



## EXECUTIVE Summary

# VALUED-BASED INSURANCE DESIGN, SPECIALTY PHARMACY & IMMUNIZATIONS

### Presented by:

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**The Business Health Care Group  
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## *Value-Based Insurance Design (VBID) for Sustainable Health Improvement*

The need to revisit benefit design has never been greater. Exacerbated by the recent economic downturn, poor or non-adherence to treatment is costing health care payers billions of dollars. According to Dr. Vogenberg, by one estimate, costs that result from poor medication alone have been estimated to exceed \$100 billion annually. In addition, 60 percent of the chronically ill have poor adherence to treatment protocols. Cost shifting to employees adds to the problem, resulting in the delay or abandonment of needed care.

Employers have the opportunity to reverse these trends by embracing VBID. In direct contrast to traditional benefit design – utilizing a “one size fits all” approach – the VBID approach includes the following tenets:

- An evidence-based approach to managing health outcomes
- Focus on value rather than unit cost
- Address the total cost picture including indirect costs
- Acknowledge that medical services differ in the clinical benefit they provide
- Subsidize effective services through the use of lower out-of-pocket costs, while decreasing or eliminating subsidies for ineffective services
- Vary the financial subsidy based on individual need



*Pictured in this photo (left to right):  
Jeff Kluever from Journal Communications  
and Anoop Mansukhani and Grove Bolger  
from Merck*

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### VBID – A DEFINITION

Value-based insurance design uses evidence of effective procedures, treatments, drugs and providers and appropriate incentives to design benefits that:

- Motivate people to become actively engaged in their health
- Encourage the use of health care services and drugs that are shown to be more effective or provide higher quality than other options
- Discourage the use of health care services and drugs when evidence does not justify their cost

## An employer study: VBID combined with disease management

Dr. Vogenberg shared the results of a study that looked at the effect of a VBID pharmacy program for diabetes that lowered out-of-pocket costs for diabetes medications in two units of a large, multi-industry firm (an article, “Value-Based Insurance Plus Disease Management Increase Medication Use and Produce Savings,” describing the study and its results, appeared in the January 2011 issue of *Health Affairs*).

The study had a baseline year of 2005, with post intervention results measured in 2006, 2007 and 2008. The two groups, one with the VBID pharmacy program plus disease management and the other with a traditional pharmacy plan plus disease management, were compared on:

- Medication use and adherence – as measured by participants having the medications in their possession; and
- The receipt of medical services (e.g., HbA1c testing, lipid tests, primary care physician visits) as recommended by diabetes treatment guidelines.

According to Dr. Vogenberg, participation in both the VBID pharmacy program and disease management resulted in sustained improvement in both the use of diabetes medications and adherence to diabetes medical care guidelines over the course of the study when compared to the disease management only intervention. Over the three years, the program showed modest cost savings.

*Pictured in this photo  
(left to right):  
Carolyn Ross,  
Coleen Nettesheim,  
Jim Mueller and  
Lisa Wills from Humana*



## Biologics & Specialty Pharmacy – A National Employer Initiative

Dr. Vogenberg reported on a partnership that the Institute for Integrated Healthcare and the Midwest Business Group on Health (MBGH) have formed to address the significant growth in the use of specialty pharmaceutical products and the related cost impact on employers. The project seeks to:

- Enhance employer awareness and understanding of specialty pharmaceuticals
- Create a “living document” toolkit available on the web to serve as an educational resource for employers
- Share optimal approaches for innovation in benefit plan design and vendor contracting
- Support employer efforts in managing and communicating with their at-risk population
- Provide educational outreach to key health care stakeholders to support collaboration and optimize patient outcomes

Begun in 2011, the initiative conducted a national survey of employers to gain baseline information about employers’ understanding of the issues and costs related to biologics and specialty pharmacy. More than 120 employers representing more than one million employee lives completed the survey. Takeaways from the survey included:

- With 78 percent of employers claiming “little to moderate understanding” of the field of specialty pharmaceuticals, efforts to fill knowledge gaps are needed.
- Most employers still use traditional benefit designs, including tiered formularies, copays and co-insurance for specialty drugs, when VBID approaches may be more effective.
- Seventy-six percent of employers do not offer incentives to encourage compliance to medication and adherence to treatment.

Launching in July of 2012, an Employer Toolkit is being developed. It will help to address the gaps in knowledge identified in the survey and will serve as a living document – allowing for regular updates. Sections will include:

- Information to help employers to better understand and manage the biologics and specialty pharmacy area
- Provide guidance in developing innovative benefit plan designs and contracting strategies with PBMs, health plans and specialty pharmacies
- Assistance to help employers manage their at-risk populations and communicate with their employees

Additional initiatives will come online through 2014. More information can be found at: Midwest Business Group on Health ([www.mbg.org](http://www.mbg.org)).



*Pictured in this photo (left to right): Emily Cada from Humana and Ruth Stienessen from BeneCo of Wisconsin*

## Childhood, Adolescent and Adult Immunizations

According to Dr. Ranta, immunizations represent one of the great public health successes in the United States. The rates of infection of numerous vaccine-preventable diseases have been substantially reduced in the population. In addition, vaccines are safe – there is no validated medical research linking autism to vaccines.

While the successes of immunizations are many, there are gaps in coverage that put children and adults at risk for preventable diseases. Incidences of illnesses such as pertussis (whooping cough) and influenza can be greatly reduced with the effective use of vaccinations in the at-risk population.

In 2010, Children's Hospital of Wisconsin embarked on a multi-year initiative to improve vaccinations rates in children at two years of age. Key to this strategy, according to Ms. Collins is using the various "touch points" (i.e., hospitals, clinics, medical groups, social service agencies, health plan) of the Children's Hospital system to meet the existing need for vaccinations. Compared to the baseline year of 2009, progress has been made based on numerous measures in 2010 and 2011. In the future, Children's intends to broaden the scope of the initiative to include all children, not just those up to two years of age.

Sometimes lost in the communication about the critical importance of vaccinations, is the message that adults need vaccinations as well. Adult immunization rates for some common illnesses need improvement.

For example, in 2010:

- Only 8.2 percent of adults have received the Tdap vaccination (for pertussis)

- Only 14.8 percent of adults had received the zoster vaccine for shingles
- Only 26 percent of those ages 26-49; 43 percent of those 50-64; and 69 percent of those 65+ had received the influenza vaccine

According to Ms. Edwards, there are several barriers to adult immunizations that need to be overcome:

- There is a perception that immunizations are for children and not needed for adults
- Knowing what vaccinations are needed at what ages is complicated
- The cost of vaccines can be prohibitive
- Access to primary care is limited for some
- People are hesitant to get vaccinations for numerous reasons

Additional resources about vaccinations and immunizations for children and adults can be found at:

- Centers for Disease Control Vaccines Webpage: <http://www.cdc.gov/vaccines/schedules/index.html>
- [www.immunize.org](http://www.immunize.org)
- <http://www.dhs.wisconsin.gov/immunization>

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