

## Value-Based Insurance Design (V-BID) Template for Self-Insured Plans

Value-based Insurance Design uses financial incentives to encourage people to get the **right care**, at the **right time**, from the **right provider**. This template provides recommendations to self-insured employers for a comprehensive V-BID benefit design, focused on three core components:

- [Preventive Care](#)
- [Chronic Condition Management](#)
- [Prescription Drugs](#)
- [High Value Providers](#)

### Benefits of V-BID Plans

Employers achieve better value on their health care investment through:

- Better employee health, resulting in improved productivity and reduced sick time
- Smarter spending by encouraging use of high-value, cost effective services
- Reduced costs by discouraging use of low-value, unnecessary services
- Increased employee satisfaction by offering a richer healthcare benefits package

VBID benefits employees by:

- Improving their experience of care
- Improving the quality of care received
- Reducing Out-Of-Pocket costs

### High Value and Low Value Services

**High value services** have a strong evidence base, enhance clinical outcomes and increase efficiency.

**Low value services** have a weak evidence base, minimal or no clinical benefit, and decrease efficiency.

*University of Michigan VBID Center, [VBID Infographic](#)*

### Financial Incentives

Choose financial incentives appropriate to the structure of your health plan. Incentives could be for employees who receive recommended high-value services or visit high-value providers, or they could be a reward for reaching employee health goals such as lowering blood pressure. If the financial incentive is based on health outcomes, participation in the V-BID plan should be voluntary, and plans must offer an alternative way to earn incentives for members who are unable to meet their health goals.

Plan Type	Financial Incentives
All plans	<ul style="list-style-type: none"> <li>○ Bonus payment for complying with recommended services</li> <li>○ Reduced premium for enrolling and complying with V-BID program</li> <li>○ Exclusion of recommended services and drugs from deductible*</li> <li>○ Gift cards, payroll bonuses, premium contributions, etc.</li> </ul>
Plans with copayment or coinsurance cost-sharing	<ul style="list-style-type: none"> <li>○ Waived or reduced copayment or coinsurance for recommended services and drugs or visit to high value provider</li> </ul>
Health Reimbursement Account or Health Savings Account	<ul style="list-style-type: none"> <li>○ Contribution to HRA or HSA for recommended services and drugs</li> <li>○ Contribution to HRA or HSA for visit to high value provider</li> </ul>

\*HSA-HDHP plans have specific IRS rules around what services can be offered pre-deductible. Employers should consult with their legal counsel and health plan for guidance. VBID plans are still required to remain in compliance with federal regulations, including mental health parity regulations and health plan nondiscrimination laws.

*Recommendations were developed by the Connecticut State Innovation Model (SIM) program and Office of the State Comptroller (OSC), with support from Freedman HealthCare, LLC, V-BID Health, LLC, and Dr. Bruce Landon, MD. Recommendations were informed by a multi-stakeholder V-BID Consortium with employer, plan, provider, consumer, and state representatives.*

## VBID Guiding Principles

These principles and recommendations were developed with the State Innovation Model VBID Consortium, a multi-stakeholder advisory group. The recommendations and implementation strategies that follow provide guidance on incorporating these principles into plan design.

1. VBID options are clinically nuanced, i.e. medical services differ in the benefit provided and the clinical benefit derived from a specific service depends on the patient using it, as well as when, where, and by whom the service is provided.
2. VBID options should be flexible, allowing for adoption of select provisions, or all provisions, to meet diverse employers' needs and readiness for adoption.
3. VBID is promoted as part of a comprehensive approach to benefit design that also includes provider-side reforms (e.g. value based payments, alternative payment methodologies, etc.).
4. VBID options recognize that that all health plans must comply with state and federal regulations, including mental health parity regulations and health plan nondiscrimination laws.
5. VBID plans are implemented as part of a consumer-centric approach that incorporates:
  - a. A collaborative care model focused on quality and accessibility of high value providers, effective patient communication, and shared decision making between the provider and patient.
  - b. Alignment of consumer benefits and incentives with provider incentives;
  - c. Health navigation and coordination of community services across the care continuum.
  - d. Consumer engagement strategies that provide patients with resources and education materials on V-BID, Choosing Wisely® examples of low value services, health monitoring tools, and flexible communication methods.
  - e. Consumer engagement strategies that encourage employee empowerment.
  - f. Communications to employees that clearly explain benefits and include information on changes to employee costs, changes in access and plan design
6. High-value providers are identified using transparent cost and quality of care metrics. Future recommendations may measure other dimensions, such as provider accessibility, patient-centeredness, and care collaboration. In identifying high value providers:
  - a. Method is transparent;
  - b. Data are shared with providers;
  - c. Definition of high value includes both cost of care and quality of care;
  - d. Cost should not be determined solely as price, but rather as a reflection of total cost of care (incorporating both price and utilization rates);
  - e. Quality measurement should use validated and accepted measures; and
  - f. Quality measures should address clinical quality and patient experience, as well as other domains that are accepted as valid and important.
7. Various VBID options are offered to accommodate an employer's ability to adopt certain plans based on their current plan design, size, industry type and composition of employee demographic, all of which impact an employer's ability to adopt and implement VBID plans.
  - a. VBID options take into account various employer perspectives, including recognizing regulatory barriers for innovative plan design, and how V-BID designs may affect short and long-term cost savings and Return on Investment.
  - b. VBID options take into account various employer perspectives, including recognizing regulatory barriers for innovative plan design, and how V-BID designs may affect short and long-term cost savings and Return on Investment.

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## Preventive Care

**Recommendation:** Provide financial incentives to increase use of evidence-based age and gender appropriate preventive screenings.

### Why?

- Reduces illness and death by diagnosing diseases earlier
- Cost-effective
- Aligns consumer incentives with provider performance metrics for preventive screenings

### Recommended High-Value Preventive Screenings

Services should be incentivized for specific populations, based on the [U.S. Preventive Services Task Force](#) recommendations for targeted age, gender, and frequency of tests.

- ✓ Blood Pressure Screening
- ✓ Cholesterol Screening
- ✓ Obesity Screening
- ✓ Depression Screening
- ✓ Alcohol Screening and Counseling
- ✓ Breast Cancer Screening
- ✓ Cervical Cancer Screening
- ✓ Colorectal Cancer Screening
- ✓ Smoking Cessation

### Implementation Tips

- Provide additional incentives for preventives services already provided at no cost under the [Affordable Care Act \(ACA\)](#), such as premium contributions or reductions or bonus payments.
- Consider making financial incentives conditional based on outcomes achieved (there must be an alternative way to earn incentives for employees who are unable to reach required targets).
- Consider offering paid time off for doctor's visits.
- Design plans to ensure members choose or are assigned to a Primary Care Provider.
- Encourage screenings during primary care visits, or provide services through on-site or nearby clinics. For care coordination, send records of services from on-site or nearby clinics to the patient's PCP or usual source of care.
- **Encourage the use of patient navigation services for colorectal cancer screening through health plans and healthcare providers to increase adherence.**

### Employer Spotlight

The Connecticut State Employee Health Enhancement Program (HEP) reduces premiums and cost-sharing for enrollees who participate in age and gender-appropriate health risk assessments, annual exams and evidence-based screenings, vision exams and dental cleanings. HEP has increased primary care visits by 75%, increased preventive diagnostic tests by over 10%, and decreased specialty visits by 21%. HEP is now available to municipalities through the Partnership 2.0 plan.

## Additional Benefits Options for Preventive Care

For employers already offering incentives for recommended preventive care, additional services include:

- ✓ Treatment decision support/counseling for employees with conditions that have multiple treatment options, e.g. lung cancer, breast cancer, depression, etc.
- ✓ Surgical decision support for employees undergoing elective surgeries that have other treatment alternatives, e.g. low back surgery, hysterectomy, hip or knee replacement, etc.
- ✓ Complex case management
- ✓ Pain management
- ✓ Pre-natal and post-partum care

### Low Value Care

Employers may consider discouraging unnecessary use of services that have been identified as “low value” for most people. Services may include:

- Diagnostic testing and imaging before low-risk surgery
- Vitamin D screening tests
- Prostate-specific antigen testing for men 75+
- Imaging for low back pain within 6 weeks of onset

Strategies for reducing low value care may include:

- ✓ Educating employees about low value services and how to talk to their doctor about what care is necessary for them through the [Choosing Wisely®](#) Campaign
- ✓ Steering employees towards high value providers who have met quality benchmarks related to low value care
- ✓ Requiring insurance pre-authorization for certain low value services identified above

## Chronic Condition Management

**Recommendation:** Provide financial incentives for visits, diagnostics, and drugs related to chronic condition management.

### Why?

- Two million Connecticut residents have one or more chronic diseases
- Conditions have evidence-based treatments
- Reducing financial barriers for medications results in increased medication adherence and improved disease management
- Employers have found improved chronic condition management results in less disability and decreased spending
- Aligns consumer incentives with provider performance metrics for managing chronic conditions

### Employer Spotlight

**United Healthcare’s “Diabetes Health Plan”** eliminated payments for diabetes-related supplies and drugs for employees with diabetes who participated in routine disease maintenance exams. They estimated this resulted in \$2.9 million in savings after one year.  
*United HealthCare Study, 2013*

### Recommended Chronic Conditions

Target at least two conditions that most affect your workforce. Incentives may be conditional on participation in a disease management program.

#### Diabetes

Visits	Diagnostics	Drugs
<ul style="list-style-type: none"> <li>▪ Office visits related to condition</li> <li>▪ Nutritional counseling</li> <li>▪ Smoking cessation</li> <li>▪ <b>Diabetes Self-Management Education</b></li> <li>▪ <b>Diabetes Prevention Programs</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ HbA1c</li> <li>▪ Eye exams</li> <li>▪ Foot exams</li> </ul>	<ul style="list-style-type: none"> <li>▪ Insulin</li> <li>▪ Oral Hypoglycemics</li> <li>▪ Diabetic supplies</li> <li>▪ ACE inhibitors/ARBs</li> </ul>

#### Pre-Diabetes

Visits	Diagnostics	Drugs
<ul style="list-style-type: none"> <li>▪ Office visits related to condition</li> <li>▪ Nutritional counseling</li> <li>▪ Health coach</li> <li>▪ Smoking cessation</li> </ul>	<ul style="list-style-type: none"> <li>▪ HbA1c</li> <li>▪ Glucose test</li> </ul>	<ul style="list-style-type: none"> <li>▪ ACE inhibitors/ARBs</li> <li>▪ Metformin</li> <li>▪ Statins</li> </ul>

#### Asthma/COPD

Visits	Diagnostics	Drugs
<ul style="list-style-type: none"> <li>▪ Office visits related to condition</li> <li>▪ Smoking cessation</li> <li>▪ Home visits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Spirometry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Long-acting inhalers</li> <li>▪ Inhaled corticosteroids</li> <li>▪ Oxygen</li> </ul>

#### Hypertension

Visits	Diagnostics	Drugs
<ul style="list-style-type: none"> <li>▪ Office visits related to condition</li> <li>▪ Smoking cessation</li> <li>▪ Nutritional counseling</li> </ul>	<ul style="list-style-type: none"> <li>▪ Blood pressure testing</li> </ul>	<ul style="list-style-type: none"> <li>▪ ACE inhibitors/ARBs</li> <li>▪ Statins</li> </ul>

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### Pre-hypertension

Visits	Diagnostics
<ul style="list-style-type: none"> <li>Office visits related to condition</li> <li>Smoking cessation</li> <li>Nutritional counseling</li> <li>Health coach</li> </ul>	<ul style="list-style-type: none"> <li>Blood pressure testing</li> <li>Home blood pressure measurement</li> </ul>

### Depression

Visits	Drugs
<ul style="list-style-type: none"> <li>Office visits related to condition</li> <li>Smoking cessation</li> <li>Suicide and other risk assessments</li> <li>Cognitive behavioral therapy</li> </ul>	<ul style="list-style-type: none"> <li>Anti-depressants</li> </ul>

### Substance Use Disorder

Visits	Drugs
<ul style="list-style-type: none"> <li>Office visits related to condition</li> <li>Smoking cessation</li> <li>Risk assessments</li> <li>Evidence-based treatment programs</li> </ul>	<ul style="list-style-type: none"> <li>Methadone</li> <li>Buprenorphine/Naloxone</li> <li>Detox medications</li> </ul>

### Congestive Heart Failure

Visits	Diagnostics	Drugs
<ul style="list-style-type: none"> <li>Office visits related to condition</li> <li>Nutritional counseling</li> <li>Smoking cessation</li> </ul>	<ul style="list-style-type: none"> <li>Echocardiogram</li> <li>EKG</li> <li>Potassium and creatinine testing</li> <li>Digoxin level</li> </ul>	<ul style="list-style-type: none"> <li>Beta-blockers</li> <li>ACE inhibitors/ARBs</li> <li>Spironolactone</li> <li>Diuretics</li> <li>Oxygen</li> <li>Digoxin</li> </ul>

### Coronary Artery Disease

Visits	Diagnostics	Drugs
<ul style="list-style-type: none"> <li>Office visits related to condition</li> <li>Nutritional counseling</li> <li>Smoking cessation</li> </ul>	<ul style="list-style-type: none"> <li>EKG</li> </ul>	<ul style="list-style-type: none"> <li>Beta-blockers</li> <li>ACE inhibitors/ARBs</li> <li>Aspirin</li> <li>Clopidogrel/Plavix</li> </ul>

### Morbid Obesity

Procedures
All services related to bariatric surgeries performed at Centers of Excellence, including pre and post-surgery screenings and care

### Implementation Tips:

- Use claims data (from your health plan) to determine which conditions are most prevalent among your workforce, and which employees are eligible for incentives.

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- Consider making financial incentives conditional based on outcomes achieved (there must be an alternative way to earn incentives for employees who are unable to reach required targets).
- Encourage the use of patient navigation service, coaching, and/or disease management for hypertension through health plans and healthcare providers.

### Additional Benefits Options for Chronic Conditions

For employers already offering robust disease management programs, consider additional services for employees with chronic conditions, such as:

- ✓ Transportation to appointment(s)
- ✓ 90-day supply mail-order prescriptions for chronic conditions
- ✓ Virtual/audio/telephonic counseling or consultations
- ✓ Meals or other nutritional services

## Prescription Drugs

**Recommendation:** Implement prescription drug strategies that reduce cost sharing for employees and improve medication adherence to high value drugs.

### Why?

- About 23% of healthcare costs are now for prescription drugs, more than what is spent on hospital stays
- Specialty drugs can cost \$100,000 or more for one course of treatment, making them unaffordable for employers and employees
- Reducing financial barriers for medications results in increased medication adherence and improved disease management

### Recommended Strategies for Prescription Drugs

Strategy	Implementation Tip
90-day Supply: Reduce cost sharing for 90-day supply prescriptions for maintenance medications	Employers can work with their PBMs to negotiate mail order 90-day supply rates with retail pharmacies, so employees have more flexibility on where they can get their drugs
Specialty drug management: Provide no cost pharmacist and case management support to patients with complex needs	These strategies work best when used with high value provider network strategies, as many of these networks already provide pharmacist support and case management to patients with complex medical needs. See the <a href="#">High Value Providers page</a> for strategies.
Precision benefit design: Reduce cost sharing for clinically indicated alternative therapies, like targeted cancer drugs and genomic medicine.	Some therapies may be available through clinical trials. Coverage for clinical trials may be determined on a case by case basis. What is covered under clinical trials should be clearly communicated to employees.

### Employee Protections

Employers are encouraged to work with their pharmacy benefits manager to ensure there are employee protective provisions in their prescription drug plans, such as:

1. Automatic generic substitution: Ensures members use effective, lower cost alternatives when available and appropriate. *Note: This does not refer to therapeutic substitution.*
  - Ensure the plan notifies all affected patients and their prescribing providers proactively prior to the change going into effect.
  - Include a waiver process for providers to indicate when dosage is critical or the employee has tried the generic unsuccessfully. In cases of waivers, employees may pay the brand name or the generic price, but should not be penalized.
2. Limit changes to drug formularies to once per year to help members manage their conditions while controlling costs. Ask your health plan to grandfather in members with certain medications when making changes to drug formularies

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## **Making High Value Medications Affordable**

**Precision Co-Pay Assistance** is a potential strategy to help employees afford the high costs of high value medications, especially in high deductible plans. These programs would differ from traditional co-pay assistance programs in that they

- ✓ Connect consumers to patient assistance resources for clinically appropriate medications.
- ✓ Forego utilization management and accumulators used in traditional programs.
- ✓ High value drugs are determined based on alignment with professional societies' guidelines.

Precision copay assistance strategies can help address co-pay accumulator programs that may result in financial barriers to high value drugs for consumers.

## High Value Providers

**Recommendation:** Provide financial incentives for visits to high-value providers. *A high-value provider is determined by transparent cost and quality metrics.*

### Why?

- Aligns consumer incentives with provider incentives
- Builds on existing efforts by CT health plans to drive consumers towards high value providers

## Recommended Strategies for High Value Providers

Choose one or more of the following strategies.

Networks of High-Value Providers

Encourage visits to providers identified as high-value for performance on cost and quality metrics using a tiered or narrow network structure.

Accountable Care Organizations

Encourage visits to an ACO identified as high-value based on performance on cost and quality metrics.

High-Value Primary Care Physicians

Encourage visits to Primary Care Providers that have been identified as high-value based on performance on cost and quality metrics, such as high-value PCMH or Advanced Medical Home practices.

## Centers of Excellence

**Centers of Excellence** are teams of highly skilled experts in an area of medicine that meet cost, quality and other criteria as defined by a professional society, government entity, consumer group, health system or payer.

[\*JAMA, Centers of Excellence, May 2018\*](#)

Centers of Excellence

Encourage employees in need of special services or surgeries to visit Centers of Excellence for these services. **Recommended services include: transplant surgery, knee or hip replacement, heart surgery, obesity surgery, spine surgery, fertility centers, cancer centers, or substance abuse.**

## Recommended Strategies for Appropriate Sites of Care

**Recommendation:** Incentivize employees to use the appropriate site of care for the medical situation by:

- ✓ **Reducing cost sharing for primary care visits compared to urgent care and specialist visits, and reducing cost sharing for urgent care visits and specialist visits compared to ED visits.**
- ✓ **Reducing or waiving ED cost sharing if reason for visit is determined by plan to be appropriate, person was referred by another clinician, or visit results in a hospital admission.**

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## Implementation Tips

- Find recommendations for defining value for providers in the Guiding Principles in the [Self-Insured V-BID Employer Manual](#).
- Discuss requiring PCP selection when members enroll with your health plan administrator. Plan provider directories should indicate which providers have been identified as high-value.
- Consider factors that impact provider access, such as geography, when designing networks.
- Consider coverage for additional out-of-pocket costs associated with getting care from certain providers, such as travel to Centers of Excellence.
- Consider using a “smart shopper” program that rewards employees who select high value providers or Centers of Excellence for certain elective, discrete procedures.
- For all site of care strategies, employers should educate employees about the appropriate use of each site, and communicate benefits and cost sharing for visiting each site