

## Value-Based Benefits: Are We There Yet?

*Jeff Elliott for HealthLeaders Media , February 16, 2011*

By any name, value-based health insurance programs are gaining traction as employers look to control their healthcare costs.

Last fall, *HealthLeaders* reported on two studies published in *Health Affairs* that reached similar conclusions regarding emerging value-based insurance design (VBID) programs: Lower member out-of-pocket costs for high-value chronic illness prescriptions encourages more faithful [adherence to medication](#).

The somewhat more broadly defined value-based benefit design (VBBD) programs aim to pair a wide range of incentives—[including cash](#)—with member engagement in both high- and low-value activities, including a commitment to a healthier lifestyle via participation in wellness or disease management programs.

In theory, this will lead to improved long-term outcomes via lower utilization of high-value treatments. After all, according to results of the just-released [HealthLeaders Media Industry Survey](#), 61% of healthcare leaders say overutilization of services is the top driver of healthcare costs.

But is it still just a theory? Theoretically, yes, as the concept is relatively new and lacks significant case-driven data given that conclusions are based on long-term results. But greater scientific evidence from predictive models detailing anticipated financial benefits may be stating the case for value-based programs loud and clear.

"Using plan designs and incentives to drive member engagement in high-value services can improve adherence, which ultimately leads to improved health status and long-term medical savings," said David Hom during a recent Webcast. Hom was a VBBD pioneer at Pitney Bowes—regarded as the first large employer to embrace a value-based program—and is now president of the care management and wellness division of SCIOinspire, a provider of business process analytics that specializes in, among other things, helping its customers determine the effectiveness of their care management efforts.

Based on empirical evidence around VBBD, health plans are increasingly providing employers the option of these programs as part of their benefits packages. Since 2007, Highmark Blue Cross Blue Shield has offered some type of VBBD program, beginning with prescription drugs for the "eight usual suspects," of primary disease management conditions found in disease management: asthma, coronary artery disease, congestive heart failure, depression, diabetes, hypertension, high cholesterol, according to Marcia Bondi, director of new product implementation.

Bondi admits that there was very little initial interest in VBBD products. "A lot of employers viewed it as an increase in payer costs," she said. "They wanted to wait and see if would have the expected down the road impact."

Among the factors influencing their hesitation, employers noticed that while members participated in various wellness programs, few were actually engaged in taking steps to improve their health. As a result, many employers took to offering cash rewards for employees who took a health risk assessment, for example, and even engaged in wellness program. However, employers realized the need for results if they were to continue a value-based program, leading to member disincentives for noncompliance.

"After several years, its time to put the notice on the employee that if you want to keep your benefits at the level they have, they must show they are doing something to get their condition under control," Bondi said.

VBBD and similar health insurance programs still have many challenges to overcome before they claim widespread acceptance. Among them, health plans and employers are working to better determine whether a value-based program makes sense in their particular situation. According to reports, some companies rushed into VBBD based on study results, but after further analysis of their population data, determined it wasn't a good fit.

Also required is additional research into the "science" of VBBD to identify tangible results. Asks Hom, how effective are the programs across the industry? How do we define what conditions are of high value? How do we determine a program's ROI. It's these questions and more that are at the center of the current value-based debate. "There is an opportunity to really transform the industry through data analytics and make it actionable for employers and health plans," he said.

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