Six Drivers of Engagement

White Paper

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The key to enabling employee behavior change and getting the most out of your benefits tools and programs is to maximize employee engagement.

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Executive Summary

Employee engagement is critical to maximizing the value of an employer’s benefits portfolio. Innovative tools and programs can be implemented to achieve employees’ behavior change; however, engagement with such tools can be often difficult to predict and influence.

Methodology

Analysis was performed across Castlight’s entire book of business as of January 2012. Employers represented a wide range of industries including technology, manufacturing, retail, and services. All employers had launched with Castlight for at least three months. The data set represented over 100,000 employees in all 50 U.S. states.

Using regression analysis on this data set, we were able to determine the relative impact of six drivers on overall employee registration as a percentage of total eligible employees: gender, email, plan design, incentives and promotion.

<table>
<thead>
<tr>
<th>Gender</th>
<th>% of female employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>% of total insured employees with regular access to an email account provided by their employer</td>
</tr>
<tr>
<td>Plan Design</td>
<td>Percent of total insured employees that are enrolled in a high-deductible health plan</td>
</tr>
<tr>
<td>Incentives</td>
<td>We measured incentives for employees at three levels:</td>
</tr>
<tr>
<td></td>
<td>• No incentive</td>
</tr>
<tr>
<td></td>
<td>• A “medium” incentive, with an expected value between $3 – $5 (e.g., drawing incentive)</td>
</tr>
<tr>
<td></td>
<td>• A “high” incentive with an expected value of $50 or higher (e.g., fixed HSA contribution)</td>
</tr>
<tr>
<td>Promotion</td>
<td>We measured promotion intensity at three levels:</td>
</tr>
<tr>
<td></td>
<td>• No promotion</td>
</tr>
<tr>
<td></td>
<td>• A “medium” rate of promotion, defined as “2 or fewer emails during launch, limited on-line promotion, or promotion combined with other programs”</td>
</tr>
<tr>
<td></td>
<td>• A “high” rate of promotion, defined as “3+ dedicated emails during launch, extensive promotion on benefits portal and intranet”</td>
</tr>
</tbody>
</table>
Predicting Engagement

The data indicate the following effect of each factor on registration.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Effect Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Females register at a rate 7.2% higher than do males.</td>
</tr>
<tr>
<td>Email</td>
<td>Employees with direct regular email access register at rates 17.7% higher than those without it.</td>
</tr>
<tr>
<td>Plan Design</td>
<td>Employees on a high-deductible plan register at a 16.5% higher rate than those not on a high-deductible plan.</td>
</tr>
<tr>
<td>Incentives</td>
<td>We measured incentives for employees at three levels.</td>
</tr>
<tr>
<td></td>
<td>• No incentive</td>
</tr>
<tr>
<td></td>
<td>• A “medium” incentive drives a 15.2% increase in registration as compared to no incentive.</td>
</tr>
<tr>
<td></td>
<td>• A “high” incentive is worth a 30.4% increase in registration as compared to no incentive.</td>
</tr>
<tr>
<td>Promotion</td>
<td>We measured promotion intensity at three levels.</td>
</tr>
<tr>
<td></td>
<td>• No promotion</td>
</tr>
<tr>
<td></td>
<td>• A “medium” rate of promotion is worth a 7.4% increase in registration</td>
</tr>
<tr>
<td></td>
<td>• A “high” rate of promotion is worth 14.8%.</td>
</tr>
</tbody>
</table>

The regression equation tells us that 93% of the predicted engagement rate is explained by these six factors.
It's been shown that incentives help employees overcome the natural barriers that are inherent in devoting attention to learning a new concept.

### Application in Real-Life Context: Registration Prediction Tool

Using the regression equation, a Registration Prediction Tool (Figure 3) was created to help employers:

1. Project engagement rates with the Castlight application, for each employee population.

2. Determine areas of focus for communications programs.

The tool requires eight inputs to calculate a projected engagement rate. In addition to the six engagement factors, two other factors regarding the company’s profile are needed to run the tool:

- Number of employees eligible to be enrolled
- Total savings opportunity at 100% employee engagement

\[
\text{Engagement} = -0.18 + (0.07 \times \text{Gender}) + (0.18 \times \text{Email}) + (0.17 \times \text{Deductible}) + (0.15 \times \text{Incentive M/H}) + (0.07 \times \text{Promotion M/H})
\]
The remaining six factors are categorized as:

- **Structural factors** including gender, email access, and plan design. These are typically beyond employer’s control near term given the existing employee pool, benefits options, and company technology infrastructure.

- **Engagement levers** including the level of incentive and the level of electronic and print promotion. These engagement levers are the primary near term drivers that can be utilized by the employer to drive employee engagement.

The output of the tool provides a predicted rate of engagement, as well as a predicted amount of total savings. Guidance is provided given both a “Low” engagement scenario as well as a “High” engagement scenario.

The tool helps employers get a more granular understanding of how they can achieve their target levels of engagement. It easily shows how slight changes in the engagement plan can directly impact engagement for the customer’s particular employee population.

### Results: Three Case Studies

**Esterline: Putting a premium on human interactions**

Esterline is a leading aerospace manufacturer based in Bellevue, Washington. The company offers a high deductible plan and has email access to most employees. 60% of their work force is male.

When launching with Castlight, the benefits team decided to invest in a “medium” level incentive and a “high” level of print and email communications.
The registration prediction tool projected an engagement range of 28% to 42%. However, Esterline wanted to achieve a 50% registration target. In order to exceed the target, Esterline made an additional investment in extensive three-week, face-to-face employee trainings on the Castlight, yielding an additional engagement. The final engagement rate achieved was 51%.

**Willis: Increasing participation in HDHPs**
Willis is a leading insurance brokerage based in Chicago, IL. The company offers multiple plan options, including both an HDHP and a PPO. Thus, their employees are less likely to participate in a high-deductible plan.

When communicating the launch of the Castlight application, they distributed a moderate amount of print and email promotion, with messaging that combined Castlight with other benefits programs. Willis did not initially use incentives.

The tool predicted that Willis would achieve a 25%-38% participation rate, and the current engagement rate is 32%, well within the predicted range.

**Honeywell: Maximum engagement by maximizing investments**
At Honeywell, the Castlight application was launched alongside a company-wide transition to a high deductible CDHP. Because their employee population is predominantly male, they made a special effort to contact employees’ spouses (predominantly female) through print media sent directly to the home. They also conducted pre-launch education, launch promotions, as well contributed $50 to the employee’s HSA for registering with Castlight.

Honeywell’s predicted range of engagement was 46%-68%. This comprehensive high-promotion, high-incentive approach yielded an actual engagement rate of 70%.

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**Figure 4: Application of Engagement Estimation Tool**
Discussion: Why each factor affects engagement

**Plan Design**
Exposure to “out-of-pocket” costs is a key motivator for employees to become more accountable for their health care decisions. High-deductible health plans expose employees more directly to costs. As a result, employees enrolled in these plans are more engaged with tools that allow them to be better health care consumers.

**Email Access**
Email is the most effective channel for reaching employees for two reasons. First, email communications can instantly get employees’ attention, and they require people to interact with the message (e.g., opening or clicking the email). This provides useful metrics to the employer about message receptivity. Secondly, email access provides employees with the instant ability to take action, increasing behavior changes.

**Gender**
Our data set shows that women engage at rates that are 2-13% higher than men, all other factors being held constant. There are multiple theories about why this might be true, and the answer likely is a combination of these factors. Women have more episodes of health care as well as more health care expenses. Because of the increased frequency with which they get care, women are more likely to have increased sensitivity to both the cost and quality of care. Secondly, in our primary research, we frequently heard that women are more likely to play the role of the health care decision maker for the family. Thus, many would gain the most utility from a health care consumerism tool, and therefore may be more likely to register.
Incentives
Incentives are the most effective driver of engagement and help maximize employers’ return on investment in communications. In the case of a health care transparency solution, it is important to motivate employees to become users, exclusive of the need for immediate care. It’s been shown that incentives help employees overcome the natural barriers that are inherent in devoting attention to learning a new concept. Thus, incentives play a large role in driving employees to a first-time user experience that opens the door for them to becoming better health care consumers when the actual need for services arises.

Digital Promotion
For the employees who work at computers and have corporate email accounts, online communications are a key driver of engagement. We have closely studied email engagement patterns, open rates, and click rates. The extent to which employers use these online channels in a smart and repetitive fashion will have significant impact on employee engagement levels. Email marketing also provides a great deal of specific and measurable data about what messages and strategies are particularly effective at engaging employees.

Digital promotion, when done well, can generate enormous returns relative to other forms of marketing. Online promotion, when it is a viable option, is superior to off-line promotion because it elicits better user engagement, it reaches employees at a lower cost, and because it allows for easily measurable results.

Print Promotion
Because not all employees and their family members have online access or corporate email, print promotions are also valuable in driving engagement. The key benefits of these promotions are that they are transportable (available at both home and work) and that they are displayable as a constant reminder both in the workplace and in the home. Using mailings such as postcards, or distributing items such as refrigerator magnets allow for engagement at home, and may prove especially useful in reaching spouses or family members who are involved in making health care decisions, and in many cases may be the primary decision maker in the family. Additionally posters in the workplace can serve as constant reminders to employees who are away from their desks, and they allow for the opportunity to reinforce campaign messaging in an additional medium.
Overcoming challenges

Four common challenges employers may face when applying these drivers to their engagement plans include:

• Low or no high deductible plan selection
• Lack of access to employee email addresses
• Predominately male workforce
• Limited incentive budget

**Challenge: Low or no high deductible plan selection**

Though high-deductible plans motivate employee engagement with health care, they are not the only motivator of health care transparency. Employers that are able to maintain a benefits-rich offering, should extensively emphasize and promote other benefits, most importantly quality and convenience.

It is also possible to overlay a PPO plan with a rewards design that pays employees cash or points for going to lower cost providers, using carrots instead of sticks to motivate behaviors.

**Challenge: Lack of access to employee email addresses**

The reality is that most employees do have email addresses; however, they are many times personal e-mail accounts. We’ve heard from employees that they do generally prefer email over print communications. We have worked with several employers to give employees the opportunity to provide personal email addresses as an additional option to receive such communications. This can be done during annual enrollment, as well as during new employee onboarding. It not only is more convenient for them, but it saves a lot of resources in terms of time and paper. So you can even promote the environmentally friendly stance if that suits you.

**Challenge: Predominately male workforce**

For employee populations who are heavily male, it is even more important to try to reach any spouses or partners at home. From our research it is often the spouse or partner at home who is the health care decision maker for the family, and often times they feel left out of the equation. Strategies for reaching spouses and partners directly, typically with print, special incentives, and other home based reminder items, is an essential part of the engagement program in these situations.

**Challenge: Limited incentive budget**

Incentives are one of the most effective ways to motivate employees. With a limited budget, implementing an effective program can be difficult. Two tactics can be used to overcome this. First, if you are you already funding an HSA or HRA, you can make some of that already budgeted funding contingent on your employee participating in your health care consumerism program.
A second tactic is to stretch dollars by doing a drawing. Even small incentives, such as digital tablet drawing, can be structured to be very cost effective in motivating employees. In our research, it was shown that broad incentives, such as the $50 HSA contribution, are the most effective, but that drawings are actually more cost effective, in terms of per engaged employee cost.

It’s important to note that if, culturally, financial or prize incentives are not appropriate, consider a donation to a charity or cause on the employee’s behalf as your incentive.

Conclusion

Engagement in innovative new benefits programs is affected by many factors. Some of these factors are easier to immediately influence than others. A comprehensive approach that takes into account the profile of your company and the existing structural factors, and then uses the engagement levers to drive participation to desired levels is the best solution. Every organization is different, thus the approach needs to be tailored to both the specific employee population as well as the stated engagement goals, based on available budget.

References

1. Engagement for the purposes of this study was defined as registration rates.
2. These statistics apply to email promotion for employees with email access, and to print promotion for the employees who do not have email access.
3. This regression has an “R-Square” of .93, meaning that the regression equation explains 93% of the variance in registration.