# Too poor to say no? Health incentives for disadvantaged populations

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**Abstract**: Incentive schemes, which offer recipients benefits if they meet particular requirements, are being used across the world to encourage healthier behaviours. From the perspective of equality, an important concern about such schemes is that since people often do not have equal opportunity to fulfil the stipulated conditions, incentives create opportunity for further unfair advantage. Are incentive schemes that are available only to disadvantaged groups less susceptible to such egalitarian concerns? While targeted schemes may at first glance seem well placed to help improve outcomes among disadvantaged groups and thus reduce inequalities, I argue in this paper that they are susceptible to significant problems. At the same time, incentive schemes may be less problematic when they operate in ways that differ from the 'standard' incentive mechanism; I discuss three such mechanisms.

Incentive schemes, which offer recipients benefits if they meet particular requirements, are being used across the world to encourage healthier behaviours. From the perspective of equality, an important concern about such schemes is that when individuals are not equally well positioned to fulfil the stipulated conditions, incentives create opportunity for further unfair advantage.[1] Are incentive schemes that are available only to disadvantaged groups less susceptible to such egalitarian concerns? To the extent that they offer disadvantaged individuals a benefit that will make them better off (usually in terms of resources) on the condition that they do something that will *also* make them better off (usually in terms of health), such schemes may at first glance seem well placed to help improve outcomes among disadvantaged groups and thus reduce inequalities. However, as I argue in this paper, incentives that target disadvantaged groups are susceptible to significant problems, including concerns about equality. At the same time, incentive schemes can be less problematic when they operate in ways that are not primarily the 'standard' incentive mechanism; I discuss three such mechanisms.

## Targeted incentive schemes

The primary goal of incentive schemes is to change recipients' behaviour by offering them a certain benefit (or the avoidance of a penalty) if they meet particular requirements. Many incentive schemes have been offered universally, i.e. they are available to everyone in a particular population. In other contexts, the benefit may be available only to specific groups but the group selection is not based on criteria related to disadvantage, as in US 'wellness programmes', which individual employers can offer to their employees to reward and/or penalise them for particular behaviours or outcomes.[2]

Non-targeted incentives have received mixed responses from those concerned with equality: while for some they constitute a possible mechanism for reducing unfair inequalities in health,[3] they arguably create further opportunities for unfair inequality by providing additional benefits that are more easily accessed by those who are already advantaged.[1] However, it has been suggested that when incentives target disadvantaged populations, the egalitarian case for incentive schemes is clearer than for non-targeted schemes. Lagarde et al., for example, note in connection with conditional cash transfers (CCTs) used in developing countries that

> these programs are justified by social equity concerns, especially when they target disadvantaged groups. As low-income individuals usually face the greatest barriers to access, such conditional cash transfer mechanisms can also help redistribute resources to reduce health inequities. They can potentially increase the use of health services by low-income individuals by providing funds to help overcome some financial barriers to access, including costs related to seeking health care or sending children to school.[4]

Similarly, Cookson suggests that 'carefully designed conditional cash transfers have the potential to improve population health and reduce health inequality'.[5]

In this paper, I focus on incentive schemes targeting two types of disadvantaged populations. First, many schemes target people on low incomes. CCTs, which have become popular in many Latin American and other developing countries, have focused on poor neighbourhoods or regions and/or on low-income households.[4] Similarly, in wealthier countries, schemes such as Opportunity NYC were specifically focused on low-income neighbourhoods, offering cash payments to residents who met certain criteria.[6] The Scottish scheme 'Give it up for baby' offered grocery vouchers to pregnant women in deprived communities for quitting smoking.[7] Perhaps most notoriously, West Virginia's Medicaid system (available to those on low incomes) sought to deny coverage for basic medical services to individuals who failed to meet certain requirements with respect to attendance of appointments and compliance with doctors' prescriptions.[8]

While I will be concerned primarily with economic disadvantage, I also consider a second type of disadvantaged group who have been the target of incentive schemes: those with health problems. This includes patients with mental health issues, for example when cash payments are offered to psychiatric patients who accept anti-psychotic depot medication[9] or when people suffering from addictions can receive cash for adhering to hepatitis B vaccination programmes[10] or for accepting long-term contraception or surgical sterilisation.[11] Although conceptually distinct, these two types of disadvantage are in practice, of course, correlated with one another, with people from disadvantaged backgrounds being more likely to be affected by health problems as well. This aggravates some of the concerns I will discuss.

Incentive schemes can be designed in very different ways, particularly with respect to the benefits offered and the stipulated requirements. Further, some schemes seek to benefit not primarily the recipients but their children: particularly in CCTs, benefits are often tied to parents' meeting particular requirements with respect to their children, such as sending them to school and ensuring that they are vaccinated. Similar approaches have been tried in wealthy countries.[6,12]

## What's problematic about targeted incentives?

In this section, I consider four concerns about incentives targeting disadvantaged populations. The extent to which different schemes are susceptible to them can vary depending on an individual scheme's design. These concerns, then, are not to be considered knock-down arguments against incentive schemes but rather as the types of considerations to take into account when making decisions about the design and implementation of proposed incentive schemes.

### *Is conditionality fair?*

Cookson notes that 'it is… fair that welfare recipients should be expected to make simple low effort changes in their behaviour to avoid burdening their fellow citizens.'[5] This assumption is far from obvious. If those on low incomes and those in poor health are *unfairly* disadvantaged, fairness would require that we seek to address this disadvantage, through redistribution, compensation or other means. If the disadvantaged are owed assistance as a matter of distributive justice, then making this assistance conditional on recipients' meeting particular requirements is problematic. Some people may not be able to meet the requirements and lose access to the aid; those who do

meet the requirement must accept any burdens associated with doing so. It is far from clear, therefore, that conditionality could be understood as exacting fair reciprocity from recipients; if the recipients are unfairly disadvantaged to start with, they are owed (unconditional) compensation.

Of course, fairness is not the only consideration at play here and any unfairness that comes with conditionality might be outweighed by other considerations (for example, if incentive schemes make the disadvantaged better off than they would be if the benefits were provided unconditionally). However, the possible unfairness of conditionality – the subject of much debate in other areas of social policy[13-16] – is hardly ever recognised in debates about targeted health incentives.

*Creating opportunities for unfair inequality*

For universal incentive schemes, it seems an obvious concern that those who are better positioned to meet the stipulated requirements are now receiving opportunities for additional benefits; the incentive scheme thus creates opportunities for further unfair inequalities. To what extent is this still a concern for incentive schemes that are only available to those who are, either in terms of income or in terms of health, disadvantaged?

Even when the group targeted by a particular scheme is disadvantaged relative to the population as a whole, there may be variations within that group that also affect how easily individuals can meet the stipulated requirements. Consider, for example, the 'Give it up for baby' scheme, which targeted women in deprived neighbourhoods in Scotland, offering grocery vouchers to those women who quit smoking and were able to maintain cessation. While this scheme targeted only deprived areas, deprivation levels varied across the targeted areas. The researchers found that the scheme had stronger effects in those areas that were relatively more affluent.[7] Typically, however, this kind of effect is not assessed in the evaluation of incentive schemes, making it hard to determine the extent of this problem. Thus, the concern remains that incentive schemes are of greater benefit to the relatively more advantaged.

We may, of course, find that if incentive schemes bring about substantial improvements for a group of people who are among the worst-off, then such improvements can outweigh any inequalities in the effects of incentive schemes on people from different levels of disadvantage within that group. The question of whether or not these gains outweigh the possibility of unfair inequalities should be an explicit part of the assessment of targeted incentive schemes.

*Incentives negatively influencing decision-making processes*

Although incentive schemes are sometimes described as 'empowering' recipients,[17] an important concern about incentives targeting disadvantaged populations is that they could undermine, rather than enhance, recipients' decision-making processes: being poor, for example, or needing cash to buy drugs, means that recipients simply cannot afford to decline the incentive on offer and will seek to meet the stipulated requirements, even if they would not otherwise consider this to be in their interest.

Even when incentive schemes are designed so as to improve outcomes for recipients, they are often not flexible enough to accommodate recipients' own assessments of which course of action best promotes their wellbeing (or that of their children, in the case of schemes that seek to influence what parents do for their children). Incentive schemes often target behaviours that recipients can reasonably regard as inappropriate for them or as insufficiently sensitive to their preferences and circumstances. For example, patients with schizophrenia may have concerns about anti-psychotic depot medication because of possible side effects; women may prefer to give birth at home rather than at hospital. Similarly, for poor families, it may not be reasonable to purchase health care (one of the conditions rewarded with a cash payment in the Opportunity NYC scheme) when this comes at the expense of meeting other, more immediate or pressing needs. In such circumstances, the

incentive may sway people to act in ways they wouldn't choose if the incentive was not offered or offered unconditionally. The concern that incentive schemes might be attached to options that recipients have good reasons to avoid is heightened by the fact that incentive schemes are often designed by people who may have little experience of what it is like to be disadvantaged.[18,19]

Of course, there is a sense in which people are made better off when an incentive is offered. Arguably, nothing is taken away and they can choose to comply with the stipulated requirement depending on whether or not they believe they will be better off for it. However, incentives increase opportunity costs attached to courses of action that individuals might otherwise have preferred. This problem increases with the size of the benefits as it becomes increasingly hard for disadvantaged individuals to decline them.

*The expressive dimension of incentive schemes*

A final problematic aspect of incentive schemes concerns the 'expressive' dimension of such interventions, i.e. the implicit meanings and attitudes they express. As has been emphasised in the legal context, assessing legislation should also capture such implicit meanings and attitudes,[20] and such concerns are also beginning to be considered in the context of health interventions.[21]

What kinds of attitudes can targeted incentive schemes be seen to convey? First, incentive schemes can express certain assumptions about why the targeted populations are not adopting certain behaviours in the absence of an incentive. One concern here is that when the benefits are small or not connected to particular barriers disadvantaged groups face, they may send the message that there are no 'real', material barriers to behaviour change but merely motivational ones. In a context where members of disadvantaged groups typically face multiple significant barriers to behaviour change, such messages are of course problematic.

Second, incentive schemes can signal certain assumptions about the targeted groups. In the context of conditionality in social welfare more broadly, Deacon describes a number of different arguments that might be given for conditionality, all of which, in different ways, suggest a negative view of recipients:

> contractualism sees the sanctioned as people who are calculating free riders on public goods and services. Welfare conditionality prevents them from making a claim upon the public purse without making a productive contribution in return. Paternalism sees them as people who may be well intentioned but lack capacities and motivation. In this understanding, welfare conditionality requires them to have more regard for their own well being and that of their dependents. Mutualism sees them as people who are irresponsible and have no concern for others. The role of welfare conditionality is to pressure them to honour the commitments and virtues that are essential to the health of civil society.[22](p134)

Underlying at least some of these descriptions is a broader concern that targeted incentive schemes can signal the unequal social status of the targeted populations. As Schubert and Slater suggest in their analysis of CCTs,

> Imposing conditions on people may smack of top-down attitudes of 'we know better' and 'the poor cannot be trusted'. Why should households receiving income from income-generating interventions, from a micro credit scheme or from pensions be free to spend their income according to their own priorities, while the beneficiaries of social transfers are exposed to conditions and threatened with sanctions if they do not comply?[19](p576)

Popay raises similar concerns about how targeted incentives 'label' poor people: 'Like means tested benefits, these transfers are stigmatising, separating off poor people from society. But they are

doubly stigmatising because they also mark people out as irresponsible, unwilling to behave in socially acceptable ways.'[18]

Implicit in incentive schemes, then, is an inherently unequal relationship between, on the one hand, the organisation offering the incentive and stipulating and enforcing particular requirements and, on the other, the recipients, who often will not be in a position to turn down the incentive on offer. This signals to recipients – as well as society more broadly – that the recipients are less than equal. This makes it very hard to sustain an understanding of CCTs as creating 'partnerships' between government and families, as has been suggested in the literature.[23]

**Alternative mechanisms underlying incentive schemes**

The way in which incentives are meant to operate on the 'standard' interpretation — giving people an additional reason to do something makes them more likely to do it — is susceptible to various problems, as outlined in the previous section. However, targeted incentive schemes could also operate through somewhat different mechanisms. When employed in these ways, these schemes could avoid some of the concerns just discussed.

*Addressing barriers associated with disadvantage*
Targeted incentives might be seen to address rather than exacerbate existing inequalities if they effectively address the barriers that disadvantaged people face in making particular choices or in avoiding actions that could be detrimental to their health. This argument is particularly important in relation to financial barriers faced by low-income populations. For example, we might think that in health care systems where the cost of long-term contraceptives must be paid up-front by recipients, a scheme that offers disadvantaged women cash if they opt for such contraceptives could reduce financial barriers to access and thus enhance reproductive autonomy.[11]

A particularly interesting example of incentives playing this kind of role is implicit in what Jonathan Wolff calls 'rationalisation', where incentives provide a reason that individuals can give to their peers for deviating from peer norms.[24] This can be seen as effectively addressing one particular form of disadvantage: peer group norms that are conducive to unhealthy behaviours. We know that the norms surrounding some health behaviours are very different in disadvantaged communities than they are among better-off groups – smoking is a particularly striking example of this.[25] For individuals in these communities, this means that healthier behaviours – such as abstaining from smoking – come with significant costs that those in better-off groups do not face. When individuals can point to a scheme that rewards them for certain behaviours, they can 'rationalise' their choices without offending their peer group,[24] thus avoiding this particular cost.

Such effects have in fact been observed with incentive schemes, though this is rarely explored in much detail. When asked about the 'Give it up for baby' scheme, in which pregnant women in deprived communities were offered supermarket vouchers if they quit smoking, participants described how the scheme gave them 'an excuse to opt out of the social norm of smoking within their peer group'.[26]

If and when incentive schemes operate in this way, concerns about such schemes creating unfair opportunities for inequality can be alleviated. Framing these schemes as a form of compensation for unfair inequality could also make them less susceptible to concerns about the attitudes they convey. However, this mechanism can only come into play if the incentive scheme actually addresses a particular barrier and does so effectively. Given that there are often multiple barriers that disadvantaged groups face, designing a scheme that addresses these effectively can be challenging. Even when only financial barriers are in play, the cash payments that are typically offered as part of incentive schemes may be too small to fully address the obstacles low-income groups face.[27]

*Redistribution and means-testing*

Incentive schemes can channel significant amounts of resources towards poor populations. For example, substantial reductions in income inequality and poverty have been attributed to Brazil's incentive scheme Bolsa Família, which targets poor families across the country.[28] In relation to possible redistributive effects of targeted incentives, it has been suggested that such schemes could operate as cheaper alternatives to means-testing; that is, they may provide a mechanism for identifying populations that meet a particular a threshold of need. This would be particularly attractive in settings where there is limited infrastructure for more conventional ways of identifying poor or disadvantaged populations. According to Das et al., if the requirements of the benefit are chosen such that only the very poor would consider meeting them in order to achieve the benefit on offer, then the conditionality requirement does indeed help single out those most in need of assistance: they essentially 'self-select' into the scheme, whereas wealthier people would not consider the benefit significant enough to meet the stipulated condition.[29] Consider, for example, a scheme that offers incentive payments to parents whose children attend a state school. In a region where children from wealthier backgrounds attend private schools because the state school system is considered so bad that only the poor would send their children there, willingness to comply with such an incentive scheme can act as an indicator of need when other, more conventional, indicators that capture need more directly are costly or difficult to obtain.

If incentive schemes are primarily meant to help identify the poor so that resources can be channelled towards them rather than to change behaviours, then this is also consistent with low enforcement of the conditionality requirement, once the poverty status of particular families has been ascertained. This could also help explain why in at least some countries, the requirements attached to cash transfers have not been strictly enforced.[30](p523) Without such enforcement, the concerns discussed in the previous section (that additional, unfair burdens are imposed on the poor, that unfair inequalities between those who can and whose cannot meet the requirements are created and that there is an undue influence on decision-making) could be alleviated.

Of course, conceiving of CCTs in this way meets its own challenges. For one, the argument that CCTs can help break 'cycles of poverty' by ensuring that parents 'invest' in their children's health and education so as to improve their future opportunities hinges on the education and health services available to them being of sufficiently high quality so as to actually improve children's opportunities. [28,31] A scheme that is predicated on available services being so poor that only the most disadvantaged would consider using them can easily run counter to this idea. Proponents of this interpretation of how CCTs work might have to acknowledge that the primary purpose of such schemes is to channel financial resources to those families most in need, rather than the 'investments' made by parents.

*Conditionality to increase support for redistribution*

Finally, conditionality could help generate a greater amount of resources for redistribution. In societies that regard poverty as largely a matter of individual responsibility, support for welfare programmes is easier to mobilise if there is a sense that recipients are 'deserving' and/or 'made to work' for the support they receive.[19,30] If this is the reasoning motivating incentive schemes, this is again consistent with low enforcement of compliance, as long as public support for the schemes remains unaffected. Low enforcement, as discussed in the previous subsection, may help avoid some of the concerns discussed in this paper.

Of course the influence of brute luck on people's life chances makes it hard to sustain the idea that the poor are responsible for their disadvantage (and similar arguments can be made about those with particular health conditions). But how should we respond to a situation in which legitimate claims of the unfairly disadvantaged are not met because of how poverty and certain health conditions (such as addiction or being HIV positive) are perceived? On the one hand, as noted above, incentive

schemes can further reinforce messages about individual responsibility for disadvantage and thus play into negative perceptions of the poor or those with particular health conditions as undeserving; incentive schemes that explicitly pander to such perceptions will be particularly susceptible to these concerns. At the same time, especially in the short term, policy-makers may not be in a position to change these perceptions and regard incentive schemes as the most viable way to channel resources towards the poor. Such scenarios create difficult decisions for policy-makers.

## Conclusion

Incentive schemes offer recipients rewards (or the avoidance of a penalty) if they meet particular requirements in an effort to change recipients' behaviour. This paper highlighted a number of concerns about incentive schemes targeting the disadvantaged, in particular those on low incomes and those with prior health conditions. As I emphasised throughout, the overall evaluation of such schemes must take into account a variety of factors. While some programmes may indeed improve recipients' wellbeing (though not all incentive schemes seem well positioned to do so), any such improvements must be weighed against the kinds of considerations that speak against these schemes: that conditionality is unfair; that incentive schemes create opportunities for unfair inequalities among the disadvantaged; that they have a negative impact on individuals' decision-making processes and that they express problematic attitudes towards the disadvantaged. Incentive schemes that rely on incentives to pursue different goals – to address inequalities, to identify the disadvantaged or to increase the amount of resources available for redistribution – may be less susceptible to these concerns than 'traditional' incentive mechanisms.

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