Healthy Behavior Programs in Medicaid

Some states have used incentives for enrollees to engage in healthy behaviors. These incentives include reducing or eliminating cost sharing, rolling over Health Savings Account funds, offering enhanced benefits, or providing cash rewards.

Opportunities

The goals of healthy behavior programs are to improve enrollee health and reduce health care costs. Since lower-income populations have higher rates of obesity, smoking, substance abuse, heart disease, diabetes, and stroke than the general population, encouraging healthy behaviors could be valuable. Research has shown that financial rewards in Medicaid have been effective incentives for one-time or short-term activities, such as getting vaccinations, accessing preventive services, or attending follow-up appointments with providers.

Challenges

There is little support showing that healthy behavior incentives are effective in changing behaviors that require maintenance, which often are the behaviors that influence health care costs the most. Further, enrollees are frequently not aware of healthy behavior incentives, which reduces any positive effects the incentives could have. States may also find that healthy behavior programs are administratively burdensome and costly to administer.

Lessons from the States

Healthy Michigan Plan

Healthy Michigan Plan (HMP) enrollees above 100% FPL are required to complete a health risk assessment (HRA) with their primary care provider. Participants below 100% FPL receive a $50 gift card for completing healthy behavior activities, and those above 100% FPL get a 50% reduction in contributions once they accumulate copays equal to 2% of income their income.

According to an HMP report, only 17% of beneficiaries enrolled in a health plan for at least six months completed an HRA. However, of the enrollees who did complete the HRA, nearly all agreed to address a healthy behavior, and 60% agreed to focus on more than one healthy behavior.
Just over half of respondents to an HMP enrollee survey reported that they remembered completing the healthy behavior activity, but most did not understand what the incentives were or the connection between the activity and the incentives. Interestingly, for the enrollees who remembered completing the HRA, nearly 40% agreed that information about the healthy behavior program encouraged them to do something they might not have done otherwise.

**Best Practices for Implementing Healthy Behavior Programs in Medicaid**

- Ensure enrollees are aware of incentives.
- Create positive incentives for one-time or short-term healthy activities.
- Make incentives worth it.
- Make the healthy behavior program simple.
- Ensure frequent and objective evaluation is part of the healthy behavior program.

Read more in our issue brief, “Cost Sharing, Payment Enforcement, and Healthy Behavior Programs in Medicaid: Lessons from Pioneering States.”