



# JOHN MURTHA

STATE REPRESENTATIVE • 29<sup>th</sup> ASSEMBLY DISTRICT

**Testimony on Assembly Bill 78  
Creating a Workplace Wellness Tax Credit  
Assembly Committee on Jobs, the Economy and Mining  
April 3, 2013**

Chairperson Williams and members of the Assembly Committee on Jobs, the Economy and Mining.

Thank you for holding a hearing today on Assembly Bill 78, the Healthy Jobs Act, which would create a Workplace Wellness Tax Credit for employers who provide wellness programs for their employees and encourage small business owners to invest in wellness programs to help lower overall healthcare costs for their businesses.

According to the U.S. Department of Health and Human Services, 75 percent of health care dollars are spent on chronic conditions that are preventable, to include, diabetes, obesity and cardiovascular disease. Also, overall poor health can lead to missed work, reduction in production and disabilities which can cost several times more than direct medical costs.

This bill will provide income and franchise tax credits for wellness programs that would be equal to 30 percent of the amount an employer pays in the taxable year to provide such programs to their employees. The program will be capped at \$3 million and made available to small businesses employing 50 or less who do not have already established programs.

A workplace wellness program is defined as any program that includes a health risk assessment and one or more other programs including chronic disease prevention, weight management, stress management, worker injury prevention programs, health screenings, nutrition education, health and fitness incentive programs.

This bill has bipartisan support and the support of numerous health and business organization including the Wisconsin Public Health Association, the Wisconsin Association of Local Health Departments and Boards, the American Heart Association, the Wisconsin Association of Health Plans, the Marshfield Clinic, the Gundersen Lutheran Health System and the Wisconsin Athletic Trainers Association.

Workplace wellness programs have been proven to improve employee productivity, lower employee absences, reduce workplace injuries, and increase overall employee morale and retention. Studies have shown, by implementing a workplace wellness program, overall employer health care costs fall by \$3.27 for every \$1 they spend. This bill will work to create a healthier, happier, and more productive workforce in Wisconsin.



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It is my belief that this bill will prevent unnecessary injury, health care costs, and keep Wisconsin working. I thank you for your time and attention to this matter and my office looks forward to working with all of you to see that this bill is moved forward. I would be happy to answer any questions at this time.



Michael Richards, Executive Director of External Affairs  
*Testimony: Assembly Bill 78*

Wisconsin Assembly Committee on Jobs, Economy and Mining  
Wednesday, April 3, 2013

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Chairwoman Williams and members of the Committee, thank you for the opportunity to testify in support of Assembly Bill 78, which would provide tax credits for businesses that invest in workplace wellness programs.

Gundersen Lutheran Health System is headquartered in La Crosse, Wisconsin and provides integrated healthcare services to patients along the rural stretches of western Wisconsin, southeastern Minnesota and northeastern Iowa. We believe incentives for businesses to invest in wellness and prevention is critical to driving down the cost of healthcare.

In addition to providing nationally recognized medical care, Gundersen Lutheran offers health and wellness services to the businesses in our region and members of our health insurance plan. In fact, we have partnered with Ashley Furniture to take preventive care to the highest level by providing on-site primary care and wellness services. Slowing the cost growth of healthcare is achieved through improved overall health and ensuring appropriate levels of medical service utilization. It is estimated that 80% of our nation's healthcare spending goes toward the treatment of chronic conditions,<sup>1</sup> many of which are preventable or manageable. We believe if the business community invests in the health of their employees through wellness and prevention programs, the foundation is there to improve overall health, reduce the incidence of high-cost healthcare cases, and decrease unnecessary levels of utilization.

Comprehensive wellness and prevention programs have a multiplier effect. Studies show that for every dollar invested in wellness and prevention, businesses can save up to three dollars in return.<sup>2</sup> Savings are derived from: improved health, lower utilization of high cost services, reduction in workers compensation claims, a more productive workforce, and lower overall absenteeism.<sup>3</sup> But despite the benefits, businesses are at times reluctant to invest in wellness programming due to the upfront costs and resources needed to offer a complete package of wellness services. Assembly Bill 78 will provide an important policy tool for increasing the prevalence of workplace wellness programs, and thus improving the health and wellbeing of the Wisconsin workforce.

In closing, Gundersen Lutheran fully supports Assembly Bill 78, and thanks Representative Murtha and Senator Moulton for introducing this bi-partisan legislation, and for the many more legislators on both sides of the aisle who are signing on as co-sponsors and supporters.

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<sup>1</sup> McKenna M and Collins J. Current Issues and Challenges in Chronic Disease Control. IN: Remington PL, Brownson R, Wegner MV (eds). *Chronic Disease Epidemiology and Control, 3rd Edition*. American Public Health Association, Washington DC, 2010.

<sup>2</sup> Baicker, K., Cutler, D., and Song, Z. "Workplace wellness programs can generate savings." *Health Affairs*, 29, no.2 (2010):1.

<sup>3</sup> Keller P, Lehman D, and Milligan K. "Effectiveness of corporate well-being programs, a meta-analysis." *Journal of Macromarketing*, 29, no. 3 (2009):279-302. Quintiliani L, Sattelmair J, and Sorenson G. "The workplace as a setting for interventions to improve diet and promote physical activity." World Health Organization Press. Switzerland. 2007. Milani R and Lavie C. "Impact of worksite wellness intervention on cardiac risk factors and one-year health care costs." *The American Journal of Cardiology*, 104 (2009): 1389-1392.



Testimony on *Assembly Bill 78* before the  
**ASSEMBLY COMMITTEE ON JOBS, ECONOMY AND MINING**  
April 3, 2013

Muriel Nagle, RN, MSN – *WPHA President*  
Jan Klawitter – *WPHA Legislative Chair*

Good morning Chairperson Williams and members of the Committee. Thank you for the opportunity to testify today in favor of Assembly Bill 78.

My name is Muriel Nagle. I am a registered nurse and currently serve as the president of the Wisconsin Public Health Association. Along with Jan Klawitter, who is seated next to me, I am testifying today on behalf of the Wisconsin Public Health Association.

The Wisconsin Public Health Association, along with our partner organization represents over 1,100 public health professionals statewide. We are dedicated to promoting and protecting public health in Wisconsin, which is vital to a healthy population, lower health care costs and a thriving economy.

The primary focus of Wisconsin's public health community is to assess the health needs of communities and support policies that promote healthy lifestyles and improve the health of all citizens. Assembly Bill 78 would accomplish both of these goals by encouraging greater use of workplace wellness programs by Wisconsin small businesses.

As Jan will point out in her comments, there are many real benefits to workplace wellness programs, for all types of companies and businesses – big and small. A healthy workforce is vitally important to the overall success of a company, and AB 78 will help small businesses invest in the health of their employees.

I would now like to turn it over to Jan.

As Muriel alluded to, AB 78 is exciting legislation that recognizes the value of wellness and prevention in the workplace. The bill would promote workplace wellness by creating a tax credit for Wisconsin small businesses that offer wellness programs for their employees. Under the legislation, employers that implement wellness programs would be eligible for a tax credit equal to 30% of the cost of their program.

Increasing evidence supports the effectiveness of workplace wellness programs, and businesses now understand that a healthier workforce translates into a healthier bottom line. More companies than ever are implementing wellness strategies to help manage health care costs, reduce absenteeism and boost productivity. With additional benefits such as increased employee morale and retention and fewer work-related injuries and worker compensation claims, it's not surprising that workplace wellness is popular in the corporate world. In fact, a recent U.S. Department of Labor report found more than 90% of companies with 200 or more employees had some form of a workplace wellness program in place.

While numerous Wisconsin companies, such as Quad/Graphics, Harley-Davidson and Northwestern Mutual, have found success with their wellness strategies, most small businesses unfortunately do not have the resources to establish employee wellness programs.

By creating a strategic, yet short-term tax incentive, Assembly Bill 78 would make workplace wellness programs a practical investment for Wisconsin small employers. Small businesses represent 97.8% of all Wisconsin employers and employ 51.8 percent of the private-sector workforce. Yet, while both large and small companies struggle with skyrocketing health care costs, small employers are usually hit the hardest. Effective wellness programs would help these employers better manage their costs and overall productivity.

According to the U.S. Department of Health and Human Services, more than 75% of all health care dollars in the U.S. are spent on chronic conditions such as diabetes, obesity, cardiovascular disease and asthma – most of which are preventable. Additionally, productivity losses due to health problems cost U.S. employers over \$1,600 per employee, per year – or \$225 billion annually.

Assembly Bill 78 would help small businesses tackle this growing problem head-on and improve the health and well-being of their employees through effective wellness programs.

According to the Centers for Disease Control and Prevention, every \$1 invested in wellness programs saves businesses \$3 to \$7 in costs. Another recent study conducted by Harvard professors found employer health care costs fall by \$3.27 for every \$1 spent on wellness programs and absenteeism costs fall by about \$2.73 for every dollar spent.

Assembly Bill 78 is smart public policy that will benefit individuals, Wisconsin's small business community and ultimately, the entire state economy. It is not a cure-all solution to rising health care costs, but it is an important piece of the puzzle... one that will help create a healthier, more productive workforce in Wisconsin. With that in mind, on behalf of the Wisconsin Public Health Association, we would encourage you to support AB 78.

We appreciate the opportunity to testify and would now be more than happy to take any questions.



**TO:** Chairperson Mary Williams & members of the Assembly Jobs, Economy and Mining Committee

**FROM:** WI Public Health Association & WI Association of Local Health Departments and Boards

**DATE:** April 3, 2013

**RE:** Please support Assembly Bill 78 – *The Healthy Jobs Act*

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The Wisconsin Public Health Association and the Wisconsin Association of Local Health Departments and Boards would like to request your support for Assembly Bill 78 – the *Healthy Jobs Act*.

Assembly Bill 78 is exciting legislation that recognizes the value of wellness and prevention in the workplace. The proposal would encourage workplace wellness by creating a tax credit for Wisconsin small businesses that offer wellness programs for their employees. Under the bill, employers that implement wellness programs would be eligible for a tax credit equal to 30 percent of the cost of the program. In each taxable year, \$3 million in credits would be available to small businesses – defined as an employer that has 50 or fewer employees.

Increasing evidence supports the effectiveness of workplace wellness programs, and businesses now understand that a healthier workforce translates into a healthier bottom line. In fact, more companies than ever are implementing wellness strategies to help manage health care costs, boost worker productivity and morale and reduce absenteeism and work-related injuries. Unfortunately, most small businesses do not have the resources to establish employee wellness programs.

By creating a strategic, yet short-term tax incentive, Assembly Bill 78 would make workplace wellness programs a practical investment for Wisconsin small employers. Small businesses represent 97.8% of all Wisconsin employers and employ 51.8 percent of the private-sector workforce. Yet, while both large and small companies struggle with skyrocketing health care costs, small employers are usually hit the hardest. Effective wellness would help these employers better manage their costs and overall productivity.

More than 75% of all health care dollars in the U.S. are spent on chronic conditions such as diabetes, obesity, cardiovascular disease and asthma – most of which are preventable. And according to the American Productivity Audit, productivity losses related to personal and family health problems cost U.S. employers \$1,685 per employee per year, or \$225.8 billion annually. The *Healthy Jobs Act* would allow Wisconsin small businesses to take advantage of wellness programs that most large companies are already utilizing to improve the health and well-being of their employees.

According to the Centers for Disease Control and Prevention, for every \$1 invested in wellness programs, businesses can save \$3 to \$7 in costs, and a 2010 Harvard study found that employer health care costs fall by about \$3.27 for every \$1 spent on wellness programs and absenteeism costs fall by about \$2.73 for every dollar spent. In short, there is ample data that demonstrates the effectiveness of workplace wellness programs.

Ultimately, the health of Wisconsin's economy is linked to the health of the state's workforce. With that in mind, both WPHA and WALHDAB would encourage you to support AB 78 to help create a healthier, more productive workforce in Wisconsin.