

# MANAGED HEALTHCARE EXECUTIVE®

FOR DECISION MAKERS IN HEALTHCARE

{ MANAGED CARE OUTLOOK }

## Integrated, flexible incentive programs encourage change

**Incentive business intelligence uncovers what works to promote healthy behavior change in consumers**

BY SUE LEWIS, M.ED



**Sue Lewis, M.Ed., is Senior Vice President, Health and Productivity Solutions, for IncentOne.**

Consumerism in health benefits has moved beyond buzzword status to a mainstream strategy. Increasingly, health plans and employers view consumerism with a global approach to benefits—a collaboration with employees financially, organizationally and personally.

Of course, a big driver behind consumerism is rising healthcare costs. According to a 2005 PricewaterhouseCoopers Health Research Institute report, 80% of executives surveyed believe the most promising option for reducing corporate healthcare cost increases is to provide financial incentives for employees to live healthier lifestyles. In a recent survey of IncentOne's clients, 81% indicated they've seen an increasing interest in paying for services to keep employees healthy among their peers.

Incentives are widely perceived as the key to unlocking participation and health behavior changes that lead to cost savings. A recent study by Health A to Z plots the relationship between the use of incentives and participation levels in health and wellness programs. With no incentives offered, participation trends at about 10% to 15%. As the incentive increases in value, participation increases—to about 60% at the \$75 incentive mark, and to more than 80% at the \$250 mark.

The role of incentives management rests on three key strengths health plans and employers should consider when choosing an incentives partner for a health and productivity program: incentive business intelligence, incentive administration and incentive technology.

### INTEGRATED SOLUTION

Incentive business intelligence describes the vendor's role as a partner who has a client track record for uncovering what works in the use of incentives for health behavior change. The choice of incentives—monetary or non-monetary, one-time awards or an ongoing points-based system—are components of incentive business intelligence. While a water bottle and T-shirt were reward enough for participation a decade ago, incentives now must mirror the sophistication, depth and breadth of the programs they reward.

Incentive business intelligence brings an understanding that incentives must appeal to diverse audiences. An integrated incentives solution gives the client choices from a range of incentives options to match the company's or health plan's program agenda. Will monetary or non-monetary awards most appeal to the employee base? Will rewards be delivered physically, or is the company culture better attuned to electronic awards?

Incentive administration involves incentive tracking and reward redemption management from gift cards to merchandise. Vendors also should be able to administer all health activities and associated processes, to include employer-specific customization, data integration, real-time tracking and reporting, payroll integration, the ability for employees to self-report activities and integrated communications tools.

Incentive technology supports the sophistication of today's health and productivity programs. With few exceptions, employers and health plans seek best-in-class vendors to fulfill all the necessary components of a health and productivity management program and to gauge the outcomes. Additionally, employers and health plans tend to tweak their programs, adding new components and dropping others over time for a variety of reasons. Integration and flexibility is at the heart of the long-term strategy—including the ability to integrate Web-based technology with client systems, such as payroll and accounting, and with other Web products. **MHE**

© Reprinted from MANAGED HEALTHCARE EXECUTIVE, March 2007 AN ADVANSTAR ★ PUBLICATION Printed in U.S.A.

