Consumer Incentives for Health and Health Care: An Employer Perspective

Andrew Webber, President and CEO
National Business Coalition on Health

National Consumer Driven Health Care Summit
September 27, 2007
Our identity: National, non profit association of 65 business and health coalitions,

Our vision: Health system reform, through value based purchasing, community by community

Our primary mission: To build coalition leadership capacity
Members of National Business Coalition on Health (NBCH)

Active Coalition Members

Pending Coalition Members
Thank You AHRQ!
Business Community Believes in the Power of Incentives

But We Are to Blame for a Toxic Payment System that Pays for:

- Resource use rather than outcomes
- Individual units of care rather than episodes of illness
- Acute care not prevention
- Medical errors and “do overs”
- With no performance based payment

And for a Consumer Entitlement Mentality:

- That insulates individuals from cost sensitivity because of 3rd party payment

No Business Case for Quality!
Value Based Purchasing: Measure, Report, Reward, Lead

Five Pillars:
1. Performance Measurement
2. Transparency and Public Reporting
3. Payment Reform
4. Informed Consumer Choice
5. Purchaser Leadership and Action

Accelerating the Pace to the Ultimate Goal: Health and Health Care Improvement
Informed Consumer Choice

The Goal: To influence the individual consumer to make informed choices at many levels:

- to live a healthy lifestyle;
- to seek preventive services/care when sick;
- to share in, and make the right, treatment decisions;
- to comply with treatment regimen and self-manage, particularly chronic disease;
- to select a plan, hospital, physician.
A Few Examples
<table>
<thead>
<tr>
<th></th>
<th>Raw Score</th>
<th>Flex Score (25)</th>
<th>Raw Score</th>
<th>Flex Score (20)</th>
<th>Raw Score</th>
<th>Flex Score (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>eValue8 RFI Results</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HEDIS / CAHPS (CARS eval)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NCQA Accreditation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Quality Score (50)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Rate Rankings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relationships of rates to Local Indemnity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cost Score (50)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Quality + Cost (100)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rating</th>
<th>Below Avg</th>
<th>Benchmark</th>
<th>Strong</th>
<th>Good</th>
</tr>
</thead>
</table>

| Sample Employee Contribution | $100 | $20 | $40 | $55 |
An Integrated Strategy: HealthMapRx (The Asheville Model)

- Reinvention of community pharmacy through consumer coaching/counseling
- With value based benefit design
- Led by American Pharmacists Association Foundation and NBCH through national distribution agreement
- 4 member coalitions participating – a dozen more coalitions with expressed interest
- Demonstrated ROI
Asheville Project Results

- Over 1500 patients from 10 employers enrolled for diabetes, asthma, hypertension, lipid therapy management, and depression
- Patients realize improved outcomes & increased medication adherence
- 50% reduction in sick days
- Zero workers comp claims in the City diabetes group over 6 years
- Average net savings of $1,600-$3,200 per person with diabetes each year from year 2 on
- Employers saved over $5,000,000 in health care costs
The Most Promising Approach
Value Based Benefit Design

- Basic health insurance benefit architecture should tier medical services by evidence of effectiveness - and providers by evidence of performance.
- Co-pay levels (incentives) should vary by tiers in a way to help steer individuals toward effective services and high performing providers. And vice versa.
- An alternative to high deductible plans
Some of My Conclusions from Dudley’s Presentation:

- We need to match incentives to the consumer behavior we’re trying to influence.
- Changing consumer behavior will take a melting pot: timely/actionable information; coaching/counseling; peer/family/employer/community support; and incentives.
- We need more research!