

Applying Gain-Sharing to Strategic Incentive Design Drives Superior Outcomes

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Agenda

- Extrinsic and Intrinsic Motivators
- Best Practices and Beyond
 - What drives results
- Case Study-Central Michigan University
 - Multi-modal approach that maximizes participation and engagement

Motivation-Extrinsic vs. Intrinsic

- Motivation is a multi-faceted concept that requires a robust strategy for optimizing both immediate and long-term behavior change.
- Extrinsic motivators
 - Useful for short term initial behavior change
 - Effective in those who are ambivalent
 - Possible mechanism for shifting behavior is used appropriately
- Intrinsic motivators
 - Useful for long term behavior change
 - Motivation within the individual and not necessarily dependent on external factors

Enhancing and Supporting Engagement

Best Practices and Beyond

- Meaningful Communications/Interactions
 - Consumer Insights
 - Behavioral Science
- Meaningful Social Support
 - Executive support
 - Champions
 - Community support
 - Family support
- Meaningful Incentives
 - Incentive design
 - Sustainability
- Meaningful Integration

The Key Ingredients: A Dual Perspective



*To be successful,
you must equally
commit to health at
the individual level
and the social
level.*

A Social Perspective: Re-Envisioning the Culture of Health

Key Point...

The Culture Of Health *always* Matters!

It will Enable
or
It will Impede

To assess the Culture Of Health, you must look to the individuals' perceptions of the culture!

Individuals were asked whether they felt that in their company, health & prevention programs are ...

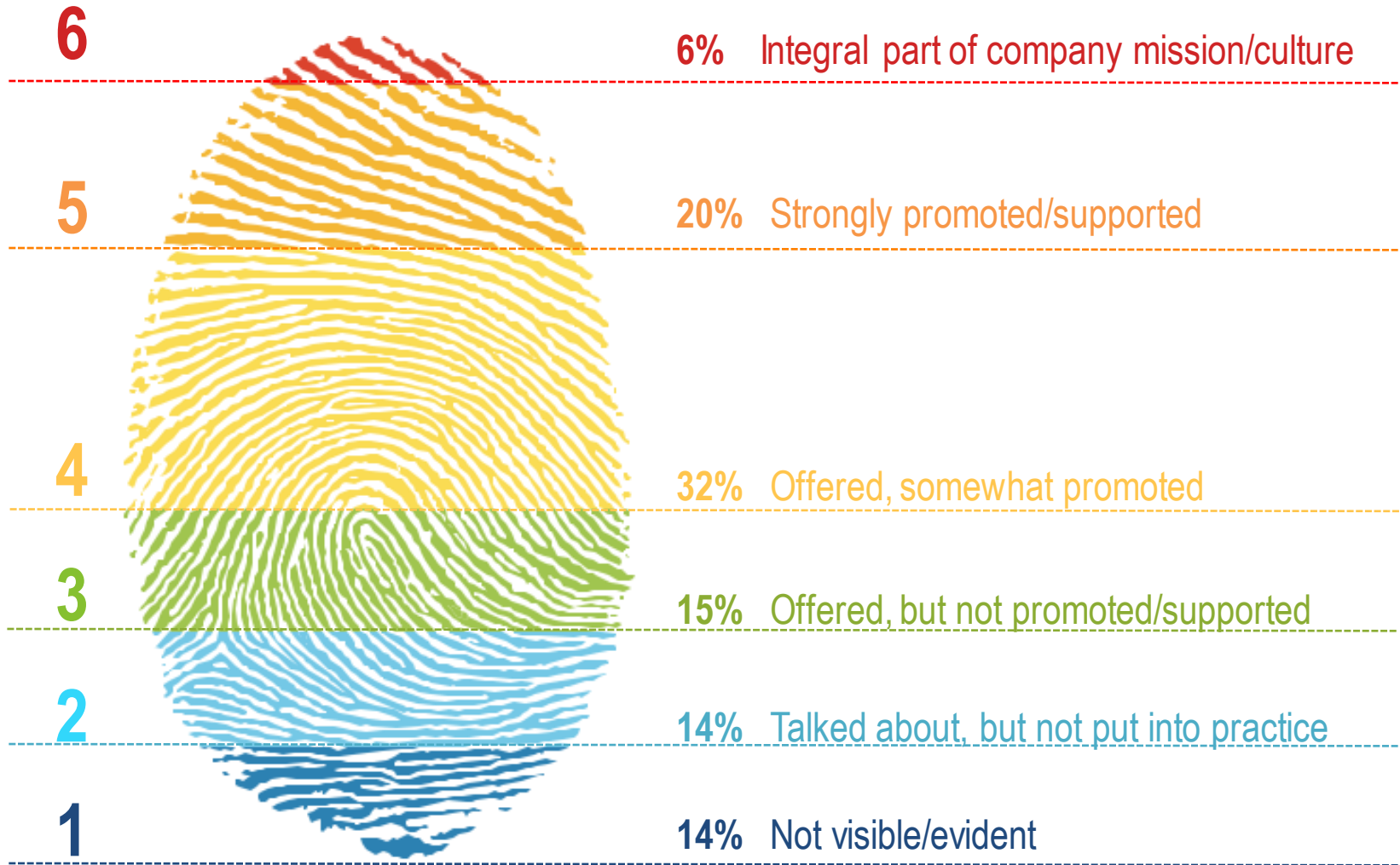


<i>An integral part of the company mission / culture</i>	<i>(6)</i>
<i>Strongly promoted / supported</i>	<i>(5)</i>
<i>Offered, somewhat promoted</i>	<i>(4)</i>
<i>Offered, but not promoted / supported</i>	<i>(3)</i>
<i>Talked about, but not put into practice</i>	<i>(2)</i>
<i>Not visible / evident</i>	<i>(1)</i>

Wellness & Prevention, Inc. Landmark Study, 2009



In my company, programs are...



Wellness & Prevention, Inc. Landmark Study, 2009

The Culture of Health and Confidence/Motivation



Wellness & Prevention, Inc. Landmark Study, 2009

The Culture of Health and Job Satisfaction ... Job Performance



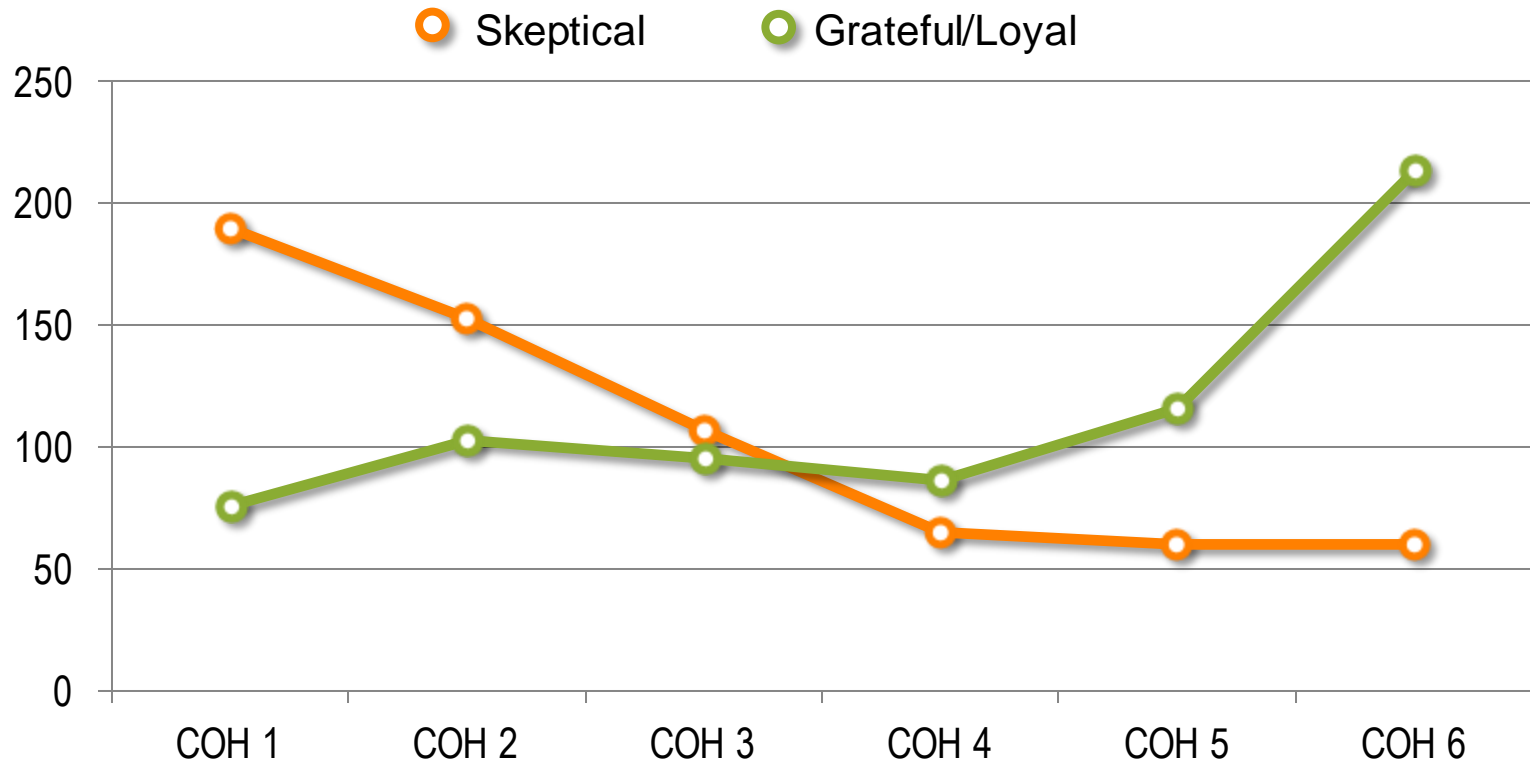
Wellness & Prevention, Inc. Landmark Study, 2009
* % of Respondents, indexed to % among total sample



Establishing a Culture of Health is a Critical First Step

Positive Impact – If Authentically, Consistently Supported

Individuals' Feelings if Company Were to Provide Population Health Programs



Wellness & Prevention, Inc. Landmark Study, 2009 * % of Respondents, indexed to % among total sample

Key Point...

The Culture Of Health *always* Matters!

It will Enable
or
It will Impede

It's critical to know where you stand!

An Individual Perspective: Activation Segmentation

Key Point...

- Individuals have different needs, wants, and desires and are on different points in their journey!

One Approach will not reach the majority of individuals.

Wellness & Prevention, Inc. National Landmark Study

Attitudes and Behaviors Regarding Health

- **Comprehensive and proprietary study**
 - Current motivations / priorities, behaviors, and barriers to improving health
 - Their starting point, their language, their struggles and needs
- **Two Phases Conducted**
 - Phase One: Qualitative Needs Assessment Exploration
 - 4 InQuest Focus Groups in 2 US Cities
 - 18 One to One interviews in 2 US Cities
 - Completion of extensive homework journal.
 - Phase Two: Quantitative Online Assessment of Needs, Attitudes, and Behaviors
 - Sample of 3,007 full-time employed U.S. adults
 - 60 minute questionnaire covering a broad array of topics

Can One Approach or Program Be Successful Across all Segments?

Topic Areas for “How to Activate” Individual Types

Energy Level

Personal Style: When going to improve population health

Approaches and Preferences: Maintaining/improving physical well-being

Top Discriminating Topic Areas

- Approach for Me...
 - Reminders of Progress/Success
- My Hurdles...
 - Need Help to Lay Out Plan
 - Get Family Onboard
- What Motivates Me Is...
 - Check-ins
 - Sharing/Social Interaction
 - Competition
 - Tough/No Excuses
- Can I...Do I Want To?

“How to Activate Me” Individual Types

Booster Clubbers



Permission-Seeking Team Players



Insecure Rookies



Energized Champions



Free Agents



Forced Forfeitters



People approach improving their health in various ways!

Booster Clubbers



Sharing the journey really keeps everyone's momentum up. We learn from, help and encourage each other, and we have fun along the way.

Permission-Seeking Team Players



I'm already stretched taking care of work and family. For me to focus on my own well-being, it has to be a company goal that I have team accountability for.

Insecure Rookies



Help! It's scary to think about how much I need to do and whether I can even do it. Frankly, I don't even know what the first step should be.

Energized Champions



I'm already on the fitness bandwagon. It'd be great if my company provided me some resources, but my challenge is simply consistency.

Free Agents



What and when I do is up to me and it will be on my own terms. It's not something I want my employer / coworkers concerning themselves with.

Forced Forfeitters



There are much bigger issues to be dealt with before I can even think about health & wellness.

Segmentation Demands Flexibility

	Booster Clubbers	Permission-Seeking Team Players	Insecure Rookies	Energized Champions	Free Agents	Forced Forfeitters
						
The Role You Play	Facilitator of Connections ... "Social Chairman"	Permission Granter... Absolver	(Private) Tutor/Teacher	Core Provision (Healthy foods, gym)	Tools Supplier	Teacher... Enlighten

Key Point...

- Individuals have different needs, wants, and desires and are on different points in their journey!

One Approach will not reach the majority of individuals.

A variety of approaches are required to meet everyone's needs!

Behavioral Science

Not only what, but why...

Health Risk Assessment: John's Numbers

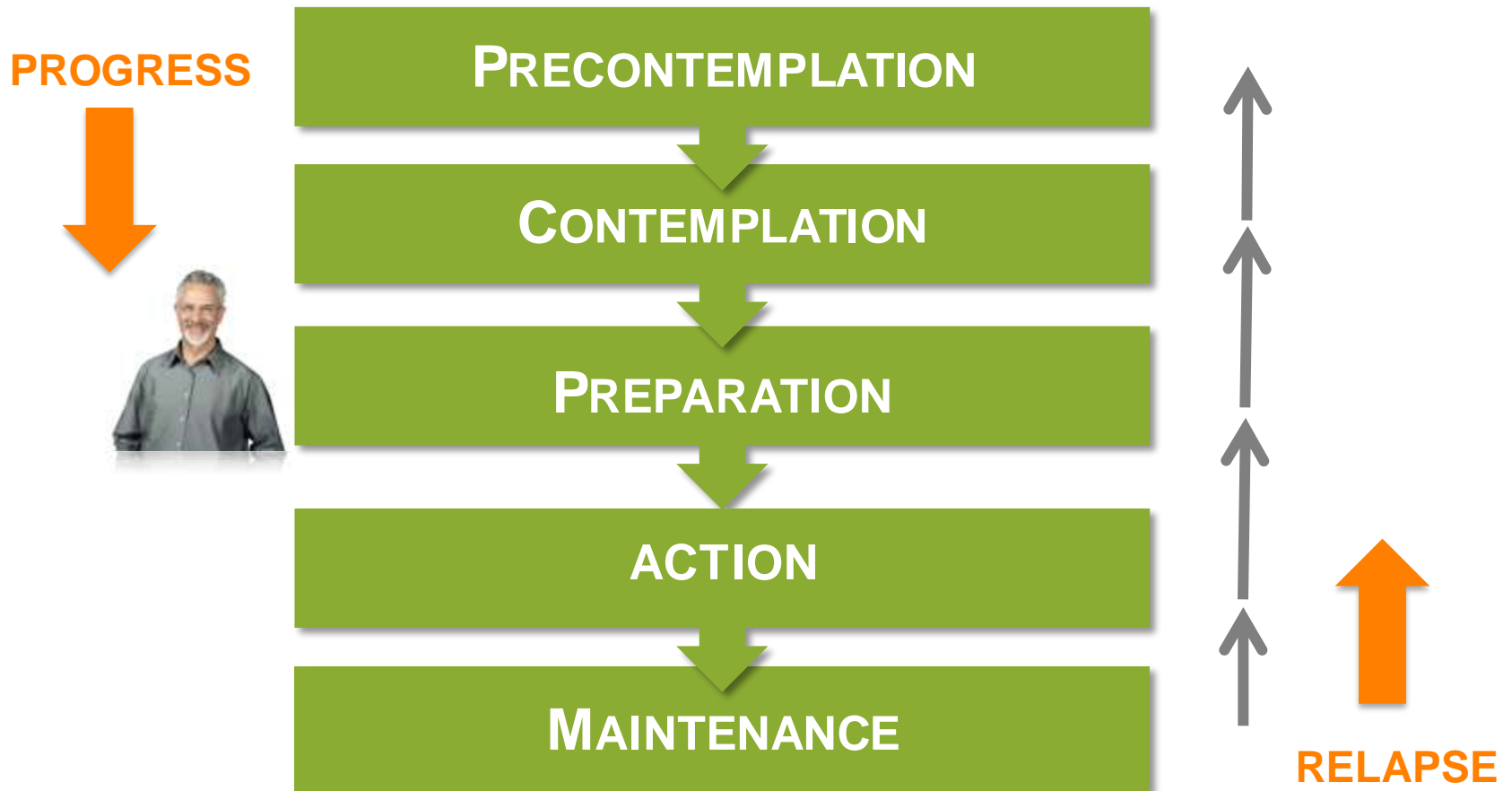
**borderline
high
cholesterol**

**type 2
diabetes**

**stage-1
hypertension**



John's Current "Stage of Change"




Source: Prochaska, J. O., & Velicer, W.F. (1997). The Transtheoretical Model of health behavior change. American Journal of Health Promotion, 12, 38-48.

John's Motivation and Self-Efficacy



John's Identified Barriers



"I don't have time to eat right and exercise regularly."

"I sometimes miss a dose of medication."

"I struggle to do the things necessary to manage my diabetes."

John's Identified Values



- *Being Energetic*
- *Being a Great Spouse*
- *Being in Control of my Life*

The Power of Tailored Behavioral Science

The conversation is tailored specifically for them – just like a health coach.



John,

Congratulations! It's a real accomplishment to lose weight, and you've done it. Now, you'd like to lose a little bit more and keep it off. It's time to work on making some smart changes that will last. It sounds like you're ready to focus, but you're not sure you'll stay on track in difficult situations like when you are upset, stressed, sad, or bored.

You mentioned lack of time and family as things that make it difficult for you to lose weight, and you're right. Those can be genuine complications. A lack of willpower can also be paralyzing. But for many of us, it's something deeper. We equate losing weight with dieting, denying ourselves, and doing things we dislike. And who can handle that for long? Those kinds of changes don't stand a chance.

You're off to a great start. You've already made some smart decisions about your health, like having regular physical exams, flossing your teeth, and wearing a seat belt. Now you've decided to work on weight management. You are fortunate to have people close to you who are eating well and exercising. They will be a big help.

- ➔ Weight Loss History
- ➔ Weight Loss Goal
- ➔ Emotional Triggers
- ➔ Barriers
- ➔ Willpower
- ➔ Weight Loss Beliefs
- ➔ Healthy Behaviors
- ➔ Stage of Change
- ➔ Social Support

Intelligent Recruitment

Barrier

Nutrition Habits

Barrier to
Weight Loss



The Emotional Side of Weight Loss

Dear Mike,

Think back to the last time you were so stressed or tired that it changed your workout plans, made you eat more, or had you choosing the wrong types of foods. Most people don't realize the power emotions can have on how you manage your weight. It takes more than **eating well** and including physical activity into your day. It also takes knowing your emotional triggers.

HealthMedia® BALANCE is your personalized game plan for not letting life's emotions get in the way of your weight goals. Instead, Balance helps you plan for the next time stress or fatigue gets the best of you.

The Balance program provides:

- A weight management strategy designed just for you
- **Ways to reframe how you think about losing weight**
- The truth about a real portion size
- An exercise video library

Start Now

Intelligent Recruitment

Barrier

Nutrition Habits

Barrier to
Weight Loss

Employment



Eating Out,
Eating Right

Dear Rebecca,

One of the most difficult things to overcome is wanting to lose weight, but still eating out a lot. These two factors make it difficult to reach any weight goal. But it's not impossible. HealthMedia® BALANCE® is your personalized game plan for all those bumps in the road that keep you from reaching your goals.

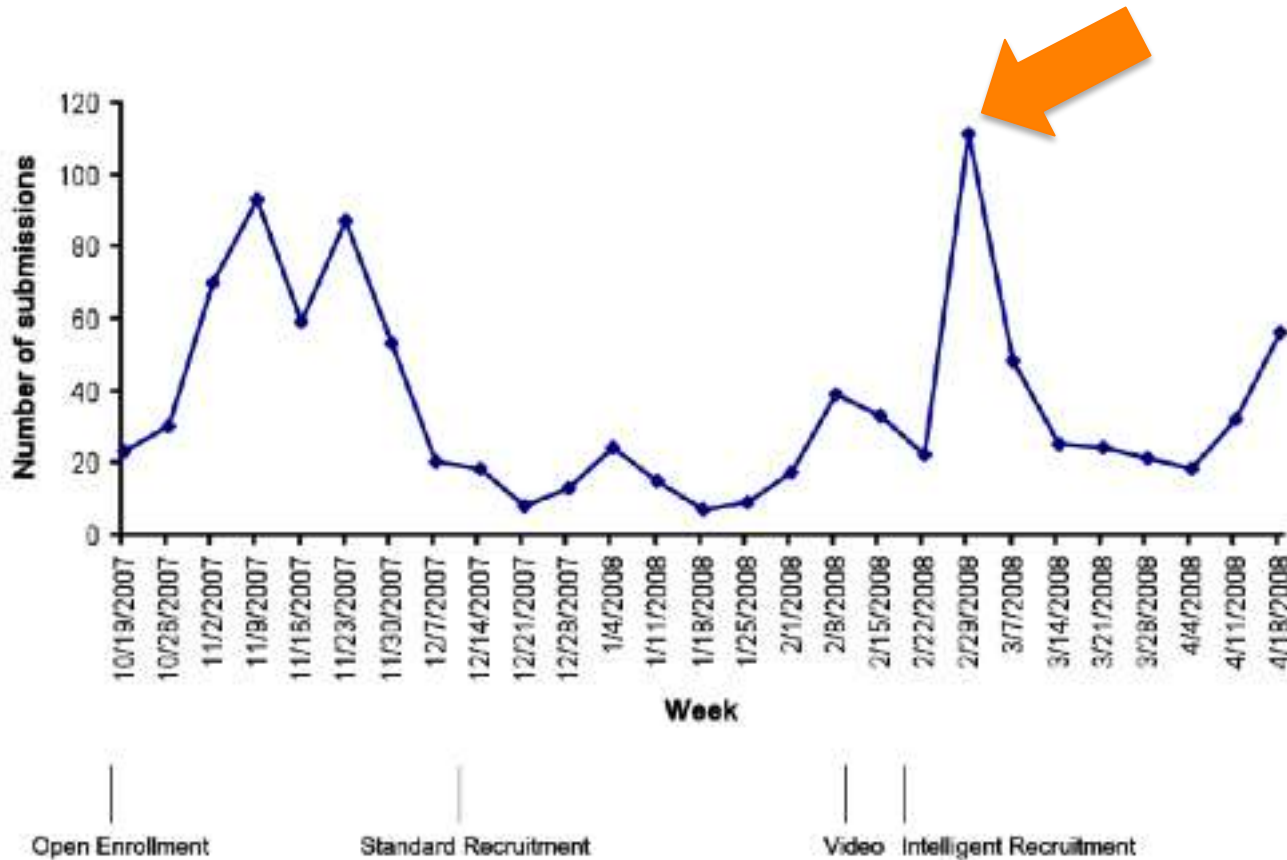
Find out how to make the healthiest choices while dining out. Plus you'll learn that it's more than just staying active. It's also about eating right and knowing how emotions can play a role; even when ordering.

With a busy work schedule, Balance is ideal. You can log in whenever you have the time. It's a free, private program that's just one click away from helping you.

Start Now

Open Enrollment	Standard Recruitment	Video Recruitment	Intelligent Recruitment
<p>10/19/2007 – 12/9/2007 52 Days</p>	<p>12/10/2007 – 2/10/2008 63 Days</p>	<p>2/11/2008 - 2/20/2008 10 Days</p>	<p>2/21/2008 – 4/24/2008 64 Days</p>
<p>Prior to Open Enrollment:</p> <ul style="list-style-type: none"> • Introductory Brochure • Health Rewards Mailer (with tear-off screening results cards) • Manager Cascade Presentation <p>During Open Enrollment:</p> <ul style="list-style-type: none"> • Enrollment Materials including: <ul style="list-style-type: none"> – Table Tents – Posters – Single Sign-On Directions Insert – FAQ's • Program Information on Benefits Web pages • Intranet/Newsletter Splashes • Voicemail & Email Broadcasts • Know Your Numbers Screening Posters & Table Tents 	<ul style="list-style-type: none"> • Bimonthly customized "Health Trends" newsletters promoting programs • High visibility on intranet • Online Health Champion Recognition Program • Visibility at system-wide "Dimensions of Excellence" conference for leadership • Health Referral program • New employee orientation 	<ul style="list-style-type: none"> • Flash video introducing programs and navigation 	<p>Intelligent Recruitment Emails sent for these targeted programs:</p> <ul style="list-style-type: none"> • HealthMedia® BALANCE® • HealthMedia® BREATHE® • HealthMedia® NOURISH® • HealthMedia® RELAX® • HealthMedia® CARE® for Your Health • HealthMedia® CARE® for Diabetes • HealthMedia® OVERCOMING™ Insomnia • HealthMedia® OVERCOMING™ Depression <p>Intelligent Recruitment Emails not sent for:</p> <ul style="list-style-type: none"> • HealthMedia® SUCCEED® • HealthMedia® CARE® for Your Back • HealthMedia® CARE® for Pain

Total Number of Submissions in Intervention Programs



Note: The submission for Succeed is not presented in the figure due to the large number in the open enrollment period.

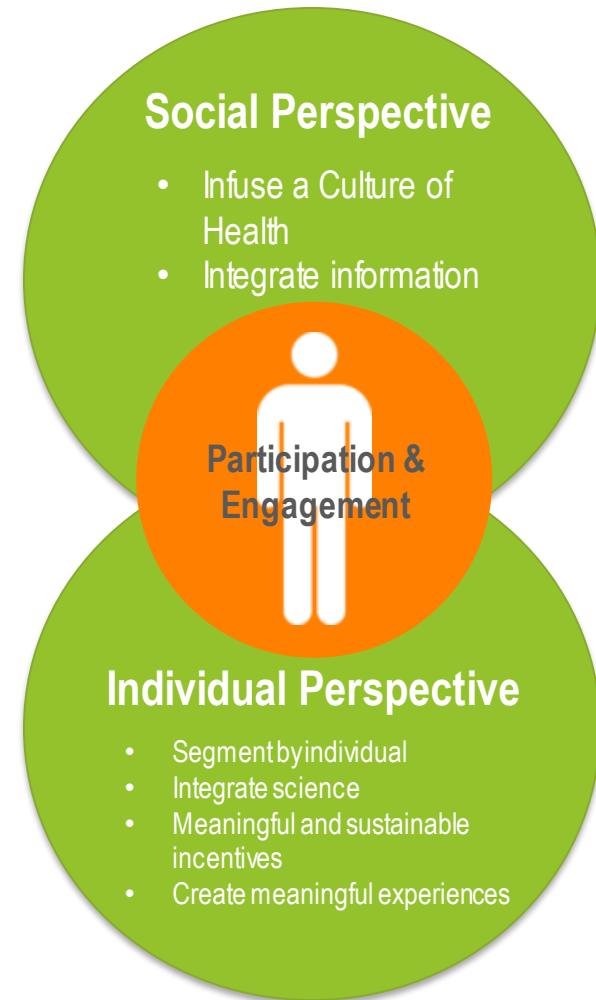
Intelligent Recruitment Study

- Compared to standard recruitment, there was a **120%** increase on daily submission during intelligent recruitment period. There was a **204%** increase for targeted programs and a **61%** increase for non-targeted programs.
- People who took the program during standard recruitment period had lowest prevalence of obesity, chronic conditions and diabetes, and highest lifestyle score.

Integrating What We Know

To truly motivate, your solutions must be grounded in a deep understanding of the social structure and the individual!

- Understand the segments
- Integrate proven behavioral science techniques
- Create a strong Culture of Health
- Integrate information into the strategic longitudinal plan



Central Michigan University

Tammy Griffin, MA

Central Michigan University

- **28,389 CMU's 2010-2011 enrollment**
- fourth largest among Michigan's 15 public universities - including 21,290 enrolled at the Mount Pleasant campus and 7,099 enrolled online and at more than 60 locations throughout Michigan and North America
- **872 Full-time CMU faculty members** at the Mount Pleasant campus
- **1450 staff employees**
- The University has labor agreements with 8 of the 10 employee groups.



In the beginning.....

- Launched in February 1999
- 2 major goals
 - To improve the health status of CMU employees; and
 - To address cost containment and ultimately reduce health and absenteeism costs associated with lifestyle related factors.
- In-house HRA program
 - 16 question HRA – 9 wellness points
 - \$120 or extra vacation day incentive for faculty and staff employees

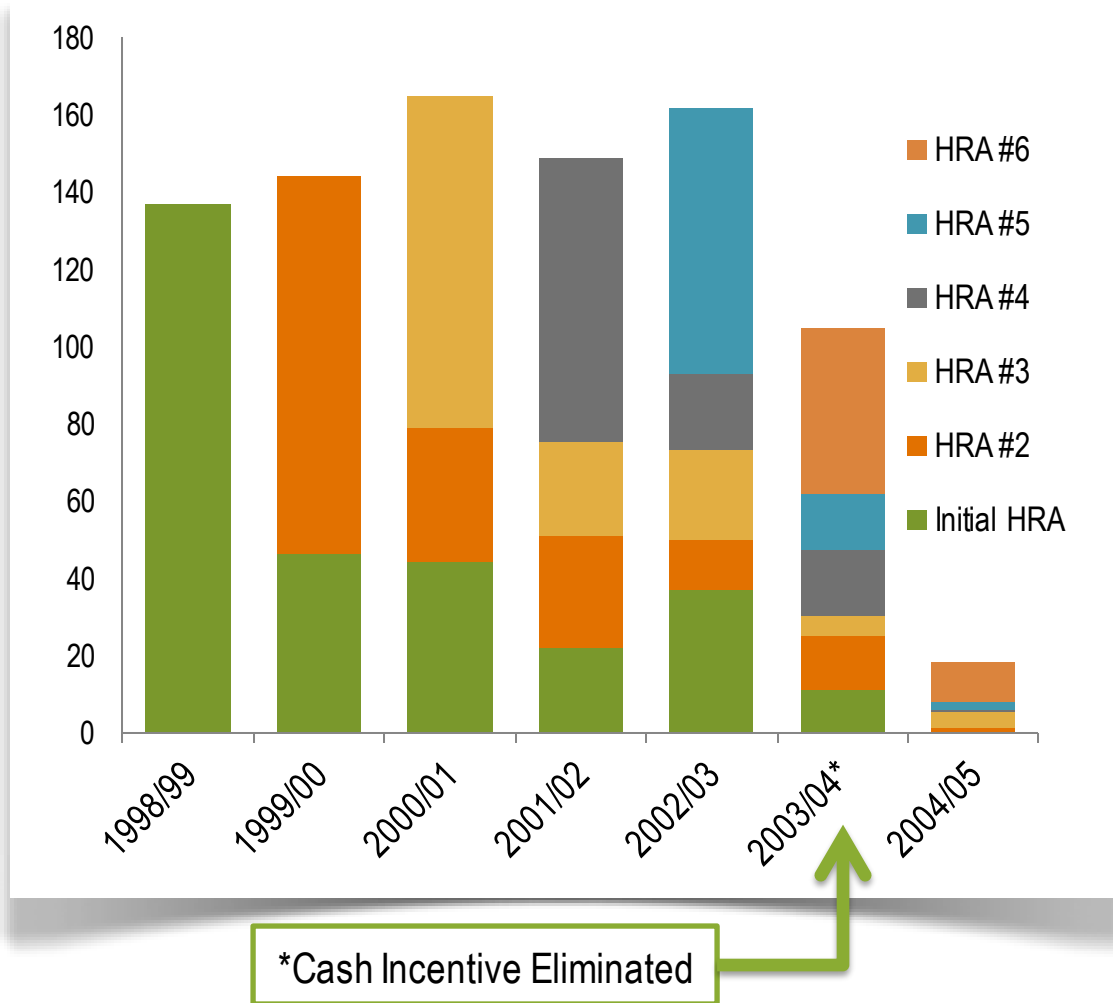


**For the
HEALTH
of it!**

CMU™ Employee Wellness Program

HRA Participation

- Received t-shirt for completing the initial HRA
- Received cash award or vacation day upon completion of subsequent HRA with at least 7 wellness points
- Highest participation was 2000/2001 with 165 people completing an HRA
- 13.5 % employee participation over the 6 years combined



Mistakes we made along the way

- No link to benefits even though goal was to impact healthcare costs
- Reward system based on biometrics and absenteeism – not behavior change
- Program was inconvenient and had limited access
- Confidentiality was questioned because it was an in-house program
- Once cash went away, vacation day incentive was not attractive to staff employees
- Program lacked senior level support/no support for creating a wellness culture
- No link to CMU mission and vision

CMU Ca\$h in on Wellness Program



- Invest in a comprehensive Health Risk Assessment (HRA) tool that included intervention programs and outcomes measures for CMU



- Provide incentives for the behaviors that impact healthcare claims and impact biometric measures



- Introduce a gain-sharing program that rewards employees on health plans for participating in all program components.

New Program Model

Phase 1 - 2005
Online HRA

Phase 2 - 2006
Ca\$h in on Wellness Program
HRA plus 3 components (Exercise, Healthcare & Wellness)

Phase 3 - 2007
CLOW plus Gain-sharing

Executive Support

- President - #1 Wellness Advocate
 - Sent personal invite to join him in participating in the new program when launched
 - Participated in the program
 - Sent letter with the incentive in Year 1
 - Encouraged his reports to participate
 - Wore a pedometer and tracked steps
 - Spoke about the importance of wellness to CMU at the first wellness picnic and was a regular attendee

Communication & Champions

- Wellness Advocates
 - 38 volunteers
 - Shirts
 - “Ask Me About Gain-Sharing” buttons
 - Disseminate information monthly
- Monthly newsletters
 - Your Health – It’s CENTRAL
- Wellness events
 - Annual Scavenger Hunt – Last Weds. of September (40 teams/147 people)
 - Annual Poker Walk – Week of Valentine’s day in Feb (38 teams/145 people)
 - Annual Wellness Picnic – 3rd Weds in May (400-600 people)
- 2010 Wellness Passport/2011 Wellness Checkbook
- [Website](#) and [Facebook](#)

Connecting Wellness to Benefit Costs (2007-2008)

- CMU Gain-sharing Cash Incentive Program

Purpose:

- Strengthen connection between wellness behaviors and benefit costs
- Retain only necessary fund balances in reserves
- Reward employees engaging in wellness behaviors that contribute to lower health care costs



Gain-sharing Principles:

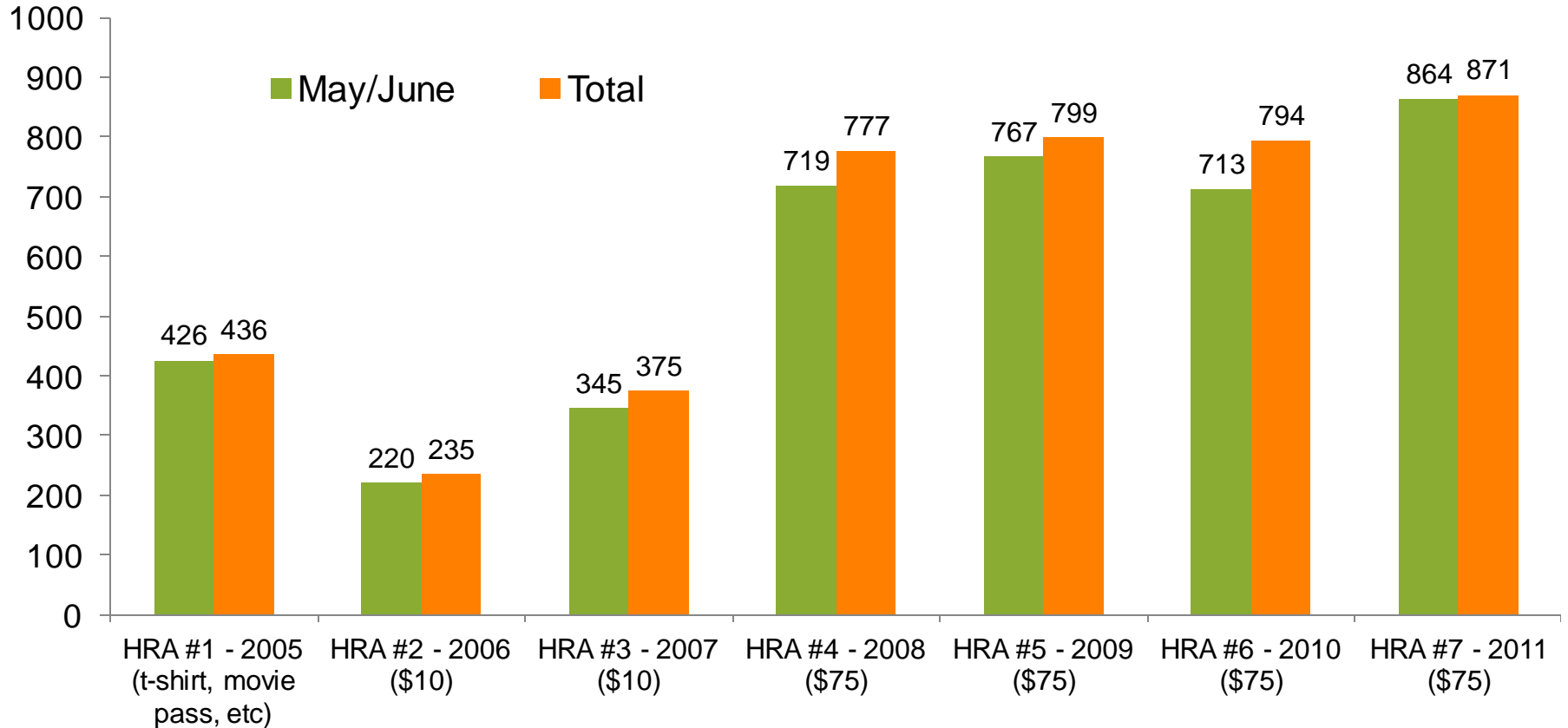
- Will only take place if medical and prescription drug plan accounts result in positive balance after reserves funded & payables reconciled
- Eligible employees:
 - must be covered by self-funded plans for the full plan year
 - must complete all four components of the Ca\$h In On Wellness program

Wellness Participation Levels		Example Payment				
% Allocation To Pools		Surplus Balance: \$400,000				
% of total covered	CMU Pool	Employee Pool	# of Participants	CMU Pool	Employee Pool	Payment
20%	80.00%	20.00%	263	\$320,000	\$80,000	\$304
30%	70.00%	30.00%	395	\$280,000	\$120,000	\$304
40%	60.00%	40.00%	526	\$240,000	\$160,000	\$304
50%	50.00%	50.00%	658	\$200,000	\$200,000	\$304
60%	40.00%	60.00%	789	\$160,000	\$240,000	\$304
70%	30.00%	70.00%	921	\$120,000	\$280,000	\$304
80%	20.00%	80.00%	1052	\$80,000	\$320,000	\$304
90%	10.00%	90.00%	1184	\$40,000	\$360,000	\$304

Gain-sharing Payments

Year	Payment Amount	# of Recipients
2007/2008	\$ 1, 327	106
2008/2009	\$ 600	161
2009/2010	\$ 285	221

HRA Participation



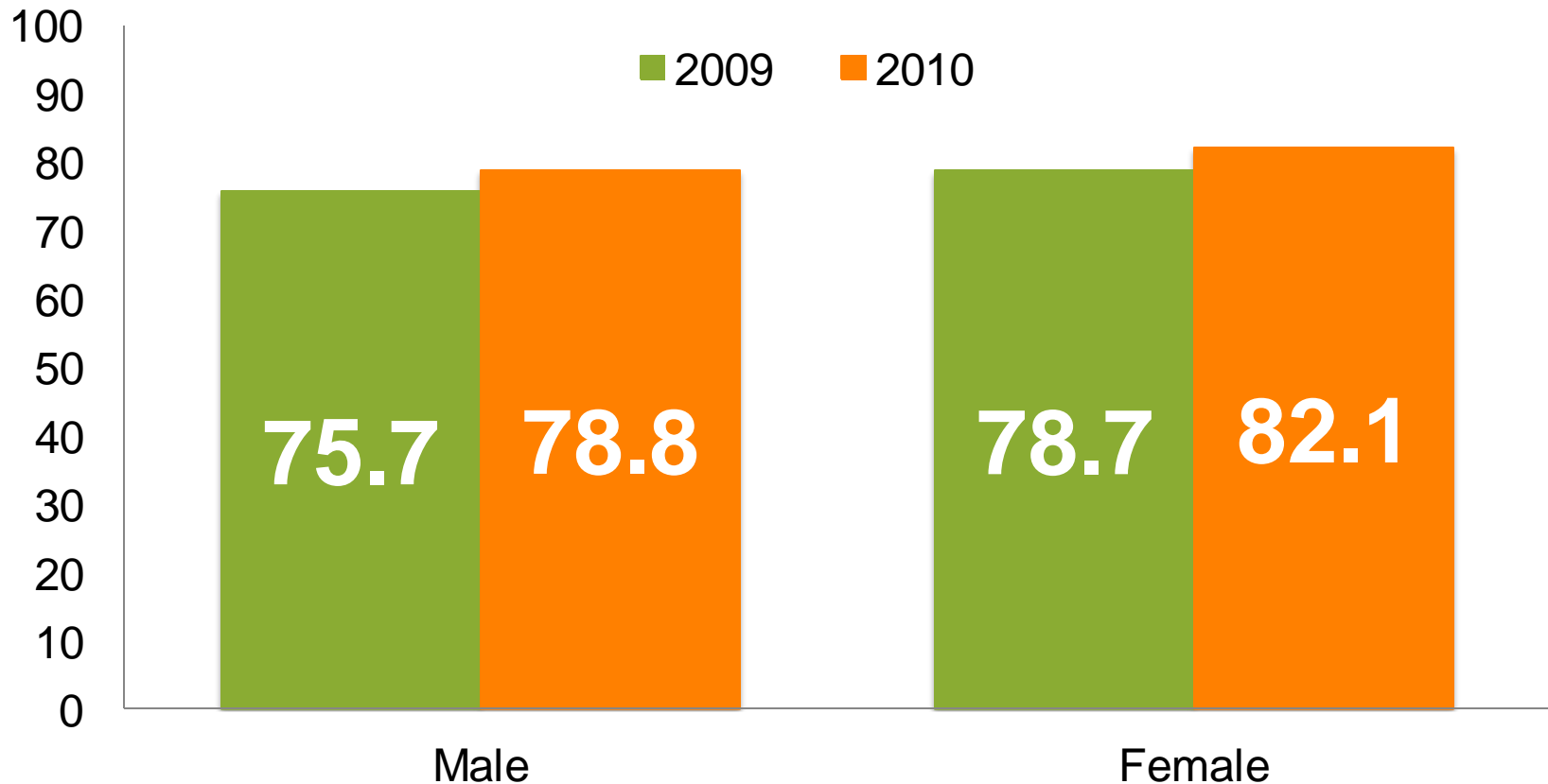
HRA Lifestyle Scores

n = 524



HRA Lifestyle Scores

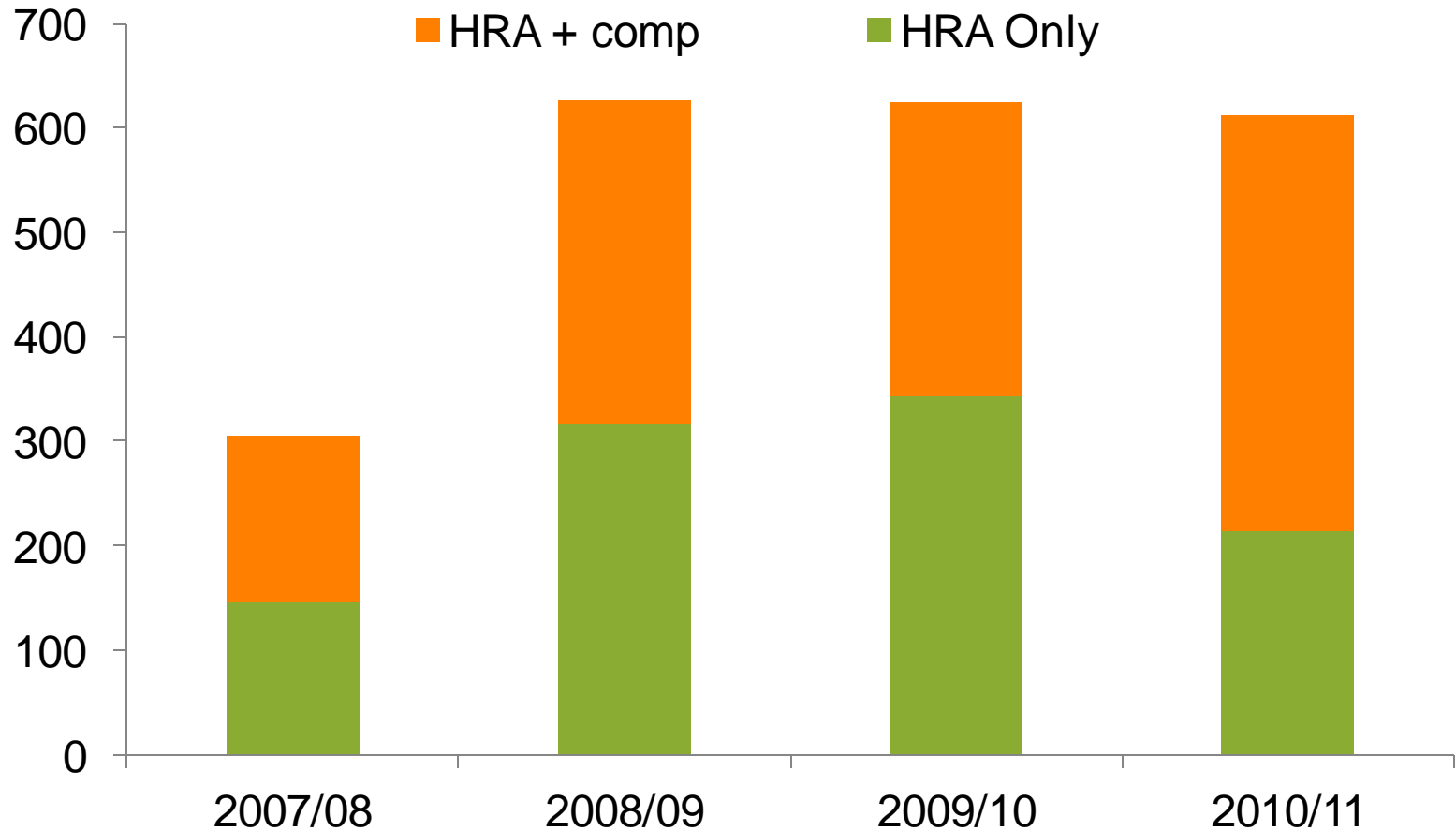
n = 536



Other Ca\$h in on Wellness Components

	06/07	07/08	08/09*	09/10**	10/11
Exercise *increased to \$35/qtr	38	146	213	262	259
Healthcare ** increased from \$35 to \$70	111	207	266	319	340
Wellness ** increased from \$30 to \$50	98	230	312	336	357
Completed all 4 components	23	106	161	221	211
Completed 3 out of 4 components	32	48	82	53	76
missing HRA	1	14	3	6	9
missing Exercise	24	27	52	39	50
missing Healthcare	4	5	21	6	12
missing Wellness	3	2	6	3	5

Employee Engagement



2008 Employee Well-being and Satisfaction Survey

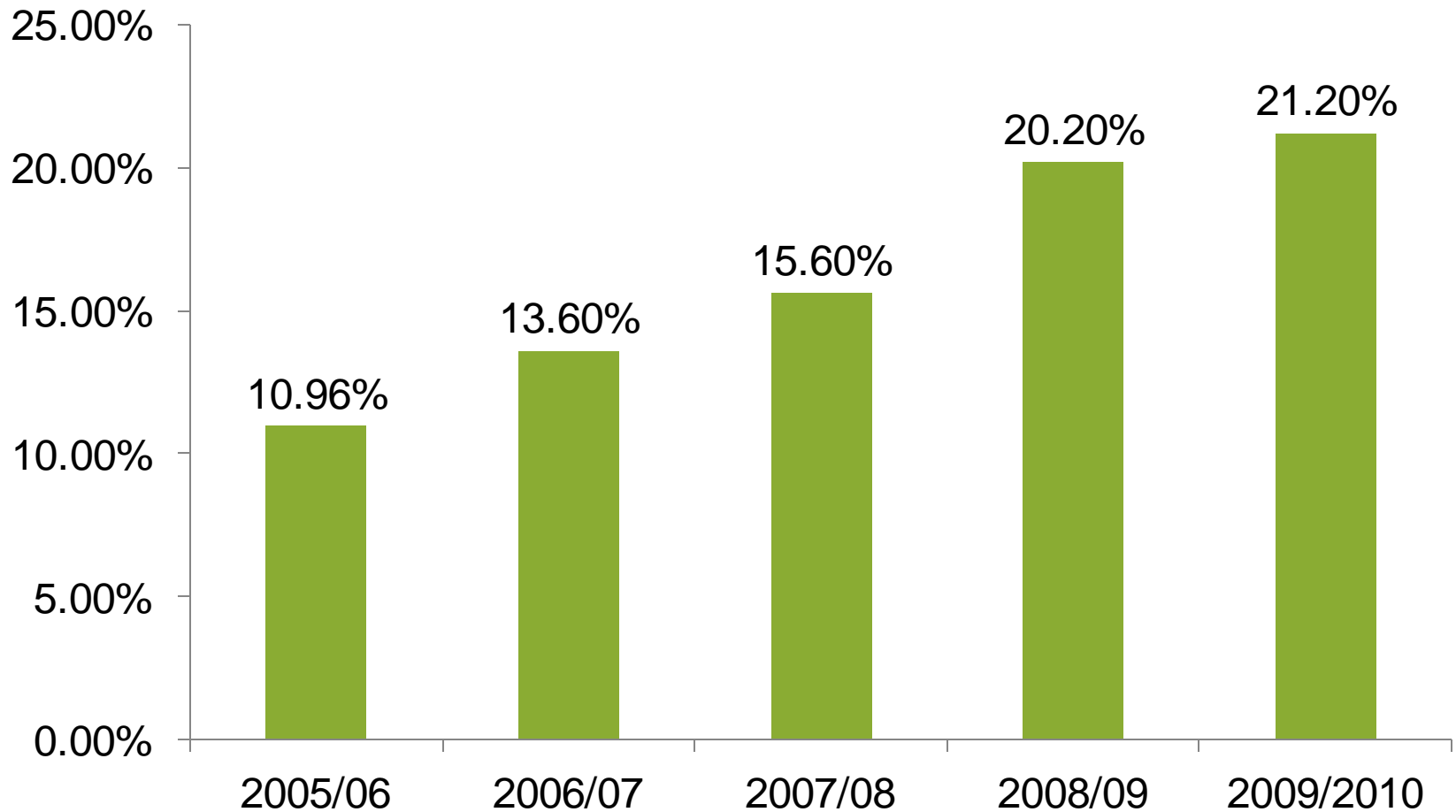
- Employees who have been engaged in the CMU Cash in on Wellness program reported higher levels of job satisfaction and lower levels of emotional exhaustion and physical symptoms
- There was a statistically significant difference between participants and non-participants for the job satisfaction and physical symptoms variables.

2008 Employee Wellness Survey

n = 431

- 90% knew CMU had an employee wellness program – up from 79% in 2004
- 79% had participated in a wellness event or program within the past 12 months
- Self-reported screening and examination data supports BCBS data which shows an increase in annual physicals and preventive screenings.
- Over 60% agreed that CMU demonstrates a commitment to supporting healthy lifestyles through dedicated resources
- Over 60% agreed that employees are taught skills needed to achieve a healthy lifestyle.
- 80% agreed or strongly agreed that people are rewarded and recognized for wellness efforts.

Increase in Annual Physicals



Cost Trend: CMU vs. National Market

Medical	CMU Cost Trend	Market Cost Trend	Trend Difference	CMU Rates*
2005-06	-6%	13%	-19%	11%
2006-07	17%	12%	5%	8.5%
2007-08	4%	12%	-8%	-3%
2008-09	5%	11%	-6%	0%
2009-10	15%	10%	5%	-1.8%
Projected 2010-11	-3 to -5%	11%	-5%	3.2%
Projected 2011-12	8%	11%	-3%	8%
CMU Per Member Cost Trend Compared to Market			-31%	

Pres. Drug	CMU Cost Trend	Market Cost Trend	Trend Difference	CMU Rates*
2005-06	6%	16%	-10%	5%
2006-07	6%	14%	-7%	8%
2007-08	1%	10%	-9%	2%
2008-09	1%	10%	-9%	0%
2009-10	0.3%	9%	-9%	-2%
2010-11	2%	10%	-12%	-4.5%
Projected 2011-12	2%	9%	-7%	0%
CMU Per Member Cost Trend Compared to Market			-63%	

* CMU Rate Increases for Base Plans



Wellness Program Costs

Year	Total Costs ¹	Cost/ee ²
2005/06	\$ 70,901	\$ 44
2006/07	\$ 134,103	\$ 84
2007/08	\$ 138,917	\$ 87
2008/09	\$ 213,444	\$134
2009/10	\$ 212,454	\$133
2010/2011	\$ 259,218	\$162

¹Both Wellness Budgets plus 40% of Mgr EE Health & Wellness' salary

²Total costs divided by 1600 employees

Employee Testimonials

“I’ve taken advantage of the program very faithfully since January and I feel so good. I can actually run 3 miles on the treadmill now, I could hardly walk a mile at one time. I’ve lost some weight, I eat better and I feel better. Oh, I still have my aches and pains but they are those that I get from working out, some say too much. I actually think that I’ve become addicted, an addiction that I hope I never cure. **I know that it is because of your program that I’ve done this, it’s not about the cash that we get, though that is a nice bonus, it’s about the accountability of it.** Putting those minutes in the exercise log and watching them add up is very rewarding. ”

WELLNESS MATTERS: A CMU SUCCESS STORY

Joe Richards



**JOE LOST
55 POUNDS
IN 6
MONTHS!**

This time last year Joe Richards weighed 240 pounds. His clothes were getting tight again, which meant he would have to move up another size. He had developed some health issues and he experienced shortness of breath while performing simple tasks. In November 2009, Joe's doctor strongly recommended that Joe lose weight and provided him with some tools to get him started. Armed with his 1800 calorie eating plan, Joe set out on his weight loss journey. Today Joe weighs 185 pounds and is just shy of his goal of 180 pounds.

How did Joe do it?

Joe made two lifestyle changes, he started exercising and he changed the way he was eating. Joe's work schedule as a Senior Caretaker in Landscape Operations at CMU made it difficult to get a workout in during the day, so he purchased a Wii and the Wii Fit program for home workouts. He started exercising 50 minutes a day, four to seven days a week utilizing the Wii Fit programs (including yoga and stretching). He also started riding his bike and walking instead of driving whenever possible.

Joe followed his 1800 calorie meal plan paying close attention to portion sizes and adding more fruits and vegetables to his meals and snacks. Rather than eating out, his family started preparing more meals at home.

Now 55 pounds lighter, Joe has realized the importance of regular exercise. "I tried to lose weight in the past by walking occasionally and watching what I ate, but it wasn't enough. I realized I needed to increase the frequency and intensity of my exercise to take the weight off. The Wii Fit programs helped me do that."

Hooray!! Thank you!!! I have enjoyed “ becoming healthier” to the extent that I have invested in many new wellness lowfat cookbooks and am trying many new recipes; many of them I now prefer over what my prior meals were. My goal was to find recipes that become favorites and to gradually replace those unhealthy meals with the new ones. It’s working!! I had read (in one of the cookbooks) that a person will become accustomed to the food they eat, no matter how different the food is—you just have to be dedicated and give the change in diet enough time to become a habit. I also purchased many different kinds of spices and am trying to incorporate more fresh fruits & vegetables in daily meals. This has been a fun journey!

Thanks again.

The use of the term “gain-sharing” as used in this presentation is not, and is not intended to be, characteristic or descriptive of gain-sharing arrangements adopted by healthcare providers and suppliers subject to Medicare compliance rules and regulations. HealthMedia® does not endorse the gain-sharing concepts when adopted by healthcare providers and suppliers subject to Medicare compliance rules and regulations.

All health and wellness gain-sharing models should be reviewed by your counsel prior to implementation. HealthMedia® and Central Michigan University make no representations about the adequacy of these programs under the laws of the jurisdiction in which they are implemented.

THANK YOU

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