



Using Incentives to Change Employee Behavior in a Consumer-Driven World

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Smart companies recognize that changing employee behavior is a cost-effective way to reduce risk, maximize employee health and productivity, and control costs.

But how can employers accomplish this?

The health care system is in the midst of a transformation.

In the past, providers and plans often viewed patients as passive recipients. Today, patients are becoming active consumers—partners in their own health care.

Consumer-driven health care (CDHC) increases employees' awareness of the cost and quality of health care and encourages them to exercise greater control over their own well-being. A high-deductible health

plan (HDHP) is often central to the approach, but CDHC is about much more than plan design. It's about encouraging individuals to make wise choices about their health care.

Creating Incentives for Sustained Change

CDHC comes down to developing incentives that lead individuals to become more involved in becoming and staying

healthy. Through education, benefits, and rewards, CDHC encourages individuals to take action.

Incentives fit perfectly into the CDHC philosophy. Deployed intelligently, they can be powerful tools to accomplish the central goals of CDHC: Change consumers' behavior to enhance their health and control health care costs.

It's no surprise, then, that more employers than ever are using incentives to boost



Real-World Results

The power of incentives has been demonstrated across a range of industries and a variety of programs. A recent industry survey⁷ of 115 companies representing almost 4 million covered lives shows that those using cash-based incentives can expect bottom-line benefits. It's a "spend a little and save a lot" way to do business.

Surveyed companies that offered premium reductions, direct cash payouts, or contributions to spending accounts as rewards for desirable health behaviors have found health care savings averaging 15.5%—or \$1,165 per benefit-eligible employee per year. Desirable health behaviors ranged from completing annual check-ups and biometric screenings to participating in a condition-management program for a chronic disease, to completing a smoking-cessation program.

Using incentives intelligently unlocks the value of health programs by shaping consumer behaviors that lead to improved outcomes. IncentOne's internal case studies underscore this truth across a variety of industry types:

- A consumer goods company used up to \$360 in premium discounts as an incentive for employees to complete a health risk assessment (HRA) and biometric screening, and to declare they were personally smoke-free. **Result:** 60% of employees completed the HRA and biometric screening, and 54% declared they were smoke-free.
- A health care system offered up to \$150 on a gift card to participate in a multi-layered, points-based incentive program. **Result:** 70% of employees completed the HRA, 24% received a

flu shot, and 16% completed online health education modules.

- An insurance carrier offered a \$20 gift card to employees to complete an HRA. **Result:** 93% of employees completed it. An energy company offered a \$25 gift card to achieve the same goal and saw 95% participation.
- A utility company offered a \$50 gift card to participate in a weight loss campaign with a goal to lose five pounds or more. **Result:** 36% of employees enrolled in the program and 14% lost at least five pounds.

Aligning Incentives With Goals

For an incentives solution to be successful, short-term participation must evolve into sustained behavior change. It takes both art and science to design an incentives program that, over the long term, drives health behavior, enhances productivity, and promotes loyalty.

Successful companies carefully define goals before dangling any carrot. Incentives can be deployed to drive a range of behaviors, from enrollment in a consumer-driven health plan to participation in a disease-management program.

Successful companies choose an incentive partner that knows what will motivate employees—and what won't. An effective incentives program is customized to a particular workforce. A smart incentive partner will align the incentives with both the goals of the employer and the culture of its employees.

Successful companies work with a vendor that provides incentive technologies, administration, and intelligence to achieve their goals. The result is an effective,

participation in health-management programs and to change employee health behavior.^{1,2,3,4}

The situation is critical: Employers must find ways to control costs fueled by chronic disease, which accounts for nearly 80% of health care spending. Health care costs increased 6.7% in 2006 to total a national burden of \$2.1 trillion—more than 16% of gross domestic product.⁵

Moreover, one recent study found that health-related productivity costs, such as absenteeism and presenteeism, were 4 times greater than medical and pharmacy costs.⁶

Since up to 70% of chronic illness is affected by behavior, providing employees with a small carrot for engaging in healthy behavior makes fiscal sense. In this context, "engage" means both to attract and to hold employees' attention so they will take an active role in their own health management.

Using incentives has proven to be a powerful motivational influence on employee engagement. Employers who introduce a new health management program may see initial enthusiasm from a segment of the employee population, but sustained improvement comes from long-term engagement. And that's where incentives come in.

Using incentives intelligently unlocks the value of health programs by shaping employee-consumer behaviors, leading to improved outcomes.



consumer-oriented health care program that changes behavior, enhances health, and strengthens the bottom line. **CDHC**

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¹ Employee Health and Productivity Management Programs: The Use of Incentives, *Katherine H. Capps, Health2 Resources and John B. Harkey Jr., Ph.D., IncentOne Inc., June 2007.*

² Two-Thirds of Large Employers Now Offering Incentives to Improve Employees' Health, *PriceWaterhouseCoopers, April, 2006.*
www.barometersurveys.com/production/barsurv.nsf/1cf3264823a1149c85256b84006d2696/21282781d4e8ad608525714900708c4a

³ The Road Ahead: Emerging Health Trends 2007, *Hewitt Associates, April 2007.*
www.hewittassociates.com/_MetaBasicCMAssetCache_/Assets/Articles/The_Road_Ahead_2007_Executive_Summary.pdf

⁴ Readiness to Change Survey, *Midwest Business Group on Health, May 2007.*

⁵ National Health Expenditure Accounts 2006 Highlights, *Centers for Medicare & Medicaid Services.*
www.cms.hhs.gov/NationalHealthExpendData/downloads/highlights.pdf

⁶ "Health and Productivity as a Business Strategy," *Journal of Occupational and Environmental Medicine, 49(2007): 712-721.* Ronald Loeppke, MD, MPH, Michael Taitel, PhD, Dennis Richling, MD, Thomas Parry, PhD, Ronald C. Kessler, PhD, Pam Hymel, MD, MPH & Doris Konicki, MHS.

⁷ What Every Self-Insured Employer Should Know, *SHPS, July 2007.*
www.shps.com/2007healthstudy/book/2007_SHPS_Health_Practices_Study.pdf



WHAT'S IN IT FOR ME?

WHY REWARDING HEALTHY BEHAVIOR PAYS OFF

Wellness programs alone aren't enough to significantly reduce healthcare costs. IncentOne can help you unlock the value of your health programs with solutions that:

- DRIVE PROGRAM ENGAGEMENT
- ENCOURAGE BEHAVIOR CHANGE
- IMPROVE EMPLOYEE PERFORMANCE AND MORE

Our comprehensive choice of reward options includes gift cards from hundreds of the nation's top retailers and other options such as merchandise and travel.



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