



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

SHARE Webinar - #SHAREVBID

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

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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

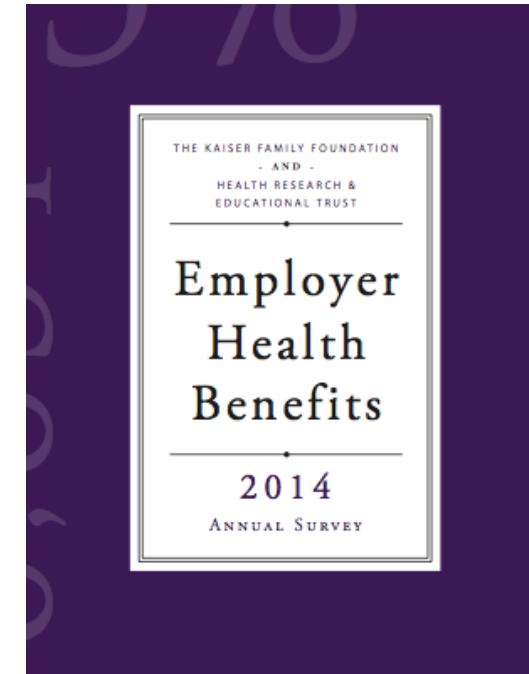
Shifting the discussion from “How much” to “How well”

- **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**

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



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



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:



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**



Value Based Insurance Design

More than High-Value Prescription Drugs

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

V-BID: Who Benefits and How?



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

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**



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



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**



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**

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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

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

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)

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)

“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

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)

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

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

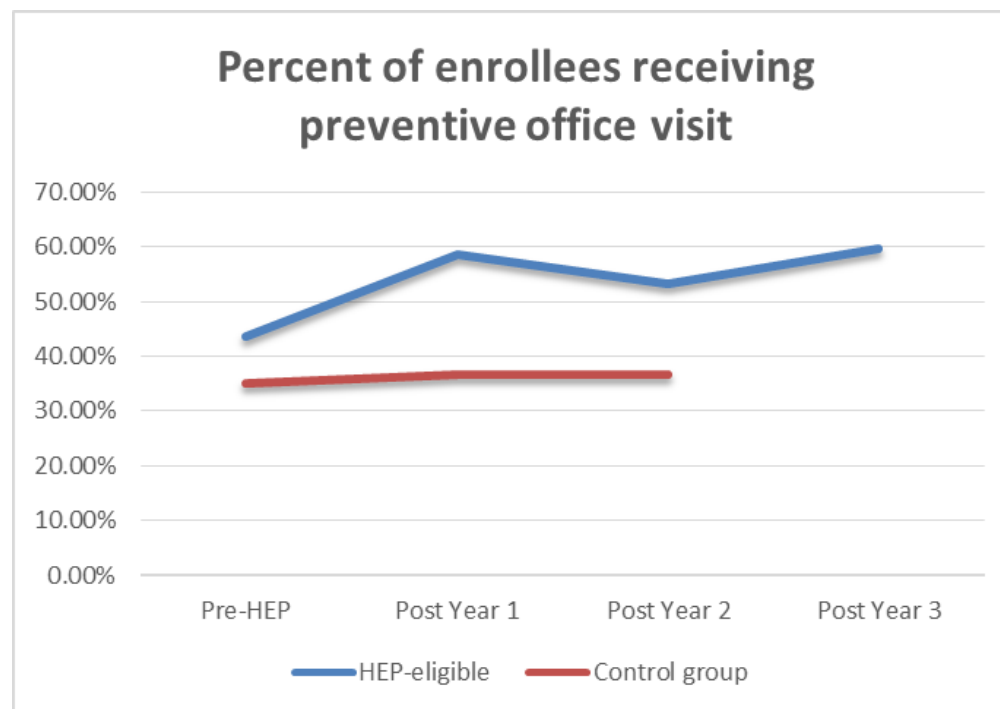
Implementation

- **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**
 - **Communication 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**

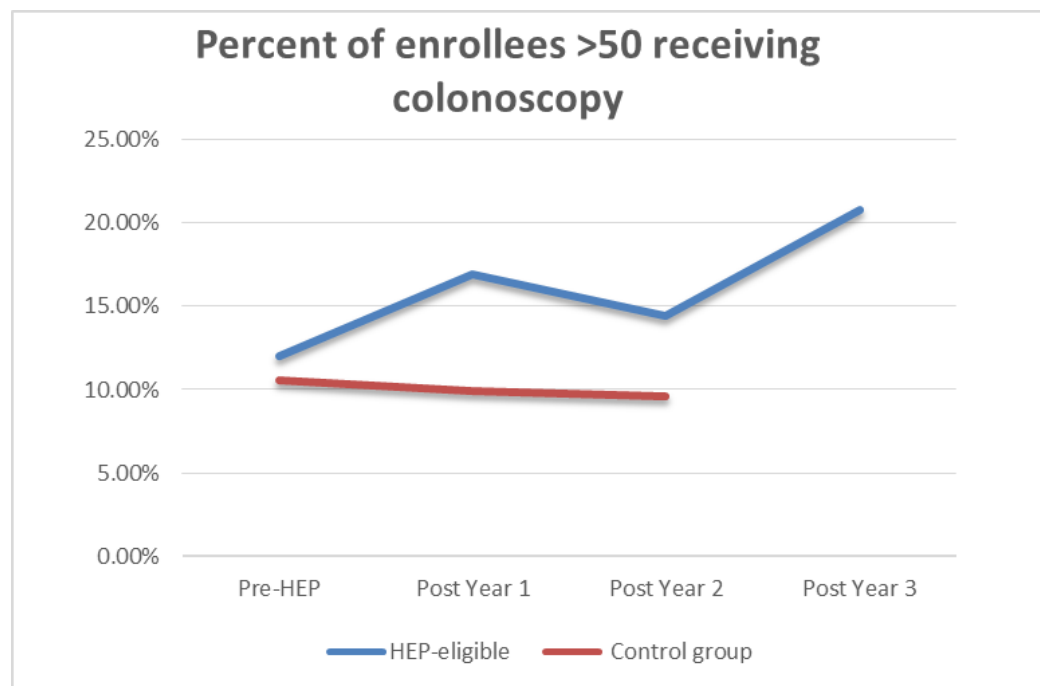
Evaluating the Effects of HEP on Utilization of Targeted Services

- **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

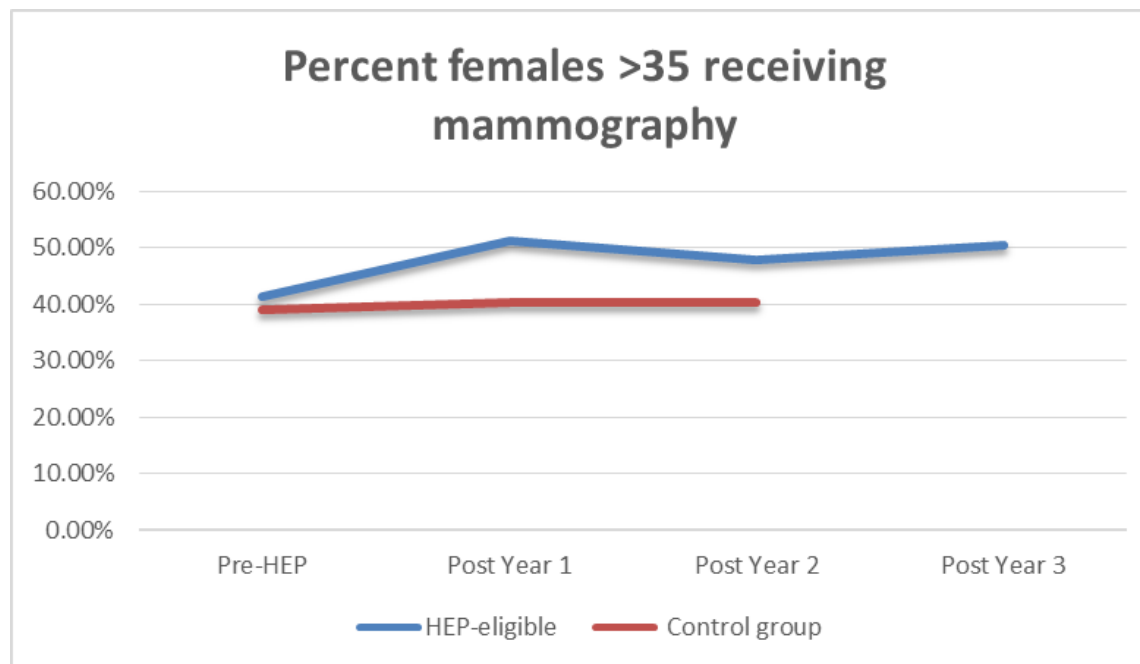
Preventive Services



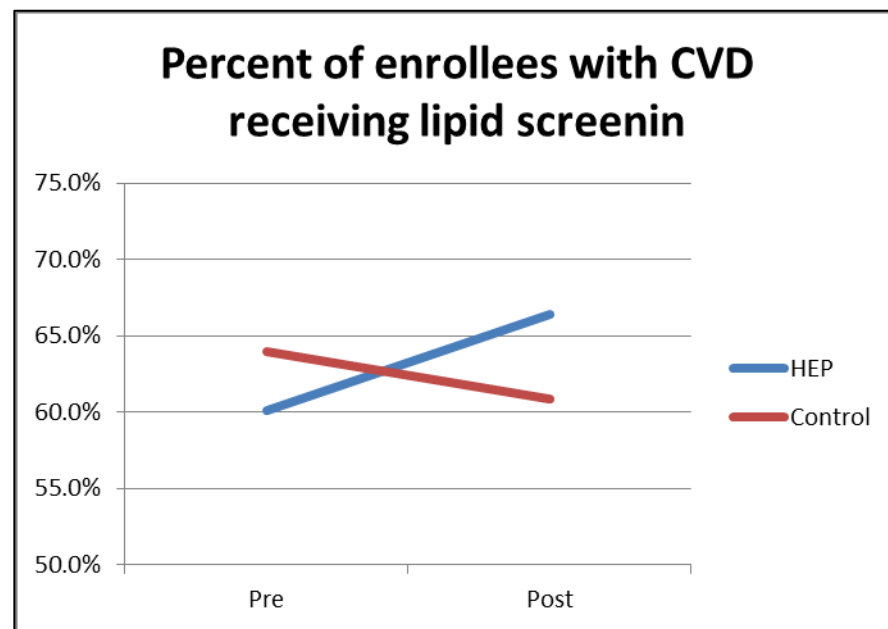
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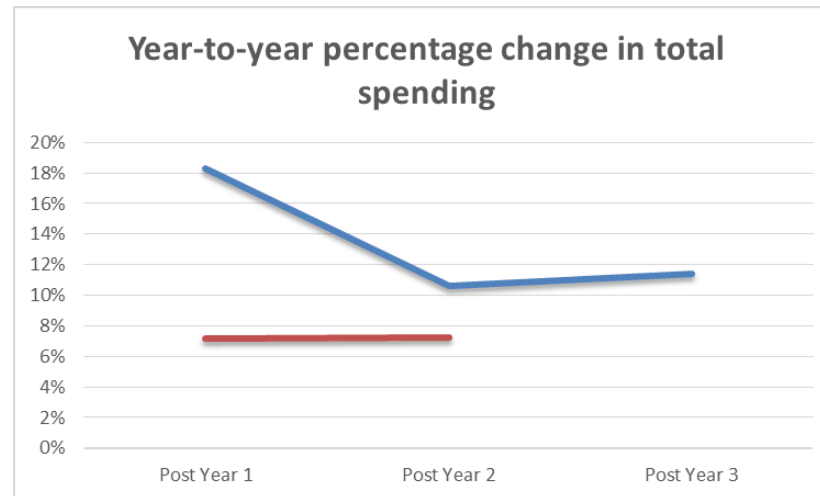
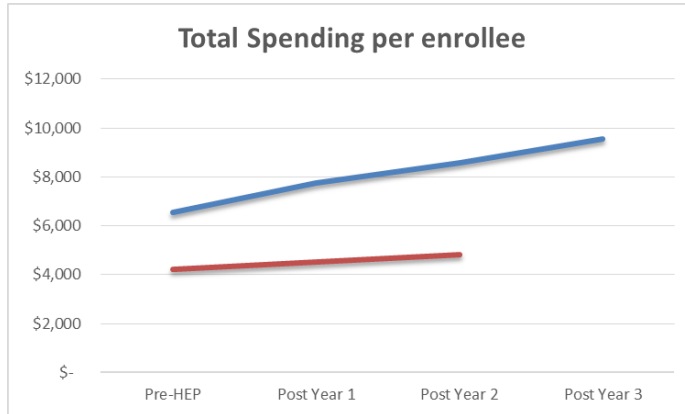
Preventive Services



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**

Preliminary cost results



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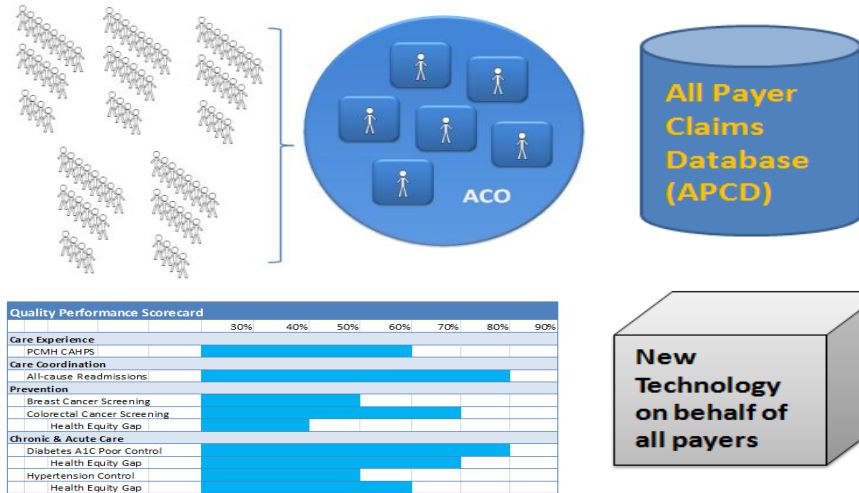
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System Delivery Reform and VBID

System Delivery Reform

Value-based Payment



+

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

Discussion

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