



From Rewards to Results: Harnessing Financial Incentives to Promote Healthier Patient Choices

The Evidence for Financial Incentives in Healthcare

With nearly 80 years of research supporting its efficacy, financial incentives are frequently used as a transformative strategy for increasing patients' engagement with desired health behaviors.¹⁻⁴ By directly impacting the psychological, neurobiological, and social factors that drive motivation and self-regulation, financial incentives have a longstanding history of empirical support.⁵

Research indicates that rewarding patients with financial incentives has been shown to be 53%- 62% more effective at promoting a variety of healthy behaviors compared to no intervention or usual care.^{1,4} The direct impact of financial incentives lasts up to 18 months and may more than triple the likelihood of sustained behavioral changes even after incentives are discontinued.^{1,4} The strongest effects of financial incentives on behavioral outcomes are typically seen in the most under-resourced populations.^{2,4}

Rooted in the science of Contingency Management and behavioral economics,⁶⁻⁷ appropriately structured financial incentives assist patients in overcoming biases and other cognitive barriers to behavior change.^{2,8} Moreover, delivering financial rewards to underserved communities further facilitates patients' ability to overcome structural barriers to engaging in healthy behaviors and directly impacts individuals' social determinants of health.⁹

The practice of financial rewards for patients has been increasingly deployed in healthcare settings over the last 25 years,³ and the broad empirical support provides a nuanced understanding of the power of financial incentives for promoting healthy patient choices while simultaneously eliciting a significantly return on investment for healthcare stakeholders.^{5,10}

Key Clinical Areas Where Financial Incentives Work

As with all public health interventions, the exact strength of the effect varies by behavioral target, population of interest, and methods of implementation. The strongest evidence for financial incentives is in increasing performance of distinct, time-limited behaviors – such as vaccinations, screenings, and wellness visits – yet well-designed rewards-based interventions also demonstrate impact on more complex health behaviors.^{1-5,10-21}



SPOTLIGHT ON SMOKING CESSATION

The effectiveness of financial incentives for Medicaid recipients' participation in smoking cessation programming has been widely demonstrated; rewards increase engagement with counseling, improve nicotine abstinence rates, and reduce subsequent healthcare utilization.¹⁴⁻¹⁶ In Wisconsin, for example, financial incentives up to \$190 per member ($N = 958$) resulted in an average of \$1,078 cumulative cost savings per participant, a total savings of \$108 PMPM, and an incremental cost-effectiveness ratio (ICER) for the financial incentives of \$2,316 per additional person who quit.^{10, 14-15}



SPOTLIGHT ON DIABETES MANAGEMENT

The positive impact of financial incentives on recipients' engagement in diabetes and weight management programming has also been widely demonstrated, with indications that rewards can elicit greater weight loss and larger decreases in HbA1c.¹⁶⁻¹⁹ In New York, for example, 40% of Medicaid recipients incentivized for participation in a Diabetes Prevention Program achieved their weight-loss goals at 16 weeks compared to only 18% of non-rewarded participants ($N = 560$).¹⁷



SPOTLIGHT ON CANCER SCREENINGS

Evidence further demonstrates the effectiveness of financial incentives for increasing adherence with recommended cancer screenings among low-income populations.²⁰⁻²¹ Minnesota, for example, demonstrated that modest financial incentives (\$20) increased Medicaid recipients' completion of overdue mammograms by 30% ($N = 22,113$) and overdue colorectal screenings by 12% ($N = 94,294$).²¹

Challenges (and Our Solution) to Effective Implementation of Incentives

Given the extensive evidence base and expanded federal regulations protecting financial incentives as part of the movement toward value-based care,²²⁻²³ it is not surprising that the Centers for Medicare & Medicaid Services funded a \$85M longitudinal study to more closely assess the impact of financial incentives on adherence with chronic disease care programs.¹⁰

Despite the potential of incentives to promote health behavior change in the Medicaid population, states reported facing unexpected challenges in implementation due to limited administrative capacity,

a lack of staff expertise in designing behavior change programs and recruiting members to participate, and insufficient insight into programs' ROI.^{10,22} TheraPay[®] by Reciprocity Health was developed to address those real-world challenges. Whether elevating best in class clinical programs or system-wide efforts to close gaps,

TheraPay[®] offers patient journeys with financial incentives paid via a white-labelled, reloadable Rewards Card. The app-based experience (available on Android, iOS, or the web) provides immediate reinforcement for the most important behaviors, breaks complex treatments into manageable and fun activities, and engages patients based upon their unique circumstances through data-driven, omnichannel outreach.

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