



Employer *Bulletin*

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etf.wi.gov

Well Wisconsin – Workplace Screening and Taxability of Wellness Incentives

This *Employer Bulletin* is for employer groups participating in the State of Wisconsin Group Health Insurance programs through the Department of Employee Trust Funds and discusses the availability of a vendor for workplace biometric screenings. It also contains important details regarding the Internal Revenue Service requirement that incentives be treated as taxable income and are subject to applicable payroll taxes.

Overview of Well Wisconsin

Employees, their spouse/domestic partner and adult dependents (18 years and older) covered under the State of Wisconsin Group Health Insurance program are eligible* to participate in the Well Wisconsin program. Participants receive a \$150 incentive for completing a biometric screening and a Health Risk Assessment (HRA). HRAs are administered by the individual health plans and can be located by following the links provided on the Well Wisconsin website. For complete information on the Well Wisconsin incentive visit wellwisconsin.wi.gov.

Workplace Biometric Screenings

To increase accessibility to the Well Wisconsin program, the Department of Administration (DOA) has contracted with Optum to provide workplace biometric screenings at state agencies. The expense for the workplace screenings, within the activity defined in the contract between Optum and DOA, is built into the employer's administrative fee of the monthly health insurance premium. Agencies hosting events will not be billed directly. If an employer group negotiates additional services with Optum or incurs cost for cancellations, those costs may be at the expense of the employer group, unless prior approval is received from DOA.

Optum requires a minimum of 60 days' notice for scheduling events and a minimum of 20 participants. In order to allow employees multiple opportunities to participate, employers are encouraged to host a workplace screening at least twice a year, such as spring and then again in conjunction with the It's Your Choice open enrollment period. Use the contact information listed below to schedule a workplace screening:

State Employer Groups

Sylvia Cantu Smith

Department of Administration

Wellness Coordinator

608-261-8073

sylvia.cantusmith@wisconsin.gov

* At this time, annuitants with Humana Medicare Advantage coverage are not eligible to receive the \$150 incentive.

A calendar of scheduled Optum screenings and participant registration information can be found on the Well Wisconsin website at wellwisconsin.wi.gov.

Taxability of Health Plan Issued Incentives

ETF, in conjunction with DOA, has confirmed that the Internal Revenue Service considers wellness incentives taxable income. Incentives are required to be reported on the employee W-2 as income and are subject to payroll taxes. This includes, but is not limited to cash, gift cards and other cash equivalents issued for:

- completion of a biometric screenings and health risk assessments, including the \$150 Well Wisconsin incentive;
- reimbursement for wellness expenses such as gym memberships, fitness classes, and/or the cost to participate in Community Supported Agriculture (CSA); and
- participation in health or wellness programs or challenges.

Effective with incentive payments made in 2014 and forward, health plans will be required to submit incentive payment information to ETF for distribution to employer payroll centers. This will include incentives issued to the employee, their spouse/domestic partner and adult dependents. ETF will distribute this information to employer groups in late November. ETF collection of the incentive payment data and subsequent distribution to the appropriate employer group is in the ordinary course of business for wellness incentives available as part of employer provided group health insurance and does not violate the Health Insurance Portability and Accountability Act (HIPAA).

Following is a sample e-mail that may be used to communicate this tax requirement to employees. Employers should distribute this message to all staff who are eligible for State of Wisconsin Group Health Insurance programs.

SAMPLE Employee E-mail – Taxation of Wellness

Subject: Taxability of Well Wisconsin and Other Health Plan Incentives

As you may know, the State of Wisconsin recently extended a number of financial incentives to employees through the Well Wisconsin employee wellness program. The Well Wisconsin program works with your insurance provider to make you more aware of your health risks, provide customizable healthy life programs, and save you money in the process. Depending on your health plan, you may also be eligible for financial reimbursements for wellness related expenses such as gym memberships, fitness classes the cost to participate in Community Support Agriculture (CSA) and rewards for participating in health or wellness programs or challenges. You can learn more information about the benefits by accessing the following website: wellwisconsin.wi.gov

According to the federal government and the Internal Revenue Service (IRS) these benefits are classified as a fringe benefit that must be treated as a taxable wage subject to income and payroll taxes.

What this means for you:

- **Beginning in 2014 financial incentives will be reported by your employer as a taxable wage and will be subject to applicable withholdings and taxes.** You will see withholdings for all incentives issued in the current calendar year reflected on your December pay stub. **This will include incentives issued to your eligible family members.**
- Withholding will include 7.65% for Social Security and Medicare and may include withholding

for federal and state taxes, depending on the number of exemptions you claimed on your W-4.

- Federal regulations require the payroll centers to receive financial data regarding incentives issued to employees and their covered family members. *Your health information is protected by federal privacy regulations and is not shared with your employer.*
- Due to the year-end reporting, health plans will delay incentives normally paid during the month of November and December until the next tax year.

Regardless of the federal government's tax regulations, eligible employees are able to receive substantial financial rewards for utilizing the wellness incentives offered by the State of Wisconsin and participating health plans. Benefits available through the Well Wisconsin program are also available to any dependent over the age of 18 who is covered by your State of Wisconsin insurance plan. **This e-mail is intended to make you aware that the federal government requires the Well Wisconsin incentive, and all other wellness financial incentives issued to you and your enrolled family members by your health plan, to be treated as wages by your employer and are subject to income and payroll taxes.** Again, to learn more information about the employee wellness incentives offered by the State of Wisconsin you can visit wellwisconsin.wi.gov.

If you have any questions or concerns feel free to contact ETF at 1-877-533-5020 (toll free) or 608-266-3285 (local Madison)

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech or hearing impaired and need assistance, call the Wisconsin Relay Service toll free at 7-1-1 or 1-800-947-3529 (English) 1-800-833-7813 (Español). If you are visually or cognitively impaired, call 1-877-533-5020 or (608) 266-3285 locally. We will try to find another way to get the information to you in a usable form.

This *Employer Bulletin* is published by the Wisconsin Department of Employee Trust Funds. Questions should be directed to contact persons listed in the *Bulletin*. Employer agents may copy this *Bulletin* for further distribution to other payroll offices, subunits or individuals who may need the information. Copies of the most recent *Employer Bulletins* are available on our Internet site at etf.wi.gov/employers.htm

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