



# Business Sense

**Obesity leads to more than 320,000 deaths each year.**

## How can we rein in health care costs related to weight issues?

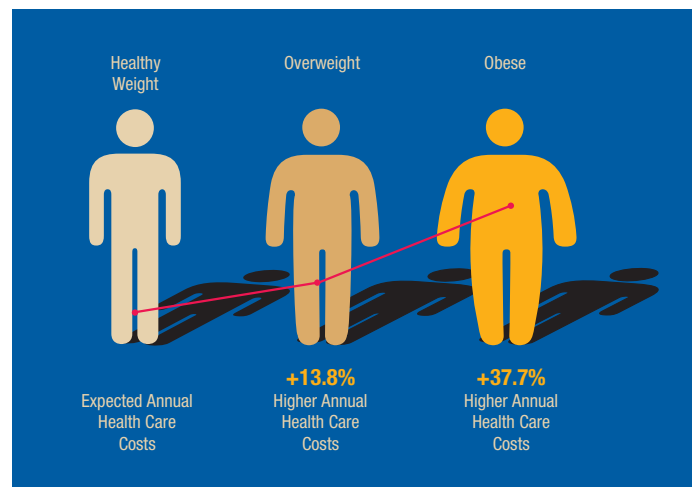
Companies—yours included—bear the financial burden of overweight and obese employees.

- For every \$100 spent in annual health care costs on a healthy-weight employee, employers spend 13.8% more on an overweight employee and 37.7% more on an obese employee.
- Employees with weight problems incur 36% higher annual health care costs, 39% higher costs for primary care visits, and 105% higher pharmacy costs for managing chronic conditions caused by their weight (such as high blood pressure, high cholesterol, diabetes, and heart disease).
- Obesity is associated with 39 million lost workdays per year.

## What are the complications of excess weight?

According to the American Obesity Association, obesity increases the risk of illness from about 30 serious conditions such as

- Type 2 diabetes
- Heart disease
- High blood pressure
- Osteoarthritis (especially of the knee)
- Daytime sleepiness caused by sleep apnea at night
- Cancers, particularly of the breast, esophagus, colon, and rectum
- Metabolic syndrome



## How do we assess the needs and interests of our workforce?

A corporate weight-management program makes good business sense. Even if you've been there and done that in the past without much sustained success, you will want to revisit your approach. A corporate solution is now easier than you think. **First assess your workforce's needs** and interests and play to those strengths. If you choose a proven program that follows the Institute of Medicine's guidelines, you are virtually assured short-term success and long-term gain (well, loss!) over health care costs.

Key decision makers should include all the stakeholders within your company who can come together to assess your company's demographics, health claims data, and benefits plan.

**Items to review** include these:

- Number of employees onsite and in remote locations (assume that, like the general population, about two-thirds are overweight or obese)
- Claims data related to weight issues (heart, diabetes, musculoskeletal issues, for example)
- Pharmacy benefits (especially medications related to weight issues, such as oral insulin)
- Dependents and retirees on your health plan (include them or not in your weight-management programs)
- Availability of onsite support facilities such as meeting rooms, cafeteria vendors, and fitness center
- Flexibility of supervisors to allow employees to attend onsite meetings, flex-time policies
- Benefits plan provisions or revisions to support weight loss such as medical savings accounts, rebates and incentives (To explore tax advantages for your employees, see following page.)

## What are the tax implications for weight-loss programs?

Participants in weight-loss programs may **deduct the cost** of the programs on their income taxes if their overall medical expenses exceed 7.5% of income in that year.

Employers may design their health plans to reimburse weight-loss program fees incurred to treat existing illness (such as obesity or hypertension, according to the IRS) when a physician has recommended weight loss to treat the illness. As with any benefit under a tax-qualified health plan, the employer may deduct the cost of funding the benefit, and the employee does not count the benefit as income.

In addition, if an employer offers a tax-qualified medical **flexible spending account or health reimbursement** arrangement, these plans may also reimburse weight-loss program fees if a physician has recommended weight loss to treat an existing illness. This can be coordinated with health plan payments if the health plan allows the reimbursement. For example, if the plan pays 80%, then the medical flexible spending plan can pick up the remaining 20%. If the health plan does not allow this kind of reimbursement, the medical flexible spending account plan or the health reimbursement arrangement may reimburse the full amount.

High-deductible health plans (typically offered as part of a consumer-directed health plan), which qualify enrollees to invest in a **health savings account**, can offer first-dollar reimbursement of eligible weight-loss program fees without losing their “high deductible” status.



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