

## BUSINESS INSIGHT

*In pursuit of good health*



**David Roddenberry,**  
*executive*

# Incentive-based health care works

David Roddenberry, founder of HealthyWage, which designs and implements health-incentive programs for a range of businesses, says employees like contests that pay them to stay healthy.

### **What are some advantages of incentive-based health care?**

It's an approach that says you're more likely to do things that are good for your health if you're rewarded for doing them. The approach has been applied successfully to reward people for such actions as quitting smoking, losing weight, taking medications or taking an assessment to understand their health risks. The incentive-based approach is particularly germane because employees don't always immediately experience the effects of their actions on their health. For instance, if you eat a piece of cake, you get the immediate pleasure of tasting cake, but you don't experience the long-term consequences of weight gain, higher blood sugar and higher cholesterol.

### **What kinds of companies are using financial health incentives?**

Around 50 percent of self-insured employers already have some incentives, and nearly all employers are

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considering incorporating or expanding incentives to help their employees stay healthy. The math of health care makes incentives particularly appealing. An obese person costs an employer an additional \$1,400 per year because of related

health conditions, including heart disease, diabetes, cancer, joint pain or sleeping disorders. If the employer can take part of that \$1,400 and pay the employee to lose weight so that he or she is no longer obese, it is a win-win. Employees have money in their pockets, and the employer has saved on health care costs.

### **Describe some incentive approaches.**

HealthyWage, which pays you to lose weight, offers a Matchup weight-loss contest in which participants compete in teams of five for three months to win \$10,000 in cash. Participants lose about 5 percent of their body weight during the program. In other approaches, employees get paid \$100 to lose weight and are given the opportunity to bet on their ability to do so by paying \$300 to win \$1,000 if they get to a healthy weight after one year. Betting on your health makes you 25 times more likely to lose the weight because you have skin in the game. These types of efforts can enhance the effectiveness of commercial weight-loss programs such as those

offered by Nutrisystem and Weight Watchers.

### **Do you see more health insurance premiums tied to wellness incentives?**

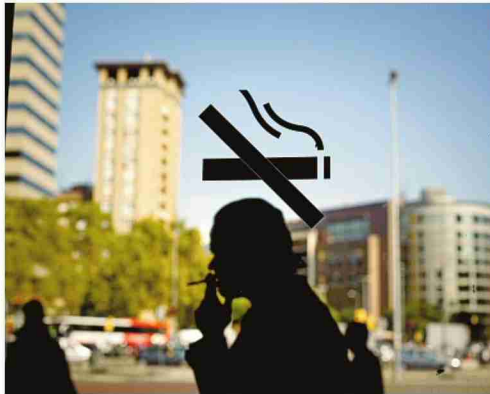
Absolutely. Recent health care legislation, the Affordable Care Act (Section 2705), stipulates that starting in 2014, employers can use outcome-based wellness incentives to adjust health-insurance premiums by up to 30 percent, up from the current 20 percent. Similarly, Arizona recently proposed charging obese residents on Medicaid \$50 as a financial penalty for being overweight. The proposition is under review, as are similar measures in other states. Instead of taxing people \$50 or \$150 for being overweight, we hope that employers will use financial incentive programs to change behavior. Many employees express tremendous excitement about getting paid to lose weight. Employers can capture that enthusiasm and implement programs with frequent rewards and check-ins.

*—Dawn House*

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EMILIO MORENATTI | *Associated Press file photo*

**The financial incentive approach has been applied successfully in health care.**