DAC WELLNESS PROGRAM

HOW DOES IT WORK?

**ENROLLMENT**
Employer signs up the employee for the Downtown Athletic Club’s Gold or Silver membership package. 18 month transferable membership between employees.

**TAXES**
The Wellness Programs are tax deductible for employers and employees.* (IRC 132)

**EMPLOYEE PERKS**
Discounted initiation and monthly dues. Educational classes, personalized wellness coaching, exclusive exercise and workout classes. In-Club discounts, free guest passes, and discounted family upgrade.

**UTILIZATION**
By participating in the program, employees become healthier, happier and more productive while requiring less sick leave and possibly reducing insurance premiums.

*Thirty-five percent of the standard monthly payment is allocated to the general gym membership, which is likely considered a taxable fringe benefit to the employee as a portion of earned wages.

Please contact Samantha Doyle, DAC Membership Manager, at sdoyle@downtownac.com to inquire about your employer’s status, to enroll your business, or to have our team to make a visit to your location to discuss the DAC Wellness Program. Stay Healthy & Stay Happy!
Over the last several decades, an epidemic of “lifestyle diseases” has developed in the United States. Unhealthy lifestyles, such as inactivity, poor nutrition, tobacco uses and frequent alcohol consumption, are driving up the prevalence of chronic disease, including: diabetes, heart disease, and chronic pulmonary conditions. These chronic conditions have become a major burden, as they lead to decreased quality of life, premature death, disability, and increased health care cost. Furthermore, although chronic disease was once thought to be a problem of older age groups, there is a shift toward onset during Americans’ working age that adds to the economic burden because of illness-related loss of productivity due to absence from work (absenteeism) and reduced performance while at work (presenteeism).

Out of concern about the impact of chronic disease on employee health and well-being, the cost of health care coverage, and competitiveness, employers are adopting health promotion and disease prevention strategies, commonly referred to as workplace wellness programs. Disease prevention programs aim either to prevent the onset of diseases (primary prevention) or to diagnose and treat disease at an early stage before complications occur (secondary prevention).

Primary prevention addresses health-related behaviors and risk factors—for example, by encouraging a diet with lower fat and caloric content to prevent the onset of diabetes mellitus. Secondary prevention attempts to improve disease control—for example, by promoting medication adherence for patients with asthma to avoid symptom exacerbations that can lead to hospitalization.

Health promotion is related to disease prevention in that it aims at fostering better health through behavior change. A broad range of benefits are offered under the label “workplace wellness,” from multi-component programs to single interventions, and benefits can be offered by employers directly, through a vendor, group health plans, or a combination of both. Workplace wellness takes advantage of employers’ access to employees at an age when interventions can still change their long-term health trajectory. The Patient Protection and Affordable Care Act (Affordable Care Act) supports this trend with several provisions regarding health promotion.

The RAND Employer Survey, a national survey of employers with at least 50 employees in the public and private sectors, was created to assess program prevalence, type of wellness programs, information on incentives, and perceived program impacts. Programs often include wellness screening activities to identify health risks and interventions to reduce risks and promote healthy lifestyles. Most employers (72 percent of those offering a wellness program) characterize their wellness programs as a combination of screening activities and interventions.

Screening activities use Health Risk Assessments (HRAs), self-administered questionnaires on health related behaviors (e.g., exercise patterns) and risk factors (e.g., body weight) and may include clinical screenings to collect biometric data—for instance, height, weight, blood pressure, and blood glucose levels. The RAND Employer Survey data suggest that 80 percent of employers with a wellness program screen their employees for health risks, and five accompanying case studies show that employers use results for program planning and evaluation and for directing employees to preventive interventions that address their health risks. Preventive interventions can aim at primary prevention by targeting employees with risk factors for chronic disease (lifestyle management) and at secondary prevention by improving disease control in employees with manifest chronic conditions (disease management). All five case study employers offered some form of nutrition and weight loss intervention, group meetings, weight loss competitions, personalized phone support from health coaches, and smoking cessation activities through educational programs or telephonic counseling and most importantly a membership to some form of health club or gym.
PROGRAM PURPOSE

The DAC Well Program offers formal and informal activities designed to improve the health and wellbeing of all employees while reducing or eliminating health issues affecting employee health and work productivity.

Did you know over 70% of healthcare costs are preventable!

A recent study by the AHA (American Heart Association) said that premature illness is mainly associated with cardiovascular disease like diabetes, high blood pressure and obesity. Premature illness in the workplace costs up to 32 billion dollars per year.

Do you think your employee’s wellness affects their productivity? For organizations still struggling to make time for employee exercise, a new study offers a strong incentive: you’ll save $2,500 a year! The findings come from an analysis of 26,239 men and women, published in the Journal of the American Heart Association. Researchers from a number of universities and hospitals around the country, including Baptist Health South Florida, Yale, Johns Hopkins, Emory and Baylor, decided to see if they could determine what being active or inactive costs each of us annually in health care spending – the number is $2,500 – which is more than an annual club membership.

How does this impact YOUR Company?

The main benefit of providing a wellness program for your company is lower health care costs. Although this is enticing enough to start offering a corporate membership benefit, other benefits include greater productivity, morale and reduced absentes. The calculated return on investment has reached double digit decreases in hospital admissions, sick leave, disability claims or days and per capita workers compensation costs. Up to 70% of healthcare spending is driven by four unhealthy lifestyle behaviors: poor diet, inactivity, tobacco use and stress.

The good news is these behaviors are modifiable through the DAC’s Wellness Program designed to motivate employees toward positive change. The DAC Wellness Program pairs our certified instructors, trainers and coaches with behavioral tools. We have more than 30 years of experience helping individuals make positive changes in their lives and can help employers cut productivity losses.

Employee and Employer Tax Benefits

The IRS allows an employer to deduct the cost of reasonable fringe benefits provided to its employees, such as the cost of providing a gym membership. Typically, a standalone gym membership offered as a fringe benefit is included as taxable compensation to the employee. However, a Wellness Program is treated differently. Fringe benefits that include qualified preventive care provided under a health & welfare plan under IRC 105/106 and classes offered for the exclusive benefit of the employer in premises owned or rented by the employer under IRC 132, are excluded from the taxable income of an employee. This includes hourly rental of the premises (see Treasury Reg. 1.132-1(e)(2) & (4)). For instance, since 15% of the DAC Wellness program involves qualified preventative care classes and 50% involves exclusive exercise classes and personalized wellness coaching, this means 65% of the fringe benefit is eligible to be excluded from the taxable income of an employee.

Please consult your tax advisor as to the tax treatment to you and your employees under IRC 105/106 & 132 and contact us for additional information.
PROGRAM OBJECTIVES

Primary Goal
The Employee Wellness Program strives to increase the well-being and productivity of all employees by enhancing all aspects of health. The program seeks to increase awareness and motivation to adopt positive health behaviors and to provide a supportive environment to foster positive lifestyle changes.

Employee Wellness Program Objectives for FY 2017:
» 50% of employees reporting they are aware that a Wellness Program is available at the DAC.
» 50% of employees reporting that having an available Wellness Program contributes to a positive work climate.
» 50% of employees reporting that they have participated in at least 6 Wellness workshops at the DAC.
» Of employees who have participated in “Awareness” activities, at least 50% will report that the activities increase their knowledge about healthy lifestyle behaviors.
» Of employees who have participated in “Awareness” activities, at least 50% will report that the activities increase their motivation to adopt healthy lifestyle behaviors.
» Of employees who regularly participated in “Lifestyle Change” activities, at least 50% will report that they maintained the activity for at least 3 months.
» At least 50% of employees will report that they meet current physical activity recommendations (minimum 30 minutes per day of moderate to vigorous physical activity on 2 days of the week).
» A least 50% of employees will report that they eat fruits and vegetables 3 days per week.
» The proportion of employees who smoke will be reduced by at least 8%.
» At least 50% of employees will report that they know their systolic and diastolic blood pressure.
» At least 50% of employees will report that they know their total cholesterol and LDL cholesterol levels.
» At least 20% of employees will report that the stress management programs and education provided through the wellness program successfully helped them reduce their level of stress.

Survey of Employee Needs
Employees are surveyed to gather data on their interest in Wellness activities, types of events, topics of interest, and preferred cost and times for activities.

Eligibility Requirements
All employees are eligible for voluntary participation in the Wellness activities. Family members are eligible to participate per guidelines set by the organization.

Use of Facilities
Wellness Program activities will take place in appropriately designated spaces. This may include conference rooms and other available on-site indoor and outdoor areas, as well as off-site locations.
Providers of Instruction
Providers of instruction or services for the Wellness Program will include: health educators, nutritionists, mental health professionals, certified fitness instructors, qualified yoga instructors, registered massage therapists and others as appropriate to the program. Only persons with accepted degrees or recognized training/certification will be selected. The agency Wellness coordinator will review providers’ qualifications to ensure the highest standards are met. All leaders of vigorous exercise will meet all required criteria including current CPR certification, personal liability insurance and certification from an appropriate fitness instructor-certifying agency.

The Wellness Program will focus on the priority objectives of:
- Increasing the use of preventive screenings and services.
- Improving healthy eating among employees.
- Increasing physical activity among employees.
- Improving tobacco prevention and cessation policies and benefits.
- Improving stress management among employees.
- Increasing the use of Employee Assistance Program benefits.

The Wellness Program will consist of activities which include awareness, lifestyle change and supportive policy/ environment. Depending on availability of funds and personnel support, the activities in each area may include, but are not limited to:

**Awareness:**
- Wellness notices and emails
- Periodic coverage of activities in employee newsletters
- One-time events, such as The Great American Smokeout and a Fitness Day
- Educational events or series

**Lifestyle Change:**
- Participation in the Wellness Workshops
- Aerobics classes
- Use of fitness rooms
- Yoga classes
- Chair massages
- Referral to services by Employee Assistance Programs

**Supportive Policy and Environment:**
- Four hours of additional leave each year for completing a health risk assessment and receiving a physical examination
- Time to exercise three times per week
- Continued encouragement for cafeteria/vending machines to offer healthy food options
- Smoke-free environment policy
- Facilities that encourage physical activity
- All employees who participate must complete a Participation in Physical Fitness Program informed consent form, and a Physical Fitness Readiness Questionnaire before beginning classes. These forms are distributed by and returned to the Wellness Coordinator or their representative to be kept on file.
Program Costs

- Pricing
- Facilities modification
- Providers of instruction/services, awareness, lifestyle change, supportive environment activities
- Equipment and supplies
- Incentives/Awards
- Costs may be allowed for on-site preventive screenings and/or services.
- For ongoing lifestyle change activities hosted off-site, such as aerobics, massage therapy or yoga classes. The DAC offers over 100 classes and classes can be tailored per organization.

Program Scheduling

Wellness activities may be scheduled during the following times:

- Before work
- During work, provided scheduling and workload needs of the agency are met
- Between work (lunch and breaks)
- After work
- Managers are encouraged to allow flexible schedules in order to provide adequate time for employees to participate in Wellness activities

Program Coordination

A Wellness Coordinator will been designated. A Wellness Committee will be established to plan, direct, and implement Wellness activities. Employees are allowed to participate in Wellness Committee activities for two or more hours each month as necessary to implement the Wellness Program.

Expected Results

Employees will report that the availability of Wellness activities contributes to a positive work environment and healthier behavior. Objectives outlined in the Program Objectives section will be met in accordance with the evaluation timeline. Subsequent health risk assessment will show decreased risk factors among employees.

Methods for monitoring and evaluating the programs will include the following:

- Periodic agency-wide employee surveys to assess awareness of, participation in, and satisfaction with the program.
- Participation reports for the various lifestyle and awareness activities offered throughout the year.
- Monthly reports on types and numbers of programs offered.
- Employee focus groups, surveys, and suggestion boxes for obtaining quantitative and qualitative employee input into program activities.
- Session evaluation forms completed by participants for educational events.
- Health risks appraisal periodically completed to assess adoption of healthy behaviors.

The evaluation plan and timeline will:

- Establish baseline data
- Give employees periodic surveys
- Analyze aggregate data from annual health risk assessments
- Evaluate each program, initiative or new policy immediately prior to implementation (baseline measures), immediately following completion, and 90 days following completion
- Ongoing or long-term lifestyle change activities (6 weeks or longer) will also include periodic evaluation as appropriate throughout the program
TAX TREATMENT OF FRINGE BENEFITS

A fringe benefit is a form of pay in addition to regular pay. Under IRC 61 all employee compensation is taxable unless specifically excluded by law. Some compensation may be fully taxable, some nontaxable and some partially taxable.

Wellness Programs – The following contains final regulations, consistent with the Affordable Care Act, regarding nondiscriminatory wellness programs in group health coverage. Specifically, these final regulations increase the maximum permissible reward under a health-contingent wellness program offered in connection with a group health plan (and any related health insurance coverage) from 20 percent to 30 percent of the cost of coverage. The final regulations further increase the maximum permissible reward to 50 percent for wellness programs designed to prevent or reduce tobacco use. These regulations also include other clarifications regarding the reasonable design of health-contingent wellness programs and the reasonable alternatives they must offer in order to avoid prohibited discrimination. PwC’s Insights, new guidance on employer-provided wellness programs,(May 12, 2015) In brief The Equal Employment Opportunity Commission (EEOC) released proposed rules in April that would modify regulations and other guidance on employer wellness programs under the Americans with Disabilities Act (ADA). In addition, the agencies responsible for Affordable Care Act (ACA) guidance (the Departments of Treasury, Labor and Health and Human Services — the ‘tri-agencies’) released a new set of FAQs interpreting 2013 final regulations on employer-provided wellness programs under ACA. The FAQs address what it means to be a health-contingent wellness program that is ‘reasonably designed’ to promote health or prevent disease, and clarify that a wellness program’s compliance with the 2013 final regulations under ACA does not determine the wellness program’s compliance with other laws such as the ADA, COBRA, or HIPAA privacy and security standards. In detail Background Employers offering health coverage to their employees often offer wellness programs to improve population health. These programs often use risk assessments or biometric screenings to identify health risk factors such as body mass index, cholesterol levels and blood pressure among others. Financial or other incentives are offered to employees to participate or achieve targeted health related outcomes. Such programs are subject to regulation by the EEOC under the ADA, and, where they are part of a group health plan, by the tri-agencies under HIPAA and ACA. The Americans with Disabilities Act — or ADA — prohibits employers from making disability-related inquiries of employees or requiring them to submit to medical exams, unless such inquiries or exams are part of a ‘voluntary wellness program.’21 Existing regulations under HIPAA and ACA Existing regulations, first effective in 2014, allow wellness programs linked to group health plans to offer financial incentives or rewards, such as premium discounts, rebates or avoidance of a surcharge, if certain conditions are satisfied. These existing regulations are issued under HIPAA and ACA, aimed at preventing discrimination in health coverage based on health status. To assess whether a particular wellness program satisfies applicable HIPAA nondiscrimination standards, the ACA regulations classify wellness programs as ‘participatory’ and ‘health-contingent.’ Participatory wellness programs offer financial rewards to all similarly situated participants regardless of health status or outcome (e.g., fitness club memberships, attendance at health seminars, smoking cessation, completion of a health risk assessment or other diagnostic screening, etc.). Plan sponsors have wide discretion in designing participatory wellness programs. Health-contingent wellness programs require participants to achieve specified health-related standards or outcomes, or complete a specified activity, in order to receive the financial reward. Under the ACA regulations, health-contingent wellness programs must meet more stringent requirements including participant disclosures, the frequency with which individuals are given the opportunity to earn the reward, limitations on the amount of the reward, availability to all similarly situated individuals, and waivers or other accommodations for employees who cannot participate in the program. Health-contingent wellness programs must also be reasonably designed to promote health or prevent disease — that is, the program must have a reasonable chance of improving health or preventing disease without being overly burdensome. EEOC proposed rules under ADA Wellness programs can be offered outside of a health plan, or they can be related to an employer’s insured or self-insured group health plan. Regulations proposed by the EEOC on April 20 describe how ADA applies to wellness programs that are part of an employer’s group health plan. The rules will help employers determine how they can conduct health assessments as part of their group health plans in compliance with the ADA, which otherwise restricts the circumstances under which employers may ask employees about their health or require them to undergo medical examinations. Limit on incentive or penalty proposed rules clarify that wellness programs are allowed under ADA, and where the program is related to the employer’s group health plan, may offer incentives or penalties of up to 3050% of the total cost of employee-only health coverage to encourage participation. However, wellness programs can’t be used to discriminate based on disability. New disclosure requirements The ADA proposed rules require employers to make certain new disclosures to employees (including what information will be collected, with whom it will be shared, and how it will be used and kept confidential). Reasonable alternative accommodation must also be offered for disabled persons to earn the incentive offered under the program. 22 Program must be voluntary proposed rule requires wellness programs to be voluntary. Employees can’t be required to participate; and employees who refuse to participate can’t be disciplined, refused health coverage, or retaliated against in any way. The EEOC is specifically requesting comments on whether it should propose further protections for low-income employees. Additional requirements proposed rule requires that if information about an employee’s health or medical exams is requested (for example questions on a health risk assessment), the program must be reasonably likely to promote health or prevent disease. Such
information must be kept confidential in accordance with ADA standards, and the disclosure to employers of medical information collected as part of a wellness program must be limited to aggregate information that doesn’t reveal an employee’s identity. EEOC also published a Fact Sheet for Small Businesses and a Question and Answer document in connection with the proposed rules. Observation Similar to the ACA regulation, the proposed ADA regulations clarify that incentives may be in the form of either an award or a penalty. However, the proposed limit on incentives at 3050% of the cost of self only coverage is not the same as the HIPAA nondiscrimination limits (as modified by the tri-agencies’ 2013 final ACA regulations). The ACA regulations allow incentives up to 3050% of the cost of coverage (which could be the cost of family coverage where dependents are enrolled and eligible to participate in the wellness program), or up to 5050% for tobacco-related wellness programs. The EEOC is specifically requesting comment on the practical effects of these different limits. If finalized as proposed, the EEOC’s 3050% limit could require the revamping of some existing wellness incentive program designs. New wellness program FAQs under ACA FAQs about Affordable Care Act Implementation (Part XXV) address several wellness program-related concerns raised since the tri-agencies’ release of the 2013 final regulations. The FAQs first provide guidance on what it means for a health-contingent wellness program to be reasonably designed to promote health or prevent disease. Rather than proscribing a specific formula for making this determination, the FAQs base the evaluation on all relevant facts and circumstances so as to allow for experimentation and development of innovative methods for promoting wellness. Programs are not required to be accredited or based on specific evidence-based clinical standards or practices; however, programs based on practices such as those found in the Guide to Community Preventive Services or the US Preventive Service Task Force’s Guide to Clinical Preventive Services are encouraged. The FAQs reiterate the accommodation specified in the 2013 final regulations requiring a reasonable alternative standard to qualify for rewards for individuals who don’t meet standards based on health factors. The FAQs also indicate that programs designed to dissuade or discourage enrollment by 23 individuals who are sick or may have high health claims will not be considered ‘reasonably designed.’ Similarly, programs that collect substantial sensitive personal information without helping individuals make healthy behavioral choices won’t satisfy the requirement that the program have a reasonable chance of improving a participant’s health or preventing disease; and programs with unreasonable time or travel commitments may be considered overly burdensome, and will be scrutinized by the agencies. The second FAQ confirms that compliance with the agencies’ 2013 final regulations on wellness programs (and related guidance, such as FAQs) under ACA doesn’t necessarily mean a program also complies with other state or federal laws, such as COBRA health coverage continuation rights, the Americans with Disabilities Act, or other reporting or disclosure obligations arising under the Code, ERISA or other labor and employment laws. Nor does such compliance determine the tax treatment of incentives or rewards earned under the program. Privacy and security standards An additional FAQ from the Department of Health and Human Services confirms that individually identifiable health information obtained through a wellness program that is part of a group health plan is protected health information (PHI), and is subject to the privacy, security and breach notification standards of HIPAA. These rules limit the circumstances under which an employer in its capacity as sponsor of a group health plan may access PHI without written authorization of the individual. Employers are also often involved in health plan administration. This may include administration of the health plan’s wellness program benefits. In such cases, unless the individual provides a written authorization to disclose the information, the group health plan may provide the employer access to PHI necessary to perform its plan administration functions only if the employer (as plan sponsor) amends the plan documents and certifies to the group health plan that it agrees to establish adequate separation between employees who perform plan administration functions and those who don’t; not use or disclose PHI for employment-related actions or other purposes not permitted by the HIPAA’s privacy standards; if electronic-PHI is involved, the employer will implement reasonable and appropriate administrative, technical, and physical safeguards to protect the information; and report any unauthorized use or disclosure to the group health plan. The takeaway Employers that offer wellness programs in connection with their group health plans, and advisors that help design or administer wellness programs will find assistance within the framework of a Fringe Benefit.
**INDIVIDUAL MEMBERSHIP**

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<th>INITIATION FEE</th>
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<td>18-MONTH CONTRACT</td>
<td>$100.00</td>
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<td>MONTHLY DUES</td>
<td>$92.00 / MONTH</td>
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» When TAO Wellness Program reaches 126 new members, each new member will receive 1 complimentary month of individual dues.

**FAMILY MEMBERSHIP**

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<th>ADDITIONAL INITIATION FEE</th>
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<td>18-MONTH CONTRACT</td>
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<tr>
<td>ADDITIONAL MONTHLY DUES</td>
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**ADDITIONAL OPTIONS**

| CHILDREN 14+ DUES | $18.00 / MONTH |
| LOCKER RENTAL | $8.00 / MONTH |
| KIDSTOP RATES | $4.00 / HOUR |

» Existing members will have ability to migrate into the new Corporate Wellness Program 90 days after launch, pending DAC Membership Department’s contact with individual employer.

» Spouses of corporate members have ability to receive the Family Discounted Membership, which will be billed separately from the employee’s corporate Wellness account.

* Gold - Employer pays initiation and dues. Participating employer must have a minimum of six employees enrolled.

** Silver - Employer pays portion of initiation and/or dues, or they do not contribute to membership at all. Participating employer must have a minimum of six employees enrolled.
As an employee of a participating DAC Wellness company, you will receive the following benefits:

» Discounted membership initiation fee: $100.00-$150.00
» Discounted monthly membership fee: $92.00-$101.00
» The cost to add a spouse is an additional $50.00/initiation and $58.00-$60.00/month.
» Children under 13 years old are free and children 14-23 years of age are an additional $18/month.
» TAO members receive a 5% discount at the Ax Billy Grill and Sports Bar, excluding alcoholic beverages.
» Twelve annual workshop classes included at no additional cost.
» Two complimentary guest passes will be provided each month. Additional guest passes are $5 each.

To sign-up, contact a DAC Membership Representative at memberservices@downtownac.com or 541-484-4011 x215.