Medicare Incentive Strategies: A Guide To Improving Member Health and Plan Bottom Line
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Earlier this year, the Centers for Medicare and Medicaid Services (CMS) finalized its guidance on Rewards and Incentive Programs (RI Programs). These Medicare guidelines are applicable today and enable Medicare Advantage Organizations (MAOs) to offer health-driven incentive programs that may be applied to an expanded list of health-related services and activities. However, some restrictions in the structure and framework of these programs must be taken into account to succeed.

Innovative MAOs are developing or implementing Medicare member engagement programs that provide rewards and incentives to enrollees for participating in activities that improve health, prevent injury and illness, and promote efficient use of healthcare resources. Many of these preventive and efficiency areas also align with an MAO’s quality rating systems and health outcome performance, and therefore impact P&L.

But make no mistake — this is not an easy task, nor is it a game for amateurs. There are many voices in this discussion, but to be effective here requires both understanding Medicare guidelines and loyalty marketing expertise. Not optimizing your Medicare incentive plan strategy in the right way will either result in a blown budget or fines from CMS.

Here are five key areas of consideration and best practices based on the most recent guidance:

1. **Leverage Your Rewards As A Way To Attract New Members**

In the final guidance, CMS is very clear that MAOs may include information about incentive plans in marketing materials. However, communications must be provided to all current and prospective enrollees without discrimination. Also, the marketing of RI Programs must be done in conjunction with marketing of plan-covered benefits. However, reward and incentive “items” may not be offered to potential enrollees under any circumstances.

As such, MAOs cannot provide a $50 gift certificate for joining a Medicare plan, but they can promote their incentive plans in benefits materials. As a member, if Plan A and Plan B are similar, but Plan A is promoting $500 as a benefit for healthy activities I find interesting and might participate in, I will most likely select Plan A.
Best Practice: Think about your rewards strategy as a consumer benefit and tout it as such. Industries like financial services, retail and banking have proven that consumers will choose brand A or brand B based on getting something tangible in return. As insurance marketing is many times based on intangibles like “peace of mind,” a tangible reward is a strong motivator.

Medicare Star Ratings: Be Stars Strategic

MAOs have significant flexibility in designing RI Programs that are specific to their populations’ interests, abilities and needs, as they understand these populations best. These organizations are free to determine the specific services, activities, or behaviors that are subject to rewards or incentives within their program design. According to CMS guidelines, examples of these activities may include “the utilization of a particular service(s) or preventive screening benefit(s), adherence to prescribed treatment regimens, attending education/self-care management classes, meeting nutritional goals, and making and keeping appointments with the doctor.”

Coincidentally, many of these examples pointed out in CMS guidelines also align with the measures that impact Medicare Stars Ratings, a quality rating system that is expanding throughout government program. Specifically, as it relates to ensuring members get the required screenings, checkups and vaccines, as well as managing long-term conditions. Moreover, in terms of member satisfaction, an ongoing relationship, supported by rewards, is a win-win for both member and MAO.

Best Practice: Identify your Stars Rating gaps — whether that’s preventive measures or another MAO priority — and tailor the incentive plans and rewards levels to help close those gaps. For example, if your organization consistently falls short on colorectal screenings, but always get their flu shot, for example, offer a larger reward to those members who are eligible for colorectal, but a lower reward for the flu shot. Dynamic rewards, which are offered by vendors like Novu, enable plans to easily manage and target rewards to close care gaps like this.

Medicare Member Engagement: Small Steps Deserve Rewarding

The final Medicare guidelines from CMS support rewarding members for completing an entire service or activity — or a combination of services/activities. For example, an MAO may decide to offer rewards and incentives for participation in a smoking cessation program. As part of this effort, the MAO can offer smaller rewards for each class or counseling session attended or may offer a single, larger reward for completing a pre-determined number of classes or counseling sessions. It is up to the MAO to define the scope of the program design and assign rewards accordingly.

Moreover, MAOs may not reward healthcare outcomes. MAOs may not, as an example, provide rewards and incentives for the amount of weight lost or a lowered blood pressure. An appropriate use of rewards would be to provide rewards and incentives for a Medicare member engagement strategy to report weight or blood pressure at regular intervals.

Best Practice: Members engagement works best with small, incremental activities. Just as you can’t ask someone to marry you at first sight, you can’t ask members to participate in a health regimen they aren’t immediately ready for. CMS understands this and has provided guidance that supports it. Ask too much and you risk scaring them off and losing trust.
Don’t Discriminate — Let Them Participate

As CMS laid out in its previous guidance, MAOs must not discriminate against enrollees based on race, gender, chronic disease, institutionalization, frailty, health status or other impairments, and must be designed so that all enrollees are able to earn rewards. As such, internet-based RI Programs are allowed, but an alternate method of earning and/or claiming rewards and incentives must be offered to those enrollees who do not have Internet access.

★ Best Practice: Be sure you have an inclusive engagement strategy for your rewards program. There is a big difference between a rewards programs and a benefits program, and rewards programs should be structured in a way that action must be taken for the reward to be given. The ability to tailor — both online and offline — who gets what reward for what action is paramount to keeping budget in line, remaining compliant and getting the desired outcome. Also, be sure you’re capturing data on which reward-level and corresponding action was taken in order to learn and move the program next year.

No Limit On Rewards, But Some Restrictions

CMS has not established a limit for how often rewards and incentives may be offered to enrollees, nor a maximum monetary value for the rewards and/or incentives themselves. However, the new guidance states that rewards and incentives for each RI Program must have values that are expected to “elicit intended enrollee behavior but may not exceed the value of the health related service or activity.”

The guidance supports gift cards, coupon and points, but rewards must be tangible. As such, points must be applied toward “purchasing” a tangible reward. As this is the case, the guidance does not support donations to charity or games of chance/lotteries/raffles.

★ Best Practice: Don’t break the bank. While no limit has been set, a dynamic Medicare incentive strategy enables you to track and build reward amounts until a member takes action. As mentioned above, some actions might be worth more to your plan than others, so align your incentive plan accordingly.

MAOs that approach their rewards program through a strategic lens, within the frame of these regulations, will set their organizations apart in both quality and outcomes, as well as differentiate themselves in the minds of consumers. By developing an integrated program, coupling offline and online strategies, MAOs lay the cornerstones for a new, ongoing Medicare member engagement.

Those that miss the mark will waste budget and effort trying to reach too many members with rewards that don’t get the required action, limiting their ability to attract potential members and impacting quality measures like Medicare Stars Ratings.

For more information on how to evolve your Rewards and Incentive Program, please contact us: info@novu.com or 855-612-NOVU (6688).