

Oregon's Essential Benefits Package & Value-Based Services

Overview and Next Steps

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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 because it's an initial diagnostic visit
 - Sees a specialist who recommends repairing her deviated septum. Total Cost: \$8,000. This is a 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.

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

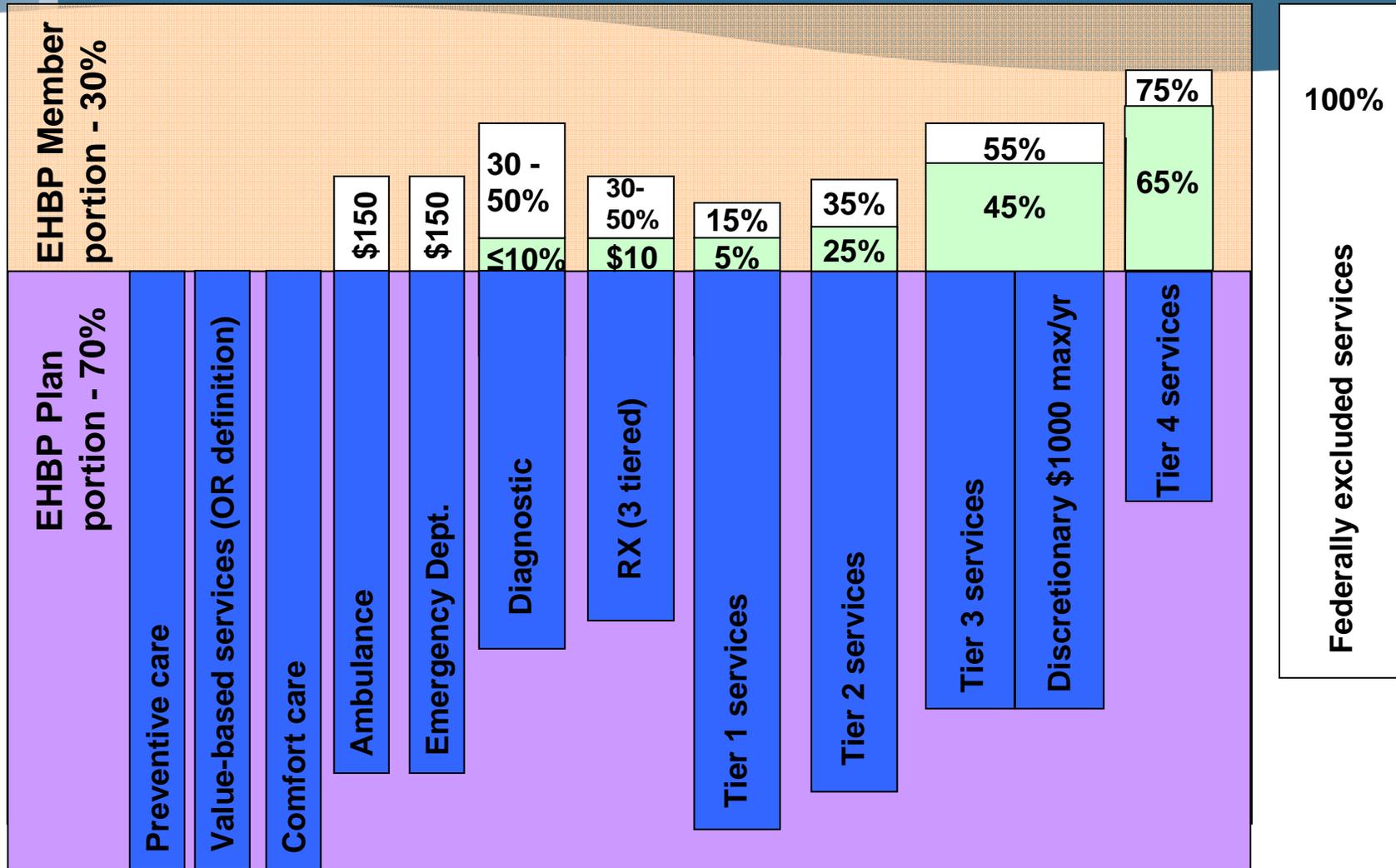
Federal preventive care—No cost sharing allowed

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

Cost Sharing Limits—Individual and Small Group Markets

- No cost sharing for preventive services
- Out-of-pocket maxes limited to \$5,950/\$11,900 (indexed)
- Small group plan deductibles limited to \$2,000/\$4,000
- Coverage levels are set at 4 levels—bronze, silver, gold, platinum (+ catastrophic)

DRAFT Cost Sharing Example for Silver Package



Portion covered by member accessing service in medical home
 Portion covered by plan

Portion covered by member accessing service outside of medical home

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;
 - His total out-of-pocket is \$470

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?