

Part 2: Reward Substitution



Warfarin (Coumadin)
anti-stroke medication:

- significantly reduces the risk of stroke
- relatively few side effects
- low compliance

To encourage & compliance:

- pay
- charge
- guilt
- competition
- create obstacles
- cover pills with chocolate

What if we gave people
\$3 a day to take their
medication on time?

\$1,000 a day?



Inflate the incentive
with the principle
of loss aversion.



What if we pre-paid
you and then took money
back for days you didn't take
your medication on time?

What if we gave you \$100
for taking your medication
over a period of time?



What if we gave people a 10%
chance of making \$30.00
instead of a guaranteed \$3.00?




The Ideal Lottery:

1) one big reward


+

2) smaller, regular rewards





Regret: the comparison
between where we
are in life and where
we could have been.



Would you be more upset
if you missed your flight
by 2 minutes or 2 hours?

Happiness

We pick a reality and compare our lives to it.

- If that reality is better than our actual lives, we are miserable.
- If that reality is worse, we feel good.

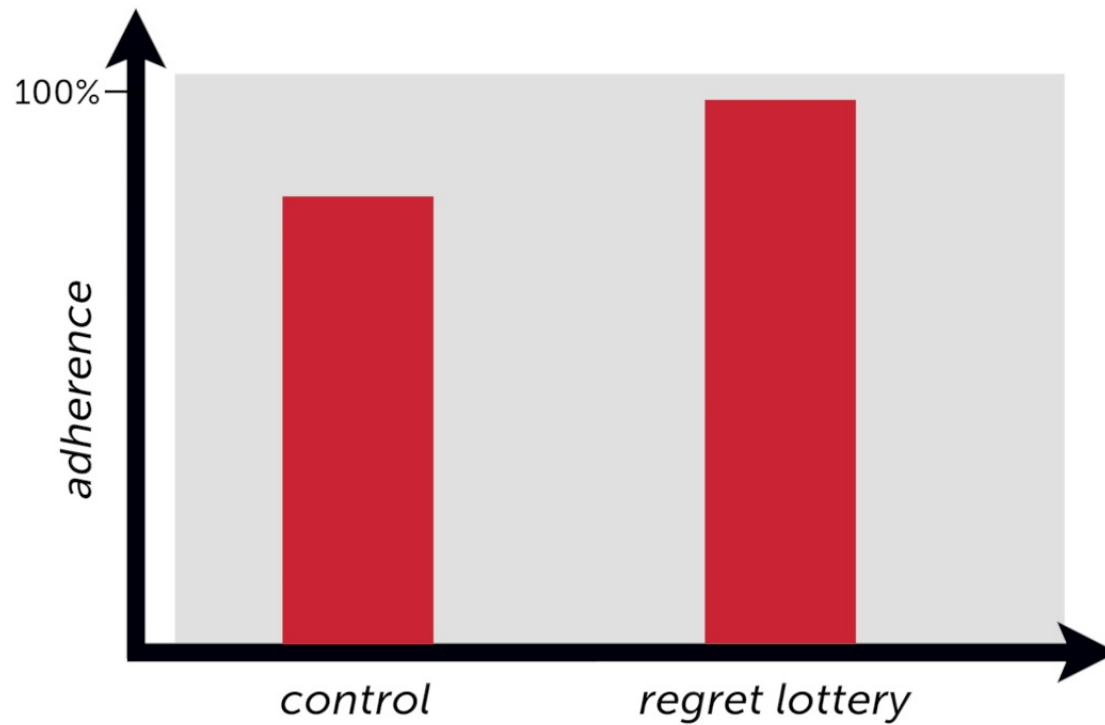


Regret Lottery

- everyone gets a ticket
- only those who took the medication on time get to claim the prize (if they win)



The Effect of Regret Lotteries on Medication Adherence





Ways to Maximize Reward

- lotteries
- randomization
- counterfactuals
- regret
- reward substitution