Leveraging Health for Better Outcomes

Overview
New Board of Directors

Buck Consultants
**Caterpillar [Michael Taylor MD]**
City of Cincinnati
City of Springfield Or
Detroit Regional Chamber of Commerce
Genesis Health System
Goodyear/Whirlpool
Group Health Cooperative
Bob Holben ~Gulfstream
**Peter Hayes ~Hannaford**
Health Alliance Med Plans
Horizon BCBS NJ
Humana
IBM
IHP/Battle Creek

Intercare Solutions
**Johns Hopkins HealthCare**
Journal Communications
Greg Judd
**Jack Mahoney ~ Pitney Bowes**
**Cyndy Nayer**
Partners in Care
Plumbers and Pipefitters Local 525 H/W Fund
Premera BC/Vivacity
**Quad/Graphics; QuadMed**
**Quest Diagnostics**
State of Colorado
**Univ of Colorado Health Sciences**
WellPoint
**Whirlpool**
Yum!

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The Work of the Center

- **Our mission is to drive the value of every dollar invested in health**
  - Our goal is to identify and link innovators and innovation that broaden the boundaries of health value
  - Our work is focused on defining value, creating relevance to shareholders and stakeholders, and improving the health and economic viability of communities
Center publishes the first book on levers of VBD; white papers, evidence

Also publishes evidence on sectors, innovation, outcomes   www.vbhealth.org
Just released

Value-Based Design 2009
Survey Report
January 2010

THE VALUE OF MEDICATION ADHERENCE:
A Business Imperative
JANUARY 2010
The Value of Health is Our Economic Survivability

Our question must be: How much health is that dollar delivering?

- VBD is an ENGAGEMENT TOOL that engages the EMPLOYEE (consumer) and the EMPLOYER (plan sponsor) and the PROVIDER (clinician)

- VBD focuses on OUTCOMES: Better Performance

- VBD has remarkably changed and matured
  - Data, Design, Delivery, DIVIDENDS

- VBD is driven by data that drives the suite of performance tuners: LEVERS

- VBD is sustainable and applicable at the small-large employer AND at the community level

- VBD builds the Health-Wealth-Performance Portfolio©
Data, Design, Delivery, Dividends
Update on Our Work

LEVERAGING HEALTH
Improve health status and bend the trend on financial inflation with value-based designs.
Fundamentals of Value-Based Design

Value-based design is an ENGAGEMENT TOOL for the CONSUMER AND PLAN SPONSOR AND PROVIDER

- **DATA**
  - Direct
  - Indirect

- **DESIGN**
  - Insurance
  - Incentives

- **DELIVERY**
  - HIT
  - Services
  - Communication

- **DIVIDENDS**
  - Health/Productivity
  - Performance
  - Quality
  - Cost Trend Reduction

Uses Data to invest in incentives... …and services that change behaviors for improved health, quality, performance and financial trend

VBD is focused on OUTCOMES
Value-Based Template

Plan Design → Data → Incentives

Resources

Prevention and Wellness → Chronic Care Mgt → Care Delivery
Evolution of the Health Value Continuum© 2009

Nayer, Clinical Therapeutics, 2009
The Economy Affects Health Behaviors; compliance, adherence and persistence is at risk

- 26% have had problems paying medical/health bills
- 6 out of 10 have skipped recommended treatment, exams, etc.
- 1 out 5 workers is uninsured
- Pressure at public level is increased

- Do we know who these folks are?
- Can we identify these folks AND/OR those at risk?
- Can we create incentives that keep people insured and engaged?
- Can we create communities of health and incentivize them to “stay the course?”
Decision Matrix Follows the Health Value Continuum

<table>
<thead>
<tr>
<th>Solve for:</th>
<th>Waste Reduction</th>
<th>Future Risk Reduction</th>
<th>Individual Health Competency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevention and Wellness</td>
<td>Underuse/Overuse/Misuse</td>
<td>Compression of Morbidity</td>
<td>Decision Support for Health-Wealth-Performance</td>
</tr>
<tr>
<td>Chronic Care Management</td>
<td>Remove barriers to primary care</td>
<td>Incentive for early risk reduction</td>
<td>Incentive for use of PHR</td>
</tr>
<tr>
<td>Care Delivery</td>
<td>Guide to efficient care site</td>
<td>Incentive for care coordination</td>
<td>Incentive for counseling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Disincentive for ER use</td>
<td></td>
</tr>
</tbody>
</table>
Application Value-Based Design: Modeled Savings with Applied Data

<table>
<thead>
<tr>
<th>Target Productivity Savings Levels</th>
<th>$ Productivity Gains</th>
<th>Added Workdays</th>
<th>% Increase in Human Capital Growth</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>$ 118,469</td>
<td>212</td>
<td>0.06%</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Adherence will drive value through productivity gains, reduced financial trend

Modeled with IBI
Value of Health is Driven by Sustainable Behavior Change

- Quality Improvement effort to develop predictability, alignment in care, and transparency for choice
- Risk management focus to reduce inefficiencies and variability in care and outcomes
- Challenge in plan design vs incentives leads to innovative use of levers
- Alignment of incentives between delivery system and consumer decisions reduces friction
- Communication that is visible, public and promotional
- VBD = PCPCC = Outcomes that drive sustainable behavior change and predictable reduced trend

Nayer, Mahoney.  Journal of Compensation and Benefits Mar 09
EAP and Behavioral Health Are Important Components of VBD

- Economics and perceived instability in the at-risk population can interfere with the commitment, concern, and cost indicators of adherence.

- EAP and behavioral health supports can ID and re-set employees who may be at risk and reassure their progress.

- From APA’s Partnership for Workplace Mental Health Survey:
  - 90 percent provide mental health coverage
  - 31% report depression is the major cost driver
  - 3% say their own workforce is at risk for depression

Excerpted from Nayer, Mahoney, J Comp and Ben 2009
Behavioral Change is the Key to Sustainable Value

Percentage of employers using incentives

- Large employers (5,000 or more employees):
  - 2006: 19%
  - 2007: 23%
  - 2008: 26%

- Jumbo employers (20,000 or more employees):
  - 2006: 32%
  - 2007: 38%
  - 2008: 45%

Source: Mercer’s 2008 Annual Survey of Employer-Sponsored Health Plans
Executive Summary

- Objective: Understand the experience of companies with value-based designs in place for 2 or more years
- Over 100 companies responded
  - Represent over 1 million employees
  - Jumbo to small, public/private, non-profit and governments-as-employers
- Levers cover all 3 domains
  - 87% Use levers in prevention and wellness
  - 60% Use levers for chronic care management
  - 26% Use levers for guidance to appropriate care delivery
- NOTE: some numbers may not add up to 100: this could be due to rounding errors or because companies were allowed to choose more than one response
VBD Are Economically Sustainable...

79% said no changes were made in 2009-2010 due to economic downturn
...VBD Will be Sustained

56% said no changes due to the economic downturn were anticipated for the next plan year.

ANTICIPATED CHANGES TO VBD PROGRAM FOR NEXT YEAR*

- Increase cost sharing for prescription drugs, pass more of the cost of brand drugs to the employee (28%)
- Mandatory enrollment in disease management programs (7%)
- Increase cost sharing for prescription drugs, pass more of the cost of generic drugs to the employee (7%)
- Optional enrollment in disease management programs (5%)
- Pass total price of prescription drug to the employee (for generic drugs) (5%)
- Pass total price of prescription drug to the employee (for brand drugs) (2%)
- Other (14%)
- No changes anticipated (56%)

n = 43

*Respondents were allowed to select more than one answer.
Those That Have C-Suite Support Report the Most Satisfaction from Their Employees
Plan Sponsors Use Levers to Promote Prevention and Wellness
(Individual Health Competency)

COMPONENTS OF PREVENTION/WELLNESS PROGRAM*

Prevention: yearly screening exam cost share is waived, paid at 100%, or is considered outside of the deductible: 63%
Insurance premium incentive for completion of a Health Risk Assessment (HRA): 40%
Prevention screens cost reduced: age/gender appropriate: 20%
Insurance premium incentive for completion of a biometric screen: 18%
Health promotion goal: OOP reduced by setting and/or achieving goal: 13%
Insurance premium incentive for complying with recommended prevention exam: 13%
Insurance premium incentive for maintaining a Personal Health Record (PHR): 10%
Mandatory health risk appraisal with compensation: 8%
Other: 35%

n = 40
Focus on Chronic Care Management

CONDITIONS COVERED UNDER CARE MANAGEMENT PROGRAM*

- **Diabetes**: 88%
- **Asthma**: 81%
- **Hypertension**: 77%
- **High cholesterol**: 65%
- **EAP**: 58%
- **Depression**: 54%
- **Financial counseling**: 35%
- **Other**: 27%

*n = 26*
Care Delivery Levers Match the Reported Results

COMPONENTS OF CARE DELIVERY PROGRAM*

- Inclusion of nurse practitioners and walk-in clinics in your provider network
  - 80%
- Reduced waived co-pay for utilizing the lowest cost appropriate site of care (e.g., urgent care, convenient care, onsite services, medical travel)
  - 70%
- Increased OOP for non-preferred or high-cost provider (e.g., ER)
  - 50%
- HSA deposit on behalf of employees, for use of evidence-based and patient-centered practices
  - 40%
- Pay for performance/quality improvement/outcomes incentives to providers
  - 30%
- Premium reduction for employees, for use of evidence-based and patient-centered practices
  - 30%
- Aligned reimbursement to providers for practice change/Improvement
  - 10%

n = 10
What Could They Have Done Better?

Better Employee Communication and Communication with the Physicians/Pharmacists/Clinicians for Aligned Messaging

**WHAT WOULD BE DONE DIFFERENTLY, IF VBD PROGRAM COULD BE DEPLOYED OVER AGAIN***

- Better employee communication/engagement: 53%
- Involve physicians/pharmacists/clinicians more thoroughly and communicate with them more effectively: 36%
- Hold vendors accountable for outcomes: 31%
- More effective data gathering: 22%
- We would not do anything differently: 11%
- Insist that vendors share patient-level data: 11%
- Faster, more accurate claims handling: 8%
- Other: 8%

n = 36
What We Now Know…

- No VBD succeeds without a primary focus on prevention and wellness
- All successful adoptions and accelerations of VBD are linked to the level/timing of communications
  - And no one succeeds when only communicating 1 time per year
- **Acceleration occurs when aligned incentives drive outcomes**
  - This includes patient-centered coordinated care
  - This includes use of community-based assets
  - This includes communication no less than quarterly to keep stickiness of behavior change across all stakeholders
- Sustainable and measurable value occurs across silos, into the community (when providers achieve improvement in health and financial outcomes) and into families
Alignment: If Value Is Built on Outcomes, then Purchasing Must Be Built on Outcomes

- Outcomes can be measured by determinants
  - Health (clinical)
  - Wealth (financial)
  - Performance (operational)

- Outcomes-Based Contracting must align incentives between or across the signers of the contract
In Summary...

Value-Based Designs
- Reduce Waste
- Increase Engagement

Comparative Effectiveness
- Precision Focused Benefit
- Acuity of resource use

Outcomes-Based Contracting
- Align Incentives
- Accountable Care