Jobs that pay for pounds lost can work

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With obesity costing the nation $190 billion each year in health care expenditures, employers are increasingly offering cash and other incentives to motivate workers to lose weight.

Do such programs work? Do they slim employees' waists and fatten their wallets, while trimming the corporate bottom line?

Their success depends largely on the type and frequency of rewards offered to employees, according to a study led by Cornell health economist John Cawley and co-authored by Joshua Price, Ph.D. '10, assistant professor at the University of Texas at Arlington.

Published in the *Journal of Health Economics* (32:5), the study is one of the first to examine a large sample in an employer-sponsored weight-loss program, unlike previous studies, which have focused on small pilot programs.

The researchers analyzed 2,635 workers enrolled in company weight loss programs at 24 worksites across the country. Financial incentives varied from periodic cash payouts for dropping pounds to no rewards, which acted as a control group.

More than two-thirds of participants dropped out before the end of the yearlong program, an "extremely high" attrition rate, according to the authors. Quitters tended to lose less weight than those who remained enrolled. Enrollees showed modest weight loss, most of which occurred in the program's first six months. Workers who had posted their own money in the form of forfeitable bonds that were repaid if they achieved specific weight loss targets lost the most weight.

Workers lost less weight in the program than in previous pilot programs, which may be explained by the study's large scale and basis in worksites as opposed to academic centers. Despite the modest results, the authors believe offering financial incentives for weight loss has merit.

"Evidence indicates that it's important to pay rewards immediately upon achieving the objective – this makes them more effective and reinforcing," said Cawley, professor of policy analysis and management and of economics in the College of Human Ecology.

Another key to structuring incentives for weight loss is to motivate people by "loss aversion" – the economic theory that people prefer avoiding losses over achieving gains.

"It's clear that people who put their own money at stake do better," so programs should have such an option, Cawley said.

Starting in January 2014, new Patient Protection and Affordable Care Act rules will allow health insurers to offer people enrolled in workplace wellness programs financial rewards equal to 30 percent of their annual health insurance premiums. Insurers may structure these as either financial penalties for unhealthy behaviors or incentives for healthy behaviors.

"It is really important that employers seek evidence-based approaches," Cawley said. "Ideally, this new feature of Obamacare will be win-win: The insured engage in healthier behaviors, and health insurers see decreases in claims."

Past research by Cawley has shown that obesity accounts for one out of five health care dollars spent annually in the United States, or roughly $190 billion. What's more, obesity is associated with $4.3 billion in job absenteeism costs each year, according to other earlier research by Cawley.

More information: www.sciencedirect.com/science/ … ii/S0167629613000544

Provided by Cornell University

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