Since 2006, the Health Insurance Portability and Accountability Act (HIPAA) has prohibited health plans from discriminating based upon an individual’s health status. Since many modern wellness programs are expressly designed to encourage the adoption of healthier lifestyles by providing discounts or surcharges for health plan coverage, the HIPAA nondiscrimination rule presents an obvious obstacle.

The three federal agencies with primary responsibility for implementing the Affordable Care Act (ACA) recently released final regulations that expand the limits on rewards and penalties that certain workplace wellness programs may provide without running afoul of HIPAA nondiscrimination requirements. The new rules, which are applicable for plan years beginning on or after January 1, 2014, make significant changes to the criteria that wellness plans must meet in order to reward health results without discriminating based upon a health factor.

Employers should review the new opportunities and requirements that the final regulations provide as they consider changes to their plan designs for the upcoming open enrollment season. Read more about the final regulations in the June 13, 2013 Benefits eAuthority.