COUNTY MANAGEMENT & RISK CONFERENCE
APRIL 10-12, 2019 | SAN MARCOS
RESOURCES AND SOLUTIONS FOR COUNTIES
Why Oh Why Did They Do That?

(Behavioral Economics)

Keys to Motivation and Behavior Change, and How To Maximize Engagement
Agenda

1. Context;
2. Understanding Human Motivation and Behavior;
3. Drive Maximum Engagement From an Employer Perspective;
4. Why Leadership and Culture Matter; and
5. Conclusions.
Context
Wellness or Health Promotion = Risk Management for Health/Medical Claims
Annual Worker & Employer Contributions to Premiums for Family Coverage

Protected From Costs and Consequences

A healthcare “wedge” that protects most consumers from the direct cost of their care and consequences of their lifestyle choices is a major factor that limits motivation to participate in wellness programs.

The more generous the health benefits plan the bigger “wedge.”
Four Truths We Must Abide By

Truth #1 - Change is not easy;
Truth #2 – Change is possible;
Truth #3 – Wellness participation is voluntary; and
Truth #4 – It takes 80+ days to form a complex habit.*

*Source: Michael Kim, Ph.D. Presentation at Art and Science of Health Promotion Conference, March, 2018
Understanding Human Motivation and Behavior
Science-based Models of Behavior Change

- Transtheoretical Model of Behavior Change (Prochaska);
  - Stages-of-Change;
- Behavior Analysis (B.F. Skinner);
  - Operant Conditioning;
  - Small steps/shaping;
- Persuasion Technology –B.J. Fogg, Stanford;
- Motivational Interviewing (Miller & Rollnick);
- Positive Psychology (Seligman & Csikszentmihalyi; Peterson); and
- Aspects of self-efficacy (Bandura).
Health Promotion Needs Science Driven Behavior Analysis

“...the process of systematically applying interventions based upon the principles of learning theory to improve socially significant behaviors to a meaningful degree, and to demonstrate that the interventions employed are responsible for the improvement in behavior.”
Stages of Change Theory

- Success!
- Pre-Contemplation
- Contemplation
- Preparation
- Maintenance
- Action
- Relapse

*Also called the “Transtheoretical Model of Behavior Change.”*
How Do Training, Incentives and Culture Affect Stages?

- Pre-Contemplation
- Contemplation
- Preparation
- Action
- Maintenance
- Relapse
- Success!

Inspiring Wellness Trainings, Incentives and Culture
Incentives, Reinforcement & Punishment
(technical terms vs. common language)

- **Incentives** mostly drive ongoing participation in a program or programs;

- **Reinforcement** increases the behavior they immediately follow;

- **Punishment** aims to reduce undesirable behavior
## Reinforcement and Punishment Translated

<table>
<thead>
<tr>
<th></th>
<th>Add / Remove</th>
<th>Stimulus</th>
<th>Behavior</th>
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<tbody>
<tr>
<td><strong>Positive Reinforcement</strong></td>
<td>add</td>
<td>pleasant</td>
<td>enhance desired</td>
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<tr>
<td><strong>Negative Reinforcement</strong></td>
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The Premack Principle:

**FIRST** do your homework,

**THEN** you can play outside.
Graph of a Single Subject – Studying After Reinforcement
Considerations: Consequences Are Individualized

• Profit and Loss or Cost Benefit Analysis;

• Choices usually made by relative comparisons; and

• What acts as a reinforcer or punisher can often be different from person to person.
Internal (Intrinsic) Motivation – the End Goal

• **Connection to a value;**
  • I want to see my daughter get married;
  • I believe deeply that...;

• **Physical or emotional feeling;**
  • “I feel better, I have more energy”;
  • “I feel better about myself, I like looking good!”;

• **Achievement;**
  • “I want to finish this triathlon; I want to get 10k steps in”;

• **Identity.**
  • “Being healthy and fit is part of who I am.”
External (Extrinsic) Motivation (Incentives)

- Most of us need a boost to get to the place of experiencing internal motivation;
- Personal stake - What’s in it for me? (WIFM):
  - Perceived value lost or gained;
  - Potential loss = stronger motivator;
- Immediacy; and
- Understanding and perspective.
Small (Tiny) Steps are Important

From Behavior Analysis

1. Overly large learning steps provide easy opportunities for failure;
2. Many do not come to us with the habits or mindsets they need to succeed;
3. Small steps provide the opportunity for many “wins” (reinforcements); and
4. Get to the missing 50% to 65% who need coaching.

It’s ironic that we spend so much time trying to break habits that we forget how hard it is to form them.
Interesting Examples (Relative Comparisons)

Ordering Choices for News Subscription:

• Online subscription $59
• Print Subscription $125
• Online and Print $125

• Most choose combo, getting something for free;
• Take away print only, most choose online; and
• We need context of relative value.
Interesting Examples

• Why do people pay more for a BMW than a Ford?
• Really smart people are trying to establish the value of something in the mind of consumers;
• How do we establish the value of a wellness program in the mind of our members?
• Cost of Healthy food vs. medications and medical care?
• How often do we put our wellness in a context for people?

Good Resource Books:
- “Predictable Irrational” by Dan Arielly;
- “Drive” by Daniel Pink.
Drive Maximum Engagement from an Employer Perspective
So What’s Your and Our Job in the Behavior Training Loop?

• Develop and stabilize **healthy individual behavior**;
• **Instill a culture of health** that fosters sustainable healthy actions in more of your employee population;
• Promote value based plan design that lowers barriers to entry; (Naturally Slim free to members, Airrosti co-pay)
• Work with Court to promote culture of health;
• Implement County Specific Incentives; and
• Peer recognition programs.
Key Components of Maximum Engagement

- Court Participation
- Proactive Coordinator & Committee
- County Specific Incentives
- Culture Change & Communication
Do Financial Incentives Change Behavior? **YES!**

- Comprehensive meta-analysis, only 15/350 studies met criteria to include in meta;
- Cash equivalent for behavior change, adults in real-world U.S. settings, randomized, controlled studies only;
- Smoking 2.48 x more likely to quit;
- Vaccination 1.92 more likely; and
- Combined 1.62.

Impact of Incentives on Fitness Participation

• Randomized design, continued incentives, discontinued incentives, control group;

• Up to $310 (discontinued) or $470 (continued) for up to 107 gym visits;

• Increased compliance from 13% to 62% (continued) or 64% (discontinued); and

• However, no significant impact on intrinsic motivation.
Incentive Activities That Move the Needle

Wellness Incentives – Engaging employees in meaningful change:

1. Annual Physicals – 22% lower cost (HEBP Pool 2016) or about $450/year, and saves lives;

2. Condition Management Coaching – Closing gaps in care saves $13.03 PEPM;
Incentive Activities That Move the Needle (cont.)

3. Fitness – fit men and women are 8x less likely to die of cardiac event than unfit people (independent of weight); and

4. Tobacco Cessation – positive changes start happening immediately, even with reduction.
Summary of Incentives

• Incentives do increase compliance short and medium term;
• Long term change: requires continued incentives or internal (intrinsic) motivation to do it;
• Health tends not to be a passion for most people until it’s gone; and
• Initial compliance *may* become intrinsic over time, but requires cultural alignment.
Why Leadership and Culture Matter
Creating a Culture of Wellbeing

A Culture of Wellbeing supports External Motivation (Incentives) and helps foster and drive Internal Motivation which both lead to ACTION.
Leadership and Culture

Leadership Engagement at All Levels:
- Shapes workplace climate
- Drives employee participation
- Inspires personal accountability
- Promotes sustainable success

66% of organizations with strong leadership support report improvements in employee health risks

An Effective Workplace Strategy:
- Incorporates wellness into County mission, vision and values
- Modifies strategies to articulate “culture of health”
- Translates vision into clear action steps and measures
- Aligns across the County by engaging leaders at all levels
Create a Culture of Wellbeing

- Full leadership support;
- Leaders participate and lead by example;
- Develop Environment and Policy;
- Healthy Vending machines;
- Flex Time to accommodate fitness;
- Employees walking on breaks;
- Computer kiosks set up for employees; and
- Fruit of Culture: Employees start creating own challenges.
Conclusions
Conclusions

1. A carefully designed behavioral engineering system that counteracts the healthcare wedge should play a greater role in employer programs if the true goal is behavior change and cost control; and

2. Incentives can be helpful, but only when culture and strategy are emphasized and aligned;

3. Incentives in the absence of those things can backfire;

4. Incentives, programs and strategies, when planned and executed well, can help control health care costs.

Source: https://www.lockton.com/whitepapers/Behavior_Economics_and_Wellness.pdf
References

References

- Daniel Kahneman and Vernon Smith both received the Nobel Prize in Economics for their work that helped integrate psychology and behavioral experiments into economics. See: http://www.econlib.org/library/Enc/bios/Kahneman.html; and http://www.econlib.org/library/Enc/bios/SmithV.html.


