SHARE Webinar - #SHAREVBID

Innovative Benefit Design for Connecticut State Employees: Findings from a V-BID Evaluation

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Acknowledgements

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Innovative Benefit Design for Connecticut State Employees: Agenda

- **Introduction to Value-Based Insurance Design**
- **Evaluation of the Connecticut Health Enhancement Program for State Employees**
- **How the Employee V-BID Plan fits into the State of Connecticut health care strategy**

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Improving Consumers' Access to High-Value Health Care
Shifting the discussion from "How much" to "How well"

- **Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality**
- **Regardless of these advances, cost growth is the principle focus of health care reform discussions**
- **Despite unequivocal evidence of clinical benefit, substantial underutilization of high-value services persists across the entire spectrum of clinical care**

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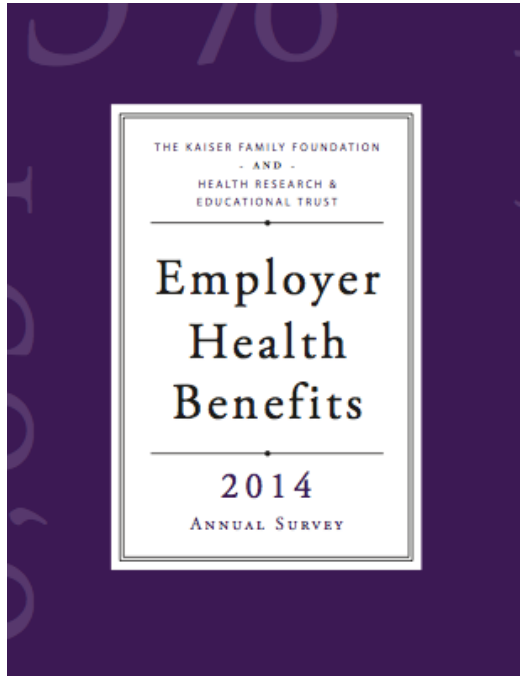
Improving Consumers' Access to High-Value Health Care
Role of Consumer Cost-Sharing in Clinical Decisions

- **For today's discussion, our focus is on costs paid by the consumer, not the employer or third party administrator**
- **Ideally consumer cost-sharing levels would be set to encourage the clinically appropriate use of health care services**
- **Instead, archaic "one-size-fits-all" cost-sharing fails to acknowledge the differences in clinical value among medical interventions**
- **Consumer cost-sharing is rising rapidly**



Health Affairs 2014. doi: 10.1377/hlthaff.2014.0792

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Inspiration

“I can’t believe you had to spend a million dollars to show that if you make people pay more for something, they will buy less of it.”

Barbara Fendrick (my mother)

Impact of Increases in Consumer Cost-Sharing on Health Care Utilization

- **A growing body of evidence concludes that increases in consumer cost-sharing leads to a reduction in the use of essential services, worsens health disparities, and in some cases leads to greater overall costs**
- **One in four adults with non-group coverage report going without needed care due to cost**

The New York Times

Business Day

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ECONOMIC VIEW

When a Co-Pay Gets in the Way of Health

By SENDHIL MULLAINATHAN
Published: August 10, 2013

ECONOMISTS specialize in pointing out unpleasant trade-offs — a skill that is on full display in the health care debate.

Enlarge This Image

Minh Uong/The New York Times

We want patients to receive the best care available. We also want consumers to pay less. And we don't want to bankrupt the government or private insurers. Something must give.

The debate centers on how to make these trade-offs, and who gets to make them. The stakes are high, and the choices are at times unseemly. No matter how necessary, putting human suffering into dollars and cents is not attractive work. It's no surprise, then, that the conversation is so heated.

What is a surprise is that amid these complex issues, one policy sidesteps these trade-offs

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THE GRAND BUDAPEST HOTEL

Goldman D. *JAMA*. 2007;298(1):61–9. Trivedi A. *NEJM*. 2008;358:375-38.. 2010;362(4):320-8.. Chernew M. J Gen Intern Med 23(8):1131–6.

Improving Consumers' Access to High-Value Health Care Solutions Is Needed to Enhance Efficiency

- **Consumers currently do not have the necessary information to make informed health care decisions**
- **While important, clinician incentives and providing accurate price and quality data does not ensure appropriate care delivery**
- **Additional consumer engagement solutions are necessary to better allocate health expenditures on the clinical benefit – not only the price or profitability – of services**

Potential Solution:

Clinically Nuanced Cost-Sharing

What is clinical nuance?

Services differ in clinical benefit produced

Clinical benefits from a specific service depend on:

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Implementing Clinical Nuance: Value-Based Insurance Design

- **Sets consumer cost-sharing level on clinical benefit – not acquisition price – of the service**
  - **Reduce or eliminate financial barriers to high-value clinical services and providers**

- **Successfully implemented by hundreds of public and private payers**

WSJ.com THE WALL STREET JOURNAL. ONLINE

June 16, 2004

FOLLOW THE MONEY

From 'One Size Fits All' To Tailored Co-Payments

June 16, 2004

University of Michigan researchers say a patient's payment for a drug should depend on how much he or she will benefit from the

Value Based Insurance Design
More than High-Value Prescription Drugs

- **Prevention/Screening**
- **Diagnostic tests/Monitoring**
- **Treatments**
- **Clinician visits**
- **High performing networks**
- **PCMH**
- **Hospitals**

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V-BID: Who Benefits and How?

Health Affairs. 2013;32(7):1251-1257 Health Affairs. 2014;;33(5):863-70

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Using Clinical Nuance to Align Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

- **Many "supply side" initiatives are restructuring provider incentives to move from volume to value**

AJAC. 2014;2(3);10.

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Using Clinical Nuance to Align Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

- **"Supply side" initiatives are restructuring provider incentives to move from volume to value**

- **Unfortunately, "demand-side" initiatives are moving consumers in the opposite direction**

AJAC. 2014;2(3);10.

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Using Clinical Nuance to Align Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

- **"Supply side" initiatives are restructuring provider incentives to move from volume to value**

- **Unfortunately, "demand-side" initiatives are moving consumers in the opposite direction**

- **Adding clinical nuance can improve quality of care, enhance employee experience, and contain cost growth**

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AJAC. 2014;2(3);10.

Putting Innovation into Action: Create Broad Multi-Stakeholder Support

- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- The Commonwealth Fund
- NBCH
- PCPCC
- Partnership for Sustainable Health Care
- Families USA
- AHIP
- National Governor's Assoc.
- US Chamber of Commerce
- Bipartisan Policy Center
- Kaiser Family Foundation
- NBGH
- National Coalition on Health Care
- Urban Institute
- RWJF
- IOM
- PhRMA
- AARP

Lewin. *JAMA.* 2013;310(16):1669-1670

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Innovative Benefit Design for Connecticut State Employees: Agenda

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Does V-BID work??

- **Early programs mainly employed "carrots"**
  - –Reduced cost-sharing for high-value services, mainly pharmaceuticals
  - –Lit review concluded that V-BID consistently improved adherence, but most programs did not decrease total medical spending over 1-3 years of follow up (Lee et al., Health Affairs, 2013); other outcomes such as absenteeism not widely studied

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V-BID 2.0 and Costs

- **2 "carrot-based" programs that were bundled with disease management produced savings**
  - –Florida Health Care Coalition (Gibson et al., Health Affairs, 2011)
  - –Marriott (Chernew et al., 2009)
- **2 recent "carrot & stick" programs are generating savings**
  - –Mayo Clinic increased copays for some tests and imaging studies and specialty visits, reducing use
  - –Oregon public employees faced higher cost-sharing for targeted over-used or preference sensitive services, reducing utilization

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The way forward

- **Research suggests:**
  - –Carrots improve quality, often cost neutral, and implementation usually generates little controversy/opposition
  - –Bigger impact and potential savings require coupling V-BID with complementary initiatives (e.g., DM, wellness, patient education, P4P, HIT, price transparency) and adding sticks (identifying and raising cost-sharing for low-value services)

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Connecticut's Health Enhancement Program (HEP)

- **First comprehensive V-BID program for state employees**

- **Why are state employees significant to health policy?**
  - Large employer
  - Dominant employer in some markets
  - May apply lessons to other state programs (retirees, Medicaid)

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"You never want a crisis to go to waste" – Rahm Emanuel

- **CT faced $3.8B budget deficit for FY 2012**
- **State employees were asked to help address deficit**
- **Governor's office and union coalition met throughout 2011**
  - –Many issues, not just health care
  - –Health care discussions focused on creating savings while improving members' health
  - –Led to HEP launching on October 1, 2011

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Key Features of HEP

- **Incentives**
  - –Carrots
    - •Reduce or eliminate copays for chronic conditions
    - •$100 annual incentive if those with chronic conditions comply with all HEP requirements
  - –Sticks
    - •$35 copay for ER visits when there is a “reasonable medical alternative” and person is not admitted
    - •Premiums: $100/mo surcharge on non-enrollees
    - •$350 pp deductible (Maximum of $1,400)

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Key Features of HEP

- **Accountability:**
  - –Obtain specified age- and gender-appropriate health risk assessments, evidence-based screenings, and physical and vision examinations
  - –Undergo dental cleanings
  - –Participate in condition-appropriate chronic DM/education services (diabetes, cholesterol, blood pressure, heart disease, asthma and COPD)
  - –Resources available to members include web portal, nurses and counselors, risk assessments, chronic care workbooks, personal goal planning

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Key Features of HEP

- **Compliance monitoring**
  - –Annual evaluation
  - –Multiple means of communication
    - •Email, mail, telephone, human resources
  - –Member access to on-line tracking of compliance status and self-reported scheduled appointments
  - –Final non-compliance determination overseen by a labor & management committee

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Implementation

- **98% enrollment (far in excess of actuaries' projections)**
  - –Non-enrollees from smaller families, older, but had lower baseline health spending
- **Compliance has remained over 97%**
- **Lessons Learned**
  - **–Communcation Strategy is Critical to Success**
  - **–Adjustments can be made even in collective bargaining setting**
  - **–For Connecticut, full employees acceptance by 3rd cycle**
  - **–Third party program management very important due to PHI**
  - **–Program can reduce trends immediately by changing utilization**

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Evaluating the Effects of HEP on Utilization of Targeted Services

- **Claims and enrollment data for CT state employees and post-Sept. 2011 retirees**
  - –Pre-HEP plan year July 1, 2010-June 30, 2011
  - –Post-HEP plan year July 1, 2011-June 30, 2012
  - –Post-HEP plan year July 1, 2012-June 30, 2013

- **Control group**
  - –TruvenHealth MarketScan, state employees and dependents from 6 states

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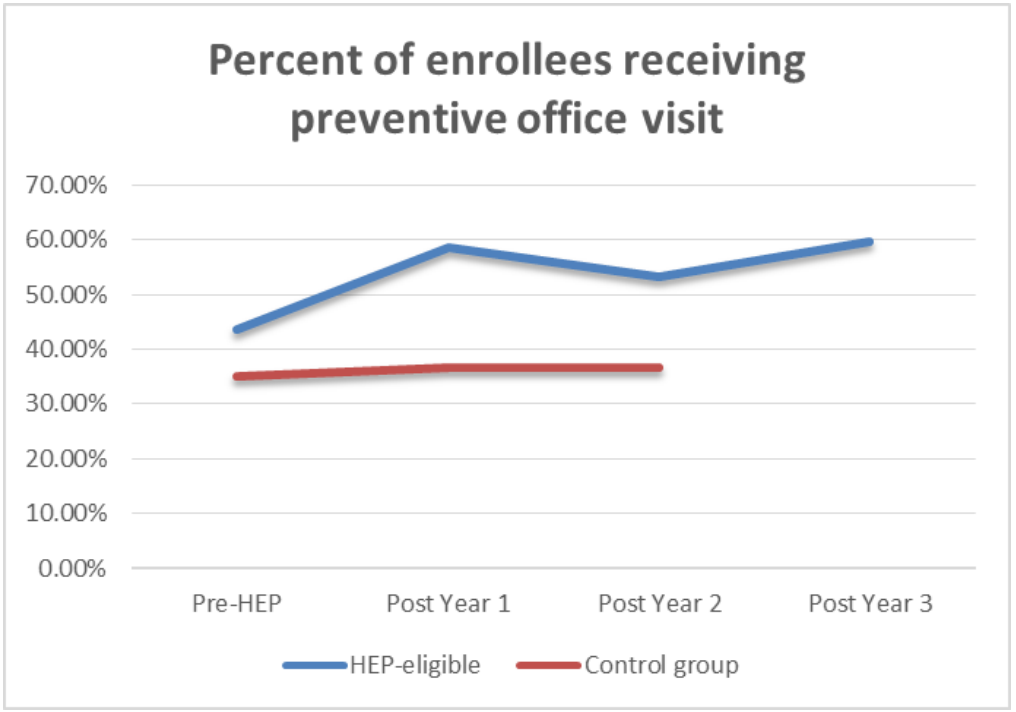
Preventive Services



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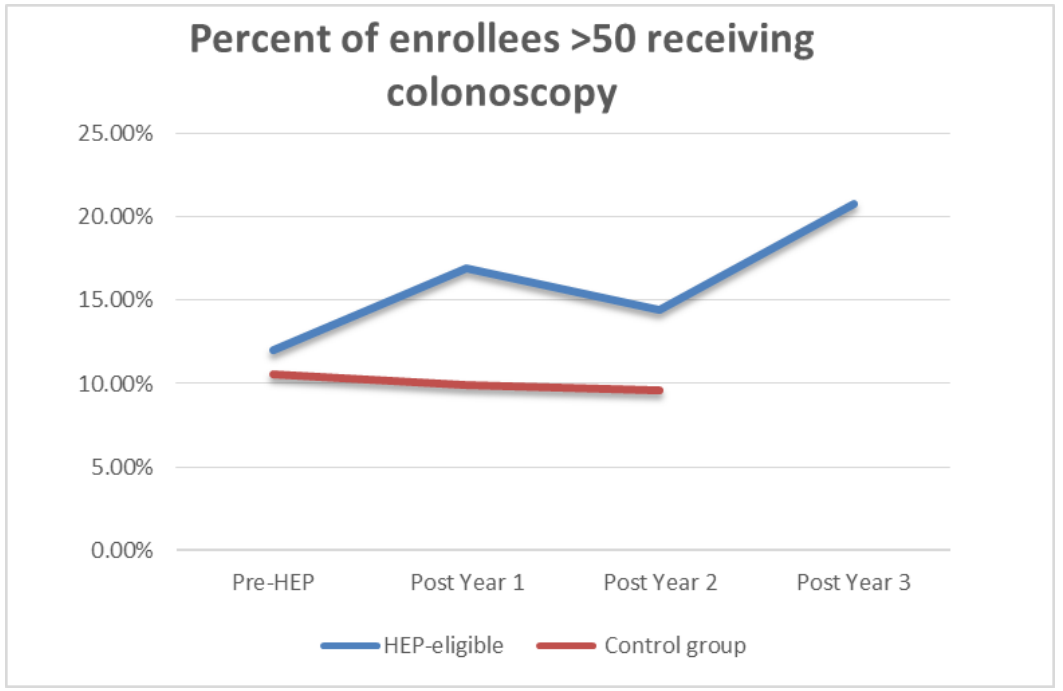
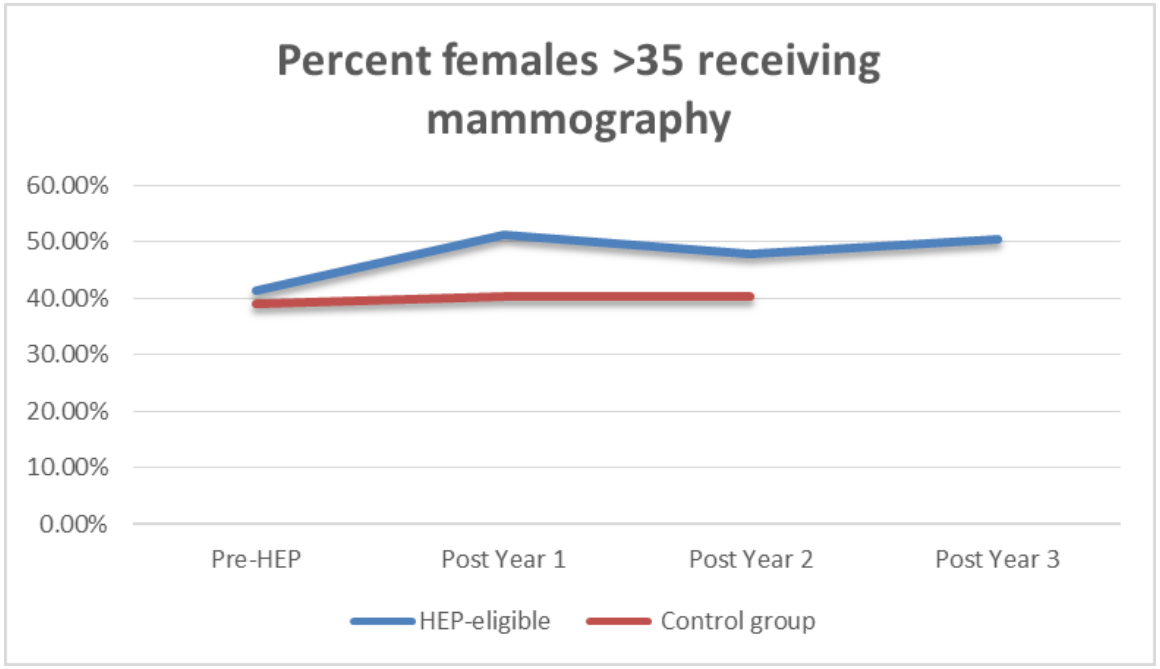
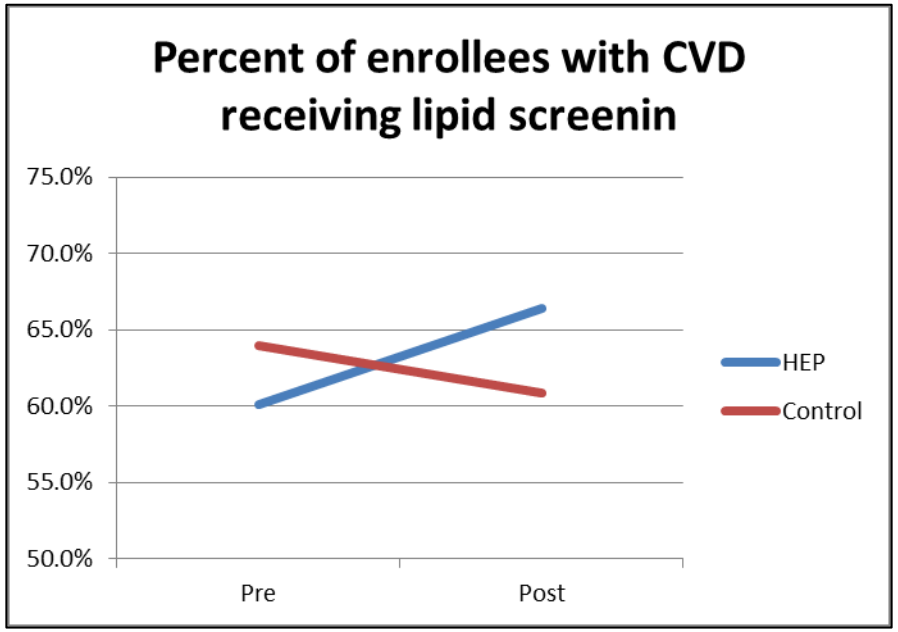
Preventive Services



Preventive Services



Preventive Services



Chronic Conditions

- **Compared with controls, in HEP:**
  - –Diabetics were **3.2 percentage points (ppt)** more likely to have an **eye exam** post-HEP
  - –Diabetics were **5.5 ppt** more likely to have an **A1c test**
  - –Heart disease patients were **9.5 ppt** more likely to have a **lipid test**
  - –Across chronic conditions, patients were **3.0 ppt** more likely to have an **office visit**
  - –Across chronic conditions, there was **no significant difference in ED use**

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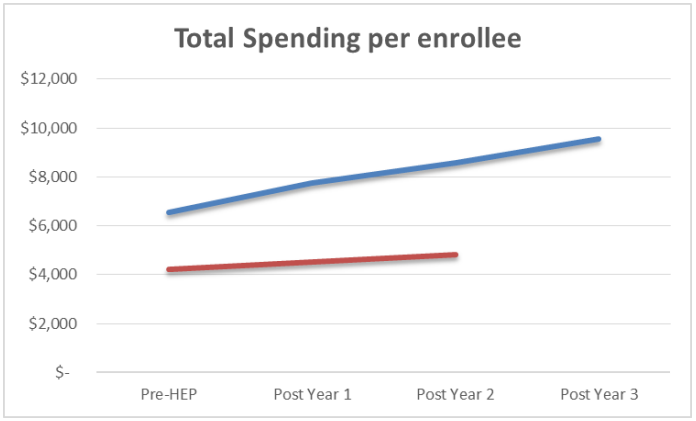
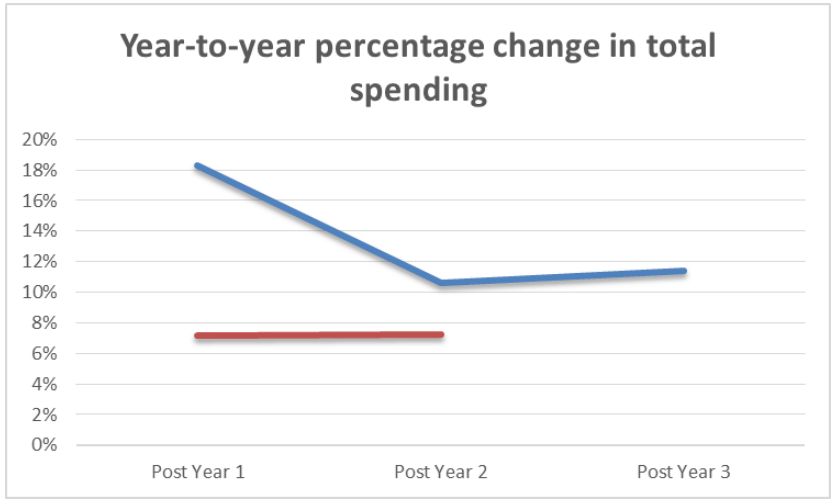
Preliminary cost results





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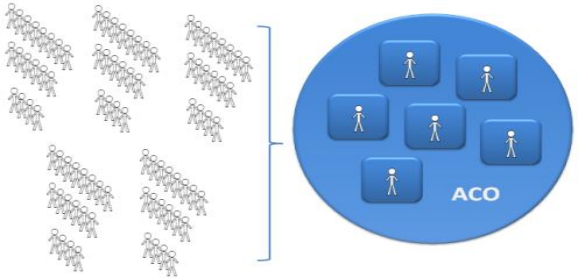
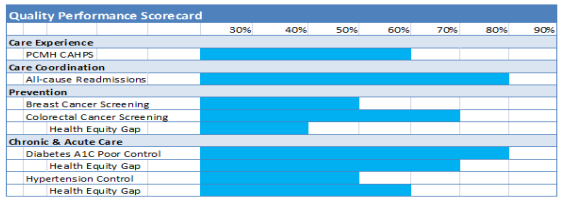
System Delivery Reform and VBID

System Delivery Reform

Value-based Payment





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Demand-side Reform

Value-based Insurance Design (VBID)

Using incentives in benefits to encourage employees to be more value-conscious in their health behaviors and treatment choices

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Discussion

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