

Individual-level health incentives: a proposal for a checklist

Harald Schmidt
Research Associate, LDI CHI, Penn

PEH 27 Apr 2011

Center for Health
Incentives,
 Leonard Davis Institute of
Health Economics



Penn
Medicine

University of Pennsylvania
School of Medicine

Overview

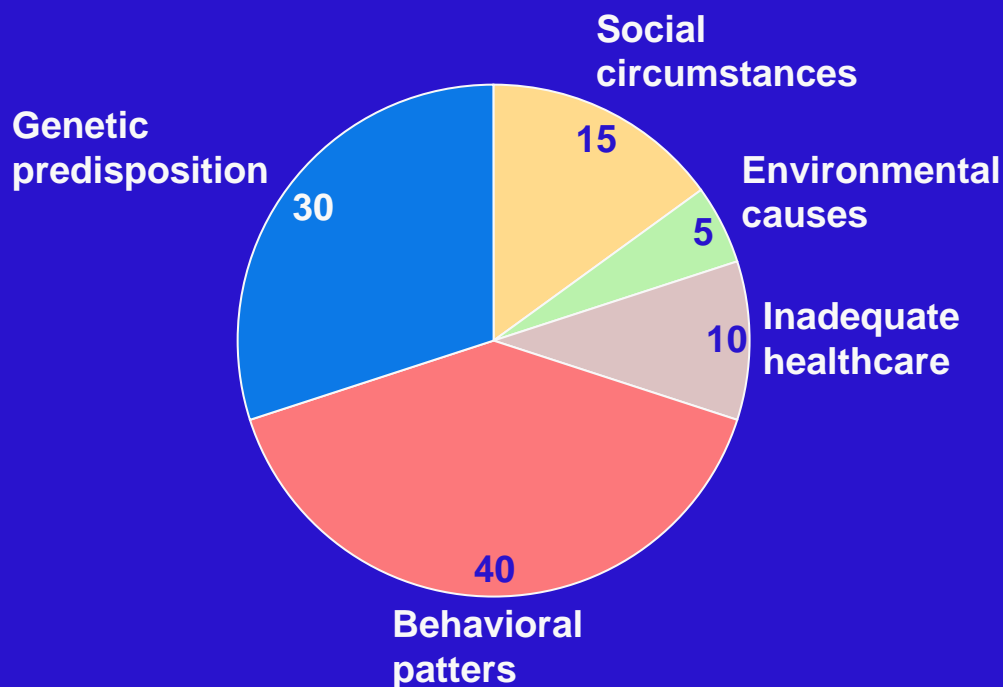
Checklists for health incentives:

- Why a checklist?
- For whom?
- If so: what goes on it?
- Questions

Drivers

- Rise in preventable diseases, role of behavior
- Evaluations: health improvement (Volpp et al. 2008, 2009...)
- Cost-saving/reduction potential: net medical costs fall by about \$3.27 for every dollar spent on wellness programs (Baicker/Cutler/Song 2010)
- 1/2 population employer-based insurance: tractable
- Health reform: higher levels of incentives: 20-> 30/50%

Causes of premature mortality in US



Schroeder SA. N Engl J Med 2007;357:1221-1228

Source: Schroeder SA. N Engl J Med 2007; 357:1221-1228

Possible complications

- Conflicting goals: promote health, reduce cost, improve efficiency, promote competition, reduce absenteeism, improve productivity
- 'Can do' & ethics & law
- No reporting requirement
- Possible victims without a lobby
- Backfire potential: wellness incentives perceived as about cost-shifting (not health improvement)



Why a checklist

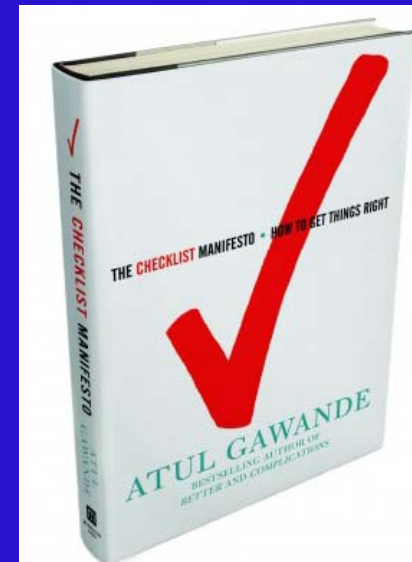
“Steering Clear of Ethical Pitfalls”:

- providing guidance in planning, monitoring and evaluating
- marking areas in which justification is owed
- Assisting those scrutinizing programs

Why a checklist

Gawande: The Checklist Manifesto

- Errors of ignorance (limited knowledge)
- Errors of ineptitude (improper knowledge use)
- Overcome ineptitude:
pilots, surgeons, traveling....



Checklists for whom?

- Doers: employers, consultants (state policy makers)
- (potential) users: workers and employees
- Commentators: journalists

What kind of checklist?

Detailed how-to-manual vs map-of-relevant-issues

- Variety of formats: individual, group-level
- Variety of types and levels of incentives



- Variety of target behaviors:
 - Primary and secondary prevention
 - Medication adherence
 - Substance abuse
 - Self, others, healthcare usage...

Map-of-relevant-issues checklist

- Transparency about goals
 - Science
 - Economics
 - Law
 - Ethics
-
- Non-exhaustive, essentials, clear and crisp...

Checklist - goals

- What are program goals :
promote health, reduce cost, improve efficiency, promote competition, reduce absenteeism, improve productivity...?
- Which one is to be maximized?
- How will possible conflicts be addressed?

Checklist - science

- Effectiveness: does it work?
- Efficacy: can it work?
- If I don't know: how will I find out & enable others to learn (from successes and mistakes)?

Checklist - economics

- Money-saving/cost-curbing:
 - To whom?
 - Over what timespan: short-, medium-, long term? Short-term savings sustainable?
- Incentive mechanics: what is justification for cost-shifting? Ok to just use share savings?

Checklist - law

- Is program non-discriminatory?
- Genuine offer of alternative standard?

Checklist - ethics

- Attributability and opportunity of choice: fair chances for all?
- Impact on third parties: neutral or straining?
- Equity: who benefits, and are differences in uptake acceptable?
- Solidarity/risk-pooling: supporting or undermining?
(Schmidt 2009, 2011)

Questions

- Useful and feasible?
 - Some/all addressees (doers, users, commentators)?
 - Focus on high level or detailed instead? Both?
 - What (else) should go on checklist(s)?
- Alternatives? Papers, books, conferences....?

References

- Baicker, C., Cutler, D., Song, Z. (2010). *Workplace Wellness Programs Can Generate Savings*. doi: 10.1377/hlthaff.2009.0626 Health Affairs 29, No. 2.
- Schmidt, H. (2008). Bonuses as incentives and rewards for health responsibility: a good thing? Journal of Medicine and Philosophy, 33,198–220.
- Schmidt, H. (2011) . Wellness Incentives and the five groups problem.
- Volpp, K., Troxel, A., Pauly, M., et al. (2009). A Randomized, Controlled Trial of Financial Incentives for Smoking Cessation, *N Engl J Med* 2009;360:699-709
- Volpp, K.; John, L., Troxel, A., et al. Financial Incentive Based Approaches for Weight Loss: A Randomized Trial *JAMA*. 2008;300(22):2631-2637.