

The Use of Incentives with Employee Health/Wellness and Disease Management Programs

A survey of major U.S. employers

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Preliminary Findings

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Study Overview

- Survey of major U.S. employers as represented by members of NAM and ERIC
- In field: April 2007 and April-May 2008
- Question focus: health and wellness programs, disease management programs, incentives, program effectiveness.
- Method: web survey in response to email invite to members from the two associations.
- Unit of analysis: the company/organization rather than the individual respondent

A special thanks to the Study & Report Authors: Katherine H. Capps, Health2 Resources & John B. Harkey, Jr., Harkey Research

Survey Response

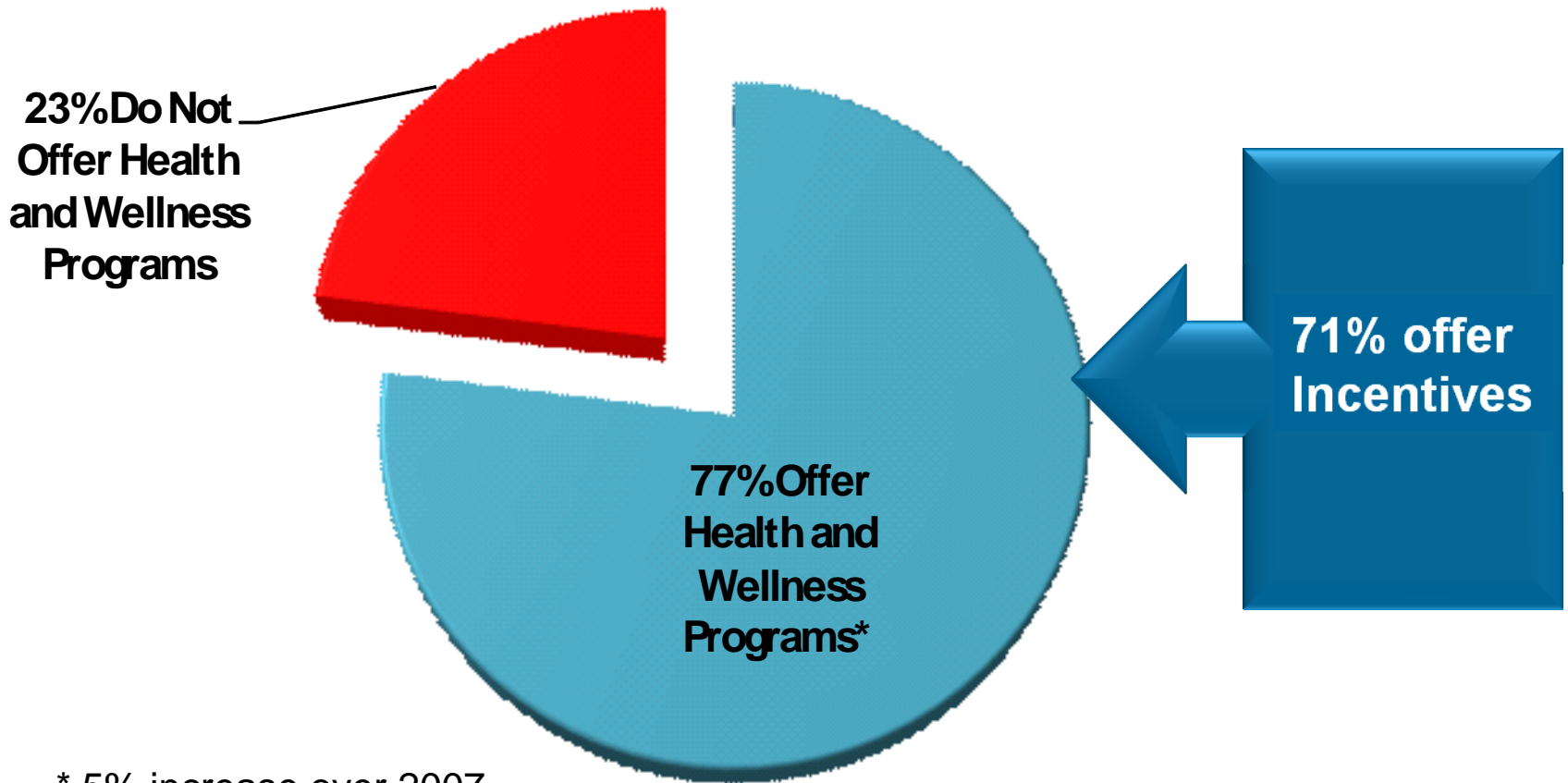
	Spring 2007	Spring 2008
Respondents	304	281
Respondent companies/organizations	240	225
Percentage companies Fortune 500	17%	27%
# employees represented	6.5 million	7.6 million

Source: 2007 and 2008 Spring Surveys of NAM and ERIC membership.

Goals of the Survey

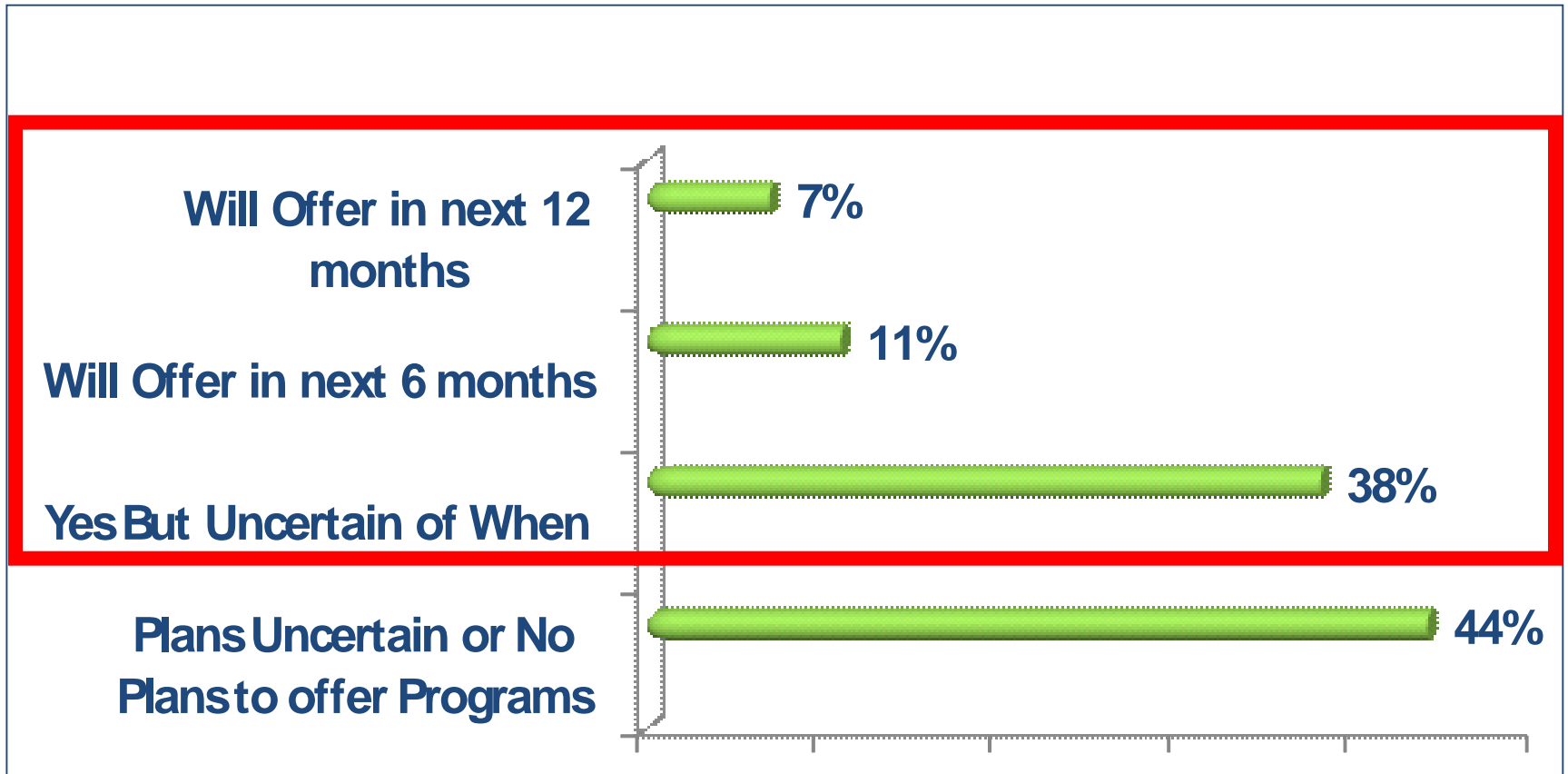
- Determine employer adoption of health and disease management programs.
- Assess types of incentives used with health and disease management programs; ways in which incentives are applied to activities or behaviors and determine the average amount paid.
- Evaluate “if” and “how” employers are measuring ROI and outcomes for health management programs.
- Understand the challenges employers face in implementing and operating health management programs.

Majority of Employers Offer Wellness Programs & Offer Incentives With Their Programs



* 5% increase over 2007.

Employers Without Programs: *Over 50% plan to offer Health and Wellness in the future*

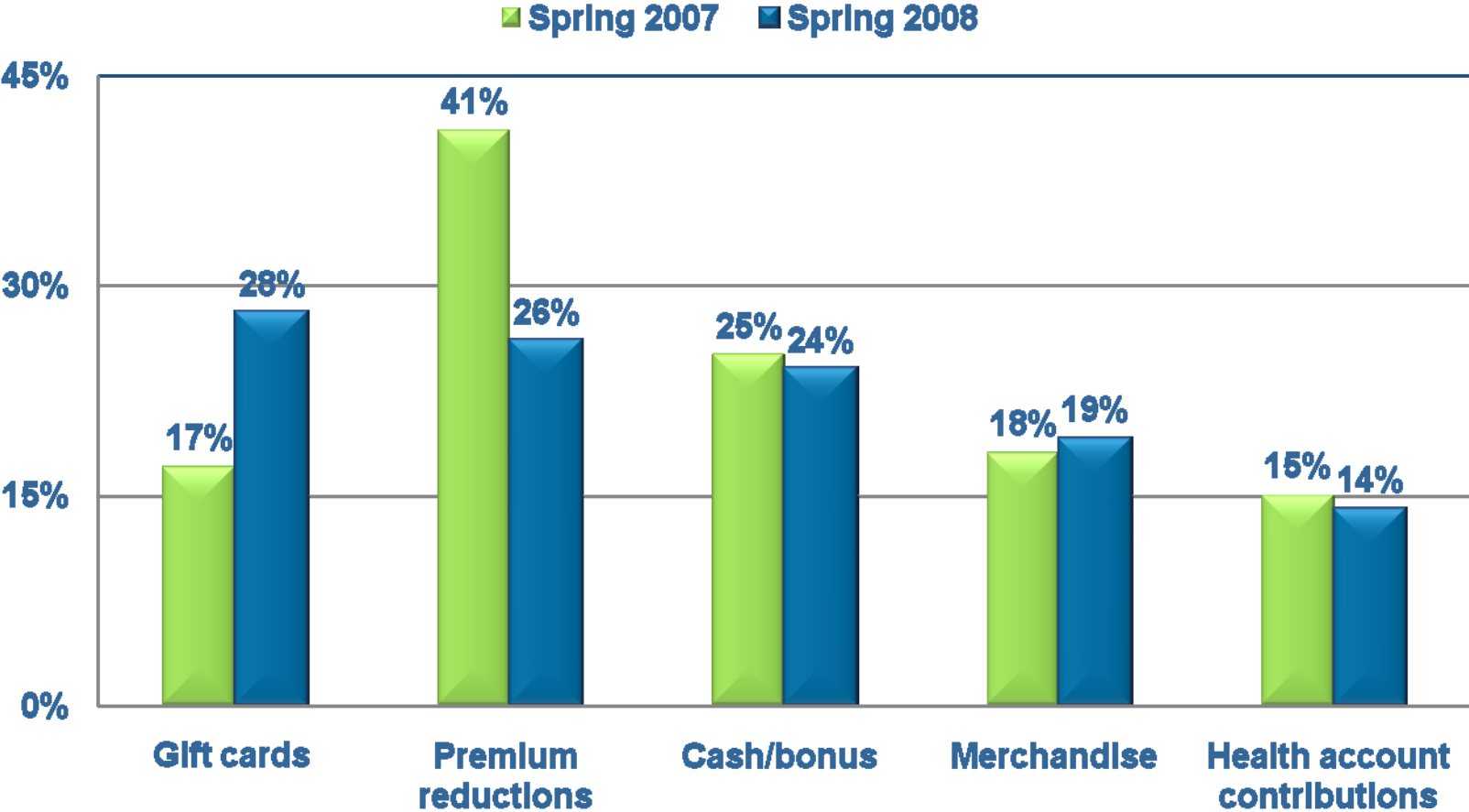


Types of Health and Wellness Programs & Use Of Incentives

PROGRAM TYPE	WELLNESS PROGRAMS OFFERED	INCENTIVES OFFERED
Health Risk Assessment	64%	62%
Safety Program	62%	23%
Smoking Cessation	61%	43%
Physical Activity - Exercise	55%	40%
Weight Management	52%	40%
Stress Reduction	34%	12%
Work-loss Prevention	32%	10%
Maternity Management	25%	11%

Employer N=179

Change in Type of Incentives offered for Health and Wellness Programs: 2007-2008

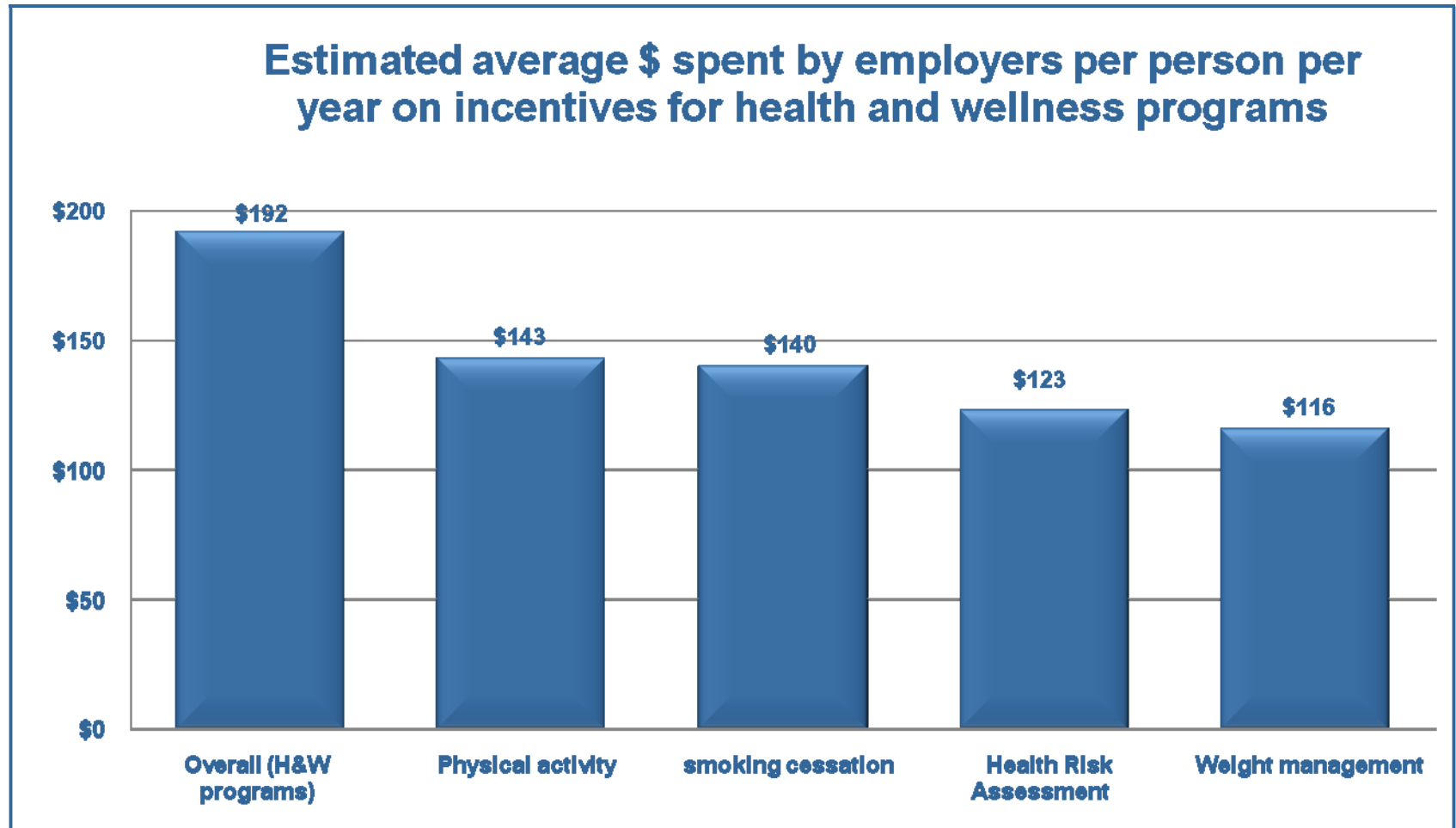


Employers are offering incentives to drive program participation and program completion

Behaviors earning incentives- 2008 Only	% using incentives for listed behavior
Participation in program	48%
Completing a program	38%
Signing up for/enrolling in program	25%
Achieving outcomes/goals during program	16%
Achieving outcomes/goals after program	12%
Maintaining outcomes/goals after program	6%
Leading groups to participate in program	2%
Recruiting others into program	1%

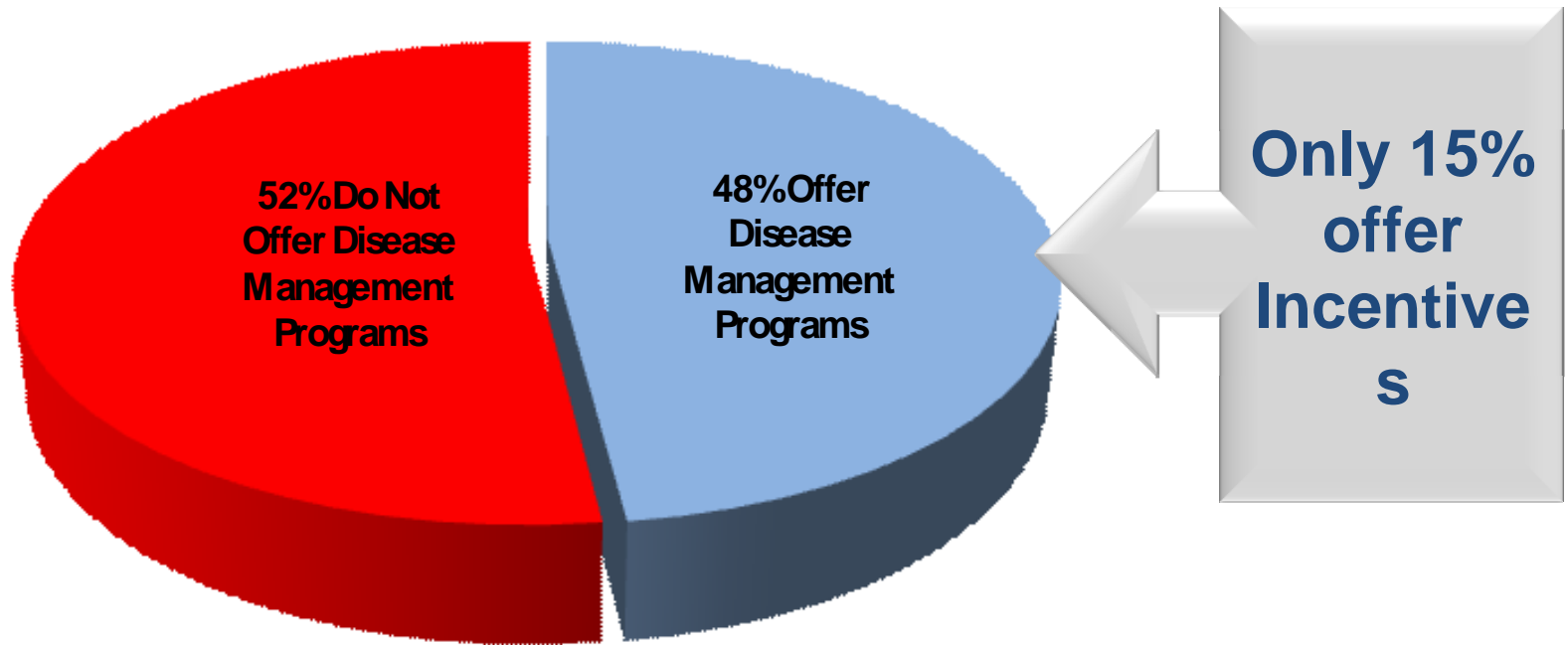
Source: 2007 and 2008 Spring Surveys of NAM and ERIC membership.. Note: Percentage is of those offering Health and Wellness programs (N=138)

Employers Spend between \$100 & \$300 PPPY on Health and Wellness Incentives



Source: 2007 and 2008 Spring Surveys of NAM and ERIC membership.

Disease Management Programs – *and the Use of Incentives with DM Programs* – Are Less Popular



Source: 2007 and 2008 Spring Surveys of NAM and ERIC membership (N=182)

Types of Disease Management Programs & Use Of Incentives

PROGRAM TYPE	DSM PROGRAMS OFFERED	INCENTIVES OFFERED
Diabetes	97%	18%
Coronary Artery Disease	81%	15%
Asthma	78%	15%
CHF	70%	13%
COPD	70%	13%

Source: 2007 and 2008 Spring Surveys of NAM and ERIC membership (N=182).

**Most Common Incentives:
Cash Bonuses, Health Account Contributions, Premium Reductions**

Program Measurement and ROI Trends

Few Employers are Measuring ROI and Some are Having Success



Source: 2007 and 2008 Survey of NAM and ERIC membership (N 2008=124; N 2007=78).

Few Employers are Measuring ROI and Some are Having Success

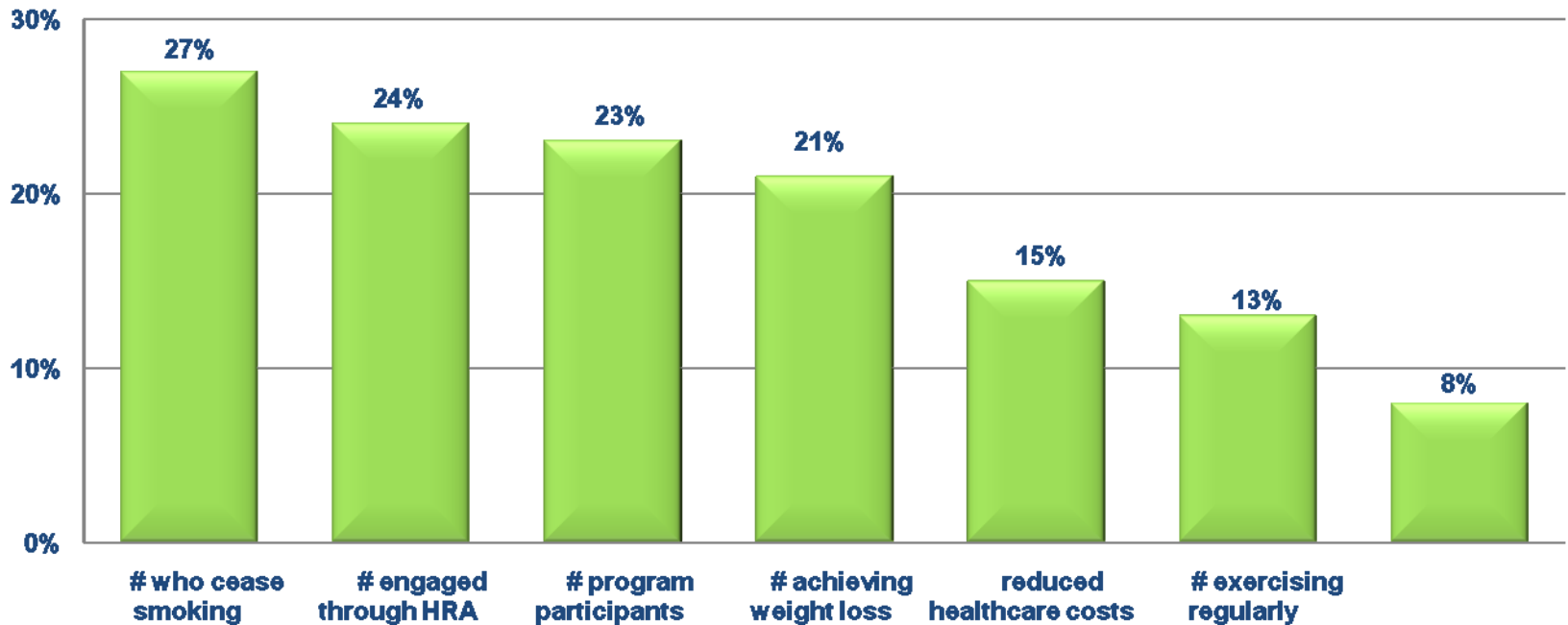
Only 1/3rd of respondents measure ROI

		Spring 2007	Spring 2008
Have attempted to measure ROI		38%	36%
Have successfully measured ROI		14	26%
Current ROI estimate			
<1:1		20%	5%
=1:1		13	12
>1:1		66	83
Acceptable ROI			
<1:1		9%	5%
=1:1		22	27
>1:1		70	68

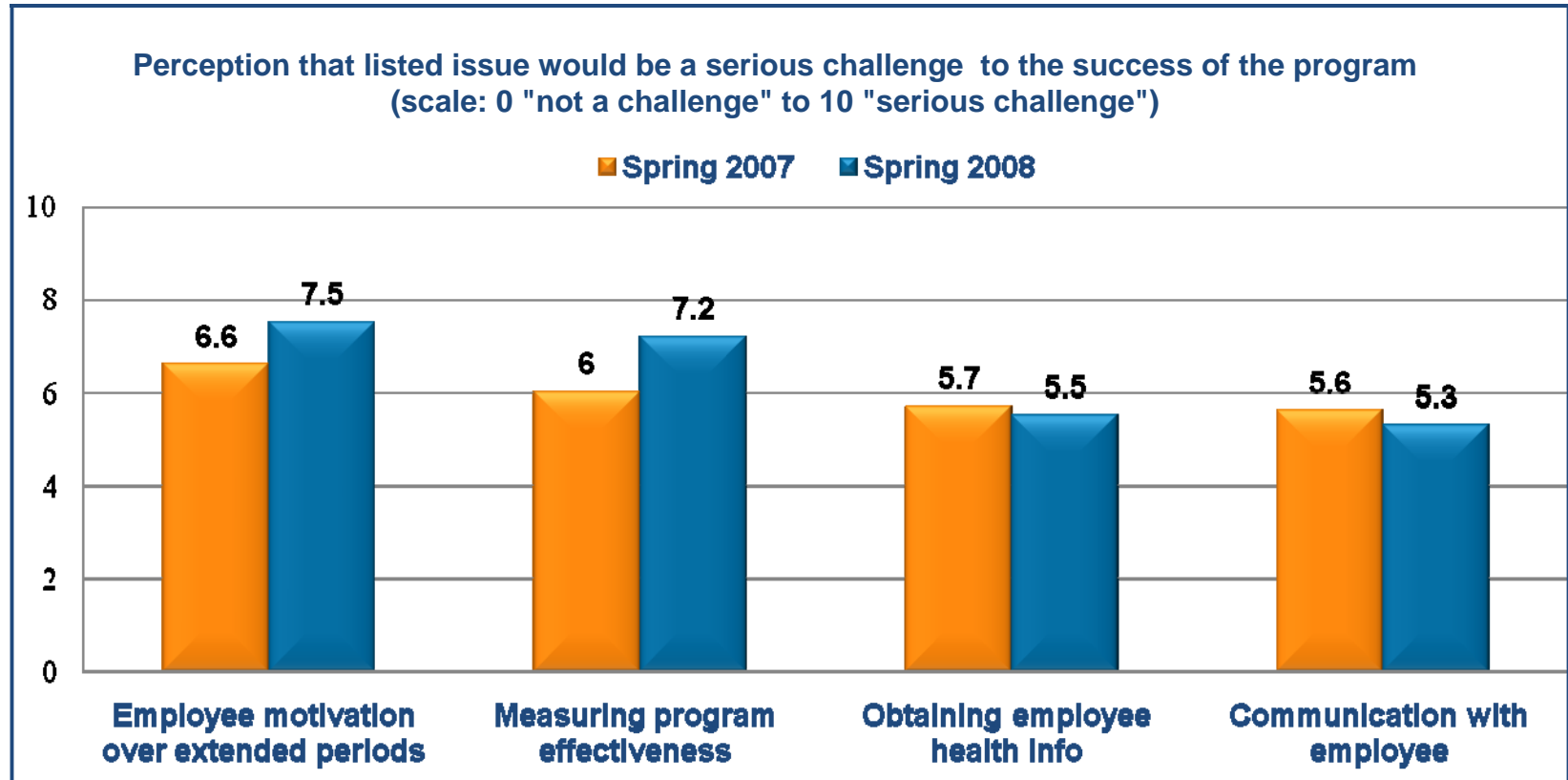
Note: Percentage is of employers with health and wellness programs responding to the question. Thus, in the 2008 survey, 36 percent of employers who have health and wellness programs and responded to the question have attempted to measure ROI and 26 percent have been successful.

Most Employers Use Alternative Program Measurements vs ROI

Percentage of respondent employers offering health and wellness programs using the following program measurements



Key challenges For Employers Offering Health and Wellness



Respondent N 2007=83; respondent N 2008=123). Among the group representing employers without programs, the most serious challenge in 2008 (rating=8.0) was "measuring program effectiveness."

Key Findings

- **Health and wellness programs continue to grow.** Currently 77 percent of employers offer formal health and wellness programs, up slightly from 2007. more than half of those without programs plan to add them within one year.
- **Use of incentives is on the rise.** Between 2007 and 2008 there was an increase in the proportion of employers offering incentives for health and wellness, from 62 percent of companies with programs to 71 percent in 2008. (What about For Disease Management?)
- **Among these employers, gift cards are a top incentive choice** followed by Premium reductions and cash bonuses. There is a decline in use of premium reductions.
- **Employers are offering incentives to drive program participation and program completion.**

Key Findings

- **Value of incentives is typically between \$100 and \$300 per person per year.** On average, employers offer incentives that average \$192 per person per year.
- **Some Employers are beginning to successfully measure ROI for health/wellness programs, with 83 percent of those estimating results achieving > 1:1 return.**
- **Majority of Employers use a range of other program measures to evaluate health and wellness program effectiveness.**
- **Maintaining employee motivation over time and measuring program effectiveness continue to remain key challenges.**