Through our work with thousands of employer groups, Interactive Health has learned a lot about the best ways to deliver wellness programs that improve employee health, productivity, satisfaction and retention. Using wellness incentives to drive program participation and ongoing engagement can be effective, but can also be complicated. By utilizing smart business decisions and avoiding disputes with employees and unreasonable plan designs, you can use incentives to drive positive behavior change.

**Two kinds of motivators**

Organizations should consider two kinds of motivators: extrinsic and intrinsic. Intrinsic motivators are those that come from within. Extrinsic motivators are external incentives, like monetary rewards for participation or meeting a health goal. The key is to use extrinsic motivators like a trigger to ignite the ongoing intrinsic motivators.
**Higher incentives lead to higher participation rates**

As you can see from the chart below depicting the experience of clients we work with, an effective incentive structure definitely stimulates engagement. That said, bigger rewards do not necessarily lead to bigger outcomes. In fact, smaller incentives paired with an effective communication strategy and supportive culture can generate almost as much impact as larger incentives. Participation-based incentives also clearly drive positive impacts.

![Participation Rates by Overall Incentive Level](chart)

**Money isn’t the only driver**

Incentives can be non-monetary, such as a raffle or a couple of extra days of paid time off. You can also improve participation by providing health evaluations in a positive and safe environment and promoting the convenience of an onsite event.
4 Steps to Greater Participation

Interactive Health has a variety of resources and services to help you develop the right incentive strategy for your company culture. Following are 4 proven steps to help you as you design your wellness program strategy and incentive design.

STEP 1 Commit to a Wellness Strategy

Your strategy will help you determine the right program design and incentive structure for your company. The wellness spectrum depicted and defined below can aid in clarifying your strategic intent.

- Creating Awareness Among Eligible Employees - Some of our clients are only beginning to explore wellness programming. We partner with them to build health awareness among the eligible population. This step may include having members participate in a simple biometric screening and/or a health fair.

- Encouraging Participation - A number of our clients are committed to encouraging high levels of participation. This can be achieved via ongoing management commitment, development of a comprehensive communication strategy and multimodal program plan design. We also provide “boots on the ground” (onsite resources) to customize an ongoing wellness plan – which may include monthly seminars or webinars, creating individual or team health challenges and wellness events, or providing professional staff to operate an onsite fitness facility and exercise programs tailored to your locations, e.g. “Take the Stairs” challenges with trackable QR codes at the top.

- Increasing Engagement with Program Services - In the pursuit of better health, many of our clients have asked us to drive increased year-round engagement. This is typically accomplished through the use of web tools and activity-based programs with incentives for participation. Success is enhanced when we integrate these services with the ongoing outbound coaching services for those tackling chronic health risks.
• **Rewarding Improved Health** - Personalized goal-setting is key for those employers that are endeavoring to change the health of each individual employee, and this is the most popular type of program implemented by our clients. These are sometimes referred to as outcomes-based programs. Some of our clients also structure monetary and non-monetary incentives associated with goal achievement. Incentives in these cases need to be carefully structured as attention to communication, cultural fit, privacy, fairness and reasonable alternative standards is particularly important.

In summary, across many program designs specific to a wide variety of employer cultures, with thoughtful incentive design, the programs we administer frequently achieve over 80% participation, and over 70% of those that participate reach a personalized health goal.

**STEP 2 Consider Benchmarks and Best Practices**

What works best regarding incentives is specific to each employer. There is no universal answer. That said, there are some important elements of our experience to making great decisions about incentives.

- Match perceived value of the reward with the perceived effort to earn it.
- Everyone who achieves a goal should receive something. Participation in healthy activities that target the population’s needs and interests is the goal.
- Include a variety of activities that foster health awareness and sustainable behavior change. Some examples include: biometric screenings, wellness assessments, preventative exams, challenges, activity tracking, health coaching and self-guided education programs.
- The process of earning rewards should be simple to understand and simple to do. Activities that are too difficult to understand, practice or record will have low participation rates.
- Privacy and confidentiality are imperative.
- The tenure of a wellness program will often be a predictor of participation rates, with longer tenure programs having higher participation rates.
- We have found that the utilization of the Interactive Health client managed scheduling tool has a positive impact on participation rates. Make getting to the event an easy one with pre-set appointments.
Increased communications and marketing strategy are imperative. Having a strong, clear communications plan can be one of the most influential variables on participation rates. Develop a strong, clear, multimodal communications strategy. Include deployment from the main contact to the Wellness Champions and roll out at employee meetings.

Companies that have a strong, positive corporate culture that is supported by either executive teams, front-level ground swell or ideally both can be a catalyst for high participation rates in your wellness program. Workplace wellness can be infused throughout a company’s culture, no matter how big or small the business or what kind of management structure exists, to fire up the intrinsic motivation that exists inside every employee.

STEP 3  ➤ Understand the Laws Regarding Employee Based Wellness Program Guidelines

Your company’s legal counsel should always be consulted when designing a wellness program. Because each company’s health and welfare benefits are different, every company should review their plan documents and communications, including the wellness component of the benefit plan, to ensure it is compliant.

Existing regulations provide a framework for understanding the amount and structure of incentives that are permissible in work-site wellness programs. It is important to note that the vast majority of our clients’ programs achieve the success previously cited in this document at incentive levels well below the maximum allowed under both existing and proposed regulations.

For regulatory purposes, there are two types of wellness programs:

1) Participatory wellness programs
   A program is participatory if the conditions for obtaining a reward or incentive are NOT based on an individual satisfying a standard that is related to a health factor.

2) Health-contingent wellness programs
   A health-contingent program may be either activity-based or outcomes-based.
   • Activity-based: This requires an individual to perform or complete an activity related to a health factor in order to obtain a reward or avoid a penalty. Examples include walking, diet and exercise programs.
   • Outcomes-based: This requires an individual to attain or maintain a specific health outcome in order to receive a reward or avoid a penalty.
Both activity-based and outcomes-based programs are subject to the five requirements for a wellness plan to be HIPAA compliant (see below).

There are several laws to consider when designing your incentive structure, including the Affordable Care Act (ACA), the Health Insurance Portability and Accountability Act (HIPAA), the Americans with Disabilities Act (ADA), and the Genetic Information Nondiscrimination Act (GINA).

- HIPAA Nondiscriminatory Regulations for Applying Incentive:
  Under HIPAA, a company can provide an incentive or reward (or impose a penalty) tied to a wellness program.
  - Participatory wellness programs: Incentive is not limited; however, the EEOC regulations limit the incentive to 30% of the cost of self-only coverage.
  - Health-contingent wellness programs (either activity-based or outcomes-based): The reward or penalty is limited to 30% of the total cost of coverage and up to 50% for programs targeting tobacco users.

- HIPAA sets the following five requirements for any health-contingent wellness program to be non-discriminatory:
  1) Frequency of Opportunity to Qualify – Participants must be given the opportunity to qualify for an incentive at least once per year.
  2) Size of Reward – This is 30% to 50% of the cost of coverage as described above.
  3) Reasonable Design – The wellness program must be designed to promote health or prevent disease.
  4) Uniform Availability and Reasonable Alternative Standard (RAS) – A program must be offered to all eligible people and provide an RAS to enable eligible people to earn the incentive or reward (or avoid a penalty) if a person cannot participate or meet his or her goal. At Interactive Health, our medical waiver satisfies the RAS requirement (described below).
  5) Notice – All plan materials that describe the terms of the program must also disclose the availability of an RAS.

More about the Reasonable Alternative Standard (RAS): Members can use our medical waiver process as a reasonable alternative standard for when they cannot meet a health goal or participate in a health-contingent activity. A member can obtain a medical waiver by calling Interactive Health at 1-800-840-6100 or by emailing RASrequest@interactivehealthinc.com. Other types of RAS include workshops available on the Interactive Health website, and a tobacco-cessation program, such as the Interactive Health “Tobacco Free for Life” Health Focus Telephonic Coaching program.
Equal Employment Opportunity Commission (EEOC) Final Rule on how Title I of the Americans with Disabilities Act (ADA) applies to employer wellness programs:

The following is a description of key points from the EEOC final ADA and GINA regulations. Employers should become familiar with the new regulations and consider adjusting their program as necessary to meet the effective date on the first day of the first plan year on or after 1/1/2017.

• The wellness program may not require employees to participate:
  ° No denial of coverage or other coverage limitations under any of the employer’s group health plans for non-participation.
  ° No adverse employment action against employees who choose not to participate or do not achieve certain health outcomes.

• If the wellness program includes required disability-related questions (such as a health risk assessment) and/or medical examinations (such as a biometric screening) a required notice to employees that:
  ° Each employee is reasonably likely to understand and describes the medical information that will be obtained, who will receive that information, the specific purposes for its use, restrictions on its disclosure, and the methods the company will use to prevent improper disclosure of medical information.

• Wellness program incentives are permitted as long as the incentive does not exceed 30% of the total cost of employee-only coverage (including both employee and employer payments), regardless of whether the wellness program is offered through the group health plan. In contrast to the ACA/HIPAA rules, the 30% limit applies to both participatory and health-contingent wellness programs.

• Any incentive tied to biometric screening or medical examination that tests for the presence of nicotine or tobacco must be limited to 30% to meet the ADA requirements, even though an incentive up to 50% would be permitted under the ACA/HIPAA rules.
  ° Only a smoking cessation program that merely asks employees whether or not they use tobacco, or whether they ceased using tobacco upon completion of the program, without any medical examination to verify tobacco use, is permitted to reach the higher ACA/HIPAA 50% incentive limit.
• Enhanced confidentiality rules for wellness programs that are NOT part of the group health plan. In this case, the employer may only receive aggregate information, sufficiently aggregated so as not be likely to disclose the identity of an individual.
  ° For wellness programs that are part of a group health plan, compliance with HIPAA Privacy Rules restrictions for the use and disclosure of PHI to a plan sponsor will satisfy the proposed regulations confidentiality provisions.

Compliance with GINA
The EEOC issued its final rule that supports an employer’s ability to offer incentives based on a spouse’s participation in a wellness program, which would appear to resolve prior EEOC concerns and litigation with regard to spouses providing health information under GINA. The final rule set a limit on the level of incentives an employer can offer in exchange for medical data consistent with other regulations governing such information, such as the Affordable Care Act.

STEP 4 Implement a Successful Wellness Program
Implementing a successful wellness program can be a catalyst for increased productivity, decreased absenteeism, employee retention, and a strong corporate culture that contributes to the overall success of your organization. It is important to be flexible and take keen interest in the unique requirements of your culture and your employees. The key is to foster a program that leads to high participation and is tailored to the individual to promote increased engagement. Take these next steps:
• Set your corporate wellness goals and align incentive design with overall benefit and health plan strategy.
• Understand your claims trend, budget and investment horizon.
• Consult in-house legal counsel while developing a health promotion plan.
• Have a clear end goal for your wellness program initiatives and anticipate the data needed to be able to measure impact effectively.
• Incorporate the wellness program into department and employee goals.
• Demonstrate executive and mid-level management support through resources, communications and participation.
• Get support from all departments; a strong wellness committee and wellness champion network will ensure successful implementation.
• Implement company policies that incorporate wellness, such as a tobacco free campus, healthy food offerings, physical activity and work-life balance.
• Communicate at all levels, in numerous ways and frequently.
• Design the program to encourage high participation by making it convenient and with program components that are easy to understand.
Achieve Results

Interactive Health leads the wellness industry with results. We rigorously define and achieve unusually high rates of participation and engagement via technology, teachable moments and telephonic coaching, which leads to changed health outcomes. We understand that incorporating the right rewards into a well-designed incentive program customized to each company’s culture is critical to increasing participation and driving success.

We hope these 4 easy steps have provided some insights into taking employee well-being and success to ever higher levels. It’s an ever-more competitive world out there, and we understand that your people, and their health, are at the heart of your company’s success.

References used for this article and additional resources regarding incentive design:

- United States Department of Labor
- ADA Federal Register
- GINA Federal Register
- EEOC Question and Answer Documents on Both Rules
- EEOC Small Businesses Fact Sheets (ADA and GINA)
- Workplace Wellness Programs Study
  [http://www.rand.org/pubs/research_reports/ER254.html](http://www.rand.org/pubs/research_reports/ER254.html)
- Utilizing Incentives to Maximize Participation
- Premium Incentives to Drive Wellness in the Workplace
- Guidance for Reasonably Designed Employer Sponsored Wellness Program Using Outcomes-Based Incentives