

VBID for State Employees

Potential Recommendation for the Colorado Commission on Affordable Health Care

APRIL 11, 2016

Value-Based Insurance Design

Value-based insurance design (VBID) refers to insurance benefit design that varies consumer cost-sharing to incentivize beneficiaries to use high-value services and providers and discourages them from using low-value services and providers. VBID is a broad category of reform and can range from reduced copays for preventive services to reduced cost sharing after beneficiaries change their behavior.

Potential Recommendation

Encourage value-based insurance design for PERA and state employees focused on chronic disease (diabetes) or behavior change (tobacco cessation).

Original Commission Recommendation

“Adoption of VBID (Value Based Insurance Design) approach to benefit design for all payers including the state’s employees, (e.g. high value services with low or no copay, lower value services with higher copays, etc.)”

Evidence Basis

Most of the evidence around value-based insurance design comes from studies focused on cost-sharing for prescription drugs. Among the most popular examples is a change in drug benefits for Pitney Bowes employees resulting in reductions in ED visits and a slower growth of health care costs. More evidence is needed on interventions outside of prescription drugs. A review of eight VBID programs conducted in the past six years found that incentive-based programs modestly increased utilization of targeted services, “usually with no increase in direct medical expenditures.”¹ However, it is widely accepted that for VBID programs must be

in place for a long time to achieve cost savings. They are unlikely to achieve savings in the initial years of implementation. Because VBID is a broad term, not all initiatives produce the same results. In a review of more than 70 plans VBID plans, researchers identified factors of success that targeted high-risk patients, including wellness programs and offering a mail order option for pharmaceutical drugs.²

State Examples

In 2011, Connecticut launched the Health Enhancement Program (HEP). About 98 percent of the 54,000 eligible Connecticut state employees and retirees voluntarily enrolled in HEP. Participants were exempt from copays for medication associated with management of chronic medical conditions and incentives of \$100 if a member with a chronic condition completed all program requirements in a given year, including disease management programs, screenings and physical examinations.³ A study of the program found that after two years, there was a significant increase in the percentage of the population receiving high-value medical services. However, findings on changes in spending were inconclusive. VBID programs invest in services with a focus on quality and value. Because of the preventive nature of VBID, savings may not be realized for a longer time period after the intervention.

Notes

- 1 <http://vbidcenter.org/wp-content/uploads/2014/10/The-Evidence-for-V-BID-Validating-intuitive-concept-Brief-Feb2014.pdf>
- 2 <http://content.healthaffairs.org/content/33/3/493.full.pdf+html>
- 3 <http://vbidcenter.org/wp-content/uploads/2014/10/V-BID-brief-CT-HEP-final.pdf>