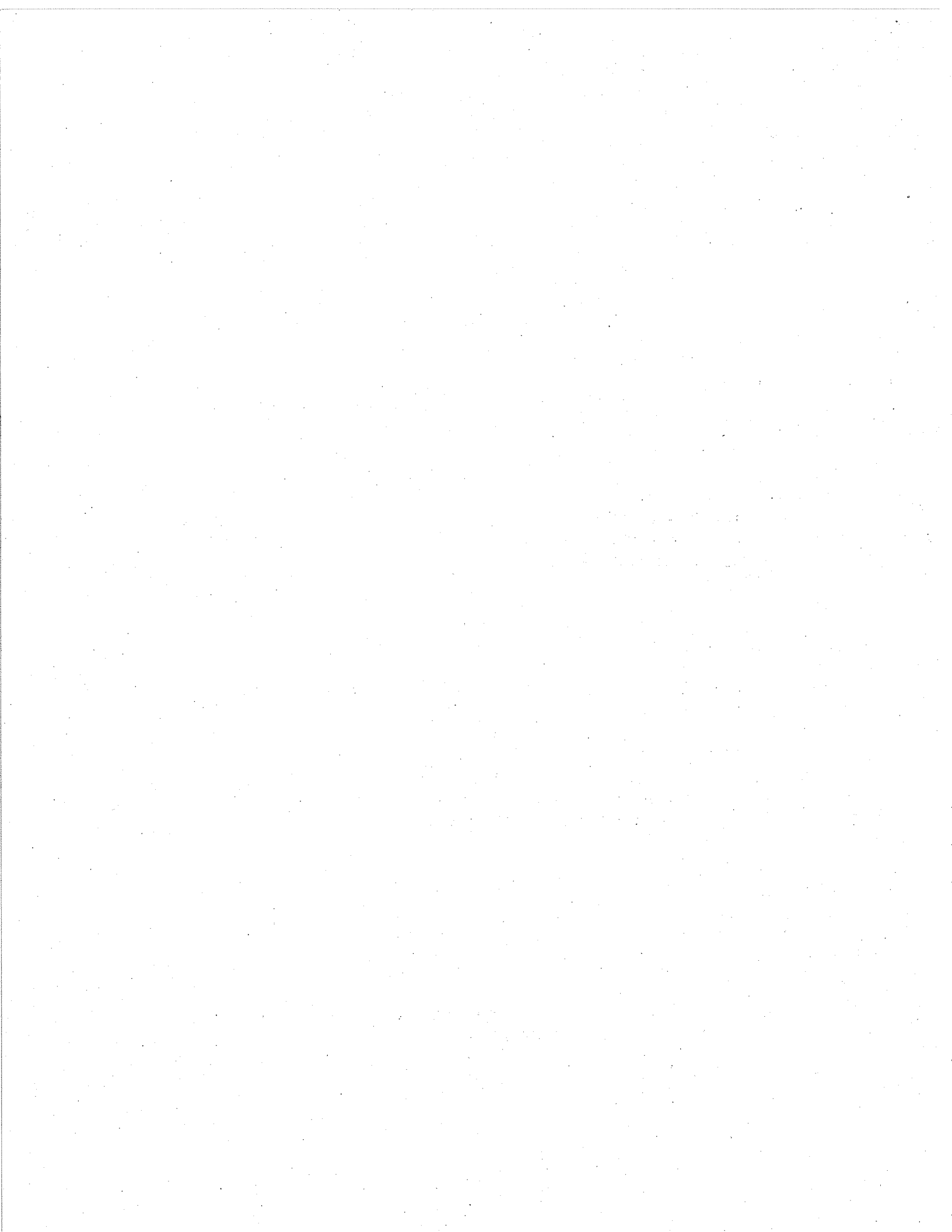




JOHN MURTHA

STATE REPRESENTATIVE • 29th ASSEMBLY DISTRICT

It is my belief that this bill will prevent unnecessary injury, health care costs, and keep Wisconsin working. I thank you for your time and attention to this matter and my office looks forward to working with all of you to see that this bill is moved forward. I would be happy to answer any questions at this time.





Testimony on *Senate Bill 73* before the
SENATE COMMITTEE ON AGRICULTURE, SMALL BUSINESS AND TOURISM
April 24, 2013

Muriel Nagle, RN, MSN – *WPHA President*
Jason Shrader, MHA – *WPHA member*

Good morning Chairman Moulton and members of the Committee. Thank you for the opportunity to testify today in favor of Senate Bill 73.

My name is Muriel Nagle. I am a registered nurse and currently serve as the president of the Wisconsin Public Health Association. Along with Jason Shrader, who is seated next to me, I am testifying today on behalf of the Wisconsin Public Health Association in support of SB 73.

The Wisconsin Public Health Association, along with our partner organization represents over 1,100 public health professionals statewide. We are dedicated to promoting and protecting public health in Wisconsin – which is vital to a healthy population, lower health care costs and a thriving economy.

Wisconsin's public health community strives to promote healthy lifestyles and improve the health of citizens. Senate Bill 73 would accomplish both of these goals by encouraging greater use of workplace wellness programs by Wisconsin small businesses.

As Jason will point out in his comments, there are numerous benefits to workplace wellness programs – for all types of companies and businesses, big and small. A healthy workforce is vitally important to the overall success of a company, and SB 73 will help small businesses invest in the health of their employees.

I would now like to turn it over to Jason, who currently serves as the Wellness and Health Promotion Manager for Security Health Plan.

14
A. W.

Dear Sir,
I have the honor to acknowledge the receipt of your letter of the 14th inst. in relation to the above mentioned matter. I am sorry to hear that you are unable to attend the meeting on the 17th inst. I will be glad to see you at any other time convenient to you. I am, Sir, very respectfully,
Yours obedient servant,
A. W.

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As Muriel alluded to, SB 73 is exciting legislation that recognizes the value of wellness in the workplace. Increasing evidence supports the effectiveness of workplace wellness programs, and businesses across the country and in Wisconsin understand that a healthier workforce typically means a healthier bottom line.

In fact, more companies than ever are implementing wellness strategies to help manage health care costs... reduce absenteeism... and boost productivity. With additional benefits such as greater employee retention and fewer worker compensation claims, it's not surprising that workplace wellness is popular in the corporate world. A recent U.S. Department of Labor report found more than 90% of companies with 200 or more employees had some form of a workplace wellness program in place.

While numerous Wisconsin companies, such as Quad/Graphics, Harley-Davidson and Northwestern Mutual, have found success with their wellness strategies, most small businesses unfortunately do not have the resources to establish employee wellness programs.

By creating a strategic, yet short-term tax incentive, Senate Bill 73 would make workplace wellness programs a practical investment for Wisconsin small employers. Small businesses represent 97.8% of all Wisconsin employers and employ 51.8 percent of the private-sector workforce. Yet, while both large and small companies struggle with skyrocketing health care costs, small employers are usually hit the hardest. Effective wellness programs would help these employers better manage their costs and overall productivity.

According to the U.S. Department of Health and Human Services, more than 75% of all health care dollars in the U.S. are spent on chronic conditions such as diabetes, obesity, cardiovascular disease and asthma – most of which are preventable. Additionally, productivity losses due to health problems cost U.S. employers over \$1,600 per employee, per year – or \$225 billion annually.

Senate Bill 73 would help small businesses tackle this growing problem head-on and improve the health and well-being of their employees through effective wellness programs.

According to the Centers for Disease Control and Prevention, every \$1 invested in wellness programs saves businesses \$3 to \$7 in costs. Another recent study conducted by Harvard professors found employer health care costs fall by \$3.27 for every \$1 spent on wellness programs and absenteeism costs fall by about \$2.73 for every dollar spent.

Senate Bill 73 is smart public policy that will benefit individuals, Wisconsin's small business community and ultimately, the entire state economy. It is not a cure-all solution to rising health care costs, but it is an important piece of the puzzle... one that will help create a healthier, more productive workforce in Wisconsin. With that in mind, on behalf of the Wisconsin Public Health Association, we would encourage you to support SB 73.

We appreciate the opportunity to testify and would now be more than happy to take any questions.

The first part of the paper discusses the importance of the
 research and the objectives of the study. It also outlines the
 methodology used in the study and the results of the research.
 The second part of the paper discusses the implications of the
 research and the conclusions drawn from the study. It also
 discusses the limitations of the study and the areas for
 further research. The paper concludes with a summary of the
 findings and the implications of the research.

Gundersen LutheranSM

Eric Tempelis, *Government Relations Director*
Testimony: Senate Bill 73

Wisconsin Senate Committee on Agriculture, Small Business, and Tourism
Wednesday, April 24, 2013

Chairman Moulton and members of the Committee, thank you for the opportunity to testify in support of Senate Bill 73, which would provide tax credits for businesses that invest in workplace wellness programs.

Gundersen Lutheran Health System is headquartered in La Crosse, Wisconsin and provides integrated healthcare services to patients along the rural stretches of western Wisconsin, southeastern Minnesota and northeastern Iowa. We believe incentives for businesses to invest in wellness and prevention is critical to driving down the cost of healthcare.

In addition to providing nationally recognized medical care, Gundersen Lutheran offers health and wellness services to the businesses in our region and members of our health insurance plan. In fact, we have partnered with Ashley Furniture to take preventive care to the highest level by providing on-site primary care and wellness services. Slowing the cost growth of healthcare is achieved through improved overall health and ensuring appropriate levels of medical service utilization. It is estimated that 80% of our nation's healthcare spending goes toward the treatment of chronic conditions,¹ many of which are preventable or manageable. We believe if the business community invests in the health of their employees through wellness and prevention programs, the foundation is there to improve overall health, reduce the incidence of high-cost healthcare cases, and decrease unnecessary levels of utilization.

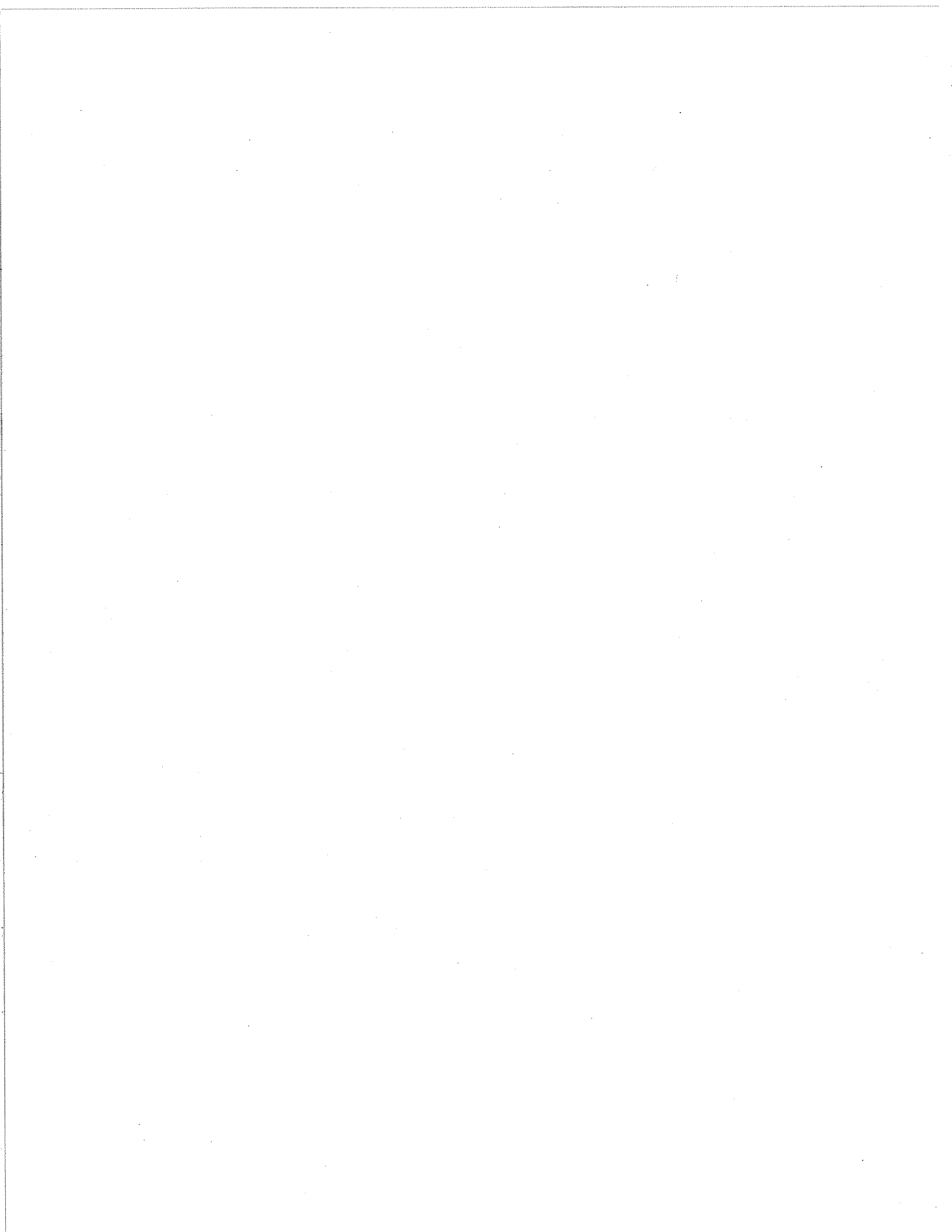
Comprehensive wellness and prevention programs have a multiplier effect. Studies show that for every dollar invested in wellness and prevention, businesses can save up to three dollars in return.² Savings are derived from: improved health, lower utilization of high cost services, reduction in workers compensation claims, a more productive workforce, and lower overall absenteeism.³ But despite the benefits, businesses are at times reluctant to invest in wellness programming due to the upfront costs and resources needed to offer a complete package of wellness services. Senate Bill 73 will provide an important policy tool for increasing the prevalence of workplace wellness programs, and thus improving the health and wellbeing of the Wisconsin workforce.

In closing, Gundersen Lutheran fully supports Senate Bill 73, and thanks Senator Moulton and Representative Murtha and for introducing this bi-partisan legislation and for the many more legislators on both sides of the aisle who are signing on as co-sponsors and supporters.

¹ McKenna M and Collins J. Current Issues and Challenges in Chronic Disease Control. IN: Remington PL, Brownson R, Wegner MV (eds). *Chronic Disease Epidemiology and Control, 3rd Edition*. American Public Health Association, Washington DC, 2010.

² Baicker, K., Cutler, D., and Song, Z. "Workplace wellness programs can generate savings." *Health Affairs*, 29, no.2 (2010):1.

³ Keller P, Lehman D, and Milligan K. "Effectiveness of corporate well-being programs, a meta-analysis." *Journal of Macromarketing*, 29, no. 3 (2009):279-302. Quintiliani L, Sattelmair J, and Sorenson G. "The workplace as a setting for interventions to improve diet and promote physical activity." World Health Organization Press. Switzerland. 2007. Milani R and Lavie C. "Impact of worksite wellness intervention on cardiac risk factors and one-year health care costs." *The American Journal of Cardiology*, 104 (2009): 1389-1392.





FOR YOUTH DEVELOPMENT
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

Good afternoon, Chairman Moulton and members of the Senate Agriculture, Small Business and Tourism Committee. My name is Sarah Thompson and I am the Community Wellness Director for the La Crosse YMCA. Thank you for the opportunity to testify today in support of SB 73, the workplace wellness tax credit. And a special thank you to Chairman Moulton for authoring this important piece of the legislation.

The YMCA is a 125 year old nonprofit that is committed to strengthening the foundations of communities through youth development, healthy living and social responsibility. There are 75 YMCA facilities throughout the state, serving over 750,000 Wisconsin residents. With a commitment to helping people live longer, healthier lives, the Y's programs focus on bringing families closer together, encouraging good health and fostering connections through fitness, sports, fun and shared interests.

In line with our mission, we are proud to announce that Wisconsin's YMCAs were just recently awarded a grant to launch a Healthier Communities Initiative to work with community leaders on efforts to ensure that healthy living is within reach of the people who live in those communities.

As one of the nation's leading health and wellness nonprofits, the YMCA's work closely with their local business community to provide resources to support and enhance the delivery of employee wellness programs. In addition to promoting healthy, happier living, workplace wellness programs provide many benefits including weight loss, stress reduction, and illness avoidance. These benefits translate into big savings for individuals and employees in the form of reduced health care costs. Over 40% of total time lost by the working age population is due to chronic illness.

The La Crosse Area Family YMCA offers a Workplace Wellness Program that works with employers to create programming that is sustainable and focuses on all dimensions of wellness and aims to help make the healthy choice the easy choice. We understand that each employer is unique and work hard to assess their employee's current health status through health risk assessments and biometric screenings. This data, combined with firsthand information from employees, allows the YMCA to develop and implement programs that will have the most impact on individual risks. Some of the services we provide include: workplace assessment, onsite screenings, onsite health and wellness fairs, on-site fitness classes, employee education, tailored employee communication, creation and development of employee wellness teams, strategic wellness planning and acting as a wellness resource to all employees.

The YMCA offers several health and wellness programs that can be offered both at the Y and at worksites. For example, the YMCA offers a Diabetes Prevention Program, an evidence-based program that offers classes to help participants change their lifestyle by learning about healthy eating, physical activity and stress reduction. In addition, the YMCA also joined forces with LIVESTRONG® to offer a research-based, physical activity and well-being program to help adult cancer survivors achieve their health goals, post-treatment.

Again, thank you Chairman Moulton for authoring this bill and holding today's hearing. I urge all committee members to support SB 73, to encourage small businesses to offer workplace wellness programs that will promote healthier living.