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OnPoint

A HEALTH AND WELL-BEING
PERSPECTIVE

Optimizing Incentives

THE 4 ESSENTIAL STEPS

- 1 Configure
- 2 Motivate
- 3 Adjust and Refine
- 4 Maximize ROI

We are all creatures of habit.

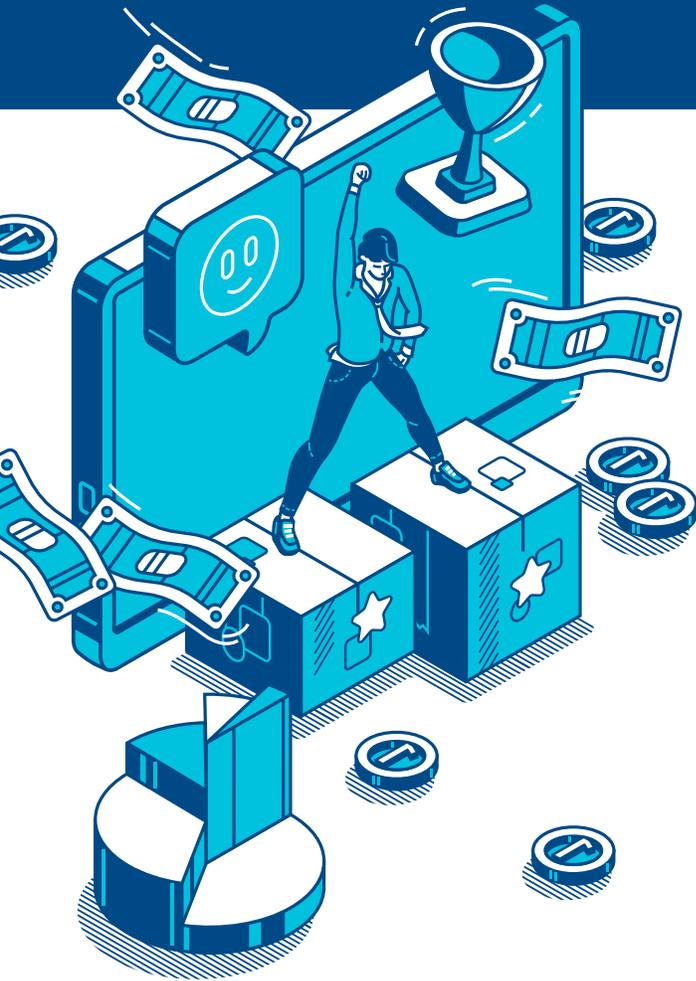
Indeed, more than 40 percent of daily human behavior is habitual.¹ And that makes changing a person's behavior, including their unhealthy habits, a difficult task.

Incentives are one of the most popular methods used by health plans and employers to overcome the inertia of unhealthy habits and motivate their members and employees to adopt healthy behaviors. In 2021, 68 percent of employers offered financial incentives to participate in well-being activities, with a median per-employee incentive of \$600.² The reason is simple: incentives work. Studies have shown that employers who offer well-being programs that include incentives enjoy a 22 percent higher participation rate than employers who don't offer incentives.³ At Onlife Health, our incentive programs have produced even better results. For example, wellness challenges with incentives produced a 39 percent participation rate for one client compared to just a nine percent participation rate for wellness challenges without incentives.

However, not all incentive programs are successful.

Generating a high level of participation requires strategic planning, careful execution, constant monitoring, and an ability to quickly adjust the program to evolving events.

Based on over two decades of experience developing and executing incentive programs with clients, we've identified four key steps for success.



Each OnPoint issue provides a concise, insightful summary about a key health and well-being issue facing health plans and employers today.

1 | Configure

Many decisions must first be made to create an effective incentive program. The questions that need to be answered are many. Here are just a few.

- // What type of incentives should be offered?
- // What behaviors and activities should the incentives reward?
- // What incentive value should each behavior or activity receive?
- // How can the incentives be structured to encourage healthy actions throughout the year and not just during the beginning of each quarter or year?
- // What's the best way to verify the activity?
- // What is the best combination of financial and non-financial incentives that will optimize participation?
- // How do we accurately predict the cost of the incentive program?
- // What's the best way to provide ongoing motivation until the member becomes self-motivated and the habit "sticks"? (After all, maximizing the number of people who adopt healthy habits for life is the true measure of a successful incentive program.)

Implementing the answers to these questions requires an incentive program that is highly configurable, one that can be easily structured and arranged to effectively address both the specific needs of the population and the goals of the organization. That's one reason we advise health plans and employers not to use a standardized "cookie-cutter" incentive program. While this type of program is usually less expensive because it requires little or no configuration, this one-size-fits-all approach lacks the flexibility needed to build the most effective incentive program.

2 | Motivate

Experts now believe it takes at least 66 days for a new habit to become established.⁴ During this critical, roughly two-month period, two types of motivation are needed: extrinsic and intrinsic. Incentives serve as extrinsic motivation. But equally important is **intrinsic motivation, the satisfaction that each person derives from participating in an activity they find inherently interesting and enjoyable.** A combination of both extrinsic and intrinsic motivation provides the highest possibility to maximize sustained engagement.

Offering a variety of incentives allows people to choose the one incentive that best matches their intrinsic motivation.

The possibilities are almost endless. For example, an incentive can reward people who are more socially minded for being a volunteer or participating in community service. Incentives that address financial wellness, such as financial education courses, can meet people at a specific point of need. The pandemic has highlighted the importance of rewarding people for taking care of their emotional well-being, whether it's taking a stress management course or participating in meditation classes. And one intrinsic motivation that appeals to almost everyone is to include family members in an incentive activity.





3 | Adjust and Refine

An incentive program that can be easily configured bypasses the limitations of a fixed incentive structure. Such a program has the flexibility to allow adjustment to be made based on what's working and what's not, which incentives are generating high engagement and which aren't. For example, once an incentive program achieves its initial enrollment goal, the following adjustments can be made to move the focus of the program from initial to sustained engagement:

- // Give more weight to activities that encourage active ongoing participation (e.g., coaching, use of trackers, participation in challenges and device integration).
- // Increase the incentive values for coaching and weekly device/app use while removing or decreasing the values for device connection.
- // Change the incentives structure from participation-based to results-based.

4 | Maximize ROI

One of the challenges of designing an incentive program is calculating the correct incentive budget—one that offers enough financial motivation to increase employee engagement while still providing a high return on investment. It's a difficult balance. Once the budget is set, you don't want to become a victim of your own success and end the program over budget. Likewise, you don't want to leave budgeted dollars on the table, a sign of lower-than-expected engagement. Monitoring participation rates and tracking payments provides the information needed to forecast and manage incentive costs and then make the necessary adjustments that help ensure the program remains within budget.

CASE STUDY

CHALLENGE: Restructure a new client's existing incentive program.

First, we identified the most applicable configurations that were projected to optimize outcomes. Then we added new activities, changed incentives and customized the following areas to push greater outcomes:

- // Incentivized activities
- // Associated point value
- // Activity names
- // Activity descriptions
- // Maximum frequency (how often someone can earn points)
- // Date parameters
- // Tiered rules (for example, complete 3 out of 5 activities)
- // Personalization rules (for example, spouse v. employee achievement requirements)
- // Program introductory content
- // Maximum points rules (how many points can be earned by completing the same activity multiple times during the program year)

THE RESULT

By monitoring and fine-tuning the program on a regular schedule, positive results were recorded in overall engagement and member health. More impressively, the results were achieved without increasing the maximum incentive payout—a \$250 gift card.

“ The ultimate goal of any incentive program is to help people form life-long behaviors that improve their health and overall quality of life while controlling healthcare costs. At Onlife, we partner with our clients to develop detailed incentive plans—starting with the organization's strategic goals and budget and then identifying the right mix of activities that support both initial and sustained engagement for individual members. ”

Nichole McGrath
Chief Client Officer
Onlife Health

Engagement

24.7 percent increase in initial engagement by members who had been eligible previously but had not participated. The primary driver of this increase was the addition of new engagement opportunities in the form of challenges and device integration.

64 percent increase in sustained engagement, achieved by adding more weight to activities/ tasks that required active participation (coaching, challenges, etc.). Sustained engagement creates a much stronger opportunity for people to internalize their newly acquired healthy behaviors and adopt a lifelong healthy lifestyle.

Member Health

BEHAVIOR CHANGE

- 52%** increase in vegetable intake
- 49.5%** decrease in stress
- 18%** tobacco quit rate
- 37%** increase in physical activity

ELIMINATION OF INITIAL HIGH-RISK FACTOR

- 23%** – High Blood Pressure
- 21%** – High Cholesterol
- 32%** – Poor Nutrition
- 35%** – Low Physical Activity
- 16%** – Tobacco Use
- 14%** – High Stress

Onlife Health brings end-to-end simplicity to population health and well-being. Connecting and integrating people, technology, and benefit design through our user-friendly engagement platform, we guide consumers on The Next Right Thing To Do in their healthcare journey. With its built-in agility, the Onlife platform can be configured and scaled quickly and easily to serve any market, from commercial health insurance to Medicare Advantage and Individual (ACA) lines of business.

1 Travers, M. (2022, May 30). Our mood doesn't affect our behavior as much as our habits do, says New Research. Forbes. Retrieved August 21, 2022, from <https://www.forbes.com/sites/traversmark/2022/05/28/our-mood-doesnt-affect-our-behavior-as-much-as-our-habits-do-says-new-research/?sh=1be099582246/>

2 Stephen Miller, C. E. B. S. (2021, June 16). Employers enhance well-being benefits for a post-pandemic workforce. SHRM. Retrieved August 21, 2022, from <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/employers-enhance-well-being-benefits-for-a-post-pandemic-workforce.aspx>

3 Corporation, R. A. N. D. (n.d.). Incentives, program configuration, and employee uptake of... : Journal of Occupational and Environmental Medicine. LWW. Retrieved August 22, 2022, from https://journals.lww.com/joem/Abstract/2016/01000/Incentives_Program_Configuration_and_Employee.6.aspx

4 Sussex Publishers. (n.d.). How incentives can build good habits. Psychology Today. Retrieved August 21, 2022, from <https://www.psychologytoday.com/us/blog/consumed/201907/how-incentives-can-build-good-habits/>

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