



The Wellness Incentives Workbook

A hands-on, step-by-step approach to help you keep up with best-practice incentive strategies, comply with healthcare reform, and dodge wellness program pitfalls

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How to Use This Workbook

If your organization offers incentives to people who meet certain wellness criteria, you're definitely on track with your peers.¹ But now, with incentives a standard part of wellness programs, expectations have increased around engagement, accountability, and outcomes—and so has complexity. And when things get complicated, it's easy to miss important details, even for professionals who are on top of their game.

That's why we created this best-practice workbook. It's a hands-on approach to help you prioritize your efforts and plan for the future. We've pulled together helpful checklists of the elements that have been reliably proven to make a difference in the success of wellness incentives programs. And to back up those lists, we offer data from our own book of business—the results of a year-long, 52-client, 2 million-person study on wellness incentives best practices.²

By the time you've gone through these pages, you should feel pretty confident that you're on the right track to move forward using wellness rewards best practices.

Ready? Let's get started!

TODAY, NEARLY

90%

*of employers offer incentives to employees
who meet specific wellness criteria³*

— UP FROM 57% IN 2009. —

1. Have You Covered the Basics?

You may be well past the planning stage, but it never hurts to make sure you haven't missed anything important. It's always nice to catch those head-slappers early.

Program Planning & Preparation	YES?	Notes:
Your organization has clear wellness objectives that your team understands and can get behind.		
Your incentives design directly supports your overall wellness objectives.		
Your incentive program is aligned with your benefits plan.		
You have strong management support for your wellness and incentives programs.		
Your incentives program is simple enough for your population to understand.		
You've agreed on what requirements you'll use.		
You require a completed health assessment as a basis for your incentives program.		
You've established how long people will have to earn the reward.		
You have a plan to handle exceptions.		
You're confident that the overall participant experience is positive.		<i>What's it really like? Try it!</i>
You have a plan for new employees, members, and family members to participate.		
You have an approved budget for your incentives program.		
You've explored cost-neutral approaches (premium reductions for participants are offset by additional premiums for non-participants).		
You've weighed the pros and cons of self-reported and imported data.		
You know what sources of imported data will be accepted.		
You've decided how and when you'll measure improvement towards your goals.		
You have baseline measurements that you can use to compare population health status, health risk levels, and healthcare costs before and after you start your incentives program.		
You've made sure your incentives plan is compliant with ACA regulations.		

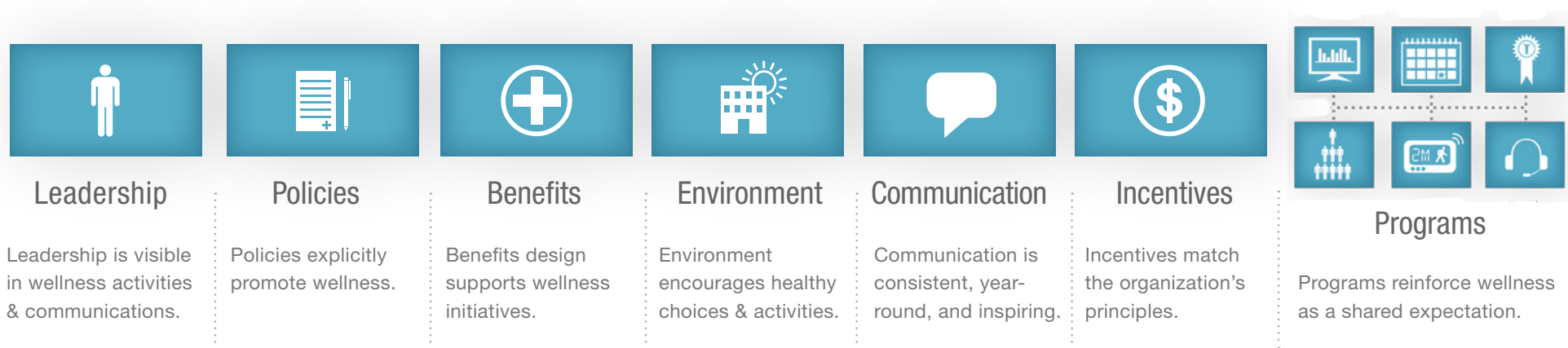
Clients with a simpler incentive program have coaching engagement rates 7% higher than those with complex programs.⁴

SEE ACA LIMITS ON PAGE

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2. Build a Culture of Health

While people respond well to rewards such as cash or prizes, incentives are just one element in motivating people to improve their health and healthcare usage. The wellness culture in your organization is a big part of what motivates lasting change.



In our incentives study, clients who identified themselves as having a strong wellness culture saw an average 7% higher health assessment completion rate than those with a weak or moderate culture; clients with strong management support saw a 5% improvement.⁵

3. Is Your Population Ready?

If incentives are new to your population—or if your program is changing—you may hit resistance. That’s not a show-stopper, but best practices include laying groundwork before you launch.

Participant Readiness & Experience	YES?	Notes:
People in your population have accepted your wellness programs so far.		
People in your population have shown that they’re willing to change their health behaviors.		
Incentives have been successful in other corporate initiatives.		
You’ve tested your program design with people outside your wellness team to get their response.		<i>Have you tried employee focus groups?</i>
You’ve talked to your wellness program vendor for examples of similar designs and the experiences of other clients like you.		
You’ve made sure your incentives are fair, and aren’t weighted toward people who are already healthy.		
You’re confident that your requirements aren’t so challenging that people decide it’s not even worth trying.		

4. Are You Ready to Communicate Your Plan?

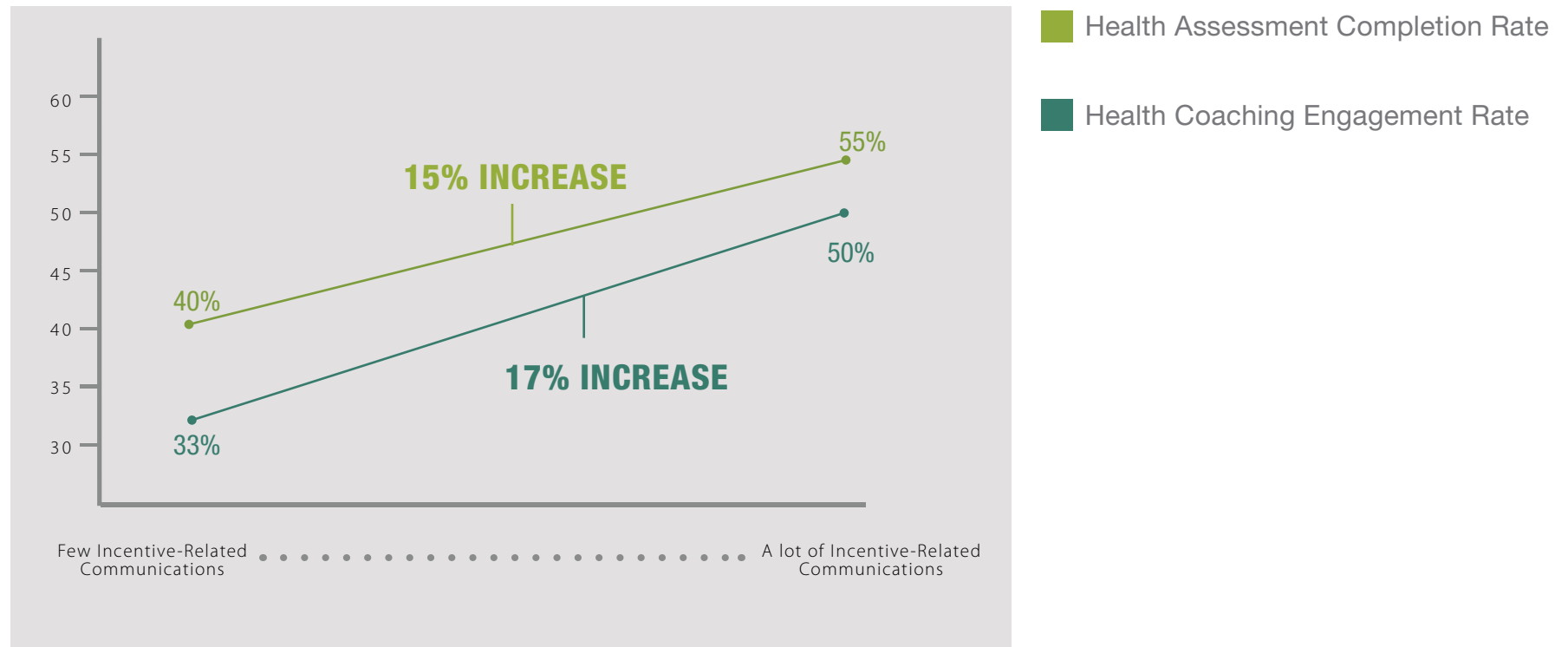
The tricky thing about communication is that telling people once or twice—or even three times— isn’t enough. Let’s make sure people will hear about your plan, understand it, and know what they’re supposed to do about it.

Communications Strategy	YES?	Notes:
You’ve developed your communications strategy, with a full-year plan laid out.		<i>Yep, we said a full year!</i>
Your program is simple to communicate.		
You have wellness communications plans in place that you can use to explain your incentives plan to your population.		
Your calls to action are clear and simple so people know what they’re supposed to do next.		
You have multiple communication modalities and messages so you reach everyone.		
You can target messages to specific segments of your population, such as those who haven’t completed their health assessment yet, or those with certain health conditions or risks.		
You’ve thought about how you’re going to communicate to everyone, in different locations and job functions.		
Your plan includes language as required under the new ACA regulations for reasonable alternatives.		

SEE PAGE 15

Frequent Communication is a Best Practice that Improves Participation Rates⁶

Moving from providing few incentive-related emails to a lot correlates with an increase in health assessment (HA) completion and coaching engagement rates



★ ★ ★ ACCORDING TO BEHAVIORAL ECONOMICS RESEARCH ★ ★ ★

(yeah, that's a science)

people may be more

MOTIVATED

to avoid loss such as

**PENALTIES OR SURCHARGES
THAN TO MAKE EQUIVALENT GAINS.⁷**

5. What Type of Incentives?

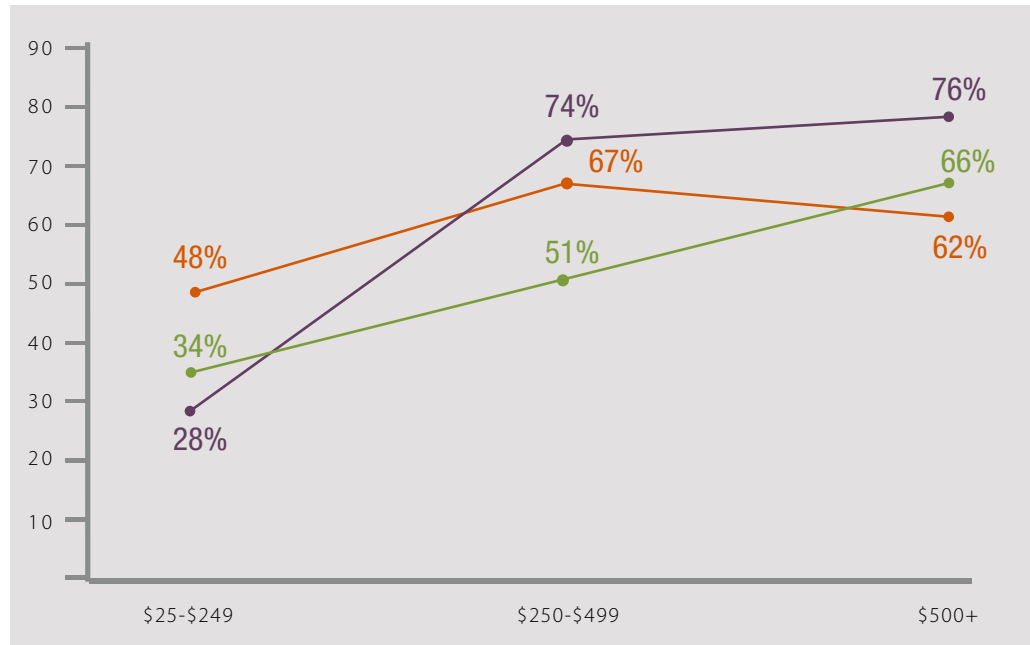
Incentives can be rewards for meeting certain requirements—or penalties for not meeting them. Either can be effective. Your responses to these prompts can help you decide the right approach for your population.

Carrot or Stick	YES?	Notes:
Based on previous experience, you know how your population will respond to a reward for action, or a penalty for non-action.		
You're prepared for possible negative reactions.		
You're confident that your approach fits within your organization's overall culture.		
You've researched rewards and how they'll be paid.		
You've discussed who will be eligible and have management support.		
Your reward is enough to prompt behavior change.		
You've planned for increases year over year to keep people interested.		

Premium reduction? Cash?
HRA/HSA/FSA contribution?
Tiered health plan choices?
Drawings or raffles?

For incentive amounts less than \$500, offering rewards in the form of an insurance premium discount results in completion rates 14% to 16% higher than those paid in cash.⁸

Health Assessment (HA) Completion Rates by Type and Amount of Incentive⁹



Insurance premium discount

Cash (or cash equivalent)

Health plan upgrade

















WHAT ABOUT HEALTH ACCOUNT CONTRIBUTIONS?

Account-based incentive deposits are becoming more prevalent and we expect continued focus in this area by employers.

For rewards over \$250, health plan upgrades achieve the highest health assessment completion rates.

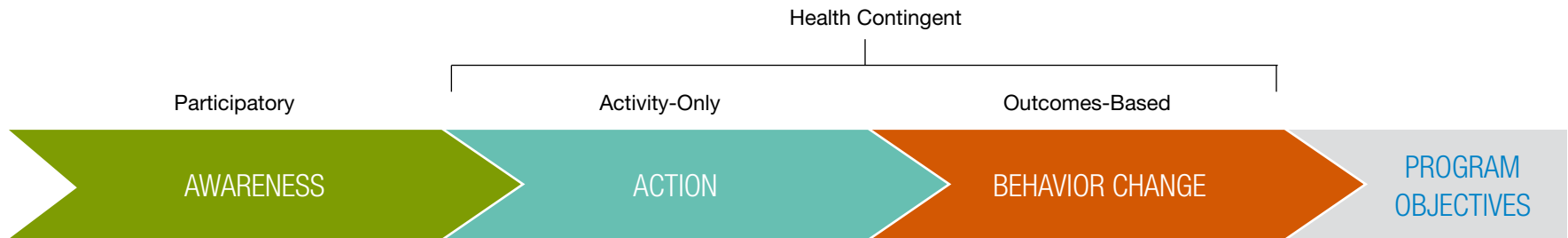
Changing Incentive Strategies Can Have Big Impacts

We looked closely at clients whose health assessment (HA) completion results changed significantly between 2010 and 2012, and analyzed what they did differently.¹⁰ Increasing or decreasing incentives affects engagement, but changing communications and management support can achieve the same end.

Client	2010 HA Completion Rate	2012 HA Completion Rate	Change	What's Different?
1 	28.0%	53.9%	 25.9%	Same incentive (\$300), but increased communication level
2 	50.6%	73.4%	 22.8%	Increased incentive from \$120 to \$500
3 	72.5%	87.4%	 14.9%	Increased incentive from \$310 to \$700; Increased management support
4 	29.3%	43.0%	 13.7%	Increased incentive from \$150 to \$350; Increased management support and culture of health
5 	34.8%	46.4%	 11.6%	Same incentive (\$100), but increased communication level
6 	43.2%	32.0%	 -11.2%	Same incentive (\$240), but decreased communication level
7 	84.3%	57.6%	 -26.7%	Same incentive (\$1,200), but decreased communication and management support
8 	55.6%	18.8%	 -36.8%	Decreased incentive from \$400+ to \$0, and decreased communication level

5. What Stage Are You In?

A wellness incentives program isn't one of those things where you can just leap into the deep end. You'll be less stressed and more successful if you wade in and work through each stage with your population until they're ready for the next step.



What have you already done/what's in your plan?



On average, clients who reward spouses/dependents for HA completion achieve rates **39% higher** than those who don't offer incentives.¹¹

ACA definition of "HEALTH CONTINGENT" INCENTIVES:

when people need to satisfy a standard related to a health factor
or undertake more than a similarly
situated individual based on a health factor
IN ORDER TO EARN A REWARD.¹²

6. Are You in Line with the ACA Guidelines for Incentives?

The Affordable Care Act (ACA) has broad implications for wellness incentives programs, especially outcomes-based rewards. Here's what it looks like at a glance.

If you want to reward for:	You have this type of program:	Frequency of reward/penalty is:	The maximum reward/penalty is:	A reasonable alternative standard may be required:	Additional requirements for an alternative standard:
Health assessment completion	Participatory	Any time	No limit	No alternative needed	Not required for participation
Biometric screening					
Education program					
Gym cost reimbursement					
Tobacco cessation program (regardless of success)					
Preventive care (waive copay/deductible)					
Exercise, walking, or diet program participation	Activity-only	At least once per year	30% of total cost of coverage	If the program standard is medically inadvisable or unreasonable due to a medical condition	<ul style="list-style-type: none"> • Physician verification of medical condition allowed • Must accommodate physician recommendation
Health coaching/ condition management participation					
Biometric outcomes (being within value range, meeting a certain number of metrics, or improving measured by percent change)	Outcomes-based	At least once per year	30% of total cost of coverage	Yes, for any individual who does not meet initial standard	<ul style="list-style-type: none"> • Physician verification of medical condition not allowed • Must accommodate physician recommendation • Must allow another reasonable alternative based on physician recommendation if requested

Tobacco cessation programs limited to 50% of total cost of coverage.

Tobacco-free status rewards limited to 50% of total cost of coverage.

7. Are You Ready for Health Contingent Rewards?

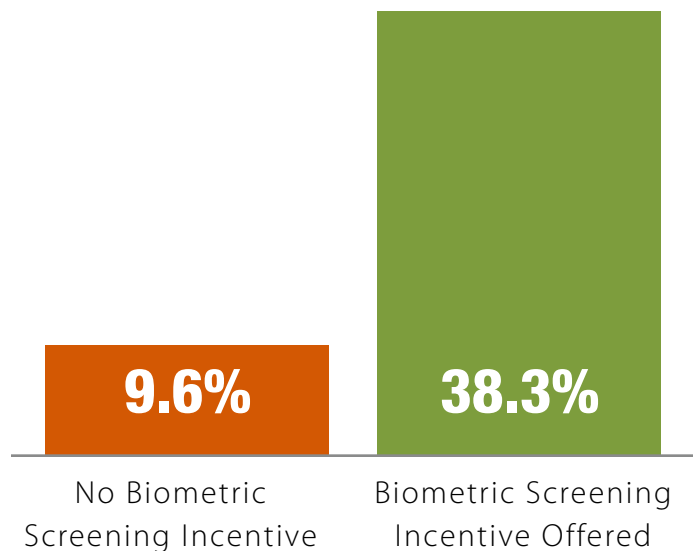
Health contingent rewards are the goal for many organizations, but they can be complex to manage. And if your population isn't ready for them, leaping in too soon can result in backlash. See which side you fall on to know if you're ready to make the jump.

JUST GETTING STARTED	How long has your incentives program been in place?	TWO YEARS OR MORE
NOT AS I EXPECTED	Has your population responded positively to wellness incentives?	YES
NOT COMPLETELY	Have they accepted that they have to do more to earn incentives year over year?	YES
NO	Have you reached your participation, engagement rate, and outcomes targets so far?	YES
INCENTIVES? COMMUNICATIONS?	If not, what's holding you back?	NOTHING
NO WAY	Will requiring individuals to meet a certain biometric value or range be seen as reasonable, or as a larger barrier to participation?	ACHIEVABLE
NO	Does your budget support biometric screenings?	YES
NO/NOT SURE	Can the screening vendor bill for screenings as a plan cost rather than a separate investment?	YES
NOT YET	Can you manage reasonable alternatives for individuals who can't meet wellness goals?	GOT IT COVERED
NOT YET	Have you developed communications to explain reasonable alternatives?	YES
NEED TO LOOK INTO THIS	Are you confident that your program is set up to help people with higher health risks improve their health, rather than shifting costs to them?	WE'RE GOOD
HADN'T THOUGHT OF THIS	Have you factored in financial and time burdens when determining the specific standard someone is asked to meet to ensure it is medically safe? ¹³	WE'RE SET
HMMMM, THAT'S A TRICKY ONE	Have you considered whether the incentive design is likely to place a greater economic burden on one race or ethnic group of employees than another? ¹⁴	CHECK
DON'T LEAP TOO SOON! (MASTER PARTICIPATORY INCENTIVES FIRST)		IT SOUNDS LIKE YOU'RE READY!

The Impact of Incentives on Participation, Activity & Outcomes¹⁵

Biometric Screenings & Coaching

Clients who include incentives for completing a biometric screening achieve screening rates 29% higher than clients who don't offer those incentives.



Coaching & Incentives

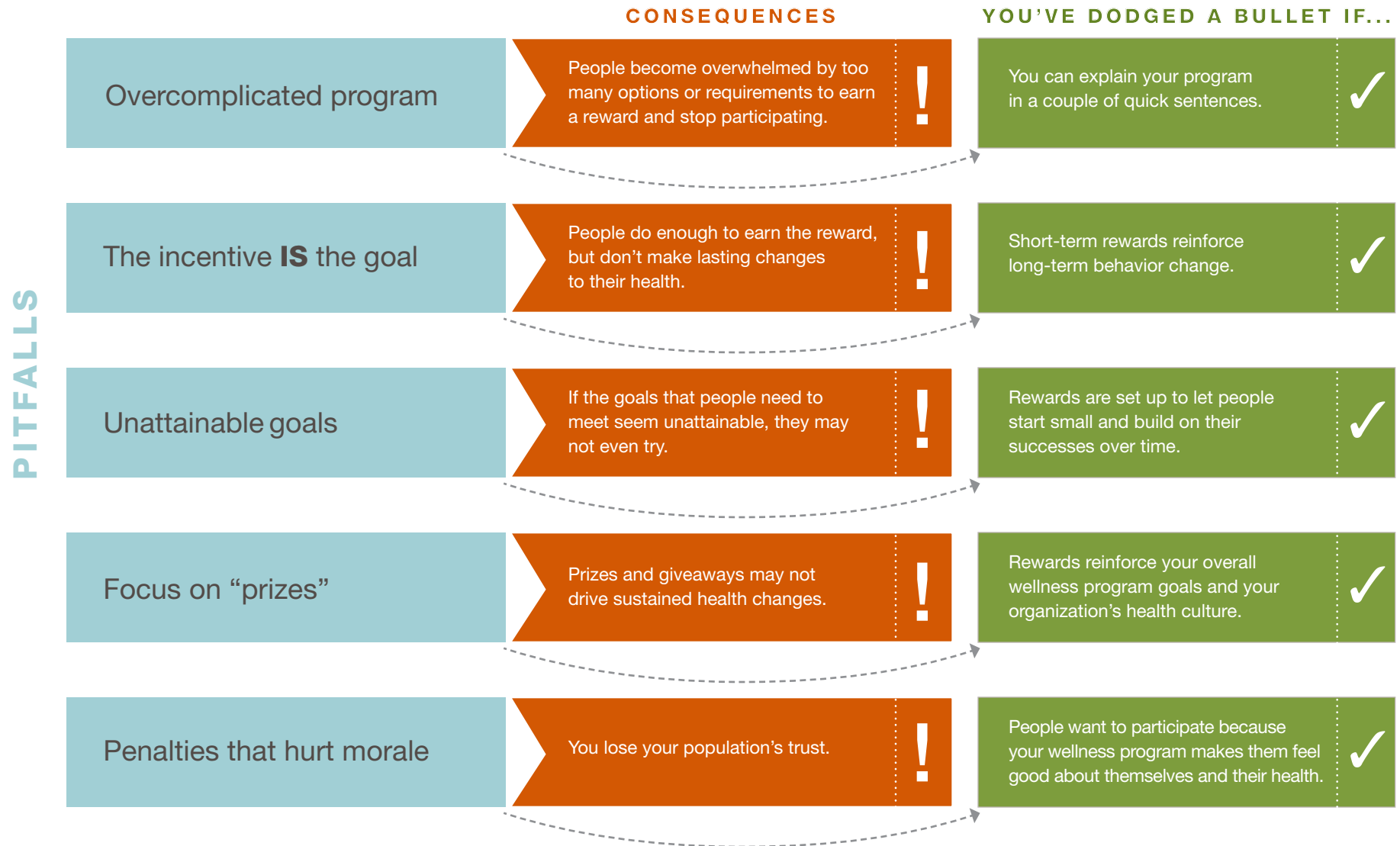
Moving from no incentive for health coaching to having a coaching incentive increased coaching engagement by 21%.



WHAT ABOUT OUTCOMES-BASED REWARDS?

Early results on these models indicate some positive impact on blood pressure and cholesterol, but nothing definitive yet on other biometric values.

8. Bonus: Have You Dodged These Common Pitfalls?



9. Can Your Wellness Incentives Vendor Support All Your Needs?

Can your vendor provide complete program support?

- ☐ Integrated health assessment
- ☐ Integrated lifestyle improvement, condition management, and disease management programs
- ☐ Integrated health coaching
- ☐ Personal health record
- ☐ Trackers for biometric data (e.g., blood pressure)
- ☐ Support for spouses and dependents

Does your vendor meet your needs for program flexibility and configurability?

- ☐ Points-based
- ☐ Action-based
- ☐ Combination points
- ☐ Supports health-contingent requirements
- ☐ Allows flexibility for outcomes-based metrics requirements and progress against goals
- ☐ Can import data from offline activities, self-reported, and professionally imported
- ☐ Meets required privacy and security standards

Can your vendor meet your rewards fulfillment requirements?

- ☐ Vendor agnostic
- ☐ Payroll interface
- ☐ HSA custodial banks
- ☐ FSAs
- ☐ TPAs
- ☐ Prepaid cards

How straightforward is the interface for both individuals and program managers?

- ☐ Online and telephonic support
- ☐ Single interface for individuals
- ☐ Dashboard for managers
- ☐ Offers engagement services
- ☐ Integrated messaging platform
- ☐ Support for mobile interface for users

Can your vendor support your program as it evolves over time?

- ☐ Vendor has discussed next stages with you and knows what it will require
- ☐ Vendor's systems support your tracking and payout design
- ☐ Vendor knows and can meet new ACA regulations

Best practices in wellness incentives brought to you by WebMD Health Services

Still have questions?

Contact us at whsinfo@webmd.net or visit webmdhealthservices.com

Endnotes

- ¹ Wieczner, Jen. “Your Company Wants to Make You Healthy,” WSJ, April 8, 2013.
<http://online.wsj.com/article/SB10001424127887323393304578360252284151378.html>
- ² WebMD’s 2013 Incentives Best Practices Study of 52 employer clients tracked rewards-related behaviors of over 2 million people.
- ³ Wieczner, Jen. “Your Company Wants to Make You Healthy.”
- ⁴ WebMD’s 2013 Incentives Best Practices Study
- ⁵ WebMD’s 2013 Incentives Best Practices Study
- ⁶ WebMD’s 2013 Incentives Best Practices Study
- ⁷ Forces That Shape Our Decisions. New York, NY: HarperCollins; 2008
- ⁸ WebMD’s 2013 Incentives Best Practices Study
- ⁹ WebMD’s 2013 Incentives Best Practices Study
- ¹⁰ WebMD’s 2013 Incentives Best Practices Study
- ¹¹ WebMD’s 2013 Incentives Best Practices Study
- ¹² United States Department of Labor, The Affordable Care Act and Wellness Programs Fact Sheet,
<http://www.dol.gov/ebsa/newsroom/fswellnessprogram.html>
- ¹³ Boosting Incentive Participation Without Breaking the Bank, Towers Watson, July 2011 and WebMD BOB
- ¹⁴ Guidance for a Reasonably Designed Wellness Program JOEM Volume 54, Number 7, July 2012
- ¹⁵ WebMD’s 2013 Incentives Best Practices Study