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**DATE:** NOVEMBER 23, 2016

ALL PLAN LETTER 16-005 (*REVISED*)  
SUPERSEDES POLICY LETTERS 09-005 AND 12-002

**TO:** ALL MEDI-CAL MANAGED CARE HEALTH PLANS

**SUBJECT:** REQUIREMENTS FOR USE OF NON-MONETARY MEMBER  
INCENTIVES FOR INCENTIVE PROGRAMS, FOCUS GROUPS, AND  
MEMBER SURVEYS

**PURPOSE:**

The purpose of this All Plan Letter (APL) is to update and clarify the requirements for the use of non-monetary member incentives (MIs) for incentive programs by Medi-Cal managed care health plans (MCPs). In addition, this APL issues guidelines on the use of non-monetary MIs for focus groups and surveys. This APL supersedes Policy Letters 09-005 and 12-002, and reflects changes to the MI Program Request for Approval Form and the Annual Update/End of Program Evaluation Form. This APL also introduces the following new forms: Focus Group Incentive (FGI) Request for Approval Form; Focus Group Incentive (FGI) Evaluation Form; Survey Incentive (SI) Request for Approval Form, and Survey Incentive (SI) Evaluation Form. Lastly, this APL clarifies the process for MCPs to obtain Department of Health Care Services' (DHCS') approval prior to utilizing member incentives. *Revised text is found in italics and deleted text is in strikeout.*

**BACKGROUND:**

The use of incentives to motivate individuals to adopt healthy behaviors, such as quitting smoking, losing weight, receiving timely post-partum care, or accessing timely immunizations, could ultimately lead to improving health status, enhancing prevention and health outcomes, and reducing program costs. The use of incentives to encourage beneficiaries to attend focus groups or complete surveys may assist MCPs in obtaining information needed to design and/or change interventions and programs, which may lead to improving beneficiary health status.

Welfare and Institutions Code Section (§)14407.1 authorizes the use of non-monetary incentives to promote good health practices:

“Health plans are encouraged to use non-monetary incentives to enhance health education program efforts to increase member participation, learning, and motivation to: 1) effectively use managed health care services, including

preventive and primary care services, obstetric care, and health education services; 2) modify personal health behaviors, achieving and maintaining healthy lifestyles and treatment therapies and positive health outcomes; and 3) follow self-care regimens and treatment therapies for existing medical conditions, chronic diseases, or health conditions.”<sup>1</sup>

MI programs are used by MCPs to reward beneficiaries who demonstrate effort and success in adopting healthy behaviors or changing their health risk behaviors. ~~DHCS allows incentives to be used for the Group Needs Assessment (GNA) survey, which is conducted without prior approval by all MCPs.~~ In order to participate in a focus group, a beneficiary may incur financial expenses and inconveniences, such as child care, travel expenses, and time away from work. Incentives can be used to offset these costs for focus groups and surveys.

MCPs may use focus groups or surveys to better understand the needs of their beneficiaries, and can use that information to develop materials and programs that may help beneficiaries better navigate the health care system and improve their health status.

MCPs are responsible for ensuring that their delegates comply with all applicable state and federal laws and regulations, contract requirements, and other DHCS guidance, including APLs and Dual Plan Letters. These requirements must be communicated by each MCP to all delegated entities and subcontractors.

#### **POLICY:**

MCPs must obtain DHCS approval prior to offering any type of member incentive, whether for an MI program, focus group, or survey. MCPs are required to submit annual updates to justify the continuation of an ongoing MI program and an end of program evaluation to describe whether or not the MI program was successful. For FGIs, MCPs must submit an evaluation that includes recruitment, participation methodology, and results summary. The FGI evaluation must also indicate if policy and program changes are warranted. For SIs, MCPs are required to submit a copy of the survey, along with an evaluation that includes findings and recommendations.

#### **A. Incentive Programs**

An MI Program Request for Approval Form must be approved by DHCS before an MCP may implement the incentive program.

#### **B. Focus Groups**

The goal of a focus group is to generate ideas and opinions from beneficiaries about a certain topic. Focus groups can also be used to identify and address disparities, such as racial, ethnic, or geographic. For example, focus groups can be used to: elicit feedback on effective strategies for African American/Black women to receive timely

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<sup>1</sup> [http://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=14407.1.&lawCode=WIC](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=14407.1.&lawCode=WIC)

postpartum care; determine incentive strategies to decrease high blood pressure rates in a particular area or community; receive feedback on how to improve immunization rates for two-year olds; or obtain strategies to reduce obesity among Hispanics.

DHCS must approve an FGI Request for Approval Form before an MCP conducts a focus group that offers an incentive.

### Exceptions

The requirements for FGIs do not apply to the following:

1. Focus Groups/Field Testing Health Education Materials

MCPs do not need DHCS permission and do not need to submit an FGI Request for Approval Form to give an incentive to beneficiaries who assist with field testing health education materials. MCPs should keep a log that includes the type and value (including the retail value and purchase price) of incentives given to beneficiaries for field testing health education materials. MCPs must make this information available to DHCS upon request.

2. Participation in Community Advisory Committees/Member Advisory Committees

MCPs do not need permission to give stipends or non-monetary incentives such as transportation vouchers or Visa gift cards to compensate beneficiaries for their time to attend the MCP Community Advisory Committee (CAC) or Member Advisory Committee (MAC). MCPs should keep a log of the type and value (including the retail value and purchase price) of stipends or non-monetary incentives given to beneficiaries for participation in the CAC or MAC. MCPs must make this information available to DHCS upon request.

### **C. Member Surveys**

The goal or intent of a survey is to obtain ideas and opinions from beneficiaries on certain topics. Surveys can also be used to identify and address language, cultural, or racial and ethnic disparities. Surveys can also be used when an MCP wants feedback from beneficiaries, but does not need the formality or interaction of a focus group. For example, surveys can be used to: elicit feedback on the cultural appropriateness of member newsletters; gather information about a particular clinic or provider; elicit feedback on a health education program that is not part of an MI program; or identify gaps in particular types of services.

DHCS must approve an SI Request for Approval Form before an MCP conducts a survey that offers an incentive.

Exception

*MCPs may use incentives for the Group Needs Assessment survey without the need for prior approval from DHCS.*

**D. Value of Incentives**

The value amounts of MIs, FGIs, or SIs must not be disproportionately large, and should correspond to the value of the service and the commitment and time required of the beneficiary to carry out the desired action. The perception of value for an MI may differ from region to region and from program to program. The following suggested values are given to assist MCPs to determine an appropriate current dollar value for incentives. All suggested dollar values in this letter are expressed in 2015 dollars and may be adjusted for inflation in future years. MCPs should use their judgement when determining the amount to give for incentives. The amount can depend on the activity that is being incentivized.

1. Incentive Value \$25 or less

A non-monetary MI valued at \$25 or less for a single health education class or preventive care visit or procedure would be considered reasonable and not disproportionately large. However, the relevance of a particular incentive to a specific program or intervention, such as a glucometer for attending diabetes management classes, can be considered in justifying a monetary value higher than \$25.

2. Incentive Value Between \$25.01-\$100

If the action required of the beneficiary involves attending a series of classes or visits, then the value of the incentive could increase proportionately. A beneficiary who completes a series of prenatal classes and provider visits could receive an infant safety seat with a value of approximately \$100 because of the time required, the evidence of sustained commitment, and the importance of prenatal care. In programs where incentives are structured to support not only immediate outcome, but also sustained behavior change over time, such as weight management or smoking cessation, the value of the incentive could increase and be extended for a longer period of time.

**E. Appropriate Non-Monetary Incentives**

Below is a listing of appropriate non-monetary incentives that may be offered to beneficiaries to support health education and disease prevention efforts to encourage participation in focus groups or to complete a survey. The types of incentives approved by DHCS include, but are not limited to, the following:

1. Gift Cards, Vouchers, and Tickets

Gifts cards, vouchers, and tickets may be offered to beneficiaries who participate in health education or disease prevention/management programs, go to their doctor for a preventive care visit, complete appropriate lab work, participate in a focus group, or complete a survey.

Gift cards and vouchers should be purchased from businesses that have healthy options available (e.g. grocery stores, large retail stores, sporting goods stores, farmers' markets, etc.). MCPs may include health education information and suggestions for purchasing health-related items with the gift cards and vouchers. MCPs must include a statement that restricts the purchase of products that would pose health risks such as alcohol, tobacco, and firearms, unless the gift card/voucher is for a location that does not sell these items (e.g. a farmers market).

MCPs may purchase tickets for local events such as movies, sporting events, concerts, plays, or amusement parks.

2. Products or Merchandise

MCPs may purchase products or merchandise that promote or are associated with good health practices. These products or merchandise are typically related to the focus of specific health education programs offered by the MCP. Examples include, but are not limited to:

- Postpartum visits: diapers, breast pumps;
- Diabetes self-management: glucometers, pedometers, healthy eating cookbooks;
- Hypertension: blood pressure cuff, pedometer, low salt cookbooks; or
- Weight Control: jump ropes, exercise DVDs, pedometer.

3. Points Rewards Programs

MCPs may create programs to award points to beneficiaries who participate in health education or disease prevention/management programs, visit their provider for a preventive care visit, complete appropriate lab work, participate in a focus group, or complete a survey. The points can then be traded in for products or merchandise, which allows the beneficiary to "shop" for an item based on the number of points earned. Some programs may allow beneficiaries to accrue points by participating in more than one MI program or focus group, or by completing more than one survey. All items made available through a points reward system should promote or be associated with good health practices (benefits physical, mental, and/or emotional health).

4. Transportation Assistance

Tokens or vouchers for bus, taxi, or other modes of transportation may be offered to assist beneficiaries to attend health education classes, disease prevention, self-management programs, or to participate in a focus group or survey, if the MCP wants beneficiaries to complete the survey in a specific location.<sup>2</sup>

5. Enrollment and Monthly Membership Fees

Enrollment and monthly membership fees can be offered to beneficiaries to promote good health practices, such as gym or weight management programs for adults, or a physical activity program for youth. MCPs may require evidence of a beneficiary's regular attendance to continue paying these fees.

6. Raffle

The opportunity to win a big-ticket item, such as a bike, activity tracker, or a large value gift card, is an excellent way to encourage participation in a disease management class or focus group, or to complete a survey. MCPs are encouraged to select raffle items that promote or are associated with good health practices, such as a bicycle, bicycle helmet, workout gear, etc.

**F. Incentive Restrictions**

The following provides information on restrictions of incentive use:

1. Inducing Enrollment or Continuation of Enrollment

MCPs are prohibited from offering incentives or any other form of remuneration for the purpose of encouraging enrollment or continuing enrollment. Therefore, incentives can only be offered to existing MCP beneficiaries. MCPs may include descriptions of incentives as part of targeted beneficiary communications for existing MCP beneficiaries and providers in the member handbook, member newsletter, new member packet, MCP website member portal, etc. However, MCPs may not include information regarding specific MIs in MCP education, outreach, informing or marketing information/materials that are intended for the general community or potential MCP beneficiaries.

2. Coupons that Could Be Converted to Cash

MCPs are prohibited from offering monetary incentives, including coupons that may be converted to cash. However, MCPs may use gift cards or vouchers that are redeemable for specific goods or services to promote good health practices for participation in focus groups or surveys. Under certain circumstances, gift cards with cash values of less than \$10 may be redeemable for cash value. Gift

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<sup>2</sup> Additional information on Early and Periodic Screening, Diagnostic, and Treatment services and transportation services are found in APL 14-017:

<http://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2014/APL14-017.pdf>.

cards, vouchers, or coupons cannot be redeemable for cash EXCEPT as required by California Civil Code §1749.5 (b)(2). MCPs must comply with the provisions of Civil Code §1749.5(b)(2) to avoid providing gift cards or vouchers redeemable for cash; therefore, MCPs should not purchase gift cards for less than \$10 for MI use.

### **G. Revised Submission and Approval Process**

MCPs must obtain DHCS approval prior to implementing a program, focus group, or survey that offers MIs. As of the date of this letter, please follow the steps outlined below when submitting the following request for approval and update/evaluation forms:

1. MI Program Request for Approval Form
2. MI Program Annual Update/Evaluation Form
3. FGI Request for Approval Form
4. FGI Evaluation Form
5. SI Request for Approval Form
6. SI Evaluation

- ~~All forms are available on the DHCS APL web page, as an attachment to this APL.~~
- *Forms can be obtained by sending your request via email to:*  
[MMCDHealthEducationMailbox@dhcs.ca.gov](mailto:MMCDHealthEducationMailbox@dhcs.ca.gov)
- Email all forms to: [MMCDHealthEducationMailbox@dhcs.ca.gov](mailto:MMCDHealthEducationMailbox@dhcs.ca.gov) and a carbon copy (cc) to your Managed Care Operations Division Contract Manager when submitting these forms.
- Follow the instructions on each form regarding what to include in the email subject line. If the subject line does not comply with the instructions, the form will be returned without review.
- List the targeted disease or behavior or the purpose of the focus group or survey on the form and in the subject line of the email.
- If an incentive program has a name (e.g., Healthy Habits), include the name and the targeted disease or behavior in both the subject line of the email and in the appropriate locations on the forms.
- All forms must be reviewed by the MCP's qualified health educator before they are submitted to DHCS. See APL 11-018<sup>3</sup> for the definition of a qualified health educator. If the MCP does not have a qualified health educator on

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<sup>3</sup> APL 11-018 can be accessed at:

<http://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2011/APL11-018.pdf>

- staff, indicate this at the bottom of the form. Forms may also be reviewed by other MCP staff as deemed appropriate.
- Primary MCPs are responsible for submitting all request and evaluation forms on behalf of their subcontracting MCPs.
  - Request for Approval Forms must be submitted at least 10 business days prior to the desired start date to allow sufficient time for the DHCS Health Education Consultants to review and approve it.
  - For ongoing MI programs, submit the first annual update 13 months after the program start date. Submit subsequent updates annually, based on the due date of the initial update.
  - FGI evaluations are due 60 days after the final focus group.
  - SI evaluations are due 60 days after the due date for completed surveys.
  - End of program evaluations are due 45 days after the MI program is completed.
  - When submitting annual updates and/or evaluations, include the appropriate DHCS approved approval form (MI, FGI, or SI) with the email.
  - When there are substantial changes to an approved MI program, submit a new MI Program Request for Approval Form and check the box indicating it is a “Change to Current MI Program.” Include the DHCS approved MI Program Request for Approval Form with the email.

Please send questions regarding this APL and/or specific questions about an individual request to: [MMCDHealthEducationMailbox@dhcs.ca.gov](mailto:MMCDHealthEducationMailbox@dhcs.ca.gov).

Sincerely,

*Original Signed by Sarah Brooks*

Sarah Brooks  
Deputy Director  
Health Care Delivery Systems