

# Value-Based Insurance Design

**A proactive approach to a healthier membership**

**The TriZetto Group, Inc.**

**TOMORROW  
BEGINS** today™

**with  
Integrated  
Healthcare  
Management**

**Value-based insurance design. Tomorrow begins today™.**

Today's employers increasingly demand more-effective and innovative benefit options from payers. Value-based insurance design (VBID) principles help align consumer incentives with the use of high-value services, offering an opportunity for quality improvement, cost savings and reductions in unnecessary and ineffective care. New TriZetto research shows that payers, employers, providers and consumers are in agreement about the potential benefits of VBID and that demand for VBID is significant. Administering VBID plans requires a range of systems and processes to incent positive consumer behavior. It also requires extensive automation, which enables payers to achieve scale. Understanding the value of making a strategic investment in VBID benefit offerings today is crucial, and can move payers toward Integrated Healthcare Management.

WHITE PAPER

**Integrated Healthcare Management** is the systematic application of processes and shared information to optimize the coordination of benefits and care and maximize the value of every healthcare dollar spent.<sup>vi</sup>

**High-value services** are those that provide the most health per dollar spent, or are proven to keep patients from requiring higher-cost care downstream. To be considered high-value, services must be evidence-based for a patient's unique health status. Commonly cited examples of high-value care include drug therapies and cancer screenings that are proven to prevent future high-cost events for certain patients. When patients forgo these services in order to avoid the initial cost, we can expect severe, high-cost events or worse outcomes.<sup>vii,viii,ix</sup>

## Introduction

Healthcare thought-leaders from Michael Porter to the Institute of Medicine are criticizing the lack of value we receive in the United States for our healthcare dollar.<sup>ii</sup> Delivery models with misaligned incentives, limited consumer engagement, lack of transparency and fragmented systems all contribute to soaring costs and a deepening affordability crisis. As The TriZetto Group, Inc., Founder and Chairman Jeff Margolis recently stated: "The challenge is not solely one of cost-containment, but of value improvement. We must get more value for every healthcare dollar spent, and to do that we must address benefits design along with both the unit cost and volume of care."

Employers, as the key purchasers of healthcare, are increasingly pursuing value-based purchasing strategies.<sup>iii</sup> As a result, the industry has seen extensive research on, and pilot programs of, value-based incentives. Notable examples include programs developed by innovators such as Pitney Bowes Inc., and the National Business Coalition on Health.

Part of the demand for value has arisen as a response to recent attempts to decrease the demand for care through patient cost-sharing, most commonly in the form of consumer-directed health plans (CDHPs) or high-deductible plan benefit structures. The cost-shifting in these plan designs alters the purchase decision as intended—usually by reducing consumption of healthcare services—but it is a blunt instrument. Many CDHPs are designed with universally higher deductibles and out-of-pocket costs and have a well-documented consequence of discouraging the use of high-value medical services as well as low-value services.<sup>iv,v</sup> The avoidance of necessary and highly beneficial care is an unacceptable outcome of CDHP plan designs. If left unaddressed, it may lead to higher costs in the future. With steady pressure on employers to decrease their healthcare costs, it should come as no surprise that the drumbeat for value-based solutions grows steadily louder.

One of the underlying principles of Integrated Healthcare Management (IHM) is that health plans have the opportunity to improve the overall cost and quality of care by optimizing the systems and processes that coordinate benefits and care. Value-based insurance design (VBID) is one of the best strategies to accomplish that. Health plans are uniquely positioned to lead the effort to refine cost-sharing and become more value-driven. They can do so by using the rich data they possess to create smarter incentives. The data-driven approach to benefit design can be further strengthened by the application of evidence-based medicine.

This paper discusses the concept of VBID, new research on market-readiness for VBID strategies, results achieved by employers implementing VBID, what payers can do to identify the potential benefits of a VBID strategy on their business and how to effectively administer VBID plans. New research is introduced from a survey commissioned by TriZetto and conducted by an independent research firm in late 2009.

## Defining Value-Based Insurance Design

VBID is a benefit-design strategy that incents individuals to use higher-value healthcare services and establishes financial barriers to potentially reduce the inadvertent use of lower-value services.<sup>x</sup> The underlying premise of VBID is that when barriers for essential, effective services are removed, consumers will use more of those services, patient health status will improve, and purchasers will get more value from the healthcare dollar. VBID can be applied to healthy consumers, to help them stay on track, or to individuals managing one or more chronic conditions. With VBID's focus on impacting the demand for care, more large employers are pushing for VBID options when choosing health plans and other health vendors.<sup>xi</sup>

What do value-based insurance designs look like? Consider the example of copayments for a drug treatment for asthma. Lower copays lead to higher utilization of the drug.<sup>xii</sup> Through VBID design, this higher utilization can be aligned with better compliance with evidence-based guidelines for proper use of asthma medications. That, in turn, results in healthier members over the medium to long term.<sup>xiii</sup> Although prescription-drug costs will increase as utilization of asthma medications increases, experts note that total medical costs associated with patient non-compliance go down, as do acute events such as emergency room visits.<sup>xiv,xv</sup>

## Building a Case for VBID

Employers have led the charge for VBID over the past few years, largely because of their role on the front lines of healthcare cost increases, as well as their ability to impact the consumer decisions that drive those costs. Employers have watched premium levels increase 120 percent from 1998 to 2008, nearly three times the pace of inflation, so it's not surprising they seek health plans that can help them innovate and find ways to slow premium level growth.<sup>xvi</sup> With 75 percent of today's costs linked to lifestyle choices and chronic-condition mismanagement,<sup>xvii</sup> employers need benefit options that engage individual employees and impact health behaviors.

However, financial returns may not materialize for a few years. A champion of VBID, Mark Fendrick, M.D., emphasizes that cost savings cannot be the only goal of VBID. Fendrick is co-director of the Center for Value-Based Insurance Design and professor of internal medicine and health management and policy. The path to value requires paying for high-value services, which may increase costs, especially in the short run, Fendrick argues. Lower costs are a medium- to longer-term expectation, based on better health outcomes.

According to a white paper from the Patient-Centered Primary Care Collaborative, for employers, "VBID represents a calculated risk to employers that an investment to promote prevention and wellness or reduce poor outcomes for those already sick will have either a financial or productivity return. There is some evidence that this is the case; however, VBID is a value purchasing strategy, not simply a low-cost purchasing strategy."<sup>xviii</sup>

The new opportunity for payers is to match incentives more closely with behaviors that are clinically relevant. Specifically, employers are looking to payers to pair financial-incentive research with evidence-based medicine on an individual basis so that employees are motivated to engage in behaviors proven to reduce future risk, and by extension, reduce future costs. VBID is first and foremost an investment in health, not simply a newer cost-shifting strategy.

Even so, significant research has been conducted regarding the influence of financial incentives on individual decision-making in healthcare.<sup>xix</sup> VBID pairs this research with evidence-based medicine, on an individual basis, so that consumers are motivated to choose behaviors proven to reduce future risk, and by extension, reduce future costs. Early evidence of the return on investment in VBID has been shown for individually-targeted incentives. ROI has also been shown with respect to the favorable impact that VBID has on modifying behaviors such as smoking.<sup>xx,xxi</sup> Through initiatives like the National Business Coalition on Health's EValue8 program, employers now have access to a growing body of information with which to assess health-plan investments in value-based strategies.

### A common four-step approach to planning a VBID offering involves:

#### 1. Identifying Opportunities

VBID uses patient incentives to improve health and avoid unnecessary care. Numerous pilot programs have achieved these objectives through two basic approaches: removing financial barriers to high-value care and incenting positive health behaviors; and implementing financial barriers that discourage use of less effective and more dangerous services.<sup>xxii</sup>

As TriZetto's Jeff Rideout points out, "Healthcare payers today have an opportunity to align value-based provider reimbursement models and member incentives to help drive behavior and impact the quality and appropriateness of care, not just the unit cost of care." Rideout is TriZetto's senior vice president of care and cost management as well as the company's chief medical officer.

“The key is to design processes, incentives and technology solutions that are dynamic—that adjust to the workflows of clinicians’ practices and to the wide-ranging responses of consumers,” advises TriZetto’s Rideout.

Most VBID plans target behaviors related to prescription medications for chronic disease. However, over the past several years, VBID plans have expanded to include incentives that impact treatment choice, provider choice, medications and supplies, adoption of healthy behaviors, use of preventive services, and use of health/disease management programs.

The financial impact of a VBID strategy depends on how well the benefit design is structured. According to the Patient-Centered Primary Care Collaborative, “The financial impact of VBID programs depends on program design features, including the direction and magnitude of copayment changes and the extent of targeting. Available evidence suggests that programs that raise cost-sharing for low-value services are most likely to save money, particularly in the short term.”<sup>xxiii</sup>

## 2. Designing Incentives

Incentive design should be based on what is appropriate for the target population and on the behavior modification desired. Aspects of design that should be customized to each segment of the target population include:

- Benefit modification (e.g., premiums are reduced if a checklist of activities is completed)
- Reward mechanism (e.g., a gift card is mailed if an individual completes a cancer screening)
- Size and timing of rewards or benefit modifications
- Monitoring claims and progress toward health goals

The National Business Coalition on Health offers extensive recommendations on how to use these different “levers” and engage individuals to help ensure that incentives are adopted and behaviors are changed. The recommendations are detailed in the coalition’s white paper, “Value-Based Benefit Design: A Purchaser Guide.”

## 3. Targeting Populations

A critical element of VBID involves varying benefit design member-by-member. Member specificity is important when trying to incent services based on their “value.” Services that are of high value for a 55-year-old woman with a family history of colon cancer are different from those that are of high value for a 28-year-old man trying to manage his diabetes and lead an active lifestyle.

The Center for Value-Based Insurance Design has outlined four basic approaches to targeted design:

- Service: Reduce financial barriers to a high-value service for all patients
- Condition: Reduce financial barriers to a high-value service for patients with a history of the condition
- Condition severity: Reduce financial barriers specific to high-risk patients
- Level of engagement: Reduce financial barriers if patients show willingness to engage in behaviors that improve their health and care

These tactics can be used individually or in combination in value-based plan designs.<sup>xxiv</sup>

## 4. Supporting Behavior Change

Finally, the integration of behavior-change tactics with member-specific financial incentives can heighten the impact of a VBID program. The University of Michigan’s Center for Value-Based Insurance Design has found that successful value-based design “uses a total health management approach and an investment philosophy to develop an insurance plan, incentives, and disincentives to nudge employees to the desired choices and behaviors.”<sup>xxv</sup> A handful of pilot programs, for example, have paired disease management services with VBID benefit offerings. More innovation in behavior change paired with VBID is expected in the future.

## Wide Demand for VBID

In late 2009, independent researchers commissioned by TriZetto surveyed more than 1,700 employers, consumers, brokers, providers and payers, asking about their perceptions of VBID. The researchers found that these constituencies held favorable opinions of VBID and its ability to change consumer behavior by engaging consumers to make better decisions regarding their health.

The survey shows that key stakeholders in the healthcare dialogue view VBID as one of the best designs to address three major challenges:

- Improving adherence to evidence-based care, thus improving health
- Reducing healthcare costs and unnecessary care
- Positively impacting payers' business

VBID is of particular interest to employers, who indicated that it not only can help reduce costs but also provide a competitive advantage in employee recruitment. Healthcare payers participating in the survey noted that the growing demand for VBID creates a valuable opportunity for payers to reduce costs and gain a competitive edge. The depth and breadth of market enthusiasm for VBID suggests that the time is ripe for change.

## Survey methodology

The online survey was conducted in October–December 2009 by a third party on behalf of TriZetto. The intent was to gauge healthcare stakeholders' perceptions of value-based insurance design. Reliability of the results is at the 95-percent confidence level. Respondents consisted of:

- Payers: 157 payer-organization representatives at the manager level and above, primarily in the commercial market
- Brokers: 200 brokers, averaging between one and 49 employees
- Employers: 200 employer representatives, all of whom have a role in selecting/purchasing insurance benefits, predominantly in smaller organizations
- Providers: 203 clinicians, mostly in specialty/sub-specialty private practice, with 10 or more years' experience
- Consumers: 1,001 consumers, in good health and with an average age of 44

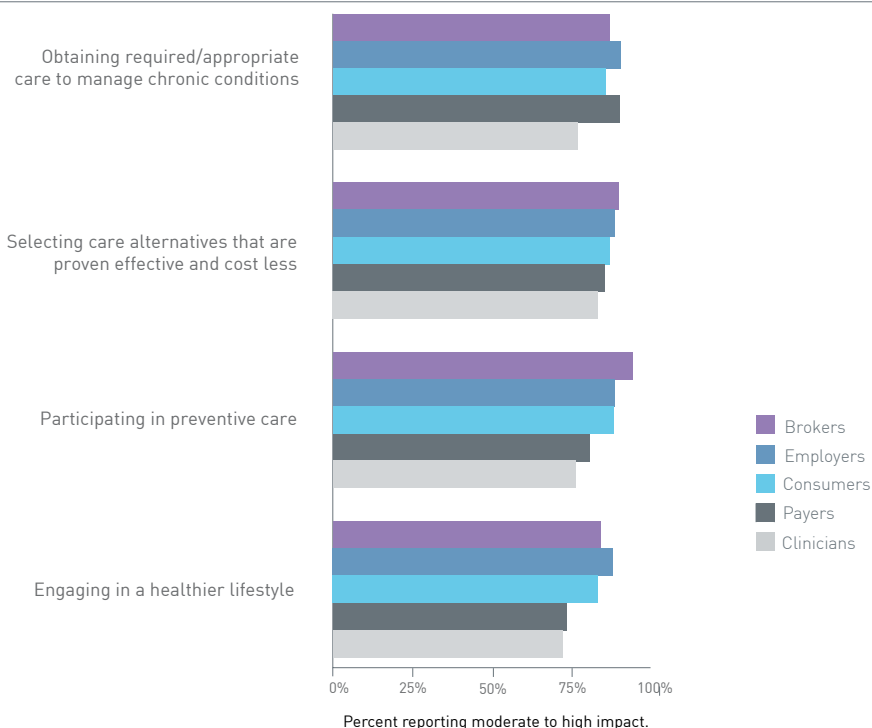
## VBID Expected to Have Positive Impact on Health

More than 70 percent of survey respondents (and an overwhelming 80 percent of employers and brokers) said they believe VBID will motivate positive changes in individual health in four ways: engaging members in healthier lifestyles; getting members to participate in preventive care; getting members to select care alternatives that are proven effective and cost less; and motivating members to obtain appropriate care for chronic conditions. Providers expect VBID to improve the health of patients and help direct patients toward more appropriate care.

### VBID and chronic care.

Pitney Bowes, Inc., has long been recognized as a pioneer in offering VBID to its employees. The Stamford, Conn.-based company, which provides free medications for asthma and diabetes care, has reported a 19 percent decrease in costs per asthma patient and a related reduction in absenteeism as a result of better medication adherence.<sup>xxvi</sup>

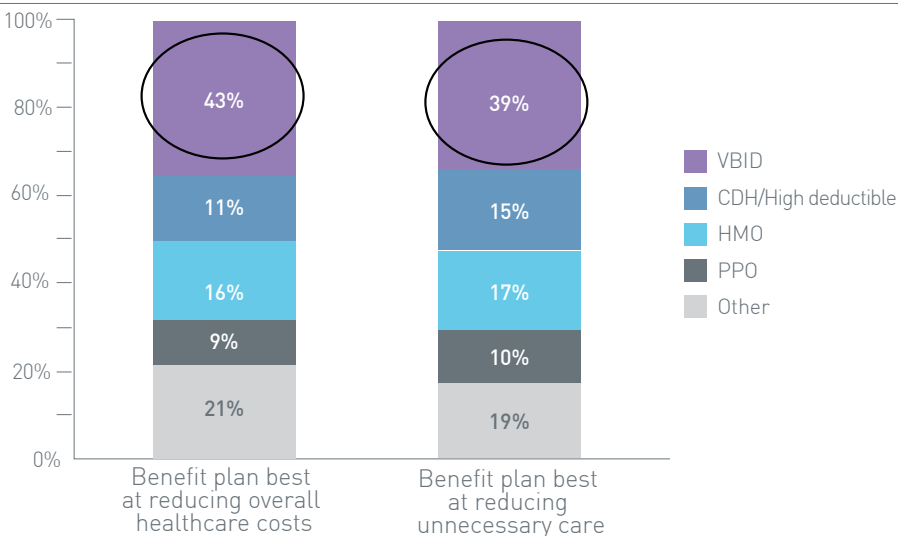
## ALL CONSTITUENTS FEEL VBID WOULD HAVE HIGH IMPACT ON HEALTH DECISIONS



### VBID Perceived as Today’s Best Option to Reduce Healthcare Costs and Unnecessary Care

In comparison with other types of benefit plans—in the survey questionnaire, choices included HMO, PPO, consumer-directed healthcare or high-deductible, and “other”—VBID was viewed as the best option for reducing healthcare costs. From our research, across all stakeholder groups, 43 percent of respondents said VBID is best for reducing costs, and 39 percent said it is best for reducing unnecessary care. According to 74 percent of payers participating in the survey, these new designs can have a high or moderate impact on reducing overall healthcare costs.

## ALL CONSTITUENTS AGREE VBID WOULD BE BEST AT REDUCING OVERALL HEALTHCARE COSTS AND REDUCING UNNECESSARY CARE



## How might this work?

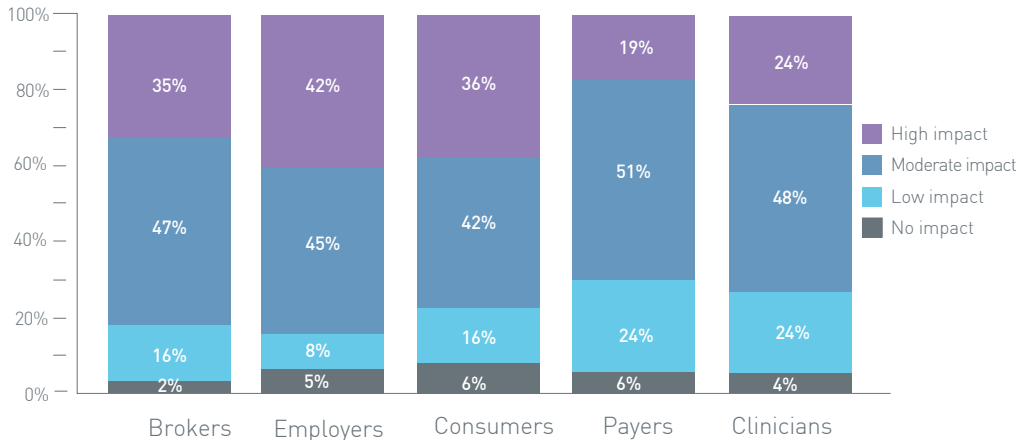
The City of Asheville, N.C., developed a VBID program targeting diabetes and, over a five-year period, reported a 50-percent decrease in average annual sick leave. The medical-cost trend was 58 percent lower than expected.<sup>xxvii</sup>

### VBID Expected to Have a Positive Impact on Payers' Business

The TriZetto survey found that payers believe VBID will have a positive impact on their business. In particular, payers expect multiple business opportunities to develop as VBID reaches the market:

- **Growth.** Seventy-five percent of the payers said that VBID will have a moderate or high impact in helping them win more new business.
- **Persistency.** VBID will have a moderate or high impact on the payers' maintaining or increasing persistency (retention) rates, according to 73 percent of the payer respondents.
- **Plan-switching.** While 70 percent of payers surveyed said VBID availability will have a high or moderate impact on employers and individual consumers' switching insurers, an even higher percentage of employers, brokers and consumers said they expect sponsors/members to abandon existing plans and switch to VBID plans. Employers were the most likely constituent group to say plan-switching would occur.

### ALL CONSTITUENTS AGREE, VBID WILL ENCOURAGE SWITCHING TO A DIFFERENT INSURANCE COMPANY



### Constituents Are Willing to Participate

For VBID, tomorrow really can begin today. According to the TriZetto survey, if a VBID plan were available to them, 85 percent of employers would be very or somewhat likely to offer the plan, and roughly the same percentage of consumers would be very or somewhat likely to enroll in it. The vast majority of payers and brokers said they would be very or somewhat likely to offer/sell VBID plans.

### Long-term value of VBID

Experts at the Center for Value-Based Insurance Design say that, over time, value-based benefits can favorably impact costs. "The initial costs to employers will increase, but we are really convinced by the data that you can bend the (cost) trend," said center co-director Mark Fendrick, M.D., quoted in an April 2010 article in Crain's Detroit Business. "The return on investment is positive. In the beginning, it is not as rosy, but the longer-term ROI looks better because you are avoiding ER visits and hospitalizations."

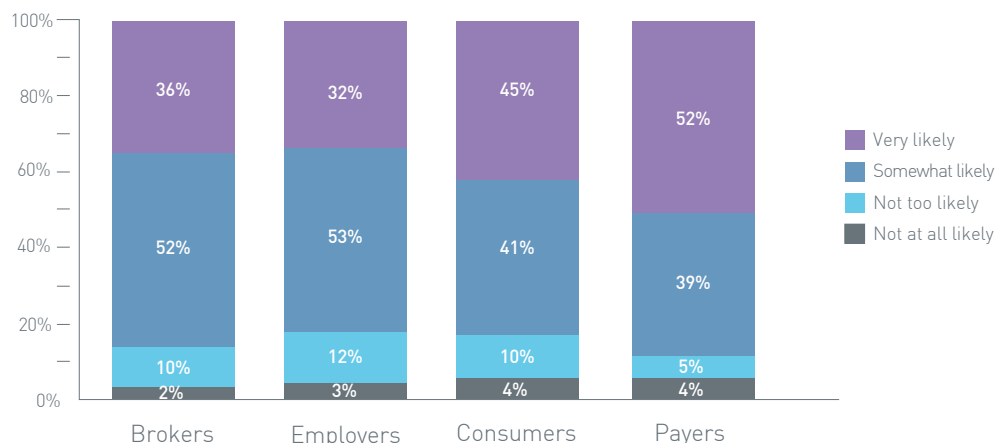
The growing demand for VBID creates an opportunity for payers to gain a competitive edge in the market.

Employers who said they would switch to a VBID plan offered several reasons. Eighty-three percent\* said that offering VBID “will be a financial necessity (for employers) because it will lower costs,” and 42 percent\* said VBID will provide a competitive advantage in recruiting employees.

Brokers who said they would offer VBID gave several reasons: 78 percent\* said that selling VBID will be necessary if brokers are to remain competitive and 43 percent\* said they want to sell VBID because they “want to be a market leader.”

*\*Survey respondents were allowed to select multiple choices.*

## ALL CONSTITUENTS ARE LIKELY TO OFFER, SELL OR ENROLL IN A VBID PLAN



### What Payers Need to Do Today

The growing demand for VBID creates an opportunity for payers to gain a competitive edge in the market, but only if member-specific benefits and incentives are cost-effectively implemented and managed.

#### Assessing Payer Readiness

When assessing readiness to offer VBID, consider five key areas of effective VBID administration:

##### 1. Identify and segment populations

- Identify clinical populations within your membership or within an employer group that may be positively affected by VBID. This could also include identifying those members most likely to be motivated to change behavior in response to incentives or those members most at risk for health problems if they don't change behaviors.

##### 2. Design products and incentives consistent with VBID principles

- Identify and select specific high-value services for which you want to reduce barriers— notably, out-of-pocket costs—to member utilization.
- Identify all the claim detail for selected conditions for enhanced benefit claim adjudication.
- Recognize that different VBID designs are needed for fully insured members versus administrative services only customers, different population mixes, and other employer characteristics.
- Create optional incentive programs that employers may elect to add to the VBID plans.
- Customize member rewards to meet an employer's financial requirements and incentive-mechanism preferences.

VBID can transform the delivery of medical benefits in ways that improve population health and increase the value obtained for every dollar spent on healthcare.

### **3. Connect programs, participants and systems**

- Identify members who have the selected conditions and automatically enroll members in appropriate programs.
- Automate the relationships between specific incentive programs and VBID plans to employer groups, or divisions within an employer group.
- Integrate and automate the connection between systems to enable end-to-end operation of incentive programs.

### **4. Perform ongoing monitoring, benefits adjustment and rewards distribution**

- Identify members who have “earned” enhanced benefits and, during claims adjudication, adjust their out-of-pocket costs accordingly. Others who are enrolled in the same medical product and who are from the same group receive benefits at the standard level.
- Track member participation in programs and issue rewards promptly upon completion of required activities.
  - Rewards may take the form of cash, gift cards, health reimbursement arrangement (HRA) or health savings account (HSA) contributions, enhanced medical and/or pharmacy benefits, and more.
- Review patient claims history to determine who is in or out of compliance with evidence-based guidelines for care.
- Automate compliance-determination for each member.
  - Examples of compliance screening include:
    - Reviewing database to find female members over age 40 who are in affected groups and have had mammograms in response to an incentive offering, so that these members can receive rewards accordingly.
    - Screening a feed of biometric testing results to identify members who have cholesterol values within reward ranges appropriate to their condition and their demographic characteristics, and then modify benefits for those members for upcoming services.

### **5. Get members engaged**

- Roll out programs to educate members and engage them in the management of their condition(s). Some programs may be executed through partnerships with third-party vendors.
- Provide member views, via Web tools, into available VBID programs, particularly those programs in which they are participating, and views into their status in these programs.
- Provide customer service representative views into member activities and available programs to support responsiveness to member questions/concerns.

VBID administration requires significant coordination, planning and tracking, but it can transform the delivery of medical benefits in ways that improve population health and increase the value obtained for every dollar spent on healthcare. The good news is that solutions now exist to facilitate and manage these complex transactions and processes at the individual member level.

## **Integrating VBID systems**

VBID systems include eligibility systems, VBID plan-design repositories, third parties' systems (wellness promotion, health education, disease management), reward-vendors' systems, member Web applications and more.

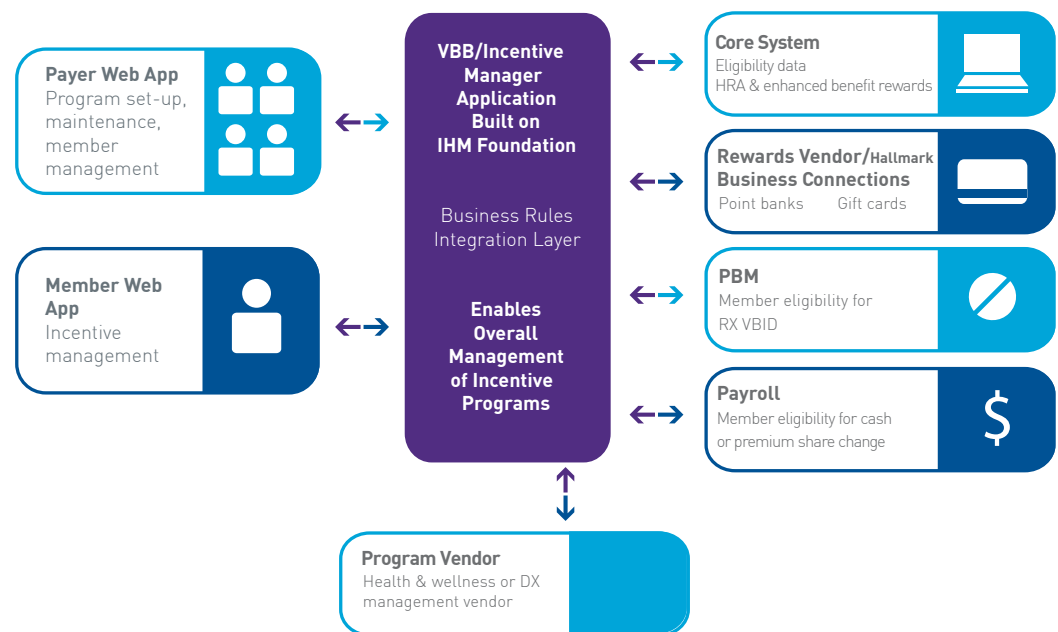
## Getting started

Payers that aren't ready to launch multiple VBID plans today need not sit on the sidelines. At the TriZetto 2008 Executive Vision Summit, Mark Fendrick, M.D., encouraged payers to take an incremental approach. Identify one intervention that is: a) underutilized, b) of importance to the clinical outcomes of the population and c) for which barriers exist. Remove the barriers and analyze the results. "If you are like the other champion organizations that have taken up our charge to do this with one thing, you'll find that, in the following year, you'll do two or three more, because employees like it, physicians like it and, I think, ultimately, the bottom line will like it," Fendrick said.

Administering VBID plans with siloed IT systems may prove costly and time-consuming. Accurate and timely integrated data can drive the ability to continually adjust benefits according to member actions, to correctly process claims, administer incentives, answer member questions, and engage members appropriately. With VBID, new systems, functions and vendors are likely to be introduced into the mix—for example, a personal health record for member self-management, or a rewards provider that can automatically disburse a reward when a member achieves an evidence-based care milestone—and this elevates the need for an integration strategy.

However, before payers consider the extensive system integration required to implement VBID plans, it's important that they have a core administration system that maximizes automation and that provides expanded business functionality and ease of integration. Integration of technologies and processes in core administration, care management and constituent engagement is critical, as it enables payers to configure new plans quickly, share data across the enterprise—and with program and reward vendors outside the enterprise—and process claims, engage members, deliver incentives, and perform other functions accurately and quickly, with a minimum of manual labor.

## HOW AN INTEGRATED, AUTOMATED SOLUTION WORKS



**Money talks—and motivates.** According to most participants in the TriZetto survey, financial incentives are more likely to motivate changes in health behaviors than other kinds of incentives. Cash, premium reductions and premium holidays as well as reductions in co-pays/co-insurance were far more highly rated than were retail discounts and systems involving points and gifts. Notably, payers thought the incentive amount needed to change behavior was significantly less than the other constituent groups.

THE TOP INCENTIVES CONSTITUENTS SELECTED INCLUDE:  
CASH, PREMIUM REDUCTION/HOLIDAY AND  
CO-PAY/CO-INSURANCE REDUCTIONS

Incentives	Payers	Brokers	Employers	Consumers
Cash	34%	26%	42%	40%
Premium Reduction/Holiday	26%	50%	30%	30%
Co-pay/co-insurance reduction	34%	21%	23%	22%
Point and gift system	4%	3%	3%	5%
Retail discounts	2%	0%	1%	1%
Some other incentive	0%	0%	1%	1%

PAYERS THOUGHT THE INCENTIVE AMOUNT NEEDED  
TO CHANGE BEHAVIOR WOULD BE SIGNIFICANTLY  
LESS THAN THE OTHER CONSTITUENT GROUPS

Incentive Dollar Amount	Payers	Brokers	Employers	Consumers
Less than \$50	26%	19%	20%	17%
\$50 - \$99	18%	16%	11%	9%
\$100 - \$149	20%	27%	21%	16%
\$150 or more	14%	21%	20%	24%
Don't know	22%	17%	28%	34%
<b>Average</b>	<b>\$111</b>	<b>\$342</b>	<b>\$392</b>	<b>\$406</b>
<b>Median</b>	<b>\$50</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>

The TriZetto survey illustrates that a carrot is preferable to the stick when it comes to behavior change. Few survey respondents said that penalties such as higher co-pays would be productive. Only 3 percent of employers and consumers, for example, indicated a preference for penalties. These findings are consistent with the results of an independent research study conducted by Midwest Business Group on Health, which found that employees are open to the use of incentives and disincentives, but they perceive incentives as more powerful than disincentives in changing behavior.<sup>xxviii</sup>

However, many experts on VBID have noted that offering incentives alone will not deliver results. Payers also must engage members, guiding them toward effective care and healthier lifestyles. To do this cost-effectively requires automated, personalized communications and care management capabilities that leverage accurate and current member-specific data from the core system and other data sources.

## Integrated Healthcare Management and Value-Based Insurance Design

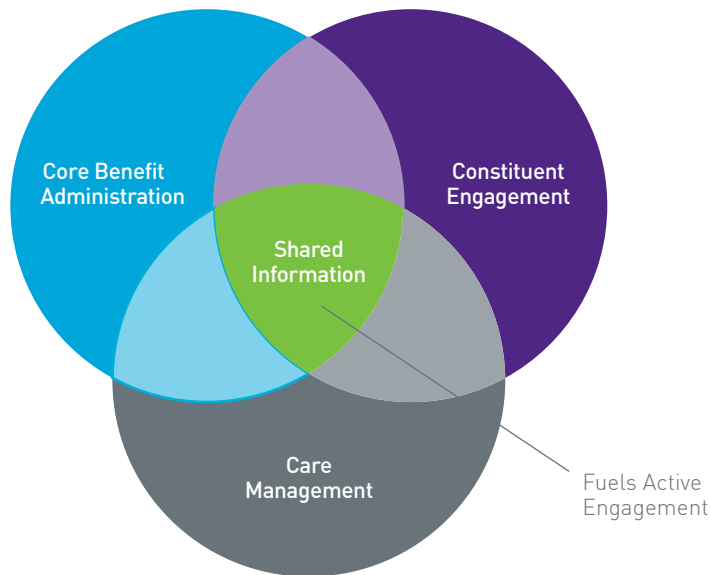
Integrated Healthcare Management (IHM) provides the framework for solutions that can help address the healthcare challenges we face today. IHM also serves as the foundation for TriZetto's overall solution strategy, including its VBID solution.

TriZetto defines IHM as the systematic application of processes and shared information to optimize the coordination of benefits and care and maximize the value of every healthcare dollar spent. IHM is fueled by the convergence of core benefit administration, care management, and constituent engagement. The intersection of these competencies enables payers to leverage data to more systematically stratify, engage and reward constituents and personalize interactions with them in order to motivate healthy behaviors, increase the effectiveness of treatments, reduce the cost of care and drive better results. VBID is an important lever in achieving IHM.

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### KEY ELEMENTS OF IHM ARE POWERED BY TRIZETTO CORE, CARE AND CONSTITUENT ENGAGEMENT SOLUTIONS

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Health plans have the opportunity—today—to begin the transformation to IHM and to drive increased value by developing value-based insurance designs that encourage people to do the right thing and that remove barriers to effective care. VBID represents an important step on the path toward IHM. As payers progress toward IHM, they also are likely to implement value-based reimbursement (VBR) models for providers, which reward effective care and discourage the provision of unnecessary and ineffective care. Like VBID, VBR initiatives require both integration and automation.

## **Tomorrow Begins Today. The TriZetto® Value-Based Benefits Solution**

The TriZetto® Value-Based Benefits Solution is an automated, integrated solution that enables payers to customize benefits and incentives for individual members based on member health status, chronic conditions, and health and wellness activity. Two patents are currently pending for the TriZetto Value-Based Benefits Solution.

Integrated with the TriZetto® Facets™ and QNXT™ core administration systems, the Value-Based Benefits Solution provides member-level benefit eligibility indicators, efficient value-based benefit configuration capabilities, and enhanced claims-processing functionality. The solution enables payers to:

- Provide employers with VBID programs designed to improve employee health and productivity while lowering employee out-of-pocket costs.
- Support incentive programs that feature HRA contributions, cash, and other rewards.
- Replace manual processes with automation, reducing administrative costs and complexity.

### **The TriZetto Value-Based Benefits Solution contains:**

- A Web-based tool with which payers can configure and manage VBID plans.
- Real-time integration with Facets and QNXT, for group and member eligibility and triggering enhanced benefits at the member level.
- A member Web application (or Web services) that payers can deploy within member Web portals.
- An integration platform that enables communication—either real-time or file-based—with program and reward vendors.
- Optional automated integration with TriZetto partner Hallmark Business Connections, which enables plans to create a completely customized reward solution: gift cards (to more than 350 leading retailers, catalogs, restaurants and entertainment companies), Hallmark Greeting Cards, virtual and print-to-desktop monetary awards, and Visa Prepaid debit.
- Optional benefit-design templates to identify which services should have reduced patient out-of-pocket costs for specific patient groups which are available for diabetes, coronary artery disease, asthma, smoking cessation and depression (offered through a partnership with the Value-Based Insurance Design Institute).

**TriZetto Advantage Services™.** TriZetto offers end-to-end services and has the experience to help payers compete successfully in this new era of healthcare. With TriZetto Advantage Services™, payers can deliver new solutions—including value-based designs—to the market faster, improve the availability of applications while optimizing their performance, and truly use the information in their systems to improve outcomes. With a full suite of services—from implementations and upgrades to application hosting and business process outsourcing—TriZetto has the skills to help payers achieve Integrated Healthcare Management, and the experience to get it done quickly, cost-effectively and with each payer's business objectives in mind.

## **There is no single best route to IHM.**

Continue to make progress toward IHM with a customized IHM Strategy Session led by TriZetto's technology, industry and services experts. Sign up today.

### **Call:**

Mark Cranston, director, Enterprise Marketing, at 303-495-7287

### **Email:**

IHMNow@trizetto.com

### **Web:**

Visit [www.trizetto.com/IHMNow](http://www.trizetto.com/IHMNow)

## **Conclusion**

Market demand for value-based insurance designs is growing, and constituents across the spectrum hold favorable views of these designs. Payers believe they can achieve a competitive advantage and reduce costs if they offer VBID. Employers believe VBID plans can help them reduce costs and gain a competitive advantage in employee recruiting. And consumers, brokers and providers also support the use of VBID. Now is the time to lay the groundwork for delivery of value-based insurance designs.

The complexity of VBID programs makes it important for payers to take an integrated, automated approach to VBID administration. This will enable timely sharing of accurate data across the enterprise and help ensure that members are properly engaged and motivated to make healthy choices. VBID represents an important step on the path toward Integrated Healthcare Management, which offers a systematic approach to resolving the healthcare affordability crisis.

## **Footnotes:**

- i. Porter, ME. "A Strategy for Health Care Reform – Toward a Value-Based System." *New England Journal of Medicine*. 361;2. 109-112. July 9, 2009.
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