FAVORABLE

OIG WATCH

24-10

Loyalty points + tiered perks for dental supply customers

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What OIG Said

OIG said this can be okay, but only if rewards are low-value, preset, not tied to specific reimbursable items, and not designed to steer purchases.

- ✓ OIG reviewed a dental supplier's proposed loyalty program expansion: customers earn points on purchases and redeem them for discounts on future items, plus access tiered benefits like expedited repairs or support services.
- ✓ OIG said this setup does involve remuneration, and that includes both the points and the tiered perks, meaning it triggers Anti-Kickback scrutiny.
- ✓ OIG did not grant safe harbor protection but issued a favorable opinion due to low dollar value per point, no free items, no steering to specific reimbursable products, and rewards that function more like support services.
- ✓ Points could only cover up to 50% of purchase prices, weren't transferable, and expired, which reduced overutilization or improper inducement risk in OIG's view.

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Diligence Checklist

What you need to be ready to show in diligence

- ✓ Show that points have low redemption value and cannot fully offset item costs, no free goods.
- ✓ Prove rewards aren't tied to any specific reimbursable item or designed to steer toward high-cost goods.
- ✓ Have clear, written definitions of membership tiers, benefits, and earning mechanics, set in advance and consistently applied.
- ✓ Track points earned, redeemed, expired, and forfeited, with third-party oversight or audit trail.
- ✓ Document that tiered service perks relate to purchased goods and don't offer unrelated or personal incentives.

If your rewards structure lacks preset tiers, FMV-calibrated value, or audit transparency, this is exactly the profile that raises Anti-Kickback risk.

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Structure not diligence-ready?

Cabra Consulting helps healthcare organizations make sure compensation and transaction structures are independently valued, clearly scoped, and defensible in diligence.

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