CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

INCORPORATING V-BID INTO PUBLIC EMPLOYEE HEALTH PLANS

Currently, over 19 million state and local employees, or about 10 percent of the total U.S. workforce, receive health care through a public employee health plan. Facing growing health care cost burden, some states and local governments have turned to Value-Based Insurance Design (V-BID) as a way to decrease health costs, improve health, and maintain competitive benefit plans for employees.

Value-Based Insurance Design (V-BID) is built on the principle of lowering or removing financial barriers to essential, high-value clinical services and providers. V-BID alters the amount of consumer cost-sharing based on the health benefit provided by a specific clinical service--not the price. These innovative plans 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. Our infographic offers a visual guide to key V-BID concepts.

By aligning patients' out-of-pocket costs with the value of services, V-BID can keep public employees healthier, reduce the number of sick days used, and improve workplace productivity. The table below illustrates several public employer approaches of V-BID implementation in the public sector.

PUBLIC EMPLOYER	KEY ASPECTS OF PLAN DESIGN & INTERVENTION	RESULTS
OREGON STATE (235,000 employees)	Tiering of health care services into 4 cost-sharing categories	Reduction of 15-17% in low-value procedures. Improved HEDIS scores.
	Eliminated cost-sharing for weight management and tobacco cessation	Reduction in tobacco use of 6.6 percentage points between 2007-2012.
	Lower cost-sharing for high-value services, including office visits & medication for chronically ill patients, and emergency services. Lower copays for medical homes.	9-14% increase in participation in weight management programs. Reduction in obesity rate 4-5% between 2009 and 2011-12.
	Targeted conditions for incentives: diabetes, depression, hypertension, cardiac conditions, asthma and chronic obstructive pulmonary disease (COPD)	$2 million ROI in first year of weight management incentive program
	Zero coverage or higher cost-sharing for preference-sensitive or supply-driven services, such as bunion and breast reduction surgery, or back surgery for pain (some exceptions)	15-30% decrease in high-tech imaging and sleep studies between 2009 -12
CONNECTICUT STATE (54,000 eligible state employees)	98% enrollment in V-BID program that was incentivized with lower OOP costs at POS, absence of premium surcharge, and no deductibles	Medical trend for V-BID enrollees decreased from +13% in FY2011 to +3.8% FY12
	Free annual physicals, age-appropriate diagnostic tests and two dental cleanings. A $35 copayment for ED use when there is a "reasonable medical alternative"	Over 20% decrease in monthly specialty care visits (24,000-19,000) 7/2011-5/2012
	For members with at least 1 of 5 chronic conditions, participation in disease-management programs, plus zero copays for chronic condition-related office visits	23% decrease in monthly emergency department visits (3,500-2,700) 7/2011-5/2012
	Reduction or elimination of Rx copayments associated with chronic disease management (savings of up to $25 per Rx fill)	Monthly primary care visits increased from 12,000 in 7/2011 to 21,000 by 5/2012 (+75%)
CHIPPEWA COUNTY, WISCONSIN (450 employees)	Waives out-of-pocket expenses for certain services including diabetes education, nutrition coaches, medication for chronic conditions and colonoscopies	Premium trend reduced from 16.1% to 3% in five years (2004 to 2009). Premiums dropped 7% per family plan, per month 2007 to 2008.
	Weight-management incentive program	30% decrease in county per person spending ($2,317-$1,593) due to incentive program implemented in 2008, saving over $1.7 million.
COLORADO SPRINGS, COLORADO SCHOOL DISTRICT (3400 employees)	Encouraged minimally invasive procedures (MIPs) for five common surgeries and provided incentives to members that opted for MIPs	Overall teachers had fewer missed days of work which led to saving money on substitute teachers
	Higher copays for open surgeries (such as appendix removal by laparotomy) and lower cost-sharing for similar minimally invasive procedures	22 fewer missed days of work after gallbladder surgery; 19 fewer missed days for colectomy; 22 fewer missed days for hernia; 3 fewer missed days for appendectomy; 7-18 fewer missed days for hysterectomy