



TARGETED INCENTIVIZING: EMPLOYEE ENGAGEMENT & MAXIMIZING INVESTMENT

Using the **right incentive, for the right person, at the right time**, is essential to maximizing employer investments in incentives. *Behavioral economics theory* levers such as incentive versus disincentive (carrot versus stick), participation versus achievement incentives, and *game theory* are all finding successful application within health behavior change initiatives. Consumer-focused healthcare is another incentive-driven, emerging theory aimed at increasing healthcare value while containing employer costs.

For more information on how to change employee behavior using targeted incentives, see the articles and resources below.

Employee Participation

- **Employee participation in workplace health promotion and wellness programs: how important are incentives and which work best?** Chapman L. *NC Med J*. 2006. 67(6)431-432. Three different incentives phases and how to apply them to maximize employee participation and engagement in wellness and prevention activities.

Incentives Versus Disincentives

- **Carrots, sticks, and health care reform- problems with wellness incentives.** Schmidt H, Voigt K, Wikler D. *The New England Journal of Medicine*. Published December 30, 2009 at NEJM.org. Participation versus attainment incentives: rewarding for health outcomes may exacerbate socioeconomic and ethnic inequalities.

Behavioral Economics

- **Redesigning employee health incentives – lessons from behavioral economics.** Volpp KG, Asch DA, Galvin R, Loewenstein G. *The New England Journal of Medicine*. Published August 4, 2011 at NEJM.org. The same decision errors that contribute to poor health-related behaviors can be used to supercharge incentives programs: immediate benefits, mental accounting and the problem with penalty programs.

Health Care Consumerism

- **Health care consumerism: Incentives, behavior change and uncertainties.** Domaszewicz S, Havlin L, Connolly S. *Benefits Quarterly*. First Quarter, 2010. Consumer driven health plans: incentivizing employees to take cost into consideration when seeking health services, offering lower cost sharing for higher-value services and controlling costs.
- **The power of integrating consumerism and wellness.** Sharon CW, Tacker L. *Benefits Quarterly*. First Quarter, 2010. Designing a successful consumer-focused health care program.