



Plan Sponsor Experience with Value-based Benefits

EBRI-ERF Policy Forum #63 Outlook for Consumer/Patient Engagement in Health Care: 30 Years Into the Experiment

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Value-based benefit approaches...

- Health care strategy and design elements that achieve desired health outcomes of a covered population — through **customized incentives** that motivate **individual behavior change**
- Objective: Maximum value for both individuals and plan sponsors

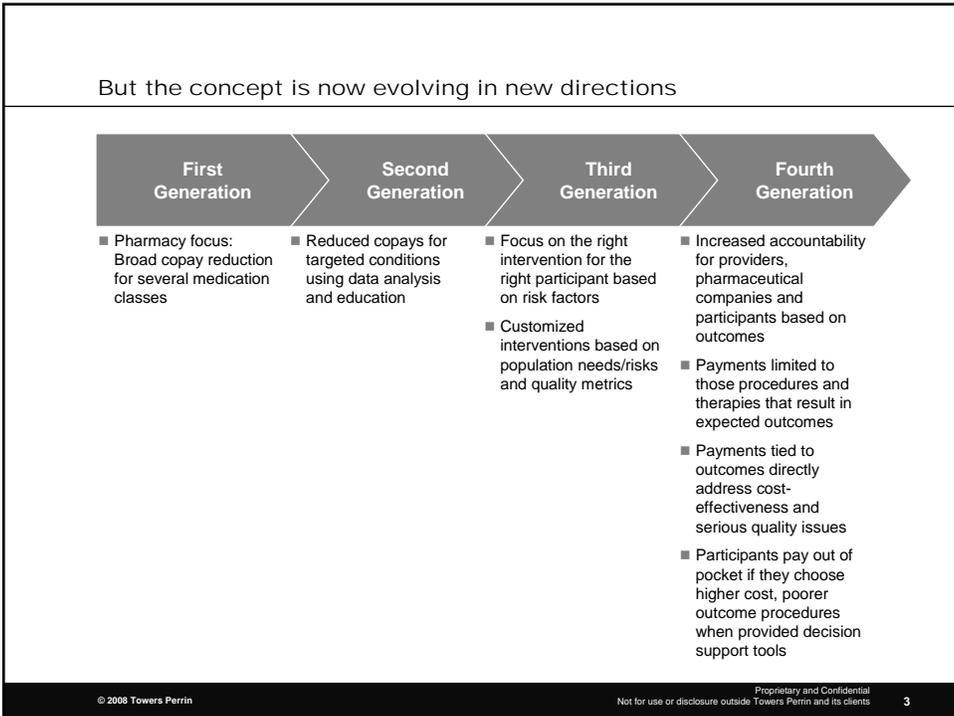
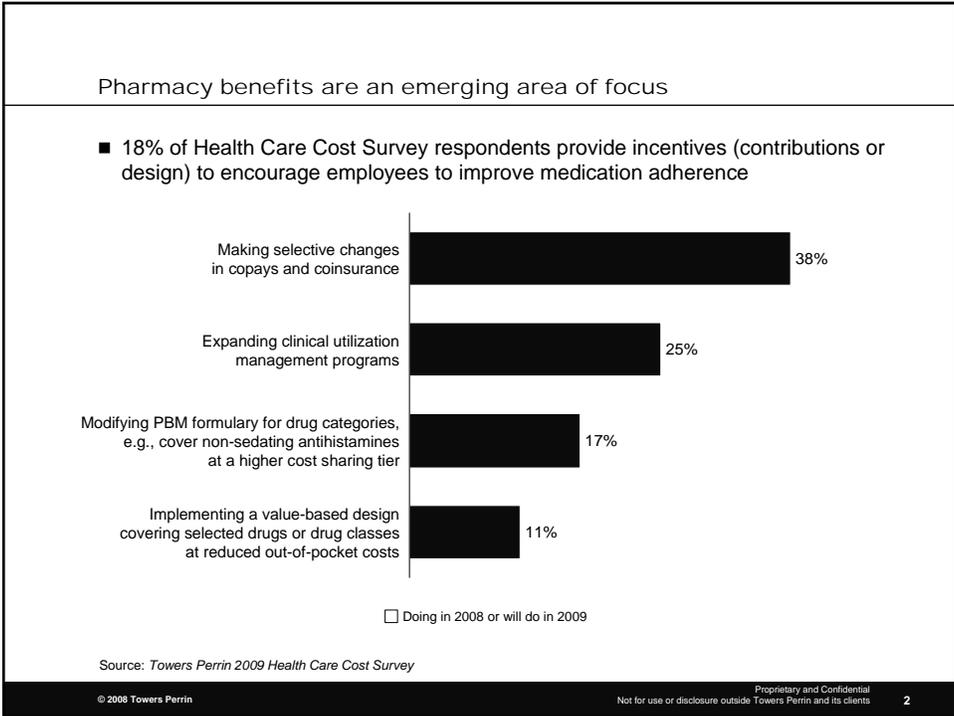
Goals
■ Moderate health care costs
■ Promote consumer engagement
■ Maximize value, and quality, of each dollar spent on health care
■ Achieve better health outcomes
■ Deliver a quantifiable health dividend to the organization

Sample Tactics
■ Elimination of potential disincentives to employees
■ Reduction/elimination of co-payments for certain conditions/therapies
■ Customized design for targeted population segments — based on clinical evidence
■ Plan design based on clinical evidence

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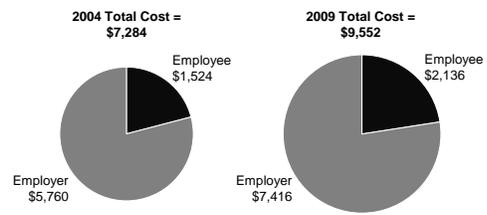
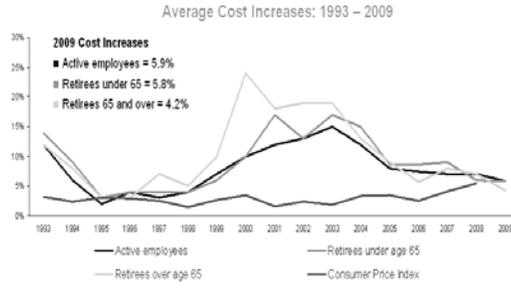
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A broader view: With costs continuing their relentless rise, employers want *value* for their health care spend

- Value-based design is taking hold — about 40% of respondents have some elements of value-based design in place
 - Using incentives to encourage completion of HRA, biometric screening, use of COEs and high-performing providers
 - Modifying cost-sharing — e.g., co-pay waivers, change from co-pays to coinsurance

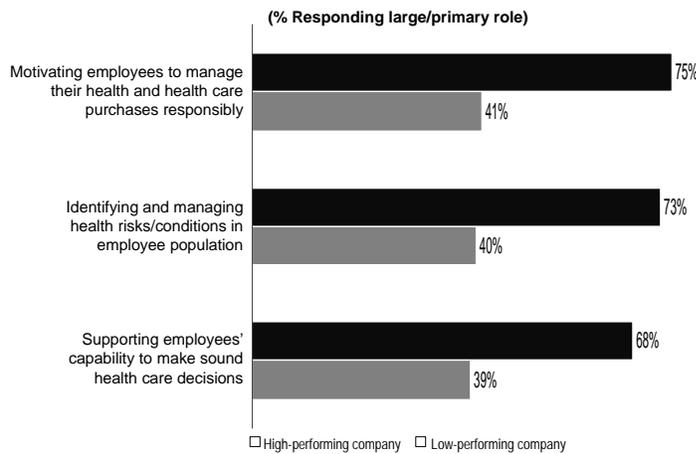


Source: Towers Perrin 2009 Health Care Cost Survey

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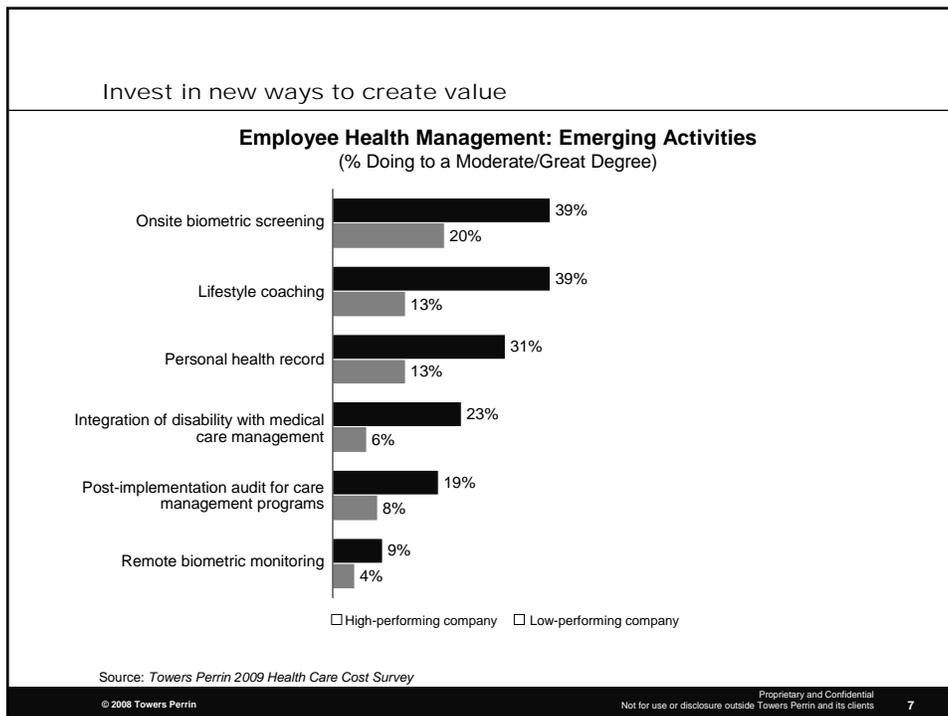
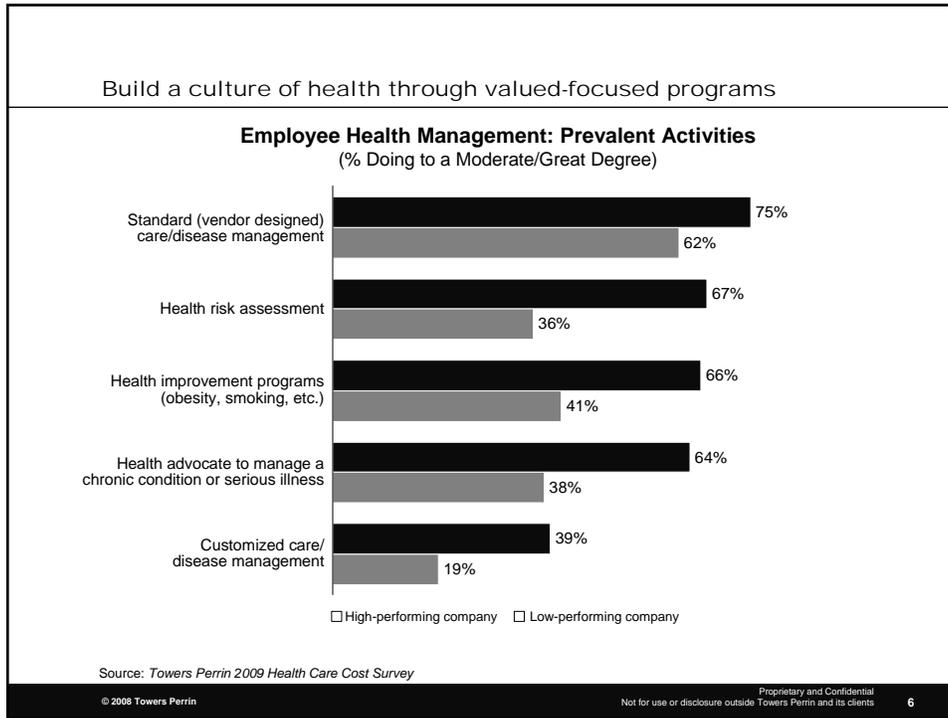
The next generation: Successful strategies require firm grounding in a culture of health

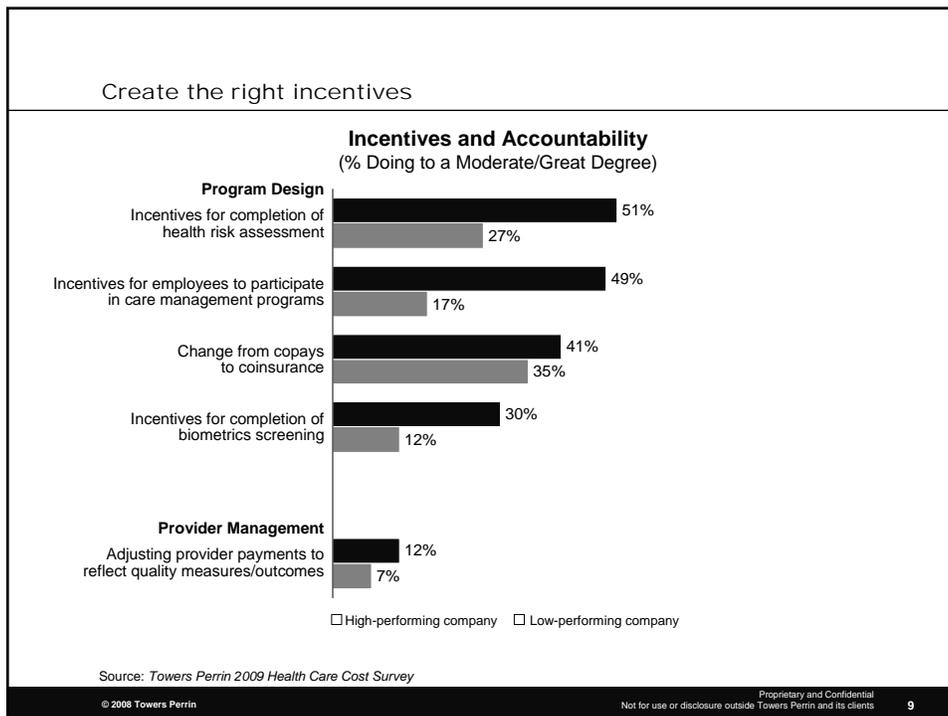
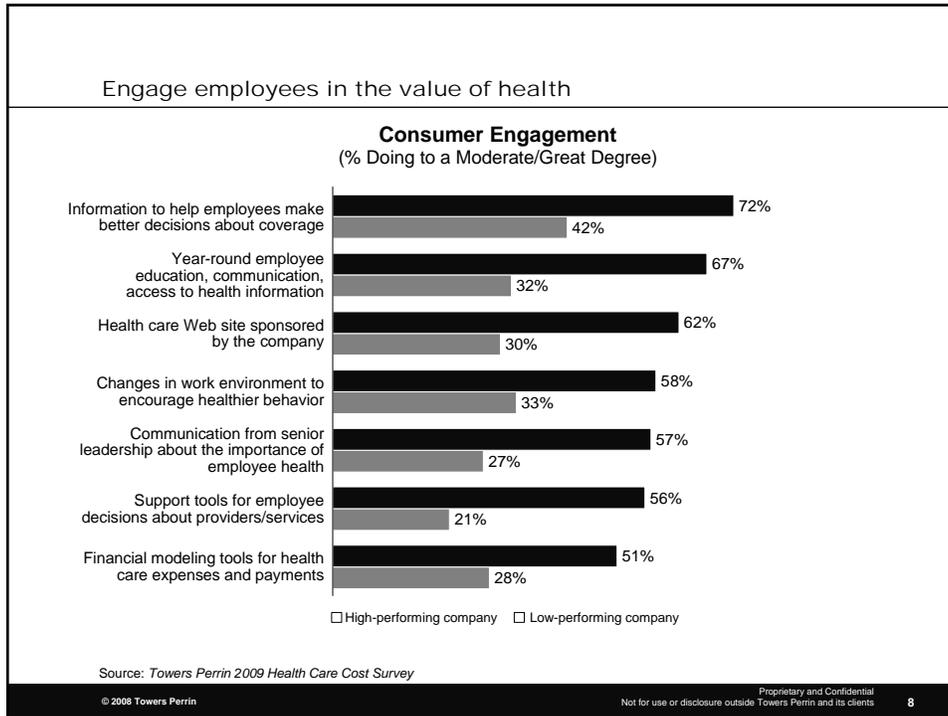
How do you describe your company's role today?

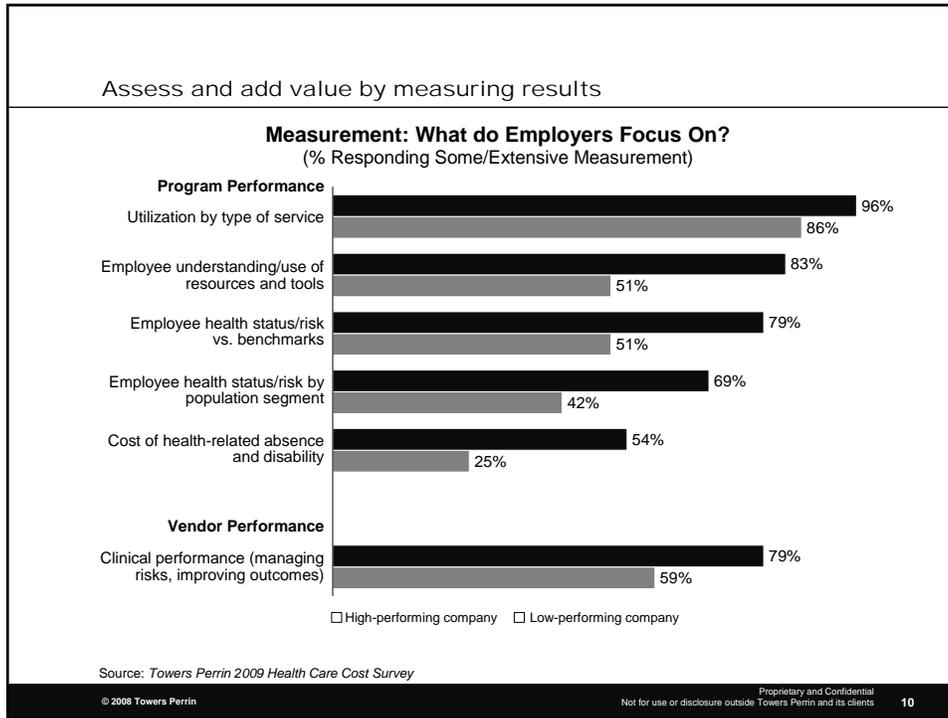


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Value-based strategies: Emerging principles

Strategic

- Longitudinal, flexible and aligned with company culture and goals
- Create benefits that deliver value — for both the company and employee

Focused

- Incentives provide easy access to high quality health care and treatments
- Incentives target productive behavior change, e.g., cash loses its effect over time (becomes an entitlement)
- Combines reducing financial barriers with increasing consumer accountability, e.g., prefer to have beneficiary lose weight and not need the medication at all

Comprehensive

- Holistic health management approach — beyond pharmacy

Forward-looking

- Supports next generation consumerism
- Eliminates co-pays for higher risk conditions for which there are high value/demand interventions
- Requires proactive consumer engagement and leads to sustained positive behavior

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Three-year diabetes pilot program

- Program Objectives
- Program Design
 - Value-based insurance design (VBID)
 - No cost medications
 - Health coaching
 - Education

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Diabetes Pilot Program

- Active enrollment
 - Requires commitment to behavior change
- Enrollment process
 - Three steps

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- Diabetes Pilot Program
 - Early enrollment results
 - Early successes
 - What we will measure