

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 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?

Value-Based Services

Proposed “Barrier-Free” services for use within a value-based benefit package

Diagnosis	Medications	Labs	Imaging/Ancillary	Other
Alcohol & Drug Treatment	Buprenorphine for opioid dependence Acamprosate for alcohol dependence	None	None	Brief behavioral intervention to reduce hazardous drinking (SBIRT) Methadone maintenance treatment
Asthma	Medications according to NICE 2008 stepwise treatment protocol	None	Diagnostic spirometry	None
Bipolar Disorder	Lithium, valproate	Lithium – lithium level (q3 months); creatinine and TSH (q6 months) Valproate -LFTs and CBC (q6 months)	None	Medication management
Cancer Screening	None	Pap smears Fecal occult blood testing	Mammography Colonoscopy/Flexible sigmoidoscopy	Per USPSTF recommendations, “A” and “B” recommendations only
Chronic Obstructive Pulmonary Disease(COPD)	Short-acting inhaled bronchodilator	None	None	None
Congestive Heart Failure (CHF)	Beta-blockers, ACE inhibitors, diuretics	CBC, CMP, lipid profile, urinalysis (annually) TSH once	EKG, Diagnostic echocardiogram	Nurse case management
Coronary Artery Disease (CAD)	Aspirin, statins, beta blockers	Lipid profile (annually)	EKG	Cardiac rehabilitation for post-myocardial infarction (MI) patients

Value-Based Services

Diagnosis	Medications	Labs	Imaging/Ancillary	Other
Dental Care, Preventive	Fluoride supplements (age 6 months to age 16), if indicated Professionally applied fluoride varnish (twice yearly in children aged 12 months to 16 years old who are at high risk), if indicated	None	Pit and fissure sealants in permanent molars of children and adolescents	None
Depression, Major in Adults (Severe Only)	SSRIs	None	None	Cognitive Behavioral Therapy (CBT) or Interpersonal Therapy (subject to limit, e.g. 10 per year) in conjunction with an antidepressant Medication management
Depression, Major in Children and Adolescents (Moderate to Severe)	None	None	None	Psychotherapy (CBT, interpersonal, or shorter term family therapy)
Diabetes – Type I	Insulin (NPH and regular only), insulin supplies, ace inhibitors	HgA1c (annually)	None	Diabetic retinal exam for adults (annually)
Diabetes – Type II	Metformin, sulfonyureas, ACE inhibitors, insulin (NPH and regular only), insulin supplies	HgA1c, lipid profile (annually)	None	Diabetic retinal exam for adults (annually)

Value-Based Services

Diagnosis	Medications	Labs	Imaging/Ancillary	Other
Hypertension	Diuretics, ACE inhibitors, Calcium channel blockers, Beta blockers	Fasting glucose, fasting lipids (annually)	None	None
Immunizations	Routine childhood and adult vaccinations	None	None	Follow ACIP recommendations for non-travel vaccinations
Maternity Care	Folic acid, Rh immunoglobulin (when indicated)	Screening for hepatitis B, Rh status, syphilis, chlamydia, HIV, iron deficiency anemia, asymptomatic bacteriuria, rubella immunity, screening for genetic disorders	None	None
Newborn Care	Ophthalmologic gonococcal prophylaxis, Vitamin K prophylaxis	Sickle cell, congenital hypothyroidism, PKU (cost borne by the state)	None	None
Reproductive Services	Condoms, combined oral contraceptives, intrauterine devices, vaginal rings, Implanon, progesterone injections, female sterilization, male sterilization	See STI screening and maternity care	None	None
Sexually Transmitted Infections	Syphilis – Penicillin IM or doxycycline Chlamydia – azithromycin or doxycycline Gonorrhea – ceftriaxone IM or cefixime po	In certain populations: chlamydia, gonorrhea, HIV, syphilis	None	According to USPSTF guidelines for appropriate populations to screen (A and B recommendations only)

Value-Based Services

Diagnosis	Medications	Labs	Imaging/Ancillary	Other
Tobacco Dependence	Nicotine replacement therapy, nortryptiline, and bupropion	None	None	None
Tuberculosis (TB)	Per CDC guidelines – standard drug treatment for latent and active TB	Screening and diagnostic algorithm according to CDC guidelines	Chest x-ray per CDC guidelines	None

Guidelines based on empirical evidence (systematic reviews and health technology assessments), from trusted sources such as: ACIP, AHRQ, Cochrane Collaboration, CDC, OHSU Center for Evidence-Based Policy, NICE, NIH, Ontario, SIGN, USPSTF, WHO

General principles

For medications

- 1) Generics unless no equivalent available
- 2) Medications for ≤ \$4 per month are preferred to more expensive medications

Glossary

ACE: angiotension converting enzyme

ACIP: Advisory Committee on Immunization Practices

AHRQ: Agency for Healthcare Research and Quality

CBC: complete blood count

CDC: Centers for Disease Control and Prevention

CMP: complete metabolic panel

EKG: electrocardiogram

HgA1c: hemoglobin A1c

HIV: human immunodeficiency virus

IM: intramuscularly

LFTs: liver function tests

NICE: National Institute for Health and Clinical Excellence (England)

NIH: National Institutes of Health

OHSU: Oregon Health & Science University

PKU: phenoketouria

SIGN: Scottish Intercollegiate Guidelines Network

SBIRT: screening, brief intervention, and referral to treatment

SSRIs: serotonin specific reuptake inhibitors

STI: sexually transmitted infection

TSH: thyroid stimulating hormone

USPSTF: US Preventive Services Taskforce

WHO: World Health Organization