



Frequently Asked Questions- 2008 NAM-ERIC-IncentOne Survey

What were the goals of the survey?

The goals of the survey were:

- 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.

What makes this survey different from previous research?

This is the second year Health2 Resources has fielded this survey of major employers. In addition to offering valuable comparisons of this year’s results over results from 2007, there were more questions to flesh out the nuances of how incentives are being used—to find out when, how much and what kind. For the first time, research revealed in this survey indicates that:

- Employers use incentives most often for health risk assessments, followed by participation in health management programs like smoking cessation, weight management and fitness;
- Employers pay different amounts for different behaviors, but the average per person per year is \$192; and
- In 2008, gift cards were the most popular incentives offered, followed closely by insurance premium discounts and cash/bonuses.

Who was surveyed? How was the survey done?

The Web-based survey was conducted of members of the ERISA Industry Committee (ERIC) and the National Association of Manufacturers. In total, representatives from 225 large employers responded, representing some 7.5 million employees (about 27 percent respondents from the Fortune 500). The survey is considered representative of major U.S. employers.

An e-mail solicitation was sent by the two associations to their members. The e-mail offered a \$10 gift card and a chance to win a gift card valued at \$250 as incentive to complete the survey. The survey took about fifteen minutes to complete on average.

What are health management and wellness programs?

Health management and wellness programs are employer- or health plan-sponsored programs that encourage employees or members to engage in healthy behaviors. Typically, they commence with the individual completing a confidential Health Risk Assessment (HRA), a survey in which individuals assess their own behaviors and which often include biometric measures such as height, weight, blood pressure, blood sugar and cholesterol levels. Results of the HRA are reported confidentially to the individual along with recommendations for education or health management programs to reduce health risks, such as smoking cessation, weight loss, or exercise regimens. HRA results also identify current chronic conditions, and the individual may be invited to enroll in a disease management program to reduce the risk of complications.

What are disease management programs?

Disease management programs are designed to drive patient self-care by coordinating patient communication and education with health care interventions. Disease management programs are targeted to individuals with an identified chronic disease condition, such as diabetes, asthma and high blood pressure. They emphasize prevention of complications of the disease through routine care.

What role do incentives play?

Oftentimes, an individual needs a “carrot” to engage in behavior that he or she would like to do anyway. Incentives provide that extra push. Incentives are also used to motivate employees to continue participating in these programs over time.

Are incentives always used with health and disease management programs?

No—but their use is on the rise. According to the 2008 survey findings, 71 percent of major employers are using incentives for some kind of health, wellness, or disease management program for their employees. That’s an increase over the 62 percent who reported they were using incentives in the 2007 survey.

What kind of incentives? How much?

According to the 2008 survey, the most common incentive offered cross health management is now gift cards. That's a change from 2007 findings, when premium reductions represented 41 percent and gift cards represented only 17 percent. This year, the different options were more evenly distributed: gift cards, 28 percent; premium reductions 26 percent; cash bonuses 24 percent and merchandise 19 percent. Health account contributions represented another 14 percent.

For the first time this year, we asked employers to tell us how much they award for different types of behaviors. The responses were wide-ranging; for instance, incentives for weight management ranged from \$5 to \$600. Looking at averages, the average amount employers pay is \$192 per person per year.

Do incentives vary by program?

Yes—We found that different types of incentives are offered for different programs, and incentives amounts vary by program. Employers are exploring ways to apply incentives and have not found that a single solution works for all applications.

There is an art and a science to the use of incentives. Things that employers must consider include:

- Identify what kind of behavior you're trying to incent;
- Understand what will motivate your employees—and what won't;
- Consider the preferred method of incentives (e.g., gift cards, debit cards, health rewards);
- Choose a vendor with incentives expertise;
- Communicate with the employee population; and
- Adopt a culture of health in the workplace.

What about disease management?

The survey found that use of disease management programs is at a plateau—there was only one percent growth in the use of these programs over the 2007 survey findings. The use of incentives for disease management alone was also considerably lower than for health management programs. One reason for this may be the emergence of total population health management programs that offer programs across the continuum of health risks—from fitness programs for those at low risk, to risk reduction programs for employees at medium risk, to full-blown disease management for those with chronic conditions. The line between traditional disease management and total population health management is blurring, and as a result, this survey found little change in the prevalence of stand-alone disease management programs between 2007 and 2008.

Are employers seeing return on investment?

To the authors' knowledge, last year's survey was the first time major employers were quizzed about ROI—and most were not yet measuring. In 2008, more than twice the number of respondents had successfully measured ROI, but that was still only a minority (30 percent) of respondents.

The good news is that of those measuring ROI, 83 percent saw a return of greater than 1:1.

What other measures are employers using to gauge program success?

About two-thirds of employers with programs use measures other than ROI to determine program effectiveness. They use a mix of health risk reduction measures (such as smoking cessation). About half of those respondents said they use program engagement measures and participation measures.

What challenges do employers say they face?

For the second year in a row, employers say “maintaining employee motivation over time” and “measuring program effectiveness” are the key challenges with health and wellness programs.

NAM: National Association of Manufacturers

ERIC: The ERISA Industry Committee