Incentives Explained for Medical Suppliers

Protecting Patients, Providers and Your Business

What are Incentives?

Incentives are offers made by healthcare providers to attract patients or encourage the purchase of specific products or services. While incentives may be intended to add value to patients, they can sometimes influence individuals to purchase items or services that are not medically necessary to receive a reward. When this occurs, it is considered abuse of the benefit plan.

Examples of Incentives Include:

- Discounts, rebates or refunds offered after a claim is submitted, that reduce or eliminate a patient's co-pay
- Retail gift cards, particularly those of significant value
- Free goods/services such as designer sunglasses, gym memberships, or footwear
- Items not shown on receipts—such as a retailer offering a $25 gift card when a member receives a medical supply—which can encourage benefits abuse by incentivizing members to obtain services solely to receive the reward

Risks of Offering Incentives

- Increased audits and investigations
- Delisting of healthcare service provider by one or more insurers
- Complaints that result in disciplinary action by the regulatory college/ professional association
- Loss of patients if the clinic/provider is flagged or delisted by an insurer
- Impacts on patients, which may include increased premiums and/or reduced coverage

Responsibilities for Healthcare Providers Dispensing Medical Supplies

- Avoid offering incentives that could influence patient decision-making or encourage inappropriate use of benefits
- Work collaboratively with insurers and the CLHIA to remain informed on expectations around incentive-related practices
- Stay informed through guidance from your regulatory college/professional association

Case Study

Scenario:

While shopping for designer shoes to go with their new outfit for an upcoming wedding, a customer notices a local provider offering a free pair of shoes with the purchase of orthotics. The customer doesn't need orthotics, but their benefit plan covers a pair. Tempted by the offer, they use their coverage to get the orthotics—and walk away with the designer shoes for the wedding.

Risk:

This practice may trigger an insurer review, audits, corrective actions, or provider delisting, and may contribute to inappropriate benefit utilization and plan abuse consequences.

Quick Tips for Medical Suppliers

- Incentives must comply with insurers and regulatory guidelines
- Educate staff on best practices
- Be open and transparent with patients that certain incentives are not permitted, as they can lead to inappropriate use of benefit plans



