

HEALTH DIVIDEND-SB 679

John D. Lees, MD

Nadine M. Wood, M.S.

Contributors

Ed Wright, Ph.D.

Mary Lou McCormick

Jim Asleson

Rick Rebel

Ethel Ellingson

Bob Ross

Sally Cheyne

Nancy Seifert, Ph.D.

Theresa Johnson

PURPOSE:

Enact a law to offer cash dividends to clients of Health Insurance Companies who are achieving healthy behavior.

RATIONALE:

Provide an incentive for healthy lifestyles, realizing that a large portion of healthcare costs are linked to life-style choices.

GOAL:

Encourage

- Tobacco cessation
- Weight loss
- Fitness
- Nutrition

Encourage

- Wellness Partnerships
- Wellness Education
- Wellness Marketing
- Wellness Incentives

OBJECTIVES:

Use financial incentives to:

- Optimize Oregonians Health
- Decrease health care costs
- Create Wellness Partnerships
- Optimize Employees' Creativity

OUR FUTURE – OUR YOUTH:

Offer matching dividends for our youth (3–18 yrs).

**A-Engrossed
Senate Bill 679**

Ordered by the Senate April 30
Including Senate Amendments dated April 30
Sponsored by Senators MORSE, BATES, Representative OLSON

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Authorizes insurer to pay **cash** dividends [*in form of cash rewards*] to enrollees who participate in approved program to promote healthy [*lifestyle*] **behaviors**. [*Requires insurer to compile and report data to Director of Department of Consumer and Business Services. Requires director to report to Seventy-seventh and Seventy-eighth Legislative Assemblies on long term effectiveness of paying dividends to encourage healthy lifestyles.*]

A BILL FOR AN ACT

Relating to health benefit plan dividends paid for healthy lifestyles.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2009 Act is added to and made a part of the Insurance Code.

SECTION 2.

(1) As used in this section, "healthy behaviors" means participating in constructive behaviors that encourage fitness, healthy eating and other activities that are beneficial to good health.

(2) An insurer offering a health benefit plan, as defined in ORS 743.730, may pay cash dividends to enrollees in the plan who participate in a program approved by the insurer that promotes healthy behaviors.

(3) Dividends paid pursuant to this section are not premium variations for the purposes of ORS 743.767.

SECTION 3. Section 2 of this 2009 Act applies to health benefit plans offered or renewed on or after the effective date of this 2009 Act.

Third Reading of Senate Bill 679
Floor Testimony by Senator Frank Morse
Tuesday, May 5, 2009

Mr. President, colleagues, SB 679 comes with a unanimous vote from the Committee on Health Care and Veterans Affairs.

The bill is simple, yet elegant with potentially profound positive impacts on health and health care costs.

The bill simply states that insurers offering a health benefit plan may pay cash dividends to enrollees in the plans who participate in programs approved by the insurer that promote healthy behaviors.

The concept of SB 679 anticipates, though does not direct, that insurance companies will develop collaborative efforts with community based programs that focus on tobacco cessation, obesity, fitness, and nutrition.

We have all heard the statistics. Tobacco use costs Oregonians more than \$2 billion per year. It is responsible for 430,000 deaths per year in the United States and it is projected that approximately 5 million children living in the United States will die prematurely due to tobacco use. General Electric is currently paying \$750 to tobacco users who successfully complete a smoking cessation program and expects to recoup the costs of the program in three to five years.

It can be argued that obesity is Oregon's number one health challenge. Obesity related health problems cost Oregonians more than \$781 million each year. Between 1987 and 2001, it has been estimated the diseases associated with obesity accounted for 27% of the increases in medical costs. In 2007, it was estimated that 1,710,000 Oregon adults are either overweight or obese or 62% of the population. It is further estimated that 1,400 deaths each year in Oregon are associated with obesity.

We all know the value of fitness. A daily hour of moderate exercise can lower your risk of diabetes by nearly 50%. Regular exercise reduces blood pressure by an average of seven to ten points. Physically active men and women may be 40 to 50 percent less likely to develop colon cancer than sedentary people. Active women may be 30 to 40 percent less likely to develop breast cancer. It has been determined that aerobic exercise and strength training may be as effective for treating depression as drugs and psychotherapy. Exercise is good for your brain. Other studies show that exercise improves memory.

Colleagues, what this bill will do is open the door for insurance companies to offer competitive products that create incentives for Oregonians to change their lifestyles in ways that result in better health that in turn results in lower health care costs.

I know in my community, there are many ways for insurance companies to engage community based wellness programs through the YMCA, health clubs, churches, and employers. A recent article in the March/April 2009 AHIP (American Health Insurance Plans) Magazine called Coverage states, “A consensus is emerging that for wellness programs to be effective, they must be incorporated into people’s daily lives. To help people make good health a priority as they go about daily living, health plans are forming partnerships with employers, physicians, schools, and communities to offer wellness programs that support healthy behaviors in a range of environments.”

SB 679 gives a strong nudge and incentive for insurance companies to be creative in promoting health lifestyles. It is a win – win. I urge an aye vote for a little bill with big consequences.

The Senate went on to approve the bill, unanimously, 30-0.

Testimony to House Committee on Health Care
Chair: Representative Mitch Greenlick
By Representative Andy Olson
Friday, May 15, 2009

Mr. Chair and Committee Members,

SB679 comes to you from the Senate Chambers with a unanimous vote (30-0). This bill is simple, yet possesses profound positive impacts on health and care costs.

Dr. Jack Lees from Albany is the brain-child of this bill. Senator Morse and I were fortunate enough to be asked by Dr. Lees to sponsor this bill...

The bill simply states that insurers offering a health benefit plan may pay cash dividends to enrollees in the plans who participate in programs approved by the insurer that promote healthy behaviors.

The concept of SB679 anticipates, though does not direct, that insurance companies will develop collaborative efforts with community based programs that focus on tobacco cessation, obesity, fitness, and nutrition.

We have all heard the statistics. Tobacco use costs Oregonians more than \$2 million per year. It is responsible for 430,000 deaths annually in the United States and it is projected that approximately 5 million children living in the United States will die prematurely due to tobacco use. Currently, General Electric is paying \$750 to tobacco users who successfully complete smoking cessation programs and expects to recoup the costs of the program in three to five years.

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Mr. Chair and Committee Members, what this bill will do is open the door for insurance companies to offer competitive products that create incentives of Oregonians to change their lifestyles in ways that result in better health; that in turn results to lower health care costs.

I know in my community, there are many ways for insurance companies to engage community based wellness programs through the YMCA, health clubs, churches, and employers. The writer of a recent article in the March/April 2009 AHIP (American Health Insurance Plans) Magazine called Coverage wrote, "A consensus is emerging that for wellness programs to be effective, they must be incorporated into people's daily lives. To help people make good health a priority as they go about daily living, health plans are forming partnerships with employers, physicians, schools, and communities to offer wellness programs that support healthy behaviors in a range of environments."

SB 679 gives a strong nudge and incentive for insurance companies to be creative in promoting healthy lifestyles. It is truly a WIN - WIN. I urge you to strongly consider moving this bill forward to the House floor for passage. It is a little bill with BIG consequences.

Thank you.

Andy Olson

On 6/3/09 the House approved the bill, unanimously, 53-0.

6-8-09 President signed.

6-16-09 Speaker signed.

6-23-09 Governor signed.

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Chair Senator Anderson
Vice Chair Senator Kruse
Senator Bates
Senator Morrisette
Senator Morse
Representative Olson

Subject: SB 679

Authorizes insurer to offer dividends in form of cash rewards to enrollees who meet health behaviors or who participate in approved program to develop healthy behaviors.

I would encourage your consideration of Senate Bill 679.

A Health Dividend Program to encourage wellness and fitness and reduce health care costs.

At present, Oregon insurance companies compete vigorously with each other on price, product, product design, and product service.

In the future, a health dividend will encourage additional competition for individuals interested and motivated to practice behaviors to optimize health.

The Insurance Companies will be encouraged to formulate a partnership with participating community programs. Together they will design mutually beneficial programs that satisfy the needs of their insured beneficiaries to move them into making better health behavior choices.

To encourage insurance companies to pay a health dividend to insured members who meet wellness standard or who participate in a certified wellness program and make progress towards goals in one or more of the following areas: Tobacco cessation, exercise and nutrition which supports a healthy body weight.

Both Oregon insurance companies and Oregon employers will benefit from this dividend program. The insurance companies will benefit by paying out fewer claims due to a healthier client base and Oregon employers will benefit from having a stronger, healthier work force.

We cannot continue the trend our country is headed in an unhealthy manner.

We need to change people's lives and habits and one way is this bill that would encourage employer's programs to provide incentives to reduce insurance premiums.

Thank you for your consideration,

Sharon Konopa
Mayor of Albany

SB 679-1 Testimony

Chair Monnes Anderson
And members of the committee

For the record my name is Edward Wright, policy advisor to Senator Frank Morse.

SB 679-1 is a single concept bill that states “An insurer offering a health benefit plan, MAY pay a cash dividend to enrollees in the plan who comply with standards established by the plan for healthy behaviors”

The creation of the plan is up to the insurer and we hope it is developed in cooperation with local community groups.

The intent of this bill is to help people connect their insurance premiums to their lifestyle choices.

If you have ever started an exercise or diet program, you know how hard it is to continue without a support buddy. We hope that this bill will help individuals make the choice to live a healthier life and to put into place the community support needed for everyone to continue the new life style.

My good friend, Dr. Lees will cover the conceptual bases for this bill.

Statement in support for SB 679

Testimony: Friday, May 15, 2009 3pm

Presented to House Committee by Dr. Jack Lees

Chair, Representative Mitch Greenlick; Vice Chair, Representative Chris Harker, Vice Chair, Representative Ron Maurer; and Representatives,

I am Dr. John Lees of Albany, testifying in support of SB 679. I would like to thank you for this opportunity to testify in favor of a bill that has the potential to make a real impact in lowering health care costs and improving the overall well being of all Oregonians.

SB679 is a crucial part of the development of wellness programs. It can create a partnership of Oregon Insurance Companies, employers, insured employees, and medical providers. This alliance has the potential to provide financial incentives to all four partners.

Research at the University of Pennsylvania shows that financial incentives boost success rates with weight loss and smoking cessation programs. Obesity and tobacco use are major causes of multiple diseases and increased health care costs.

Please review the data in the Health Dividend binder, in particular, these four pages. Page 8 shows the intent to create partnerships that will move the arrows from left to right, resulting in decreases in smoking and obesity rates and increasing fitness levels and nutrition awareness. If we can work together, page 7 shows multiple ways this bill creates win-win situations. Insured employees and our youth stand to benefit the most. Senator Frank Morse's presentation on pages 3 and 4 does an outstanding job of summarizing the intent of SB 679.

We believe a partnership at the local level, which have incentives to move our society toward healthy lifestyles; will pay back large dividends to our communities. Our communities stand ready with organizations like Parks and Recreation, YMCA, faith communities, schools, etc., to work with and support a joint effort towards wellness.

Prior to SB 679 passing unanimously in the Senate Chamber, Senator Frank Morse concluded, *"SB 679 gives a strong nudge and incentive for insurance companies to be creative in promoting health lifestyles. It is a win – win. I urge an aye vote for a little bill with big consequences."* I strongly agree with his insightful assessment.

The following is a summary of the testimony presented to the House Committee on May 15, 2009 by Jim Asleson from the Mid-Willamette Family YMCA in Albany.

The Mid-Willamette Family YMCA in Albany is pleased to support the Health Dividend Bill (SB679) recently signed by Governor Kulongoski, offering incentives for individuals who are achieving healthy behavior.

The YMCA in Albany is an active partner in a national initiative called Activate America, the YMCA's response to our country's growing health crisis. In fact, unless we make very real progress in reducing youth obesity and increasing youth activity levels, the current generation of children is likely to be the first to have a shorter lifespan than their parents, according to the New England Journal of Medicine.

In the last 10 years, obesity rates in the United States have increased by 60% and more than 50% of U.S. adults do not get enough physical exercise to make a difference in their health. In fact, health problems related to obesity cost our country an estimated \$117 billion a year in direct health care costs and the indirect economic costs of lost productivity.

The YMCA is reaching out to "health seekers", those who desire better health and well being, by providing the support, encouragement and expertise necessary to develop healthy behaviors. It is our intention to provide programs and facilities that will welcome and support those who wish to establish and sustain healthy behaviors as a result of the new health dividend program.

**Statement of Support for Health Dividend SB679
Presented to the Senate Committee on Health Care and Veterans' Affairs
April 14, 2009**

Chair Senator Anderson, Vice Chair Senator Kruse and Senators, I am Nadine Wood from Albany and I want to thank-you for the opportunity to speak today in support of the Health Dividend SB 679.

On March 31st 2009, the State Task Force for a Comprehensive Obesity Prevention Initiative reported that obesity in Oregon is "increasing at alarming rates" and concluded that obesity in Oregon is a public health crisis. One in five children and six of ten adults in Oregon are overweight or obese. Obesity leads to increased risk of disease at an estimated cost to Oregonians of \$781 million annually. Policy recommendations from the Task Force for a Comprehensive Obesity Prevention Initiative call for obesity prevention that is comprehensive, addressing prevention through statewide policy, partnerships, community involvement and treatment.

The Statewide Physical Activity and Nutrition Plan for 2007 – 2012, developed by the Nutrition Council of Oregon and the Oregon Coalition for Promoting Physical Activity also acknowledges Oregon's high rate of obesity and the associated disease and health costs. The plan calls for a comprehensive approach to addressing the problem based on a Social Ecological Model that recognizes an individual's behavior is more likely to change when there is also the support through public policy, the community, organizations, and social networks.

The Health Dividend SB 679 is an extension of and strongly supports and strengthens both of these comprehensive plans. The goal of SB 679 is to foster individual behavior change through a social, organizational and societal network of support and motivation. This bill recognizes the strength people gain when they work on goals together.

All adult and teen family members can qualify to receive a refund, building cohesion within a family group while making healthy changes. The prevention component in this bill becomes more relevant when younger generations participate as the potential for delay or prevention of chronic disease is greater when healthy behaviors start early in life.

Organizations in place to support SB 679 include senior centers, health clubs, faith communities, schools, city parks and recreation departments and workplaces. Each of these organizations could easily be a hub for distribution of currently available materials educating and supporting wellness. They can also provide the setting for groups to engage in physical activity supportive of obtaining and maintaining a healthy body weight.

Insurance companies could be at the forefront of smoking and obesity prevention. Insurance companies have great power in access to health care. Under SB679, they become partners with businesses and form a supportive alliance with Oregonians ready to start or to continue practicing constructive health behaviors.

SB 679 encourages communities and organizations to creatively develop support networks to encourage healthy behavior choices. As public policy, SB679 further strengthens Oregon's vision and commitment for a healthier population.

In Support of SB679--A sample model of implementation

SB679: The Inclusive Bill

Everybody can qualify

This proposal is proactive, positive, community-based and inexpensive to implement, as most of the programs and people are in place. Up to age 65, a large portion of healthcare disease costs are linked to life-style choices. In an effort to reduce the health care costs of our burdened system the following is proposed:

To encourage insurance companies to pay a health dividend to insured members who meet wellness standards or who participate in certified wellness programs.

A family of four, with two teenage children, spends about \$1000 a month on health insurance, or approximately \$12,000 a year. The Health Dividend calculated at 1%, would be \$120 for the calendar year. This is a small investment to promote healthy lifestyles and reduce overall health care costs. This proposal encourages insurance companies to reward their clients who qualify because of their commitment to be tobacco free and working towards a healthy body weight through exercise and nutrition.

Both Oregon insurance companies and Oregon employers will benefit from this dividend program. The insurance companies will benefit by paying out fewer claims due to a healthier client base and Oregon employers will benefit from having a stronger, healthier work force.

Oregon has a history of being in the forefront of change, first with the Bottle Bill, and then the Oregon Health Plan. Now, by adding a Health Dividend Program to encourage wellness and fitness, Oregon can further enhance its progressive image and in the process, reduce health care costs.

This proposal is inclusive, simple, positive, and designed to facilitate behavior changes through education, social reinforcement and motivation.

Employee Driven Health Dividend

Step 1: Employees will partner with their Employers and Oregon Health Insurance Companies to develop wellness programs that meets the employee needs at the local level and qualifies them for the Health Dividend.

Qualifications for the Health Dividend Program:

1. Non-smoker
Weight within accepted norms

*Interested employees voluntarily fill out Certification Form listing height and weight (Body Mass Index) and tobacco usage.

OR

2. Participation in a certified:
Smoking cessation program
Weight loss program

*Employees voluntarily fill out Certification Form identifying Smoking Cessation or Weight Loss Program they are participating in.

- OR
3. Disabled or Medically Exempt

Step 2: Employers verify forms and send one accounting report to the Insurance Company in the fall of the year. Insurance Company returns a single payment to employer for distribution to qualified employees. Employers have the option to match these funds.

Why is the first focus on Smoking Cessation and Obesity?

- Smoking and Obesity are two major reasons for disease in the United States. They are major contributors of lung cancer, emphysema, heart disease, stroke, diabetes, kidney failure (dialysis), amputations, and blindness.
- Up to age 65, smoking and obesity are major causes of unsustainable health care costs.

SB679: The Win-Win Bill

The Oregon Legislature

A “WIN” for Oregon Legislators for demonstrating national leadership in wellness, fitness, and preventative medicine.

Insurance Companies

A “WIN” for Insurance Companies as they will have the opportunity to connect directly and personally with Oregon voters and State Legislators.

Oregon Businesses

A “WIN” for Oregon Businesses by decreasing healthcare costs, promoting a healthier workforce, and creating positive relationships with employees.

Oregon Employees-Key

A “WIN” for Oregon Employees as they are the key partner (with Employers and Oregon Health Insurance Companies) in crafting a wellness program for themselves. By developing their own programs, Employees will take ownership and participate in their wellness programs with all of us.

Oregon Communities

A “WIN” for Oregon Communities by becoming groups of healthier people, lowering healthcare costs, and increasing usage of wellness and fitness information, education, and facilities.

Wellness Providers

A “WIN” for Wellness Providers (Parks and Recreation, YMCA, Fitness Clubs, Albany Athletic Club, Gold’s Gym, etc.) as their facilities and programs will be in increased demand, generating income to maintain and update their facilities and offerings.

Family Benefits

A “WIN” for Families by seeing a decrease in healthcare costs, overall better health, and in participating in healthy lifestyle activities together.

Youth Benefits

A “WIN” for Our Future Generation with less tobacco usage, changes in obesity statistics, self esteem, and self discipline.

Faith Communities

A “WIN” for Faith Communities as they are strongly in favor of healthy lifestyles.

Health Dividend Goals

Current Statistics

Smoking
20%

Non-Smoking
80%

Obesity
62%*

*20-30% Moderately Overweight

Healthy Body Weight
38%

Processed Foods
70%

Whole Foods
30%

Non-Fitness
65%

Aerobic Fitness
35%

Heart, Cancer, Diabetes Centers
Tertiary-Based Health Care

Preventative
Health Care

Health Dividend = 1%
Family of Four will receive \$120/year

Goals

85%
Non-Smoking

50%
Normal Limits

50%
Whole Foods

40%
Aerobic Fitness

Wellness
Fitness
Health Clubs
Centers

Increase Dividend up to
10% over 5 years,
as this program reduces
health care costs.

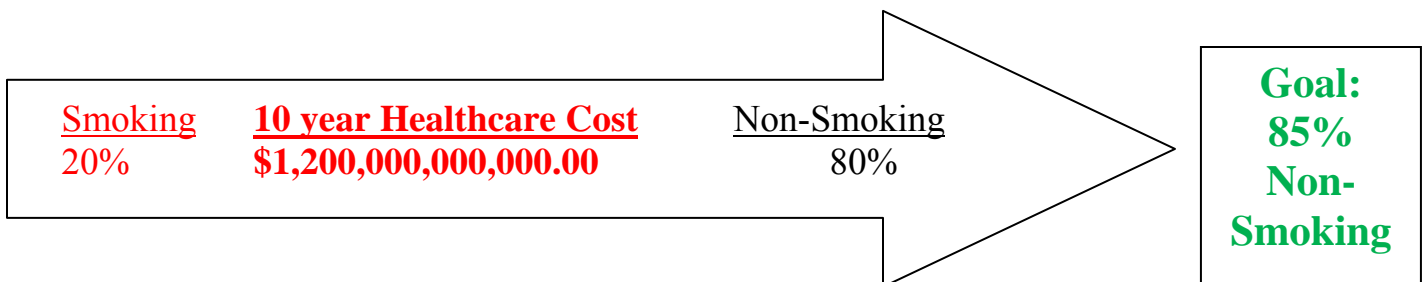
TOBACCO

Prevention is most important

- In the United States, Healthcare expenditures and the economic burden of tobacco use results in \$100 billion of medical and indirect costs. Over a ten year period, this equates to \$1 trillion. With a 4% healthcare inflation rate, it represents \$1.2 trillion.
- Tobacco use costs Oregonians more than \$2 billion in 2004. Over a ten year period, this equates to \$20 billion. With a 4% healthcare inflation rate, it represents \$24 billion.
- Tobacco is responsible for 430,000 deaths in the USA each year. Over a 10 year period, this equates to 4,300,000 deaths
- One half of those who smoke will die from a smoking-related disease
- It is projected that approximately 5 million children living in the US will die prematurely due to tobacco use.
- The strength of the relationship between smoking and heart disease never fails to impress: among Oregonians under 65 years of age, who died of heart disease in 2002, almost half were smokers.

General Electric is paying \$750 to tobacco users who successfully complete a smoking cessation program. GE expects to recoup the costs of the smoking cessation program in three to five years.

Let's drive the tobacco cessation arrow hard to the right. This will generate income for the dividend

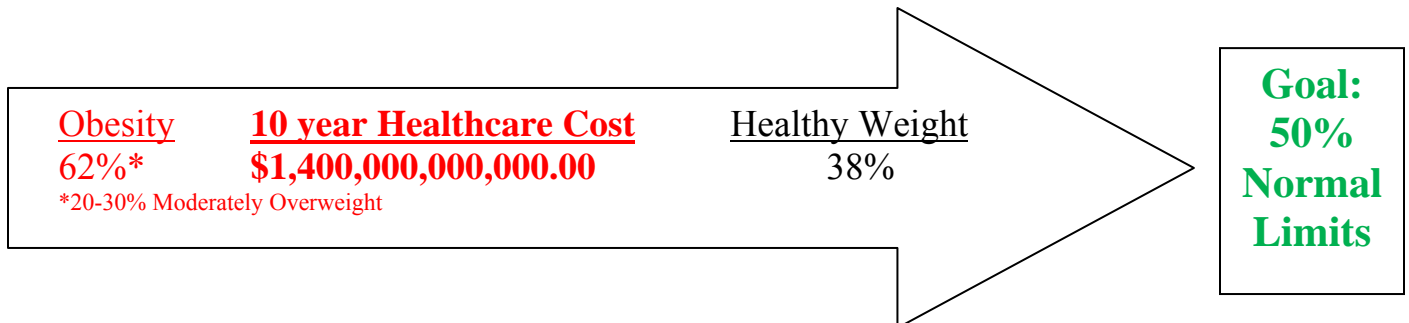


OBESITY

Oregon's #1 Health Challenge

- In the nation, obesity-related health care costs totaled an estimated \$117 billion. Over a 10 year period, that represents \$1.17 trillion. With a 4% healthcare inflation, it represents \$1.4 trillion.
- Obesity costs Oregon more than \$781 million each year. Over a 10 year period that represents \$7.81 billion. With a 4% healthcare inflation, it represents \$9.37 billion.
- Between 1987 and 2001, diseases associated with obesity account for 27% of the increases in medical costs.
- In 2007: 1,710,000 Oregon adults (62%) are either overweight or obese.
- Amish men walk approximately 9 miles per day. Amish women walk about 7 miles per day. Percent of Amish men considered obese-zero. Percent of Amish women considered obese-nine.
- According to Oregon Department of Human Resources, obesity is a public health crisis of enormous proportion.
- In Oregon, it is estimated that 1,400 deaths each year are currently associated with overweight and obesity. Over ten years, that is 14,000 deaths.

The intent is slow permanent weight loss through support, incentives, and knowledge. Let's drive the obesity arrow hard to the right. This will save employers large amounts of healthcare costs.



FITNESS

Fitness can be Fun and Social

Estimated costs of inactivity are \$75 billion. Over a 10 year period, that represents \$750 billion. With a 4% healthcare inflation, it represents \$900 billion.

Estimated savings of physically active Americans is \$500 million. Over a 10 year period, that represents \$5 billion. With a 4% healthcare inflation, it represents \$6 billion.

A daily hour of moderate exercise can lower your risk of diabetes by nearly 50 percent. Regular exercise reduces blood pressure by an average of seven to ten points.

Physically active men and women may be 40 to 50 percent less likely to develop colon cancer than sedentary people.

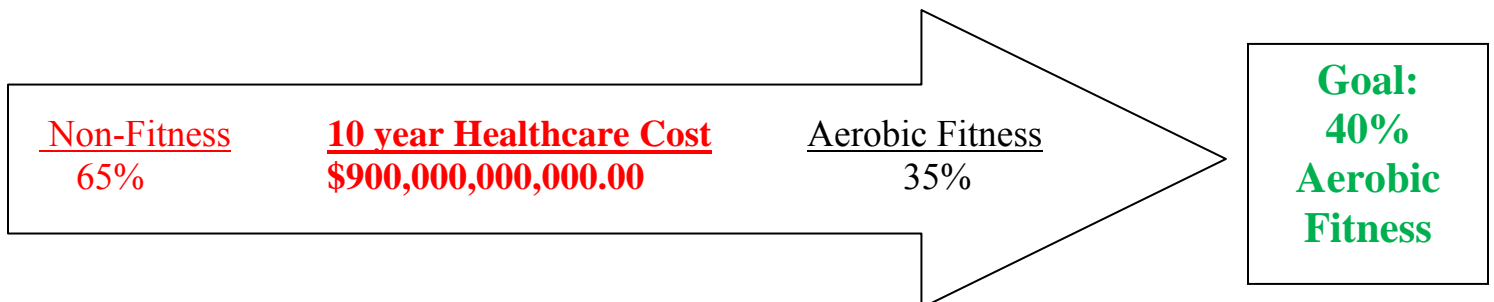
Active women may be 30 to 40 percent less likely to develop breast cancer.

For treating depression, aerobic exercise and strength training may be as effective as drugs and psychotherapy.

Exercise is good for your brain. Other studies show that exercise improves memory.

Running can add years to your life. In a 13-year study, members of a 50-plus running club lived on average 2.3 years longer than their sedentary age-mates and delayed the onset of disability by 9 years.

Let's drive the fitness arrow hard to the right. It will make us all healthier.



NUTRITION **#1 in Importance**

Two long term challenges of nutrition are:

- Atherosclerosis
- Obesity

Atherosclerosis:

Cardiovascular disease is the leading cause of death in Oregon, for both men and women. Experts say the prevention of cardiovascular disease in adulthood needs to begin in childhood with an emphasis on healthy behaviors and lifestyle patterns for all children.

“We know from accumulated data that cardiovascular disease processes begin early in life and the presence of risk factors accelerate atherosclerosis in childhood.”

Obesity:

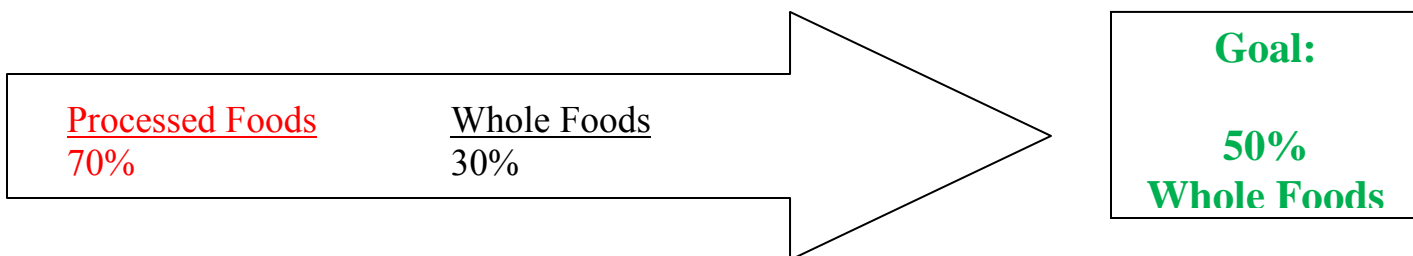
As obesity becomes more common, so do obesity-related illnesses like diabetes and heart disease. For the first time, this generation of Oregon youth is projected to have shorter life expectancy than their parents or grandparents.

The percentage of eighth graders who are over weight has increased 45% within the last six years, while the percentage of eleventh graders who are overweight has increased 52%.

Consider matching dividends for our youth. Possible sources of financing are:

- Employers
- Parents
- Charity Foundations

Let’s drive the nutrition arrow hard to the right. It will make our youth much healthier.



June 19, 2009 Albany Democrat Herald

Coming law: Cash for healthy behavior

By Hasso Hering

Employees covered by health plans may get cash dividends from their insurers for healthy behavior under a coming law inspired by an Albany doctor.

Senate Bill 679 has cleared the legislature, and Gov. Ted Kulongoski likely will sign it next week, his office said this morning.

The bill was the idea of Dr. John D. "Jack" Lees, an Albany ophthalmologist, said Sen. Frank Morse, who sponsored and worked on the measure along with Rep. Andy Olson.

Lees said today the idea is to get insurers and employers together with groups like the YMCA to develop wellness programs to help reduce obesity, smoking and other conditions or actions harmful to health. Participants in the programs then would be eligible for cash dividends on their insurance premiums.

The results, he believes, could be huge in terms of people feeling better and healthcare costs coming down.

Morse said: "It will make a difference. The choices we make in life often have more to do with our health and health costs than genetics."

Rick Rebel, an Albany insurance expert who also supported the bill, said it will benefit primarily people covered by insurance plans for small employers — with two to 50 workers — which make up 80 percent of all employment.

Without the law change, such insurance plans cannot offer cash benefits for things like losing weight without filing new rates, according to Rebel.

In larger group plans, such benefits can already be negotiated.

The bill allows cash dividends to people enrolled in health plans for insurer-approved "healthy behaviors" such as "fitness, healthy eating and other activities that are beneficial to good health."

The bill, Morse said on the Senate floor before it passed in May, "anticipates, though does not direct, that insurance companies will develop collaborative efforts with community based programs that focus on tobacco cessation, obesity, fitness and nutrition."

The act applies to health benefit plans offered or renewed after the law takes effect, which will be Jan. 1, 2010.

Along with Albany Republicans Morse and Olson, the measure was cosponsored by Democratic Sens. Alan Bates, an Ashland doctor, and Bill Morrisette of Springfield.

**Letter to the Editor:
Rewards for healthy behavior: Oregon has a history in this field**

Upon reading your news article of June 19, 2009, "Coming Law: Cash for Health Behavior," I am writing to add my appreciation for Dr. Jack Lees' innovative ideas and dedication to the encouragement of healthy practices as well as containment of health costs.

In February 1984, Dr. Lees contacted my office regarding the development of an interim committee to foster competition in the health insurance industry for nonsmokers. I called the Insurance Division of the Department of Commerce. The then-Insurance Commissioner Josephine Driscoll was most responsive to the idea. She immediately wanted to bring up the subject of nonsmoker discounts for health insurance to the National Association of Insurance Commissioners'(NAIC) meeting in Portland that following week with 41 other states.

She also asked the Actuarial Task Force within her commission to undertake a study on this matter. The 1984 House Interim Committee on Health Care Cost Containment chaired by Rep. Shirley Gold was also interested in integrating the competitive mechanism into health care markets.

In December, 1984 Commissioner Driscoll informed us that health insurance for nonsmokers was getting national attention. At the NAIC meeting in Washington, D.C., they adopted a resolution regarding differential health insurance rates for smokers and nonsmokers. Their actuarial-technical task force made the study of nonsmoker rates the number one priority. Statistics were presented to them that "great savings in health care costs could be realized by reducing lifestyle-related illness. Annually, Americans spend about \$13 billion to treat illness attributed to smoking alone. Another \$20 billion in productivity is lost in higher absenteeism and earlier death of employees who are heavy smokers."

Driscoll also reported that three health insurance companies in Oregon had started reduced rates for non smokers that year.

Oregon is a pioneer in encouraging discount for non-smokers in health insurance and now again in the forefront of more incentives for healthy behaviors. This is a win-win situation.

Dr. Lees is to be congratulated for his vision, hard work and involvement in the political process.

Mae Yih, State senator, retired, Albany