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Using Incentives to Encourage Employee Participation

Incentive and Health Improvement Programs

To maximize the benefit of a CDHP, employers must consider the needs of all potential users — including beneficiaries such as child and adolescent dependents. Implementing prevention, disease management and health improvement programs that encourage healthy and safe behaviors among children and adolescents may improve this population's overall health status and reduce their medical costs. In addition, improving the health of children and adolescents will positively affect employee health and productivity by reducing parental stress and lost work time.

This section describes programs and services employers can provide to improve child and adolescent health, what types of services and programs should be offered as incentives and what incentives are most effective for spurring behavioral change.

Using Incentives to Encourage Employee Participation and Responsibility

Employers can encourage employees to engage in positive health behaviors and appropriate use of health care through education, incentive programs, discounts and other types or rewards. Incentives should be used to support and reinforce CDHPs and health savings accounts such as health reimbursement accounts (HRAs).

HRAs provide a financial means for employees to pay for otherwise non-covered medical expenses with tax-free contributions. HRAs are not “real dollars” — that is, they are not hard-dollar contributions but rather a virtual dollar limit assigned to each employee that may be drawn against to pay for medical expenses. HRAs allow employers to retain operational control of the account and to offer incentives to employees for participating in health improvement or disease management programs.

Health nondiscrimination rules apply to self-insured medical plans, but NOT to health savings accounts offered through a cafeteria plan. Also, tax code nondiscrimination rules apply to self-insured medical plans and cafeteria plans. For more information on these nondiscrimination rules, please view our January 2005 issue brief entitled “Building Healthy Lifestyle Incentives into Health Plan Design” at http://www.businessgrouphealth.org/pdfs/issuebrief_jan2005legal.pdf.

Programs Employers Can Use as Incentives

Health Risk Assessments

A health risk assessment is a survey and/or physical examination that assesses an individual's health status, health risk behaviors, family history of disease and medical history. The results of the assessment provide a picture — in the form of a score, inventory list or narrative — of the health risks a patient faces (such as high blood pressure, obesity or elevated cholesterol level) and the risky behaviors that could jeopardize health (such as excessive drinking, physical inactivity or failing to wear a seat belt). The assessment may also predict the risk of future negative events (such as a heart attack). Health risk assessments can be administered to employees and beneficiaries, including children and adolescents.

Information gained from a health risk assessment is useful to employers for several reasons. It provides detailed information on the health status and risky behaviors of employees and their dependents. With this information, employers can more effectively tailor prevention, disease management and health improvement programs to address the needs of employees and their dependents. For example, if the results show that a substantial number of adolescent dependents smoke, an employer may include benefits for smoking cessation in the health plan. Also, employers may provide smoking cessation in a health promotion program. The results can alert an individual employee or dependent to impending health problems and motivate him or her to take appropriate action.

Providing employees and their dependents with an incentive for taking a health risk assessment may increase participation rates. Incentives can be offered for completing a health risk assessment, for reducing their risk profile over time or for joining a program to address the risks (such as a weight-loss program for obese employees, a smoking cessation program for employees who smoke, etc.)

Disease Management Programs

Disease management programs offer individuals with chronic illnesses coordinated services and support for their conditions. For children and adolescents with chronic conditions such as diabetes, asthma, birth defects, autism, developmental disorders or obesity, disease management programs offer an opportunity for coordinated care services, case management and education. It is important that families participate in management programs so they benefit from the support and education these programs offer and so they support the patient's participation and compliance.

Incentives can increase participation in disease management programs and encourage more active involvement of parents and caregivers. To encourage the appropriate use of disease management services among chronically ill children and their families employers should:

- Work with disease management vendors and review program enrollment to ensure child and adolescent participation
- Encourage parental involvement in disease management activities
- Reward participants for their adherence to the program

Health Improvement Programs

Most traditional health improvement programs offered through the work site target employees. Because consumer-driven health care plans place great emphasis on prevention and health improvement, it is important that health improvement opportunities are available for all beneficiaries, including children and adolescents.

It may be difficult for employers to offer work site programs geared toward children and adolescents. Rather than creating specialized child improvement programs, employers may want to consider purchasing these services or referring child and adolescent dependents to community-based health improvement programs. Even if employers cannot offer specialized health improvement programs for children, they can offer family-oriented health improvement activities. The following are some suggested family-oriented health improvement activities:

- **Family physical fitness program.** Invite employees and their adolescent dependents to participate in fitness activities. These activities could include father-child gym sessions, family swimming, family walking, adolescent and young adult aerobics classes.
- **Immunization clinics.** Immunizations are a critical component of child health care. However, many parents delay immunizing their children due to the inconvenience and cost associated with multiple physician visits. Offering immunizations at the work site may increase immunization rates.
- **Family health fairs.** Employers may want to host health fairs that offer basic screenings such as blood pressure or BMI. Health fairs should be family-oriented, culturally competent and provide health education materials appropriate for all members of a family.

Prenatal and Well-Baby Programs

Prenatal care programs offer pregnant women the health care services and education they need to support a healthy pregnancy. Prenatal services, which include screenings for serious complications such as gestational diabetes or preeclampsia, weight gain monitoring and other health care services are essential health care services and should occur as early in pregnancy as possible. The American Academy of Family Physicians (AAFP) provides guidelines for prenatal care. Employers can use these guidelines as a basis for evidence-based compliance determination. For more information on prenatal care guidelines see: American Family Physician, Evidence-based Prenatal Care at <http://www.aafp.org/afp/20050401/1307.html>.

To increase compliance with prenatal care programs employers should:

- Review claims for timely prenatal care visits and appropriate screenings
- Review enrollment in employer-sponsored or employer-endorsed prenatal education programs
- Review pharmaceutical programs to ensure that prenatal vitamins are being taken as prescribed

- Encourage pregnant employees, pregnant dependents and their partners to attend classes on baby care, parenting, labor and delivery and related topics. Employers may want to consider offering incentives for participating in such classes.

Well-baby and well-child care is health care recommended for healthy babies and toddlers. Well-baby care focuses on preventive services such as growth monitoring, immunizations and developmental screenings. Employers can encourage their employees to practice well-baby care by offering incentives for the appropriate and timely use of recommended health care services. For example, incentives such as car safety seats, safety covers for outlets or age-appropriate books could be given to parents whose children have received all of the recommended immunizations.

Health and Safety Classes

Children and adolescents who are educated about basic health and safety issues may be less likely to engage in risky behaviors and thus suffer fewer injuries and incur less medical costs. Many organizations and schools offer health and safety classes for children and adolescents. These classes promote healthy behaviors and practices such as fire safety, first aid, bicycle safety, drug and alcohol abuse prevention, safe sex or positive body image. Employers should alert employees to these programs so they can take advantage of health improvement opportunities in the community. Employers may also want to consider offering similar classes for employees and dependents.

To increase participation in health and safety programs, employers should consider subsidizing the cost of community-based programs or offering an incentive for program participation. When beginning a subsidy or incentive program for participation in a community-based health or safety class, employers should consider the following:

- Establish standards for acceptable health and safety education programs. This will include the level of the classes, the types of programs, where instruction will take place and which individuals and organizations offer the programs. Employers should take into consideration the age and learning levels of employees and dependents.
- Provide a list of acceptable programs to employees delineated by age appropriateness and type of class.
- Require proof of participation for any program offered by an outside group. This may include receipts or membership forms.
- Obtain proof of attendance such as a sign-in sheet for any program offered through the employer.

Community Based Health and Wellness Programs

Employers may not be able to offer comprehensive health improvement and wellness programs to all employees and their dependents. As mentioned previously, employers may want to alert employees to health improvement opportunities in the community such as walking and biking trails, public recreation centers and health department-sponsored screenings and health examinations. Employers may also want to partner with public agencies or community-based organizations to encourage healthy lifestyles among employees, dependents and the community at large.

To raise awareness of the importance of health promotion, employers may want to partner with public agencies to co-sponsor community-wide events such as a walk/jogathon, 5K race or health fair. Such partnerships provide benefits to all involved; public agencies (such as state health departments), community organizations and local schools receive much needed financial assistance to keep important programs afloat, employers gain an ally in the community and a positive public image for improving community health and employees gain another opportunity to engage in health promotion. Employers may also gain health and medical expertise from community-based health organizations. Some examples of partnerships include:

- **Relationships with local public schools.** Relationships may include financial support of health-related programs, participation in assemblies and events or donations of supplies and materials.
- **Sponsorship of local sports teams for children and adolescents.** Sponsoring children's sports teams such as Little League will help keep children and adolescents active as well as demonstrate community involvement. To support adolescents who participate in school-run sports, employers can provide sponsorship through donations or advertising at games.
- **Scholarships for employees' dependents who excel in areas of health promotion, athletic achievement or involvement in civic-minded activities that focus on health (such as emergency medical technician volunteers).**

Incentive Rewards

Employers can use a host of different incentives to “reward” employees and dependents for participating in disease management or health improvement programs, for reducing their health risks and for making healthy lifestyle changes. Incentives may include:

- ✓ **Lower monthly premiums for health plans.**
 - Employees and dependents who participate in disease management or health improvement programs demonstrate a willingness to improve their health status and will probably require fewer illness-based health services.
- ✓ **Provide tiered pricing for pharmaceuticals to reward individuals who select generic drugs over equivalent brand-name drugs.**
 - Generic drugs are cheaper than brand-name drugs and usually offer identical health benefits. Alerting individuals to the value of pharmaceuticals encourages responsible health care decision making.
- ✓ **Offer discounts on pharmaceuticals to individuals who are adherent to their medications.**
 - Individuals who fill and take prescription medications as directed by a physician have better outcomes than those who fail to comply. Offering a discount on pharmaceuticals removes financial barriers such as affordability, to appropriate medication compliance and rewards those who follow their physician's orders.

- ✓ **Offer individuals currently enrolled in health improvement programs or health and safety classes discounts on future programs and classes.**
 - Encouraging continued participation in health and wellness activities and encouraging individuals to participate in multiple wellness activities simultaneously may increase the net benefit of these activities.
- ✓ **Offer free or discounted health-related items.**
 - Providing free health-related items as incentives for participation or compliance with programs can increase participation and retention rates. Items should directly correspond to the healthy behavior. For example, for an employee who walks a 5K, provide him or her with a free pedometer to monitor future walking.
- ✓ **Offer special pricing on outside gyms and physical activity classes.**
 - Offering discounts on gym memberships and other physical activity classes will remove financial barriers and encourage participation.
- ✓ **Offer monetary rewards for participation and/or compliance with disease management or health improvement programs.**
 - Many individuals will change their behavior or participate in a program for a financial reward. Monetary rewards can be offered as a contribution to a health savings account or health reimbursement account. If using monetary rewards as an incentive, make sure that the reward matches the behavior or action. For example, a small change in behavior such as walking 10,000 steps a day for a week should receive a much smaller reward than a major behavioral change such as quitting smoking.

How to Create Incentive Programs

Incentive programs can effectively engage beneficiaries in health care decision making and encourage them to take a proactive role in improving their health status. Incentive programs hold great promise for improving employee and dependent health and stabilizing overall health care costs. However, in order to reach their potential, these programs must be well designed and appropriate for the population in which they are implemented.

The following steps can help employers develop and implement a disease prevention, disease management or health improvement incentive program.

Step 1: Research the Population

- ✓ Establish the basic demographic features of your employee population and their dependents such as gender, age, locality, education level and present health status. This will help you better understand their health care needs, the types of unhealthy behaviors they currently engage in (e.g. smoking, unhealthy eating, or medication non-compliance) and what types of incentives could motivate them to change unhealthy or risky behaviors.

- ✓ Review beneficiaries' medical claims data to see what types of medical services employees and their dependents are using, what diagnoses have been assigned and what types of medications have been prescribed to treat their conditions. This information will allow you to 1) identify specific conditions and diseases ailing your beneficiaries; 2) identify sub-populations that are high users of costly health care services; and in 3) revise existing disease management programs, health improvement programs and wellness activities to better meet the needs of your employees and their dependents.
- ✓ When considering children and adolescents as participants in a prevention, disease management or health improvement incentive program, remember that the health care needs and personal motivators of children are different from those of adults. For example, children and adolescents may be motivated by smaller rewards than adults, or prefer tangible rewards, such as health-related items (e.g., jump ropes, bike helmets) to monetary rewards. Sometimes rewards incentives should be directed at the adult parent (employee) rather than the child.

Step 2: Develop the Program

- ✓ Based on your research in step one, brainstorm incentives that reflect the interests and needs of your covered population. The appropriate incentive or reward will depend on the action required and the specifics of the population involved. Incentives can be monetary (e.g., a cash reward or reduced deductible), tangible (e.g., a health-related toy or freebie such as a pedometer) or intangible (e.g., public recognition).
- ✓ The goal of offering incentive programs or activities is to increase and retain participation. Make sure that the actions required to receive an incentive in a given program are doable (e.g., a 10-pound weight loss). Also ensure that your incentive programs or activities are accessible to all employees and dependents. For example, consider making employer-sponsored health improvement programs free or low-cost.
- ✓ Identify possible barriers to participation and work to eliminate them.
- ✓ Start small and grow the program as participation rate and employee acceptance increase. Initially, consider providing incentives for a single program or for single aspects of a basic program. Then over time, increase the incentive programs and the requirements to receive incentives. This allows employees to get used to programs and change to occur more gradually.

Step 3: Launch the Program

- ✓ Develop a communications plan to educate employees about the new programs and incentives. Encourage active participation through a variety of methods including fliers, newsletter articles and Intranets. Reinforce ideas about the programs and incentives through multiple communication channels and do so repeatedly to remind those who may have forgotten. Make sure that all messages and communication about the incentive program are clear. Complex programs or conflicting messages may deter some from participating. Ensure all messages are clear, well defined, inclusive and culturally competent.
- ✓ Manage the perceptions of employees by offering consistent messages. Employees may not initially support all incentive programs, especially if they are unfamiliar or unclear about how they work. Employers need to shape how employees see programs through clear explanations, reinforcing concepts and providing information through a host of means. When discussing new incentive programs, reinforce positive aspects of the program in addition to possible financial savings.

Incentive Programs in Practice: A Case Study

A large health products and services manufacturer wanted to implement a strategy to lower costs and reduce the overall risk for disease in its employee population. Several years ago, it began offering an annual health risk assessment to all of its employees. As an incentive for completing the assessment, the company reduced participating employees' deductibles by \$500. To receive this discount, employees had to take a health risk assessment at least once every three years. While the incentive program dramatically increased participation in the health risk assessment, it failed to encourage employees to address their health risks by enrolling in a disease management program or a health improvement program or to make healthy lifestyle changes.

To increase the number of people who enroll in a disease management program following the health risk assessment, the company changed the prerequisites so that to qualify for the \$500 deduction the employee must 1) complete a health risk assessment once every three years and 2) enroll in an appropriate disease management program or health improvement program as indicated by the results of his or her health risk assessment. The employer offered disease management services through health plans including programs for individuals with asthma, diabetes, heart disease, hypertension, spinal injuries and high-risk pregnancies. The added requirements increased the number of individuals who recognized their health risks and took immediate positive action to manage and reduce those risks.

Step 4: Evaluate and Revise

- ✓ Periodically re-examine the prevention, disease management and health improvement programs offered and the incentives that go with them. Make sure that a wide variety of programs and incentives are offered and that participation is increasing. If the desired participation rate has not been reached, consider formally evaluating the program to understand why. This could be as simple as surveying employees who have not participated or holding a public meeting to ask for input about what programs and incentives should be offered in the future.

- ✓ Remember that behavioral change is difficult and takes time. However, even small changes (such as increasing the number of dependent children who eat the recommended five fruits and vegetables a day) can make an impact on overall employee and dependent health.

- ✓ Remember that the incentives that motivate a population may change over time. For example, many employees will prefer public recognition to tangible rewards with continuing participation. Create a public forum to recognize those employees who have successfully achieved incentives. In addition to honoring employees who have made important behavioral changes, this may also encourage others to participate.