

Leveraging Health:

Value Drives Outcomes in the Public and Private Sector



**CENTER FOR
HEALTH VALUE
INNOVATION**
INFORMATION EXCHANGE FOR
VALUE-BASED DESIGN

Cyndy Nayer



Center for Health Value Innovation

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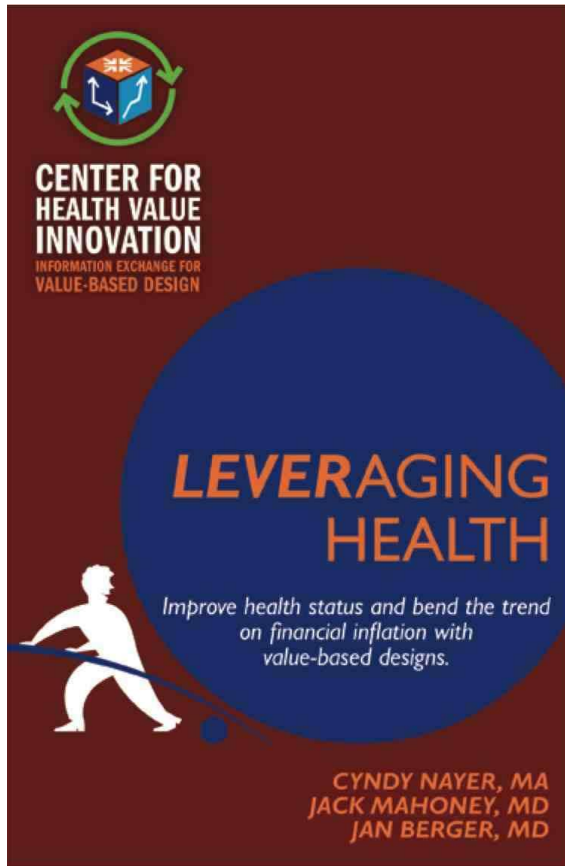
Whirlpool

Directors at Large

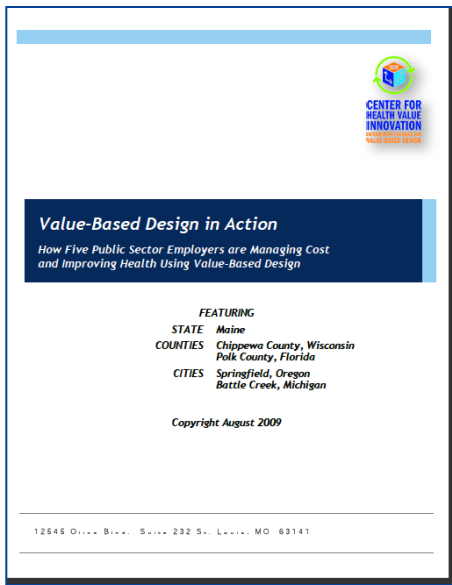
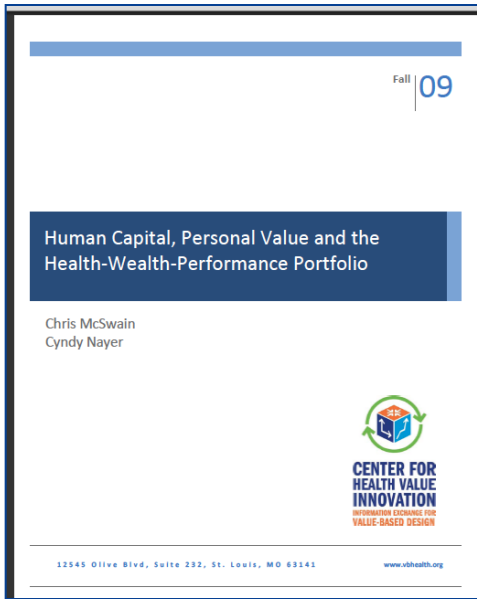
Joe Fortuna MD

Greg Judd

Center publishes the first book on levers and dividends in VBD

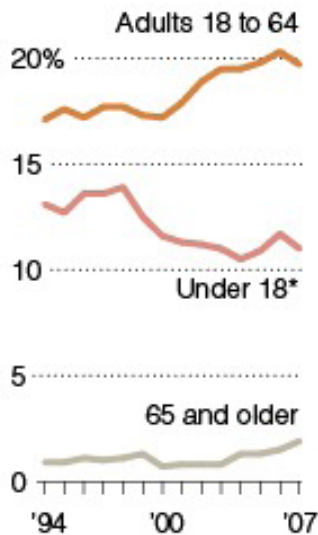


Also publishes evidence on sectors, innovation, outcomes www.vbhealth.org

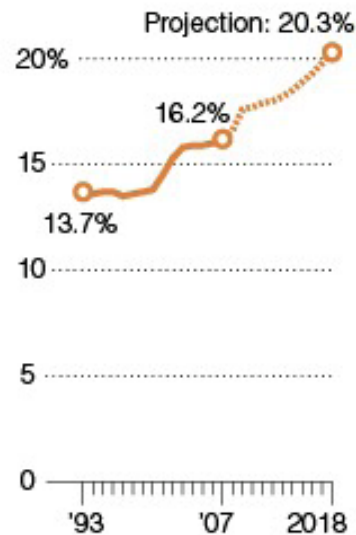


Health Care Since the Clinton Era

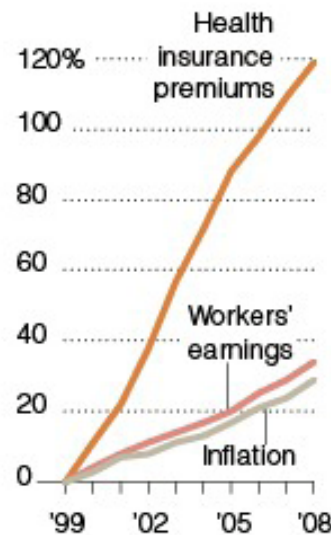
Uninsured
Percent uninsured by age group



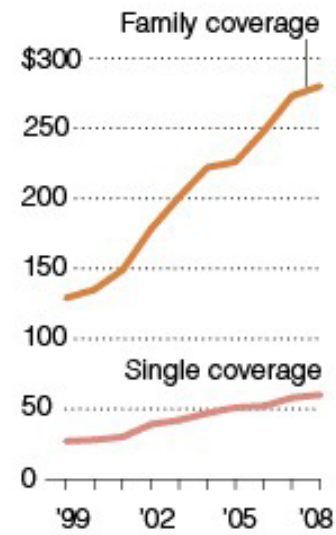
Health care spending
As percentage of gross domestic product



Insurance premiums
Cumulative growth



Costs to workers
Average monthly worker premium contributions



*The Children's Health Insurance Program, created in 1997, has significantly reduced the number of low-income children who are uninsured.

Sources: Employee Benefit Research Institute estimates of data from the Current Population Survey. Centers for Medicare & Medicaid Services, Office of the Actuary: Data from the National Health Statistics Group. Kaiser Family Foundation/HRET Survey of Employer-Sponsored Health Benefits, 1999-2008, and Kaiser analysis of data from Bureau of Labor Statistics.

The Economy Affects Health Behaviors

- 26% have had problems paying medical/health bills
- 6 out of 10 have skipped recommended treatment, exams, etc.
- 1 out of 5 workers is uninsured
- Pressure at public level is increased

Compliance, Adherence and Persistence
Is at Risk

Pew Benchmarks States' Financial Positions v CA

How does your state compare with California?



http://www.pewcenteronthestates.org/report_detail.aspx?id=56044 accessed 11.15.09

Changes based on budget gap, unemployment and foreclosures

The Value of Health is Our Economic Survivability

Our agenda must be: **How much health is that dollar delivering?**

- VBD is an ENGAGEMENT TOOL that engages the EMPLOYEE (consumer) and the EMPLOYER (plan sponsor) and the PROVIDER
- VBD focuses on OUTCOMES
- VBD has remarkably changed and matured
 - Data Design Delivery DIVIDENDS
- VBD is driven by data that drives the suite of performance tuners: LEVERS
- VBD can be tracked along the Health Value Continuum©
- VBD is sustainable and applicable at the small-large employer AND at the community level
- VBD builds the Health-Wealth-Performance Portfolio©



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Data, Design, Delivery, Dividends

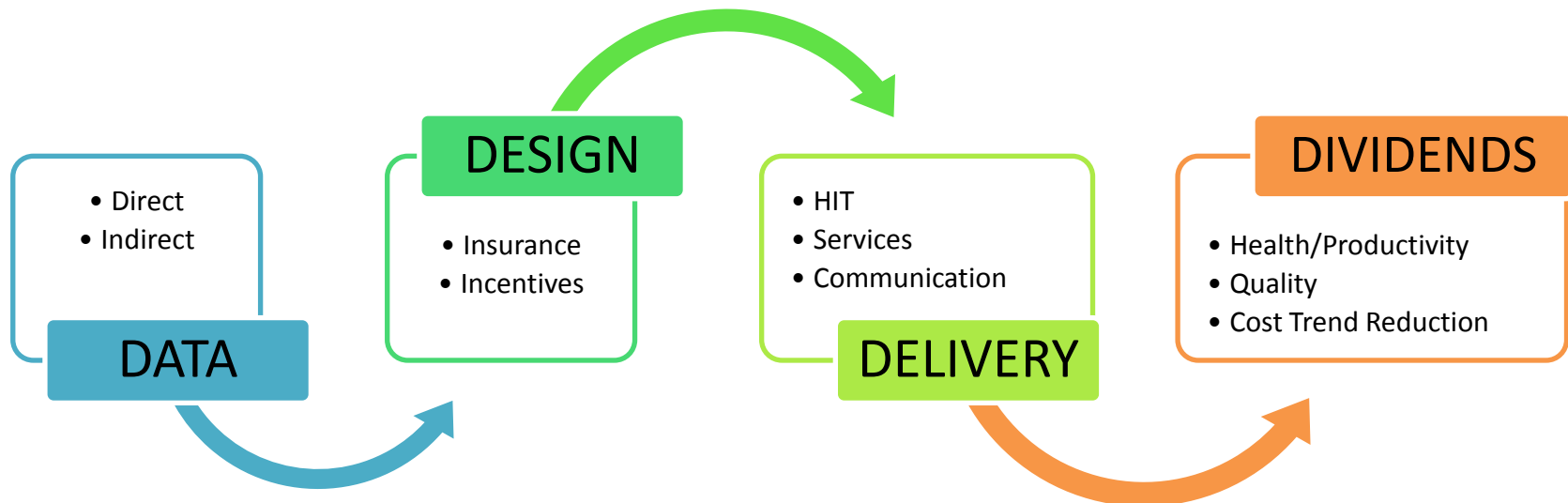
The Genesis of the Health Value
Continuum and Levers



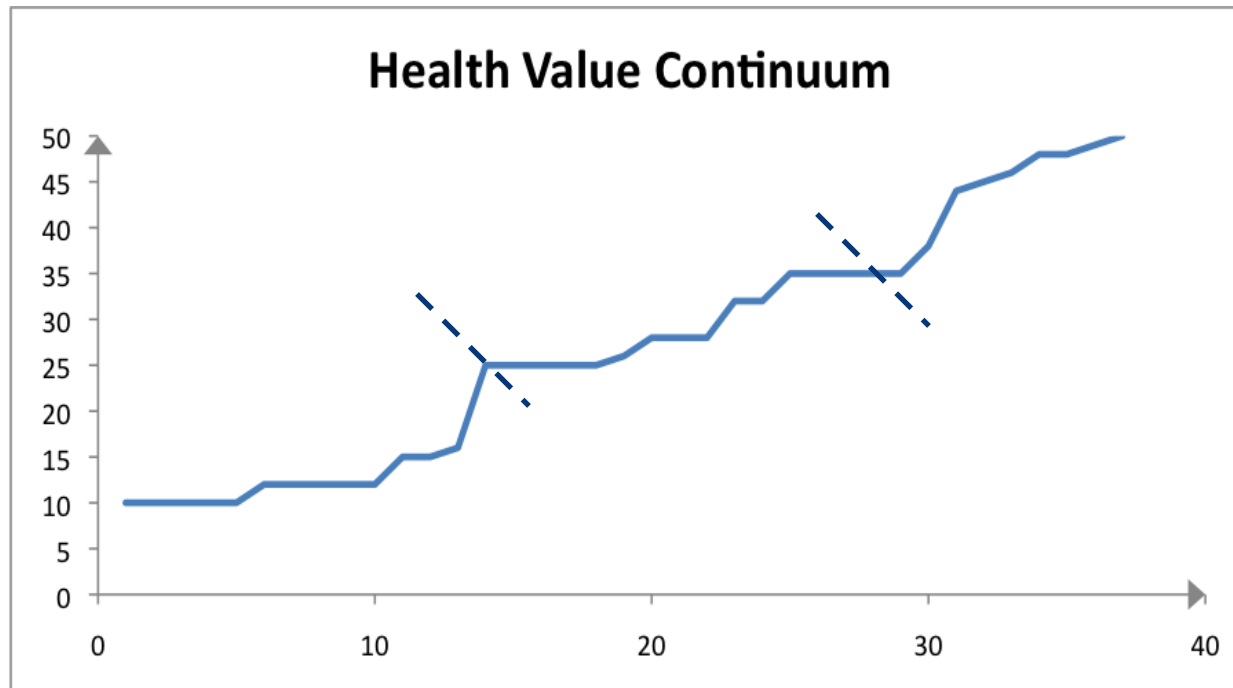
Surveys Defined Process, Continuum

Value-based design is an **ENGAGEMENT TOOL** for the **CONSUMER AND PLAN SPONSOR AND CLINICIAN**

- 1 Uses data *to*
- 2 Invest in incentives *that*
- 3 Change behaviors *to*
- 4 Improve health, productivity, quality and financial trend



Health Value Continuum, ca.2005



4 years later: we can describe the steps, the benchmarks and the targets for improvement [2009 Clinical Therapeutics]

Key Market Trends in Value-Based Designs

- Embedded into most of the legislation for reform
- ~50% of employers have instituted for Rx/chronic care (Towers-Perrin 2009)
- #1 request from TriZetto survey of customers 2009
- Key elements (Nayer, AJPB Nov 2009)
 - Focus on prevention and wellness
 - Unique suites of levers driven by data and culture of plan sponsor
 - Accelerated reduction in variance and increase in predictability is at far right of the continuum

Individual Health: Prevention-Wellness



**Individual
Health**

- Insurance premium incentive/default enrollment for HRA, biometric screen, PHR use
- Mandatory HRA completion for access to insurance or HSA...
- HP goal: OOP reduced by setting and/or achieving goal
- Prevention screens cost reduced: age/gender appropriate
- Prevention: yearly exam cost reduced
- Business Channel Incentives

Chronic Care Management



- Condition Mgt is mandatory
- Generics lowered to \$0-10
- Condition-based formulary (all tiers lowered for condition)
- Lifestyle coaching mandatory
- Prior Authorization, step-tiering for low-value services and treatments

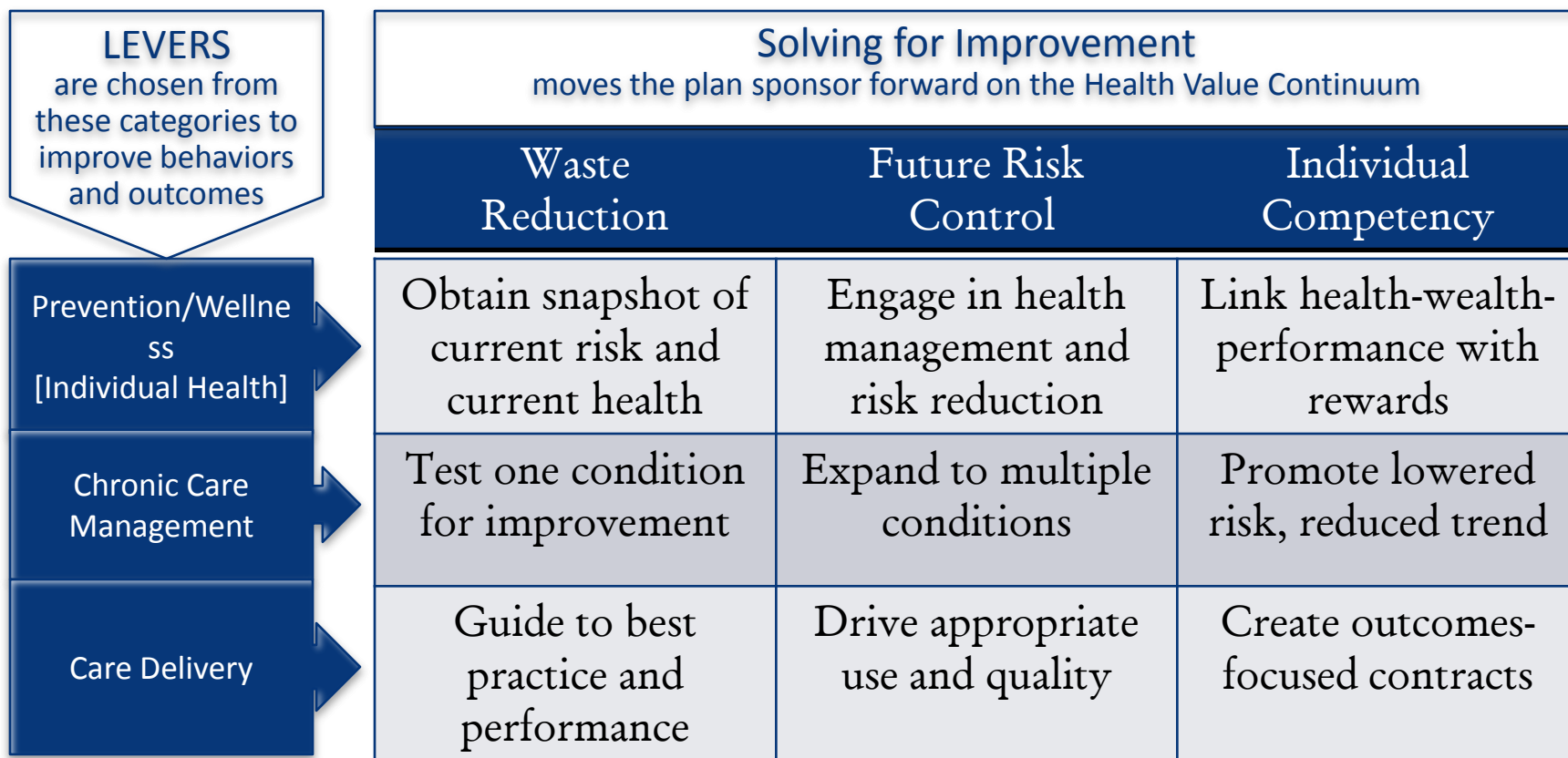
Guiding to Providers/Services



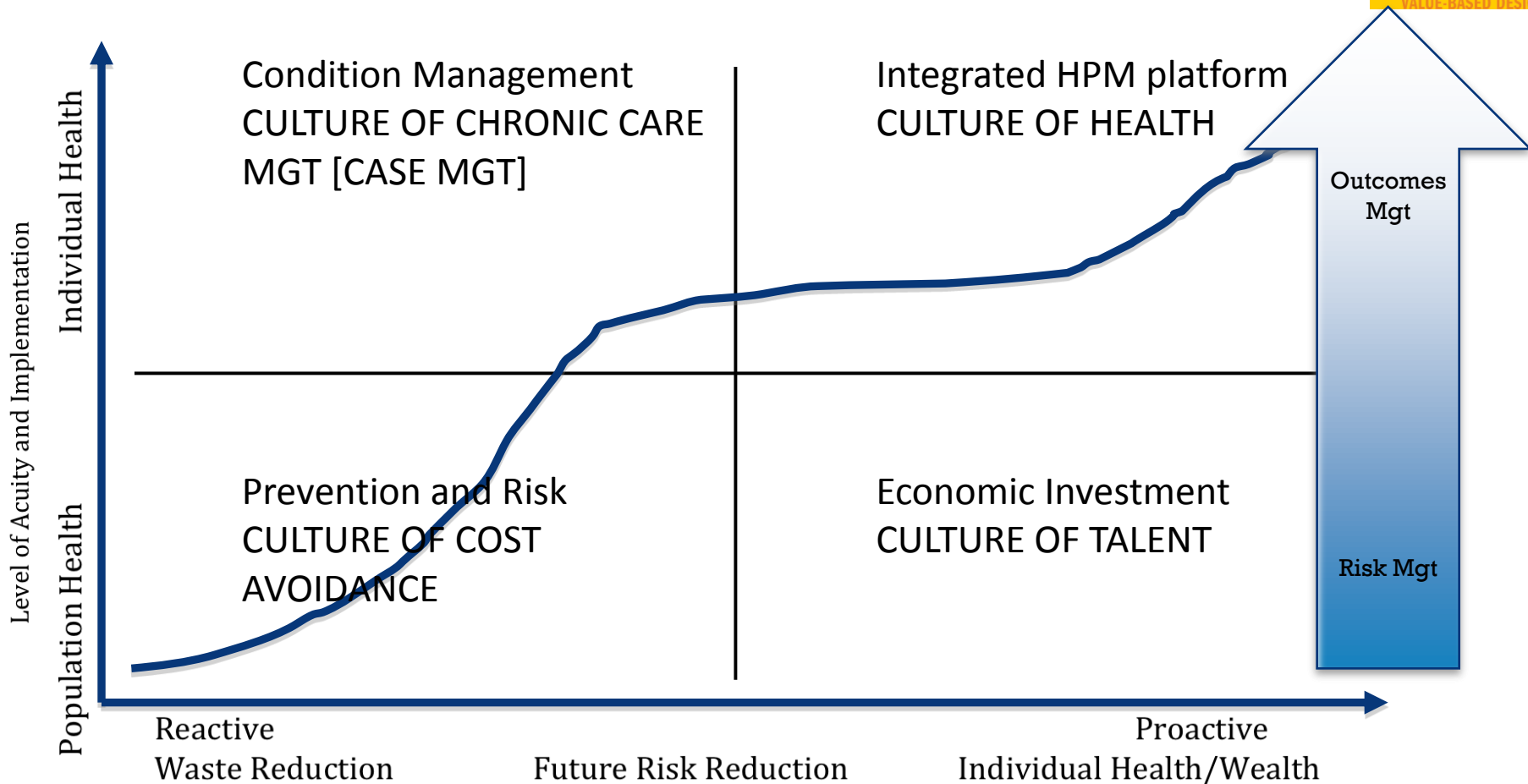
- Reduced copay or HSA deposit for Evidence-based /PCPCC practices
- Aligned reimbursement to providers for practice change/improvement
- Reduced copay for destination
- Increased OOP for non-preferred provider (ER, MRI, etc.)

Use Levers to Improve Behaviors

INVEST FOR VALUE



Analysis of the Mature Continuum





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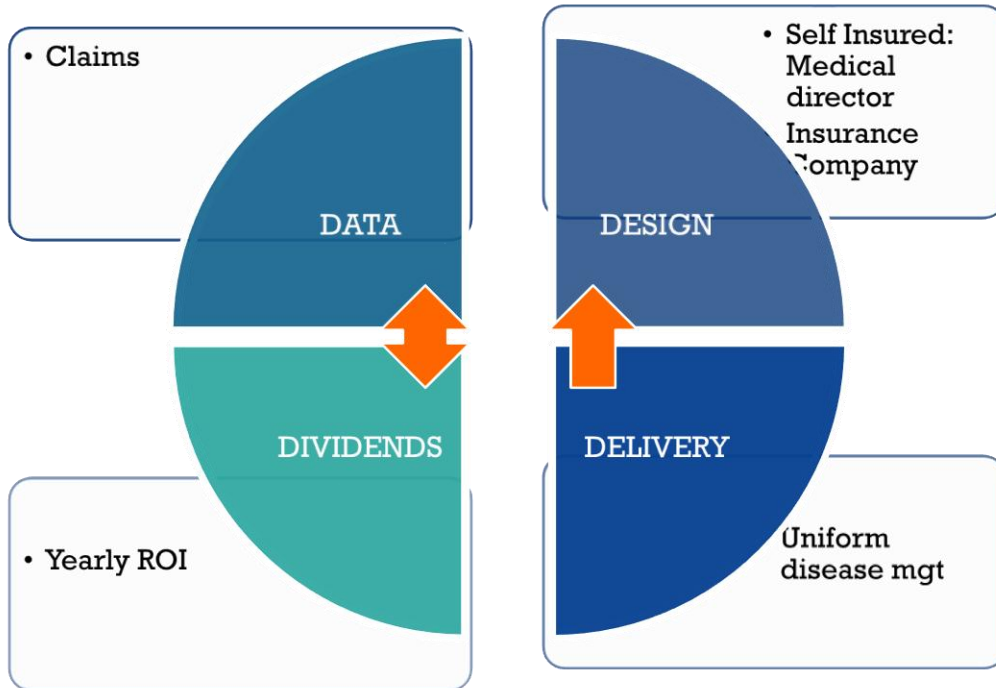
Alignment of Resources Drives
Functional Health and Performance



LEVERAGING HEALTH

*Improve health status and bend the trend
on financial inflation with
value-based designs.*

Misalignment of Incentives Reduces Engagement



- Finance side of the chain driven by cost numbers
- Care side of the chain driven by condition
- Friction caused by disconnect between Care and Cost



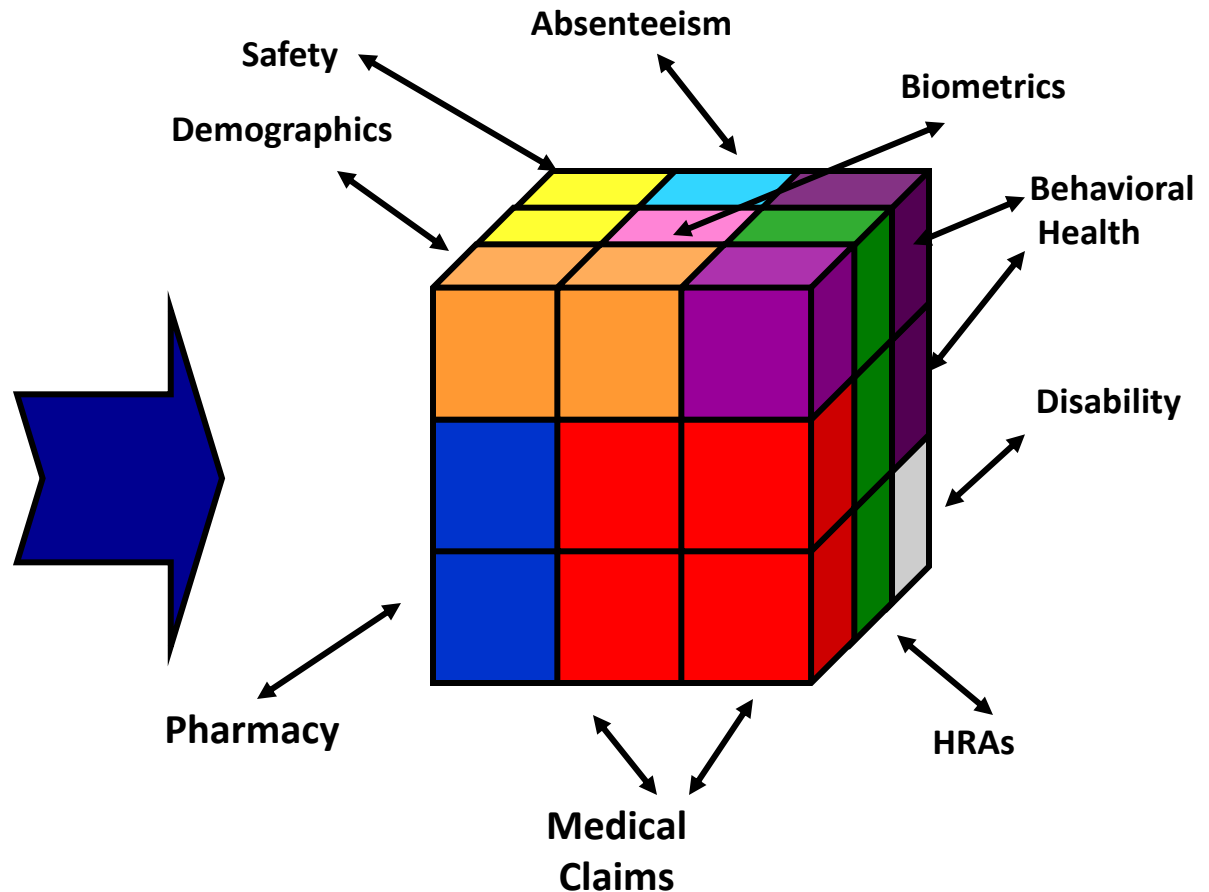
Value-Based Levers [Guiding Decisions] Drive Health and Performance

DATA Integration of data points lead to a full picture of functional risk to the individual and the organization

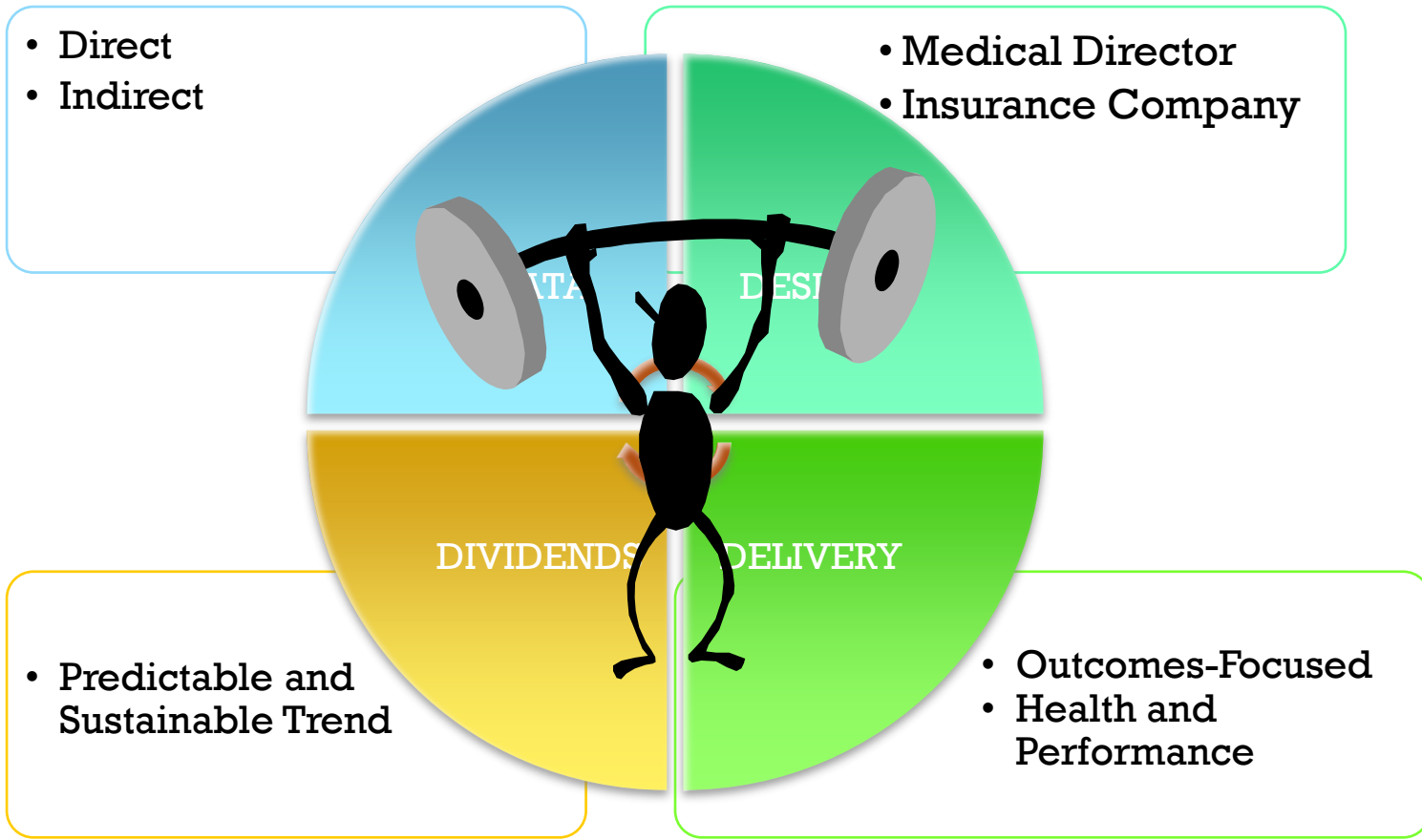
DESIGN Identify and fill the gaps in data, care, support and outcomes

DELIVERY Promote the intersection of health, finance, community for economic sustainability

DIVIDENDS: Align incentives across stakeholders for improved outcomes



Value-Based Design Aligns Stakeholders for Outcomes



Value-Based Design: Total Health-Productivity Approach

Target Productivity Savings Levels	\$ Productivity Gains	Added Workdays	% Increase in Human Capital Growth	FTEs
1%	\$ 118,469	212	0.06%	0.8

**Adherence will drive value through productivity gains,
reduced financial trend**

Modeled with IBI ©2009

Public-Private Comparisons

Similarities

- Cost of under-managing conditions
- Focus on prevention/wellness
- Competency in Risk Management
- Missteps most likely in communication plans
- Success builds community change

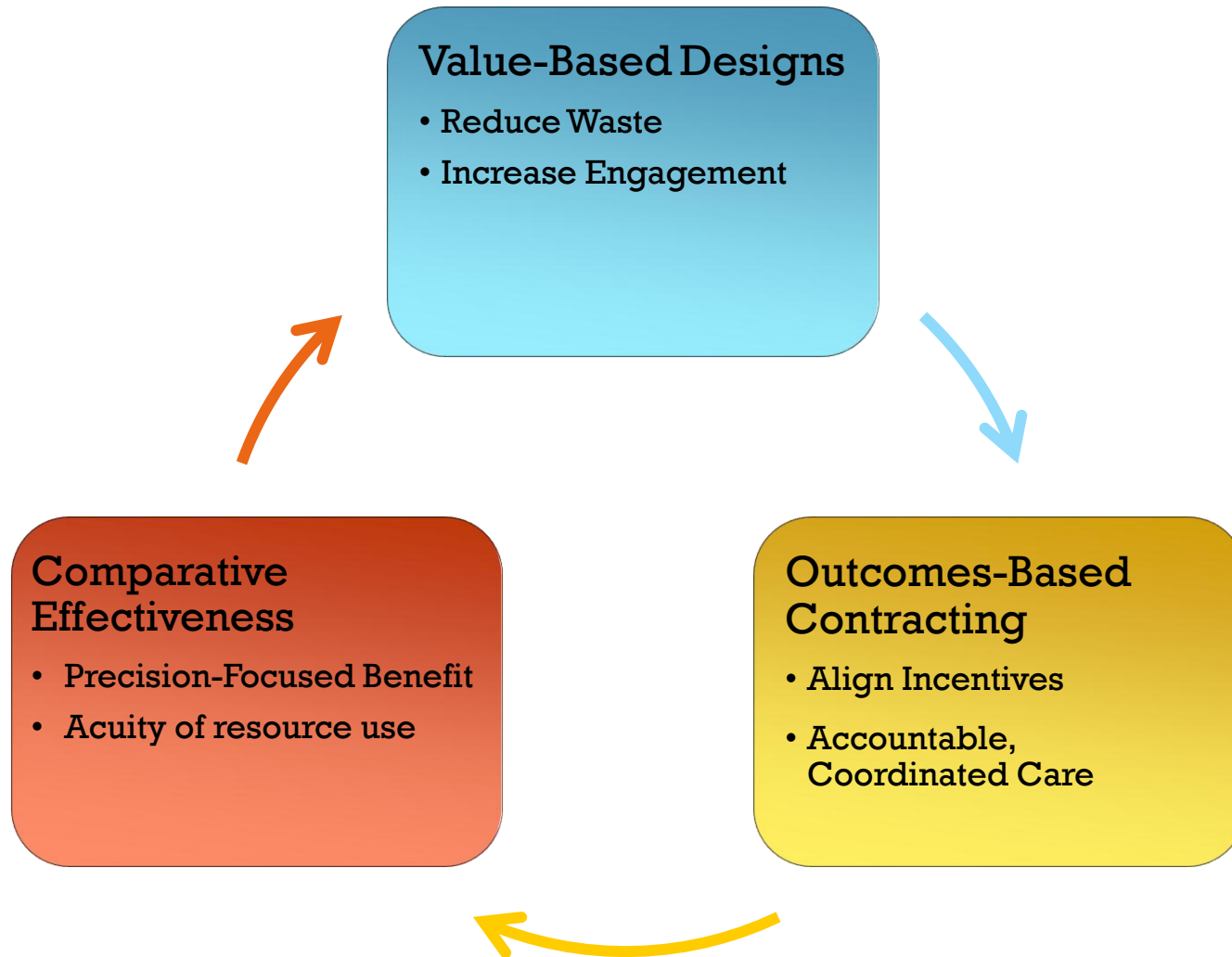
Differences

- Social responsibility driven by taxes, law
- Link to jobs creation/preservation comes earlier in the planning
- Lessons translate to public health, VEBA, Taft-Hartley welfare plans, other unions
- Risk management emerges earlier in the planning

What We Now Know...

- No VBD succeeds without a primary focus on prevention and wellness
- All successful adoptions and accelerations of VBD are linked to the level/timing of communications
 - And no one succeeds when only communicating 1 time per year
- Acceleration occurs when aligned incentives propel outcomes
 - This includes patient-centered coordinated care
 - This includes use of community-based assets
 - This includes communication no less than quarterly to keep stickiness of behavior change across all stakeholders
- Sustainable and measurable value occurs across silos, into the community (when providers achieve improvement in health and financial outcomes) and into families

As We See It...



Data, Design, Delivery, Dividends

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