

HEALTHY LIVING
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Entertainment[®]
Rewards & Incentives
White Paper

**Rewards and Incentives
Best Practices to Help
Improve Star Ratings**

Introduction

In 2012, around the launch of the Affordable Care Act (ACA), CMS retooled the payment methods and began cutting back on certain fees for services while offering MA Plans the opportunity to increase their payments with bonuses and rebates through demonstrated quality and customer satisfaction. The Five-Star Quality Rating System, which uses a scale from 0-5, with ratings of 5.0 representing the highest quality, was introduced. This program offers bonuses and rebates to high-performing organizations that achieve at least a 4.0 Star Rating, and negatively impacts plans that receive less than 4.0 Stars.

2019 Revenue Impact

The financial implications continually evolve. An MA organization's rating is directly related to the bonus it earns – previously 3, 4 and 5-star plans received bonuses and rebates, today just 4 and 5-star plans receive bonuses based on their overall rating. This financial impact of Star Ratings has created tremendous motivation for MA organizations to explore a variety of methods to improve their Star Ratings. Many models for improvement are aimed at improving specific measurements in the rating system, including HEDIS Measures (Health Effectiveness Data and Information Set), HOS Surveys (Health Outcomes Survey), and CAHPS (Consumer Assessment of Healthcare Providers and Systems.)

Impact of Star Ratings: Bonus and Rebate

Star Rating	Bonus	Rebate
★★★★★ & higher	5% (10% in double bonus counties)	70%
★★★★	5% (10% in double bonus counties)	65%
★★★↓	0%	65%
★★★ & lower	0%	50%
New Contract or low enrollment	3.5% (7% in double bonus counties)	65%

Source: Gorman Health Group, LLC

*Below 3 stars possible loss of CMS contract if 3 year trend.

An Overview: Key Learnings

The introduction of a Five-Star Quality Rating System from the Centers for Medicare and Medicaid Services (CMS) for Medicare Advantage (MA) Plans has resulted in opportunities for high-performing organizations to reap significant financial compensation and the ability to offer supplemental benefits while underperforming organizations risk fines, notices to their current members, potential removal of contract and other punitive actions.

With so much at stake, finding ways to improve or maintain an organization's Star Rating has become a critical component of every MA Plan's strategic planning. The use of rewards and incentives programs to drive member engagement is a proven strategy to impact Star Ratings that has helping plans to put the focus on closing gaps in care.

This White Paper, generated by the Entertainment® Rewards & Incentives healthcare team, provides a brief overview of the current Five-Star Quality Rating System and offers recommendations for organizations seeking to develop and implement a robust rewards and incentives program.

This white paper is provided for informational purposes only and is not a legal analysis of the Medicare Advantage Program. All plans are advised to seek legal counsel regarding specific CMS requirements.



Health is a State of Mind

Is 65 the new 45? The majority of seniors (88%) say they feel healthier than their parents' generation, and 85% say they feel younger than their actual age. With today's seniors living longer, it's no surprise that they want to maintain a high quality of life as long as possible.

Source: Weltok - 65 years young HEALTH FOR THE NEW SENIOR GENERATION

How Star Ratings Are Determined

The **Overall Star Rating** combines scores for the types of services each plan offers. What is being measured? For plans covering health services, the overall score for the quality of those services covers many different topics that fall into 5 categories:

- **Staying healthy:** screenings, tests, and vaccines. Includes whether members got various screening tests, vaccines, and other check-ups that help them stay healthy.
- **Managing chronic (long-term) conditions:** how often members with different conditions got certain tests and treatments that help them manage their condition.
- **Member experience with the health plan:** ratings of member satisfaction with the plan.
- **Member complaints and changes in the health plan's performance:** how often Medicare found problems with the plan and how often members had problems with the plan. Includes how much the plan's performance has improved (if at all) over time.
- **Health plan customer service:** how well the plan handles member appeals.

In total, the Five-Star Quality Ratings System takes into account different measures, arranged into five broad categories that determine an organization's overall Star Rating. All of these measures are individually graded and several of these measures are given greater weight, which means that those categories have more influence on the final average score than other categories.

Driving greater participation in these key measures can help an organization improve its overall Star Rating and plan quality assessment, and in turn, benefit from higher bonus payments, more rebates, and the opportunity for 5-star plans to market to prospective members throughout the year and offer additional supplemental services which increases the attractiveness of the plan.

Medicare Part C Report Card

Staying Healthy: Screenings, Tests, & Vaccinations			Member Experience with the Plan		
ID	Measure	Weight	ID	Measure	Weight
C01	Breast Cancer Screening	1	C23	Getting Needed Care	1.5
C02	Colorectal Cancer Screening	1	C24	Getting Appointments and Care Quickly	1.5
C03	Annual Flu Vaccine	1	C25	Customer Service	1.5
C04	Improving or Maintaining Physical Health	3	C26	Rating of Health Care Quality	1.5
C05	Improving or Maintaining Mental Health	3	C27	Rating of Health Plan	1.5
C06	Monitoring Physical Activity	1	C28	Care Coordination	1.5
C07	Adult BMI Assessment	1			
Managing Chronic Conditions			Improvement in Health Plan Performance		
ID	Measure	Weight	ID	Measure	Weight
C08	Special Needs Plan (SNP) Care Management	1	C29	Complaints About the Health Plan	1.5
C09	Care for Older Adults – Medication Review	1	C30	Members Choosing to Leave the Plan	1.5
C10	Care for Older Adults - Functional Status Assessment	1	C31	Health Plan Quality Improvement	5
C11	Care for Older Adults – Pain Assessment	1			
C12	Osteoporosis Management in Women who had a Fracture	1	Health Plan Customer Service		
C13	Diabetes Care – Eye Exam	1	ID	Measure	Weight
C14	Diabetes Care – Kidney Disease Monitoring	1	C32	Plan Makes Timely Decisions about Appeals	1.5
C15	Diabetes Care – Blood Sugar Controlled	3	C33	Reviewing Appeals Decisions	1.5
C16*	Controlling Blood Pressure	3	C34	Call Center – Foreign Language Interpreter and TTY Availability	1.5
C17	Rheumatoid Arthritis Management	1			
C18	Reducing the Risk of Falling	1			
C19	Improving Bladder Control (New in 2018)	1			
C20	Medication Reconciliation Post Discharge (New in 2018)	1			
C21*	Plan All-Cause Readmissions	3			
C22	Statin Therapy for Patients with Cardiovascular Disease (New in 2019)	1			

*2020 Proposed - will be withdrawn and moved to display page.
Heavily weighted measures denoted in red.

Source: NCQA, HEDIS®: Healthcare Effectiveness Data and Information Set: CMS

Successful Rewards Programs

DRIVE WELLNESS...

initiatives among members

INSPIRE...

healthier, more active lifestyles

GENERATE...

long-term cost savings for plan participants and insurers

IMPROVE...

satisfaction and member retention

STRENGTHEN...

cooperation and compliance with CMS measures

IMPACT...

Star Ratings, bonuses and rebates



Using Rewards to Drive Consumer Behavior

Programs that offer incentives to drive member participation and engagement empower members to take greater ownership of their health. Many MA organizations have started offering their members a variety of rewards and incentives for taking specific actions (i.e., “Complete your glaucoma screening and you’ll receive a ___!”).

This approach, which is accepted by CMS, offers multiple benefits to the organization, including:

- greater awareness among members about the importance of taking personal steps to better health
- adding value to being a member
- helping to strengthen and differentiate a brand that is focused on member health
- improving the member service delivery experience

Members also benefit from incentives, especially if they are relevant and meaningful to their lifestyle. In addition to receiving the reward itself, the member benefits by taking steps to protect their own health by getting the proper screenings, tests and vaccines that can identify chronic conditions or diagnose potential health issues early.

The Challenges

Building an effective rewards program as an incentive to drive participation in Star measurements presents several challenges for organizations. A program with multiple rewards can be a complicated, costly endeavor, which is difficult to implement and hard to execute. Another hurdle is developing high-value, low per-customer cost incentives that are compelling enough to influence member participation and behavior while complying with government regulations.

Most importantly, organizations must also ensure that their rewards programs are compliant with the established guidelines from CMS. Failure to comply with these guidelines can result in substantial penalties and potential sanctions.

CASE STUDY SNAPSHOT

Rewards Programs help motivate members and improve satisfaction

Based on a Member Satisfaction Survey by a major health plan that partnered with Entertainment®, their integrated rewards program helped deliver strong ratings. Respondents Strongly Agreed/Agreed with the following:

Survey Results

78%

"Due to this program I am motivated to take better care of my health"

82%

"My health plan cares about keeping me healthy"

80%

"My health plan is trying to help me make better health care decisions"



CMS Guidelines for Rewards and Incentives

MUST:

Be offered in connection with the entire service or activity

Be offered to all eligible members without discrimination

Have a value that may be expected to affect enrollee behavior, but not exceed the value of the health related service or activity itself

Otherwise comply with all relevant fraud and abuse laws, including, when applicable, the anti-kickback statute and civil money penalty prohibiting inducements to enrollees

MAY NOT:

Be offered in the form of cash or other monetary rebates

Be used to target potential enrollees

Be based on Probability, Lotteries, Drawings, Sweepstakes – NOT Permissible

Offered only on the Internet – must have a non-internet option so as not to discriminate against those without internet access

Source: CMS Medicare Managed Care Manual, Rev. 121, Issued: 4-22-16

Implementing a Rewards Program

When developing rewards and incentives programs there are several factors to consider:

- **Universal Appeal** – Is there something relevant for every interest?
- **Consistency with Brand** – Does it drive energy and match corporate values?
- **Cost Effective** – Does it improve the bottom line, with strong ROI potential?
- **Long Shelf Life** – Will the reward engage members for the long haul? Can it be reinforced?
- **Ease of Implementation** – What internal resources are necessary? Where can I get support? How long will it take to implement?

Establish benchmarks for each measurement to determine the success of the rewards program. These measures of success will vary depending on the specific goals of an organization, but often these benchmarks are built around financial models and establish specific goals related to increases in documented member participation in targeted activities.

- Increase wellness/HRA* visits by _%
- Increase diabetes screenings by _%
- Increase mammograms by _%

**Note: Rewards for Completing a Health Risk Assessment (HRA). CMS includes the completion of an HRA as a permitted health-related activity in an RI Program beginning in 2019.*

Highly rated plans have tremendous advantages over their lower-rated competitors:

- Higher bonuses and rebates allow for a much more competitive offering
- Members who take ownership of their health feel more empowered and have greater loyalty to their plan
- Bonuses and rebates allow plans to market a stronger set of benefits
- Five-star plans can market year round. Beneficiaries can join these plans at any time via a Special Enrollment Period (SEP).

Rewarding with Savings and Experiences

One of the more effective approaches to developing a member rewards and incentives program has been the use of relevant discounts and savings opportunities in the form of high-value coupon booklets or online savings. These rewards can include discounts for travel, shopping, events, activities, healthy dining, and entertainment for completing the measures used in the Five-Star Quality Rating System.

By offering members savings on things they enjoy – dining, bowling, travel, shopping, golf – MA organizations can encourage members to live a healthier, more active lifestyle, which often has positive mental and physical health implications. These are both heavily-weighted measures in the Five-Star Quality Rating System. In addition, offering members savings they can use to enhance their lives and stretch their budgets also helps a MA organization add value to their relationship.

Health Study Key Findings

HEALTH PRIORITIES

To improve quality of life, seniors are adopting a new definition of health, which includes all aspects of health (physical, social, emotional and financial). More than 90% of seniors said establishing and maintaining financial stability, adequate sleep and positive relationships are top priorities.

ATTITUDES TOWARD AGING

Seniors want to stay healthy and fit as they age — 88% say they feel healthier than their parents' generation and approximately 4 in 5 feel younger than their actual age.

GOING MOBILE

A growing number of Americans 65 and older, including 2 out of 3 Medicare Advantage members, are using digital technology like internet resources, a mobile application, a monitoring device, etc., to support their health.

NEED TO BUILD LOYALTY

Nearly 6 in 10 seniors said they would consider switching their current Medicare Advantage plan in the near future.

Source: Weltok - 65 years young HEALTH FOR THE NEW SENIOR GENERATION



Top Health and Wellbeing Resources that Seniors Want



Coupons are Highly Relevant to Seniors

50% of the entertainment.com coupon web site traffic is from the 55+ demographic

The typical 10% off for 55+ Seniors is not as prevalent as it used to be. Some retailers are doing away with Senior discounts. Give your members access to discounts in your communications with them and they will thank you for it!

Entertainment® Rewards & Incentives has the biggest and best discount network:

- Direct (contracted) relationships with merchants for their deepest discounts
- Savings at thousands of restaurants and stores
- Discounts in 10,000 cities and towns, covering 98% of U.S.
- Exclusive discounts at movie theatres, theme parks, and concert venues
- Exclusive discounts on travel and things to do

Our discounts add to the health and well-being of your members by saving them money on things they do every day and activities to keep them healthy and active.

Entertainment® Member Rewards Program Examples

Healthy Living Rewards Digital Portal

Digital savings for a year-long, value-added member benefit



Surprise & Delight

Personalized communications to show member appreciation



Rewards and Incentives

Communications to motivate members to take action, such as get an annual flu vaccine or mammogram.

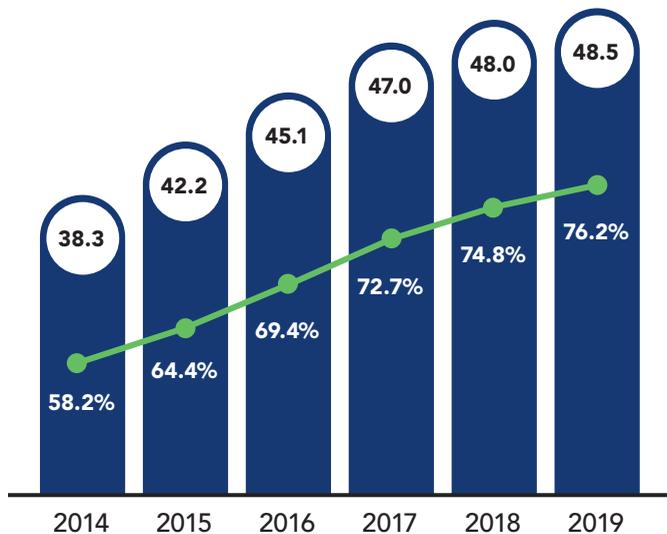


Power of Member Communications

Giving value-added benefits to your members shows them that you care about their well-being – and can differentiate you from your competition. Even if you're not doing a rewards and incentives program, relevant Entertainment[®] discounts help improve the impact of your member communications, including increased open rates, and member surprise and delight.

For example, a calendar with monthly health messages or a booklet for members to track progress towards health goals are great ways to connect with members throughout the year with helpful information about health, wellness and prevention. These types of ongoing communications can increase member satisfaction, retention and loyalty – and keep your brand in front of your members.

Entertainment[®] offers digital and mobile rewards programs to add to your communications. Our "show your phone" offers add to the convenience of your rewards.



- Baby boomer smartphone users
- % of baby boomer mobile phone users

Note: Individuals born between 1946 and 1964 who own at least one smartphone and use the smartphone(s) at least once per month.

Source: eMarketer, July 2015

Seniors & Tech

While Seniors still prefer phone, direct mail and TV, digital and mobile technology is becoming more important for Americans 65 and older.

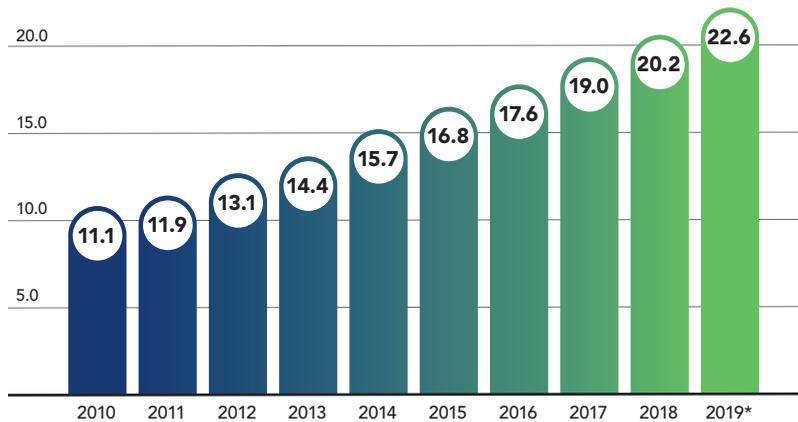


US Baby Boomer Smartphone Users and Penetration, 2014-2019

millions and % of baby boomer mobile phone users

General strategies that address the personal engagement of each baby boomer on their mobile device with relevant coupons combined with the ease of functionality and redemption is key.

Medicare Advantage Enrollment, In Millions



* Projected

Source: Kaier Family Foundation, Centers for Medicare & Medicaid Services - Get the Data

Each day, 10,000 Americans turn 65. The Baby Boomers are reaching Medicare eligibility at a rapid rate, and more and more are choosing Medicare Advantage to help them manage their health.

A Trusted Name in Healthcare

Entertainment® Rewards & Incentives has been driving member engagement for more than 30 years across multiple industries. For many years our team has worked extensively with dozens of healthcare clients to generate substantial results with Healthy Living Rewards programs.

Whether the goal is to influence the behavior of existing members to improve Star Ratings, to acquire new members, or to create a competitive advantage by offering current members something that they can't get elsewhere, our healthcare team has the experience and expertise to develop an omni-channel rewards program to accomplish these goals.

Entertainment® Healthy Living Rewards programs are Part C CMS-compliant and are developed to promote health, wellness and prevention activities. If you are interested in developing a Healthy Living Rewards program, Entertainment® is the right partner to help inspire healthy living among members, increase payments, bonuses and rebates, and enhance your plan's Star Ratings.

Ask us for our results!





Experience

Many years of member rewards best practices



Targeted Offers

Savings that promote an active, healthy lifestyle



Customized Solutions

from simple to fully-integrated programs



Multi-channel Reach

multiple touch points to increase engagement

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REWARDS & INCENTIVES

Contact us to start your R&I Program today:

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