

Health and Human Services Commission
Medicaid Reform Strategies for Texas

Strategy	Enhanced Benefit Accounts
Background:	<p>As the federal government and states seek ways to contain the growth in Medicaid expenditures, strategies are emerging that are related to consumer directed reforms. Through options provided through the Deficit Reduction Act (DRA) benchmark benefit plans, and also through waivers, states are implementing strategies that include incentives to increase the use of preventive services and promote personal responsibility.</p> <p>Other consumer directed approaches to health care include Health Savings Accounts (HSAs) and Health Opportunity Accounts (HOAs). HOAs are similar to the private health insurance market's HSAs, which are coupled with high-deductible health plans. The health plan beneficiary and/or employer deposit funds in the HSAs, which must be spent before the beneficiary can access benefits through the high deductible health plan. With HOAs under development for Medicaid programs, the state and federal government fund the accounts before traditional Medicaid coverage begins.</p> <p>Enhanced Benefit Accounts (EBAs) are different from HSAs and HOAs insofar as the latter are accounts funded by the Medicaid program and generally used to pay for covered Medicaid services. Enhanced Benefit Accounts pay for benefits provided <i>in addition to</i> a beneficiary's Medicaid coverage, as an incentive to engage in healthy behaviors.</p> <p>States implement EBAs with the goal of achieving several objectives, including promotion of healthy behaviors to support improved health status and to achieve potential cost savings through disease prevention. Some states also use EBAs to provide incentives for recipients to enroll in new alternative benefit packages under alternative benefit (tiered) programs. Individuals who opt in to alternative benefit packages consistent with a state's policy goals would receive additional benefits through an Enhanced Benefit Account.</p> <p>Examples of desired healthy behaviors identified by states include:</p> <ul style="list-style-type: none"> • For children: age-appropriate screenings (EPSDT), vision exam, dental exam, up-to-date immunizations, keeping appointments. • For adults: keeping primary care appointments, receiving mammograms and PAP tests, disease management participation, smoking cessation program participation, compliance with medications and recommended flu shots. <p>Under an EBA, a process is established for verifying achievement or completion of the desired outcomes. Recipients or providers typically provide the verification. Once verified or established, recipients have access to account funds enabling them to access additional services or products identified by the Medicaid program.</p> <p>It should be noted that EBAs are new, and to date, there is no outcome information available either on cost savings or improvements in recipients' health behaviors.</p>

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Other States:	<p>Idaho – Preventive Health Assistance (PHA) offers incentives to Medicaid recipients to make good health decisions. PHAs are a new benefit added to all of the Medicaid benefit plans. Participants can qualify by filling out a health questionnaire and indicating (e.g., that they would like to lose weight, if they have an unhealthy body mass index, or would like to quit smoking). Participants sign an agreement to participate in a healthy weight program or participants are enrolled in an approved tobacco cessation program. Additional benefits consistent with the health goal (e.g., gym memberships or subsidies for those whose goal is weight reduction) are available as participants meet goals.</p> <p>Benefits are available up to 200 points/dollars per year if all standards are met, and credits individuals have earned can be used with certain vendors to purchase goods and services that support healthy behavior change. Eligible services include weight loss program enrollment and dues, tobacco cessation products, gym membership fees, and healthy lifestyle classes that meet established standards.</p> <p>Kentucky “Get Healthy Accounts” – Individuals with pulmonary disease, diabetes, and cardiac conditions can complete certain disease management activities in exchange for funds deposited into their accounts. Funds can be used for co-pays, alternative therapies, exercise, and weight-loss or smoking cessation programs.</p> <p>West Virginia “Healthy Rewards Accounts” – In the West Virginia program, credits are issued to individuals who meet certain treatment goals and access to services will be restricted to those who do not meet goals. Individuals are required to develop a "personal responsibility agreement" with their chosen medical home (primary care physician and/or health plan). Those who follow the agreement receive credits through a "Healthy Rewards Account" that they can use toward optional health care services. Those who do not sign an agreement, or do not meet goals in a specified timeframe may have benefits reduced, including possible reductions in coverage for diabetes treatment, cardiac rehabilitation, mental health care, dental care and substance abuse treatment.</p> <p>Florida – Recipients can accrue benefits by engaging in healthy behaviors, such as showing up for doctor’s appointments, undergoing routine screenings, losing weight or quitting smoking. Recipients can earn up to \$125 in their accounts. This can be used to purchase non-covered items, such as over the counter medicine, ace wraps, etc., from participating pharmacies. Individuals maintain access to benefits for up to three years after disenrolling from Medicaid, as long as they remain under 200 percent of the federal poverty level.</p>

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Application to Texas – Advantages & Disadvantages:	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> Strategies may have the potential to lower costs of Medicaid coverage and improve the health of the Medicaid population. <p><u>Disadvantages:</u></p> <p>Monitoring for compliance/adherence is required. Physicians have voiced concern when they are put in the role of monitoring enrollee compliance and reporting non-compliance.</p>							
Meets Medicaid Reform Goal(s):	Cost Reduction or Avoidance		Maximizes federal funds		Improves Program Sustainability		Consumer Choice/Responsibility	X
	Reduces Number of Uninsured		Supports Private Market Coverage		Improves Quality		Improves Access	
	Benefit Options							
Populations Affected:	Unknown at this time.							
General Revenue Impact:	Unknown at this time.							
Other Considerations	Stand Alone Option	X	This Option should be considered in conjunction with other Medicaid Reform Strategy(ies)				X	
	<p>These approaches are untested in relation to improvement in health status and cost savings achieved.</p> <p>When linking Enhanced Benefit Accounts to policies designed to encourage healthy behaviors, states must consider what kinds of services may be provided as incentives and the level of funding that would create the desired impact. Programs such as Idaho’s, that link the rewards to achieved chosen health targets (e.g., gym memberships for individuals who meet early weight loss goals) support a consistent approach to health promotion. Programs such as West Virginia's, which penalize individuals by reducing access to certain services such as diabetes treatment and cardiac rehabilitation may represent a conflict to the goal of improving health status of individuals.</p>							
State and Federal Approval(s) Required:	Federal	1115 Waiver	X	State	Rules			
Other Waiver(s), [LIST]			Legislation					
State Plan Amendment		X						
Implementation Considerations & Timeframes:	<p><u>Affected Stakeholders</u></p> <ul style="list-style-type: none"> Recipients Providers 							

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	<u>Systems and Resource Considerations</u> <ul style="list-style-type: none">• Systems would need to be designed to track healthy behaviors, and also deliver incentives earned.

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References:

- “State of the States: Finding Their Own Way” State Coverage Initiatives, January 2006
- “DRA Related SPAs – Benefits Reform; HHSC Internal Document
- “KYHealth Choices Medicaid Reform: Key Program Changes and Questions” Kaiser Commission on Medicaid Facts, July 2006.
- Kentucky Medicaid Reform Fact Sheet; HHSC MRT Library
- West Virginia Medicaid State Plan Amendment: Key Program Changes and Questions; Kaiser Commission on Medicaid Facts, July 2006.
- West Virginia SPA Fact Sheet; HHSC MRT Library
- “Patients Key to Latest Medicaid Reforms” Stateline.org, October 3, 2006.
- “New Developments in Medicaid Coverage: Who Bears Financial Risk and Responsibility?” Kaiser Commission on Medicaid and the Uninsured, June 2006.
- “State of the States: Finding Their Own Way” State Coverage Initiatives, January 2006
- Bush Administration approved West Virginia Plan for Medicaid 'Personal Responsibility Contracts'; Kaiser Daily Health Policy Report; May 8, 2006