

CARE MANAGEMENT SOLUTIONS

Value-Based Insurance Design: The Next Wave in Delivering Employer Wellness Programs that Work

Health care costs continue to rise faster than inflation, challenging employers, employees and insurers to figure out how to shoulder the burden.¹ The financial impact is profound for everyone.

When people have to pay more for health services than they believe they can afford, they may choose not to access necessary care, which in turn could lead to:

- Fewer health screenings, contributing to later detection of chronic conditions
- Less ability to manage health and chronic conditions
- Non-adherence to disease and prescription protocols

For employers, rising medical and drug costs, more expensive technologies and procedures, and over utilization all can affect their bottom lines. Other factors contribute to employer costs as well. Sicker employees may be absent more, leading to lower productivity at work.

Counting up the cost: Productivity losses due to employee illness



\$225.8 Billion or **\$1,685**
per employee
each year

According to the Centers for Disease Control and Prevention, chronic diseases and related lifestyle risk factors are the leading drivers of health care costs for employers. The result: a continued, increasing trend in health care spending that is unsustainable.²

Over the last five years, there's been a noted up-tick in employers implementing wellness programs in hopes of increasing the health of their workforce while minimizing their own health care costs. Unfortunately, the desired long term results for employers have fallen short of expectations. **Why?**

It's simple: Healthy employees easily gravitate toward these programs and are able to work them effectively—benefiting from cost savings for healthy behaviors they already do as part of daily life.³ The challenge for employers is reaching those with chronic diseases, no desire to change risky lifestyle behaviors, or those who believe these programs are an overreach by their employer. If employers can reach these populations and convince them to make incremental but critical changes to improve their health, savings could be achieved. This is the holy grail of an effective wellness program.

¹Kaiser Family Foundation analysis of National Health Expenditure data from Centers for Medicare and Medicaid Services. Peterson-Kaiser Health System Tracker

²Centers for Disease Control and Prevention. At a Glance 2015: Workplace Health Promotion, Using the Workplace to Improve the Nation's Health

³Good Must Grow. Strategies for the Disengaged: Energizing Participation in Workplace Wellness

Wellness 1.0: Basic corporate wellness

Employers often start with a basic voluntary wellness program that includes fitness discounts and educational materials. Sometimes there's an added gamification of company-sponsored wellness activities, like a weight loss challenge, to drive participation. While these programs are a great starting place, having limited offerings and lack of required participation often result in limited engagement and short-term success. Programs focused on lifestyle management, i.e. weight loss or stress reduction, have no significant effect on health care costs.⁴

Less than half of business managers rank their wellness program as successful and most see the problem as low employee engagement.⁵

Wellness 2.0: Financially-incentivized wellness

Employers with higher participation goals introduce “financial carrots” into their wellness programs, i.e. lower premiums or co-pays for certain services or medications. These programs tend to see more engagement despite having requirements to complete actions.⁶ Program requirements may include quitting smoking, taking a health risk assessments or completing a biometric screening. Employers can offer immediate guidance and help employees set goals for long-term health improvement. While these programs are successful in modifying some health behaviors, they often do not address other chronic health conditions or significantly impact the trend in employer health care spending.

However, there is another option. Employers can put a simple system in place that can help remove barriers to care, improve health outcomes and keep their organizations thriving while impacting their bottom lines for the better.

Wellness 3.0: Value-Based Insurance Design

There is a way for employers to better manage their employees' health and their overall health care spending. It's called **value-based insurance design (V-BID)** and it's an innovative health plan design that encourages the use of high-value clinical services – the services that have the greatest potential to improve health. A V-BID plan increases, decreases or removes the amount of premium, cost share or copay a participant pays based on the clinical outcome-based value of services to the individual. This coupling of the cost of the service with the value of the service to the participant is designed to encourage healthy behaviors.

Employers can do any one or all of the following to set up a V-BID plan:



Offer financial incentives to motivate employees to engage in healthy behaviors, such as having a primary care exam or getting a flu shot. These services may be offered with waived or reduced co-pays, or with awards for completion of certain actions. A participant's premium may also be reduced after the completion of a list of requirements.



Make maintenance care and drugs more affordable by waving and/or reducing cost and copays for drugs and tests to treat chronic conditions like type 2 diabetes and heart disease.



Use personalized, targeted outreach and communications to remind and encourage program compliance – nurse calls, emails, texts, website messages, in-office meetings, etc.



Reduce cost shares and copays for visits to high-value providers who have better clinical outcomes.



Adopt disincentives, i.e. higher copays, deductibles and prescription costs for lack of compliance or non-participation.

⁴Carrans, A. (2014, January 6) Study Raises Questions for Employer Wellness Programs. The New York Times

⁵Johnson, Steven R. (2014, May 24) Firms revamping employee wellness programs. National Business Group on Health

⁶Employee Benefits Research Institute. Financial Incentives Key to Effective Wellness Programs

Employers can make incentives and disincentives part of the core benefits or conditional upon achievement of preventive or chronic care requirements. They can also offer employees a way to monitor and track their compliance with established requirements. Employees can couple V-BID with a health activation program in order to improve health and lower costs.

Encouraging compliance through the use of financial levers allows employers to better manage the cost of chronic diseases while lowering their future health care spending.

The Care Management Solutions Difference

Care Management Solutions is a leading health and wellness company headquartered in the state of Connecticut. Care Management Solutions administers wellness programs that improve employees' health outcomes and keeps organizations thriving.

As an affiliate of Connecticut's leading health plan, ConnectiCare, Care Management Solutions works closely with employers to design a flexible program that tracks employee progress and drives measurable results. They also consult with employers on value-based insurance designs that incent employees towards healthy behaviors while controlling costs.

Care Management Solutions' staff consists of leaders in business, operations, service and health care, with registered nurses who are experts in disease management and lifestyle coaching.

A number of factors set Care Management Solutions apart:

Carrier agnostic: Regardless of which health plan an employer offers, Care Management Solutions uses the health plans' firewall-protected claims data to facilitate the program. Employers can continue the program year after year, regardless of a carrier or plan change. Because Care Management Solutions nurses are not directly connected to health benefit plans and their associated rules, they can offer more personalized health coaching. With access to the claims data, nurses can see the full scope of a participant's medical profile (i.e. drug, care history, etc.) before they engage with the participant. So, although Care Management Solutions functions within the confines of the benefits allowed under a health plan design, its goals are always aligned with what's best for the participants' health and well-being.

Program portability: Many employee wellness programs are administered by an employer's insurance carrier. When a company changes health insurance companies, they often have to start over with their wellness program. Because Care Management Solutions is not attached to an insurance plan or carrier, the wellness program continues without disruption even if a company changes carriers. Care Management Solutions will work directly with the new carrier for seamless data integration and uninterrupted program administration.

Best-in-class technology: Care Management Solutions integrates clinical and health plan information with best-in-class technology, offering a platform for participants to manage their health needs in one secure location. The technology also allows tracking and compliance reports to be sent directly to employers.

Care Management Solutions' proprietary technology performs risk stratification using evidence-based predictive modeling techniques that result in actionable outreach by the Care Management Solutions clinical team.

Highly-Skilled Program Administrators: Care Management Solutions' staff of highly-skilled care managers, clinical account managers and health nurses oversee and counsel participants using innovative tools and outreach. The call center staff engages and encourages participants to comply with program requirements in a supportive manner.

Data Analytics: Compiled data (including medical, dental, vision, prescription and behavioral health claims) and analytics help paint a holistic view of the program participants, allowing Care Management Solutions to help them adhere to the most appropriate clinical behaviors to address conditions and manage their overall health. This can include getting an annual wellness exam or flu shot, understanding what to eat as a type 2 diabetic or managing a heart condition. Care Management Solutions provides employer's access to their groups' data for analysis and success benchmarking upon request.



The Time for V-BID is Now

It's a well-known fact that health care spending in the U.S. is on the rise and doesn't show signs of slowing. The good news is that reducing employer health care costs doesn't have to be difficult to achieve. By using V-BID to direct employees towards more effective services and incent healthy behaviors, employers have a strategic approach to controlling costs while improving health outcomes.

Let's get to work improving your workforce's health and positively impacting your bottom line.

✓ **[Learn more at caremanagementsolutions.com](https://www.caremanagementsolutions.com)**

✓ **Contact us to get started.**