

Encouraging Healthy Behaviors by Expanding Beneficiary Rewards & Incentives in Medicare Advantage

Fact Sheet July 2019

KEY FACTS

- Rewards and incentives are used by health plans to encourage healthy behaviors in beneficiaries, encourage prevention, improve health outcomes, and reduce costs.
- In 2014, the Centers for Medicare and Medicaid (CMS) permitted Medicare Advantage plans to offer limited types of rewards and incentives to beneficiaries. The guidelines were slightly expanded in 2016.
- An expansion of allowable rewards and incentives in Medicare Advantage and Part D would further encourage healthier behaviors and use of high-value health services.

POLICY RECOMMENDATION

CMS should modify the current guidelines to expand allowable rewards and incentives in Medicare Advantage and Part D to improve health through encouragement of use of high-value, low-cost care and services.

In 2014, CMS issued guidance to permit Medicare Advantage to offer rewards and incentives, as has been allowed in commercial insurance. These non-benefit rewards and incentive programs are designed to encourage healthy behaviors in beneficiaries and enhance the value of integrated care. Rewards and incentives are typically focused on early intervention and prevention and may include rewards for visiting your primary care doctor, receiving the flu shot, or losing weight. If the programs are structured correctly, these incentives result in better health outcomes and behavioral changes that last after the rewards are offered.

According to CMS, the goal of rewards and incentives in Medicare Advantage “is to encourage enrollees to be actively engaged in their health care and, ultimately, improve and sustain their overall health and well-being.” In 2016, CMS expanded the ability to offer rewards and incentives, but more improvements are needed.

Expanding the Current Guidelines for Rewards and Incentives Programs

Modifying the current guidelines to lift restrictions on use of incentives and rewards would allow plans to encourage use of high-value, low-cost services to encourage healthier behaviors and improve health. Evidence has shown that rewards, incentives, and financial payments have a positive impact on changing behaviors and achieving health goals for beneficiaries. In addition, the flexibility to target incentives to certain populations or individuals most in need of encouragement can be effective in improving use of high-value services.

Potential modifications to existing guidelines may include:

- Allowing plans to offer rewards and incentives to beneficiaries if they participate in services or activities focused on improving health, preventing injuries and illness, or encouraging efficient use of health care resources.
- Providing plan flexibility to target programs to certain populations who would most benefit from incentives.
- Allowing plans to offer rewards and incentives that may surpass the value of the health service or activity, allowing incentives for low-cost, high-value services, such as flu shots.
- Allowing electronic communications to educate, inform, and encourage beneficiaries on use of services that may be low-cost, but impact subsequent higher administrative or service costs.
- Allowing plans to offer financial rewards for participation in evidence-based health programs or achievement of health goals.
- Allowing plans to use appropriate marketing to inform beneficiaries of the availability of rewards and incentives for certain services or programs.
- Allowing plans to offer rewards and incentives in the Part D program, specifically including the ability to target beneficiaries who struggle to adhere to medication protocols.