Exploring the practice of offering incentives:

What is and is not acceptable in the health benefits insurance space?

Healthcare providers are increasingly offering incentives to attract business, but this may encourage patients to purchase medically unnecessary services or supplies to obtain the incentive. Insurers only reimburse for medically necessary services and supplies, which are eligible under the plan contract. As a result, there may be consequences for healthcare service providers who facilitate the reimbursement of medically unnecessary products or services by offering incentives, as this is viewed as an abuse of the benefit plan.

Incentive examples:

- A discount, rebate or refund provided after a claim is submitted, designed to negate, or reduce co-payment
- A retail gift card (e.g., high value gift cards for merchandise)
- Free goods or services (e.g., shoes/sandals, designer eyeglasses, gym memberships)
- Any additional items, not shown on a receipt, which promote benefits abuse and plan members purchasing covered services or supplies in order to receive the incentive

Individual insurers may have some tolerance for low value incentives.

Loyalty rewards and gifts of low or no value do not usually result in payments being denied or providers being delisted.

Insurers do not support the business practice of offering incentives that are not medically necessary and/or to facilitate the reimbursement of an ineligible product or service (the incentive).

How Incentives Put Your Patient's Benefits and Employment in Jeopardy:

Incentives may result in new patients and/or increased volume of sales for a healthcare service provider, but they may also encourage the purchase of medically unnecessary supplies or services. Purchasing the medical supplies or services to access the "free" item or incentive can lead to increased plan utilization as driven by wanting the incentive, instead of addressing and resolving a health condition. Likewise, facilitating the reimbursement of a product or service under the plan so that a patient can receive a "free" item is viewed as abuse of the plan and may be considered benefits fraud. The use of incentives therefore may result in increased premiums and/or reduction of coverage of group benefits plans and may result in termination of employment for your patient.

Responsibilities of the Insurer:

Insurers are required to ensure that benefit plans only fund eligible services and supplies, and only reimburse those which are medically necessary. Insurers also have a responsibility to plan sponsors to detect and prevent waste, abuse, and fraud. Many insurers investigate providers who offer incentives because they may encourage the purchase of medically unnecessary services and/or supplies and fund ineligible products or services under the plan contract. As a result, insurers may file complaints with healthcare provider regulatory colleges and associations, restrict claim submission methods, delist providers, and pursue overpayment recoveries.

Responsibilities of the Healthcare Service Provider:

Regulatory bodies can offer guidance regarding its standards of practice and appropriate recommendation of clinically indicated products or services. Healthcare service professionals must meet their regulatory requirements for advertising and professional practice and be aware and meet the expectations of the insurer. In addition, they should be aware of what constitutes as incentives and avoid offering them to patients, understanding that the practice can lead to benefits abuse. Healthcare service professionals should work together with their regulatory colleges/associations and insurers to stay engaged, educated and up to date on the topic of incentives.

Potential Implications for Use of Incentives

- Audits
- Patient reprimanded by the employer and/or termination of employment
- Delisting of healthcare service provider
- Regulatory complaints and disciplinary action by the regulatory college
- Loss of patients if the clinical/practice is flagged by the insurer or delisted
- Increased premiums and reduction of coverage

CASE STUDY: Mary is shopping for designer shoes when she notices a local provider offering a free pair of shoes when a customer orders and receives a pair of orthotics. Mary does not require orthotics; however, her benefit plan coverage includes a pair of orthotics. Mary really wants new designer shoes for a wedding she is attending. The incentive of a new pair of designer shoes may motivate Mary to acquire the orthotics in order to obtain the "free" designer shoes. Sounds like a great deal, right? Promotions like this may encourage benefit plan abuse which can cost Mary's organization more by driving up claims cost. Further, it raises the question of whether the cost of the orthotic has been inflated to reflect the value of the "free" shoes. The financial pressure on a plan funding an ineligible item (designer shoes) could be significant and result in Mary's employer reducing benefit coverage, Mary losing her plan altogether and potentially her job. The provider may also face consequences such as being delisted by an insurer and having a complaint filed with their professional association or college which may result in a suspension or loss of their license.

CASE STUDY: A provider is just starting out in business, and they really need a leg up on the competition. After giving this considerable thought they decide to offer incentives such as gift cards/certificates, personal electronics, or clothing with the purchase of their services. Seems like a great idea and is working like a charm until they realize they are now subject to an audit and investigation by an insurance company. How could this happen when all they were trying to do was grow their business and they know others are doing this same type of marketing?

Insurance plans are not designed to fund the provision of gifts, rebates, discounts and incentives. These have the potential to unnecessarily increase plan utilization by enticing insured clients to unnecessarily use their benefit plans so that they can obtain ineligible items (gift cards, non-medical retail items, clothing) that inflate the cost of the covered services and supplies in order to fund the ineligible items. Refer to the protect your practice pointer sheet. Avoid mixing business marketing practices with treating patients.

Exploring the practice of offering incentives:

CASE STUDY: Seeing the increasing desire of patients to access gym memberships, an enterprising physiotherapist has decided to partner with the local health club. In exchange for coming in for a physiotherapy treatment the therapists provide their patients with a three-month free membership to the health club. This incentive will have an impact on plan utilization as plan members may seek physiotherapy treatment that is not medically necessary in order to get free access to the health club.

CASE STUDY: What a great summer, great to be outside enjoying the weather. A plan member thinks "what I need to top off my summer look is some designer sunglasses". After going for their routine eye exam, they learn that they do indeed require prescription glasses. While at their appointment they were eyeing some beautiful sunglasses on display. The optometrist and the customer enter a discussion about loving the sunglasses on display that are most unfortunately not in the customer's budget. The optometrist offers to sell the plan member $250 designer sunglasses for $5 if the plan member agrees to purchase prescription glasses that costs the maximum reimbursement of their benefit plan. The customer decides to purchase the $350 frames for their prescription glasses instead of the $100 frames to cash in on the $5 designer sunglasses. Within a few minutes the customer leaves wearing the designer sunglasses and a claim form for the prescription glasses, no one gets hurt right? Wrong! Charging a drastically lower fee for an ineligible product used as an incentive for maximizing benefit reimbursements may lead to insurers investigating and taking actions against the providers.

CASE STUDY: Mary attends a multidisciplinary clinic regularly for paramedical treatments, which are covered by her benefit plan. The multidisciplinary clinic also offers laser skin treatments which she would love to have done but is too costly. Mary tells the spa owner that another clinic in town will provide customers with a gift certificate for the skin treatments if they continue to get their paramedical treatments at their location. The clinic owner sees that Mary has a plan with lots of paramedical coverage. Not wanting to lose a valued customer the owner offers to provide Mary with a gift certificate for complimentary laser skin treatments for every 4 paramedical treatments received. "Wow! What a great deal," Mary thought. After receiving credit for previously received treatments, Mary had a $400 procedure done the very next day. "This is great," says Mary – "so easy! I'm not doing anything wrong; do I get any credits for referring my friends?" She asks. After some consideration, the owner agrees to a referral program that matches the competitor's program. She started telling her close friends who had similar benefit plans. The owner was very grateful for the new business, that is of course until they were investigated and subsequently delisted by several insurance carriers.