The Role of Financial Incentives in Preventive Health – 2011

Greater consideration is being given to financial incentives as a means of motivating patients to change ‘lifestyle’ related behaviours, commonly as part of schemes aimed at reducing rates of obesity, smoking and other addictive behaviours. A financial incentive can be a monetary transfer, either in cash or in-kind, that is provided directly to individuals with the intention of inducing a particular behaviour (or change in current behaviour). Also, financial disincentives are used as a penalty for failing to exhibit a desired behaviour, usually in the form of increased taxes but can also extend to penalties related to social welfare payments. Financial incentives may be offered over the short-term as an immediate enticement to encourage a specific “one-off” behaviour, or they can be focused on promoting longer-term behaviour change. Incentives may be broadly focused and offered to the community or they may target particular individuals or population groups. Financial incentives may also be targeted at industries that produce products that are harmful to health.

Available evidence shows financial incentives provided directly to patients are only effective for simple once only procedures, such as preventive health checks, screening or immunisation. Financial incentives provided to health care professionals to change their behaviour do not appear to improve patient outcomes. The AMA does not support the use of financial incentives to influence the clinical behaviour of health care professionals. The particular characteristics of health care settings and individuals are likely to influence the effectiveness of financial incentives and disincentives. The potential for unintended consequences must also be recognised.

Some aspects of health are determined primarily by societal factors rather than individual choices. Public health initiatives generally recognise that collective responses from governments and communities are required. A risk associated with the use of financial incentives is that it may give a false impression that decisions about health behaviours are made in isolation.

The effectiveness of financial incentives will be dependent on their acceptability to the populations they target. Much of the available evidence is from overseas (predominantly the USA). It is important to consider whether the targeted patient groups, health professionals, or the broader community would find the approach acceptable in the Australian context.

The AMA:

- recognises the international evidence that financial incentives have potential to encourage specific “one-off” preventive health behaviours;
- provides in-principle support for financial incentives that:
  - are targeted at specific “one-off” behaviours;
  - do not undermine the doctor-patient relationship or patient autonomy, and
  - are properly evaluated.
- calls for Australian research to be undertaken on the effectiveness and acceptability of financial incentives in preventive health care.


2 Marteau T, Ashcroft R & Oliver A. *Using financial incentives to achieve health behaviour*. 2009 British Medical Journal: 338 pp 983-5. Available at: http://www.bmj.com/content/338/bmj.b1415.full


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