Public policies to reward healthy behaviors are emerging as part of a national trend in health care toward consumer direction. Consumer-directed health care encourages people to take charge of their health and health care by promoting personal responsibility and quality- and cost-conscious decision making. In Medicaid, there are a growing number of consumer-directed policies that give consumers control over their own health care purchasing. One policy that a number of states are considering is Health Opportunity Accounts, which are essentially savings accounts for purchasing health care services. These accounts are coupled with a high deductible version of Medicaid.

For the most part, state Medicaid agencies have not traditionally sought to influence recipients’ health-related behaviors. Wellness programs, like smoking cessation, are still not universally covered by Medicaid agencies and encouraging healthy behaviors represents a new direction for Medicaid agencies toward promoting health and wellness. Improving Medicaid consumer’s health and wellness-related behaviors is important for the long-term health of recipients. Unhealthy behaviors have become the top causes of mortality and morbidity in the United States. Tobacco use, obesity, and misuse of alcohol account for over one third of all deaths in the country. The prevalence rates of these unhealthy behaviors are particularly high for those with low incomes and minorities. If Medicaid agencies are successful in improving recipients’ health-related behaviors, not only will long-term health outcomes improve, but there could be cost savings to Medicaid.

Two states, Florida and Idaho, are pioneers in implementing consumer health savings accounts as part of larger Medicaid reform efforts. Florida’s Enhanced Benefits Accounts pilot, which began in September 2006, aims to reward Medicaid recipients up to $125 a year for adopting a host of specified wellness and healthy behaviors. Idaho’s Preventive Health Assistance program, launched statewide in January 2007, promotes well child visits, tobacco cessation, and weight management. This issue brief briefly describes Florida and Idaho’s incentive account programs and summarizes early lessons from these two states in encouraging consumers to adopt healthier behaviors.

### Early Lessons

**Educating Recipients about Incentive Programs is Challenging**

Due to low literacy skills and the difficulty in reaching many by mail, educating Medicaid consumers is challenging under the best circumstances. Educating consumers about a new initiative – especially one as unfamiliar as an incentive program – can be doubly challenging because its complexity requires more explanation. Both Florida and Idaho have used the following strategies to educate consumers about the incentive programs:

- **Keep information simple.** Both Florida and Idaho’s Medicaid agencies separated education on the incentive program from education about overall Medicaid reform. This reduced the sheer quantity of information that consumers received, which is an important communication strategy for a population with low literacy levels.
• **Learn from experience and make adjustments.** Both states are using consumer mailings to introduce the program. Despite developing materials at the 4th-grade level and conducting pre-testing with recipients, Florida found that there was substantial confusion over one particular form that was included in the mailing. Florida no longer includes this form with the mailing and has made changes to improve the clarity of its materials.

• **Use multiple media to provide education.** In addition to a direct mail introductory packet for consumers, both states are using additional media to educate consumers. Both states have toll-free phone numbers for fielding incentive program calls and have posted online information to help consumers understand how to use the incentive options. In responding to a telephone survey, more than half of parents and guardians of children with Medicaid (58%) in Florida noted that they have convenient internet access. 

**Key Lesson:** States considering an incentive program should develop a comprehensive education approach that recognizes the literacy level (and primary languages) of consumers, provides information through multiple channels, and can be adjusted based on experience gained as the program rolls out.

---

**Program Descriptions**

*Florida’s Enhanced Benefits Accounts program* began in Duval and Broward counties in September 2006. Beneficiaries are eligible to earn and use credits by participating in healthy behavior activities offered by health plans, community centers, or other non-profit organizations. Members receive credits for each healthy behavior activity. Credits can be used to buy designated health-related items including first aid supplies, cough and cold medication, dental supplies, and many other over-the-counter items. More information: [http://ahca.myflorida.com/Medicaid/Enhanced_Benefits/index.shtml](http://ahca.myflorida.com/Medicaid/Enhanced_Benefits/index.shtml)

*Idaho’s Preventive Health Assistance (PHA) program* began statewide in January 2007. The program aims to: (1) encourage recipients to be responsible for their health and well-being and (2) provide a financial “safety net” for recipients required to pay a monthly premium. The money earned through wellness behaviors can be used to pay the Medicaid premium. The “Wellness PHA” is for children whose families are required to pay a monthly premium. Eligible children are rewarded for attending annual well-child visits and obtaining timely immunizations. The “Behavioral PHA” is designed to encourage lifestyle changes for beneficiaries who use tobacco or have weight problems. More information: [http://www.healthandwelfare.idaho.gov/site/4161/default.aspx](http://www.healthandwelfare.idaho.gov/site/4161/default.aspx)

---

**Educating Medicaid Partners is Essential**

Medicaid partner organizations, including managed care organizations and local organizations that serve as incentive providers, can serve as critical conduits to deliver clear and understandable information to consumers about the incentive program. Both Florida’s and Idaho’s Medicaid agencies have educated key partners so they can accurately answer consumer questions.

• **Managed Care Organizations:** In Florida’s reform counties, recipients are all enrolled in managed care plans. Florida provided health plans with a script for call centers and is planning to provide health plans access to recipients’ incentive account balances, in accordance with privacy regulations.

• **Incentive Vendor Organizations:** Idaho is relying heavily on incentive program vendors, like the local YMCA, to promote the program. Vendors are distributing program brochures supplied by the state and are using on-site promotion to inform consumers about the benefits available to them. According to one Medicaid staff person, there is “enthusiasm for how we can work together and promote each other.”

**Key Lesson:** States implementing an incentive program should equip their community program partners with information to help educate consumers about the incentive program and respond to consumer questions.
Addressing the Barriers Recipients Face in Engaging in Healthy Behaviors
When developing incentive programs, policymakers should be mindful of the barriers that Medicaid consumers face in adopting healthy behaviors. Two key barriers were repeatedly mentioned in consumer focus groups and surveys in Florida:

- **Transportation options are limited.** Respondents mentioned this barrier both with regard to accessing health care and healthy activities. Consumers with cars cited the cost of gasoline, and those without cars described how their access to health services was limited.

- **Exercise-related programs are expensive.** Consumers cited the high cost of sports and exercise programs as a key barrier to participation. One focus group member described trying to sign up for a “Mommy & Me” yoga class, “When I went to sign up for me and my son, the lady told me it’s $250 for the sign up, but then it’s $40 a month for the class. I said I can do Mommy & Me in my home.” Idaho’s healthy behaviors incentive program was designed to overcome some of the barriers consumers face in accessing affordable exercise programs. The Medicaid agency developed a list of approved local vendors, and the generous reward amount ($200 annually) helps consumers enroll in physical activity classes.

**Key Lesson:** States considering an incentive program should recognize that consumers served by Medicaid face significant barriers to successfully participating in an incentive program and should design interventions to overcome the barriers.

Documenting Lifestyle Behavior Changes May Require New Tracking Mechanisms
Tracking simple wellness visits is fairly easy for states, but determining whether or not Medicaid consumers are participating in programs to stop their smoking habits, exercise regularly, or adopt a better daily diet requires new processes.

- **Wellness visit-based incentives.** Florida and Idaho are providing incentives for children who have annual well-child check-ups and are up-to-date on their immunizations. These types of activities related to provider office visits (as well as screening tests and other preventive visits) are easily identified by Medicaid programs through administrative claims data. Using this automated approach is simple for consumers and for the Medicaid agency – once the consumer achieves the appropriate number of encounters there is an automatic “deposit” made into an incentive account.

- **Lifestyle behavior change-based incentives.** Changing lifestyle behaviors, like tobacco use and physical activity levels, holds the greatest potential for improving health status and reducing Medicaid costs. There are, however, no existing systems to track whether consumers participate in relevant programs to support change or actually make lifestyle changes. Tracking and rewarding behavioral accomplishments is far more difficult than reviewing administrative claims data. Both Florida and Idaho have had to develop new systems to track program participation, including forms that must be signed by a program representative (and in one case a physician) and submitted for consumers to receive “deposits” to their incentive accounts. Neither program is seeking to track whether recipients are successful in making lifestyle changes.

**Key Lesson:** States considering an incentive program may have to develop new systems to collect data on consumer participation in lifestyle behavior change programs. Tracking changes in actual lifestyle behaviors is substantially more difficult for states.

Conclusion
Medicaid programs across the United States are considering consumer health savings accounts to reward Medicaid recipients’ adoption of healthy behaviors. Two states – Florida and Idaho – began implementation of their health savings accounts in 2006 and 2007 respectively and their experience offers early lessons for other state policy makers. One key lesson is for Medicaid officials to spend upfront time in designing a comprehensive approach to support Medicaid recipients in using the accounts and in making healthy choices. States should also assess consumer awareness and understanding of the program to ensure that they have sufficient understanding to make healthy lifestyle
changes and benefit from the program. Providing varied, targeted and easy-to-understand educational materials and approaches, developing connections with program partners, and addressing systemic barriers are all critical components to program success. States should carefully review their incentive approaches to ensure that existing reporting systems can support the policy. If necessary, states may need to invest additional resources to develop systems that adequately track data on consumer outcomes related to lifestyle behavior changes.

Endnotes


About the Authors
John Barth, MSW, is a senior program officer at the Center for Health Care Strategies.
Jessica Greene, PhD, is an assistant professor at the University of Oregon.

Acknowledgements
The authors would like to thank Chuck Milligan and Christine Molnar for their expert guidance in consumer-directed health care trends.

About the Center for Health Care Strategies
The Center for Health Care Strategies (CHCS) is a nonprofit health policy resource center dedicated to improving the quality and cost effectiveness of health care for Americans with chronic illnesses and disabilities, the elderly, and racially and ethnically diverse populations. CHCS works with state and federal agencies, health plans, and providers to develop innovative programs to better serve adults and children with complex and high-cost health care needs. Its program priorities are: advancing regional quality improvement, reducing racial and ethnic disparities, and integrating care for people with complex and special needs. For more information, visit www.chcs.org.