

Value-Based Plans

A powerful combination of benefits and incentives to engage members, improve health and manage health care costs



MASSACHUSETTS

Powerful Incentives That Drive Sustainable Change

The value-based benefit design takes a new approach to help manage costs over the long term and help keep your employees and their families healthy.

The value-based plan designs enhance traditional PPO and HMO plans with tailored health incentives and disincentives based on published, peer-reviewed medical evidence demonstrating cost savings and improved member health.

The result is plans that drive sustainable change in the medical cost trend by encouraging members to select high-value care, while still preserving a wide range of choices.



Promoting Treatment Compliance and Preventive Care

Helping members to take their medications as prescribed, follow their treatment plans, and get timely preventive care is key to controlling costs over the long term. Not only do these steps minimize complications and hospitalizations, but they can also help keep members healthy.

Condition/Treatment	Strategy/Benefit
Preventive Care	Reduce copays on routine exams and preventive care.
Diabetes	Waive or reduce copays for medications and equipment that help diabetics manage blood sugar.
Coronary Artery Disease (CAD):	Waive or reduce copays for maintenance medications that have been proven to reduce future incidents and hospitalizations for members with CAD or who are at risk for cardiovascular disease (taking high blood pressure and high cholesterol medications).
Asthma	Waive or reduce copays for maintenance medications to increase compliance and limit emergency room visits.
Depression	Waive copays for certain generic anti-depression medications for members identified as also having diabetes, Coronary Artery Disease, or who are at risk for Cardiovascular Disease (taking high blood pressure and high cholesterol medications) or asthma to facilitate the treatment of these conditions.
Insomnia	Online program to help improve members' quality of life, decreased reliance on sleep medications and improve the treatment of other conditions.
Smoking	Waive copays on certain generic medications and facilitate access to smoking cessation programs to help members quit.



Research indicates that a combination of lower prescription copays, health education, and support can result in up to 15% more members adherent to chronic disease treatment plans (among those previously considered out of compliance) in just the first year.

1. Chernew, Michael E., Shah, Mayur R., Wegh, Arnold, Rosenberg, Stephen N., Juster, Iver A., Rosen, Allison B., et al. "Impact of Decreasing Copayments on Medication Adherence Within a Disease Management Environment", Health Affairs, (2008) 27: 1 and Blue Cross Blue Shield of Massachusetts 2008 Data

Encourage High-Value Care Selection

Plan Feature	Strategy
Emergency room copayment	Increase copays to encourage appropriate use of emergency services*
Select Pharmacy Network	Limit the pharmacy network to the most cost effective pharmacies to manage costs
Pharmacy Incentives	Lower generic and mail order medication copays to maximize usage of these high-value services
Provider choice	Increase cost share for non-preventive care (PPO) or for specialist care (HMO) to encourage members' use of lower cost preventive and primary care services.
High-Tech Radiology	Increase cost share to encourage members to consider lower-cost treatment alternatives

Improve Decision Making and Overall Health

Because value-based plans are a fundamental shift in how members approach purchasing and using medical care, early education starting from before open enrollment and lasting throughout the plan year is key to making a value-based plan work.

Employers also play a key role in helping to educate their employees and create a culture focused on health in the workplace. To support employers, we offer tools to inform and educate their employees prior to plan launch, effective open enrollment education materials, and content and tools to maintain and reinforce member behavior change during the plan year, including:

- Interactive online benefits and claims information
- Hospital cost and quality comparison tools
- Medication cost and coverage options lookup tools
- Health care cost lookup tools
- Health and wellness information

*Members are always encouraged to use the emergency room in situations they consider an emergency.

Emergency room services can be misused; in fact, there is high variability in the rate of non-emergency and primary care treatable ER visit rates across Blue Cross Blue Shield of Massachusetts' largest customers.¹

Higher ER copays reduce non-urgent use of the ER without a significant increase in unfavorable clinical events.²

1. Blue Cross Blue Shield of Massachusetts 2008 Data

2 . Hsu, John, Price, Mary, Brand, Richard, Thomas, Ray, G., Fireman, Bruce, Newhouse, Joseph, P., et al. "Cost-Sharing for Emergency Care and Unfavorable Clinical Events: Findings from the Safety and Financial Remifications of ED Compayments Study" Health Services Research, (October 2006) 41:5

Making Engagement Work

The value-based benefit designs focus engagement efforts on achieving four key goals:

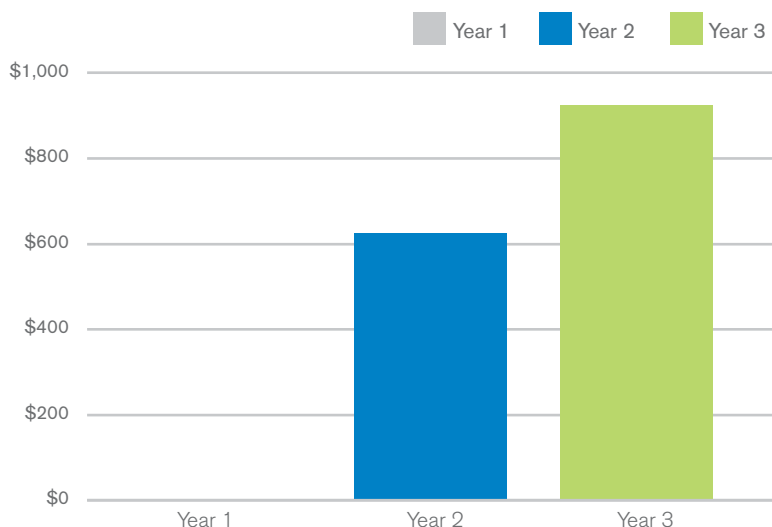
- Improving compliance with chronic disease care plans to minimize complications and reduce sick time
- Increasing use of preventive care to keep members healthy
- Encouraging selection of higher-value care and medications at the point of service
- Promoting better member health and medical treatment decision making

To maximize member engagement, our value-based plans feature targeted member cost sharing supported by comprehensive member education and decision-support tools. These tools help members become more informed consumers of health care, choose the best option for their situation, and make healthier decisions.

Value-based plan design modifications include removing or reducing employees' cost share for select benefits to increase compliance, increasing cost share when appropriate to discourage overuse/misuse of services, and adding support services to encourage member engagement and provide education.

Potential Annual Per-Member Savings

For members who are newly compliant with diabetes treatment plans



Blue Cross Blue Shield of Massachusetts 2009 Analysis



About 125 million Americans have one or more chronic disease(s), the care of which accounts for almost 75% of total health care expenditures each year.¹

1. Geyman, J.P. "Disease Management: Panacea, Another False Hope or Something In Between?" *Annals of Family Medicine*, vol. 5(3), May/June 2007.

For More Information

Value-based plans are one of several engagement-focused plans employers can take advantage of. Other options include:

- Consumer-directed health care—uses deductible-based plans and spending accounts to financially engage members
- Tiered network—drives members to higher-tier providers through tiered cost sharing
- Wellness incentives—connects members with disease and health management through incentives and premium contribution differentials

To learn more about our family of value-based plans, contact your account executive or broker.





