

Health and Wellness Incentives

Motivating and Sustaining Program Participation to Improve Health Outcomes

By Mindy McGrath

In the past 10 years we have seen healthcare costs skyrocket. Since 2000, health insurance premiums have increased 73%, at a rate more than three times the growth in workers' earnings and two-and-a-half times the rate of inflation. According to the Centers for Disease Control, nearly three-quarters of all healthcare claims are attributable to an individual's lifestyle, with the leading health-damaging behaviors being tobacco use, lack of physical activity and poor eating habits.

One of the ways health insurance companies have helped turn the tide is by focusing on prevention. Since the 1990s, by promoting low co-pay "well-baby" and "well-child" checkups, annual women's health screenings and routine healthcare visits to primary care physicians, health insurance companies have acted as a primary educator on how Americans can prevent illness and manage their own health.

Consumers are becoming much savvier regarding their healthcare options and are playing a much larger role in choosing their health insurance plans – both of which have led to a commoditization perception and slimmer profit margins in the health insurance market. As consumers see themselves as managers of their own healthcare destiny, health insurers are considered merely an administrator and payer of health services at best, and a gatekeeper limiting access to desired services at worst.

As a result, health insurance companies are reinventing themselves in an effort to differentiate their plans from those of their competitors, better manage their risk of rising healthcare costs and improve their reputation as providers of services that help members become and stay healthy.

One of the major initiatives health insurance companies are relying on to attract and drive loyalty among both employers and individual members is today's wellness program, which the industry has dubbed "Health & Productivity."

The Participation Problem

Despite their popularity among both health insurance companies and employers in the U.S., most Health & Productivity programs aren't living up to their potential. The culprit? Low participation rates. In a 2004 study, conducted by The International Society of Certified Employee Benefit Specialists (ISCEBS), 81% of employers with wellness programs reported participation rates of 50% or less – in fact, 42% reported participation rates of less than 25%. These findings corroborate recent studies from Maritz Research,

which found frequency of participation virtually unchanged from 2006 to 2008, despite an increase in the number of formal corporate programs from 35% to 42%. Bottom line: While wellness programs engender goodwill among employers and members, their true purpose – to improve health outcomes – is lost when people fail to participate.

As a result of low participation rates, both health insurance companies and employers have begun providing health and wellness incentives to encourage participation. Ranging from discounted premiums to gift cards, experiential events and merchandise, these incentives can result in a short-term boost in initial participation rates. However, sustaining member engagement over the life of the program is critical to realizing a return on investment. While many companies have the right idea around using incentives in their wellness programs, the expected boost in participation rates has yet to occur. This is because most wellness programs are using incentives as a “carrot” approach to motivating healthy behaviors.

The Next Generation of Programs

As the pressure increases to better manage healthcare costs, health insurance providers are launching the next generation of wellness programs. These programs include personalized health coaching, disease management, preventive care education and outcomes-based tracking. The programs are ongoing, require continuous engagement on the part of members and, when successful, have a significant impact on both healthcare costs and outcomes.

But even as they roll out next-generation Health & Productivity programs, health insurance companies are discovering two important hindrances to the success of these more complex and sophisticated programs:

- 1) members aren't motivated by the promise of longer, higher-quality lives
- 2) prescriptive, one-size-fits-all incentives and rewards by themselves do not engage members over the long term.

Why aren't people simply motivated by the knowledge that they will lead healthier more productive lives? And why don't health and wellness incentives sweeten the deal? The answer is simple: because our brains don't work that way. Change is hard and doesn't happen overnight. According to the authors of “The Neuroscience of Leadership,” the brain must work to remember a new behavior and must rewire itself to make a behavior become a habit. The authors' findings support Maritz's long-held view about effective incentives, rewards and recognition, and employee engagement programs:

One-time incentives or punishment, or single instance communications and training are not enough to establish brain wiring for a behavioral habit.

In other words, incentives and rewards must be not only meaningful and memorable to each program participant, they must work in concert with appropriately timed education, communication and recognition to truly be effective.

A Whole-Brained Approach

Maritz takes a “whole-brained” approach to wellness programs that focuses on rewiring the brain to activate new behaviors and sustain them long term. We apply the focus, repetition and positive reinforcement model to ensure the program’s success.

- **Focus:** the act of paying attention, which creates chemical and physical changes in the brain.
- **Repetition:** repeated, purposeful and focused attention, which leads to long-lasting personal evolution or change.
- **Positive reinforcement:** people receive positive feedback; it creates a synapse in the brain, encouraging the behavior to continue.

This whole-brained approach of focus, repetition and positive reinforcement is successfully applied to a Health & Productivity incentives program when organizations provide their members with answers and activities around the following questions:

1. What do you want me to do?

Role Clarity: The first step is the call to action – communicating to me, the member, the four basic activities within the Health & Productivity program:

- 1) enrolling in the program
- 2) participating in the activities
- 3) reporting my progress
- 4) sustaining my participation.

2. Why is it important?

Strategy & Vision: Demonstrating to me that a healthy lifestyle will have short and long-term rewards related to quality of life, work and family.

3. How do I do it?

Competence & Capability: Connecting me to the right tools, integrating the program into my daily routine and effectively communicating how I can achieve my goals.

4. What’s in it for me?

Rewards & Recognition: Providing meaningful, motivating and memorable rewards that truly drive my behavior. This is probably the most important and least implemented component of a wellness program.

5. How am I doing?

Measurement & Feedback: To sustain my behaviors, I need frequent feedback and recognition for my participation and milestone achievements.

A Continuous Cycle

When companies take a whole-brained approach to health and wellness incentives and answer these five integral questions, successful Health & Productivity programs become a continuous cycle resulting in optimum member participation and, more importantly, healthier members. ‘

Maritz recommends each of these critical program elements to achieve success:

- **Assess** – Understanding your participants, what motivates them and how they want to be communicated with, as well as the current realities of your Health & Productivity program.
- **Design** – The program must be both fair and fun, taking into consideration your unique member population, what is realistically achievable and the ability to measure results along the way.
- **Communications** – Ongoing and timely reminders, feedback and recognition, using multiple media based on member preferences to help keep them engaged and understand the importance of achieving goals.
- **Measurement** – Helping members understand how they're doing individually, as well as understanding the success of the overall program, will help both members and program managers make the necessary tweaks to stay on track.
- **Management** – Ensuring one person and/or partner is managing all aspects of the program is vital to its success. In addition, it's important to leverage a technology platform that can integrate, streamline and manage all aspects of the program.
- **Rewards** – Providing personally meaningful, memorable and motivating rewards is the crux of all successful motivation programs, especially wellness programs because the required behaviors are new, challenging and difficult to sustain.

Conclusion

Health insurance providers are banking on the promise of Health & Productivity incentive programs to help improve the health outcomes of their members and combat rising healthcare costs. While their popularity increases, participation rates remain stagnant. Using incentives and rewards to stimulate member engagement in wellness programs can be highly effective, but only when the program uses the right combination of tools throughout the program's continuous lifecycle. Maritz's whole-brained approach taps into the areas of the brain that help people engage in and sustain the behaviors they want and need to keep them healthy.

And healthy members are the ultimate goal.

Mindy McGrath is a leader in Maritz's healthcare sector and helps businesses design and implement effective sales incentives, recognition and wellness incentives for their employees and channel partners. Mindy's background includes work as Executive of Industry Insights for Vynamic LLC, Sr. Vice President Business Operations at Medimedia and Associate Director, Global Strategic Sourcing and Operational Effectiveness at Bristol Myers Squibb.