

Comparative Pricing of the Value-Based Essential Benefit Package

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Value-Based Essential Benefits Package (VBEBP)

- Value-based services, basic diagnostic, comfort care
 - No/low cost share
 - For prevention/chronic disease management
- Tiered coinsurance based on best evidence
 - Goal is to steer patients towards more valuable and cost-effective services
- Evidence-based drug formulary

VBEBP'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

VBEBP'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

How The VBEBP Compares

	Health Leadership Council's Design	VBEBP
Categories With No Cost Share	<p>Tier 1</p> <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 	<p>Value-Based Services</p> <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	<p>Tier 2</p> <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 	<p>Tiers I-III</p> <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	<p>Tier 3</p> <p>Have higher cost sharing</p> <ul style="list-style-type: none"> • Preference sensitive treatments • Complex outpatient imaging <p>Excluded Services</p>	<p>Tier IV less effective/self-limiting</p> <p>Other</p> <ul style="list-style-type: none"> • Excluded conditions (no coverage) • Discretionary Services (separate benefit limit)

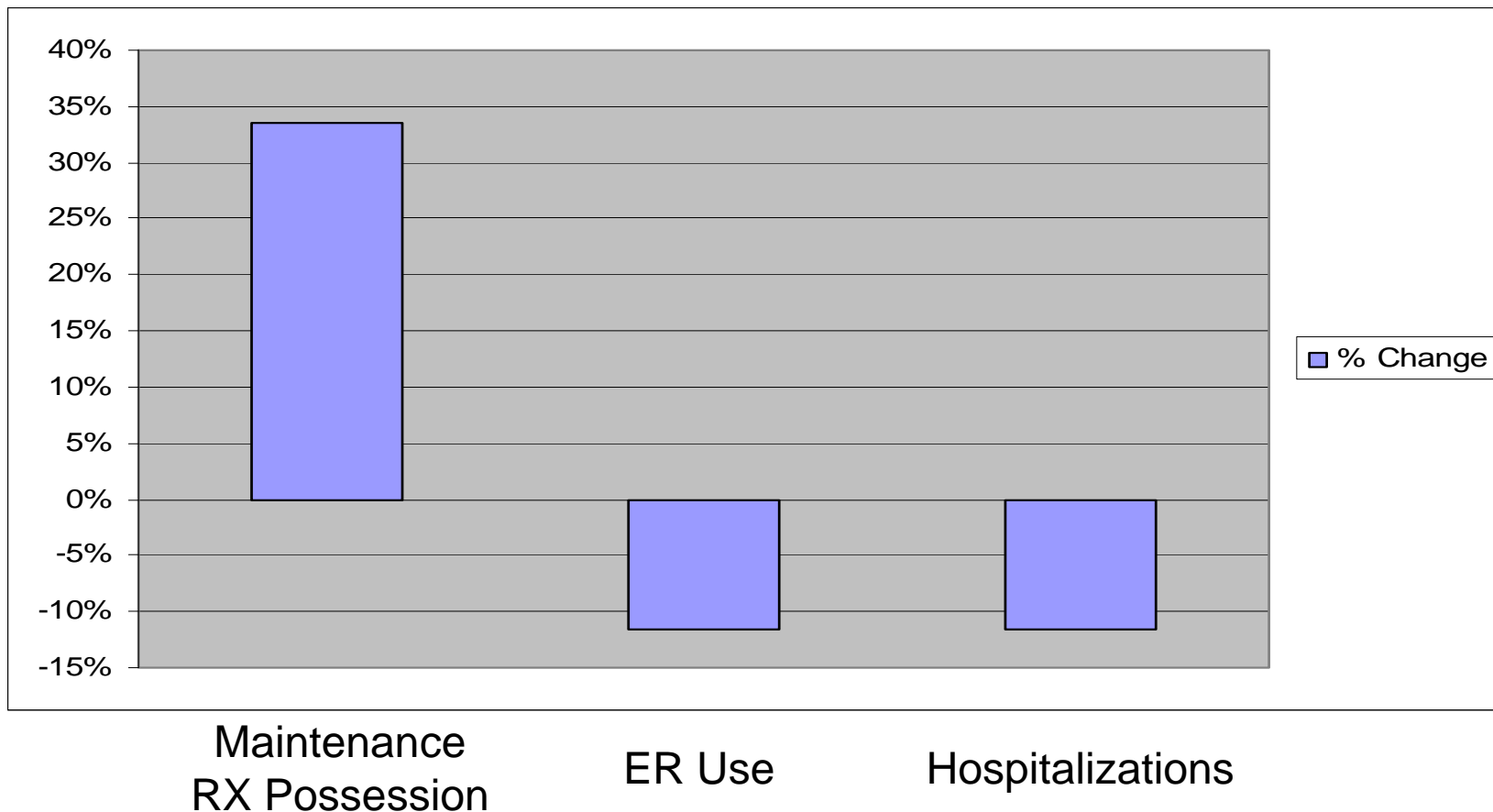
Preliminary Actuarial Analysis

- Using earlier model developed for initial EBP design based on Medicaid data
- Applied for first time to “commercial data”
- OEBC claims data from ODS plans
- OHA/DHS Actuarial Services Unit – significant programming and data handling
- Analysis begins with ODS 2009 claims

Preliminary Actuarial Analysis (2)

- Costs are trended to 2010
- Categorizing four tiers relatively straightforward
- Judgment, rules of thumb, and many assumptions to tease out first estimates for value-based services, 2 visits per year, diagnostic services
- Macro comparison of 4 Plan Designs
 - ODS Plan 7 (2009) baseline
 - ODS Plan 7 (2010), Health Leadership Council, Value Based Essential Benefits Package

Asthma as a Value-Based Service



Asthma as a Value-Based Service (In Terms of Cost)

- Overall cost goes down \$0.29 PMPM
- Cost to plan goes up \$1.11 PMPM
- Member saves (on average) \$1.40
- Members with asthma save (on average) \$14.00 per month out-of-pocket

Actuarial Analysis – Assumptions, Approach, Qualifiers

- All work is based on PMPM costs, separate utilization and unit costs were not available
- Some copays were converted to coinsurance for pricing
- Collaboration with OHPR used to ballpark impacts of plan design – especially on value based services (room for additional research and improvement)
- This version includes medical and Rx, but not vision or dental

Example Used: OEGB Plan 7

- Medical has \$500 deductible/\$2,500 OOP max
- 20% coinsurance for most other services
- Preventive services have no cost sharing
- Drug has \$1,000 OOP max
- \$5 copay for generic, \$25 copay for preferred brand, 50% copay for nonpreferred

Starting with 2010-2011 added some value-based features

- added additional cost tier (\$500 copays for certain procedures)
- added \$100 copays for sleep studies, MRI, PET scans , CT scans
- No “incentive tier” like some of the other OEGB plans
- Rx value copay level added (\$4/\$8 instead of flat \$5)

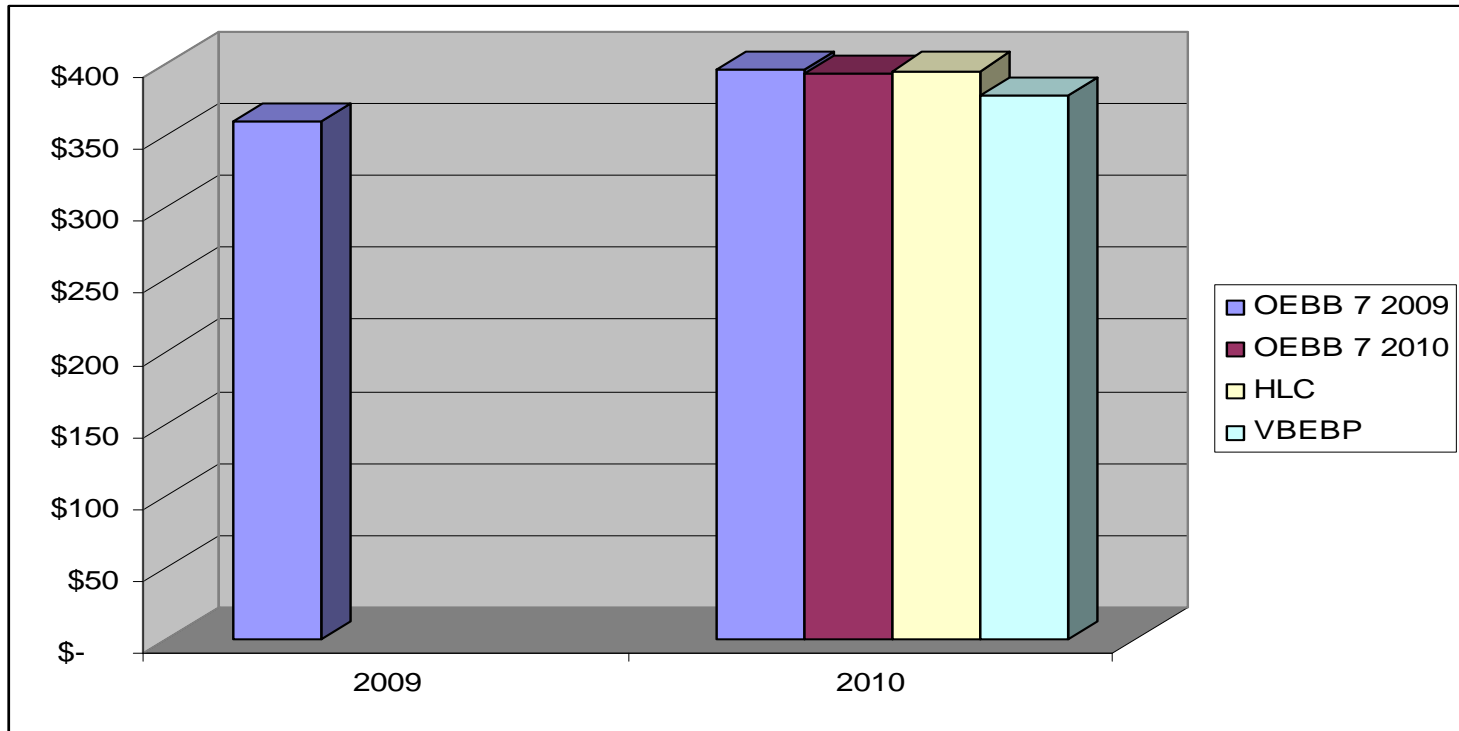
Example Used: HLC Version of OEBB Plan 7

- Begin with OEBB 2009 plan
- Add 6 Value Based Services
- Add Preference Sensitive Tier

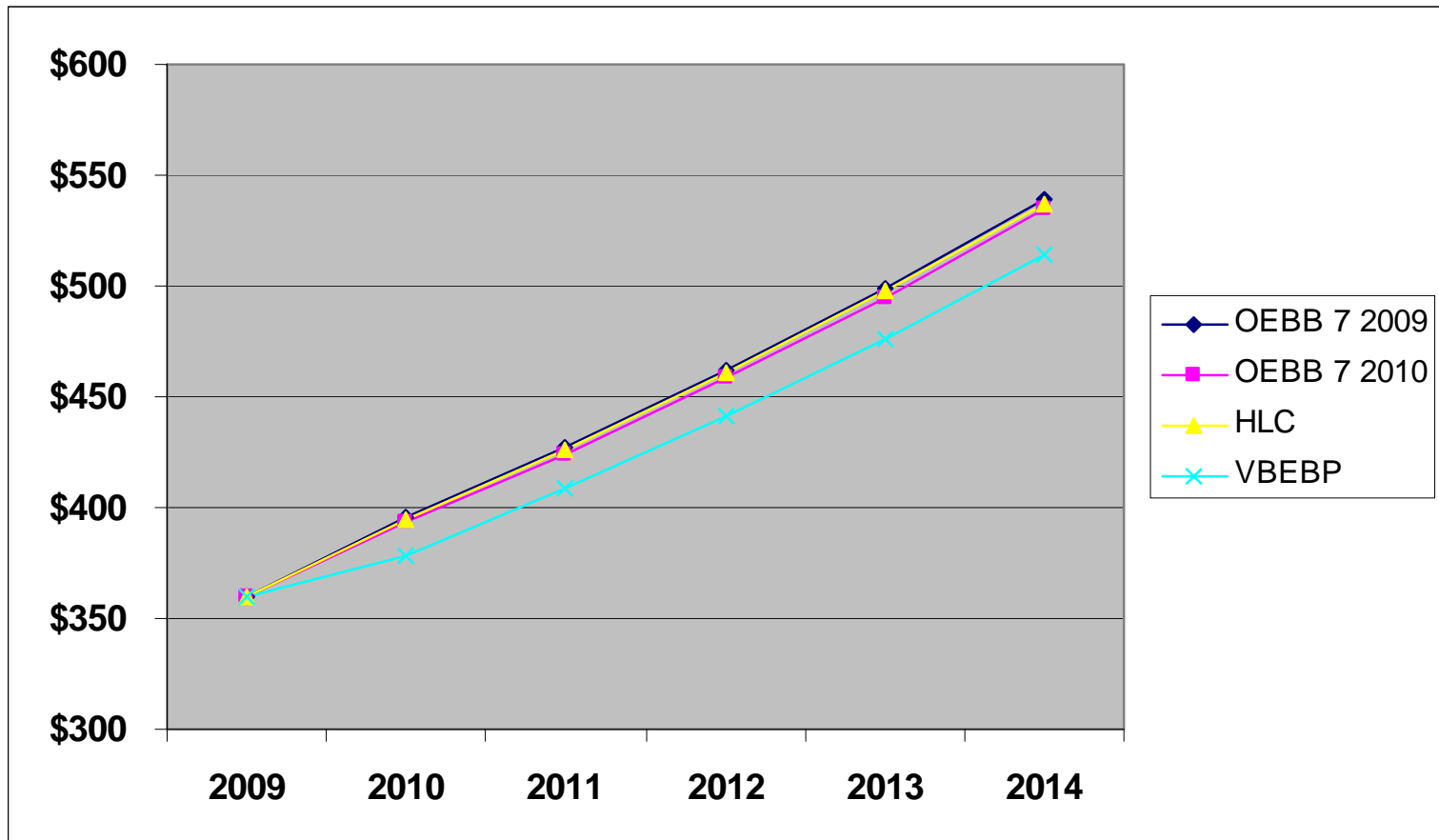
Example Used: VBEBP Version of Plan 7

- Medical \$500 deductible, \$2,500 OOP
- Rx separate \$1,000 OOP
- Value based services, 2 visits, comfort care at 0%
- Tiered coinsurance 10%/20%/30%/50%
- Tiered coinsurance 0%/20%/50% for diagnostic
- RX plan \$0/\$5/\$25/50% with shared \$1,000 OOP

Preliminary PMPM Cost Comparison



Preliminary PMPM Cost Comparison



Let's Review

- All these plan designs are making efforts to encourage the best care, and discourage ineffective care
- Carrots are more expensive than sticks
 - and savings calculations are more challenging
- VBEBP has largest spread between the best and the rest
 - and so is a way to dampen across-the-board cuts

Going Forward

- If the VBEBP concepts are attractive
 - more work on each VBS to weigh costs and savings of each intervention
 - additional modeling work to tighten up all aspects
 - and, of course, continue work with all stakeholders

Focus Group Progress Report

- Conducting focus groups for insurers, providers, large and small employers, consumers (insured and uninsured)
- Conducting in Portland, Southern Oregon, Central Oregon and Eastern Oregon as well as online
- Holding 15 in-person focus groups and 4 online discussions. Groups are mostly complete.
- Results will be available for the November meeting

VBEBP: Summary

- Furthers Oregon's Triple Aim
 - Improves health without increasing overall costs
 - Improves quality by encouraging most effective services
 - Controls costs by discouraging less effective services
- Preliminary analysis suggests an impact on cost curve
- Analysis of longer term impact will continue
- VBEBP offers a way to soften the impact of budget cost sharing increases
- In an exchange, VBEBP would ensure that more money is steered toward higher-value care

Questions?