



Healthy Behaviors Program: Financially-Based Rewards

Under the Iowa Health and Wellness Plan

March 31, 2014

Executive Summary: On May 23, 2013, the Iowa Legislature enacted the “Iowa Health and Wellness Plan” that was signed into law by Iowa Governor Terry Branstad. The legislation was crafted into two separate 1115 demonstration waivers that were finalized between the state and the Centers for Medicare & Medicaid Services (CMS) on December 30, 2013. Coverage began on January 1, 2014. The Iowa Health and Wellness Plan represents Iowa’s unique approach to Medicaid expansion, covering Iowans age 19-64 with income up to 133 percent of the Federal Poverty Level (FPL). The two plans provide a comprehensive benefit package and provider network, along with important program innovations.

Beyond providing access to healthcare coverage for this population, the program’s intent is to drive quality care by establishing an outcomes-based reimbursement methodology, leveraging private health plans and encouraging personal responsibility. In the new plans, members have a financial stake in their healthcare. The waivers are designed to drive appropriate consumer behavior in their use of the health care system by emphasizing primary care access and utilization, and encouraging healthy behaviors by waiving premium contributions for completing a wellness visit, health risk assessment, or other identified activities. Individuals with income below 50 percent of the FPL and those found to be medically exempt (frail) will not be subject to contributions, but they will be encouraged to participate in the healthy behaviors program. Beyond the ability to earn a waiver of premium contributions, the Iowa Medicaid Enterprise (IME) intends to offer financially-based rewards to Iowa Health and Wellness Plan members, providing positive incentives in 2015 consistent with program goals. This would provide an enticement for those at or below 50 percent FPL (with no contribution to waive), and a positive incentive to those above 50 percent FPL once the premium contribution waiver has been achieved with a goal to further drive population health engagement.

Background

National studies indicate a positive correlation between specific incentives and reduced health care costs over time.¹ An emerging body of research underscores the importance of patient engagement in their own health, including the Patient Activation Measure (PAM) showing those more activated have better experience of care and health outcomes; taking steps to build skills and confidence are a key to increasing activation.² Findings also show rewards for wellness visits (an annual physical) result in more favorable outcomes than rewards that involve lifestyle changes such as quitting smoking or weight loss.³ The rewards program will be designed to increase individual responsibility for personal health and support adoption of healthier behaviors. The long-term goal is to reduce health care costs for preventable conditions by improving overall health status and patient activation level. Core elements of Financially-Based Rewards for the Healthy Behaviors Program are:

- Establishing a positive reward (beyond the waiver of premium contributions) to motivate members to access preventative care and engage in healthy behaviors.
- Educating members, providers and other stakeholders on the program, its importance and alignment with overall goals.
- Monitor the program to determine if it is understood by members and driving results.

Program Structure

A key goal of the Healthy Behavior Program is to operate an evidence based incentive program for the Iowa Health and Wellness population. The program structure includes four distinct components necessary to implement and ensure success: the reward benefit itself, member outreach and education, engagement of partners and monitoring results.

1. Rewards

Several forms of rewards can be issued to members that meet qualification criteria. At minimum, it has been determined that reward amounts must equal the annual premium amounts in the Wellness Plan (\$60) and the Marketplace Choice (\$120)⁴. Rewards may be basic or enhanced based on the level or milestone achieved; minimum and maximum limits may be earned according to a payment schedule. For example, enrolling in a health program may result

¹ John Cummings. "Finding the ROI in Wellness Incentives." *Business Finance*. <http://businessfinancemag.com> August 11, 2008

² Judith Hibbard and Jessica Greene. "What the Evidence Shows About Patient Activation: Better Health Outcomes and Care Experiences; Fewer Data on Costs." *Health Affairs*. February, 2013.

³ Kane, et al. Economic Incentives for Preventive Care. Evidence Reports/Technology Assessments, No. 101. Rockville: Agency for Healthcare Research and Quality, August 2004.

⁴ Market PlaceChoice and Wellness Plan Special Terms and Conditions, Healthy Behaviors, Premiums and Cost Sharing.

in a “basic” benefit of \$25. Accomplishing a weight loss of 5 percent may result in an “enhanced” reward of an additional \$50. Rewards are intended to be available only after the waiver of premiums has been earned (if applicable; those below 50 percent FPL have no premiums). Examples of reward benefits include vouchers or debit cards that would limit purchases to health related items and allow participation with community programs, such as:

- a. Pharmacy over-the-counter medications
- b. Gym memberships and weight loss programs
- c. Sports equipment and registration fees
- d. Tobacco cessation supplies
- e. Fresh food purchases (such as farmer’s market)
- f. Childcare during health related activities
- g. Gas cards or bus passes for healthcare visits

IME intends to contract with a vendor to assist with the administration of Financially-Based Rewards. Essential functionality for this component includes:

- Evidence based incentive program design
- Implementation plan and work bread down structure
- Member and community partners communication plan, including integration with other program communication activities with IME and community partners
- Evaluation of results, including possible collaboration with other CMS incentive program evaluations or national groups
- Interface with IME to identify members eligible for rewards
- Production and issuance of rewards mechanism and related material such as benefit cards, vouchers and gift catalogs
- Tracking of account balances as rewards are added and benefits spent
- Regular reporting on account activity
- Call center/customer service for card services support
- Respond to requests for replacement cards
- Open, maintain and close accounts
- Capability to go live by January 1, 2015

2. Member Outreach and Education

Effective communication is essential because this is both a new feature for the Medicaid program and (generally) a new population to a fulsome Medicaid coverage. A successful incentive program is dependent upon how well members are informed, so marketing is critical to achieving results. Studies indicate that Medicaid rewards programs must be easily

understood, realistically achievable and attractive enough to motivate participation.⁵ Other findings reveal that rewards have a higher impact on simple behavior changes such as wellness visits and routine screenings, as opposed to sustaining complex behavior changes such as smoking cessation and weight loss.⁶

Challenges include the ability to reach members given known communication barriers for this population: lower access to the internet, low literacy skills and primary language complications. IME's existing Member Services infrastructure is already positioned to handle this type of effort. Strategies for educating members include:⁷

1. Trained staff for responding accurately to member questions about the program
2. A launch with educational mailings and dedicated website
3. Reminder contacts to reinforce the key components of the program
4. Partnership with providers and stakeholders to promote the program
5. Reduce confusion by separating healthy behavior communication from other program messaging

Targeted outreach could be identified through a health risk assessment,⁸ member surveys, or provider referrals.

3. Partnerships

Engaging the larger healthcare community is an important component of any strategy for improving health outcomes. IME will work with providers, ACO partners, participating HMOs, and marketplace health plans to promote the rewards program. Participating providers will be expected to offer educational materials and guidance on healthy behaviors to members. IME will educate and support these stakeholders on the program and ensure they are aware of any related performance requirements that may apply. IME will also ensure it is easy for providers to connect members to resources for further support and detail. IME communications to providers may include the following:

- Information about the program that rewards members for healthy behaviors and includes corresponding provider incentives
- Encouragement to provide preventive services and emphasize coordinating care with community services

⁵ Health Affairs Article: Medicaid Incentive Programs To Encourage Healthy Behavior Show Mixed Results To Date And Should Be Studied And Improved. <http://content.healthaffairs.org/content/32/3/497.abstract>

⁶ Adam Oliveris. "Do wellness incentives Work?" *Health Care Cost Monitor*. The Hastings Center. February 18, 2010.

⁷ Center for Health Care Strategies, Inc., *Medicaid Efforts to Incentivize Healthy Behaviors*, July 2007.

⁸ IME has a whitepaper on the Health Risk Assessment and how it will be used in the Iowa Health and Wellness program in March of 2014: http://www.dhs.state.ia.us/uploads/HRA%20Whitepaper_03122014_Final.pdf.

- Directives on motivating members to participate in changing behaviors
- Emphasize healthy behavior standards of accountability for providers⁹

Educating participating vendors that administer rewards may also be necessary depending on the final program design.

4. Monitoring Incentives

Tracking progress and assessing results will take several forms. Certain behaviors such as screenings and preventive visits can be tracked using CPT codes in Medicaid claims data.¹⁰ Some behaviors that result in improved outcomes involve lifestyle changes, such as participation in weight loss or smoking cessation programs, however these can be more administratively difficult to manage and track due to a dependency on manual processes such as requiring forms to be signed by a program representative. Surveys of participants might also be used to assess the program during year one to gather feedback and allow for adjustments during subsequent years. The Treo dashboard for Value Index Score (VIS) that is being utilized for tracking and commencing patient outcome related incentives for providers will allow for some tracking of member engagement. In addition, the Iowa Public Policy Center will be consulted to assist with the overall reporting design as well.

Conclusion

IME understands there will be challenges engaging this population in a new rewards program, but the Iowa Health and Wellness Plan waivers are designed to overcome traditional barriers with a proactive philosophy seeking to further member engagement in their own health and improve utilization of the health care system. Positive outcomes can be achieved by implementing effective strategies. IME will design a program that offers attractive rewards, education for members, and collaboration with providers and partners. Additionally, IME will implement mechanisms for tracking quality and monitoring progress to inform future improvements to the program. In implementing Financially-Based Rewards, the IME will add a new, proven lever to increase the velocity of change in order to further drive member engagement, the quality of member health and ultimately reduce costs.

⁹ Centers for Medicare and Medicaid Special Terms and Conditions, Iowa Marketplace Choice Plan, VIII. Healthy Behaviors, Premiums and Cost Sharing, 40 (vii).

¹⁰ This is defined for Iowa Medicaid in provider Informational Letter 1337 from December 19, 2013.

<http://www.dhs.state.ia.us/uploads/1337%20Billing%20a%20Wellness%20Exam%20and%20a%20Sick%20Visit%20Revised.pdf>.