# Patient Incentives in Medicaid:

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## Overview:

- Evidence behind patient incentives
- Incentives in Medicaid: What Works and What Doesn't
  - Lessons Learned from States
- Monitoring and Evaluating Incentives

# How do we help patients improve their health?

U.S. dealing with chronic disease epidemic

- 1 in every 2 adults has at least one chronic illness[1]
- 1 in 5 adults smoke[1]
- Lower income carry greater burden of chronic conditions [2]

*How do we help people maintain their health and make healthy behavior changes?*

- Incentives for participating in health promotion activities and achieving health goals
  - Private Industry Trend
  - Would this work for Medicaid?

[1]Center for Disease Control. "Chronic Diseases and Health Promotion" http://www.cdc.gov/chronicdisease/overview/index.htm
[2]Thomas Bodenheimer et al. "Confronting the Growing Burden of Chronic Disease: Can the U.S. Health Care Workforce Do the Job," *Health Affairs* 28, no. 1 (January/February 2009): 64-74

# Evidence on Patient Incentives

Research on financial incentives:

- Can promote one-time behavior changes and participation [3]
- Rewards tied to changing health outcomes less effective[3-4]
  - No effect on sustained weight loss
  - Mixed evidence on smoking cessation

Limited scope of research

- No studies on insurance-based incentives
- Most studies not on Medicaid population

[3]Adams Dudley et al. *Consumer Financial Incentives; Decision Guide for Purchasers* (Rockville, MD: Agency for Health Care Research and Quality, November 2007).
[4]Kevin Volp et al. "A randomized, controlled trial of financial incentives for smoking cessation," *New England Journal of Medicine* 360, no 7 (February 12, 2009): 699-709

## Designing Incentives for Medicaid

Incentives must be paired with intervention:

- Low income, vulnerable population
- Face economic, environmental and social barriers to accessing health care/supports

Avoid varying health care costs or benefits based on compliance:

- Could threaten access to care for most vulnerable

## Gold Star Incentives: Minimize Barriers to Engaging in Healthy Behaviors

Make health promotion program easily accessible

- Assist and pay for transportation
- Cover participation fee

Remove barriers to appropriate care

- No co-pays for diabetes meds for ALL diabetics

Engage providers and community centers in program design and patient outreach

## Behavioral Intervention + Reward

Reward engagement in health promotion activity
- Still must address accessibility

Small, frequent rewards more effective

Cash, gift cards, small prizes
- Shouldn't affect Medicaid eligibility

Tiered incentive structure:
- Reward participation, behavior change & attainment of health goals

## MIPCD: Intervention + Incentive

Medicaid Incentives for Prevention of Chronic Disease Grants

- 10 states awarded $5 -$10 mill/5 year
  - CA, CT, HI, MN, MT, NV, NH, NY, TX, WI
- Must address: tobacco cessation, controlling or reducing weight, lowering cholesterol, lowering blood pressure, and/or avoiding the onset of diabetes or managing diabetes

## MIPCD Requirements

Intervention must include:

- *"increased awareness about health issues, motivation to change, skill building and support tools, and providing opportunities for healthy lifestyles, which include providing a supportive community environment and available resources to support risk reduction"*
- Address behavioral, social and economic barriers
- Consumer groups included in development
- SPA must cover preventive services

## Minnesota's MIPCD

Population: Pre-diabetic adults

Goals: Weight loss, reduced risk of diabetes

Activity: YMCA 12 month Diabetes Prevention Program

- 16 weekly sessions, 8 follow-up monthly sessions
- Free, multiple locations/times, help with transportation/child care, meals

Incentive: class participation+ weight loss

- Cash incentives via debit card (up to $600 in year)
- Farmers' market vouchers, healthy cookbooks

## Limitations of Patient Rewards

- Rewards tied to participation w/o efforts to improve access
- Rewards for one-time actions or treatment compliance (doc visit, immunizations, drug compliance)
  - Does it incentivize use of service or just reward those who would have done it anyway?

## Florida's Experience

Enhanced Benefits Reward Program:

- Started in 2006
- Earn credit for goods at pharmacies (diapers, OTC medicine, vitamins)
- Rewards for obtaining health care services, participating in wellness classes (tobacco cessation, weight loss)

Very few credits earned for participation in wellness activities [5]

- Majority for receiving health care services

[5] Agency for Health Care Administration. Florida Medicaid Reform. Year 6. Final Annual Report. July 1, 2011-June 30, 2012. http://www.fdhc.state.fl.us/Medicaid/medicaid_reform/annual.shtml

## Problems with Insurance-Based Incentives

Vary health care costs or benefits based on participation or attainment of health goals

- Includes increased co-pays or premiums w/ health rewards to pay down

Creates additional barrier to care for most vulnerable and those that most need care

Counterproductive to aim of health promotion

## West Virginia's Experience

"Enhanced" vs. "Basic" benefits plan

- "Basic" plan: more limited coverage of drugs, mental health services, physical and speech therapy.
- "Enhanced" package only if keep doc appointments, comply with medications

*Restricted access to care for those who may most need "enhanced" plan services*

## Monitoring and Evaluating Incentives

- Include evaluation plan from start
  - Isolate affect of incentive
  - MIPCD experimental or quasi experimental designs
- Include enrollee experience survey
  - Perspective on reward's influence on behavior
  - Perceived accessibility of program
  - Reasons for non-participation

## Key Take Aways:

- Design incentive alongside meaningful supports
- Consider whether added "reward" is necessary to promote target activity
- Protect benefits and cost-protections for all enrollees
- Be able to evaluate effect of incentive

## Thank You!

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