



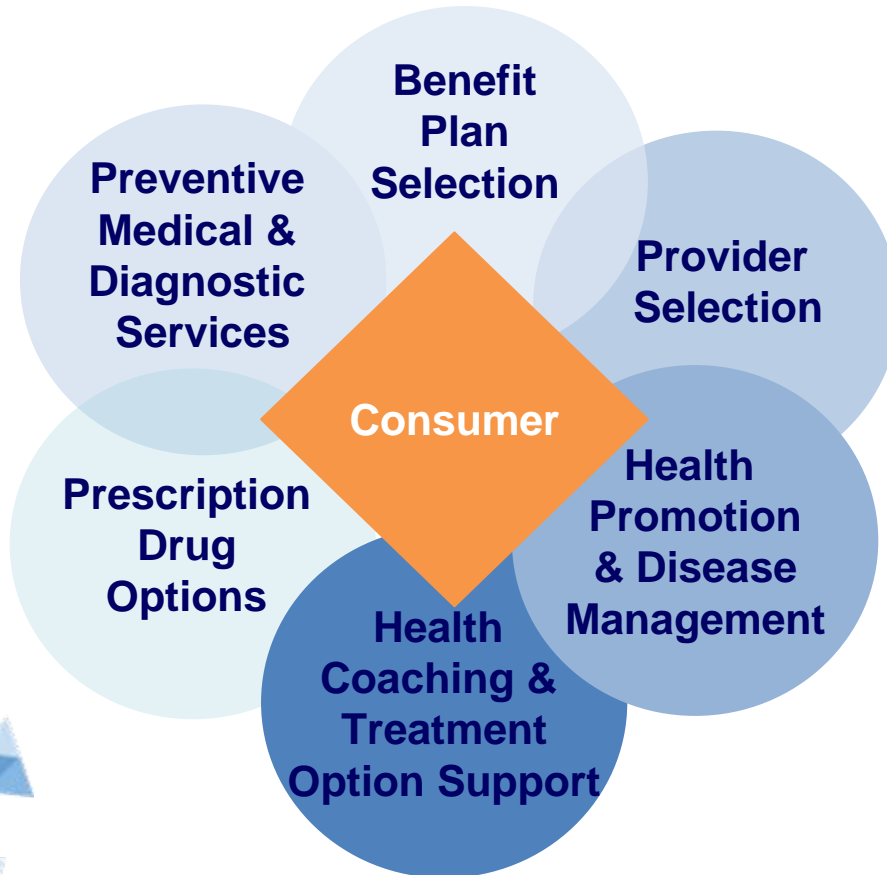
# Large Purchaser Strategies to Promote Value-based Benefits

**Emma Hoo**

**Pacific Business Group on Health**

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# Value-based Benefit Design Framework



## Agenda

### Value-based Benefit Design Framework

### Purchaser Examples

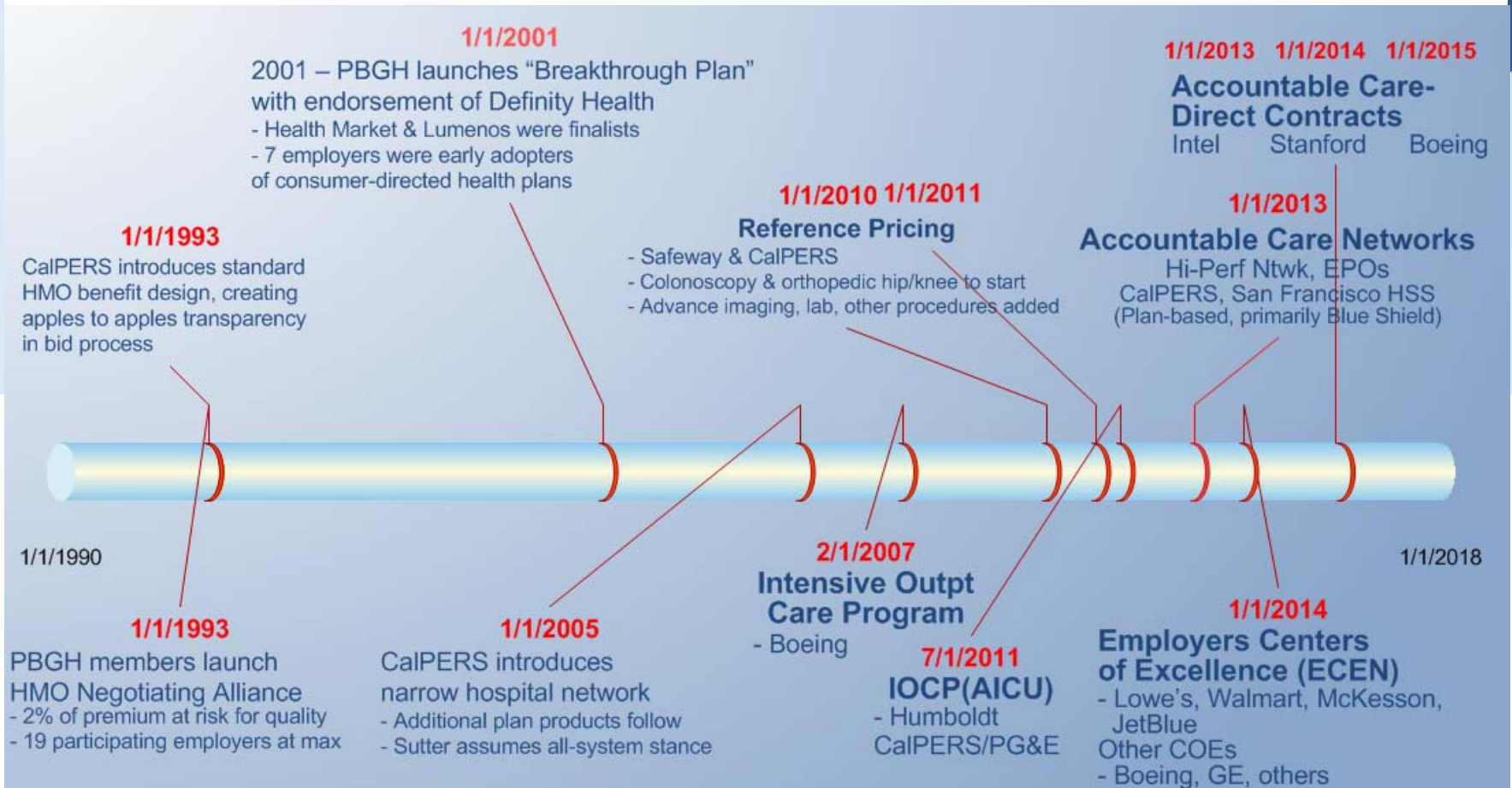
- Accountable care
- Reference pricing
- ECEN/Travel surgery
- Deductible plans & Preventive Care

### Opportunities & Challenges

### Questions & Discussion

# Shift of Purchaser Focus to Consumers and Providers

- Expansion of high deductible and total replacement CDHP
- Direct contracts with providers and ‘accountable’ systems



# Purchaser Adoption of ACO Strategies

## Direct-contracted/Self-funded PPO

- ◆ Boeing Preferred Partnership with U of Washington & Providence/Swedish
- ◆ Intel Chronic Care ACO in New Mexico, OR, AZ

## Health Plan/Insured HMO

- ◆ CalPERS-Blue Shield/Hill Physicians/Dignity Health Pilot
- ◆ San Francisco Health Service System-Blue Shield with Hill Physicians/UCSF, Brown & Toland Physicians, John Muir

## Exclusive Provider Organization (EPO)

- ◆ Stanford University –Stanford Health Alliance

## Provider Payment Types

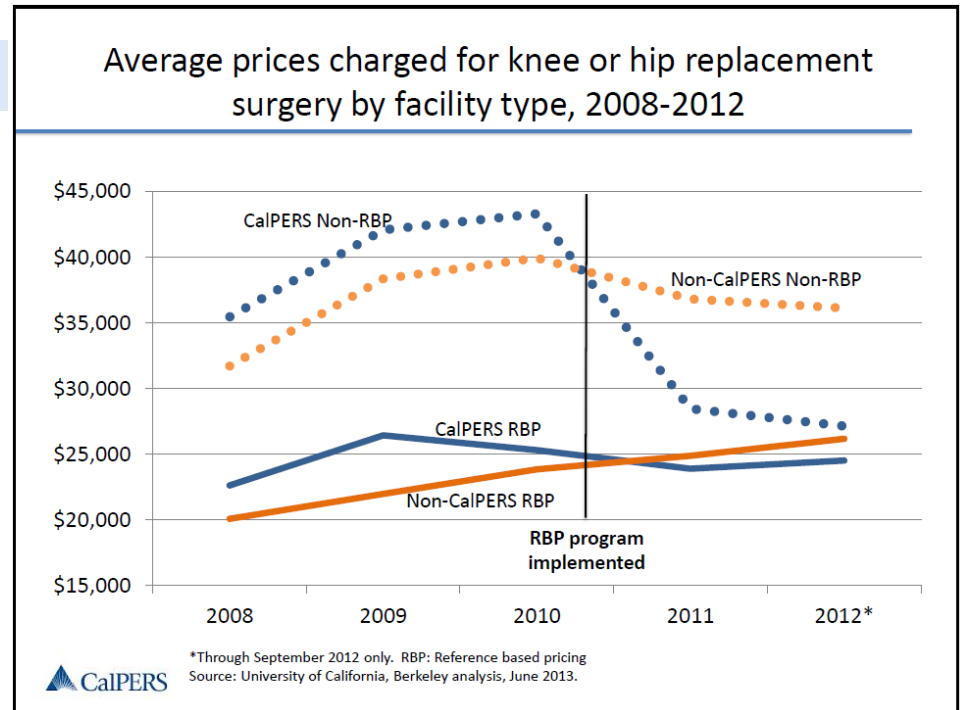
- Case management PMPM with shared risk with or without downside risk
- Quality bonus/performance goals
- Gainsharing with hospital and purchaser participation

## Member Incentives

- Waiver of copays for PCP visits and generics
- Lower employee premium contribution for ACO or select network products
- Incentive for completion of health risk assessment, biometric screenings or other wellness activities

# CalPERS Use of Reference Pricing: Value-based Purchasing Design (VBPD)

<b>Purchaser</b>	CalPERS
<b>Plan</b>	Anthem Self-funded PPO
<b>Program Design</b>	Fixed price threshold statewide for hip and knee replacement  Quality elements incorporated in facility selection; designation of facilities participating in California Joint Replacement Registry
<b>Member Incentive</b>	<b>Reduced out-of-pocket costs for members using preferred network</b>  Members using non-designated hospitals pay full difference beyond \$30,000 for hip/knee replacement

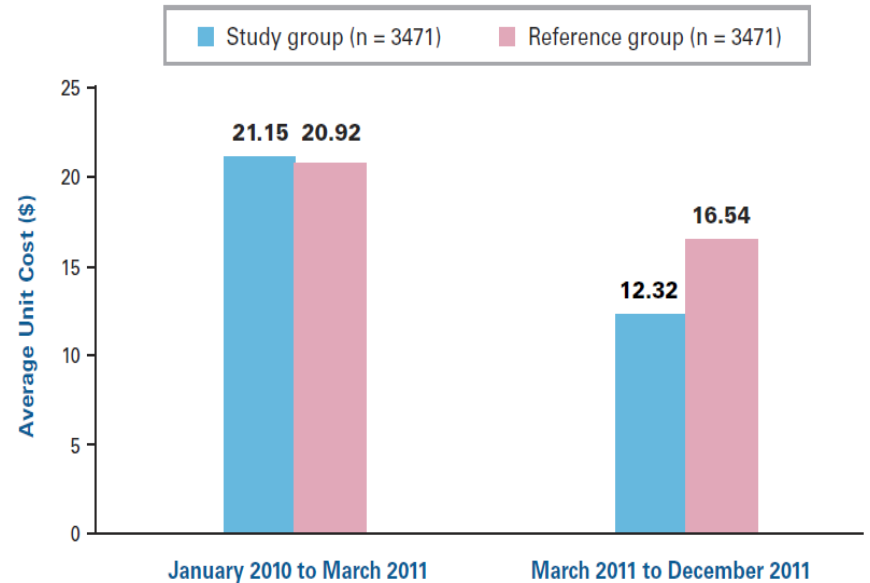


- Of the \$2.8 million in CalPERS' savings in 2011, 15.4% was due to market share growth at VBPD hospitals, while 84.6% was due to reduction in prices at both VBPD and non-VBPD hospitals.
- Of the \$2.7 million in CalPERS' savings in 2012, 12.9% was due to market share growth at VBPD hospitals and 87.1% was due to reduction in prices at both VBPD and non-VBPD hospitals.
- Services have expanded to include arthroscopy procedures, colonoscopies and outpatient elective cataract surgeries.

# Safeway Use of Reference-based Pricing (RBP)

<b>Purchaser</b>	<b>Safeway Inc.</b>
<b>Plan</b>	Anthem Self-funded CDHP (previously with Cigna)
<b>Program Design</b>	Price threshold set for colonoscopy and advanced imaging at the MSA regional level  Focus on consumer engagement in use of cost transparency tools, shopping experience and transactional information
<b>Member Incentive</b>	Members responsible for cost difference in their CDHP account  Separately, premium contribution linked to completion of biometric testing and achieving target thresholds and/or demonstration of engagement in risk reduction programs (eg smoking cessation)

## Initial Use of RBP for Routine Lab Services Average Unit Cost Savings per Claim



- Significantly greater lab compliance among members with the RBP benefit (69%) compared with those not subject to RBP (57%).
- Members subject to RBP who used the online tool had higher lab compliance (76%) compared with members who did not use the tool (68%).

# Purchaser Adoption of Employers Centers of Excellence Network

## High Performance Hospital and Physician Networks

### Domestic Travel Surgery Program

- Four national Centers of Excellence for hip and knee replacement
- Spine surgery added in 2015
- Program adopted by:
  - JetBlue
  - Lowe's
  - McKesson
  - Walmart

#### HSA Products

- ◆ 100% benefit coverage AFTER the patient has met deductible; no patient copayment or coinsurance applies to ECEN services.
- ◆ This design addresses federal requirements for HSA benefits.
- ◆ HDP has successfully coordinated with carriers to simplify this process for the patient.

#### PPO & HRA Products

- ◆ 100% benefit coverage; no patient deductible, copayment or coinsurance applies to the ECEN services.

# Purchaser Use of Incentives In Deductible Health Plans

- Large Northern California company introduced single health plan design for all employees, replacing traditional HMO and PPO options.
- Key features:
  - \$1,000 deductible plan to promote health care consumerism
  - Comprehensive free primary care with targeted preventative services package – 4 PCP visits with no cost
  - Fund a tax-free Health Reimbursement Account for each employee enrolled in a company-sponsored medical plan
  - Opportunity to earn additional credits through participation in health screening and tobacco-cessation program.
  - Biometric screening for HDL, Total Cholesterol, BMI, Glucose, Blood Pressure (non fasting), Waist Circumference



# Opportunities & Challenges

## Opportunities

- ◆ Promoting right care, right time, right place
- ◆ Steerage to higher quality providers
- ◆ Cost savings
- ◆ Improved quality outcomes
- ◆ Foster market competition at the provider level
- ◆ Align benefit design incentives with payment reform initiatives

## Challenges

- ◆ Consistency of benefits/access for entire population
- ◆ Cost of implementation; resources to provide ongoing management and oversight
- ◆ Data requirements and integration with 3<sup>rd</sup> party vendors
- ◆ Credible evidence for intervention; measurement of impact or return on investment
- ◆ Unintended consequences of incentives such as adverse selection

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