

# well-being incentives

Employers are the largest providers of health care coverage in the US, providing benefits to approximately 177 million Americans. Workplace well-being initiatives are a key component of these benefits, which help improve our nation's health and control costs. Financial incentives play an important role in encouraging employee participation in these programs, but employers lack clear guidance on how to design them. Mercer encourages policymakers to provide a compliance framework that supports employers' ability to offer well-being incentives. Based on our work with thousands of companies, we urge that permissible financial incentives support and align with the following employer policies and practices.

## 01

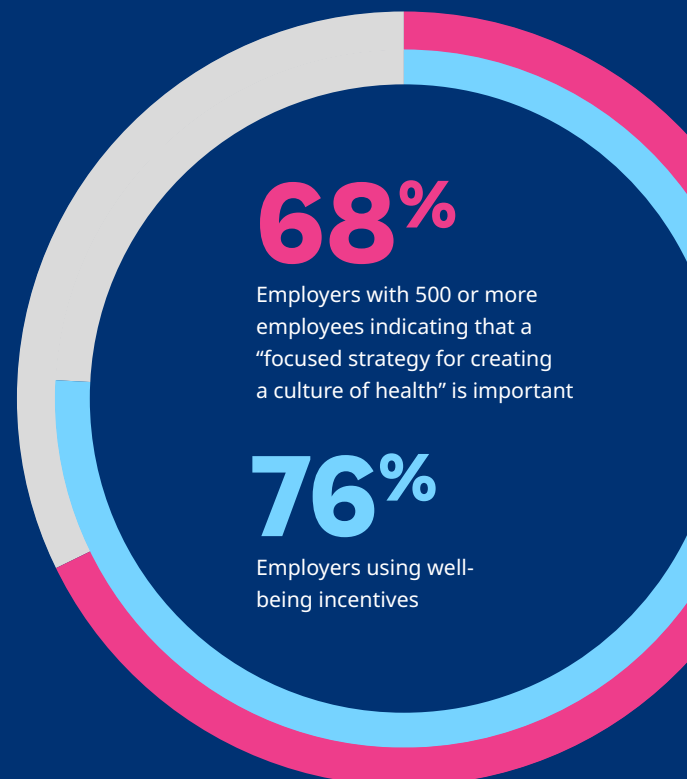
### Creating a culture of health and well-being



Including the entire employee population in the well-being initiative contributes to a culture of health.



Offering incentives to all employees, regardless of medical plan enrollment, contributes to the best practice of cultural and organizational support for health and well-being.

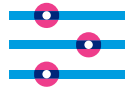


## 02

# Increasing employee awareness of health status



Health assessments and biometric screenings help individuals understand their current health status and what they can focus on to improve their health.



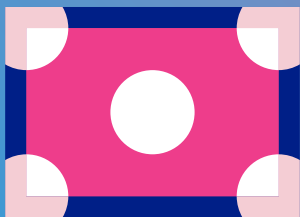
Personalized vs. one-size-fits-all results provide customized recommendations for individuals and direction on appropriate programs and services for the employer to provide.



Blinded, combined results allow employers to measure the progress of the entire well-being initiative and inform what future offerings and investments make the most sense.



Limiting employers to providing de minimis incentives would likely lead to large reductions in participation in these and other well-being activities.



# \$500

Median annual maximum value of all participatory incentives a member can earn

# 55%

Of eligible employees earn **at least some** of the available incentive

# 38%

Of eligible employees earn **the maximum** incentive

## 03

### Offering effective incentives



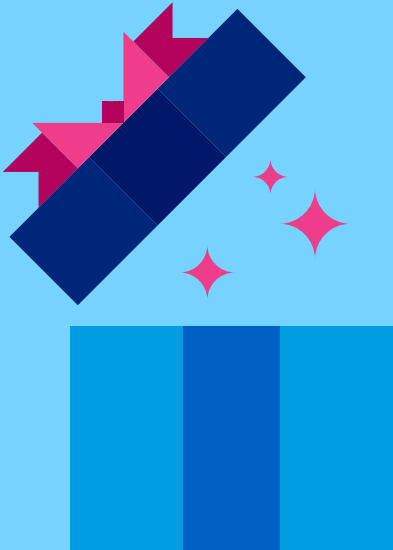
The majority of employers offering incentives base them on participation alone.



Health-contingent programs are not an approach for every organization and may require a higher level of communication and trust to be successful.



Data suggests that outcomes-based incentives are not any more effective than participation-based incentives in achieving higher participation or improved health targets.



**The use of financial incentives to achieve, maintain, or show progress toward specific health status targets (outcomes-based incentives as opposed to participatory incentives) has fallen sharply, from 38% in 2016 to 25% in 2020.**

## 04

### Providing employee choice



Many initiatives now embrace a broad definition of well-being, including physical, mental, emotional, social, financial well-being and purpose.



Employers like to offer a menu of choices and meaningful incentives to encourage participation in a variety of health-promoting activities (e.g. complete two of the four choices to earn a \$100 incentive).



## Emerging trend: the intersection of well-being and diversity

Broadly-defined well-being initiatives, offering choice and a supportive culture, are increasingly tied to incentivized well-being programs to support employer diversity, equity and inclusion (DEI) and environmental, social and governance (ESG) initiatives. Incentivized well-being programs are also being aligned with Employee Resource Groups (ERGs) around a variety of important cultural and social topics.

Mercer believes that public policy should support employers' ability to offer well-being programs that use voluntary, meaningful incentives to encourage participation and that use early detection efforts, such as screening at-risk populations, to improve the health and well-being of their employees.

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Sources:  
Mercer's National Survey of Employer-Sponsored Health Plans

Barleen et al. Outcome-based and Participation-based Wellness Incentives, *Journal of Occupational and Environmental Medicine*; March 2017 - Volume 59 - Issue 3 - p 304-312, available at [https://journals.lww.com/joem/Fulltext/2017/03000/Outcome\\_based\\_and\\_Participation\\_based\\_Wellness.10.aspx](https://journals.lww.com/joem/Fulltext/2017/03000/Outcome_based_and_Participation_based_Wellness.10.aspx)

Grossmeier et al. Workplace well-being factors that predict employee participation, health and medical cost impact, and perceived support. *AJHP*, 2020;34(4):349-358, available at <https://journals.sagepub.com/doi/full/10.1177/0890117119898613>

2020 HERO Progress Report available at <https://www.mercer.us/content/dam/mercer/attachments/north-america/us/us-2021-hero-health-and-well-being-best-practices-scorecard-progress-report.pdf>