

Oregon's Essential Benefits Package & Value-Based Services

Overview and Next Steps

Office for Oregon Health Policy and Research
July 2010

Typical Insurance Benefit Package Design

Portion a person pays (cost-sharing) is applied:

- By specific service or
- By the location where the service is provided
- May tier prescription drugs by generic versus brand name

<i>Service</i>	<i>HMO-type plan</i>	<i>PPO-type plan</i>
Hospital	\$50/day up to \$250/stay	15% coinsurance
Office Visit	\$5-\$20 copay	15% coinsurance
Ambulance	\$75 copay	15% coinsurance
Emergency Room	\$75 copay	15% coinsurance

How is Value-Based Benefit Design Different?

Definition

- The use of incentives (or disincentives) in a benefit plan to encourage enrollees to adopt healthier behaviors or use health services of higher value.

Examples

- Pitney Bowes – Tiered drug copays and coinsurance for some selected chronic medical conditions
- PEBB: Eliminated copays for certain prescription drugs for a few common chronic diseases (e.g asthma, diabetes, etc)
- Health Leadership Council (HLC)
 - Three tiered value-based benefit plan

Pitney Bowes' Results Over The First 3 Years

Diabetes

- Increased use of diabetic meds from 9% to 22% of all employees
- Evidence that diabetics used their meds more regularly than before
- Increased use of test strips from 28% to 55% by employees with diabetes
- Decreased emergency room visits by 26% for employees with diabetes

Asthma

- Decrease hospital admissions by 38% for employees with asthma

Overall costs in the workplace

- Reduced short-term disability days for employees with diabetes by approximately 50%
- Decrease direct healthcare costs by 6% for employees with diabetes
- Total annual pharmacy costs per person showed a mild increase, but total pharmacy costs for employees with diabetes decreased by 7%

Value-Based Benefit Design: Supports Oregon's Triple Aim for Health

- Improves lifelong health of all Oregonians
 - Incentivizes better chronic disease management
- Increases quality, reliability and availability of healthcare services
 - Reduces barriers to care needed to manage disease
 - Aims to get the right care at the right time and right place
 - Partner with payment reform to use effective care
- Lowers or contains cost of care so it is affordable
 - Lowers more expensive, emergency or delayed care costs

Oregon Has Long History With Value-Based Benefit Design

- Prioritized List of Health Services – uses evidence for Oregon Health Plan benefits since 1994
 - Developed and maintained by the Health Services Commission (HSC)
 - Services are prioritized according to impact on individual and population health, based on best available evidence
 - Legislature determines funding level (3/4 of lines are covered)
 - Services ranked lowest on the List are those that:
 - Do not have evidence showing they are effective
- Or*
- No evidence they have a significant impact on health

Health Fund Board's Benefits Committee: Essential Benefit Package

- Chartered by Fund Board to “develop recommendations for defining a set of essential health services that would be available to all Oregonians under a comprehensive reform plan.”
- Used the value-based benefit approach in developing the package’s framework and applying the cost sharing
- Underlying methodology based on Oregon’s Prioritized List

The Essential Benefits Package (EBP)

- No cost share for:
 - Value-based services
 - Basic diagnostic services
 - Comfort care
- Tiered coinsurance/copays for other services
 - Four tiers based on evidence methodology of Prioritized List
 - Lower cost sharing for primary care outpatient services
- Use of an evidence-based drug formulary also suggested

20 Sets of Value-Based Services in the Essential Benefit Package

- Value-based services are medications, tests, or treatments that are highly effective, low cost, and have a lot of evidence supporting their use
- Most of these services should be provided via outpatient care – ideally in a patient-centered primary care home
- These services should be offered at NO cost to patients (no copays or coinsurance) in order to encourage use of these services given their high level of benefit

Goal: Have these services used as much as possible

Remove Barriers to Care: Examples of the EBP's Value-Based Services

Diabetes

- Meds (insulin or oral); blood test to check control; eye exam to check for changes

Congestive Heart Failure (CHF)

- Meds: Generic versions of blood pressure meds (beta-blocker, ACE inhibitor, diuretic)
- Labs: Annual blood count (CBC), metabolic panel (CMP), cholesterol/lipid profile, urine test, and a thyroid test (TSH) once
- Tests: EKG, Diagnostic echocardiogram
- Other: Nurse case management

Coronary Artery Disease (CAD)

- Meds: Generic versions of aspirin, cholesterol lowering (statin), and blood pressure medications (beta-blocker)
- Labs: Annual cholesterol/lipid profile
- Tests: EKG
- Other: Cardiac rehabilitation for post-heart attack

EBP's Tiered Benefits for Other Services: Cost Sharing Applied Based On Best Evidence

Tier I :

Lower cost share

Highly effective care for severe chronic disease and life-threatening illness & injury

Examples:

- Emergent dental care
- Head injuries
- Appendicitis
- Heart attack
- Third degree burns
- Kidney failure
- Rheumatoid arthritis
- Low birth weight

Tier II:

Next level of cost share

Effective care of other chronic disease and life-threatening illness & injury

Examples:

- Breast cancer
- Bladder infections
- COPD/emphysema
- Multiple sclerosis
- Post-Traumatic Stress Disorder
- Attention Deficit Disorder
- Epilepsy
- Glaucoma

EBP's Tiered Benefits: Cost Sharing Applied Based On Best Evidence

Tier III:

3rd level of cost share

Effective care for non-life-threatening illness & injury

Examples:

- Broken arm
- Ear/sinus infections
- Dentures
- Kidney stones
- Herniated disk
- Reflux
- Migraines
- Fibroids
- Cataracts
- Obsessive-Compulsive Disorder

Tier IV:

Highest level of cost share

Less effective care and care for self-limited illness and minor illness & injury

Examples:

- Cold
- Chronic low back pain
- Sprained ankle
- Cracked rib
- Seasonal allergies
- Acne
- Viral sore throat
- Tension headache
- Dental implants
- Liver transplant for cancer

Essential Benefits Package's Other Components

Excluded conditions

- Non-emergent services that would have no coverage, similar to many commercial plans presently
- Examples: Cosmetic surgery, infertility services, experimental treatments

Discretionary Services

- Non-emergent services that might have a separate benefit limit
- Examples: restorative dental services, glasses & other vision care supplies

How The Essential Benefit Package Compares

	Health Leadership Council's Design	Essential Benefit Package
Categories With No Cost Share	Tier 1 <ul style="list-style-type: none"> • Tests and treatments for <u>six</u> chronic diseases (asthma, CAD, CHF, COPD, depression, diabetes) • Annual exam & Preventive screenings • Immunizations 	Value-Based Services <ul style="list-style-type: none"> • Same plus coverage for 14 additional conditions/chronic diseases (e.g., ETOH Tx, bipolar Dz, HTN, ↑ lipids, maternity/newborn) • Basic diagnostics & Comfort care
Next Level (s) of Cost- sharing	Tier 2 <ul style="list-style-type: none"> • Standard medical product design <ul style="list-style-type: none"> – Portion of hospital services – Portion of outpatient services –Portion of Emergency Room cost 	Tiers I-III <ul style="list-style-type: none"> • Encourages care in primary care • Tiered cost sharing by condition/associated service based on evidence
Highest Cost Sharing or Not Covered	Tier 3 Have higher cost sharing <ul style="list-style-type: none"> • Preference sensitive treatments • Complex outpatient imaging Excluded Services	Tier IV less effective/self-limiting Other <ul style="list-style-type: none"> • Excluded conditions (no coverage) • Discretionary Services (separate benefit limit)

Hypothetical Example—Maria's Story

Maria is single, earns \$40,000 per year as a teacher

- She receives coverage through her employer
- Her deductible is \$1,250; out-of-pocket max is \$3,000
- Plan design is a modified version of the EBP
- Coinsurance is tiered: 5%/15%/30%/50%
- RX coverage is \$5 for generic, \$15 for preferred, 30% for nonpreferred

Maria's Story, continued

- Maria is in good overall health
 - Her GYN exam is covered with no cost sharing
 - She sees her family physician to talk about frequent nasal infections; no copay for an initial diagnostic visit
 - Sees a specialist who recommends repairing her deviated septum. Total Cost: \$8,000 for this Tier IV service.
 - Tier IV has 50% coinsurance. Maria thinks about whether she really needs the surgery.
 - If she proceeds, \$1,250 goes to deductible; Maria pays 50% of remaining charges until out-of-pocket is met; total out-of-pocket: \$3,000.

Note: In typical commercial plan design, Maria would pay a portion of her gyn visit *and* her diagnostic visit while her out of pocket for surgery would be only around \$2,250 (15% coinsurance) so might not pause as much before considering surgery

What Has Been Happening with the EBP Since HB 2009 Passed?

Health Services Commission

- Reviewed the latest evidence and detailed out the full list of 20 sets of Value-Based Services included in the Essential Benefit Package

Also

- Initial review of federal reform regarding benefits and cost sharing
- Initial actuarial analysis of how the EBP could fit under federal reform parameters and its impacts by income level
- Cost Sharing Workgroup reviewed the EBP's cost sharing
 - Reviewed how could cost sharing look for each tier, based on work of Fund Board's past work, and under federal reform

And...Federal Reform Passed: Sets Aspects of Benefit Design

Individual Mandate:

- Secretary of HHS will establish Essential Health Benefit Package (EHBP) to qualify plans as minimum essential coverage

Insurance Exchange:

- EHBP is the basis for cost sharing assistance and premium tax credits in the Exchange
- Sets fixed levels of coverage in the Exchange and fully-insured market based on actuarial value

Value-Based Benefit Design:

- Secretary of HHS has oversight
 - “... may issue regulations for allowing value-based insurance design”

Components of the Federal EHBP

Ambulatory Patient Services	Emergency Services	Hospitalization	Maternity & Newborn Care	Mental Health/ Substance Abuse
Prescription Drugs	Rehab and Habilitative Services/ Devices	Lab Services	Preventive, Wellness & Chronic Disease Mgmt	Pediatric, Including Oral/Vision

Federal preventive care—No cost sharing allowed

Federal excluded services—Plans can cover but premium credits/cost sharing reductions to individuals cannot apply towards them

Still Lots To Learn About How Federal Reform Will Shape Benefits, Especially in the Exchange—

- Secretary directed to have the Dept. of Labor survey common products on the market to help define the specific details of the federal minimum package
- Uncertain how much/what kind of flexibility there will be around value-based benefit design
- Products offered in the exchange will have to fit inside set cost sharing limits to fit various federal requirements depending on income
- Awaiting the details on the exchange to see how much states can direct benefit designs offered

Hypothetical Example—Robert's Story

Robert is single, earns \$20,000 per year

- He purchases insurance through an insurance exchange
- He will get tax credits to assist with his premium
- There will be federal limits to the amount of cost sharing based on his income
- Plan design is a modified version of the EBP
- Coinsurance is tiered: 10%/30%/50%/70%
- His deductible is \$300; out-of-pocket max is \$1,600 – amounts limited due to his income level
- Plan uses an evidence-based formulary for medications
 - \$10 for generic,
 - \$30 for preferred,
 - 50% for nonpreferred

Robert's Story, continued

- He has Type 2 Diabetes
- His insulin, eye exams, and diabetic labs/supplies are covered with no cost sharing since all part of a value-based service for diabetes
- During his annual preventive visit, doctor finds a diabetic foot ulcer, and refers him to a surgeon and prescribes a generic antibiotic
 - No cost sharing for preventive service visit
 - For the antibiotic, Robert pays a \$10 copay based on an evidence-based formulary
- The surgeon treats the ulcer; cost: \$2,000
 - This Tier I service has 10% coinsurance
 - \$300 applies to deductible, and Robert pays 10% of the remaining \$1,700 for a total out-of-pocket cost of \$470

Note: Today, in a typical commercial plan out-of pocket costs would be \$810 plus exams, diabetic meds and supplies copays

The Essential Benefit Package: Summary

- Furthers Oregon's Triple Aim by incenting the most effective services
- Could be considered by health care purchasers now
- Preliminary review shows that the EBP's cost sharing could be adjusted to fit federal reform limits and still provide incentives to use the most effective care.
- Further details on the federal minimum benefit to be eligible for subsidies in the Exchange are yet to be determined, but appears the EBP could certainly be a product in the Exchange

References

Oregon Health Services Commission

<http://www.oregon.gov/OHPPR/HSC/index.shtml>

Cost Sharing Work Group

<http://www.oregon.gov/OHPPR/HealthReform/CostSharing/CSW.shtml>

Health Fund Board Benefits Committee Final Report

<http://www.oregon.gov/OHPPR/HFB/Benefits/FinalRecommendation.pdf>

Health Leadership Council (formerly Health Leadership Task Force)

<http://www.healthleadershiptaskforce.com/>

Center for Value-Based Insurance Design

<http://www.sph.umich.edu/vbidcenter/>

Questions?