

# What are Value Based Benefits?



Explicit plan incentives to encourage high-value health services and reduce financial barriers to care

**Cost-sharing is a useful lever** to encourage prudent use of health care dollars<sup>1</sup>

**12%**

adults in Calif. who **didn't see a doctor in last 12 months** due to cost<sup>2</sup>

**25%**

patients who have **difficulty affording medications**<sup>2</sup>

Cost-related underuse of services **disproportionately impacts those with chronic conditions**<sup>3</sup>

**Value based benefit designs reduce costs:**

- Lower utilization of expensive services
- Improved productivity due to medication adherence<sup>4,5</sup>
- Reduced absenteeism<sup>3,6</sup>

<sup>1</sup> Center for Value Based Insurance Design

<sup>2</sup> Henry J Kaiser Family Foundation

<sup>3</sup> Health Affairs Journal

<sup>4</sup> American Journal of Managed Care

<sup>5</sup> Journal of Occupational Medicine

<sup>6</sup> Center for Health Value Innovation

# 25% of members incur 67% of costs

Compared to the overall population, members with chronic conditions:

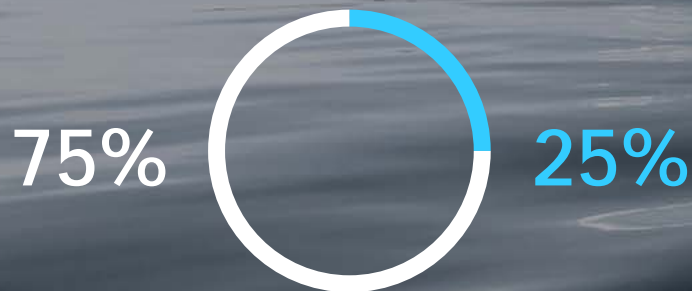
2-3X  
higher costs per  
member per month

3X  
hospital  
admissions

2X  
outpatient  
ER visits

17-48%  
haven't seen a doctor  
in last 12 months


Chronic Condition Prevalence



% of Total Allowed Costs



■ Chronic Conditions    ■ Non-Chronic Conditions



The guiding principle is to reduce financial barriers to care, promote a healthy lifestyle, and reduce the cost of healthcare

#### Conditions covered:

- Diabetes
- Asthma
- COPD
- Coronary Artery Disease (CAD)
- Hypertension (Rx only)\*
- Hyperlipidemia (Rx only)\*

\*With purchase of a Value-Based Tier prescription drug plan, required for VBB on Full PPO, optional for Tandem PPO.

#### \$0 medical and Rx drug cost sharing\* on PPO plans

- No-cost Primary and Specialist office visits, lab tests and select prescription drugs\*

#### Enhanced preventive services

- Self-management training
- Shield Support care mgmt programs

#### Reduce utilization of high-cost services

- Fewer ER visits
- Fewer & shorter inpatient stays

# Value to the Employer and Employee

## Employer

- Net savings expected 12-18 months after program start
- Increased productivity, reduced absenteeism<sup>1,2,3,4</sup>
- Greater employee satisfaction & retention rates

## Employee

- Eliminates financial barriers to care<sup>5</sup>
- Improved health and wellness, greater ability to maintain an active lifestyle
- Fewer missed workdays<sup>1,4</sup>

<sup>1</sup> Health Affairs Journal

<sup>2</sup> American Journal of Managed Care

<sup>3</sup> Journal of Occupational Medicine

<sup>4</sup> Center for Health Value Innovation

<sup>5</sup> Henry J Kaiser Family Foundation

<sup>6</sup> Health Affairs Journal

<sup>7</sup> The Wall Street Journal

<sup>8</sup> Center for Health Value Innovation

Pitney Bowes: \$1M savings within one year of lowering copays for asthma & diabetes Rx<sup>6,8</sup>

Caterpillar: 50% reduction in disability days due to disease management program<sup>6,7</sup>

State of Connecticut reduced costs 9% after implementing VBB<sup>6,8</sup>

