

# Value-based insurance plan boosts employee use of targeted preventive services, reduces ER visits

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One state's employee insurance program designed to improve health while reducing costs has successfully encouraged more use of screenings and preventive services, increased medication adherence for chronic conditions, and reduced visits to the emergency department.

Researchers from the University of Michigan School of Public Health say, not unexpectedly, it's too early to tell after two years of study if Connecticut's Health Enhancement Program has saved the state money.

Their findings are reported in the April edition of *Health Affairs*.

The program for 64,000 Connecticut state employees and their dependents is based on Value-Based Insurance Design—a concept originated at U-M and deemed a priority in the Affordable Care Act.

"Overall, V-BID worked very well in this program," said Richard Hirth, professor and associate chair in the Department of Health Management and Policy, and a member of the Institute for HealthCare Policy and Innovation.

"Many other programs that are purely voluntary in nature have seen relatively small increases in the use of targeted high-value services. The combination of incentives, cost-sharing changes and premium surcharges for nonparticipation appears to have elicited a strong response."

V-BID is based on the idea that if financial barriers are removed and people can use high-value, low-cost services (health screenings, vaccinations and other preventive care services) and are provided medications at a reasonable cost (to ensure they'll take them as prescribed), the enrollees will be healthier and their care will cost the system less over the long haul.

In 2011, Connecticut state employees were offered the option to enroll in a program structured around the V-BID concept or to stay with the current policy and pay a \$100 monthly premium surcharge.

In addition to recording changes over the first two years of the program, health care utilization patterns were compared with more than 215,000 employees from six states enrolled in employee-sponsored plans during the same time period.

Specifically, the Health Enhancement Program eliminated deductibles and copays for age-appropriate preventive screenings and for medication copays for chronic conditions like asthma or chronic obstructive pulmonary disease, diabetes, heart disease, hypertension and hyperlipidemia (high cholesterol and triglycerides). It also assessed \$35 copays for use of the emergency room when alternatives were available.

Members with [chronic conditions](#) who completed all of the program's requirements received annual \$100 incentive payments; members who did not comply could be disenrolled.

"We felt this novel combination of V-BID principles and participation requirements could be an important tool to better help payers increase the use of evidence-based services and reduce low value care," said Dr. A. Mark Fendrick, a study co-author and director of the U-M Center for Value-Based Insurance Design. "As private and public payers focus on the delivery of high value clinical services, expansion of V-BID is likely

to continue."

Among the results in the first year, preventive office visits increased 13.5 percentage points and lipid screenings went up 20 percentage points.

Relative to the comparison group, emergency room visits without being admitted to the hospital decreased by 10 visits per 1,000 enrollees the first year, and 25 per 1,000 in the second.

Connecticut was facing a \$3.8 billion deficit when it asked employees to help solve the budget problem. Although the new plan was negotiated through the bargaining process with employees, state leaders expected some reluctance to sign on and around a 50 percent response.

Ninety-eight percent enrolled, however, which in part contributed to the inability to show savings, Hirth said. Because more people took part in the new plan, anticipated revenue from the surcharge was not realized, and initially more costs went to the additional [preventive services](#).

This delay in seeing savings is not unusual under the V-BID concept, Hirth said.

"Any savings from improved [health](#) status would likely take more time to arise," he said. "The program primarily provides incentives to increase use of targeted services, and any subsequent changes due to more timely or better care would not be expected to emerge for several years."

Provided by University of Michigan

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