Building a Healthier Workforce

2017 HSMP Annual Meeting
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Discussion Overview

- Understanding the Challenge
- Strategies for Sustained Health Improvement
- Maximizing the Impact of Extrinsic Motivators
- Building Intrinsic Motivation
- It’s Not Just About the Motivation
- Leveraging Health Coaching
- Pulling It All Together
Understanding the Challenge
### Exhibit 1.11
**Average Annual Premiums for Single and Family Coverage, 1999-2016**

<table>
<thead>
<tr>
<th>Year</th>
<th>Single Coverage</th>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>$2,196</td>
<td>$5,791</td>
</tr>
<tr>
<td>2000</td>
<td>$2,471*</td>
<td>$6,438*</td>
</tr>
<tr>
<td>2001</td>
<td>$2,689*</td>
<td>$7,061*</td>
</tr>
<tr>
<td>2002</td>
<td>$3,083*</td>
<td>$8,003*</td>
</tr>
<tr>
<td>2003</td>
<td>$3,383*</td>
<td>$9,068*</td>
</tr>
<tr>
<td>2004</td>
<td>$3,695*</td>
<td>$9,950*</td>
</tr>
<tr>
<td>2005</td>
<td>$4,024*</td>
<td>$10,880*</td>
</tr>
<tr>
<td>2006</td>
<td>$4,242*</td>
<td>$11,480*</td>
</tr>
<tr>
<td>2007</td>
<td>$4,479*</td>
<td>$12,106*</td>
</tr>
<tr>
<td>2008</td>
<td>$4,704*</td>
<td>$12,680*</td>
</tr>
<tr>
<td>2009</td>
<td>$4,824</td>
<td>$12,680*</td>
</tr>
<tr>
<td>2010</td>
<td>$5,049*</td>
<td>$13,770*</td>
</tr>
<tr>
<td>2011</td>
<td>$5,429*</td>
<td>$15,073*</td>
</tr>
<tr>
<td>2012</td>
<td>$5,615*</td>
<td>$15,745*</td>
</tr>
<tr>
<td>2013</td>
<td>$5,884*</td>
<td>$16,351*</td>
</tr>
<tr>
<td>2014</td>
<td>$6,025</td>
<td>$16,834*</td>
</tr>
<tr>
<td>2015</td>
<td>$6,251*</td>
<td>$17,545*</td>
</tr>
<tr>
<td>2016</td>
<td>$6,435</td>
<td>$18,142*</td>
</tr>
</tbody>
</table>

*Estimate is statistically different from estimate for the previous year shown (p < .05).*

**Estimated Cost of Poor Health to US Economy—$576 Billion**

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Annual Cost (Billions)</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wage Replacement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incidental absence due to illness, workers’ compensation, short-term disability, long-term disability</td>
<td>$117</td>
<td>20.3%</td>
</tr>
<tr>
<td><strong>Medical and Pharmacy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers’ compensation, employee group health medical treatments, employee group health pharmacy treatments</td>
<td>$232</td>
<td>40.3%</td>
</tr>
<tr>
<td><strong>Lost Productivity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Absence due to illness, presenteeism</td>
<td>$227</td>
<td>39.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$576</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Integrated Benefits Institute 2012 Analysis
4 Key Levers in Managing Health Care Costs

1. Cost Sharing
2. Care Delivery
3. Administration
4. Lifestyle
Recent Client Recent Experience

Growth in Top 1% of Claimants*  =  75% of Total Growth in Medical Claims

*Represents claimants with $50,000+ in annual medical costs. Most of these claimants have one or more chronic conditions.
How Chronic Diseases Impact our Clients

- **45%** of working age Americans have at least one chronic condition\(^1\)
  - 21% have two or more chronic conditions\(^1\)
- **86%** of US health care costs are attributable to individuals with at least one chronic condition\(^2\)

**PER CAPITA COST BY NUMBER OF CHRONIC DISEASES\(^3\)**

<table>
<thead>
<tr>
<th>Number of Chronic Diseases</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>$800</td>
</tr>
<tr>
<td>One</td>
<td>$1,900</td>
</tr>
<tr>
<td>Two</td>
<td>$3,400</td>
</tr>
<tr>
<td>Three</td>
<td>$5,600</td>
</tr>
<tr>
<td>Four</td>
<td>$8,900</td>
</tr>
<tr>
<td>Five</td>
<td>$11,500</td>
</tr>
</tbody>
</table>

1. Anderson and Horvath, Johns Hopkins University Bloomberg School of Public Health
3. Medical Expenditure Panel Survey
Lifestyle Choices/Behaviors and Chronic Disease

“Poor lifestyle choices, such as smoking, overuse of alcohol, poor diet, lack of physical activity and inadequate relief of chronic stress are key contributors in the development and progression of preventable chronic diseases”

“Four… health risk behaviors—lack of exercise or physical activity, poor nutrition, tobacco use, and drinking too much alcohol — cause much of the illness, suffering, and early death related to chronic diseases”
Increasing Obesity Rates in US (CDC Data)

1990

2000

2010

- No Data
- <10%
- 10% – 14%
- 15% – 19%
- 20% – 24%
- 25% – 29%
- ≥30%
Increasing Obesity Rates in US (CDC Data)

2015
5 Key Lifestyle Drivers of Chronic Disease

Nutrition

Physical Activity/Sleep

Preventive Screenings/Care

Risky Behaviors (e.g., Tobacco)

Stress
More than half (52%) of adults aged 18 years or older did not meet recommendations for aerobic exercise or physical activity.

About half of US adults (47%) have at least one of the following major risk factors for heart disease or stroke: uncontrolled high blood pressure, uncontrolled high LDL cholesterol, or are current smokers.

38% of adults said they ate fruit < once a day; 23% said they ate vegetables < once a day.

Roughly 15% of Americans smoke cigarettes.

Source: Centers for Disease Control and Prevention
51% of US employers with 50+ employees have a wellness program

Among employers offering wellness programs:

- 80% screen employees for health risks
- 77% offer lifestyle management interventions; among these:
  - 79% provide nutrition/weight management programs
  - 77% offer smoking cessation
  - 72% provide fitness resources
  - 52% offer stress management programs
- 56% provide Disease Management programs; among these:
  - 85% target diabetes
  - 60% focus on asthma
  - 59% target coronary artery disease
  - 54% focus on heart failure
- 44% regularly evaluate wellness program; only 2% measure financial impact

Source: Rand Corporation – 2013 Workplace Wellness Programs Study
Despite Employer Efforts
Limited Engagement

Participation Rates for Employees Identified through Screenings or Claims Data

Source: Rand Corporation, 2013 Workplace Wellness Programs Study
But Wait, Aren’t Incentives the Silver Bullet?

- US employers are increasingly turning to financial incentives to increase engagement in workplace wellness programs

- Key question is…
  - How effective are incentives in driving long-term behavior change?

- Two recent studies provide important insights:
If incentives are not the silver bullet, what is?

**Reality:** There is no silver bullet

But clients can gain important insights from the fields of Behavioral Economics and Behavior Change Science.
Strategies for Sustained Health Improvement
Who’s Most Likely to Achieve Sustained Health Improvement?

- Carl’s employer gives him $100 off next year’s health insurance premium if he earns 2,500 points in his corporate wellness program
  - He feels overwhelmed by the point scheme and fails to engage

- Anita’s health plan offers a wide range of free health education resources on its website and mails a quarterly wellness newsletter to her home
  - She visits the website only once and rarely reads the newsletters

- Tina’s HMO offers free health coaching and covers all preventive services at 100%, but she’s not particularly interested in altering her lifestyle
  - Lacking intrinsic motivation, she doesn’t take advantage of benefits

- Eugene is interested in improving his lifestyle, has access to free wellness resources and has registered for ongoing health coaching through his health plan
  - Eugene’s health coach helps him achieve his personal health goals
1. Extrinsic motivators (carrots/sticks) can be very effective at driving short-term behaviors, but they are less effective in driving long-term behavior change.

2. Intrinsic motivation is essential to sustaining behavior change; in order to help employees build intrinsic motivation, it’s important to help them:
   a. Understand the benefits of change (“What’s in it for me”)
   b. Believe they have the ability to change (“I can do this!”)
   c. Perceive that others around them are modeling the preferred behaviors (“What’s everyone else doing?”)

3. Beyond leveraging motivation, two of the most effective strategies employers can use to boost sustained behavior change are:
   a. Helping employees develop new healthy habits / disrupt existing bad habits
   b. Changing the environment to make the healthy choice the easy choice

4. Coaching can be the catalyst to help employees pull together all of the above; this coaching may occur through professional health coaches or peer coaches.
Maximizing the Impact of Extrinsic Motivators
When Do Incentives Work Best?

**“One & Done”**

Periodic completion of:
- Health assessment
- Biometric testing
- Preventive screenings
- Flu shot

**“Let’s Give It a Try”**

Participation in:
- Telephonic coaching
- Online learning modules
- Weight management/exercise programs
- Smoking cessation

**Ongoing Habits**

Daily routines relating to:
- Nutrition
- Physical activity
- Sleep
- Avoiding risky behaviors
- Handling stress

Incentives

More Effective

Less Effective
Limitations on the Power of Incentives

Consequences Model

How will this impact me?

Identity Model

What would someone like me do in this situation?

Source: James G. March, PhD, Research on Decision Making
Maximizing the Motivational Power of Incentives

- Losses Motivate More than Gains
- Delaying Incentive Minimizes Impact
- Lotteries Motivate
- “Opportunity Regret” Motivates
- Simplicity Beats Complexity
- Team-Based Incentives Work
Avoid Reward Undermining

PICK-UP TIME AT DAYCARE CENTER\textsuperscript{1}

PAYING FOR CREATIVITY\textsuperscript{2}

\textsuperscript{1} Source: Uri Gneezy and Aldo Rustichini
\textsuperscript{2} Source: Lepper, M. P., & Greene, D., & Nisbett, R. E
Be Mindful of Timing and Delivery Method

Which is more compelling?

**Option A**
Sometime in 2017, go to our health plan website to complete your HRA and we’ll reduce your 2018 medical contributions by $50

**Option B**
Click here to complete your HRA by October 15\(^{th}\) and win a $50 gift card from Amazon.com
Leverage Loss Aversion

What’s more motivating?

**Option A:** Complete “Task A” on a daily basis for September – October and get an extra floating holiday to use sometime this year.

**Option B:** Don’t complete “Task A” on a daily basis for September – October and lose the holiday for the day after Thanksgiving.
Consider the Motivating Power of “Luxury” Goods

Complete your Biometric Screening and Get...

$200 Meal at a 4-Star Restaurant

$200 Direct Deposit into Your Account

Source: Choices derived from research by Kivetz and Simonson (2002)
Avoid Choice Overload

Shoppers who stopped

<table>
<thead>
<tr>
<th>6 kinds of jams</th>
<th>24 kinds of jams</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Shoppers who bought jam

<table>
<thead>
<tr>
<th>6 kinds of jams</th>
<th>24 kinds of jams</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Building Intrinsic Motivation
Theory of Planned Behavior*

* Icek Ajzen, PhD
Self-Determination Theory*

* Edward Deci, PhD and Richard Ryan, PhD
Transtheoretical Model of Behavior Change (TTM)*

Stages
1. Pre-contemplation
2. Contemplation
3. Preparation
4. Action
5. Maintenance

Processes of Change
- Consciousness Raising
- Environmental Reevaluation
- Dramatic Relief
- Social Liberation
- Self-Reevaluation
- Self-Liberation
- Helping Relationships
- Counter Conditioning
- Stimulus Control
- Reinforcement Management

* Carlo DiClemente, PhD; James Prochaska, PhD; John Norcross, PhD
It’s Not Just About the Motivation
Why Is Behavior Change So Tough?
*Understanding Two Systems at Work in Our Brain*

**System 1: Fast**
- Automatic; requires little effort
- Examples:
  - Eat the doughnut in front of you
  - Answer that text that just arrived

**System 2: Slow**
- Reflective; involves choice and concentration
- Examples:
  - Determine the benefits of quitting smoking
  - Make a plan to exercise more, or to get more sleep

*Thinking, Fast and Slow* by Daniel Kahneman, PhD, 2011
Potential Strategies to Target the Two Systems

System 1 (Automatic)

- Make the **healthy** choice the **easy** choice
- Leverage the power of **habit**

System 2 (Reflective)

Provide the **knowledge**, **motivation** and **resources** to sustain positive behaviors
Changing the Environment

Insights from Cornell University Food and Brand Lab*

* Research led by Brian Wansink, PhD
Evolution of the Power of Habit

- Habitual behaviors, or routines, are driven by the basal ganglia, the oldest part of the human brain.
- Brain-damaged patients can continue to demonstrate old habits, and form new ones, even after near complete memory loss.
- Our ability to execute daily habits has been essential to our survival as a species.

Habit > Intention in “Survival of The Fittest”
Achieving Sustained Behavior Change

Extrinsic

Intrinsic

Habit
Converting Good Intentions into Healthy Habits

This year, I plan to:
- Drink more water
- Walk 10,000 steps a day
- Sleep 7 hours a night
- Don’t let work stress me
- Eat more fruits & vegetables
- Quit smoking
- Drink less alcohol
- Visit my PCP
- Get preventive screenings

This quarter, I have:
- Completed an HRA
- Done biometric screenings
- Joined a walking group
- Attended a nutrition seminar
- Called the Tobacco Quit Line
- Scheduled a visit to my PCP
- Participated in health fair
- Listened to a webinar on Reducing Workplace Stress

On most days, I now:
- Take the steps at work
- Walk at lunch
- Opt for nuts or fruit when I need a snack
- Keep my water bottle refilled
- Avoid places where people smoke
- Proactively change things that create stress at work
- Take my medications

Focus of Most Wellness Programs
Key Question: How much impact do these really have— if they don’t ultimately lead to sustained behavior change?

Where the Real Impact Is
Once implemented, habits require less ongoing motivation, allowing individual to focus on creating additional healthy habits.
Make a Habit, Break a Habit…

Make a Habit
- Repeat desired behavior in a stable context (time, location, process, associated people)
- Be mindful of cues
- Occasional misses are OK

Break a Habit
- Notice cues (time, location, process, associated people)
- Disrupt, or remove, cues
- Replace, or at least modify, undesired behavior

* Strategies based on research by Wendy Wood, PhD
Employers’ Role in Shaping Health Habits

Enabling Bad Habits

- Physical Activity
- Nutrition
- Sleep
- Stress

Building Good Habits

FREE

>9:00pm
The Importance of Health Coaching
Good Health Coaches Are All EARS

Encouragement
Answers
+ Roadmap
Sustained Behavior Change
Health Coaching Ties It All Together

Sources:
1 Transtheoretical Model developed by James Prochaska, PhD, Carlo DiClemente, PhD, and John Norcross, PhD
2 Theory of Planned Behavior developed by Icek Ajzen, PhD
3 Fogg Behavioral Model developed by B.J. Fogg, PhD
4 Research in Habit Formation developed by Wendy Wood, PhD
Limitations of a Fractured Approach

- Readiness to Change
- Attitudes
- Perceived Norms
- Self-Efficacy
- Intentions
- Motivation
- Conscious Behaviors
- Repetition in a Stable Context
- Habits
- Ability
- Convenience
- Coaching
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Recall the Four Tenets of Sustained Health Improvement:
Keys to Helping Participants Move from Activities to Outcomes

- Participation in Periodic Activities
- Adoption of New Habits / Lifestyle Changes
- Sustained Health Improvement / Outcomes
Defining Desired Outcomes

**Participation**

- Your Health Risk Assessment
- Begin

**Behavior Change**

- Healthy eating
- Sleeping
- Proper nutrition
- Yoga and meditation
Some Good Reading on Behavior Change