



From “How Much” To “How Well”

State Health Plan of North Carolina

Application of ‘Value-Based Insurance Design’ Principles

January 2015



From “How Much” To “How Well”

State Health Plan (SHP) of North Carolina—Evolution of Health Plan Benefits

Mission	Guiding Principles
<i>Improve the health and health care of North Carolina teachers, state employees, retirees, and their dependents, in a financially sustainable manner, thereby serving as a model to the people of North Carolina for improving their health and well-being.</i>	<ul style="list-style-type: none">• Improve Affordability• Improve Members’ Health• Ensure Access to Quality Care• Incent Member Engagement• Expand Value Based Design Elements• Promote Health Literacy• Provide Member Choice• Maintain Financial Stability

Current Plan Offerings

- Enhanced 80/20, 52% of membership, Monthly cost for single coverage is \$13.56 to \$63.56.
- Traditional 70/30, 45% of membership, No monthly premium for single coverage.
- CDHP (high deductible with HRA), 3% of membership, Monthly cost for single coverage is \$0 to \$40.

Opportunity for SHP. It is a well-documented fact that there is significant underuse of evidence-based clinical services and significant wasteful spending (for unnecessary care, inappropriate care, and poor quality care) in the US healthcare system. Therefore, large healthcare purchasers and their members can benefit from efforts to ‘get more for less’, or achieve the same or better outcomes for the same or less money. We recommend that plan sponsors seek to modify incentives in a way that positively impacts underuse, overuse, and misuse of the system.

Value-Based Insurance Design (VBID) and the Concept of Clinical Nuance. VBID plans align patients’ out-of-pocket costs, such as copayments and coinsurance, with the clinical value of services. These innovative products are designed with the tenets of “clinical nuance” in mind. These tenets recognize that 1) medical services differ in the amount of health produced, and 2) the clinical benefit derived from a specific service depends on the consumer using it, as well as when and where the service is provided. In order to achieve greater ‘value’, the VBID concept seeks to pay more (up to 100%) for high value services, and pay less (or 0%) for low or no value services (“carrots” and “sticks”). Carrots include secondary preventive care (e.g, for patients with chronic illness such as asthma or high blood pressure, paying for medications and/or services that prevent complications or deterioration in the patient’s condition). Examples of sticks include wasteful services such as expensive testing for lower back pain, certain treatments for knee pain, and elective inductions for childbirth. The addition of incentives and disincentives results in higher utilization of high value services and reductions in use of low value services.

Summary of Recommendations. VBID Health commends the SHP for its early work in value-based insurance design and supports continuation of SHP decisions to incorporate VBID elements related to prevention and wellness. The next step(s) are to increasingly build in incentives to use specific services that are correlated to specific populations, thereby increasing the degree of ‘clinical nuance’ in the plan designs. VBID Health’s specific recommendations for the SHP over the next three years are summarized by year on the next page, with existing VBID elements shown in red. The final five pages are appendices that summarize idealized VBID plan design elements for the management of 5 specific chronic illnesses—diabetes, COPD, asthma, hyperlipidemia, and hypertension. These elements may be considered by the BOT in succeeding policy year deliberations around VBID.

Potential Progression of Value-Based Insurance Design

2016

- Preventive services with no cost-sharing (ACA)
- Premium credits tied to wellness activities
- Incentives to choose PCP
- Steerage to Blue Option high-performing providers
- Deductible-exempt chronic disease medications (standard co-insurance)
- HRA credits for engaging in health management activities
- Select services with \$0 cost-sharing:
 - diabetes, asthma, or hypertension :
 - 2 additional PCP visits
 - diabetes:
 - HbA1c test (2/yr)
 - microalbumin test (1/yr)
 - Certified Diabetes Educator visits
 - Access to Diabetes Primary Prevention program

2017

- Enhance existing VBID elements in place and under consideration
 - Broaden diabetes health engagement program to include additional metrics (e.g. eye exams)
- Add selected high value services (e.g. diagnostic tests) for clinical conditions in addition to diabetes (e.g. asthma, hyperlipidemia) with similar administrative complexity
 - LDL testing
 - Asthma action plan
- Consider reducing co-insurance levels for high-value drug classes that are deductible-exempt
- Consider cost-sharing reductions for NCQA certified PCMH providers

2018

- Optimize member engagement and plan selection based on benefit value
- Align consumer engagement initiatives with payment reform efforts
- Better utilize wellness, satisfaction and claims data to refine plan offerings
- Expand high value service for selected conditions across entire spectrum of care



Value Based Insurance Design for Enrollees with Diabetes

Prepared by VBIH Health

A clinically nuanced, Value Based Insurance Design benefit for patients with diabetes includes the covered benefits listed below with little or no patient cost sharing.

RED - services already implemented or under consideration per November Board meeting presentation.

GREEN - medication specific. "Reduced pharmacy copays" under consideration per Nov. Board presentation for these conditions, but specific drug classes not yet specified.

BLUE - Expanded high value service for selected conditions across entire condition spectrum.

Categories of Covered Benefits							
Clinician Visits	Diagnostic Testing	Medications**	DME	Monitor	Physician Extenders	Specialists	Other
Primary Care Physician (SHP suggests 2 additional). Incentives to choose and use PCP in place	Blood pressure* unlimited no cost visits for blood pressure checks	BP meds	BP cuff		Dietician	Cardiologist - up to 2 visits	Incentivize member to complete a diabetes action plan
Physician's Assistant up to 6 visits	LDL testing on diagnosis and one yearly assess adherence	Statins/TRG lowering			Certified Diabetes Educator - SHP recommends 2 visits		Incentivize member to complete an education program
Nurse Practitioner up to 6 visits	A1c - SHP recommends at least twice yearly	Insulin/other glycemic lowering agents	Glucometer & test strips		Wound care	Endocrinologist - up to 2 visits	SHP recommends access to DPP program
Patient-Centered Medical Home - reduce cost share for visits if NCQA accreditation	Urinalysis - SHP recommends at least 1 yearly				Weight watchers	Nephrologist - up to 2 visits	
	Retinal eye exam - yearly					Ophthalmologist - as needed for retinopathy treatment	
	Podiatry exam - yearly		Orthotics as prescribed			Podiatrist - up to 2 visits	
	Depression screening - yearly	All classes of anti-depression meds				Psychiatrist - up to 2 visits	
	Tobacco use screening - yearly	All classes of meds used for smoking cessation (consider similar benefit for spouse or other cohabitant)			Behavioral therapy for smoking cessation	Vascular Surgeon - up to 2 visits	Incentivize member to enroll in smoking cessation program
	BMI screening - yearly	Influenza Vaccination					
	Age appropriate Hepatitis C screening - one time	Pneumovax Vaccination					
		HBV Vaccination					

*The USPSTF recommends screening for type 2 diabetes in asymptomatic adults with sustained blood pressure (either treated or untreated) greater than 135/80 mm Hg.

**Discuss branded vs. generic drugs, and the difference between generics and therapeutic substitutions

Value Based Insurance Design for Enrollees with COPD

Prepared by VBID Health

A clinically nuanced, Value Based Insurance Design benefit for patients with COPD includes the covered benefits listed below with little or no patient cost sharing.

RED - services already implemented or under consideration per November Board meeting presentation.

GREEN - medication specific. "Reduced pharmacy copays" under consideration per Nov. Board presentation for these conditions, but specific drug classes not yet specified.

ORANGE - similar to diabetes, but for other conditions mentioned (e.g., blood sugar test (HgA1c) under consideration for diabetics \$0 copay 2 per year, urine test \$0 copay once per year (BOT slide 22). Recommend similar high value tests (same administrative complexity) in other conditions in orange (e.g. cholesterol testing for hyperlipidemia).

BLUE - Expanded high value service for selected conditions across entire condition spectrum.

Categories of Covered Benefits							
Clinician Visits	Diagnostic Testing	Medications*	DME	Monitor	Physician Extenders	Specialists	Other
Primary Care Physician- 2 additional per year	Pulmonary Function test	Bronchodilators (quick acting/rescue medication; metered dose inhaler and/or nebulized)	Home Spirometer	Spirometry	Behavioral therapy for smoking cessation	Pulmonologist	Pulmonary rehabilitation and ongoing exercise program for moderate and severe COPD (defined as FEV <80%)
Physician's Assistant- up to 6	Long-term oxygen assessment	Inhaled Steroids	Prescription for long-term home oxygen for those who are hypoxic and meet criteria				Incentivize member to complete an action plan
Nurse Practitioner- up to 6		Long-acting beta-agonists (only in combination with inhaled steroids; not as a stand alone medication)					Incentivize member to complete an education program
Patient-Centered Medical Home- reduce cost share if NCQA accreditation		Anticholinergics (Spiriva, Combivent)					
	Depression screening	All classes of anti depression meds					
	Tobacco use screening	All classes of meds used for smoking cessation (consider similar benefit for spouse or other coinhabitant)					Incentivize member to enroll in smoking cessation program
	BMI screening	Influenza Vaccination					
		Pneumovax Vaccination					
		HBV Vaccination					

*Discuss branded vs. generic drugs, and the difference between generics and therapeutic substitutions

Value Based Insurance Design for Enrollees with Asthma

Prepared by VBI Health

A clinically nuanced, Value Based Insurance Design benefit for patients with asthma includes the covered benefits listed below with little or no patient cost sharing.

RED - services already implemented or under consideration per November Board meeting presentation.

GREEN - medication specific. "Reduced pharmacy copays" under consideration per Nov. Board presentation for these conditions, but specific drug classes not yet specified.

ORANGE - similar to diabetes, but for other conditions mentioned (e.g., blood sugar test (HgA1c) under consideration for diabetics \$0 copay 2 per year, urine test \$0 copay once per year (BOT slide 22). Recommend similar high value tests (same administrative complexity) in other conditions in orange (e.g. cholesterol testing for hyperlipidemia).

BLUE - Expanded high value service for selected conditions across entire condition spectrum.

Categories of Covered Benefits							
Clinician Visits	Diagnostic Testing	Medications*	DME	Monitor	Physician Extenders	Specialists	Other
Primary Care Physician- 2 additional per year	Pulmonary Function test	All classes of Antibiotic or Anti-Viral medication used to treat bacterial or viral infections for asthmatics	Peak Flow Meter	Spirometry	Inhaler training	Pulmonologist	Incentivize member to complete an asthma action plan
Physician's Assistant- up to 6	Allergy sensitivity test	All classes of long acting controllers to help manage asthma	Home Spirometer		Education to identify causes and reduce incidence of asthma flares	Allergist	Incentivize member to complete an asthma allergens/triggers education program
Nurse Practitioner- up to 6		All classes of rescue inhalers to provide temporary relief					
Patient-Centered Medical Home- reduce cost share if NCQA accreditation							
	Depression screening	All classes of anti depression meds					
	Tobacco use screening	All classes of meds used for smoking cessation (consider similar benefit for spouse or other coinhabitant)					Incentivize member to enroll in smoking cessation program
	BMI screening	Influenza Vaccination					
		Pneumovax Vaccination					
		HBV Vaccination					

*Discuss branded vs. generic drugs, and the difference between generics and therapeutic substitutions

Value Based Insurance Design for Enrollees with Hyperlipidemia

Prepared by VBD Health

A clinically nuanced, Value Based Insurance Design benefit for patients with hyperlipidemia includes the covered benefits listed below with little or no patient cost sharing.

RED - services already implemented or under consideration per November Board meeting presentation.

GREEN - medication specific. "Reduced pharmacy copays" under consideration per Nov. Board presentation for these conditions, but specific drug classes not yet specified.

ORANGE - similar to diabetes, but for other conditions mentioned (e.g., blood sugar test (HgA1c) under consideration for diabetics \$0 copay 2 per year, urine test \$0 copay once per year (BOT slide 22). Recommend similar high value tests (same administrative complexity) in other conditions in orange (e.g. cholesterol testing for hyperlipidemia).

BLUE - Expanded high value service for selected conditions across entire condition spectrum.

Categories of Covered Benefits							
Clinician Visits	Diagnostic Testing	Medications*	DME	Monitor	Physician Extenders	Specialists	Other
Primary Care Physician- 2 additional per year	Lipid profile	Statins**		LDL	Dietician	Cardiologist	Hyperlipidemia education covered annually
Physician's Assistant- up to 6	Blood pressure*** - unlimited MA visits	BP meds - encourage combination therapy	BP cuff	BP	MA	Endocrinologist	Dietary consult or counseling
Nurse Practitioner- up to 6	Liver profile					Nephrologist	Incentivize member to complete an action plan
Patient-Centered Medical Home- reduce cost share if NCQA accreditation	Diabetes screening	Fibric acid derivatives/Fibrates					Incentivize member to complete an education program
		Niacin					
		Selective cholesterol absorption inhibitor					
		Bile-acid sequestrants					
	Depression screening	All classes of anti depression meds					
	Tobacco use screening	All classes of meds used for smoking cessation (consider similar benefit for spouse or other coinhabitant)			Behavioral therapist for smoking cessation		Incentivize member to enroll in smoking cessation program
	BMI Screening	Influenza Vaccination					
		Pneumovax Vaccination					
		HBV Vaccination					

*Discuss branded vs. generic drugs, and the difference between generics and therapeutic substitutions

**Strongly push generic statins; if compliant and LDL is still too high, allow Crestor (for someone who fails Lipitor (atorva statin) or Zocor (simva statin))

***The USPSTF recommends screening for type 2 diabetes in asymptomatic adults with sustained blood pressure (either treated or untreated) greater than 135/80 mm Hg.

Value Based Insurance Design for Enrollees with Hypertension
Prepared by VBID Health

A clinically nuanced, Value Based Insurance Design benefit for patients with hypertension includes the covered benefits listed below with little or no patient cost sharing.

RED - services already implemented or under consideration per November Board meeting presentation.

GREEN - medication specific. "Reduced pharmacy copays" under consideration per Nov. Board presentation for these conditions, but specific drug classes not yet specified.

ORANGE - similar to diabetes, but for other conditions mentioned (e.g., blood sugar test (HgA1c) under consideration for diabetics \$0 copay 2 per year, urine test \$0 copay once per year (BOT slide 22). Recommend similar high value tests (same administrative complexity) in other conditions in orange (e.g. cholesterol testing for hyperlipidemia).

BLUE - Expanded high value service for selected conditions across entire condition spectrum.

Categories of Covered Benefits							
Clinician Visits	Diagnostic Testing	Medications*	DME	Monitor	Physician Extenders	Specialists	Other
Primary Care Physician- 2 additional per year	Blood pressure	BP meds	BP cuff	BP	Dietician	Cardiologist	Hypertension education
Physician's Assistant up to 6	Lipid profile	Statins		LDL		Hypertension Specialist	Incentivize member to complete an action plan
Nurse Practitioner up to 6	Electrolytes						Incentivize member to complete an education program
Patient-Centered Medical Home reduce cost share if NCQA accreditation	Diabetes screening*						
	Depression screening	All classes of anti-depression meds					
	Tobacco use screening	All classes of meds used for smoking cessation (consider similar benefit for spouse or other coinhabitant)			Behavioral therapist for smoking cessation		Incentivize member to enroll in smoking cessation program
	BMI screening	Influenza Vaccination					
		Pneumovax Vaccination					
		HBV Vaccination					

*The USPSTF recommends screening for type 2 diabetes in asymptomatic adults with sustained blood pressure (either treated or untreated) greater than 135/80 mm Hg.

**Discuss branded vs. generic drugs, and the difference between generics and therapeutic substitutions