



Driving Healthy Behavior Through Rewards and Incentive Programs

LEARNING FROM CONSUMER LOYALTY PROGRAMS
APPLIED TO MEMBER HEALTH AND QUALITY RATINGS

Creating a high-performing health system and meeting the goals of improving the patient experience, population health, and reducing the per capita cost of healthcare requires not only a fundamental shift in how payers approach members, but in how they engage members in their own health ongoing. For without an engaged member population, it is nearly impossible for health plans across all lines of business to meet the quality indicators required today.

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However, there is a substantial gap between the goal of an engaged membership and the reality. For example, just [25% of adults ages 50 to 64 and less than 40% of adults ages 65 and older](#) are up-to-date on core sets of clinical preventive services such as mammograms and other cancer screenings. Using behavior change technology, Icario is closing gaps in care by incentivizing members to complete healthy behaviors.

Incentivizing health action is no small task, but the impacts are tremendous. Improving member use of preventive services and receipt of longitudinal or ongoing proactive care for chronic conditions like diabetes translates into not only healthier populations and reduced healthcare costs, but also improved ratings for quality programs such as NCQA, HEDIS, Medicare Stars Ratings, the marketplace Quality Rating System, and state Medicaid quality programs. That, in turn, provides competitive advantages, improved differentiation, and greater financial return for the plans that can change member behavior.

To activate healthy behaviors, payer systems have tried many tactics and traditionally used high-cost, broad solutions like direct mail and outbound call centers to reach as many members as possible. In addition, members have been driven to costly resources like physicians and care resources. All members are treated the same way regardless of their healthcare needs: they are communicated to with the same frequency, the same message, and they are often required to determine appropriate action for themselves. These activities have operated in a paternalistic, transactional way, but success today requires creative thinking and a host of new incentives.

Wellness programs can apply learnings from the best loyalty programs where there is a [long history of success in affecting consumer behavior](#) by developing a relationship with the customer. Building a relationship enables brands to create a level of trust, which allows them to ask more of and be more influential with consumers over the long term.



However, relationships come from mutual benefit, and there are established approaches to connect and catalyze consumer relationships. One of the most successful strategies leveraged since the 1980s, beginning in the travel industry, is the rewards and incentives program. Think of all of your favorite airlines or hotels and the [rewards programs they have put in place](#) to acquire and retain you as a customer. Through these programs, companies improve brand preference, consideration, and overall influence on purchase behavior. It's the promise of something more. In exchange, the consumer allows that brand to communicate with them and use their data in service to their developing relationship based on mutual benefit.

While in other industries the goal is monetization of the relationship—meaning sale or share of wallet—in healthcare, rewards programs are the first step to activate members toward the development of influence for the health plan. Rewards and incentives become the trigger and motivational bridge to align behavior change. They are the first step, the reason to stop and consider where otherwise they might turn away. If healthcare can get members to stop and consider—take a first step—the plan has their attention to take another step toward another mutually beneficial step for their health.

The best loyalty programs—regardless of industry—are built on and implemented in seven key steps:

- 1 Identify the business objective
- 2 Identify the behavior(s) necessary to accomplish the business objective
- 3 Segment the right population
- 4 Determine the values that are most likely to motivate individuals
- 5 Provide ongoing engagement that maintains the program's visibility
- 6 Use technology to deliver a seamless, cross-channel experience
- 7 Measure the program outcome against the identified objectives and make any necessary changes

These strategies have been much refined over time, and healthcare, catalyzed by recent regulatory changes, has the opportunity to benefit from these insights by developing programs that offer rewards—both intrinsic and extrinsic—in exchange for certain health-related behaviors. In this report we will walk through the seven steps of a successful rewards and incentives program within healthcare and share concrete examples of successful applications.

Healthcare Rewards Programs

While employers have offered such programs for years, health plans have historically been prohibited from offering rewards to members because of concerns they could be used as kickbacks or inducements rather than encouraging members to make healthy choices. If a health plan was offering rewards, it was typically offered as a benefit, not used as a strategic, targeted tool.

For example, employers typically offer insurance premium discounts as a reward in return for employee participation in health and wellness assessments, weight loss programs, diabetes management approaches, etc.

However, these programs don't meet the definition of a strategic rewards program, since the premium discount is a single incentive offered just once a year. Perhaps that's why just [20-40% of eligible employees](#) typically participate in such programs.

But the industry is evolving its position on strategic rewards applications in healthcare. The Centers for Medicare & Medicaid Services (CMS) expanded its guidance on rewards and incentives programs for Medicare Advantage plans, allowing programs that reward enrollees for activities that promote improved health, prevent injuries and illness, and encourage efficient use of healthcare resources. The goal, CMS wrote in a memorandum, is to "encourage enrollees to be actively engaged in their healthcare and, ultimately, improve and sustain their overall health and well-being." Similarly, more and more states are allowing or even requiring managed care organizations to deploy rewards and incentives targeting healthy behaviors for their Medicaid members.

Getting Started

Now that more opportunities exist and the industry is moving toward strategic rewards programs, the key is to build the right program—and there is a science to it. Implemented without significant strategic planning, these programs can be extremely costly and fail to achieve desired results. Let's run through the seven steps of a successful healthcare rewards program.

1) Identify the business objective. The first step in the right direction starts with defining what the goal of the program is and what outcomes are desired. Let's take Medicare, for example. The goal of a Medicare rewards and incentives program might be to improve quality scores such as Stars Ratings. Alternatively, in the commercial space, the goal might be to better understand risk and impact Commercial Risk Adjustment.

Plans may want to impact retention and acquisition. Well-designed and well-executed programs can also influence overall satisfaction and loyalty. A survey of how many members who participated in a major national plan's incentive program found that:

73%

said the program positively impacted their overall satisfaction with the plan and made them feel that the company took an interest in their health

57%

said they were more likely to renew their plan because of the rewards program

To help identify the right goals, think about how consumer behavior and improved engagement can have the highest impact on cost structures, such as Commercial Risk Adjustment, or revenue opportunities, such as Stars Ratings.

2) Identify the healthy behaviors. Next, we must understand what behavior or behaviors we need members to accomplish in order to achieve the outcome or goal set forth. [Medicare Stars Ratings](#), for example, will require members to complete necessary preventive care and screenings, such as the flu shot, relevant cancer screenings, and other high-value actions. A [Medicaid rewards program](#) might look at the measures necessary to manage or improve outcomes for specific populations, such as women who are pregnant and new moms. UnitedHealthcare's Baby Blocks program (figure 01) is a great example. An incentive program in healthcare could offer rewards for filling prescriptions, obtaining recommended preventive services, keeping physician visits, participating in weight loss, and smoking cessation programs, etc.

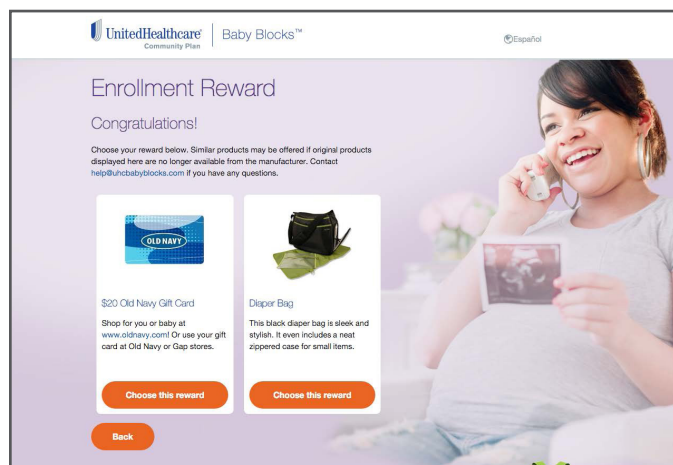


Figure 1

3) Segment the population. Once the goal and the behaviors are identified, the next step is to understand which populations or member groups will be most impactful to move. The best loyalty programs, driven by rewards and incentives, are not one-size-fits-all. They must be targeted to different segments of the population based on, for example, health gaps and risk level, disease state and/or geographic and demographic factors.

However, it's also important to keep an eye on compliance. CMS requires that any rewards program be available to all Medicare Advantage members, making universal access key. And while plans should absolutely provide access to all of its members, segmentation can again come into play in the marketing materials. For example, an initial postcard mailing sent to the entire population could give access, while a follow-up communication sent to a targeted population with uncontrolled diabetes could further encourage additional participation in the program.

In fact, a retrospective study of a Medicare plan that implemented a targeted, segmented rewards program found that if it had used a non-segmented program, it would have cost 52% more with little improvement in the plan's HEDIS score for patient engagement members.

4) Determine the right reward value. Right action for the right reward is the formula that a quality incentives company will use for a successful rewards program. Research from Icario found that \$25 was an optimal amount for most wellness preventive screenings, including mammograms, cholesterol measurements, and, for people with diabetes, regular A1C measurements and annual eye exams. However, colon cancer screenings required \$50 for people to complete the activity.

When you think about what is being asked of the member, this higher dollar amount makes sense. The reward must match the behavior being asked of the member. Activities that are uncomfortable, time-consuming, or invasive will require more to move the member.

The Ideal Reward

How much does it take to motivate wellness behaviors in a Medicare population? \$10? \$15? \$25? \$50?

That's the question we asked more than 1,000 Medicare Advantage beneficiaries in an effort to determine the "sweet spot" of a dollar-based rewards program.

The survey focused on five activities: mammograms, colon cancer screenings, cholesterol measurements, and, for people with diabetes, regular A1C measurements and annual eye exams.

Intuitively, it seems like \$50 would be more motivating. However, we found that people were more likely to engage in most wellness activities for a \$25 gift card. When it came to colonoscopies, however, the \$50 incentive worked best. (Figure 02).

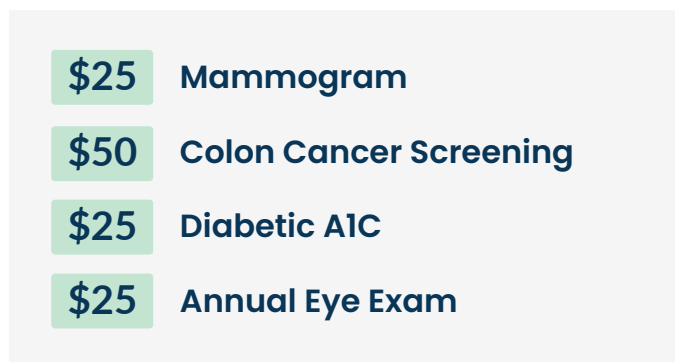


Figure 2

5) Provide ongoing engagement. The reward offer is just the first step in engaging members. To change behavior into healthy behavior, a rewards program must remain top-of-mind and keep the member's attention. Think about the reward statements you would receive from Delta SkyMiles or from a hospitality brand. They are continually reinforcing their value to the members and the opportunities for program members to earn more.

That said, don't overwhelm members with communication. For instance, incentivizing someone with diabetes to get their A1C under control, have their eyes tested, get their feet checked, and make an appointment for blood work—all at the same time—is overwhelming. Start simple with small steps, such as promoting the benefits of an annual wellness visit, and continue engagement from there.

6) Leverage technology to deliver an efficient, seamless experience. Dynamic targeting is only possible through the use of highly sophisticated technology that can design reward levels based on demographic and geographic data, as well as past activities. Plans need to monitor member interactions with the plan and rewards over time so they can provide point-in-time communications. This requires a common data core that integrates information from call centers, direct mail, online, care management teams, and physician networks.

7) Measure the program outcome against the identified objectives and make any necessary changes. Launching a program is not the end. Successful programs continuously learn from members and evolve to reflect how members are engaging. Analytics are a core component to better understanding what information members want, how they want to be communicated to, how often they want to receive communications, what types of rewards and incentives they want, and what they are willing to do to get them. All of this value information will help plans to refine their program for better health outcomes.

Icario is successful in targeting the hardest-to-move populations with the optimal reward values that motivate desired behaviors with an average (across all Icario-run programs) of a **15% activation rate**. Of those members, **58% earn rewards** by completing requested behaviors.

Health Plans and Rewards Programs: Lessons Learned

Rewards in Medicaid

UnitedHealthcare (UHC) offered one of the first rewards and incentives programs designed to improve healthy behavior. Baby Blocks, which launched in 2011, uses incentives and support to encourage pregnant women and new mothers enrolled in Medicaid-managed care plans to make and keep recommended doctor appointments.

Women receive a \$20 gift card or a diaper bag for signing up, with additional rewards for keeping recommended doctor appointments such as baby gear, toys, books, and child safety items.

Today, the program is available in eight states to more than 50,000 women a year. Results from pilot programs in four states that enrolled 2,296 women found that members logged 7,098 prenatal appointments. In addition, 55% of women who gave birth began “playing” the “Postpartum & Well Child Board,” an interactive online bulletin board game. In Pennsylvania alone, the percentage of UHC Medicaid members making the [recommended number of prenatal visits](#) in 2012 jumped 11 percentage points over the same time the prior year.

Another UHC program incentivizes Medicaid mothers to ingrain healthy behaviors in their children during the first 13 years, such as eating a healthy breakfast, getting 8 to 10 hours of sleep, or even washing their hands. An interactive website provides information on required checkups and vaccine reward opportunities, and helps women track the healthcare their children have received. They receive points each time they engage with the program and can use the points to “shop” for various items.

Conclusion

The buzzwords in healthcare today are “patient engagement.” In other words, getting the member activated in their own health and healthcare, both from a clinical and a value perspective. Doing that, however, requires developing a relationship between members and healthcare providers and payers, much like the best loyalty programs from the commercial sector do.

Health plans need to bring new thinking and strategies to begin activating members toward shared health goals, given the evidence demonstrating that engaged members tend to be healthier members. With an increasing number of rating and certification programs incorporating measures tied to engagement, as well as overall health and appropriate utilization, health plans cannot afford to ignore this valuable opportunity to drive member and employer acquisition and retention, as well as reign in costs.

Plans that use rewards and incentives programs to shift toward healthy behaviors offer a unique, [proven way to begin to engage members in improving their own health](#). Health plans can maximize the investment they make in these programs by ensuring that they segment their market, targeting the right communication strategy to the right members, working with quality incentive companies, and engaging members on an ongoing basis.

The plan reports a **30%** sustained engagement—twice that seen in most traditional programs.



With over 100 million member connections, Icario is the leading health action platform that unites whole person data, behavioral science, and digital-first omnichannel pathways to personally connect everyone to health.

Our mission is to move people to do things that are good for them.

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