

Increasing Engagement with Incentives: Elements of Effective Design

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HEALTHWAYS

Employers are increasingly embracing the use of incentives to promote wellness in the workforce. A 2007 survey of major employers by Hewitt found that 50 percent of those offering wellness and disease management programs offered incentives, compared to 38 percent in the prior year. While the use of incentives is more prevalent with primary and secondary prevention programs than it is with disease management, the use of incentives for disease management is on the rise.

Many programs reward participation with direct financial benefits. Fewer programs link incentives to outcomes. In working with customers to successfully incorporate incentives into health programs, Healthways has identified both current and emerging elements of effective design.

Incentives are not a cure-all and should not be the only thing enticing populations to participate in health management programs. It is important to develop a quality program that helps employees achieve health goals in a positive, motivating way.

"People are consumers," said Mark Reagan, vice president in the Healthways Solutions Group. "If you have a program which by its very nature looks like it might be something that's inviting and easy to use and friendly and supportive, you don't have to pay people as often or as readily to come in the front door. ... Make sure some of the population will use the program even without the incentive."

Engaging programs establish a two-way dialogue with participants—getting participants to share information about themselves; identifying levels of risk; and following up with targeted, relevant, and effective program interventions.

Reagan advises thinking of incentives as a way to "turbocharge" engagement. Overall, any incentive approach should be:

- Simple to understand
- Effectively communicated to the end user
- Administered in a fair, efficient, and trustworthy way
- Managed with the highest degree of employee privacy and confidentiality.

Before determining what to offer, or how much, organizations should identify the end goal. Is it return-on-investment? Improved productivity? Improved presenteeism? Reduced claims costs?

Beth Keyser, vice president in the Healthways Employer Market, asks her clients: "How aggressive do you want to be with engagement?"

Getting beyond the front door

Recent research from the Integrated Benefits Institute indicates employers use incentives to achieve three goals with respect to their health programs:

- Employee participation
- Employee behavior change
- Outcomes.

Outcomes are clearly the most directly linked to health care costs, yet only 50 percent of employers surveyed by IBI linked incentives to outcomes. Less than two-thirds of employers targeted behavior change, while more than three-quarters tied incentives to participation.

The danger of "front-loading" incentives—tying incentives to initial participation—is twofold:

- Individuals may do the minimum, only for the short-term reward: for example, complete a Health Risk Assessment, pocket the related incentive, and stop there
- Without a link to impact, incentives and related health programs may be difficult to justify on an ongoing basis.

"The most effective approach with incentives combines several things. It's not just event-driven: complete the HRA, return a phone call. It's ongoing," said Keyser.

As an example, the Healthways integrated wellness portal includes an online scorecard that allows individuals to track and accumulate points. Point-earning activities are based on an individual's level of health risk: returning three phone calls with a health coach or logging exercise on the wellness portal for a month. As points accumulate, individuals qualify for greater levels of incentives—providing an ongoing, motivational boost. The portal is flexible to accommodate Healthways and other customer programs.

Linking incentives to individual health outcomes is the next step in tying incentive investments to customer end goals. Keyser notes that many Healthways clients take this step in the second or third year of a wellness

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program. For example, with Healthways myhealthIQ, Healthways recommends that customers reward participants who maintain a health risk score of 71 or higher or who improve their health risk score by five points from the previous year.

Tracking and tying incentives to outcomes can present legal issues. Relevant legislation includes HIPAA, the Americans with Disabilities Act, the Age Discrimination in Employment Act, COBRA, and ERISA.

To comply with HIPAA, the Healthways myhealthIQ program ensures individuals have a reasonable amount of time to show improvement. Clients who want to conduct health screenings every six months associate incentives with two- or three-point improvements rather than five. HIPAA compliance also requires a "reasonable alternative" for individuals unable to meet identified goals. On behalf of their patients, physicians can complete a Physician Verification Certificate or submit a Recommendation to Abstain validating patient efforts or limitations and qualifying that patient for myhealthIQ incentives. The financial value of the incentive is also kept at an appropriate level, and participants can qualify for it at least annually.

Finding what—and how much—works

Incentives can range from \$2 cafeteria vouchers to \$2,000 in benefit cost reductions for a single employee. Incentives that are too lucrative may create administrative complexity or tempt employees to cheat the system. Measuring a return that justifies the investment can also be difficult.

A 2006 survey of national consumer attitudes toward health care, commissioned by Great-West Healthcare, revealed that 95 percent of consumers prefer premium reductions (51 percent) or cash (44 percent), as an incentive. Cash incentives can present administrative and tax complications.

"The most effective incentive is some form of benefit-related incentive," Keyser observed.

Linking an incentive to insurance benefits demonstrates a direct cause and effect that can be communicated during open enrollment. Healthways customer experience indicates:

- 81 percent offer premium reductions (ranging from

\$20 to \$44 per month), yielding average participation rates of 74 percent

- 10 percent offer HSA/HRA contributions, with participation rates averaging 80 percent
- Six percent use gift cards (ranging from \$25 to \$100 in value), with participation averaging 59 percent
- Three percent offer lower deductibles (average participation not yet available).

One rule of thumb Healthways shares with customers: incentives worth about \$200—awarded for two, \$100 "events"—work well for many types of programs. Less might be needed for "easy" actions; more, for difficult challenges. That said, knowledge of the targeted population is critical when determining what and how much to offer.

"You have to make sure your incentive is attractive enough to drive the participation you want. Part of our process with customers is to have a discussion of what works within the population and their health improvement goals. Sometimes that includes having focus groups," said Keyser. "I've worked with groups where \$200 is not enough."

Offering a contribution to employee health savings accounts won't accomplish much if the majority of employees choose health plans without HSAs. Promoting exercise with exercise-related give-aways—mats, gym bags, or gym memberships—is unlikely to spur a sedentary work force to action.

Options are one way to appeal to the largest number of potential participants. Employers offering increased HSA contributions as an incentive might consider adding time off as another option. Via Healthways integrated wellness portal, participants can choose varied rewards through a redemption center, from iPods to mountain bikes to Visa cash cards.

As health care information systems become more integrated, employers and health plans can explore offering even more customized rewards to individuals, based on their health risk factors, goals, and interests. Offered within an environment that supports healthy decisions and delivers individually focused support, these kinds of meaningful incentives will continue to help maximize program engagement.

For more information on this subject, or other Healthways services, contact us at employers@healthways.com.