

Sidebar 2

Conceptual Variable on Employers Confidence and Priorities

Employer confidence ratings. Different employers will have different levels of confidence in their ability to design and manage an incentive program, their ability to communicate it effectively and the impact of the wellness incentives on morale. Their levels of confidence in these areas impact the amount of the incentives. Each of these factors is described below.

Employee Morale. Employers need to consider the impact of wellness incentives on employee morale. Employers pay competitive salaries and offer a wide range of health, retirement, and other benefits to attract and retain the most talented people. Supporting this goal should be the bedrock of all employer policy decisions, especially policies related to employee benefits. A policy that damages employee morale is likely to reduce productivity, increase turnover, and make it more difficult to attract and retain high-quality employees, all of which are likely to destroy an organization much faster than unsustainable medical costs. Expressed more directly...employers should do everything possible to avoid creating a benefit structure that damages employee morale. Wellness incentives may enhance morale in some organizations, and hurt morale in others. Employers rating of their confidence that the wellness incentives will enhance morale will impact the amount of the incentives.

Wellness Incentive Program Design and Management. Designing and managing a wellness incentive program is challenging. Successful design and management of programs requires knowledge of the regulations including the legal appeals processes, understanding of behavioral psychology, intricate record keeping and stringent quality controls. This is a relatively new experience for employers and their consultants. It is likely that employers will make mistakes designing and implementing these programs for at

least one or two annual cycles before they work through all the common problems and develop best practice standards. Employers rating of their confidence in their ability to design and manage the incentive program will impact the amount of the incentives.

Communication Strategy and Campaign. The quality of the communication strategy and campaign can have a significant impact on employees' perception of the wellness incentives. A well designed and executed strategy and campaign can make employees excited about the incentives while a poorly designed and executed strategy and campaign can intensify employee concerns. Employers rating of their confidence in their ability to develop and implement an effective communication strategy and campaign will impact the amount of the incentives.

Medical cost equity. Employers who place a high priority on cost equity strive to reduce the extent to which employees are forced to subsidize the medical costs of other employees who have higher medical costs because of lifestyle choices they have made. These employers will support larger wellness incentive levels.

Health behavior change. Employers who place high priority on stimulating health behavior change will want to ensure wellness incentives are large enough to motivate employees to participate or to change.

Enhancing morale. Employers who place a high priority on enhancing morale will want to ensure their beliefs about the impact of incentives on morale will influence incentive values while those who place a low value will be less concerned about it. Also, from an incentive design perspective, employers who place a high value on morale will make a greater effort to set achievable health outcome standards, reasonable alternative standards, develop effective communication strategies and manage their programs effectively.