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HHS Announces \$100 Million in Affordable Care Act Grants to Prevent Disease

*New Medicaid Prevention Grants Allow States to Pay Incentives
to Enrollees Who Adopt Healthy Habits*

As part of the nation's efforts to prevent an increase in the number of people with chronic health conditions, the Department of Health and Human Services (HHS) today announced a new, \$100 million program allowing states to offer incentives to Medicaid enrollees who adopt healthy behaviors such as quitting smoking or losing weight.

"Keeping people healthy is an important goal of the Affordable Care Act," said HHS Secretary Kathleen Sebelius. "One way to reach that goal is to encourage all Americans to make better choices about diet, exercise and smoking to avoid potentially disastrous outcomes down the road like heart disease, cancer or diabetes."

Under the Act, states may apply to the Centers for Medicare & Medicaid Services (CMS) for grants to fund programs that demonstrate changes in health risk and outcomes, including the adoption of healthy behaviors.

One way to encourage difficult changes in life habits such as overeating or smoking, research has shown, is to offer economic incentives to those who reach stated goals. With that in mind, CMS will encourage states to adopt such strategies as rewarding Medicaid enrollees who meet goals established for them such as weight loss, smoking cessation or diabetes prevention or control. Rewards could range from direct cash incentives, gift cards to grocery stores or other retailers, reduced Medicaid program fees (if any apply) or offering services not normally available through Medicaid.

"With the right incentives, we believe that people can change their behaviors and stop smoking or lose weight," said CMS Administrator Donald Berwick, M.D. "Not only can preventive programs help to improve individuals' health, by keeping people healthy we can also lower the nation's overall health care costs."

The program focuses on those behaviors that can cause some of the most critical chronic conditions that together affect millions of Americans for example:

- Tobacco use is responsible for more than 430,000 deaths each year, and is the largest cause of preventable morbidity and mortality in the U.S. Although rates have declined over the past decades, roughly one in five high school students and adults smoke cigarettes. Also, for every person who dies from a smoking-related disease, about 20 more people have at least one serious illness related to smoking.
- Overweight and obesity have been shown to increase the likelihood of certain diseases and other health problems, and are important concerns for adults, children, and adolescents in the U.S. An estimated 26.7 percent of adults in the U.S. reported being obese in 2009, up 1.1 percentage points since 2007, and approximately 300,000 deaths per year may be attributable to obesity. In 2008, the annual healthcare cost of obesity in the U.S. was estimated to be as high as \$147 billion a year.
- More than one-third of adults have two or more of the major risk factors for heart disease, a leading cause of morbidity, mortality, and health care utilization and spending.
- Diabetes is the seventh leading cause of death in the U.S. and accounted for \$116 billion in total U.S. healthcare system costs in 2007, and almost 24 million Americans have diabetes, including 5.7 million who don't know they have the disease. Also about 186,300 people younger than 20 years have Type 1 or Type 2 diabetes.

Research in the field, largely based on commercial insurance program experience, has shown that financial incentives can be effective in the short run for simple preventive care and distinct behavioral goals, but this demonstration will attempt to identify the most effective strategies for major, long-term changes in unhealthy habits.

“We are hopeful that these approaches will help to sustain patients’ behavior change over their lifetime, especially in the areas of physical activity, nutrition, and smoking cessation,” said Berwick. “We need to take aggressive steps to help give everyone the tools they need to improve their health.”

States can get more information about the incentive grants at <http://www.cms.gov/MIPCD/>

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