

# Kentucky Worksite Wellness Tax Credit: A Health Impact Assessment

## Executive Summary

The purpose of the assessment was to evaluate the potential effects of a worksite wellness tax credit on three main areas of concern for Kentucky: (1) nutrition, physical activity and obesity levels of children whose parents receive Worksite Wellness services, (2) jobs and (3) social cohesion.

**January 2012**

## A Health Impact Assessment

### Kentucky Worksite Wellness Tax Credit

EXECUTIVE SUMMARY OF FINDINGS JANUARY 2012

#### WHAT YOU WILL FIND IN THIS REPORT

- Current conditions of the selected health determinants -childhood obesity, employment and social cohesion
- A logic model that shows how a Worksite Wellness Tax Credit could impact the three health determinants
- Assessments of the health impacts of the Worksite Wellness Tax Credit on 25 key areas, including Parental Understanding of Healthy Diet and Physical Activity for Children, Job Loss Due to Poor Health Status and Populations in Kentucky with Social Isolation
- Consider This: A Summary of Potential Impacts
- Key Findings
- Recommendations designed to help Kentucky receive the most benefit from worksite wellness policies

Extensive research shows that Worksite Wellness Programs benefit both employees and employers. There is strong evidence that comprehensive programs can change employee health behaviors and reduce their risk of disease. Healthy employees boost a company's bottom line by reducing health care costs, Workman's Compensation and disability claims and absenteeism, while increasing morale and productivity. At the current rate of increase, the cost of health care to employers will likely be the single most significant detriment to recruitment of businesses to the state and the viability and profitability of existing businesses. Public agencies are feeling the sting as well as health insurance costs skyrocket. Health care costs attributable to obesity alone are projected to be \$2.3 billion in 2013 and \$6 billion in 2016 for the state of Kentucky (American Public Health Association/Partners in Prevention, 2011).

A worksite wellness tax credit was proposed, but not enacted in 2008, 2009 and 2010 which would give tax credits to employers who provide qualified wellness programs for their employees. The annual credits would be up to 50% of the cost of wellness programs, or a maximum of \$100 per total number of qualified employees. The total tax credit amount will be capped at \$3 million dollars annually. Qualified programs are comprehensive and include health education, behavioral change and supportive environments.

What would the impact of a worksite wellness tax credit be for the state of Kentucky? To answer this question the Kentucky Department of Public Health partnered with the Western Kentucky University College of Public Health to develop a Health Impact Assessment, a state-of-the-art approach used for assessing the broader outcomes of health-related policies. The purpose of the assessment was to evaluate the potential effects of a worksite wellness tax credit on three main areas of concern for Kentucky: **(1) nutrition, physical activity and obesity levels of children whose parents receive Worksite Wellness services, (2) jobs and (3) social cohesion.** The full report provides complete details of the assessment and findings.

## THE PURPOSE OF CONDUCTING AN HIA ON KENTUCKY WORKSITE WELLNESS TAX CREDIT

## ABOUT HEALTH IMPACT ASSESSMENTS

Consider broader health impact of wellness at the worksite:

- potential benefits of a healthier population
- lower healthcare costs
- stronger economy and workforce

Provide directions to lessen health disparities on special populations including:

- small businesses
- rural areas
- underemployed and the lower income.

Inform about the potential health benefits of enacting the Kentucky Worksite Wellness Tax Credit to:

- Kentucky residents, health professionals, legislators, business leaders and other stakeholders

A Health Impact Assessment is an information gathering tool used to systematically evaluate the potential and sometimes unintended effects of a proposed project, plan or policy on the health of a population and the distribution of those effects within the population. An HIA has 5 steps:

**Screening** - To determine if a HIA is needed

**Scoping** - Determines which health impacts, the method and how the impact will be completed

**Assessment and Recommendations** - Looks at current conditions, possible impacts, and offers strategies to address unwanted health impacts

**Reporting** - Includes creating and sharing a formal report of process and findings

**Monitoring** - Tracks impact on the project or policy and the health determinants

----- **Human Impact Partners**

## KEY FINDINGS OF ASSESSMENT

The HIA finds a worksite wellness tax credit would likely have positive impacts on the physical and social health of Kentuckians and the economy. Key findings of the HIA of the Kentucky Worksite Wellness Tax Credit are:

- Parents have the most influence of their children's habits and lifestyles.
- Parents can be educated and supported to improve their own health and that of their children at the workplace.
- Progressive companies in the country are offering wellness programs now for employees and their families.
- Employee wellness programs, which include families, have shown greater results than employee only programs.
- Job growth can be increased through healthier employees, which result in healthier companies, including lower employee turnover rates, higher productivity, lower absenteeism, lower presenteeism (coming to work but performing poorly) and a state image that could attract companies.
- Social cohesion influences communities' ability to provide a supportive, healthy environment, including less dependency on government programs with potential opportunities for self-sufficient community members.

## Current Conditions

### CHILDHOOD OBESITY

- Kentucky ranks third in the nation for childhood obesity
- 16% of children are overweight and 18% are obese
- 80% of children who are overweight will become overweight adults  
(CDC, 2009)

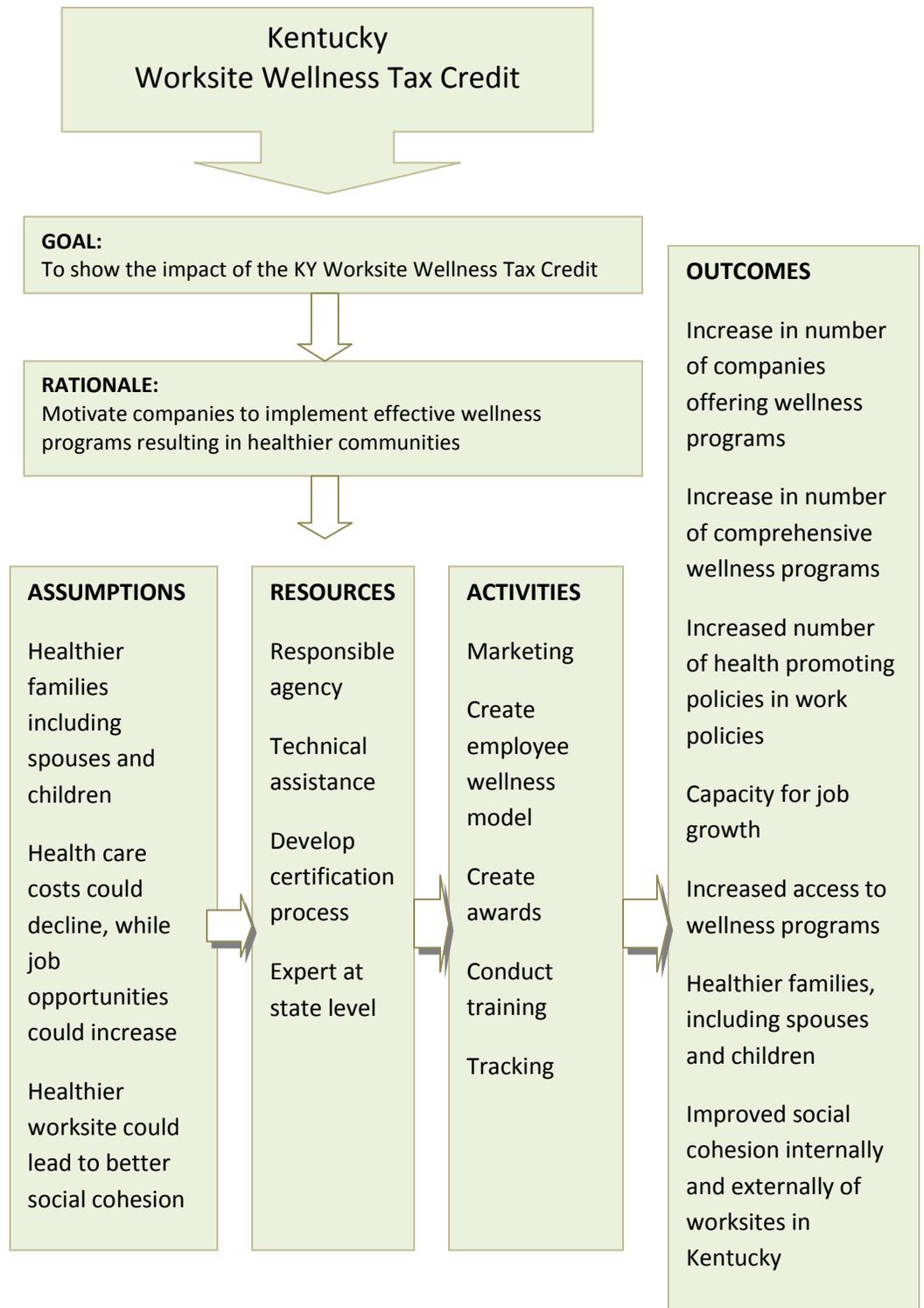
### JOBS IN KENTUCKY

- Almost 355,000 Kentuckians are underemployed. The underemployed have less education, are younger, non-white, and have physical limitations
- Kentucky is ranked 40<sup>th</sup> in the nation for percentage of low-income working families  
(The Working Poor Project, 2008)
- KY state unemployment - 9.8% Eastern KY areas higher - 12.1%  
(Office of Employment & Training, 2010)

### SOCIAL COHESION

- Kentucky was ranked 49<sup>th</sup> in the overall Gallop-Healthways WELL-Being Index Study
- The state was 49<sup>th</sup> in emotional health, life evaluation, and physical health, and 50<sup>th</sup> in healthy behavior  
(Gallup-Healthways, 2010)

## Health Impact Assessment Logic Model



## CONSIDER THIS

### A Summary of Potential Impacts

#### **More Physical Activity**

Kentucky children (under 18) are 8.5% below the national average for meeting the requirements of daily physical activity. This relates to 457, 223 children in the Commonwealth that are considered sedentary. If companies and schools in Kentucky offered worksite wellness programs, parents and teachers, who are both significant roles models to these children would be better equipped to guide their children and students to be more physically active.

#### **Families Eat More Fruit and Vegetables**

If employers offered family wellness programs for fruit and vegetable consumption, 11% more of the KY working population and their families may eat healthier. This could lead to an estimated 10,000 children eating more fruits and vegetables.

#### **Education on Importance of Limiting Sweetened Beverages**

If eliminating consumption of just one soda per day, approximately 150 calories (40 grams of sugar) per soda, a child could potentially lose between 10 to 16 pounds in one year. Worksite wellness programs would educate employees (parents) on the nutritional importance of limiting sweetened beverages in their children's daily intake of liquids.

#### **Support for Working Moms to Continue to Breastfeed**

A Kentucky worksite wellness tax credit could likely increase the number of companies that implement wellness programs and consequently lactation programs and policies, which would increase Kentucky's rate for breast feeding up to one year which is currently at 13.1% as compared to nationally 22.7% and Health People 2020 objective of 34.1%. Creating basic accommodations for lactating women can cost businesses next to nothing, yet the return on investment can be significant. One company estimated a return on investment for their worksite lactation support program at 2.8 to 1 (Partnership for a Fit Kentucky, 2009). The lactation programs in Kentucky could also prevent the primary reason for mother's stopping breastfeeding, which is returning to work.

#### **Healthier Families**

According to the 2008 County Business Patterns (NAICS) from the U.S. Census Bureau, there are 92,587 worksites in Kentucky (U.S. Census Bureau, 2009). Ninety four percent or 87,212 of those businesses are small (49 employees or less) and most do not offer wellness programs, while 5% are medium size (50-249 employees) and less than 1 % are considered large (250 and more). The Worksite Wellness Tax Credit could potentially influence 30,000 employees and their families to live healthier lives, especially those in small and medium businesses.

#### **Support for Parents Employed in Small Businesses**

Although the number of employees who are parents and work in small businesses is not known, a majority of worksites in Kentucky are small. According to the U.S. Census Bureau (2008), approximately 99% of all businesses in Kentucky are considered small (2-249). The estimated workers employed by small businesses in Kentucky are 906,794, which could be positively influenced by wellness programs in their worksites, resulting in healthier and more productive workers.

#### **More Jobs in the Wellness Industry**

By offering employers incentives to implement wellness programs, more companies will provide comprehensive wellness programs and will require qualified health professionals to lead them. Small and medium sized companies tend not to offer wellness programs as often as larger organizations. With the tax incentive, more companies will likely offer health promotion programs which will generate increased business for wellness vendors in Kentucky. This would lead to more jobs in the wellness service industry in the state.

#### **A Healthier Workforce Creates a Healthier Economy**

Wellness programs reduce the chronic diseases in a population and reduce costs for both employees and employers. By implementing wellness programs in the workplace, a significant part of the population is reached. A healthier workforce creates a healthier economy. The savings realized from a healthier workforce includes lower healthcare costs, less absenteeism, less presenteeism and higher productivity, which will lead to a more efficient working environment and healthier businesses.

#### **Increased Job Opportunities for Vulnerable Populations**

Vulnerable populations in Kentucky are more likely to be unemployed. If companies encouraged and supported healthy work environments through worksite wellness programs, producing healthier and more productive employees, these vulnerable populations would have increased job opportunities through a stronger job demand.

#### **Help Kentuckians Meet Their Basic Needs**

The need to be self-sustaining and meet the basic need of life is vital to the health of a population. A healthy job market encourages states, communities and individuals to grow and prosper. The Kentucky Worksite Tax Credit will motivate companies of all sizes to add wellness as a part of the benefits to employees. The growth potential of a healthy company will allow more Kentuckians to work and enable them to meet their basic needs.

#### **Increase Job Satisfaction, Increase Productivity**

Social support at the workplace has a positive effect on the well-being of the worker, including impact on job satisfaction and productivity for the organization, Kentucky's labor force would benefit from the implementation of wellness programs as a result of passing the KY Worksite Tax Credit.

## Key Recommendations

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The report found that to truly reap the benefits that worksite wellness has to offer in addressing key problems in the state a more comprehensive approach was needed. Recommendations include to:

- Implement the Worksite Wellness Tax Credit
- Conduct a state-wide in depth assessment of current status of worksite wellness programs
- Create a state-wide worksite wellness council or panel
- Create a center of excellence for worksite wellness
- Support of worksite wellness programs at a regional and local level with a qualified consultant
- Offer wellness programming to provide education for parents in the worksite
- Educate employers on the benefits of providing wellness programs for both employees and their families
- Set standards for quality wellness programs for the worksite wellness tax credits to be successful

## What Employers Can Do

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- Help employees develop healthy family lifestyles in the home
- Educate employees about what to do if their child is overweight
- Provide tools and information to optimize employee partnerships with health care providers
- Refer parents to child care services and providers that meet nutrition and physical activity recommendations

## The Big Picture of Kentucky Worksite Wellness

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Worksite	Employee	Families	Community	Kentucky
Increase number & quality of wellness programs	Healthier lifestyles	Healthier lifestyles	Healthier members	Healthier citizens & workforce
Role model for community	Role model for families	Improved family dynamics	Improved social cohesion	Attract new businesses

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