

Consumer Activation and the Role of Incentives

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Overview

- Defining terms
- Why activate consumers?
- Why use incentives?
- Downside risks
- Scalpels not bludgeons
- Learning as we go

Defining terms

- People are people; they play different roles at different times and in different contexts
 - They may be your employees, your retirees (or their dependents)
 - They may be basically healthy, but making decisions that affect their health and health care (consumers)
 - They may have an identified short- or long-term condition, or be using medical services to maintain and promote their health (patients)

Defining terms

- As they play these different roles, the salience of various decisions and actions becomes more or less important to them
- Remember too the huge skew in who uses the vast majority of care, experiences outcomes and spends the vast majority of money: very few people
- All this affects a key aspect of incentive strategies: targeting

Why activate consumers?

- The health of populations is influenced only to a limited degree by health services; the bigger influences are the environment, behavior, demographic characteristics and genetics
 - We have to take demographic characteristics into account to make health care effective
 - We have to influence people's behavior to reduce the demand for health services among well people and also maximize the value of medical services

Why activate consumers?

- Value varies – quality varies – cost varies
 - In health plans
 - In all kinds of providers
 - In treatment options
 - Also in prevention/promotion programs
- People make some of the choices; we want them to make value-driven choices or we will never achieve high value health care

Why activate consumers?

- The health care system, as a system, is a mess
- It places huge demands on people who use it and hardly ever lets people know what those demands are or where to get help to meet them
- This means most people flounder around wasting their time, energy and money and often the time, energy and money of the system
- Until the system becomes user friendly, people have to know, understand and accept a variety of unknown roles of the care they get are unlikely to meet the six IOM aims of health care

Why activate consumers?

- Examples of the “unknown” demands we place on people (taken from the Consumer Engagement Framework of the Center for the Advancement of Health):
 - Self-triage to the appropriate setting when a problem requires professional attention
 - Bring a list of medications when visiting a health care provider; ask questions when explanations are not clear
 - Assess their risks for poor health, disease and injury
 - Follow treatment regimens; monitor and manage symptoms
 - Inquire about pre-authorization/pre-certification for all out of office tests and referrals

Why activate consumers?

- In sum, if people are not activated
 - Their individual health could be less than their potential health
 - The health of the population could be (as it is) abysmal in comparison to what we spend on health care
 - We could waste money on health care instead of (a) insuring everyone; (b) spending money on education which is the biggest predictor of health; and (3) be more profitable and/or pay workers higher wages

Why activate consumers?

- A final thought: consumer activation should not be pursued out of a sense that everyone else has failed to make the system more effective and efficient; it needs to be ONE element of a multi-part strategy undertaken by key stakeholders

Why use incentives?

- It is very hard to change behavior
- It is very hard to change the underlying assumptions people have (i.e. social norms) about what it means to use health care
- Quiet as it is kept, the “sickness role” articulated by Talcott Parsons still underlies the beliefs of many people (both consumers and providers) about their roles

Why use incentives?

- We use incentives, therefore, to:
 - Get people's attention
 - Give them a reason to do the right thing or stop doing the wrong thing
 - Make it easy for them to do the right thing or stop doing the wrong thing
 - Doesn't this sound a lot like quality improvement?

Why use incentives?

- Some people already do the right thing
- Others don't know what the right thing is
- Still others really don't want to spend the time and energy it takes to do the right thing
- And still others (the most sick and vulnerable) really don't have time, energy or skills it takes to do the right thing

Why use incentives?

- Strategic issues in using incentives:
 - What behavior do we want to change (be exact)? Why?
 - What are the benefits we assume will result? Immediately? In the long-term?
 - What assumptions are we making about follow on behaviors?
 - Example: Incentive to get a health risk appraisal; presumes a lot of follow-up steps for which you have not developed the same kind of incentives, v. paying people to quit smoking for x period of time

Why use incentives?

- Strategic issues in using incentives:
 - Whose behavior do we want to change?
 - How do we reach *them* rather than those who either already do what we want or are unlikely or unable to do what we want without a lot more intervention?
 - How do we gain and maintain their trust in our motivations?

Why use incentives?

- Strategic issues in using incentives:
 - What type of incentive do we use? Something direct like a payment (or a cost reduction) or a perk of some kind? Or something more indirect like a reduced premium or co-payment?
 - How do we make sure people understand that they actually face an incentive, given that people don't understand their benefits well, and may not pay much attention to your initial messages

Why use incentives?

- Strategic issues in using incentives:
 - Is it possible to create synergies in incentives facing both consumers and providers?
 - How do you keep providers from undermining incentives to activate consumers?

Downside risks

- People will not respond to the incentives
- The wrong people will respond to the incentives
- People will respond but the incentives will not ultimately have the desired short or long term results
- People will respond but the incentives will actually do harm, e.g. to people's health

Scalpels v. bludgeons

- Like most strategies in health care, incentives need to be “finely honed” to address strategic issues and downside risks
- For example, “tiering” in pharmaceutical benefits can be replaced by “reference pricing” that recognizes that for some illnesses, an expensive brand name drug is actually most cost-effective

Learning as we go

- There is very little solid research on many incentive strategies
- This will not stop people from using them anyway
- But it is important to learn as we go, so we can avoid expensive and inhumane disasters and make the best use of this approach

Learning as we go

- Test the waters first: use pilots before going for broke; get input from your target population before you finalize your design and especially how you present it
- Identify the key assumptions in your strategies; make sure these assumptions pass the laugh test; monitor closely to see if those assumptions are panning out

Learning as we go

- Share what you learn
- Shamelessly steal from each other
- Where possible, work with good researchers to design formal tests of strategies once they look as if they have “legs”
- Participate in groups like this that offer a forum for dissection, discussion and inspiration