

# Cash for weight loss? Works better when employees compete for pots of money, study finds

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Do cash rewards for healthier habits work? Maybe, says a new study, if you add on one more condition – peer pressure.

A growing number of companies are offering employees an opportunity to boost earning power at work via [cash incentives](#) to stay healthy. Under the [Affordable Care](#) Act, employers will soon be able to offer even larger financial incentives to prod healthy [lifestyle behaviors](#) among their workforce, such as quitting smoking and losing weight.

But people who are offered money for [weight loss](#) may be much more successful when awards are based on a group's performance – rather than just their own – according to a study led by the Ann Arbor VA Healthcare System and the University of Michigan Health System.

Group-based [financial incentives](#) led to nearly three times more weight loss than cash awards based on an individual's [weight loss success](#) alone, according to the findings that appear in the *Annals of Internal Medicine*.

"There is broad and growing enthusiasm for rewarding healthy behaviors in the workplace, but there is little evidence on the effects of these strategies," says lead author Jeffrey T. Kullgren, M.D., M.S., M.P.H., health services researcher in the VA Center for Clinical Management Research and the division of general medicine in the U-M Medical School. "We anticipate more employers to offer these awards in an

effort to help control [health care costs](#) while also improving the health of employees.

"We found that these incentives were substantially more powerful when delivered in groups, which has important implications for both policymakers and the employers who are considering offering them."

The study examined two types of incentive strategies among employees who were obese at the Children's Hospital of Philadelphia. In the first group, individuals were offered \$100 each month they met or exceeded weight loss goals. In the second group, individuals were placed into groups of five people in which \$500 was split among the participants who met or exceeded monthly weight loss goals – upping competition by allowing some to earn more than \$100 if other members didn't meet goals.

After each monthly weigh in, an automated message notified participants of their earnings – or if they failed to meet their target, what they would have earned had they been successful.

After six months, the group approach overwhelmingly beat out the singles when it came to enticing people to shed pounds.

"Despite the health and economic consequences of obesity, the problem isn't getting any better, and there is great interest in identifying new approaches to combating this major health issue in our country," says Kullgren, also a researcher for the Institute for Healthcare Policy and Innovation.

"Approaches such as 'The Biggest Loser' have received popular attention as ways to harness group dynamics to encourage weight loss, but the winner-take-all nature could be discouraging for everyone but the most successful person. We need more data to compare how different group-

based approaches stack up against each other."

Starting in 2014, the Affordable Care Act expands employers' ability to reward employees who meet health status goals by participating in wellness programs. Rewards may include premium discounts or rebates, lower cost-sharing requirements, the absence of a surcharge, or extra benefits related to employer-sponsored health coverage.

**More information:** "Individual-Versus Group-Based Financial Incentives for Weight Loss," *Annals of Internal Medicine*, April 2, 2013, Volume 157, No.7.

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