

Massachusetts Department of Public Health Certifying a Wellness Program for a Wellness Tax Credit

What is the Massachusetts Small Employer Wellness Program Tax Credit?

Massachusetts General Law Chapter 224: *An Act Improving the Quality of Health Care and Reducing Costs through Increased Transparency, Efficiency and Innovation*, provides Massachusetts small businesses a state tax credit of 25% of the costs associated with implementing a certified wellness program with a maximum of \$10,000 per business in a taxable year. The legislature has placed a \$15 million per year limit on the total amount of Wellness Tax Credits that may be issued.

What is a Wellness Program?

In addition to providing a safe workplace that protects and promotes health, a wellness program is designed to improve the health and overall well-being of individual employees and includes:

- Creating a work environment that is supportive of maintaining and improving participants' health and overall wellbeing
- Identifying and addressing the specific needs and health risks of all employees
- Offering awareness and education programs that disseminate health information and address the specific needs of employees
- Offering behavior-change programs to support employees seeking to change lifestyles

Who is eligible to apply for certification? A business must meet all of the following criteria to apply:

- Employ 200 or fewer employees, the majority of whom work in the Commonwealth. In order to promote workplace wellness programs among the smallest employers in particular, the Department is reserving (until December 31), 50% of the 2013 allocation for small employers with 100 or fewer employees.
- Offer healthcare benefits to employees.
- Sole proprietorships, professions, trades, businesses, or partnerships are eligible to apply.
- Businesses must be in compliance with all legal obligations of employers including, but not limited to, those enumerated in Massachusetts General Laws (MGL), chapter 149, and with all applicable labor, licensing and tax laws (including [MGL c. 149](#), [MGL c. 151](#), [MGL c. 151A](#), [MGL c. 152](#)).

What must a wellness program include to be certified for the tax credit?

To have a wellness program qualify for a tax credit, eligible businesses must be certified and receive a Seal of Approval from the Massachusetts Department of Public Health (DPH) *prior* to filing for a wellness tax credit. Businesses should retain all supporting

documentation for audit purposes. To obtain DPH approval, the wellness program must include the following **eight** components (which include evidence-based interventions):

1. An annual budget for wellness expenditures.

The budget could include the following:

- Salary or portion thereof, for person(s) planning and/or participating on wellness committees, managing and/or implementing the program. To qualify, the person's job description must include the specifics of the responsibilities.
- Awareness and education program costs, e.g., seminar costs, newsletters, posters produced by a third party.
- Vendor costs related to providing health-risk assessments of employees, or training, education or behavioral interventions that address the health risks of employees.
- Behavior-change program costs that are not covered by a health plan, e.g., campaign or challenge costs such as pedometers, program materials, online tools, health coaching, nicotine replacement therapy, gym memberships.
- Costs associated with the promotion of and access to community-based, insurer-sponsored, or vendor-sponsored programs, resources and facilities that are part of the formal wellness plan.
- Costs associated with changes to the worksite that encourage healthy lifestyle choices, e.g., improvements to stairs; educational or point-of-purchase materials for healthy food choices in vending machines and cafeterias; break room improvements or furnishings, such as a dishwasher or microwave; Automatic External Defibrillator (AED) installation; signage for a tobacco-free worksite; lactation room furnishings; a meeting space for educational seminars and workshops, and onsite classes.
- Incentives for employee participation in wellness activities. Examples include gift cards, "well" days off, and cash.
- Paid work time for health screenings, wellness checkups with private physicians, or appointments for managing chronic conditions, such as diabetes or asthma for employees or family, and participation in health-related meetings.
- Costs associated with implementing value-based benefits, e.g., incentives through co-pay/or insurance differential for adherence to evidence-based guidelines, participation in a disease-management program or condition-management programs for members with chronic conditions. (Note that the costs of health insurance premiums paid by the employers are not allowable expenditures for the wellness tax credit.)
- Costs associated with injury prevention, e.g., safety-education subscriptions, equipment and signage to avoid hazards, pilot-testing of products made with safer materials, feasibility studies for safety designs.
- Training costs to address safe lifting, repetitive-motion injuries, relaxation training, assertiveness, communication, and time management.
- Data-collection costs, such as assessment tools (needs and interest survey, health risk assessment, environmental scan), and focus groups.

- Evaluation costs — any cost associated with evaluating program impact and outcomes, e.g., human resources data analysis, such as absenteeism or productivity, participation rates, or employee satisfaction.

2. A designated Wellness Champion

The role of the Wellness Champion should be included in his/her job responsibilities. This person is responsible for developing and implementing the wellness program.

3. Have formally communicated to all employees about the wellness program

and options available to employees. This should be a communications and marketing plan to inform all employees of wellness activities, to raise awareness of the importance of healthy behaviors, and to encourage participation in the programs. The communication must ensure employees that all personal information is kept confidential and that participation in the wellness program is entirely voluntary.

4. Employees should be aware of their personal health risks. Employee health

status can be assessed by conducting health-risk assessments and/or biometric screenings. (*Health Risk Assessment* means a systemic process for collection of information from individuals regarding health status and well-being, so as to identify their health-risk factors or chances of getting a disease or health condition. The aggregate results of such a process guide the design of comprehensive workforce-wellness programming.) These services can be accomplished by using an outside vendor, an insurance provider, or through an employee's private physician.

NOTE: Employees should know in advance that all employee health information is strictly confidential. The employer should have access to only aggregate results of health-risk assessments and screenings.

5. Collected data or information on employee interests on various topics.

Appropriate health topics include the following: tobacco use, blood pressure, blood cholesterol, weight control, physical activity/exercise, diabetes, stress/mental health issues, substance abuse, workplace ergonomics, indoor air quality, workplace safety, and nutrition.

6. Identified the most important health issues and/or interests of employees.

Employee interests can be collected via survey, or through meetings or focus groups with employees.

7. Based on the most important health issues and/or interests of employees, programs were developed.

The data from personal health status, health risks, as well as employee interests, were used to select topics that were included in the wellness program. The program interventions for chosen topic(s) should

address both employees' health behaviors and a healthy workplace environment. These are mutually reinforcing levers of behavioral change for employees.

Health issues should be addressed in three ways: 1. Awareness and education for all employees, 2. Encouraging individual behavior change, and 3. Changes in workplace policies and systems that support healthy employee behaviors.

The following are examples that include evidence-based interventions for each of the three areas.

- **Awareness and education for all employees.** Examples of awareness and education include, but are not limited to: information sessions on health insurance benefits; health programs available in the community; signage encouraging healthy behaviors (such as the benefit of taking the stairs vs. the elevator); healthy food choices in vending machines or cafeterias; educational classes offered on company time on topics aimed at improving employee health; disseminating brochures, videos, posters, pamphlets, and news articles that address the benefits to employees of engaging in healthy behaviors, reducing risks, or managing chronic-disease conditions.
- **Encouraging individual behavior change.** Examples include, but are not limited to: subsidizing gym memberships or weight-control programs; offering free or subsidized individual health screenings at the workplace that include individualized feedback and education on health risks; providing or subsidizing lifestyle coaching in person or via email.
- **Changes in workplace policies that support employee health and their healthy behaviors.** Examples include: setting an annual organizational goal for the health of employees; offering incentives for participation in wellness activities for both salaried and hourly employees; providing reductions in healthcare premiums; providing work time for participation in wellness activities; instituting policies regarding tobacco use; offering employee assistance programs at no cost; sponsoring social events related to health; providing training to managers on supporting employees' behaviors for health, stress, and work-life balance; providing appropriate space for employees to eat meals; providing options for healthy food choices where food is sold or served; allowing sufficient break time for physical activity or eating meals; purchasing equipment to reduce or eliminate ergonomic hazards; encouraging employee participation in organization's decisions regarding workplace issues that affect job stress; designing policies and systems to prevent or minimize stress (e.g., flexible work arrangements, onsite opportunities for employees to engage in physical activity as appropriate for job type [such as onsite exercise classes or onsite walking trail]; worksite health and safety activities and training for employees; improving indoor air quality; providing Automatic External Defibrillators [AED]).

- 8. A minimum of one third (33%) of the employees must participate in at least one element of the wellness program.** There must be documentation of employee participation including the number of employees that completed programs, attended meetings, or participated in health screenings. Participation must be voluntary.

How do I get started? Download the *Wellness Tax Credit Application* form and *Model Guide* to learn more about Wellness programs at this website:

<http://www.mass.gov/wellnesstaxcredit>. These documents give businesses enough information to get started or to make improvements on their existing wellness programs.

How to apply for certification for a wellness program tax credit: After a Wellness Program has been instituted for your employees, download the *Wellness Tax Credit Application*. Businesses can apply for certification anytime in the tax year. For 2013, the first year of the program, DPH anticipates that it will be able to receive applications beginning in June. Applications must be received by December 31, 2013.

- Only eligible businesses can apply for a tax credit. To be eligible, your business must:
 - Be based in Massachusetts or have employees that conduct business in Massachusetts
 - The majority of your employees must work in Massachusetts
 - Have fewer than 200 employees
 - Offer employees health benefits
 - Business must be in compliance with all legal obligations of employers, including but not limited to, those established in Massachusetts General Laws, chapters 149, 151, 151A, and 152.
 - The entire application must be completed in one online session. Therefore, please print out the application and complete it in hardcopy *prior* to filling in the online application.
 - Have the person with legal authority review the hardcopy application as to its accuracy and honesty and *sign* the document.
 - Maintain the signed hardcopy of the application for your records.
 - Completing the form should take less than 30 minutes.
- The wellness program must meet all requirements outlined above in *What must a wellness program include to be certified for the tax credit?* section to receive a tax credit.
- Be sure to check the boxes:
 - Authorizing the Massachusetts Department of Public Health, the Department of Revenue, and the Executive Office of Labor and Workforce Development to share my application and tax return information for purposes of administering the Wellness Tax credit
 - Affirming and attesting to having the legal authority to complete the document and the truth and accuracy of the document including that the business entity is in compliance with all legal obligations of employers, including those

- enumerated in MGL c.149; all applicable labor, licensing and tax laws; has purchased workers' compensation insurance as required by law; has not been cited by the United States Department of Labor Occupational Safety and Health Administration for willful or repeat safety or health violations within the last five (5) years; and has not been cited by federal or state authorities for violation of wage and hour laws within the last five (5) years;
- Not checking these boxes will cause your application to be rejected
- All completed *Wellness Tax Credit Applications* will be scored.
 - If your wellness program meets all criteria, a Seal of Approval with a Certificate number will be issued. **PRINT OUT THE CERTIFICATE and INCLUDE THE CERTIFICATE WITH YOUR INCOME TAX RETURN FOR 2013.**
 - If you checked "Other" for any of your responses, your application will receive a *Pending Certificate*. Upon further review, you will receive either a Seal of Approval with a Certificate number or a Denial within 60 days.
 - If your wellness program did not meet the minimum criteria for certification, you will receive an email with the reasons for the denial.
 - If your wellness program meets all criteria and if the Commonwealth is nearing the maximum tax credit allotment for 2013, you will be issued a *Provisional Certificate*. If there are available state funds to allow a Wellness Tax Credit for 2013, you will be notified in February, 2014 and issued a Seal of Approval with a Certificate number.

Who can I contact if I have problems with my application or if my application is rejected?

If your online *Wellness Tax Credit Application* is denied, the reasons will be listed online and you will receive an email. If you have questions, you can email DPHWellness.taxcredit@state.ma.us. In the email, please include your name, phone number and email address.

If I receive a Wellness Tax Credit Seal of Approval with a Certificate number this year, do I need to reapply next year?

Yes. Qualified businesses must reapply every year to receive a Seal of Approval with a Certificate number for each tax year. This tax credit program is authorized through 2017.