Date: March 16, 2009

MMCD Policy Letter 09-005

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: NON-MONETARY MEMBER INCENTIVE GUIDELINES

This policy letter issues guidelines for the appropriate use of non-monetary incentives that may be offered to Medi-Cal Managed Care beneficiaries (members), and sets forth the process by which health plans must request Department of Health Care Services (DHCS) approval prior to implementation of such incentives, as mandated by AB 915 (Chapter 500, Statutes of 2007), which amended Welfare and Institutions (W&I) Code 14407.1, and in accordance with Title 28, California Code of Regulations (CCR), Section 1300.46.

BACKGROUND

Health benefits can be realized by using incentives to motivate individuals to change or adopt health-related behaviors; however, evidence suggests that these benefits will diminish unless continued education and support is provided to sustain the desired behavior change. Incentives can be useful when utilized as a single strategy to achieve a short-term goal such as rewarding attendance at a health education class or keeping an appointment for a preventive health visit. However, in order to realize the potential health benefits associated with the use of incentives, plans should also provide health education to increase the member's knowledge, skills and ability to adopt and sustain the desired behavior so that improvement continues when the incentive is no longer provided.

Incentives can be used to reward members who demonstrate effort and success in adopting health-promoting behaviors or changing health risk behaviors. Established behaviors may require multiple attempts to change, so active participation in behavior change programs may serve as a reason to reward even though the desired outcome is not met. Additional incentives can be provided for members who participate in behavior change programs and succeed in changing behavior. The choice of incentives employed should be evidence based, whenever possible.
POLICY GUIDELINES

Health plans are encouraged to use non-monetary incentives to enhance health education program efforts to increase member participation, learning and motivation:

1. "To effectively use managed health care services including preventive and primary care services, obstetrical care, and health education services, and appropriately use complimentary and alternative care."

2. To modify personal health behaviors, achieve and maintain healthy lifestyles and positive health outcomes.

3. To follow self-care regimens and treatment therapies for existing medical conditions, chronic diseases, or health conditions." (MMCD Policy Letter 02-04)

W&I Code 14407.1 authorizes the use of non-monetary incentives to promote good health practices provided they are pre-approved by the DHCS and meet the following requirements:

A. Value of Incentives

The value amount of the member incentive must not be disproportionately large and should correspond with the value of the service (i.e., the value of the service itself or the future health care costs reasonably expected to be avoided as a result of the service) and the commitment and time required of the member to carry out the desired action. The perception of value for an incentive sometimes differs from region to region and from program to program. The following suggested value is given to assist plans in determining an appropriate current dollar value for member incentives. (All suggested dollar values in this letter are expressed in 2008 dollars and may be adjusted for inflation in future years.)

1. Incentive Value of Less Than $25

A non-monetary member incentive valued at less than $25 for a single health education class or preventive care visit or procedure would be considered reasonable and not disproportionately large. In addition, the relevance of a particular incentive to a specific program or intervention, such as infant car seats in a car seat safety class, can be considered in justifying a monetary value higher than $25.

2. Incentive Value of Approximately $25-$100
If the action required of the member involves attending a series of classes or visits, then the value of the incentive could increase proportionately. Thus, a member who completes a series of pre-natal classes and visits could receive an infant safety seat or stroller 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, then the value of the incentive could also increase and be extended over a longer period of time.

B. Appropriate Non-Monetary Incentives

Below is a listing of appropriate non-monetary incentives that may be offered to members to support health education and disease prevention efforts. The types of incentives approved by DHCS include, but are not limited to, the following:

1. Gifts or Gift Cards/Certificates

Gifts or gift cards/certificates may be offered to members who participate in health education or disease prevention/management programs. Gift cards/certificates may be redeemed for goods at department stores or other retail stores for a specified dollar amount without cash back. The gift or gift card/certificate could be accompanied by appropriate health education information. Whenever feasible, suggestions for the redemption for health-related items should accompany gift cards/certificates and include restrictions for products that would pose health risks, such as alcohol and tobacco. (See Section C.2.)

2. Tickets

Tickets to local events such as movies, sporting events, concerts, plays or amusement parks may be offered to motivate members to go to their doctor for a preventive care visit or attend a group preventive care visit.

3. Products or Merchandise

Products or merchandise that promote or are associated with good health practices may be purchased by the health plan and presented to the member. These products or merchandise are typically related to the focus of specific health education programs offered by the plan. Examples include, but are not limited to, the following:
Healthy Babies or Child Health

Asthma Self-Management

Weight Control and Pedometers, exercise tools, jump ropes, basketballs,

Diabetes Self-Management glucometers, pedometers, cookbooks on healthy eating

<table>
<thead>
<tr>
<th>Program</th>
<th>Related Incentives</th>
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<tbody>
<tr>
<td>Prenatal</td>
<td>maternity cloths, infant car seats, baby strollers, nursing bras, breast pumps</td>
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<tr>
<td>Pediatric Car Seat Safety Class</td>
<td>child car seat</td>
</tr>
<tr>
<td>Healthy Babies or Child Health</td>
<td>Bathtub, thermometer, safety kit, baby medication kit, child booster seat</td>
</tr>
<tr>
<td>Asthma Self-Management</td>
<td>asthma spacers, peak flow meters, hypoallergenic mattress covers, pillow covers, children's books</td>
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<tr>
<td>Child Safety or Bicycle Safety</td>
<td>bicycle helmets, children's books about safety</td>
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<tr>
<td>Heart Health, Hypertension, and Cholesterol Control</td>
<td>blood pressure cuffs, pedometers, cookbooks on healthy eating</td>
</tr>
<tr>
<td>Weight Control and Physical Activity</td>
<td>pedometers, exercise tools, jump ropes, basketballs, exercise videos, water bottles, stretch bands</td>
</tr>
<tr>
<td>Diabetes Self-Management</td>
<td>glucometers, pedometers, cookbooks on healthy eating</td>
</tr>
</tbody>
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4. Transportation Assistance

Vouchers or tokens for bus, taxi, or other modes of transportation may be offered to assist members attend health education classes, disease prevention, and self-management to programs.

5. Enrollment or Monthly Membership Fees

Enrollment and monthly membership fees subsidized in whole or in part by the plan for programs to promote good health practices, such as gym or weight management programs for adults, or a physical activity program for youth. The plan may choose to continue paying these fees, or reimburse the member as long as there is evidence of regular attendance by the member.

6. Raffle

Plans are encouraged to select raffle items that promote or are associated with good health practices, such as a bicycle, bicycle helmet, workout gear, etc. A raffle entry for higher value items may be used as part of a member incentive program. These items are typically donated by a merchant or purchased by the plan.
C. Incentive Use Restrictions

The following identifies specific incentives on the use of restrictions and prohibitions:

1. Inducing Enrollment or Continuation of Enrollment

Health plans are prohibited from offering incentives or any other form of remuneration for the purpose of inducing enrollment or continuation of enrollment. Therefore, incentives can only be offered to existing health plan members. Health plans may include descriptions of relevant incentives as part of targeted member communications intended for existing plan members and providers, including (but not limited to) the member handbook, member newsletter, new member packet, and plan website member portal. However, plans may not include information regarding specific member incentives in any health plan education, outreach, informing or marketing information/materials intended for the general community of potential plan members.

2. Cash or Instruments Convertible to Cash

Health plans are prohibited from offering monetary incentives, such as cash, coupons, or instruments that may be converted to money. However, health plans may use vouchers that are redeemable for specific goods or services to promote good health practices. Under certain circumstances a gift card/certificate with cash value of less than $10 may be redeemable in cash (for its cash value). Health plans must comply with the provisions of Civil Code Section 1749.5(b)(2) to avoid providing gift cards or certificates redeemable for cash.

D. Prior Request for Approval

Health plan must submit the attached Request for Approval Form, Member Incentive Program to obtain MMCD approval prior to implementing a member incentive program. The request must comply with the guidelines set forth in this Policy Letter and include the following information:

- Description of the incentive including its purpose and how it will be structured and implemented,

- Description of the health education intervention that will accompany the incentive and how it supports the goals associated with the use of the incentive(s); and
• Description of program evaluation and oversight.

E. MMCD Approval Process

Health plans must obtain MMCD approval prior to implementing a new member incentive program. Plans must complete and submit their request for approval to their Contract Manager on the appropriate attached form according to guidelines set forth in this Policy Letter. The Contract Manager is responsible for reviewing and approving all such requests. However, all denials will be reviewed by the MMCD Medical Program Consultant and/or Health Education Consultant before they are forwarded to health plans. Plans are not required to resubmit approval requests for incentives programs previously approved by MMCD.

MMCD will make every effort to respond to health plan’s requests for approval in a timely manner. However, a plan’s request is automatically approved if MMCD does not respond to a request within 60 days.

F. MMCD Monitoring and Oversight

MMCD Contract Managers will provide a summary of approved health plan member incentive programs for review by MMCD’s Health Education Consultant on a quarterly basis. The Health Education Consultant will periodically survey health plans regarding extent of use and effectiveness of all member health education programs, including the effectiveness of member incentives.

MMCD reserves the right to request health plan documentation regarding program evaluation and oversight activities for previously approved incentive programs.

Questions regarding this policy letter should be forwarded to the MMCD Contract Manager.

Sincerely,

Catherine Halverson
Deputy Director
Health Care Operations

Enclosure
Member Incentive Program

Health Plan: ____________________________ Date: __________________
Contact Person: _________________________ E-mail: ____________________

Type of Incentive:
- [ ] Enrollment Fee  [ ] Monthly Membership  [ ] Gift  [ ] Gift Card/Certificate
- [ ] Product(s) or Merchandise  [ ] Tickets  [ ] Raffle  [ ] Other

Description of incentive(s), its’ purpose and how it will be structured/implemented:

Description of health education intervention and how it supports the goals associated with the use of the incentive(s):

Description of program evaluation and oversight:

[ ] REQUEST APPROVED  [ ] REQUEST DENIED (**Second Signature Required)

Reason for Denial:

Contract Manager: ____________________________ Date: ________________

**Health Education Consultant or Medical Program Consultant: ____________________________ Date: ________________

MEMBER INCENTIVE PROGRAM, REQUEST FOR APPROVAL FORM, JANUARY 2009