

LOWERING HEALTH CARE COSTS



Using incentives to drive engagement

If you've ever tried to lose weight, quit smoking, or manage a chronic condition like diabetes or high blood pressure, you know how hard it can be. Sure, we want to stay healthy and fit, and we want to make the right choices, but it takes a lot of willpower; and it's oh so easy to get off track.

In fact, a national survey* Cigna conducted in 2014 showed that people who are trying to turn around their health through diet and exercise feel like they're on their own. One out of four said that they use one of the thousands of available websites or apps to help them improve their health.

Most (74%) of those who tried to improve their diet or fitness levels said they were still "working on it." What was getting in the way? 40% cited a lack of willpower, while 42% said they got distracted. They also said that positive reinforcement and rewards would offer the best way to help them get on track and stay there.

Turning to incentives.

Yes, rewards or incentives. More and more employers are turning to incentives, hoping to engage their employees and encourage them to make smart choices that lead to health improvement and lower overall health care costs. Cigna believes that incentives can play an important role in a well-structured, employer-sponsored health and wellness program.



In 2014, Cigna distributed more than \$80 million in rewards to its customers who completed 1.6 million health goals, and in 2015, the company distributed more than \$118 million in rewards to group health plan customers who completed more than 2.5 million health goals.**

Employers are increasingly offering such cash incentives as premium reductions or funds to reduce an employee's out-of-pocket costs for those who improve their health. Some employers, for example, discount employee premiums by \$500 when they reduce their body mass index (BMI) or total cholesterol.

These incentives may also be available to those who make wise health care choices; for instance, using generic medications or choosing quality, cost-efficient doctors and health care facilities.

Together, all the way.®



Do they work?

A lot has been written about incentives and some have questioned whether they really work. In 2015, Cigna conducted a study** that looked at three years of health, activities and cost-trend data for 200,000 customers enrolled in an employer-provided health plan.

Here's what the study found.

- Incentives more than doubled biometric screening rates from 20% to 55% in 2014.
- Incentives increased the probability of participating in a health coaching program by 24%. For people with chronic conditions, it was even higher at 30%.
- Incentives increased the probability of setting a health goal with a coach by 18%, and increased the probability of meeting goals by 43%.
- Incentives increased the probability of meeting biometric targets:
 - BMI less than 30 – an improvement of nearly 36%.
 - Total cholesterol less than 240 – an improvement of nearly 11%.
 - Blood pressure less than 140/90 – an improvement of more than 7%.

These results matter for a number of reasons. If employees can improve their health, they're likely to have fewer absences. They're likely to be more productive, and they're likely to have lower future health care costs. In fact, the study also showed a strong connection between better health and lower health care costs for both the employee and the employer. For example:

- Comparing people with a body mass index (BMI) less than 30 with those with a BMI greater than 30: Those with a lower BMI had annual out-of-pocket expenses that were \$492 lower and total annual health care costs that were \$2,460 lower.
- Comparing people with cholesterol less than 240 with those with cholesterol more than 240: Those with lower cholesterol had annual out-of-pocket expenses that were \$353 lower and total annual health care costs that were \$1,644 lower.

The conclusion is clear. Incentives can help drive health improvement, and better health can help drive lower health care costs.



*"Health & Financial Well-Being: How Strong Is the Link?" October 2014, Cigna.

**"Do Incentives Drive Engagement, Health and Financial Outcomes?" September 2015, Cigna.