

# HIV Prevention through the Lens of Behavioral Economics

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## Brief Overview of the Talk

- What is Behavioral Economics (BE)? – 2 min.
  - Slides on **Microbicide use and BE** on MTN website
  - Slides on **BE and ART adherence** on NIH Adherence Network Distinguished Speaker Series
  - Paper on **BE and HIV Prevention** in *JAIDS* (2015)

hcard Test to  
ssions



WELL  
My Patient Doesn't 'Do'  
Vaccines



WELL  
Vegetarian Diet May Cut  
Colon Cancer Risk



John D. Arras, Medical  
Care Philosopher, Is Dead  
at 69

Liberian Leader Concedes E  
Response to Ebola

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HEALTH

## *Study That Paid Patients to Take H.I.V. Drugs Fails*

By DONALD G. McNEIL Jr. FEB. 24, 2015



# Brief Overview of the Talk

- Increased recognition that
  - behavior matters
  - Incentives can influence behaviors
- Many people's reactions (probably): Incentives don't work...
- But: BE points out other ways of
  - Influencing behavior (message framing, increasing the salience of decisions, ...)
  - incentivizing!

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- But: BE points out other ways of
  - Influencing behavior (message framing, increasing the salience of decisions, ...)
  - **Structuring incentives**

# Main Question of the Talk

**How can we use BE to design better incentives?**

## Business as usual...

- Much of policy is explicitly or implicitly based on the ‘rational actor’ of traditional (neoclassical) economics
- Therefore, interventions typically focus on
  - Information provision (“Smoking is bad for you”)
  - Cash payments (“If you do  $X$  I pay you  $Y$ ”)

# What incentives have been used to improve HIV-related outcomes?

- Pettifor et al. (2006): 16 studies using cash and financial incentives for HIV prevention
- Galárraga (2013): 4 studies for improving ART adherence; 2 cash, 2 vouchers based
- HPTN065: cash incentives did not have (fully) desired effect



# What is behavioral economics?

- Different from traditional economics that assumes that people
  - “...can think like Albert Einstein, store as much memory as IBM’s Big Blue, and exercise the willpower of Mahatma Gandhi” (Thaler and Sunstein, 2008)
- Studies BIASES (systematic decision-making errors): Present bias, Loss aversion, Saliience, ...
- Uses these biases as entry points and levers to remedy the errors they cause

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- *BE goes beyond this model, recognizes*
  - *our cognitive limitations (how we process statistics, for example)*
  - *our struggle with self-control*
  - *our desire to fit in with our peer groups*
  - *allows implementing smarter incentives (more effectively, at lower cost)*

## Traditional incentives

Policies based on traditional economics:

**HOW MUCH?**

## BE and incentives


Traditional economics:

**HOW MUCH?**

Behavioral economics:

**HOW?**

# Incentives: Traditional vs. BE

	Traditional Economics	Behavioral Economics
<b>Dealing with preferences</b>	Overrides preferences	Supports individual's preferences Nudges towards those of the rational, 'cool' self 'Angel' (Dec 31) vs. Devil (Jan 1)
<b>Type of incentive</b>		Money (Can backfire!) In-kind Chance to be kind (self-identity) Social prestige ("Employee of the month") ...
<b>Allocation mechanism</b>	Fixed (Quid pro quo)	Contingent Unconditional Fixed Variable (Lotteries, raffles, ...)
<b>Delivery</b>	Does not matter	As a loss avoided (loss aversion) As a separate payment (saliency)



## Take-home message

- **Incentives are not only \$\$\$**
- Financial payments can backfire
- **BE can help us think of more effective incentives**
  - Example of an ongoing BE-based incentive program:
    - Trying to increase ART adherence in Uganda
    - Costs about 2 USD per person per year
    - Giving out small prizes (coffee mug, umbrella) through a raffle

# BE incentives: 8% points increase in adherence



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THANK YOU!

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