

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2597

To amend the Internal Revenue Code of 1986 to allow a credit to small employers for the cost of implementing health promotion and disease prevention programs for their employees.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 1, 1993

Mr. MACHTLEY (for himself and Mr. KOPETSKI) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a credit to small employers for the cost of implementing health promotion and disease prevention programs for their employees.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Worksite Wellness Act  
5 of 1993”.

6       **SEC. 2. STATEMENT OF FINDINGS.**

7       The Congress hereby finds that—

1           (1) more businesses are promoting disease pre-  
2           vention, healthy lifestyles, and good nutrition  
3           through wellness programs than did so in the past;

4           (2) businesses can save on insurance premiums  
5           and reduce the number of health insurance claims  
6           filed by their employees if employees would partici-  
7           pate in a wellness program;

8           (3) wellness programs lead to lower health care  
9           costs, reduced absenteeism, increased productivity,  
10          and higher morale;

11          (4) one of the Healthy People 2000 national  
12          health objectives is to have disease prevention and  
13          health promotion programs in at least 85 percent of  
14          worksites with 50 or more employees;

15          (5) a recent survey conducted by the Office of  
16          Disease Prevention and Health Promotion reported  
17          that 81 percent of companies with 50 or more em-  
18          ployees had at least 1 health promotion activity in  
19          1992 compared with 66 percent in 1985; and

20          (6) small businesses have less money to devote  
21          to employee benefits and therefore shall be given  
22          greater incentives to invest in wellness programs for  
23          their employees.

1 **SEC. 3. CREDIT FOR EXPENDITURES TO IMPLEMENT**  
2 **HEALTH PROMOTION AND DISEASE REDUC-**  
3 **TION PROGRAMS.**

4 (a) GENERAL RULE.—Subpart D of part IV of sub-  
5 chapter A of chapter 1 of the Internal Revenue Code of  
6 1986 (relating to business related credits) is amended by  
7 adding at the end thereof the following new section:

8 **“SEC. 45A. EXPENDITURES TO IMPLEMENT WELLNESS PRO-**  
9 **GRAMS FOR EMPLOYEES.**

10 GENERAL RULE.—For purposes of section 38, in the  
11 case of an eligible small employer, the amount of the  
12 wellness program credit determined under this section for  
13 the taxable year is 50 percent of the qualified wellness  
14 program expenses paid or incurred by the taxpayer during  
15 the taxable year.

16 “(b) LIMITATION.—The credit determined under sub-  
17 section (a) with respect to any eligible small employer for  
18 any taxable year shall not exceed \$10,000.

19 “(c) ELIGIBLE SMALL EMPLOYER.—The term ‘eligi-  
20 ble small employer’ means any employer if—

21 “(1) either—

22 “(A) the gross receipts of such employer  
23 for the preceding taxable year did not exceed  
24 \$3,500,000, or

25 “(B) in the case of any employer to which  
26 subparagraph (A) does not apply, such em-

1           employer employee not more than 500 full-time  
2           employees during the preceding taxable year,  
3           and

4           “(2) such employer elects the application of this  
5           section for the taxable year.

6 For purposes of paragraph (1)(B), an employee shall be  
7 considered a full-time employee if such employee is em-  
8 ployed at least 30 hours per week for 20 or more calendar  
9 weeks in the calendar year.

10          “(d) QUALIFIED WELLNESS PROGRAM EXPENSES.—

11 For purposes of this section—

12           “(1) IN GENERAL.—Except as otherwise pro-  
13           vided in this subsection, the term ‘qualified wellness  
14           program expenses’ means the expenses paid or in-  
15           curred by the taxpayer in providing services (and  
16           other benefits) to employees under a qualified  
17           wellness program of the taxpayer.

18           “(2) DEPRECIATION ALLOWANCES.—For pur-  
19           poses of this subsection, depreciation allowances  
20           under section 167 shall be treated as expenses.

21           “(3) ONLY DOMESTIC EMPLOYMENT QUALI-  
22           FIED.—Amounts may be taken into account under  
23           paragraph (1) with respect to any services only if  
24           such services are provided in the United States.

1       “(e) QUALIFIED WELLNESS PROGRAM.—For pur-  
2 poses of this section, the term ‘qualified wellness program’  
3 means any separate written plan of an employer for the  
4 exclusive benefit of his employees if—

5               “(1) such plan provides employees with 1 or  
6 more of the following benefits:

7                       “(A) physical fitness or sports programs,

8                       “(B) nutrition or weight control programs,

9                       “(C) programs to reduce use of tobacco,  
10 alcohol, or other drugs,

11                      “(D) mental health programs,

12                      “(E) maternal and infant health programs,

13                      “(F) heart disease prevention programs,

14                      “(G) immunization programs, and

15                      “(H) programs for clinical prevention serv-  
16 ices.

17               “(2) such plan benefits employees who qualify  
18 under a classification set up by the employer and  
19 found by the Secretary not to be discriminatory in  
20 favor of employees who are highly compensated em-  
21 ployees (within the meaning of section 414(q)) or  
22 their dependents, and

23               “(3) such plan does not provide eligible employ-  
24 ees with a choice between benefits under such plan  
25 and other remuneration includible in gross income.

1 “(f) SPECIAL RULES.—

2 “(1) APPLICATION OF DISCRIMINATION  
3 RULES.—For purposes of subsection (e)(2), there  
4 shall be excluded from consideration employees not  
5 included in the program who are included in a unit  
6 of employees covered by an agreement which the  
7 Secretary of Labor finds to be a collective bargain-  
8 ing agreement between employee representatives and  
9 1 or more employers.

10 “(2) CERTAIN BUSINESS PRACTICES.—For pur-  
11 poses of subsection (e)(3), the business practices of  
12 the employer (as well as the written plan) shall be  
13 taken into account.

14 “(3) CERTAIN OTHER RULES MADE APPLICA-  
15 BLE.—For purpose of this section, rules similar to  
16 the rules of paragraphs (2), (3), (4), (5), and (6) of  
17 section 44(d) shall apply.”

18 (b) CREDIT MADE PART OF GENERAL BUSINESS  
19 CREDIT.—Subsection (b) of section 38 of such Code is  
20 amended by striking “plus” at the end of paragraph (7),  
21 by striking the period at the end of paragraph (8) and  
22 inserting “, plus”, and by adding at the end thereof the  
23 following new paragraph:

1           “(9) in the case of an eligible small employer,  
2           the wellness program credit determined under sec-  
3           tion 45A(a).”

4           (c) DENIAL OF DOUBLE BENEFIT.—Section 280C of  
5           such Code is amended by adding at the end thereof the  
6           following new subsection:

7           “(d) CREDIT FOR WELLNESS PROGRAM EX-  
8           PENSES.—No deduction shall be allowed for that portion  
9           of the qualified wellness program expenses (as defined in  
10          section 45A(c)) otherwise allowable as a deduction for the  
11          taxable year which is equal to the amount of the credit  
12          determined for such taxable year under section 45A(a).”

13          (d) EFFECTIVE DATE.—The amendments made by  
14          this section shall apply to taxable years beginning after  
15          the date of the enactment of this Act.

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