Speaker 1:	00:00:05	Welcome to behavioral grooves. My name is Kurt Nelson
		and I'm Tim Houlihan. And this is the podcast where we discuss why we do what we do and ways we can apply behavioral science to improving our lives at home and at work. So curt, I have a question for you. Okay. Have you ever missed a scheduled medication?
		Uh, yeah, so I, I will have to say, um, when I was younger I probably did. I've, I've actually gotten better. I'm on a cholesterol lowering medication right now that was prescribed to me about nine months ago. Happily. I've established rituals and habits so that I have been 100% compliant on that. It goes nine months, however I did in pre prior to that, there are times where I wasn't quite as good. How about you?
		Yeah, I've had the experience of being prescribed 10 days of antibiotics and I get two or three days into it and I'm feeling better and I'm like, ah, screw it.
Speaker 1:	00:01:03	I don't need to take the rest of them. And then later I get my hand slapped by my position.
		I think we've all been there. And that's the problem that, that our guest Matt Loper is trying to solve right. With his company. Uh, and, and working on how do you get people to be adherent to their, to their medical needs. Right? So Matt is the CEO and cofounder of Wellth and app and company that helps people with chronic conditions improve their health. Matt's company works with healthcare providers and insurers to provide rewards for patients who need that small behavioral intervention to help them stay on track. Yeah. You know, I've got to say, Kurt, that one of the things I really appreciate about doing this podcast is that we get to talk to people like Matt, you know, I mean, he's working in two worlds, right?
Speaker 1:	00:01:49	One as an investor and a business leader. And then the other is this caring world citizen to positively impact the way people with chronic diseases live their lives. You know, kind of reminds me of our discussion with honor Rog, vice at final mile or Rob Burnett. It well told story. Honestly, Matt just inspires me to have hope in a world that can sometimes disappear a little too crazy. I agree. And I think this episode reinvigorates that hope for me. Right. And so you know Tim, we started this podcast on a whim more than 75 episodes ago. Right? We found that our, our passions kind of resonated with people from around the globe. What over a hundred countries that people are listening to us in. But we need to keep growing, right? We want to keep

		growing because we want to increase this community of people and in order for that to really happen, we would appreciate it if our listeners would share their happy experience with, with others. And you can do that by going out to podcasts and rating us or leaving us a comment and that really increases the chance that services like apple will highlight us in their,
Speaker 2:	00:03:00	yeah, we would really appreciate that very much. That's for sure. I just want to reiterate what Kurt said about behavioral groups being self sponsored and we have no advertisers so we're not asking for donations, but we are asking for the review and that will help us expand our reach. So you could do this, uh, just in as little as nine seconds. If you like our discussion with Matt Loper, please just leave as a short review
Speaker 1:	00:03:23	in the apple podcast app. Click on library at the bottom navigation. Then she shows at the top of the page once in the shows, click on behavioral groove and scroll past many, many, many episodes to the bottom where you will see the words, ratings and reviews where you can rate us and give us a short review if you so like,
Speaker 2:	00:03:43	Hey, do you use Roger Dooley's words? It's frictionless.
Speaker 1:	00:03:47	I just want to add in that our grooving session went beyond Matt's comments and talked about a lot of things with extrinsic and intrinsic motivation, the endowment effect and various different things. So as you're listening, stay tuned and stay listening after our interview.
Speaker 2:	00:04:03	So sit back with your favorite summer beverage and enjoy our conversation with Matt. Loper. Matt Loper, welcome to the behavioral groups podcast. Thanks so much for having me guys. It is our pleasure. We are super excited to have you. And as usual we tend to start with a speed round. So first speed round question. Uh, prefer a bike or a unicycle bike. Monet or Michelangelo.
Speaker 3:	00:04:42	Okay.
Speaker 2:	00:04:43	Um,
Speaker 4:	00:04:44	I like, I liked the impressionists, so I'm going to go with Monet.
Speaker 2:	00:04:48	All right. Uh, if you had to live without a phone or a laptop, which would you choose to live without

Speaker 3:	00:04:55	laptop?
Speaker 4:	00:04:56	Yeah, he's, he's a bachelor [inaudible] all right, man.
Speaker 2:	00:05:01	Uh, which would be better to get rewarded for taking your meds or doing it just because it's the right thing to do.
Speaker 4:	00:05:09	It would be great if everyone can just do it because it's the right thing to do. Unfortunately, our human psychology doesn't work that way,
Speaker 2:	00:05:15	which, which leads right into some of the work that you're doing. Right. So tell us a little bit about Wellth and some of the work that you do with that and a little bit a about the background of that. Great. So
Speaker 4:	00:05:31	is it still speed round or can this be more long? No, this is definitely, you don't have to do the quick
Speaker 2:	00:05:37	great quick. We're done was great.
Speaker 4:	00:05:40	Uh, so at Wellth what we do is we help motivate patients with very serious chronic conditions to just simply do the behaviors there
Speaker 2:	00:05:48	supposed to write things that doctors tell them to do, the things that they know rationally they should do, but often end up not doing. I'm like, just take your medications as, um,
Speaker 4:	00:05:58	so what we use is, is kind of, um, the core principles of behavioral economics and understanding why people might not be taking their medications. Because even though they know that blood pressure medicine is good for them, you know, down the road when they take the right now they feel in a different random house. So therefore it doesn't become a priority in their list of things to really worry about on a daily basis. So what we do is we create programs and disseminate those programs through scalable technology. We work with the insurance companies and the hospital systems that care for those patients. And we focus on just the very, very high risk patients. Those who have recently had heart attacks or heart failure admissions, those that hadn't, you know, very serious chronic conditions like diabetes, hypertension, cardiovascular disease to be asthma, behavioral health conditions. And we really focused on underserved populations, especially.

Speaker 4:	00:06:48	So about 80% of our, um, users are from Medicaid eligible populations, which means they're, you know, kind of below the federal poverty line. In many cases they're getting benefits from the government to kind of pay for their health care. Yeah. It's interesting. I thought that that was really interesting. In reviewing the kind of work that you're doing that you focus specifically on chronic diseases and specifically on underserved populations. What led you in those two directions? So I think there are so many factors, a lot of business factors, a lot of luck, a lot of just kind of social feeling of kind of social good. Um, so, you know, kind of the reason we focus on well chronic conditions and specifically even those who are not currently doing what they're supposed to do or managing that condition well is because we realize as a business, um, you know, there's all these sexy health tech companies being created where they're creating really cool apps or devices, but they are giving away those apps and devices and those who've engaged with those apps or devices or those who are probably more, um, intrinsically motivated are already doing the things they're supposed to or very into health care technology.
Speaker 4:	00:08:00	I'm the big health geek and I would love to have all these fancy, you know, continuous glucose monitors and I, you know, I track my steps every day. I would love to check that sleep. That's my next project and I'm like a self-optimizer biohacker um, but that's not who consumes the majority of health care. So we went to the business problems. Who is it that's consuming the most care? And it's those who are the sickest and those who are releasing, hearing their care plan, uh, on, on kind of the underserved population side. Um, you know, when we look at the market, we think Medicaid is a huge market that, you know, about. One in three Californians here in California are currently served by medical, which is California State Medicaid. Um, so it's a huge market. It's a growing market with the affordable care act, expanding eligibility for Medicaid.
Speaker 4:	00:08:52	The prevalence of the disease states we serve as higher. The access to health care and health literacy is lower. So the need is there for higher, for an intervention to really improve these behaviors. And really, you know, we want to help the patient publishes that need the most help that can use the help the most. Um, so that's kind of why we ended up predominantly focusing on Medicaid to start. Um, and I think we're starting to see really good traction and results there and starting to move up the chain there to more Medicare, Medicare Advantage type populations as well.

Speaker 5:	00:09:26	So it's not that behavioral economic principles don't work with the other populations, it's just that seemed like the most viable patient population to begin with. Right.
Speaker 4:	00:09:37	Yeah. And there absolutely is a, there are a number of studies I've looked at the difference, um, in, in the, in the effect efficacy of the interventions that the different socioeconomic groups and as you expect, you know, they are most powerful in the lowest income groups, um, in terms of giving away incentives. Um, but they are still very powerful and kind of the middle and higher income groups. So, um, that's another added bonus is, is working with lower income groups. You know, uh, we can stretch smaller budgets, smaller dollars into much bigger impact just because the need of, of that, um, you know, financial reward is higher.
Speaker 5:	00:10:13	So help us understand how a, how a, and again, no, probably every program is slightly different, but, uh, a more typical program, how does one, how does it work? What are you doing? How are you actually applying these behavioral economic principles to drive those behaviors? Great. So,
Speaker 4:	00:10:32	uh, let's, let's use a typical, um, you know, user journey of our patient population. So someone you know who maybe has a previous history of hospitalizations for heart failure, um, gets touched by us in a number of different touch points. So that's, um, could be a mailer that they received in the mail that is corrected with our brand in their health insurer. It could be an email, it could be a text message or it could be even a phone call and they get this touchpoint. And basically the message, just simple, all you have to do is download this app and you have what's called a 180 bucks over the next six months in your account. The second you download this app. So it's about 30 bucks a lot of rewards. So that's the endowment effect. Um, right. That's one of the core principles that I'm, Richard Thaler got the Nobel prize for it in 2017.
Speaker 4:	00:11:24	That's the reason that, um, you know, American Airlines, when you're about to land in your destination, they'll say, hey everyone, and if you sign up her credit card right now, you'll get to 60,000 miles and that's enough to take you and your loved ones to Europe. On a trip. Right. So, um, that gets reddit way higher enrollment rates into the offer because we're giving the credit upfront, hey, this is your 180 bucks. All you have to do is download this app. It's yours. It takes about five minutes to enroll in your, you're done. Um, then once they're right, we walk them through, you know, since we serve predominantly Medicaid and medicare populations, you know, the tech

savviness isn't quite as good as, as you know, some of the younger generations, but it's still, you know, surprisingly high penetration of smart phones, actually Deloitte put out, put out a study this year that 86% of Medicaid eligible individuals actually have a smartphone these days, which is exactly the national average.

Speaker 4: 00:12:20 Wow. Which also is something that's been fascinating to learn over the course of time. As you know, there's a lot of preconceived notions about our users and the people that are the type of demographic we serve. And often those preconceived notions are false. These people actually all have smart phones and love using them. Um, so, you know, it's a pretty easy process. They get down, download into the app, um, you know, one of our core tenants of behavior changes, motivate something to happen and let it happen as easily as possible. So we don't want to link the time consuming painful process for any of our steps, whether it's onboarding onto our app, whether it's checking in on a daily basis. Um, so once they're in, they get their care plan set for them. So we walk them through, we know you're on these medications, what times do you take them in the morning, what time to take them at night?

Speaker 4: 00:13:07 Uh, every day they get reminded, hey, of that 180 bucks, all you have to do today is to snap a quarter of the pills in your hand to avoid losing two of those 180 bucks. Right? So that's the loss aversion at work. Um, so we endowed arcs upfront, take away the money if they don't do the behavior and then reinforce the behavior everyday. Um, so one of the things that we're really interested in is not just changing behaviors one time or change the behaviors for a short period of time. But forming habits that stick. So, um, we look to a lot of the work of kind of another field of research in habit formation. Um, you know, started by kind of addiction therapist then moved to you know, books like the power of habit. So there's every day there's a trigger time to take your medications to avoid loss sellers.

Speaker 4: 00:13:55 There's a behavior that can be done easily and simply um, you've just snapped up, closing their hand and then right away this immediate and salient reward directly tied back to that behavior. Great job taking medications. You kept your $2 for the day, you do that repetitively over the course of about the first 90 days you start to form these really stinky habits. We actually seen the data even over about two weeks. We can just get someone do it over the course of about two weeks. They're very, very, very likely to stick with the program long term. We now have patient populations. I've been doing this for two years and there, you know, elderly diabetics who previously weren't adhering to medications and still 90% of parents two years later. So it's been really cool problem to work on. I think the holy Grail, and I'll, I'll stop in a second, is, you know, we've been using this extrinsic motivators to get people onto the program and get them doing the behavior every day trying to form this habit.

Speaker 4: [00:14:46] The Holy Grail is, you know, there's this concept that the extrinsic crowds out the intrinsic motivation, uh, and you know, those forces oppose each other. Uh, my personal opinion is there's no reason why that has to be true. That's just the way that we've historically tested these programs and structured these programs. Uh, one of the biggest things we're trying to do right now is bring the intrinsic back and reinforce the extra that with the intrinsic, for example, uh, talked about that, that ease or flow everyday, checking your medications as prescribed. Great job. You've taken your pills now and you've kept it $2. And by the way, you just hit straight in 20 in a row. Here's high fives from your grandson. Um, this short video plays some reinforce the extrinsic intrinsic actually have them work together and reinforce each other as opposed to pound each other out or close each other. So that's one of the biggest areas of work we're doing now is how do you take these more intrinsic motivational interviewing type techniques and use those to reinforce the extrinsic rewards of the money?

Speaker 5: [00:15:47] Yeah. I saw a recent research study that was looking at, so DC and Ryan were some of the ones that we're talking about that crowding out component than they have their whole self determination theory and various different things. But there's been some really cool research lately and we'll put it in the show notes. I can't remember it off off the top of hand that was talking about when you look at that, they were saying that a, yeah, in the short term, all of that research is looking at that and that's what they measured they, but they didn't measure actual longterm in no extrinsic rewards, you know, crowding out longterm intrinsic motivation. In the short term they say, yeah, there's, there's, there's looks like that. But if you look at all the long term studies on it, it goes back up to equal or above in some of those cases.

Speaker 5: [00:16:32] And so it's a, it's one of those things that I think has been one of the big myths that is out there. Um, and you know, DC and Ryan did a, some really good work, but there's also Eisenberg and Cameron and others who have done some really, Teresa Marbley is Theresa marbly and some of those others who have looked at a variety of other, you know, ways of actually either doing the, the extrinsic reward or looking at how it gets, you know, um, operationalize within the, the studies. And so it's not as I think prevalent as it could be or as what people think it is. So with that, that was a hauling little diatribe down until the end of the summer, the science side of things. Uh, but you had a question. I,

Speaker 6: 00:17:14 I do, I'm, um, you know, we've, uh, when I think about your leveraging the endowment effect by giving someone $180 right up front, uh, but then you could clawed back at $2 a time if, uh, when they don't comply. So you're, your number of 90 plus percent compliance. Is that with 100% compliance over that three month period? Uh, or is that just, is that, is that at some level? I mean, I mean I have a, I have a medication that I take on a daily basis and, and I'm, I'm probably good 89 out of 90 days. Um, so how does that work?

Speaker 4: 00:17:51 Well, you're not our target user. They're a fairly, but uh, yeah. So basically what we do is, you know, kind of, we frame the reward as here's the headline number. It's big headline number. Uh, let's go back to kind of the, Matt Loper that at all science driven, kind of extracted version of kind of how behavior change happens. Uh, so on, often to answer the question first and then I'll go back to kind of my theory. Um, what we do is we, we use the headline number, the 180 bucks to get them to be excited and to enroll in the program. The actual structure of the program is it's $30 a month for those six months. Uh, and every 30 days they get, they get an actual physical, physical reloadable card rewards card every 30 days. We, whatever's the earn balance on those 30 days. So they miss one check-in.

Speaker 4: 00:18:49 Um, you know, they'd get 28 bucks, hits that card on, on day 30, and they can go and use it at the grocery store or wherever they want to use it. Uh, so, so basically the devil's in the details, right? What we're trying to do is we're trying to frame the incentive as this big, exciting, sexy thing, um, but then use that excitement and that motivation and that momentum to get them onboarded, get them into the program and start to show them more of the details and then break it down into small individual components on a daily basis and make each interaction each, you know, tiny habits, so to speak as bite size as possible. So, uh, over the course of that, yeah, at that program, you're being cashed out at the end of the month. So it feels like it's your money. You see the crediting of the app, you can't actually spend it every 30 days and every 30 days you're getting a new $30 balance.

Speaker 4:	00:19:37	Uh, so Actimize you, let's hear your theory here. Yeah. So, you know, I, I was a biological engineer, um, hard scientists. My Dad was a chemist. Um, I am used to hard sciences, right? So I try to always relate behavioral science, facts, new things like chemistry. So, uh, if you remember from like chemistry, whenever you last took chemistry and you had chemical reactions and there was this graph where it's like you, you put these two poles together and there's an activation energy required to get the chemical reaction to starts, right? And so you see the energy required goes up, but then once it starts, you start with process and it kicks up and boom, it starts to go down more and more and more. Right? So, um, there's this activation energy required and then once it starts going, it's kind of self fulfilling, right? So much, I think there's a similar thing going on and behavior change that first just can I get this person to pay attention?
Speaker 4:	00:20:39	And since we select for the portions of the population that are least adherent, least engaged, least trustful of the medical system, our activation energy is actually way higher than if we were giving this to everyone and just saying, hey, whoever wants, I can sign up, right? So we're only going after those who are not motivated or not engaged currently in the medical system or in their own care. So there is some amount of money that is required to get you to pay attention, right? And then once we get you onboarded and we show you, hey, here's the benefits you use here, the process is actually really easy to do it. It's actually pretty enjoyable. So that's another thing we find is, um, so why do we part of the patients and take a picture every day because we need them to crossing the tech behavior gap.
Speaker 4:	00:21:26	If we just said, hey, did you take your pills a day? Or they would say yes, fully intending to take them later. But you know, they're in the middle of doing something. Their kids are screaming in the room next door and they're like, oh, I'll go take care of that other more pressing need right now. Come back and take my calls later. They'll often not get to it. Right? So put the picture that pulls in the hands. Snap a photo. Mainly it was just the crossing type behavior gap. We don't need to watch them actually put them in their mouth. We'll take them because most of these patients actually want to do the right thing. They just don't get around to it. Right. So, um, so that process that we created of taking that picture, initially we had no idea if that's what people wanted to do.
Speaker 4:	00:22:03	Um, but over time we've actually learned that people love that it's actually a really fun and enjoyable and it makes them more conscious of behavior every time they do it. Because we've all

done that. You know, whenever we're on medications, Oh crap, did I take my pills? I forget. Like I don't know if I took him or not cause we're just going through life thinking about whatever we're thinking about and not actually conscious in the moment I'm taking pills. So back to my theory, uh, the first activation energy is there's some headline number required to get the persons who say, yes, I'm willing to do this. Whatever it is. Then on a daily basis, the amount of motivation or the amount of rewards required to get someone to do that behavior incrementally gets less and less and less. And eventually our, my hope is we can get it to a point where it's almost zero extrinsic, mostly injured because basically what happens is day one, basically a, there's a subconscious rewards, credit, debit analysis, you know, a cost benefit analysis, the immediate costs of taking your medications.

Speaker 4: 00:23:07 Um, we can quantify it or we can, we can name what they are, right? There's cognitive effort required to remember to take those pills. There's the emotional baggage. Every time they take your blood pressure, diabetes medications or whatever your take, you're reminding yourself you have that disease state and that's actually a bad feel. Uh, there's perceived or real, um, side effects from taking that medication. There's the financial cost of filling those prescriptions, right? So there are a number of things that are nontrivial but not huge media costs of taking that medication versus the immediate benefit in most cases with almost zero. So if you think about the medication classes where we haven't over adherence, it's all the medication classes that give you delete, tangible and immediate, you know, feeling like a opiate or a similar. So over the course of time, those immediate costs are going down more and more and more.

Speaker 4: 00:24:00 Right? So you have, um, the, the emotional baggage starts to go to zero. As you start to self actualize. Yes I have diabetes, but I'm doing something to take care of it. The cognitive effort goes down more and more and more as it becomes a habit, you don't even think about it. It's almost automatic. So by day 90, I think what's happening is you're producing enough immediate benefit from doing that interaction where the immediate costs have gone to almost zero. The Meta benefit is, wow, I actually like this thing. Yes, I'm getting rewarded by, I actually like this thing. And you start to bring in these intrinsic rewards. Like I'm doing this a little bit longer, happier, healthier life to see my daughter dance at her wedding. Or like your child graduated from high school and you can actually have this very sustainable behavior changes in the longterm. And that's what we're starting to prove. And that's where I think the holy grail of all of these different research niches are coming together into one university.

Speaker 5: 00:24:55 So thank you. And I have to one comment and then one question, um, based on some of that information. So very cool stuff. So my first comment is we had done, I had done a component and listeners who have listened to the show for a long time, you've probably heard this before, but I was at a trade show and we had a bike that you peddled faster and harder, you peddle out the more lights lit up, kind of like the ringing the bell kind of thing. And so we had this component of having that as a way to earn their t-shirt. Um, and so to get people on the bike, nobody would get on the bike. There were very few people that just got on the bike to try to get, you know the, the lights lit up, right? They, they, you know, but if you offered them a tee shirt, if you get it on there, all you have to do is light one light up and you get a tee shirt.

Speaker 5: 00:25:45 We had it, a whole lot of people, you know, signing up to do that. It was a cool t shirt. You know, cars of course. But with that, once they got on, all they had to do was light up one light. That was all we had. That was always said that they had to do, we had over a hundred people do it. Only one person stopped at one light. Once they got on they kept going and they kept going and, and, and you know, to get up to that green are the top bar. It was hard. I mean they were, they, these guys are sweating and they were doing stuff and you know, they're, they're trying to, they're coming back. And so it was all this intrinsic motivation that kicked in. But your, your component about this activation energy, I thought it was really kind of an interesting way of thinking about that cause it what they require this activation energy to get on there.

Speaker 5: 00:26:34 But once they got on, you know, then it became more of an intrinsic motivation with that. So I 100% agree kind of along that line. The second thing. And here's my question to you though, you, you've set this up as this endowment effect and kind of as you talked about it, but in reality it's a gain component. [inaudible] you could, you could frame the conversation as every day you take your pills, you're earning $2 as opposed to everyday you don't take your pills, you're losing $2. Did you consider doing it that way? And if so, why did or why didn't you do it that way?

Speaker 4: 00:27:12 So I think when we started, so yes, our first version, 1.0 of Wellth, which was, you know, 2015 or so, we had a pilot of Cigna, uh, showed about a 60% improvement to, um, medication adherence in diabetics. We were just giving gain incentives. And if you look back to the research, you know, a lot of the seminal research on that health side of behavioral economics has been done at university Pennsylvania, uh, Kevin volpes group at that center for Health and sciences and behavioral economics. So if you look at, you know, what a number of people started with and the kind of health behavioral economics side is lottery incentives or gain incentives of some exactly. Um, and those interventions, a lot of them were very, very successful. Um, you know, uh, our, one of our co in our study at U Penn is Steve Kimmel, um, works with Dr Volt and him and Dr Falls showed they could get about a 10 x reduction to the, uh, non adherence Rangers Warfarin with these, these lottery incentive programs.

Speaker 4: [00:28:17] Right. Um, took it from about 22% in the control group down to 2% in the intervention groups. What was really interesting is the $3 a day expected value lottery group almost performed exactly the same as a $5 a day expected out of them. So there was this leveling off. Once you get to enough incentive, there's no incremental benefits of paying more. Um, so that was interesting. So, you know, we started by looking at a lot of that research and that study was published in 2014 run around the time we were getting started. Uh, so we were doing beginning sounds, we weren't doing lottery incentives for a number of reasons, but we were doing just small daily gains. Then we looked at kind of classic loss of version studies, which were mostly done, uh, using deposit contracts. So you could say, hey, if you want to participate in this, you have to put up your own 100 bucks, we're going to give it back to you plus a bonus if you hit the goal.

Speaker 4: [00:29:12] Right. So, um, some of these studies showed huge efficacy and behavior change, but very low enrollment rates because only those who are really willing to bet on themselves like, I am definitely going to quit smoking and I'm putting my money up. Or you know, at the time there's a company called DietBet. I don't know if they're still around where I'm definitely going to, you know, lose 10 pounds and I'm willing to bet on myself. Right, right. That's a very strong behavioral intervention, but only the, you know, the cream of the crop of people who very motivated and very likely to hit that goal or I'm going to sign up for that program. Especially when we look at Medicaid, you cannot possibly imagine asking people who, um, you know, are trying to just barely make ends meet, put up their own money, right? So our idea at the time was how do we leverage the daily motivation of loss aversion to supercharge the daily motivation of the reward, but frame it as loss.

Speaker 4:	00:30:06	So instead you put up your own money and we say, here's your money. Uh, but we're actually going to, it's it's years at the end of the month, as long as you keep doing the behavior and you don't lose it, right? So what we started to see is, um, that was starting to have way bigger impact than our pure gains in, in programs. Uh, and it's a very simple nuance, right? Because it's the same as that program, um, in same as that budget. But actually what we do is asymmetric loss framing, right? Cause we say, here's $30 for the month. So it's a dollar a day of credit, but you're gonna lose $2 if you miss only one of them. If you have five required check-ins in the given day, if you just miss one, you're losing all $2. Right? So it's all or not, right. So it makes every interaction, every behavior is so crucial.
Speaker 4:	00:30:50	So we started testing this stuff and then Dr Volt's group, there's, there's a younger guy really up and coming guy and doctor and focus group. Uh, I'm blanking on his name right now as Naismith Tesh Patel, I believe. Um, he put out a study who, and he was, he tests this exact same thing for people doing a step, tracking them up, right? So endow a dollar 40 a day of credit upfront and then take it away. If they take away the dollar 40, if they don't hit their sub school for the day versus just paid $42, uh, over the course of the month, if you hit the steps goal every day. And he showed about a 30% better, uh, adherence. Yep. Schools in those who were given the lost framed incentive. Right. So it was really cool where, you know, you have, you often see this in research, right? You have two people in different parts of the world coming to the same conclusion at the same time, even though they're not exactly talking to each other.
Speaker 4:	00:31:44	So, um, it was really cool that we were starting to do this in real life patient populations. At the same time, we unknown to us as the u n group was already testing this in a study and then publish these results, you know, kind of concurrent to when we're doing this. So yeah. And I think another kind of Madlib or theory of behavior changes, um, this isn't hard science. It's not chemistry. You don't put these two chemicals together and get the same results every time you give the same as Zack intervention to a hundred different research groups, you'll get a hundred different results. Um, because it's like in startups, the ideas only worth so much the execution of that idea, that implementation of that yeah. Is what really matters. So, you know, I think that's, that's a blessing and curse in our industry is where, you know, you have one study fail and it might be the intervention was crappy, but it might be that implementation of that intervention was crappy.

Speaker 4:	00:32:39	And I see that way more often in the intervention was crappy. And so what happens is you have people who just know enough to be dangerous about themselves to themselves about behavioral science and they say, Oh, this one study failed, therefore this thing just will not work. And um, it's a very dangerous pop culture thing where like there was all these exciting stuff, those came out and everyone's like, you know, Michael Lewis for them doing project everyone's system in pop culture is like, you hear about economics is awesome. Everyone's talking about behavioral economics. And then you'll see these headlines where it's like, oh, this one study failed, so therefore this stuff doesn't work. It's like, no.
Speaker 6:	00:33:15	What about the thousands of stories that have been done that have already worked? So you talk about implementation being the key. What is it about the Wellth app that in the implementation that makes it successful?
Speaker 4:	00:33:28	This is another thing that I spent a lot of time thinking about and um, I think this stuff is so, um, the margin for error is so small, especially when you're dealing with the patient population that we deal with. If, if you call it awesome when and say the wrong thing, they're going to say, wait, you're going to pay me money. This is a scam and hang up the phone and they're never going to pick up the phone again. Right. If you have any even it's crazy. We do these Beta testing, uh, when we put out a new version of the app, right? We enroll, you know, just representative patients from the population that are not from our paid customers. Just give away, literally give them free money to test our app and kind of find bugs and you wouldn't be like, I would never have guessed that.
Speaker 4:	00:34:11	The type of feedback we get when we can say clearly this is Beta, there's going to be bugs. Your job has helped us find these bugs. The amount of frustration when they, when they encounter a bug and they're like, you guys took away my $2 today and you know, I did it. And it's your app. And like, you know, they just write these six evening feedback and we're like, wait a second, let's, let's take one step back. We're giving you free money. Oh, it's no longer free. You gave it to them. So now it's there as the endowment effect. Right? There you go. Very real.
Speaker 6:	00:34:42	Those are very, really emotions. You in a Jahi city block health. I don't know. I don't know if you know her, but I've just talking about companies, you know, I mean, she talks about the importance of really tailoring the message to her audience required a, the people who were going out into the field to be

versed in, um, in dealing with trauma victims because there's a lot of trauma that exists in those households, especially lower income families. And so, uh, she's like, wow, we didn't realize that we had to train our employees in the field to deal with trauma victims basically. So, uh, so you're, so I certainly get these nuances that you're having to talk about in the implementation made a huge difference. Uh, have you tracked all these are these kinds of things that you could imagine a massing and saying these are some of the best practices they go with, with these interventions?

Speaker 4: 00:35:33 Yeah, and I think that really, you know, if I think about where's the value we're creating, right? Like as an a putting on my investor hat, like what is the value we're creating? Um, I think a lot of investors are like, oh, well you couldn't someone just read all the research and just make the APIs. I mean, you guys did. And I was like, no, the value we're creating is each one of those kind of nuances can only be learned through experience. And you have to create these operational procedures to make sure that you do things the right way every single time. And if you go back to that user journey, it's every step of that user journey from the initial outreach to maximize the Coleman rates, the daily interactions through an app. It's actually finding easy to use to make sure people actually stick with the program.

Speaker 4: 00:36:19 Right. Um, another side note, I think to a lot of what we're seeing now in a lot of these studies is, um, the results back in 2014, 2015 were phenomenal using these very almost no user interaction user interface where it's just I get text message every day to do whatever and then I get my reward through that same text message mechanism and there's no real interface. And now today the kind of user, the bar's been raised so much by companies like Instagram, Twitter, Facebook, who, who understand and spend billions of dollars on user interactions, uh, and, and easier experience research. So like, I think the, you take the same event intervention in terms of just the rewards that worked really well back into those 14. And if you don't have a interface that can compete for attention like Twitter and Facebook and Instagram, you're not gonna get good results today.

Speaker 4: 00:37:13 Right? So every single day that interaction has to be perfect. The fulfillment, the operations of the customers for service has to be perfect. And everything has to be perfect and you have to have this, um, this real great organization that can execute it, each one of those steps in order to get these results. So one of the things that we started to measure is, uh, if you look at our results of our different populations, and I don't know if I share this with you, but there's this chart, this beautiful chart that's our universal chart that shows every single case that we have in goal. And each column is a different customer population. And you look at across the board, ranging from Medicaid to Medicare to commercial and ranging from, you know, 40 year olds to 95 year olds ranging from, uh, just one chronic condition, one behavior per day to up to five different behaviors per day because they have so many comorbidities ranging to serious mental illness and, and, um, you know, kind of schizophrenia and across the board, all these populations have distributions of adherence look almost exactly the same.

Speaker 4: [00:38:13](#) And they're very tightly coupled between about 85% and 92%. Wow. So what's that started to show is that we've started to now and, and going back to my statement and it's like what is the value of creating? Is it necessarily, um, just the app? Is it just the, the instead of intervention? It's actually the combination effect of everything we do. And I'll just show you real quickly on the screen share this slide because it is so powerful. So this is a bit of an older version that's, there's a lot more dots now. But just real quickly, you can see each one of these columns. These are different patient populations. The darker the dot, the more care plan B hatreds were required of those patients per day. And the y axis here is the percent adherence and this line is 80% or better. Wow. So you can take people who are previously not in here, people that have, you know, in these very dark dot examples, five care plan behaviors required per day and get the vast fast majority of them to be over 80% compliant over different lengths of time. Right? So these people now two years in the program, still 90% adherent versus these people just did a 90 day post-discharge program from a hospital. So it's a really cool thing where you're seeing the repeatability of this intervention in very, very diverse populations and it's all coming out almost exactly the same.

Speaker 6: [00:39:37](#) Matt, if, if we can share this with our listeners, we'd love to put it up in the show notes and have it for them. So if that's okay, then we'll, we'll make sure that they can see this cause it really is impressive. So you, I want to switch gears. I you talked about, yeah, you've had some fun observations, uh, over over the years of things that you've seen. Uh, could you share some kind of interesting things, uh, from a behavioral science perspective that maybe caught you off guard?

Speaker 4: [00:40:05](#) Yeah, and I think, um, you know, the data, the results, like the things that you think when you're starting to company that are going to really be the things that get you excited, you know, it raising venture capital, like building a team. Like all of those

		things are great, but by far, the most rewarding things that I've experienced is the personal anecdotes we get back from users. Um, here's an example. Uh, remember towards the start of the year, around January, so, um, or our president, nope. Nope, no commentary on, that's fine. We'll go there. For some reason we decided to shut down the government for awhile. Um, and so we had a user, uh, she's in Trenton, New Jersey, a mother of three Medicaid eligible individual that we serve. Um, she calls our help line and she's crying and our, um, one of our great member specialists picks up the phone and this really worried is like, is everything okay? You know, is this an emergency? She's like, no, no, no, no. I just wanted to call and say thank you. Um, I haven't been able to get my governor benefits for the last two weeks because of the government's been shut down and I had to go and buy groceries from my family. And last night at the grocery store with the Wellth rewards card. And you guys were the ones that fed my family. Uh, this week. And that was
Speaker 4:	00:41:34	just so cool because it's like a relatively, you know, we're in such a bubble and we think that, you know, $30 a month sounds like nothing. But, um, so some of these families is actually in those times of need and it's a life changing amount of money and
Speaker 6:	00:41:50	uh,
Speaker 4:	00:41:50	you know, there's so many other patient success stories in terms of their health benefit. Right. But that one just really stuck with me because it's like,
Speaker 7:	00:41:59	okay,
Speaker 4:	00:41:59	this is a systemic problem in our country and yes, we're not the magical it's going to solve all of those. But we were there for her when,
Speaker 6:	00:42:08	uh, when she really needed it. And that was, that was a really cool thing. That's terrific. Very cool. That's terrific. That's a, that's a great story. We, we, you're not a nonprofit, but you just had a very socially forward observation. That is very cool. And we're really grateful that you shared that with us. Yeah. Thank you. Um, found, go ahead Kurt. No, I was looking at you because I feel the, the, the music coming, I can tell when you want to get to music. I just have this, you've been doing this long enough now that we have to have the this, but I'm gonna I'm gonna hold off on music for just a second because I did cause you, uh, you did talk early on, uh, Matt after you got funding about how Amazon is very, um, is very much into customization. And you, you were just a moment ago relating to

how lots of organizations like Twitter and Facebook, they've raised the bar and, and as consumers, just when one organization, a multibillion dollar organization raises the bar, the expectation is that everybody should do that. Even if you're a 20 person company that's based on the coasts a is, which is kind of insane, but we, but consumers have that expectation that everybody, every company, every app should be able to do what the biggest companies do. Uh, so, but you talked about specialization and you talked about customization. I was wondering what you're doing as you're looking forward to continue to increase the customization or the or the specialization of the app. What's next?

Speaker 4: [00:43:40] Yeah, so our dream, um, is to create what we call mass personalization where every single new user that comes onto the app has a program that's personalized to them based on their own disease states, their own geography, theirs psychographic group. They're such economic group there what support they have based on their family. Everything is tailored to them. Um, in turn down to, you know, the, the language that we use in every trigger, the way we reinforce the incentive, even maybe down to the incentive amount and incentive structure based on that individual and who they are. Um, that is our big dream. If you think about those big companies, right? Um, historically, you know, I'm like, I'm a business geek by nature. If you think about, you know, the, the, the big monopolies of the Rockefeller era, they owned the whole supply system, right? They, they had these huge economies of scale where they were able to purchase raw goods at and way too for prices than anyone else could and manufacturer it into a finished product of way.

Speaker 4: [00:44:45] Higher prices are way lower prices and I lost good and then sell it. We higher prices anyone else picked as the core in the market, right? So that's historically how we create monopolies was creating these, these economies of scale. If you look at today's disruptors or monopolies, right? The googles, the Facebooks, the Amazons, and if you look at their competitive mode, um, it's all around the data that they have, right? So very simple as Amazon example, right? Go back to early two thousands, right? You have walmart.com versus Amazon. Everyone in the right mind would have bet on walmart.com because they had already economies of scale, they already had inventory, they already have supply chain. They already had everything. Why did Amazon win? Well, because Jeff Bezos realized really are really on, we have to know our consumer better than anyone else possibly can. Our competitive moat is going to be that we know when you've run out of dog food before you do and you, we sell you the dog food at the Zack second, you need it.

Speaker 4: [00:45:42] Um, so they gathered a terabyte of data on behavioral data on every single prime member and every single crime member had an individualized experience in that product. Right? So we think about the same exact thing as we look to create a huge company is to create these data modes on each different segment of the market, each different individual user of our app and maximize the ultimate improvement to morbidity or mortality for that user based on their individual needs, individual behaviors. Uh, and then, you know, if we really get there, that's an extremely invaluable company, right? Because anyone that has risk on that morbidity or mortality, mainly health insurers, healthcare providers who have risks, life insurers very, very much cares about being able to impact that risk. Right? So, um, that's our long term vision. And uh, you know, you mentioned a little bit about how the bar gets raised. I think it's actually a great thing. I think if you look at just what apple did, right? It used to be where I used to build pcs in the 90s and they were the ugliest color.

Speaker 4: [00:46:51] This was weird beige color. Like you look inside of them and all the cables when in all directions and it was just ugly. And then you look at our devices that we're using today, they're all beautifully designed. Um, they're simple. They're there. They're there function. They have to function perfectly, right? So the, the, the bar of one person like Steve Jobs just coming in and saying, no, we're going to build stuff, design stuff that actually looks beautiful and works and is simple, that's raise the bar for everyone else. And that just accelerates innovation, right? So I think, um, there's an evolution to, to kind of consumer technologies and it's a great thing. And yes, as a startup you have to be able to, with a small team, compete with these big companies that have, um, huge engineering and design teams. But, uh, it's a fun challenge.

Speaker 4: [00:47:40] And I think the good news is in our space in healthcare specifically, we couldn't create a Facebook competitor or an Amazon competitor. But in our space, the field is wide open and not competing with those guys. We're competing with them in terms of user interactions, but by taking what they've done and creating these user centric design principles and Ingrahm it's a healthcare, we're actually competing with the traditional healthcare delivery system, which has zero attention being spent on user centric design and user interactions and user experience. So, um, by just taking what others have done in other industries and bringing those principles to healthcare, actually the, it provides us a huge competitive advantage.

Speaker 5: 00:48:20 Matt, do you have any, so as you, as you're talking about this, you know, obviously with Amazon and Facebook and different things, there's been a number of ethical considerations about the data that they're collecting and some privacy components around that. So obviously forward thinking, you know, what are your thoughts on that for you and how you guys are going to be handling those situations and what, what are those big concerns for you as you think through moving forward?

Speaker 4: 00:48:46 Yup. This is an ethos we had from the very beginning, which is one, we will never share your personal health information with anyone other than you and the client we're serving who already has it, which is your payer provided, right? Your health insurance company or, or your, your hospital slash. Doctor. So we'll never sell your party to be your, your data to a third party. We have extreme security measures to make sure that it never gets exposed to anyone which, um, and you know, spent a big, big part of our budget. Just making sure everything is secure and there's no data breaches, right? So that's the first and foremost. Number one. Number two is, um, in our core values, uh, our number one core value as a company is, um, our member is our mission, right? In other words, treat every single user of our technology and program, like in your own mother or grandmother and always put them first, right?

Speaker 4: 00:49:44 So we created the set of core values to make help guide every employee of our company, whether it's the member support specialist that's picking up the phone to take these, you know, these questions or situations, or it's the engineer that's designing the next version of the app. Always make sure we're putting the user first. We're not putting our customer first. We're not acting, you know, perversely in the self interest of the insurance company. We're not creating a program that could discriminate based on, um, you know, potentially making healthcare more expensive for life insurance, more expensive. We only want to provide programs that can share the value of the value creation that we create, right? So if you think about our business is actually extremely simple. Some amount of money has to go in to get the behavior to improve and there has to be ROI on the backend in terms of lower costs of healthcare coverage or lower costs of life insurance, right?

Speaker 4: 00:50:42 All of these cases. Um, you know, I think one of the big kind of doomsday kind of predictions in this field is that, oh, we're going to get these, these programs that, you know, price discriminate based on different individuals. We're actually doing the opposite. We're only going to people who are high risk. We're only creating lower risk and therefore sharing back that value of that lower risk with the consumer from whoever holds the risk, who funds the $180. So it's whoever bears the risk on that outcome, right? So for someone who just had a heart attack, about 25% of those people will have another heart attack within those 90 days. Um, historically that's been the insurance company, right? This person has another heart attack. They go back to the hospital that's $16,000 that, you know, is costing the insurance company to pay for that hospitalization.

Speaker 4: 00:51:34 What's going on right now is we have this huge paradigm shift where the hospitals, the healthcare providers in many cases, are starting to take that risk from the insurance company in terms of those outcomes. So now if a patient comes in with a heart attack, they discharge the patient, they come back with another heart attack, boom, that's $16,000 out of the hospital's pocket, right? So our customers, customers, our bolt are both right. Either the hospital that bears at risk or the health insurance company that still bears the risks on the overall outcome for that first, that first heart attack that happens or hasn't started to give the rest of the healthcare provider yet. So, um, in all cases we, so for example, in that exact example, we've shown about a 45% decrease to the readmissions that happen after the initial heart attack within those 90 days.

Speaker 4: 00:52:29 So if you just do the math, the 180 bucks is a tiny drop in the bucket versus the expected savings of running our program, right? So all of our, um, and this is why it took us a little bit longer to get started. Cause what we have to pitch the customer, whether it's the hospital or the health insurers, no, trust us, just pay it this little one, I'm money up front. You're going to get four to five times that amount of money back from the cost savings that are generated. So it's a hard proposition to sell as a unproven startup that doesn't have results. But the great thing is in every single one of our implementations, the results had been better than expected. So now we're starting to reach this tipping point where we go into these, these new sales and we're like, hey, here's the math, here's the data that shows it works and all you have to do is believe it. And in some cases, we're even differing our fees until the result was actually measured, right? So we actually, in some cases going at risk for those results and therefore we make more money when those results are great.

Speaker 6: 00:53:30 Love that. Now can I talk about music now you can talk about music. Now

Speaker 4:	00:53:35	you happened to mention that Jim Morrison wouldn't really survive in the me too movement, but who might, is there somebody that you can think of in the classic rock era that you think, well maybe they would survive in the too,
Speaker 6:	00:53:49	or is that, is that just an unanswerable question? Sex Rock was Iraq. It was sex, drugs and rock and roll. And I don't know if that,
Speaker 4:	00:53:58	those really makes it through to survive. I agree. I think that the rock and roll ethos was let's just really, I'm misaligned with kind of the social movements of today, but, um, I guess I'll tell you, I, when I, I moved back from New York work after 10 years in New York to California. My parents still live here. Um, so I went home and my parents live about 45 minutes south of Los Angeles where I lived and I was like, holy crap. My mom still has her original, um, from the 70s, uh, vinyl collection and a turntable and it still works. The turntable and the whole sound system, the amplifier, the, the, the speakers still work. And basically they were right after, um, you know, I'm too young to actually know this, but you know, the transitioners transistors in the amplifiers used to be, you know, analog and like these, these light bulb type things. And then it switched to salt state. She was, she bought the first wave of solid state amplifiers and it was a Japanese brand. And this was when we still had tariffs against Japan after World War Two. So it's like, uh, my, my uncle was in the Korean War. He had to go and buy it in on his way back in Germany and bring it back with them. Right.
Speaker 6:	00:55:24	Wow. Talk about an effort put into getting some good sound. I, I have a fondness for your parents right now. That's pretty terrific.
Speaker 4:	00:55:34	Well, you know, and it was sitting in the garage and hadn't been touched in 20 years, but I fired it up at work. I'm like, mom, I'm taking it. She's like, okay, go ahead. I don't even, I didn't even remember I had it. So she still had her final collection. Awesome as well. And it turns out my parents were actually cool. You would never think that
Speaker 6:	00:55:52	[inaudible] I
Speaker 4:	00:55:53	can taste. So she had to answer your question. She had a original Fleetwood Mac album, um, rumors and who would be today's shining star? I think Stevie nicks would be like the, you know, the it girl today. And she would own social media. Uh, and that's one of my favorite albums. And I play it like on a weekly basis. I'm like, you know, Claridge's one, but my, what surprised me the most. So my mom had a ton of Simon and

Garfunkel, which I knew she was a huge Simon and Garfunkel. Uh, but she actually, you know, I'm actually a huge standup comedian and I never heard my mom curse my whole life until I was like, maybe in my twenties. She had like original Richard Pryor, like comedy. And it's like, I cannot imagine my mom sitting around listening to Richard Pryor, but I guess she did back up when the 70s. Yeah. And, and

Speaker 6: [00:56:48](#) we'll put a link on in the show notes, but Richard Pryor didn't hold back on anything. There was, there was no topic, no terminology that was off, off limits. Richard Pryor, holy smokes that, that's great. I, I couldn't agree more. Fleetwood Mac, Stevie Nix especially, you think about all the songs that she wrote were really empowering around women. Not, uh, you know, not I'm the victim, but they were really about, you know, I'm a strong person and I've got something to say. I think that, that, that's, that's pretty cool. What's on your playlist these days?

Speaker 4: [00:57:22](#) Um, so I like, I like a good mix of kind of, I guess what's Spotify recently suggested to me was, uh, their playlists, modern psychedelia. And so, um, there's a band called classic animals, which I've never seen a person who was pretty good. Uh, there's a band called Alabama shakes, some other great female lead. Uh, they're one of my favorite bands. Um, I liked the more kind of, um, esoteric type type of, I guess hip hop or rap. Uh, so like childish Gambino, um, Kendrick Lamar, King County. Um, so yeah, that's, that's kind of, if you look at it, so I have in my record album or my, my, my album collection, I have all this stuff that my mom had the classic stuff and have something that stuff she didn't have, like what's up when the doors. But then I also have a, I think every two years there's an album that comes out and I just listened to it on repeat, um, and for about two years and then the next one comes out. So, you know, that's been like the black keys, Alabama shakes, childish Gambino, Kendrick Lamar County. So those are the, the mortgages. Um, there's actually an all girl band called Haim who I love, uh, asking them, well I have a few times. They're pretty cool.

Speaker 6: [00:58:45](#) Yeah, I'm a big fan of Dan Auerbach and the black keys. I think his team is terrific. And of course, Alabama shakes man. I mean, talk about some really great chops. Those guys who've got a great sound from really from the basics that, that's really cool,

Speaker 5: [00:58:59](#) Matt. So if there were, um, so as we wrap this up, we always ask our guests, we don't always, but we try to ask, you know, so from your experience and everything you do, and granted, you know, number one recommendation obviously is to get your

		app if you can, but for people to stay adherent to drugs that they're doing. Tim is 89 out of 90, you know, I'm 98 and 90 and mine, I've established a nightmare.
Speaker 4:	00:59:26	Yeah. But like mark it off on my calendar every day.
Speaker 5:	00:59:30	What would you, what would you suggest, what are some, what are some tips from you that one or two things that you think people can do? Uh, it doesn't have to be on, on a, you know, drug adherence, uh, that, but just like, how do you, how do you establish a habit and keep it?
Speaker 4:	00:59:46	Yep. So I think I actually use a lot of these techniques I've learned over the course of time through learning about this stuff on myself.
Speaker 5:	00:59:53	Uh, you said you kind of do a biohacker on yourself all this time, so, yeah.
Speaker 4:	00:59:57	So I, uh, every quarter I set a new set of goals for myself. And you know, a lot of those are business related, but several of them are personal, right? And what I do is I write down clearly what those goals are. So for example, um, I want to lose 10 pounds, right? I write down why I want to do that, right? What are the, what are, what is this achieving this goal? What is it going to give me? Right? And it's like, well, I'm actually going to be able to surf, float on my surf for to catch waves as opposed to just think and not, maybe I'll be a little bit more attractive and actually be able to get a girlfriend, um, you know, those sorts of things. Then you break down that big goal of, you know, I want to lose 10 pounds by this date into individual three individual progress goals that are more trackable and quantifiable on kind of a weekly basis, right?
Speaker 4:	01:00:53	So, for example, I'm going to go low carb for, you know, for two weeks at a time, I'm going to work out five times a week, whatever it is. You've set the progress goals to the bet, tie up to the individual or to the big and high level goal. And then you break down those progress goals into individual daily tasks and then you track the progress towards those tasks. So every week I set out, okay, I'm on the road Thursday and Friday of this week I'm going, I'm in San Francisco and Silicon Valley. So that means I have to have to do three workouts Monday, Tuesday, Wednesday, or else I'm not going to hit my weekly goal. And when I'm in, you know, I'm seeing some friends up in San Francisco, I can't go out and, you know, eat a burger and French fries and milkshake and you know, have three beers afterwards with them. I have to, you know, it's, you know, set my, my

macronutrients for the day and hit those macronutrients. So, um, what I think it is, you know, if I had to summarize, set the intention, set the goal, really understand what's motivating you to hit that goal, then break that big goal into little bite sized pieces that you can actually track on down to the daily basis and kind of see your progress towards those intermediate goals to get to the big goal.

Speaker 5: [01:02:10] Very cool. Perfect. Perfect. Thanks so much Matt. Matt, it has been wonderful having you on behavioral groups. Thank you so much and good luck with Wellth, everything.

Speaker 1: [01:02:20] It sounds fantastic. Thanks for having me. Welcome to a grooming session where Tim and I grew up on what we learned from our behavioral groups interview, have a free flowing discussion on some of those topics and whatever else comes into our chemically charged brains, chemically charged that Matt talked about. It's not chemistry, right? But our brains are actually chemistry. Chemistry, right? There's the nerd. Actually. It's not really chemistry. So I guess maybe behavior is really just all chemistry. It isn't though. It is not. I mean, think about our, our brains are actually, uh, they have the electronic component in it. They have the, all of the neurotransmitters in there. That's not chemistry isn't it? I'm not, I'm not a chemist. So I couldn't really know you. The Difference Between Chemistry and physics. We need a neuroscientist on the, on here to talk about the difference between the electrical components of the brain and the chemistry components of the brain.

Speaker 1: [01:03:28] I think that would be a good, we need to do that. There we go. Definitely. So we're here to talk about Matt, we're here to talk about that. But w this is, uh, an interesting grooving session for us because yeah, it is because you are, I'm in the city as they say. I'm in New York City right now and I am in my office in Minneapolis, Minnesota. And so we've never done a remote grooving session. So let's hope this works. I mean, it's possible that just the wheels could just fly off at any moment. You should listen or should just listen to see when the wheels fly off cause it's gonna just crash and Burn Ka. Boom. Yeah, it's going to happen. All right. All right. Well, well, well, okay. You know, I'm glad you're in New York and not hearing in 90 degree weather so well it's, it's warm here in New York, but it is, it is pretty great.

Speaker 1: [01:04:20] You know, I mean it is a great place to visit and I've been spending a lot of time with people who live here and they wouldn't trade New York City for anything. I like these little crazy, well I guess I kind of get it but on a level I also don't get it because I don't know, I grew up in fly over land so it's just hard to, hard to kind of get into that. Well, okay. So we'll will digress here cause that's what we do. Um, I was just in conversation with um, some people the other day and we were talking about Minnesota and one of the factors in Minnesota is that we have the, the highest rate of people who, um, were born here and die here as a percentage. So there's this component of people who are moving into, um, you know who, who are born here and then they move away and then they, they, they always come back.

Speaker 1: [01:05:15](#) But the, that one I knew from long time ago. But the interesting part is that there's a whole component on unreal commercial real estate, which I'm not going to get into you and, and why the twin cities has such a high predominance of fortune 500 headquarters. And one of the components of that is they're saying once people move here, they don't move away. And the, the percentage of people moving in Denver, Seattle, Phoenix, all have a larger component of people moving into those, those cities. Right. But they also have a larger percentage of exodus. So we have a slower trickle of people coming in to move into Minneapolis, St Paul, but then the exit rate from Minneapolis, Saint Paul as much class. So there we go. Well I think it is interesting actually, and I learned today or yesterday that a third of the people who were living in New York City were not born in the United States.

Speaker 1: [01:06:13](#) Wow. So that is a really diverse population. And I love that. You know, I'm super drawn to this idea of living in a world where, guess what I mean? We, we humans, we are all about moving around. We have spent the last hundred thousand years, you know, moving from place to place, integrating with other groups. And this is sort of the modern equivalent of some really serious migration stuff going on. I love it. Yeah. It's that a mixing pot as a as like they, they like the mellow melts. Something melting out. Yeah. Make single health thing know I'd rather Knox not melt. All right. Let's, let's tell, let's talk about Matt. Let's talk about Matt. So Kurt, what, uh, what do you think we should talk about today? Well, I think there's a couple of things that I would love to talk about. So I'd love to talk about the use of the endowment effect or loss aversion in the way, the way that, that they've set this up.

Speaker 1: [01:07:05](#) And I thought that was fascinating and we have had a couple other conversations about that and I think we can really dig down into there. And then I really want to get into this component of, um, how Matt is wanting to move people off of the extrinsic reward and get them to be doing this from a habitual component. And so how does that play out from a, uh, extrinsic motivation? You know, there's literature out there that says it decreases intrinsic motivation and that's a whole area. Um, but then there's some recent research that doesn't. So let's, let's, uh, start on that. You want to talk about endowment effect?

Speaker 2: 01:07:43 I do. I also, uh, it's tied into this for me is the clawback incentive stuff. We've had some recent discussions on clawback incentives, but yeah. But this idea of starting every month with a balance, actually starting the whole program with a big balance and saying, here's $180 is a big, you know, it's a big deal. It's like, oh, this is a, it's the headline. It's the big promotional story. And I think it's a great tool to get people invested. You know, this is why people get into lotteries because of big numbers. I know that these are crazy different sizes, but, but that's why we we get in is when there's a bigger number involved. So it's a great way to start and I think that that's, that's a really clever way of approaching this program to engage the participants first and foremost.

Speaker 8: 01:08:27 Right. And I love how they're actually using this component. Right? When they started, they did not have this endowment effect, the loss aversion component within it. They actually had it as a gain every day you get, you earn a dollar for showing us the picture. But the fact of the matter, once he started to read into some of the research, so again, to a degree, he's an accidental behavioral scientists in this, but he's looking into that and he goes, wow, can we use this research? And then they tested it out and it seems to me that they are having a really positive impact where they're at this component where yes, every day basically earns a dollar, right? If you looked at it, you get $30 per month in. And granted how they have that shown up is, is that you get that $30 at the beginning, but they doesn't actually deposited into your account until the end of the month. But for every day you miss, you lose $2. And so that endowment effect kicks in because, no, that's mine. I want it that I'm not giving that up. Right. That pain of losing that $2 is, is really hard. So it has that clawback effect.

Speaker 2: 01:09:40 Yeah. And I think that, uh, I, I gotta get back to Matt's idea that behavior is way more complex than chemistry or the hard sciences and economists have really let us down sort of the wrong path, believing that we ought to be rational, that we ought to be rational agents. And that the, um, the whole idea of the progressive and positive reward on a daily basis should be the right thing. I think that we're kind of mucked up, uh, in, in this idea that we, we ought to be that way when in fact we're just not, you know, I, I the, the fact that we just respond so much better to having this clawback in this particular environment, in this situation and that match data proves it out, says, you know, we can get rid of the economic models, you know, along these lines and they just don't apply to every situation. So I would, I would be hesitant to say, let's just throw out all of the economic models, not for everything, but in this situation Matt has proved it. What works and what doesn't and what, which is more effective.

Speaker 8: [01:10:42] And I think the, so here's, here's my component, here's how I think about this. When we are dealing with people, we are, as you said, we're not, we're not just a robot. As we've said, you didn't just plug and play us. There are a number of different factors that come into play. That being said, what I loved about Matt is that he was, he's open to looking at the research to say how do we take what some of these research findings are implying and how do we potentially use those to increase the desired outcome of what we're trying to do. And that testing and experimenting worked in this situation to that degree, the game one worked as well. Um, and so yeah,

Speaker 2: [01:11:32] it just wasn't as effective though. I mean it was not nearly as effective as the clawback. Yeah.

Speaker 8: [01:11:37] Didn't, it didn't work as good, but it still worked. So that model still works that just this model works better. So in this situation, in this situation, and again, we keep going back to that because we talked with Charlotte blank or her Charlotte point and talk about, you know, a larger study where callback did not work. Right. And that was a huge callback that that was, you're talking hundreds of thousands of dollars if not more, um, tens of thousands to hundreds of thousands of dollars. And I think there is a, a difference in scale, a difference also in the audience that you're dealing with and a number of other factors so that in that environment, the clawback incentive did not work. Right.

Speaker 2: [01:12:23] Well and I say bring it on. Let's, let's look at all of the complexities and all of the variations that go into making up these contexts in these circumstances and these environments different. That's great. I just don't want to, um, I don't, I don't want to be living my life believing that the economists have a general supremacy on good ideas and that we ought to behave in a particular way when human behavior is much more complex and much more contextually, um, influenced. Uh, okay. So that's my rant. So I think you're taking in some of this New York attitude. You are, you are feisty today. You are, see this is where the wheels start coming off. Are you going to start like get about it could I'm not working with you anymore. No, I'm not going there. No, no, no, no. Wow. That was weird feedback too.

Speaker 8: [01:13:23](#) Oh right. Okay. I agree with you. I agree with you 100% on the nuances that we need to take into account. And, and so from that perspective, I think one of the insights that I got from this is to say, hey, let's be more open to looking at nontraditional ways of rewarding people. And in particular, and I think what, what I'm actually fascinated with with this one because of this clawback component is because it was relatively small, right? And if you think about this, this is $2 back, you know, a dollar back. And a lot of times on those smaller incentives of smaller kind of recognition components, recognition probably is not the right term here, but there's a smaller incentive programs. Does this work more, uh, does it have a larger impact than say, a typical game one? And so I would love to be, you know, talk with people about that and to run some experiments to see if this, this has some legs beyond just this Wellth app. So,

Speaker 2: [01:14:26](#) yeah. Yeah, definitely. Um, along those lines, I think that it's worth talking about the clawback incentives. Also in the world of business as Charlotte has, has, uh, has mentioned in, in our discussions before about how there has been negative consequences from using a, using a clawback. And when I think about my own experience with sales managers and the number of programs designed, uh, for, uh, positive reinforcement incentive programs, boy, it's just really, really hard to get a sales manager even think about a clawback because of a co the cultural side of it. Um, if nothing else, there's a, there's a cultural aspect to uh, avoiding clawbacks. And uh, and part of what might make this work for Matt is that there isn't a history of this is how we do incentives, uh, is so to get you to take your medicine, there isn't a, a long, uh, sort of standard of this is what we,

Speaker 8: [01:15:28](#) Hey, every day you're going to get, every day I take my pill, I'm going to get it back. That there's not that long standing tradition. I think the other part from a sales component is you talk about this culture and this history. I think there's also this component of who I am as a leader and what type of leader do I want to be. Do I want to be that leader that is really seen as punishing because that's what clawbacks seem like. They seem like they're punishing you, right? It's the you're grounded component kind of to that degree. And do you want to be that leader? And I think a lot of people don't want that right there. There's some negative connotations that go along with that.

And thus your ending up, you know, not having people even want to try. So yeah. Yeah, definitely.

Speaker 8: [01:16:19] All right, let's, let's get into our, my, my component here of extrinsic motivation, uh, and then trying to wean people off of that and is it possible? And so this is part that Matt was talking about. They want to move people ultimately off of the app and build these habits. And I think that's commendable. And I think there is something to getting people to do things over and over and over again. And it does become habitual, right? Go back to Skinner. Go back to any of your, uh, you know, behaviorists that have, you know, looked at this and animals and people for the past hundred and 20 some odd years now. And we know that some of that works. Yeah. The hard part is, is that, you know, are we also habituating people to getting the award as, as, as a reason for doing this.

Speaker 8: [01:17:19] And this gets into that extrinsic motivation. Um, and DC and Ryan have talked from, you know, the mid seventies onwards about how extrinsic motivation decreases subsequent intrinsic motivation. And I just have a hard time with that just, um, from my experience within the world and different things, but also there has been lots of research out there. Um, subsequent to that that says, Hey, yeah, in some situations and in specific contexts, that's probably true, but you're not looking at the larger picture. And that larger picture says, hey, how you structure that incentive matters to whether or not that extrinsic motivation actually decreases the, the intrinsic motivation subsequently and looking at the length of time that the, uh, that that motivation is subsequently decreased. And we have historically probably taken too short of a measure of that and not looked over a long term component.

Speaker 2: [01:18:26] Well, a lot of Gla. Yeah. Well, so many of these, uh, of these test environments use that the simplest form of piecemeal style reward, right? It's, it's do this and get that, uh, in, in a, in, in typically kind of a piecemeal fashion, which is, uh, sort of the blunt instrument. Um, the bluntest instrument in the world of incentives. There are many, many other ways to, to develop incentives, to write rules, uh, to, to get people, uh, you know, to, to change behavior than just this very simple piecemeal thing. There's a whole variety of things around, um, you know, rewarding progress and having tiers, setting individual goals. Uh, you know, there's a whole bunch of things that can be done rather than using this very blunt and simplistic element of, of just a, do this, get that right.

Speaker 8:	01:19:16	Well, Eisenberger and Cameron talked about that. And so that is, um, some really good research that was done late eighties, nineties. Uh, even some of the early two thousands is looking at how those incentives are structured and are they structured in such a way that they actually, um, are so DC and Ryan are talking about it, you know, when you do that extrinsic motivation, basically in our brain, what we're doing is saying, hey, I am doing this. Um, whatever it is, if I'm putting these blocks together, figuring out these anagrams, whatever that would be it, but I'm doing it because of the reward. Right. And, and thus I must not really like doing it. That's the theory kind of behind what they're saying.
Speaker 2:	01:20:01	And that ultimately extrinsic motivation sort of crowds out intrinsic, it crowds it out. Right? So yeah, because that's exactly, it's like, oh, I'm doing this because I'm getting paid for it. Not because I like it. So that crowds out this intrinsic motivation. So necessarily when I stopped getting the reward, then I'm not going to have any intrinsic motivation to keep me going at it. So I'll just stop doing it or do it at a, at a lesser level. What Cameron and Eisenberger have talked about and some other researchers that have out there that are looking at this is that if you structure the incentives so that the incentive is actually more of a indication of how well you're performing on it. In other words, if you're setting goals and do I achieve the goal or not achieve the goal, um, you know, tiers, various different components.
Speaker 8:	01:20:49	Say, Hey, I am doing this and I am, I am doing this at a level that obviously shows mastery and various different components of it. Then what that is again, then our brain processes that differently. What our brain does is says, oh, I'm getting rewarded for my improvement on this. I'm getting rewarded for how good I am at this. And it doesn't have that component of saying I'm just doing it for this. It's, it's a reflection of my performance and my mastery as opposed to this component of not doing it. So I thought that was, that was really interesting. And then I know, and, and, and we'll find this and put it in the show notes, Tim, but I can't remember. I did read a recent article that talked about the time length of looking at that performance. Right. And, and so there, there has been a recent look at saying, Hey, yes, you know, immediately following the, the, the extrinsic reward.
Speaker 8:	01:21:50	If you look at, at these programs where, Hey, I'm putting blocks together and then I'm paid. And then once I'm stopped being paid that, you know, I, I no longer play with those blocks. Right. But that's the, the immediately afterwards or the next day,

what they're not looking at is a couple of weeks from, from that time or a month from that time, or even a year later. And when they do, when they, they extend that measuring program out, what they're finding is that that intrinsic motivation ramps back up and it ramps back up. And sometimes it might even ramp up to be either a little less or a little higher, but you know, significantly probably not much different. And I know you had done some research on that, um, back in, in some of your days and looking at some of things just around incentive programs.

Speaker 2: 01:22:43 Yeah, definitely. The, I was able to do some research on incentive programs for several years with many, many, uh, clients looking at, uh, a baseline of activity that a sales rep might be achieving for the three or four months prior to the incentive period. And then measuring their, their results during the incentive period, which of course was higher than the baseline. Um, and then, uh, immediately following the incentive, uh, there is something that, uh, Ron Kibitz calls the posts incentive dip that there is a sort of a natural fall off and some of this might be self forward, uh, that we didn't, we didn't really finish all the things that we wanted to do on this, but there's, there's speculation that this could just be because they've sort of sold out everything that they possibly can. They move sales up in order, they move into the incentive exactly what as in next month.

Speaker 2: 01:23:37 But you know, but after, but after that dip is the level of activity, the level performance and the sales didn't just return to the baseline level prior to the sales incentive would actually higher than that. The, that the typical sales rep developed skills and, and a level of momentum and activity and got used to selling more and actually did better after the, uh, the incentive period because they were turning out more stuff. They were doing more. And so much of sales is just, is about activity. I mean, there's, it's complex. I don't want it or I don't want to try to say that it's just about activities. It's much more complexity.

Speaker 8: 01:24:17 No, but, but to that degree, what you're, what you are saying supports Matt's idea that you can build these habits up to subsequently wean people off of the, the extrinsic reward, particularly as it relates to these health factors of taking your medicine and other factors and get them to continue on with those positive behaviors without that extrinsic reward being there. So, right. I think that's fascinating because this is one of the biggest pieces. I think that there's a lot of misconception out there and popular press, um, you know, uh, drive, um, um, and, uh, the, the work by Alfie cone and all of those others, uh, they talk about this extrinsic decreasing intrinsic motivation. And in reality, uh, that's probably a misnomer. Um, it, it probably takes place as you said, you get that post incentive dip. I like that, but it is just a dip and then, you know, subsidy coming out of that, it can actually increase, uh, those positive behaviors moving forward. So,

Speaker 2: [01:25:27] yeah. Well, we mentioned Teresa mobolows work. I have a tremendous amount of respect for the quality of her work and, and she has demonstrated that when it comes to creative work, it just doesn't make sense to try to offer some kind of an extrinsic reward for doing something that, that is creative, that is much more, uh, much, you know, that is going to work better when it's intrinsically motivated. So I, I think, again, this is circumstantial and there are, there's a context in which this could work. You know, sales reps are, you know, uh, as people go, going to be higher on the scale of extrinsically motivated than anyone else. So a, it doesn't apply to every job in every situation. And I also like to say, you know, Matt could do well to wean people off. You know, we, the, the work that I was doing was looking at the incentive running and then stopping cold Turkey and yet still we saw this, this, um, this halo effect of the, of the way people would come back and perform at a higher level than their baseline after the incentive and weaning people off could be so much better if you had the opportunity to slowly take them off of the incentive, uh, the extrinsic incentive and to allow the intrinsic motivation to build up over time, I think really, really cool.

Speaker 8: [01:26:47] That would be interesting to see if that actually works better than just ripping the bandaid off and having that post dip for a little bit and then coming back up. So, yeah. You know, and, and, and to that degree, hopefully he, you know, this is the hard part when you're talking medicine and adherence and various different things and a lot of these kind of medicines, these are life altering, uh, very important things. And so you would think just naturally there would be enough motivation to people to take their medicine. However, we know that that's not always the case, but maybe if you've gotten into the habit, you have now reduced the friction to the, the, the reasons that stopped you from taking your medicine before the extrinsic. In other words, that extrinsic was the, the kick to get you to start doing this. And now that you're, you've started doing this, you no longer need that kick, um, because you already are motivated enough by the positive health outcomes that you're getting. So maybe ripping that band aid off isn't going to have that post on there. And so those will be interesting things and then we'll know what's, get them back on the, on the show on a couple of years and, and, uh, find out more about some of the research.

		So definitely. All right, my friend. Well, I think we're wrapping up.
Speaker 2:	01:28:08	Yeah, I think we are too. And it's a, it's been fun talking to you from the city
Speaker 8:	01:28:14	city. All right, well listeners, hopefully you have enjoyed this. Hopefully you've learned something. I think, uh, if you have enjoyed this or learned it, we would very much appreciate you going out and leaving us a rating. We say that all the time. And you know, it sounds like a broken record, but in reality it is important to allowing other people to find us. The big thing about the number of podcasts that are growing, which is fantastic, is that it is harder and harder for people to find, uh, podcasts that are with their interests. And so by liking us, by giving us a review, you're actually increasing the likelihood that people who are interested in this, we'll be able to find our podcast and listen to it. So with that, thank you. And
Speaker 1:	01:29:02	have a great New York or wherever you are day.