



ADDING INCENTIVES TO YOUR WORKPLACE WELLNESS PROGRAM *A Viverae Best Practices Guide*

SIMPLICITY: THE KEY TO SUCCESS

According to a 2011 study by Incentive Research Foundation, only one in five employees will participate in a wellness program without tangible rewards; however, four out of five people will engage when incentives are offered. Although a majority of companies today embrace workplace wellness, the average company struggles with one of the biggest factors in the success of any wellness initiative: participation.

To remedy, employers are experimenting with different wellness incentive models. For example, a 2013 WebMD study revealed how companies that included an incentive for completing a biometric screening achieved a screening completion rate that was 29-percent higher than companies that didn't offer any kind of incentive for taking this step. And companies that offered an incentive for engaging in lifestyle coaching saw their coaching engagement rise by 21 percent.



Only one in five employees will participate in a wellness program without tangible rewards; however, four out of five people will engage when incentives are offered. – Source: 2011 Incentive Research Foundation Study

But what incentives will drive the kind of engagement a company seeks from its wellness program? What follows is a look at the factors all employers should consider when determining which wellness incentives will provide that extra nudge to employees and create the kind of engagement that will improve employee health, lower claims costs, and yield better returns on employer wellness investments.

WELLNESS BUILT AROUND INCENTIVES

At Viverae®, we believe setting the right wellness foundation is critical to any program’s success. Including incentives in the groundwork of your program speaks to the importance being placed on the program while setting the program up for success from its inception.

While incentives are a persuasive way to arouse participation, there are some pros and cons to consider when developing a wellness incentive strategy:

Strategy	Pro	Con
Reward employees for completing preventive care measures (e.g., health screenings, health assessments, annual physical exams, etc.).	Employees are thinking about their health while learning about health risks.	There is no guarantee that action will be taken beyond preventive care.
Employees will earn incentives for taking one-time action beyond preventive care [e.g., join weight-loss program, enroll in Disease Management (DM) program, etc.].	Employees are taking an extra step to improve personal health.	Potential for no follow-up action once incentive is earned; greater focus is placed on earning incentive rather than changing behavior.
Offer employees a wide array of wellness activities and rewards.	This method casts a wide net, providing a diverse work population with a variety of ways to earn rewards.	Company potentially loses money by failing to target specific health risk factors affecting its work population.
Tie incentives (and penalties) to health metrics with specific health targets [e.g., targeted body mass index (BMI), blood pressure, or cholesterol].	By setting targets and rewarding for meeting them, a company can improve health risks that directly impact overall employee health and claims costs.	This method could be perceived as discriminatory due to uncontrollable circumstances, as some participants will not meet targets and should not be penalized.

BUILDING A CONCISE INCENTIVE STRUCTURE

When it comes to incentivizing your wellness program participants, specificity is the name of the game. Will the incentives be earned through completion of the entire program or will participants earn rewards through a tiered method, which recognizes progress made at different program levels? You should also consider eligibility—who will be eligible for the program? Will employees have to be enrolled in the company’s health plan to qualify for incentives? Will the program only be available to employees—can spouses and dependents participate?

When devising a program incentive structure, also consider:

- How participants will receive incentives (e.g., one-time, quarterly, etc.)
- The requirements to earn incentives
- How earning incentives will be measured (e.g., points system)
- The deadline to earn incentives
- Penalties for not earning incentives (if applicable)

When implementing incentive-based programs, keep in mind that some exceptions must be made based on circumstances. Due to federal standards instituted through laws such as the Patient Protection and Affordable Care Act (PPACA), Americans with Disabilities Act (ADA) and the Genetic Information Nondiscrimination Act (GINA), your program must include reasonable alternatives for eligible participants who may not be able to meet the standard program requirements but still wish to earn incentives. And according to a recent ruling by the Equal Employment Opportunity Commission (EEOC), limits have been set on the monetary value of incentives that employers can offer to eligible participants to convince them to contribute specific health information to a wellness program.

Your incentive strategy should provide clear answers to how reasonable alternatives and other exceptions (e.g., prorating incentives for new employees/program participants) will be addressed within the scope of your wellness program.

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When designing a wellness incentive structure, be mindful of the short- and long-term results you desire for your program participants. Wellness programs will evolve with the population they serve. Make sure your program and incentive structure help your participants advance in wellness. Developing an incentive structure that rewards employees for progress can improve morale and inspire intrinsic motivation—the greater the accomplishment, the greater the incentive.

ALIGNING INCENTIVES WITH PROGRAM GOALS

Your incentives should align with your program objectives. Designing an impactful incentive structure requires a company to have an understanding of its population’s wellness status. Are you introducing your employees to wellness and aiming to gradually build a culture of health, or are you looking to evolve your existing program into one that drives ongoing engagement and behavioral change? What is the program’s overall goal? The answers to these questions have a direct tie to the kind of incentive-based programming you should offer.

When determining the kind of incentive design you should implement with your wellness program, it’s wise to also examine the different types of wellness programs to find the right fit for your workforce. Deciding which type of program you should offer will help effectively match incentives with achievable program requirements.

A successful wellness program will utilize at least one of the following incentive-based program models:



CHOOSING EFFECTIVE INCENTIVES

So what kinds of incentives should your wellness program offer? Will it take a combination of cash, non-cash, attainment-based, and even punitive-type incentives to motivate your workforce to participate?

A 2013 WebMD study on wellness incentives revealed how companies that incentivize spouses and dependents for completing health assessments have a 39-percent higher program success rate than companies that don't offer an incentive for this step.

When evaluating and determining your incentive offerings, it's important to ask:

- What types of incentives stir employee participation?
- Which incentives are most popular with other employers?
- What types of incentives have a lasting effect?
- Which incentives work best for the different types of employees?
- Which incentives are both affordable and easiest to administer?
- Which incentives will help you achieve your program goals?

Examples of incentives include:



Insurance premium discounts



**Company swag/
clothes/merchandise**



Cash/Gift cards



**Special recognition/
privileges (e.g., PTO)**

The success rate for wellness programs offering insurance premium discounts (for incentive amounts less than \$500) is **14% to 16% higher** than programs that offer cash incentives.

Source: WebMD 2013 Incentive Program Study

WELLNESS PROGRAM INCENTIVE PITFALLS

Wellness program incentives are necessary to motivate individuals to do something they otherwise would not do—even if it will benefit them in multiple ways. If that were not true, there wouldn't be a need for wellness programs. Incentives can play a major role in achieving wellness success; however, when implementing an incentive-based wellness program, it's important to maintain a healthy balance between highlighting the incentives and promoting the program's objectives.

Despite their best intentions, many companies implement wellness programs that fall short of their goals. The following setbacks serve as some primary reasons why they fail:

01

SETTING UNATTAINABLE GOALS

Learn your population's current health and wellness status to determine which activities and goals can be deemed reasonable.

02

COMPLEX INCENTIVE STRUCTURE

Make sure the incentive breakdown is easy to follow. Not fully understanding how to earn the incentive is a big reason why many employees elect not to participate.

03

EARNING INCENTIVE IS PERCEIVED AS THE GOAL

While prizes and giveaways will entice employees to get involved, over-emphasizing the incentives can create the wrong kind of motivation. Incentives are great, but there's no greater benefit than good health—make this your selling point.

04

INSTITUTING HARSH PENALTIES/ SCARE TACTICS

The "all or nothing" approach to wellness incentives can damage morale. Dropping the hammer for missing the program goal can cause employees to lose faith in the program and discount the importance of wellness. Allow incentives to recognize the small wins along the way.

COMMUNICATION IS KEY

How can employees take advantage of wellness program incentives if they don't know about them or don't know how to access your wellness offerings? Strong communication can drive the effectiveness of your program and catapult ongoing engagement. Know your audience and disseminate your program messaging through multiple channels, especially if your work population varies in terms of work schedules and environments. And make sure to communicate program incentives clearly and consistently throughout the duration of the program. The more participants know, the better equipped they will be to improve their health and reap the tangible and intangible benefits of it.

Tools to maximize communication efforts include:

- Social media
- Wellness program portal
- Mobile app
- Employee newsletter
- Bulletin board announcements
- Email
- Text
- Push notifications
- Informational handouts, posters, or leave-behinds
- Departmental or company announcements

CONCLUSION

Evidence from various studies reveals one common attribute when it comes to effectively implementing a workplace wellness program: companies that incentivize their employees for participating yield more favorable results. This proves how essential incentives are to the success of a wellness program.

The question companies continue to face is which incentives will generate the desired program impact. The solution may vary from one organization to the next, but as stated throughout the content of this guide, there are fundamental questions that must also be addressed that paint a clearer picture of just how a company can create the most effective, incentive-based wellness program possible.

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