

# Value in Health Care: Consumer Engagement Strategy



**HIGHMARK.**  
An Independent Company of the  
Blue Cross and Blue Shield Association

EBRI  
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## Employer Role and Perspective

- ❖ Employer based health insurance remains the standard in the US
- ❖ Most large employers are now self-insured, and use health plans for third party administration and care management
- ❖ Costs of health insurance, health care, and administration of programs continues to rise at rates that exceed inflation
- ❖ They are no longer tolerant of “just trust me” approach, and want consistency in management across the country
- ❖ They demand proof of value
- ❖ Small businesses are most vulnerable to dropping coverage; those who offer insurance pay for those who don't
- ❖ Health plans' strategies increasingly focused on consumerism

## Value

- ❖ Value is function of Quality and Cost
- ❖ Examples of differing value across the continuum
  - Incurring a central line blood stream infection resulting in increased cost, morbidity, and missed work days
  - Receiving all recommended ambulatory care for a diabetic with LDL and HgbA1c at goal, avoiding hospitalizations, dialysis, blindness and amputation...

## Employer Strategies to Gain Value

- ❖ Change benefit structure
- ❖ Foster transparency for price and quality
- ❖ Differential pay for better performance
- ❖ Emphasis on wellness and prevention with consumer incentives
- ❖ Tiered networks
- ❖ Continued demand for integrated care management
- ❖ Absence management
- ❖ Realign incentives (e.g., “never events”)
- ❖ Work as coalitions to drive change (e.g. Leapfrog Group)
- ❖ Reliance on an increasing number of specialized vendors who “carve out” management functions
- ❖ Shift responsibility to unions

## BCBSA: The Pathway to Covering America

### Improving Quality and Value

#### 1. Encourage Research on What Works

America needs an independent institute to support research comparing the relative effectiveness of new and existing medical procedures, drugs, devices and biologics. We also must provide incentives to deliver safe, high-quality care.

#### 2. Change Incentives to Promote Better Care

The incentives in our system must be changed to advance the best possible care, instead of paying for more services that may be ineffective, redundant or even harmful.

#### 3. Empower Consumers and Providers

We must give consumers and providers the information and tools they need to make informed decisions. This starts with information systems to manage personal health records. In addition, consumers need to know how much they are paying and what they are getting for it.

#### 4. Promote Health and Wellness

We must promote healthy lifestyles to prevent chronic illness and work aggressively to help patients with chronic illnesses manage their own health.

### Expanding Coverage

#### 5. Foster Public-Private Coverage Solutions

We need to tailor our coverage plans to capture the diversity of the uninsured population so that no one gets "squeezed out" by cost, "misses out" on available government assistance or "opts out" because they do not think they need coverage.

## Consumer Engagement Strategies

### ❖ Clinical outreach

- Health Coaching
- Shared Decision Making
- Case Management
- Disease Management

### ❖ Transparency for Quality and Price

### ❖ Benefit Design Changes

- Copays and Coinsurance
- Consumer Directed Health Plans with Health Savings Accounts
- Value Based Benefits

### ❖ Worksite Wellness programs

### ❖ Consumer Incentive Programs

## Federal Imperative: Four Cornerstones

- ❖ Interoperable Health Information Technology
- ❖ Transparency for Quality
- ❖ Transparency for Cost
- ❖ Incentives for High Quality Healthcare
  - Encourage use of high quality, low cost providers
  - Provide incentives to high value providers
  - Provide incentives for prevention, wellness and self-management
  - Consumer directed health plans

## Transparency

- ❖ Goals:
  - Aid members in making wise decisions about using high quality physicians and facilities
  - Aid members in making wise decisions about obtaining value for their expenditures from health savings account
  - Provide real time calculator for liability at point of care
- ❖ Barriers to valid transparency data
  - Quality
  - Price

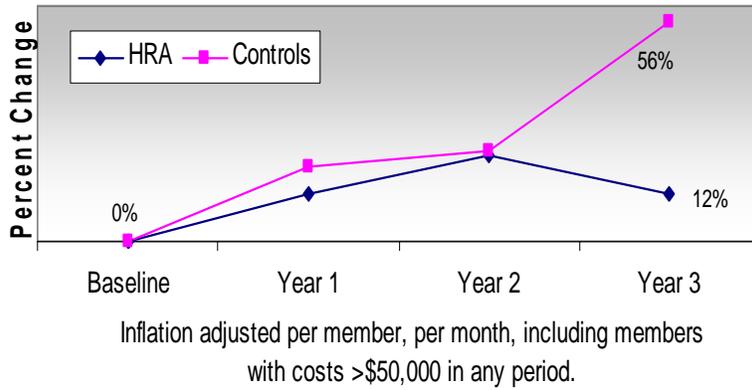
## Change Benefit Structure

- ❖ Differential Copayments
  - Tiered formularies
  - Value based formularies
- ❖ Increased Coinsurance: approach to specialty pharmaceuticals
- ❖ High Deductible Health Plans with Health Savings Accounts
- ❖ Move to benefit limit rather than determining medical necessity
- ❖ Differential premiums based on health behaviors
- ❖ Worksite Clinics

## Prevention and Wellness

- ❖ Business case has been made that prevention has a return on investment
- ❖ Employers are contracting with healthplans and independent vendors to manage worksite wellness programs
- ❖ Link to other categories of health related costs is next target (workers' comp, disability, productivity, etc.)

### Growth Comparison of Health Care Costs for Employees of Highmark Clients



## Health Risk Assessment Impact

### Impact on Customer Cost

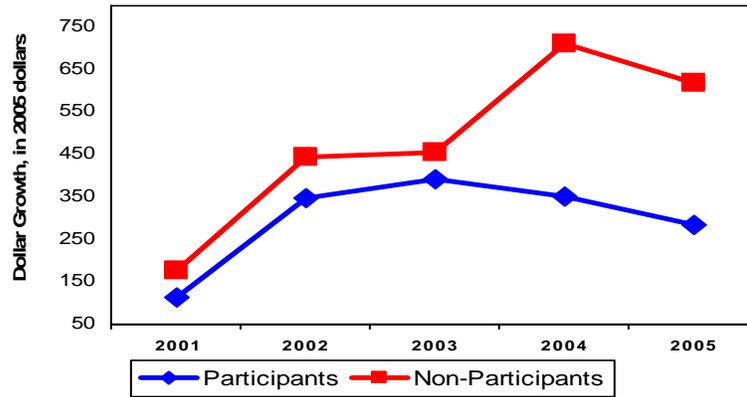
3-Year Trend Differences in Types of Health Care Costs  
*between HRA participants & matched controls*

	Total	Inpatient	Outpatient	Pharmacy	Professional
Health Risk Assessment Study N=3,392	-13.5%	-40.5%	-3.3%	+26.4%	-16.9%

While health care costs increased for both groups, HRA participants' health care costs increased at a slower rate than non-participants (excluding pharmacy) after accounting for inflation, baseline costs, co morbidity and demographic differences.

# Highmark Employee Wellness – ROI

Annual Growth in Inpatient Payments



# Wellness Programs

## Return On Investment Study

- ❖ Study published in the February 2008 *Journal of Occupational and Environmental Medicine (JOEM)*, a peer-reviewed journal
- ❖ Comprehensive Worksite Health Promotion Program with proven methodology was analyzed
- ❖ Rigorous financial methodology included deduction of full cost of the program and incentives from the ROI
- ❖ Solid ROI -\$1.65 was saved for every dollar spent. \$1.3 million was saved over four years

148 Highmark Wellness Program ROI - Nageltek et al

CME Available for this Article at [AACEM.org](http://AACEM.org)

### The Impact of the Highmark Employee Wellness Programs on 4-Year Healthcare Costs

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 Ron Z. Goetzel, PhD

**Learning Objectives:**

- Identify those elements of the Highmark Wellness Program that gained the most participants in the course of the 4-year study period.
- Compare employees who chose to take part in the program with cost-matched non-participants in regard to total healthcare expenditures, annual increases in healthcare expenditures, and access to incentives.
- Assess whether and in what way participation in wellness programs without spending for preventive care.

**Objective:** To determine the return on investment (ROI) of Highmark Inc.'s employee wellness programs. **Methods:** Growth curve analysis compared medical claims for participants of wellness programs versus risk-matched non-participants for years 2001 to 2005. The difference was used to define savings. ROI was determined by subtracting program costs from savings and alternative discount rates were applied in a sensitivity analysis. **Results:** Multivariate models estimated health care expenses per person per year on \$276 lower for participants. Inpatient expenses were lower by \$182. Free-charge savings of \$1,575,528 compared with program expenses of \$456,017 yielded an ROI of \$1.65 for every dollar spent on the program. **Conclusions:** Using sophisticated methodology, this study suggests that a comprehensive health promotion program can lower the rate of health care cost increases and produce a positive ROI. (*J Occup Environ Med.* 2008;50:148-156)

**Introduction:** The majority of studies have found that employees who participate in wellness programs have lower healthcare costs. However, relatively few studies have calculated the ROI of the organizational investment in these studies were consistently positive. Most notably, the study conducted by the authors between 2001 and 2005 did not calculate the occurrence from wellness programs were con-

tributing to Thorpe<sup>1</sup> about a quarter of the increase in health care spending in the United States between 1997 and 2002 can be explained by health conditions attributable to lifestyle changes among Americans, especially the dramatic rise in overweight and obesity rates. Existing medical evidence associated with behavioral and lifestyle risk factors is a public health priority for the nation.<sup>2</sup> Employees, then, are beginning to recognize that they play an important role in improving the health and well-being of their workers, and they can do so by providing evidence-based workplace health promotion programs.<sup>3</sup>

A 1999 survey of workplace health promotion, funded by the US Office of Disease Prevention and Health Promotion, reported that 90% of health promotion activity in workplaces offered at least one type of health promotion activity to workers.<sup>4</sup> However, updated survey results indicate that only about seven percent of employers provide comprehensive workplace programs.<sup>5</sup> To encourage the adoption of sufficiently intensive workplace programs, employers are seeking evidence that these programs not only improve workers' health but also achieve a positive return on investment (ROI).

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## Consumer Incentive Programs

### Highmark's *Lifestyle Returns*

Member responsibilities:

- ❖ Take online pledge
- ❖ Take Health Risk Assessment
- ❖ Obtain preventive exam and screenings
- ❖ Complete in two wellness or condition management programs
- ❖ Access online educational materials

Employer responsibility

- ❖ Provide incentive for completing 5 steps

## Highmark Lifestyle Returns Participation

Highmark Account employees

2005

9% Completed preventive exams

2006

60% took the pledge  
59% completed the wellness profile  
51% fulfilled exam and screening requirements  
48% participated in programs  
50% utilized self-care guides

46% Completed all five steps

2007

66% took the pledge  
64% completed the wellness profile  
59% fulfilled exam and screening requirements  
56% participated in programs  
58% utilized self-care guides

56% Completed all five steps

2008

66% took the pledge  
65% completed the wellness profile  
61% fulfilled exam and screening requirements  
60% participated in programs  
61% utilized self-care guides

59% Completed all five steps

## Lifestyle Returns expansion

Highmark Customer participation in 2008

- ❖ 383 Accounts
- ❖ 133,000 Eligible Individuals

## Questions

