Value-Based Insurance Design (VBID) Overview

Consumer Advisory Board Meeting

December 8, 2015
Agenda

1. State Innovation Model Vision and Strategies
2. Why Reform Insurance Design?
3. What is VBID?
4. SIM Program Goals & Components for VBID Initiative
5. VBID Consortium Details
6. Freedman Healthcare Staff Overview
7. CAB’s Role on the Consortium
8. Next Steps
Establish a whole-person-centered healthcare system that:

- improves population health;
- eliminates health inequities;
- ensures superior access, quality, and care experience;
- empowers individuals to actively participate in their healthcare; and
- improves affordability by reducing healthcare costs.
SIM Strategies

Transform Healthcare Delivery System

Transform the healthcare delivery system to make it more coordinated, integrate clinical and community services, and distribute services locally in an accessible way.

Build Population Health Capabilities

Build population health capabilities that reorient the healthcare toward a focus on the wellness of the whole person and of the community.

Reform Payment & Insurance Design

Reform payment & insurance design to incentivize value over volume, engage consumers, and drive investment in community wellness.

Engage Connecticut’s consumers throughout

Invest in enabling health IT infrastructure

Evaluate the results, learn, and adjust
Value-based Payment and Insurance Design

**System Delivery Reform** + **Demand-side Reform**

**Value-based Payment**

**Value-based Insurance Design (VBID)**

*Using incentives in benefits to encourage employees to be more value-conscious in their health behaviors and treatment choices*
Why Reform Insurance Design?

• “Consumer-driven” plans aim to make the consumer more aware of the cost of healthcare with high deductibles and cost-sharing
• Enrollment in high deductible plans nearly doubled between 2008-2014 in CT
• Employers save money on premiums with high deductible plans, but consumers tend to put off needed care

Benefits of Value-Based Insurance Design

Figure 8. The importance of benefit design.

Wise investments in employee health are cost-effective. Employers are increasingly adopting cost-effective—or value-based insurance design strategies.

Aligning Incentives and Systems, Patient-Centered Primary Care Collaborative (2012)

VBID is an employee benefit plan approach used by small and large, fully- and self-insured employers to lower or eliminate financial barriers to, or introduce rewards for preventive care, medication adherence, chronic disease management, and high-quality provider selection.

(Fendrick, Mark, MD. Value-Based Insurance Design Landscape Digest, University of Michigan Center for Value-Based Insurance Design, July 2009.)
Value-based Insurance Design

...the use of plan incentives to encourage employee adoption of one or more of the following:

New and innovative approaches

Use high value services (e.g., preventative services, certain prescription drugs)

Use high performance providers
Who adhere to evidence-based treatment

Adopt healthy lifestyles
(e.g., smoking cessation, physical activity)

Health promotion & disease management

Health coaching & treatment support
Existing Connecticut VBIDs

• State of Connecticut and other large employers in CT have adopted VBID models
• State Health Enhancement Program began in 2011
  • Lower premiums in exchange for preventive care
  • Care Management Programs for chronic disease with reduced or waived copayments
Barriers to VBID Uptake

• Uptake has been gradual
• Barriers include capacity for employers to:
  • quantify return on investment
  • measure outcomes
  • determine value
  • perform actuarial analysis to set copayments
  • Manage administrative burden caused by variable VBIDs across plans
Program Goals

1. Develop prototype VBID plan designs that align the interests of consumers and providers

2. Provide a mechanism for employers to share best practices to accelerate the adoption of VBID plans
SIM VBID Components

- **Employer-led Consortium**: peer-to-peer sharing of best practices

- **Prototype VBID Designs**: using latest evidence, to make it easy for employers to implement

- **Annual Learning Collaborative**: including panel discussions with nationally recognized experts and technical assistance
Component 1: Employer-Led Consortium

- The consortium will serve in an advisory capacity, with the potential for subcommittee working groups
- 3 Meetings - First week of February, Last week of March, last week of April
- The consortium meetings will be facilitated by Freedman Healthcare
## Proposed Composition and Criteria for VBID Consortium

### Composition
- 1 Office of the State Comptroller Representative
- 1 Department of Insurance
- 1 Access Health CT Representative
- 4 Providers (ACO Representatives)
- 4 Health Plan Representatives
- 4 Employers
- 4 Consumer Advocates
- 3 Employer Associations (CBIA, CTBGH, NEBGH)

### Criteria For Membership
- Knowledge of the CT healthcare environment
- Knowledge of value based insurance design (including patient-centered health behavior incentives and engaging consumers to seek high-value services)
- Experience evaluating insurance benefit designs
- Ability to assess VBID models and assist to create a prototype VBID plan for CT employers and insurance exchanges
- Experience interpreting public health or healthcare data
- Experience with CT health insurance policies and regulations
- Experience with patient care and engagement

### VBID Team Support
- 1 PMO member
- Freedman Healthcare Staff

- Expertise in public health and healthcare research and evaluation
- Knowledge of CT SIM
- Experienced developing communications and marketing materials
- Ability to facilitate collaborative activities
Component 2: Prototype VBID Creation Process

Assessment and Index of existing VBID plans and criteria

- VBID templates
- Employer guidance
- Tool Kits
Component 3: Learning Collaborative

- Communication and Marketing Materials
- VBID website
- VBID templates and recommendations

Learning Collaborative Kickoff
Component 3: Learning Collaborative

- Training webinars
- Additional Collaborative Meetings
- Electronic Newsletter

Support for Employers to adopt VBID models
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<tr>
<th>Name</th>
<th>Organization</th>
<th>Role</th>
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<tbody>
<tr>
<td>John Freedman</td>
<td>FHC</td>
<td>Insurance design subject matter expert</td>
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<tr>
<td>Alyssa Ursillo</td>
<td>FHC</td>
<td>Project Manager</td>
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<tr>
<td>Tanya Bernstein</td>
<td>FHC</td>
<td>Project Director</td>
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<td>Mark Fendrick</td>
<td>VBID Health, LLC</td>
<td>VBID subject matter expert, lead on Consortium discussions</td>
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<tr>
<td>Mike Chernew</td>
<td>VBID Health LLC</td>
<td>Subject matter expert</td>
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<tr>
<td>Bruce Landon</td>
<td>Harvard Medical School</td>
<td>Subject matter expert</td>
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## Value-Based Insurance Design - Accountability Metrics

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<tr>
<th>Year</th>
<th>Percent adoption</th>
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<tbody>
<tr>
<td>2016</td>
<td>44%*</td>
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<tr>
<td>2017</td>
<td>53%</td>
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<tr>
<td>2018</td>
<td>65%</td>
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<tr>
<td>2019</td>
<td>74%</td>
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<tr>
<td>2020</td>
<td>85%</td>
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*Estimate – will establish empirical baseline 2015
CAB’s Role in the VBID Consortium

• We are requesting that CAB shares the application with potential applicants and encourages them to apply
• Criteria is listed in more detail on the application
Next Steps

• PMO will inform CAB that the application is posted
• Consumer applications will be submitted
• CAB’s Personnel Subcommittee will review applications and determine appointees
Questions