



Workplace Wellness: Using Incentives in Wellness Programs

Wellness issues important to you – brought to you by the insurance specialists at Plan Benefit Analysts.

The Need for Incentives

Health promotion programs seek to impact some or all of the risk factors associated with preventable illnesses by promoting healthy lifestyle choices and discouraging behaviors and attitudes that are detrimental to good health. Because lifestyle behaviors are deeply ingrained, making these types of lifestyle changes is very difficult and requires discipline and dedication. Educating employees about the benefits of positive lifestyles and the detriments of unhealthy behavior is an important first step. It will take stronger motivational forces to get most of your employees to take action. External incentives can play an important role in motivating your employees to action. The best incentive program will be easy to administer, cost-effective, and will move the largest number of employees to take action and sustain the positive change over time.¹

Advantages and Disadvantages to Incentives

Incentives are widely used in health promotion programs because they can produce significant changes in behavior, are easy to understand and administer, and can be combined to increase their motivational impact. As powerful as incentives can be, they can also reward unhealthy behavior (e.g. fast, dramatic weight loss) or create a dependency on the incentive if not used properly. The key when designing your incentives is maintaining the desirable behaviors while minimizing challenges to the program.

Types of Incentives

Most health promotion programs give something positive to their employees to encourage healthy behavior rather than taking something away. This helps to keep the wellness program positive and upbeat. Incentive rewards can be tangible, such as cash, prizes, vacation days, and reduced premiums; or intangible, such as management recognition, camaraderie, and personal fulfillment. Whether you use tangible or intangible rewards, incentives have the most effectiveness when they are closely tied to the healthy behaviors that they are intended to reinforce. Some sample incentives are:

- **Wellness dollars.** Award wellness dollars for participating in various wellness activities that employees can apply towards fitness-related equipment such as bikes, treadmills, workout clothing, or gift certificates for health-related stores.
- **Monetary rewards.** Contribute cash to HSAs, FSAs, and HRAs that are offered as part of your benefits program or waive deductibles for preventive health care services like mammograms

or well-baby visits. Offer term life insurance to those employees that complete a health risk assessment.

- **Contests.** Use to motivate change in physical fitness, weight loss, and smoking. In addition to tangible rewards given to winners, participants will receive the intangibles of recognition and teamwork. Create competitions such as a walking challenge where those that complete the challenge are entered into a drawing for health club memberships.
- **Achievement awards.** Verbal praise and a pat on the back are motivational to some, but a token of recognition of achievement may offer more. A colorful certificate to congratulate an employee for achieving a health-related goal is one example.
- **Public recognition.** Announce recognition by management at campaign midpoint or wrap-up.
- **Food.** Include healthy foods to kick off, revitalize or wrap up a wellness campaign.
- **Time off.** Offer additional days off. This may be the next best incentive to cash. This type of incentive makes good business sense if the number of absences drops significantly and attendance is used as an evaluation criterion.

To maximize its perceived value, an incentive should be designed with a high perceived value relative to its cost. Of course, the perception of value will vary from company to company and individual to individual. An incentive should be significant enough in “value” to give participants a reason to change now rather than waiting for a better reason later.

What Behaviors to Reward

Some of the most common wellness program behaviors that are supported by incentives are completion of a health risk assessments (HRAs), participation in wellness program activities, and individual achievements. HRA completion is generally rewarded because the information that it provides is invaluable to wellness program design and evaluation, and because the more individual participation, the more likely the data will be useful and accurate. Participation in program activities such as nutrition and smoking cessation classes, and achievement of specific lifestyle changes (e.g. stop smoking) or biometric accomplishments (e.g. obtaining particular cholesterol, body mass index or blood pressure levels) are often rewarded to encourage continued participation in these programs.

Who to reward is as important as what to reward. Employees often account for less than half of an employer’s total health plan. Improving the health behaviors of employees’ spouses and children can also result in significant health care cost savings for the employer. Family members will provide each other with encouragement, motivation and support while participating in wellness activities. To reach all members of your health plan, develop educational materials, programs, and incentive rewards directed toward the entire family, and invite family members into the workplace to participate in wellness activities.

Funding Incentives

While intangible incentives have a relatively low cost to employers, tangible incentives will require a source of funds. For employers to experience a return on investment, the cost of incentives must be less than the expected savings the program will produce. Employers are likely to see real savings in the form of reduced health claims, absenteeism, disability and workers’ compensation claims along with improved productivity and employee morale, but most programs take several years to develop a positive ROI. To achieve this positive ROI, it is essential that your workplace health promotion program contain effective incentives that motivate lifestyle changes and improve the health of your employees and their families.

For more information on designing wellness incentives see:

http://www.welcoa.org/freeresources/pdf/mercer_special_report.pdf

http://www.welcoa.org/freeresources/pdf/aa_chapman2_aug05.pdf

¹ According to a recent survey by Wellness Program Management Advisor and Wellness Junction, 70% of employers are using incentives to prod employee participation and 68% are offering cash-based rewards.