VALUE-BASED INSURANCE DESIGN EMPLOYER MANUAL

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This manual was produced by Freedman HealthCare, LLC, in partnership with Drs. Mark Fendrick and Michael Chernew of VBID Health, LLC and Dr. Bruce Landon, on behalf of the Connecticut State Innovation Model Program Management Office and Connecticut Office of the State Comptroller.

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Table of Contents

Executive Summary

Value-based Insurance Design (V-BID) is an innovative insurance strategy that seeks to improve health and control rising health care costs by promoting the use of high value services and high performing providers. As part of its State Innovation Model (SIM) program, the Connecticut SIM Program Management Office (PMO), in partnership with the Connecticut Office of the State Comptroller (OSC), has launched an ambitious V-BID initiative to increase uptake of V-BID in Connecticut among both self-funded and fully-insured employers. The initiative aims to reach 88 percent V-BID adoption by 2020.

To advance this goal, the PMO and OSC engaged consultants Freedman HealthCare, LLC, in partnership with VBID Health, LLC and Dr. Bruce Landon, MD, to engage a diverse range of stakeholders in the development of a recommended set of core V-BID benefits for integration into employer-sponsored health plans. The first phase of the initiative took place during the first half of 2016 with the development of the recommended benefits in the form of V-BID plan templates that may be adopted by employers and health plans. The next phase of the project will focus on helping employers and health plans integrate the recommended V-BID designs through a V-BID Learning Collaborative that will serve as a learning network for employers and other stakeholders engaged in implementing V-BID plan designs.

The cornerstone of this initiative is the V-BID Consortium, which is comprised of employer, employer association, health plan, consumer advocate, and health care provider representatives, as well as representatives from the Connecticut Department of Insurance and the health insurance Exchange. Throughout the initial phase of the project, this Consortium served as a workgroup to make recommendations for V-BID plan designs for various employer types, impart best practices for implementing V-BID plans, and guide the direction of the project.

To inform the recommendations, the project team engaged national and local employers and health plans to learn what V-BID plans are currently being implemented, which strategies have been successful or challenging, and the types of innovative insurance designs employers are looking to implement in the future. Through individual interviews, a Connecticut employer survey, and an employer focus group, the team gathered information about effective V-BID plan designs, best practices, and implementation challenges and solutions from employers and health plans at the forefront of insurance innovation. These were compiled into a Summary Report of V-BID strategies in Connecticut, and are reflected in the plan designs and implementation strategies recommended by the Consortium.

Drs. Mark Fendrick and Michael Chernew of VBID Health, who developed the V-BID concept, served as experts on the Connecticut V-BID initiative, providing guidance around evidence-based services and V-BID strategies to promote the use these services. Thus, the recommendations are also informed by the nation's leading V-BID experts.

This Employer Manual is a product of these efforts, and offers employers customizable templates for Value-Based Insurance Design, including a V-BID Basic Plan for small and fully-insured employers, and a V-BID Expanded Plan for self-insured employers. Each template provides a recommended core set of benefits and additional benefit options, as well as guidance for implementing the plan components and justifications for the recommendations. This Manual also provides employers with implementation and communication strategies, best practices from employers currently using V-BID plans, and resources and tools to assist employers with implementation.

Introduction to Value-Based Insurance Design

Value-based insurance design refers to insurance plans that utilize clinical nuance in realigning consumer incentives with high value health services. Clinical nuance recognizes that medical services differ in the benefit provided, and that the clinical benefit derived from a specific service depends on the patient using it, as well as when, where, and by whom the service is provided. The aim of V-BID is to increase healthcare quality and to decrease costs by using differential cost sharing for consumers, to promote use of high value services and high performing providers, and decrease use of low value services and low performing providers.

V-BID plans use diverse financial incentives (e.g. copay changes, premium reductions or penalties, bonus payments) to align patients' out-of-pocket costs with the value of services. For example, V-BID plans may lower copays or coinsurance for insulin and diabetic supplies, or reduce premiums for people who complete age and gender appropriate cancer screenings. Financial incentives may be contingent on meeting certain health outcomes, or participating in programs such as Surgery Decision Support or a chronic disease management program.

> **Clinical nuance** recognizes that medical services differ in the benefit provided, and that the clinical benefit derived from a specific service depends on the patient using it, as well as when, where, and by whom the service is provided.

Drs. Mark Fendrick and Michael Chernew first coined the term "value based insurance design" in 2001. Since then, V-BID has received national attention and has been implemented by several major employers, such as Marriott International, Lowes, and Pitney Bowes, as well as various city and state governments. More recently, the Centers for Medicare & Medicaid Services (CMS) has announced an initiative to pilot Value-Based Insurance Design in Medicare Advantage plans in seven states, beginning in January 2017. Medicare Advantage plans in these states will offer clinically nuanced benefit designs for enrollees with certain chronic conditions, including diabetes, COPD, congestive heart failure, stroke, hypertension, coronary artery disease and mood disorders.

Notably, Connecticut has led the nation in value-based insurance design since its successful 2011 implementation of the Health Enhancement Program (HEP), a V-BID plan offered to state employees. HEP is a voluntary program for all state employees, retirees, and dependents that requires enrollees to comply with a minimum schedule of wellness exams and screenings, and participate in disease counseling and education specific to their condition (if applicable). Participants in HEP who comply with these conditions are eligible for reduced or waived copayments and other benefits, whereas those who do not enroll or are removed for noncompliance pay an extra $100 per month in premiums. Employee participation is close to 98%, and of those enrolled there is a 99% compliance rate with the conditions of the program. Evaluations have shown the program has increased use of primary care and diagnostic screenings, and reduced use of specialty care and ER visits. The program is currently being adapted for municipal employees.

The success of HEP has distinguished Connecticut as a leader in the field of value-based insurance. The PMO and OSC are seeking to build upon this success by expanding value-based insurance designs throughout the state by increasing adoption of V-BID plans among employers. Increasing the number of health plans using V-BID strategies shows promise for reducing overall healthcare spending and improving the health of Connecticut residents and employees.

V-BID Benefits to Employers

Rising out-of-pocket costs can be a major barrier to accessing healthcare services in Connecticut and nationwide, and most adversely affect those with chronic diseases who require more services. As employees are shouldering a greater cost burden for health care services, this can result in reduced use of essential services, decreased employee productivity, and diminished business performance.

V-BID plans aim to counteract that trend by changing the health care cost discussion from 'how much' to 'how well'. The health care system today relies on a "one-size-fits-all" approach to insurance benefits, in which all employees pay the same amount for medical services and providers, regardless of the differences in value. High-value services are those that have a strong evidence-base, enhance clinical outcomes, and increase efficiency. V-BID plans seek to increase the use of these high-value services by reducing the financial barriers to these services. When employees utilize high-value services, overall health improves, health disparities decrease, and there is potential cost-savings for both the employee and the employer.

> **High value services** are those that have a strong evidence-base, enhance clinical outcomes, and increase efficiency.

Improve Health and Productivity of Employees

The fundamental goal of any employer V-BID plan design is to improve health outcomes for employee populations. V-BID can do this in a number of ways: encouraging the use of high-performing providers with a history of good outcomes, reducing the cost-sharing on prescriptions for employees struggling to manage their chronic conditions, or helping employees to quit smoking by covering the costs of a Smoking Cessation Program. For example, Marriott International decreased copayments for members prescribed medications from five drug classes, and decreased non-adherence by 7-14%. Connecticut's State Employee Health Enhancement Program (HEP) increased primary care visits by 75% among enrollees, increased preventive diagnostic visits by 10%, and decreased specialty visits by 21% in the first year.

Improved employee health can ultimately lead to decreased absenteeism and increased presenteeism. Having a healthier workforce that can come to work each day and be more productive during work hours because of their improved health status may result in improved profits for companies.

Reduce Health Care Costs for Employees

With the increase in High Deductible Health Plans, employees are responsible for paying for most health care services before their deductible is met. While this may increase awareness of health care prices, it may also have the unintentional consequence of decreasing the use of essential services that employees have to pay for in full. For those suffering from chronic conditions, these out-of-pocket costs can be particularly burdensome and can result in decreased adherence and increased risk of expensive health complications. By using V-BID's targeted cost sharing incentives for people with certain clinical conditions, employers can improve health and provide financial relief to those at greatest risk for health complications.

Reduce Long-term Health Care Costs for Employers

Employers have also felt the burden of increasing health care costs, and as such V-BID would be wholly unsuccessful if it did not provide some financial relief to employers as well. Financial savings for V-BID employers can be realized through lower utilization of expensive services, such as reduced ER visits and

inpatient stays, reduced readmissions, and reduced specialty care due to better management of chronic conditions. For example, Lafarge North America reduced copays for diabetes, asthma, and hypertension medications, resulting in $3 million in savings in medical and Rx costs over 3 years. United Healthcare's "Diabetes Health Plan" eliminated payments for diabetes-related supplies and Rx drugs for participating in routine disease maintenance exams, and reduced their total net cost by 9%, saving about $3 million after one year of implementation.

NOTE FOR SMALL AND HIGH TURNOVER EMPLOYERS

It may take 3-5 years for some V-BID strategies to result in health care cost savings, especially those targeting certain chronic conditions. Small employers and employers with high-turnover may wish to consider a V-BID strategy that may result in short-term savings, such as incentivizing evidence-based Surgery Treatment Decision support surgeries. Employers should work with health plan actuaries to determine which additional V-BID options they should implement.

Recommendation Development

This Employer Manual is the product of the Value Based Insurance Design Initiative, a joint initiative led by the State Innovation Model (SIM) Program Management Office (PMO) and the Office of the State Comptroller (OSC). The recommendations, best practices, implementation and communication strategies, and guiding principles presented in this manual were developed through a comprehensive stakeholder engagement process, which consisted of the following activities:

V-BID Consortium

The initiative was directed by a Value Based Insurance Design Consortium, which served as a workgroup to make recommendations for the V-BID templates and guiding principles and review and approve all initiative materials, including this manual. The group met seven times between February and June of 2016, including four web meetings and three in-person meetings. The Consortium members consisted of the following stakeholder representatives, who were appointed by the Connecticut SIM Steering Committee:

- 1 representative from the Department of Insurance
- 1 representative from the Health Insurance Exchange, Access Health CT
- 5 provider representatives
- 5 health plan representatives
- 5 employer representatives
- 5 consumer advocates
- 3 employer association representatives

Executive Committee

Each stakeholder group (providers, health plans, employers and consumers) appointed one member from the Consortium to be on the V-BID Consortium Executive Committee, which met in advance of the Consortium meetings to vet meeting agendas and materials and provide feedback to the project team. The Executive Committee met three times between February and June.

Design Workgroups

In addition to full Consortium meetings, Consortium members volunteered to join two design session work groups:

Template Design Workgroup: This workgroup met twice to discuss the recommendations and formats for the V-BID templates and to discuss the guiding principles.

Learning Collaborative Workgroup: This workgroup met once between February and June to discuss the structure of the Learning Collaborative, recruitment strategies, and the kickoff meeting. This group will meet again to review the agenda for the Learning Collaborative kickoff meeting.

Stakeholder Interviews

Freedman HealthCare and the Connecticut project team conducted individual interviews with six of Connecticut's major health plans to learn about the benefits they are currently offering both the self-insured and fully-insured markets, and what insurance benefits employers are demanding. In addition, the V-BID Initiative interviewed the three employer associations and three national employers (two of which are based in Connecticut) currently implementing V-BID about their health plans, successes and challenges implementing V-BID, and recommendations for other employers looking to implement value

based insurance designs. Results of this outreach were summarized in a SWOT Analysis on employer uptake of V-BID in Connecticut.

Employer Survey and Focus Group

The V-BID initiative also developed and distributed a qualitative survey for employers in Connecticut to learn more about what V-BID and other innovative strategies employers in the state are currently implementing, how they communicate benefits to employees, and what insurance designs they would be interested in implementing in the future. To discuss the results of the survey, the V-BID initiative engaged several innovative employers throughout the state in an employer focus group. The employers generously shared success stories and lessons learned from their own experiences implementing V-BID and other innovative benefits.

How to Use this Manual

This Employer Manual is intended to provide Connecticut employers with the tools, strategies, and guidance necessary to implement the recommended Value-Based Insurance Design (V-BID) templates.

The Connecticut State Innovation Model V-BID Initiative recognizes that any change to an employer health plan has to reflect the structure, culture, and goals of that employer. As such, the templates provided in this manual are designed to be adaptable to different employers with different benefit structures.

V-BID Templates

This manual presents two templates: the **V-BID Basic Plan** and the **V-BID Expanded Plan**. While any employer can choose to implement either template, these two templates are designed to reflect differences between fully and self-insured employers.

For help designing your V-BID Plan, check out our V-BID Basic and V-BID Expanded Worksheets starting on page 52

The V-BID Basic Plan is a simpler, easier-to-implement V-BID plan design for employers who may not be able to implement a more comprehensive and clinically nuanced benefit plan. The V-BID Basic Plan is recommended for fully-insured employers.

The V-BID Expanded Plan is a more clinically nuanced V-BID template for employers interested in a more comprehensive V-BID plan that will provide targeted benefits for employees with specific clinical conditions. This template is intended for self-insured employers.

About the V-BID Basic Plan:

The V-BID Basic Plan consists of the following three core components:

Core Component 1: *Change Cost Sharing for Certain Services*	Change Incentives for Specific Services for All Applicable Members, Targeted by Age and Gender
Core Component 2: *Change Cost Sharing for Certain Conditions*	Change Cost Sharing for Specific Prescription Drug Classes for All Applicable Members
Core Component 3 *Change Cost Sharing for Certain Providers*	Change Incentives for Visits to High Value Providers

Each component consists of Recommended Core Benefits, which are recommended for inclusion in a V-BID plan, and some suggested additional benefits that employers and health plans may consider**. It is strongly encouraged that employers implement the recommended core benefits of all three components when choosing this plan**. Employer guidance, justification for the recommendations, and examples of employers currently implementing V-BID are included with each core component.

About the V-BID Expanded Plan:

The V-BID Expanded Plan consists of the following three core components:

Core Component 1: *Change Cost Sharing for Certain Services*	Change Incentives for Specific Services for All Applicable Members, Targeted by Age and Gender
Core Component 2: *Change Cost Sharing for Certain Conditions*	Change Incentives for Specific Services by Clinical Condition
Core Component 3: *Change Cost Sharing for Certain Providers*	Change Incentives for Visits to High Value Providers

Similar to the Basic Plan, each component consists of Recommended Core Benefits, which are recommended for inclusion in a V-BID plan, and some suggested additional benefits that employers and health plans may consider. **It is strongly encouraged that employers implement the recommended core benefits of all three components when choosing this plan**. Employer guidance, justification for the recommendations, and examples of employers currently implementing the component are provided with each core component.

The Expanded Plan adds to the Basic Plan in that it targets members with specific clinical conditions. Core Component 1 of the Expanded Plan includes certain prescription drugs (which are not included in the Basic Plan) for which cost sharing may be reduced for all members, and Core Component 2 of the Expanded Plan includes incentives for prescription drugs only for members with specified clinical conditions. Core Component 2 of the Expanded Plan asks employers to select two conditions from the list to target; plans are encouraged to provide incentives for the visits, diagnostics, and drugs listed for those conditions. Additionally, the Expanded Plan suggests additional benefits that may not apply to fully insured and small employers due to regulatory constraints or feasibility of implementation.

About the Additional V-BID Options and Supplemental Benefits

For employers seeking to expand on the Recommended Core Benefits, there are suggested additional V-BID options throughout both templates. While these additional options are not part of the Recommended Core Benefits, they are valuable programs that employers may consider when developing their customized V-BID plan. Unlike the Recommended Core Benefits, plans may choose which additional benefits to implement (if any).

Please note: It is important to note that while employers and health plans are strongly encouraged to implement all Recommended Core Benefits of the V-BID Basic or the Expanded Plan, the V-BID Initiative recognizes that many employers may need to take a more gradual approach, and initially may only be able to implement certain V-BID components and/or benefits. The key is that employers and health plans begin moving in the direction of incentivizing high-value, evidence-based services and providers.

V-BID Guiding Principles

The V-BID guiding principles serve as the foundation from which V-BID plans should be built. The templates reflect these principles, and the implementation and communication strategies provide guidance around how to implement a plan design that incorporates these principles.

1. V-BID options are clinically nuanced i.e. medical services differ in the benefit provided and that the clinical benefit derived from a specific service depends on the patient using it, as well as when, where, and by whom the service is provided.
2. V-BID options should be flexible, allowing for adoption of select provisions, or all provisions, in order to meet diverse employers' needs and readiness for adoption.
3. Allow for gradual implementation of options to gain employee buy-in on key aspects, and then build upon these as employee acceptance grows.
4. V-BID is promoted as part of a comprehensive approach to benefit design that also includes provider-side reforms (e.g. pay for performance, global budget, etc.).
5. V-BID options recognize that mental health parity is required in any plan design, and that plans must comply with federal nondiscrimination regulations.
6. V-BID plan is implemented as part of a consumer-centric approach that incorporates:
    a. A collaborative care model focused on quality and accessibility of the provider, effective patient communication, and shared decision making between the provider and patient;
    b. Alignment of consumer benefits and incentives with provider incentives;
    c. Health navigation services and coordination of community services across the care continuum; and
    d. Consumer engagement strategies that provide patients with resources and education materials on V-BID, health monitoring tools, and flexible communication methods.
7. In this initial phase, high-value providers are identified using transparent cost and quality of care metrics. Future iterations may measure other dimensions, such as provider accessibility, patient-centeredness, and care collaboration. In identifying high value providers:
    a. Method is transparent
    b. Data are shared with providers
    c. Definition of high value includes both cost of care and quality of care
    d. Cost should not be determined solely as price, but rather as a reflection of total cost of care (incorporating both price and utilization rates)
    e. Quality measurement should use validated and accepted measures
    f. Quality measures should address clinical quality and patient experience, as well as other domains that are accepted as valid and important.
8. V-BID recommended options are varied for different types of employers to help meet employers where they are at and promote specific V-BID benefits for various employer types and cultures.
    a. V-BID options take into account various employer perspectives, including recognizing regulatory barriers for innovative plan design, and how V-BID designs may affect short and long-term cost savings and Return on Investment.
    b. Examples of V-BID variations may include small group v. large group, self-insured v. fully insured, employers with Health Reimbursement Account or Health Savings Account-eligible High Deductible Health Plans v. traditional cost sharing models.

V-BID TEMPLATES

V-BID Basic Plan Template

This template is intended to provide a basic foundation for employers interested in implementing Value-Based Insurance Design that may have limited flexibility or resources to implement a more comprehensive V-BID plan. It includes recommended core benefits (in yellow) to be implemented as part of a V-BID plan, and suggested additional benefits (in grey) that employers may choose to implement with the core elements. Although these are the recommended employer types, any interested employer may use this template.

APPLICABLE EMPLOYER TYPES:

- Fully-insured employers with a stable employee base

RECOMMENDED INCENTIVE MECHANISM(S)

Incentive mechanisms refer to the method of changing cost sharing for your employees. This could be through changes in copayments, changes in premium rates, bonus payments, contributions to Health Reimbursement Accounts or Health Savings Accounts, among others. Each employer should choose a method appropriate to the structure of the health plan offered. Below is a table to provide guidance on the mechanisms that work best for different plan types.

Plan Type	Incentive Mechanisms
All plans	○ Bonus payment for complying with recommended services ○ Reduced premium for complying with recommended services
Plans with copayment or coinsurance cost-sharing	○ Waived or reduced copayment or coinsurance for recommended services and drugs ○ Waived or reduced copayment or coinsurance for visit to high value provider
Health Savings Account-eligible High Deductible Health Plan (HSA-HDHP)*	○ Contribution to HSA for complying with recommended services or visiting high value provider
Health Reimbursement Account-eligible High Deductible Health Plan (HRA-HDHP)	○ Contribution to HRA for recommended services and drugs ○ Contribution to HRA for visit to high value provider ○ Exclusion of recommended services and drugs from deductible
All plans[1]	○ Financial incentives external to health benefit plan designs, including gift cards, payroll bonuses, and other rewards programs

[1] Employers may encounter barriers with integrating incentives or coverage of supplemental benefits as part of health plan benefits. As an alternative, employers may choose to provide incentives outside of the plan design, such as the employer's benefits department offering gift cards to those who participate in a supplemental benefit program. For example, one large national employer offers $500 gift cards to employees who participate in a surgical decision support program for eligible surgeries.

Recommended V-BID Structures

Incentive Structure

It is recommended that V-BID incentives be based on participation in or compliance with recommended services, such as screenings and disease management programs. However, employers may choose to make incentives for any of the recommended core benefits or additional benefits conditional on achieving certain outcomes. If incentives are outcomes-based, participation should be voluntary, and plans are required to offer an alternative way to earn incentives for members who are unable to meet outcomes requirements.[2]

	Participatory	Outcomes-Based
All Members	Incentive for participating in recommended service	Rewards for meeting certain targets, including improving on or maintaining personal targets
Targeted Members	Incentives for participation in chronic disease management program	Rewards for members with certain clinical conditions that meet certain targets

Enrollment Structure

Enrollment in a V-BID plan may be compulsory or voluntary. Employers who choose to make the VBID plan compulsory can offer the V-BID plan as the only health plan available to employees. Employers who choose to make the VBID plan voluntary can allow employees to opt-in.

If choosing an opt-in structure, the plan will need an incentive sufficient to encourage high rates of enrollment in the program. If offering an opt-in structure, the plan may require that enrollees comply with recommended services in order to maintain enrollment in the program and V-BID benefits. For example, the Connecticut State Employee Health Enhancement Program offers reduced premiums if employees enroll in the program and comply with the recommended services; employees who do not enroll face a premium penalty.

Implementation Guidance

- *Please note*: When offering V-BID benefits, plans are still required to remain in compliance with federal regulations, including mental health parity regulations and health plan nondiscrimination laws. For more information about federal regulations, refer to the Employer Resources section on page 65 of the Employer Manual.
- **For HSA-HDHPs:* According to IRS guidance, coverage does not include "any service or benefit intended to treat an existing illness, injury, or condition, including drugs or medications" until the deductible is met.[i] Employers should consult their legal team and health plan on which preventive services may be excluded from the deductible, and on approaches that incentivize drugs and services based on a member's clinical condition. For more information from the V-BID Center on Increasing Flexibility to Expand IRS Safe Harbor Coverage in HSA-High Deductible Health Plans, refer to Online Resources on page 65 of the Employer Manual.

[2] This is required by ACA regulations governing wellness programs. For more information, visit https://www.federalregister.gov/articles/2013/06/03/2013-12916/incentives-for-nondiscriminatory-wellness-programs-in-group-health-plans

Recommended V-BID Component 1: Change Incentives for Specific Services for *All Applicable Members,* Targeted by Age and Gender

It is recommended that health plans encourage use of specific high value services for all applicable members. In addition to the services below, all plans are mandated by the ACA to cover additional preventive visits and screenings at no cost to the patient. Refer to the Online Resources for a list of services that are mandated by the ACA on page 65.

	Services	Applicable Members*
Recommended Core Benefit Design	*Biometric and Mental Health Screenings*	
	Blood Pressure Screening	Applicable members depending on age group and gender
	Cholesterol Screening	Applicable members depending on age group and gender
	Obesity Screening	Applicable members depending on age group and gender
	Depression Screening	Adolescents over 12 years and adults
	Alcohol Screening and Counseling	All adults
	Cancer Screenings	
	Breast Cancer Screening	Women depending on age group
	Cervical Cancer Screening	Women depending on age group
	Colorectal Cancer Screening	Applicable members depending on age group and gender

*For recommendations on appropriate screenings for age groups and genders, as well as recommended frequency of screenings for each group, visit: http://www.uspreventiveservicestaskforce.org/Page/Name/recommendations

Implementation Guidance

- For high value services included in the core benefit design that are already mandated to be covered at no cost to the patient by the ACA, **it is recommended that employers provide an additional incentive for employees who participate in the services recommended for their age group and gender to encourage utilization of high value preventive services.**
- Employers may choose to make these incentives instead based on outcomes achieved on certain biomarkers. However, if an employer chooses an outcomes-based incentive approach, health care laws require that there is an alternative way to earn incentives for members who are unable to reach required targets. The ACA also specifies a maximum payout that is allowed.
- To increase utilization of preventive services, plans may encourage recommended screenings to be part of primary care visits, or may offer these services through on-site or nearby clinics to make them convenient for employees. For the purpose of care coordination, it is encouraged that records of services from on-site or nearby clinics be sent to the patient's PCP or usual source of care. For plans such as HMOs that require members to have an assigned PCP, encouraging these services through primary care visits will assist with PCP attribution efforts as well as continuity of care. Refer to the Implementation Strategies section on page 35 of the Employer Manual for various methods for measuring compliance with screenings.
- Fully insured plans may offer reduced cost sharing for certain prescription drugs by including these drugs in a lower tier.

Justification for Recommendation

- This is the most basic plan design to implement – simplicity was emphasized by stakeholders interviewed and Consortium members.
- Recommended preventive services are determined to be evidence-based by the US Preventive Services Task Force and align with the Connecticut SIM Quality Council's Provisional Measure Set for measuring provider performance. Consortium members agreed that aligning patient incentives with provider incentives was key to this initiative.
- Most employers currently implementing V-BID plans incentivize biometric screenings and certain cancer screenings.
- Evidence from the Connecticut State Employee Health Enhancement Program suggests incentivizing preventive visits/diagnostics increases use of primary care and diagnostic screenings, and decreases use of higher cost services such as specialty care.[ii]
- Consortium members emphasized the importance of behavioral health and substance use screenings for all members as fostering population health.

Additional V-BID Component 1 Option: Change Incentives for Specific Supplemental Benefits for All Applicable Members*

In addition to incentivizing specific high -value services, employers may choose to incentivize certain supplemental benefits for all applicable members providing a bonus payment or incentive for those who participate in the supplemental benefit or program.

	Supplemental Benefits	Applicable members
Suggested Additional Benefits	Treatment decision support/counseling	Members with conditions that have multiple treatment options with differing risks and benefits, e.g. lung cancer, breast cancer, depression, etc.
	Surgical decision support	Members undergoing elective surgeries that have other treatment alternatives, e.g. low back surgery, hysterectomy, hip or knee replacement, bariatric surgery, breast reduction surgery, etc.
	Chronic Disease Management program	Members with chronic diseases, e.g. diabetes, asthma/COPD, hypertension, depression, substance use disorders, congestive heart failure, coronary artery disease, etc.
	Pain Management	Members with chronic pain
	Healthy pregnancy program	Pregnant women
	Smoking Cessation	All members, as applicable
	Complex Case Management	Members with complex conditions, e.g. cancer

*For HSA-HDHPs: Employers should seek legal guidance on plan designs that provide HSA contributions for services related to a member's clinical condition before implementing these benefits. Employers should seek legal guidance on approaches that incentivize drugs and services based on a member's clinical condition.

Implementation Guidance

- Connecticut health insurance regulations restrict copayment variation based on intensity of services, a member's medical condition, or provider specialty (with the exception of office visits for primary care versus specialty care). To avoid offering discriminatory benefits, health plans must make condition management programs available to all members that could benefit from the program.
- Chronic disease management programs and other condition management programs may be offered as a supplemental benefit by the health plan, or as part the existing care management activities. If part of the existing care management, providers and health plans will need to have open communication about how programs are structured, which members are targeted, and which members are participating these programs.
- Employers may encounter barriers with integrating incentives or coverage of supplemental benefits as part of health plan benefits. As an alternative, employers may choose to provide incentives outside of the plan design, such as the employer's benefits department offering gift cards to those who participate in a supplemental benefit program. For example, one large national employer offers $500 gift cards to employees who participate in a surgical decision support program for eligible surgeries.

Examples of Employers Implementing V-BID Component 1

	Employer Type	Employer	V-BID Strategies	Program Results
V-BID Component 1: Change Incentives for Specific Services for *All Applicable Members* Targeted by Age and Gender	National	MassMutual	▪ HSA funding for achieving biometric makers within certain range and participating in annual physical exams and cancer screenings	▪ Over 75% participation ▪ Improvements in biometrics
	Publicly funded Connecticut-based	Connecticut State Employee Health Enhancement Program	▪ Reduces premiums and cost-sharing for enrollees who participate in yearly physicals, age and gender-appropriate health risk assessments and evidence-based screenings, vision exams and dental cleanings	▪ Primary care visits increased by 75% ▪ Preventive diagnostic visits increased over 10%, and ▪ Specialty visits decreased by 21% in the first year

RECOMMENDED V-BID COMPONENT 2: CHANGE COST SHARING FOR SPECIFIC PRESCRIPTION DRUGS FOR *ALL APPLICABLE MEMBERS**

It is recommended that health plans reduce cost sharing of specific high value prescription drugs for all applicable members. This may be done by assigning recommended high value prescription drugs to a lower tier.

	Prescription Drugs	Applicable Members
Recommended Core Benefit Plan Design: Recommend employers choose at least **two** drug classes	Beta-blockers ACE inhibitors and ARBs Insulins and oral hypoglycemics Long-acting inhalers Inhaled corticosteroids Statins Anti-hypertensives Anti-depressants Smoking cessation drugs	All members prescribed drug for any indication

*For HSA-HDHPs: Although this is a recommended core benefit, IRS guidelines on preventive care services prohibit coverage of "any service or benefit intended to treat an existing illness, injury, or condition, including drugs or medications" until the deductible is met for HSA-HDHP plans. Employers should seek legal guidance on approaches that incentivize drugs or services for clinical conditions.

Implementation Guidance

- Connecticut health insurance regulations restrict copayment variation based on intensity of services, a member's medical condition, or provider specialty (with the exception of office visits for primary care versus specialty care). However, health plans may choose to reduce cost sharing for prescription drugs by assigning certain high-value drugs, such as diabetes drugs, to lower cost tiers. It is recommended that cost sharing is reduced for generic, preferred brand, and brand name drugs for all targeted drug classes, although these do not need to be in the same tier. For example, cost sharing may be reduced by 75% for generic drugs, 50% for preferred brand, and 25% for brand name drugs.
- Fully-insured employers should work with their health plans on which drug classes can be made part of a lower cost tier. Larger fully-insured employers may have more flexibility to choose plans that reduce cost sharing for drug classes most relevant to their employee population. These lists should be promptly updated to be in accord with FDA approval of new and more effective agents.
- The purpose of this component is to increase medication adherence by reducing financial barriers to effective prescription drugs. As part of V-BID Component 1, plans may also choose to incentivize medication adherence programs.
- Small and fully insured employers may be concerned that making certain drugs part of a lower cost share will attract sicker employees to the plan, resulting in adverse selection. To help attract healthy employees to the plan, components one and three provide incentives to all members who participate in screenings and visit to high value providers. Therefore, it is strongly recommended that employers implement all recommended core benefits of the V-BID Basic Plan if the plan is not compulsory.

Justification for Recommendation

- Evidence from employers such as Pitney Bowes, Marriott International, and Proctor & Gamble suggests reducing cost sharing for certain drugs for all members prescribed these drugs increases medication adherence and decreases overall medical costs.[iii] Reducing cost sharing for recommended drugs for all members increases access to drugs for members with conditions for which drugs are evidence-based without needing to identify members will specific conditions.
- Several Connecticut employers and health plans currently offered value based prescription benefits plans, and highly recommend this strategy for other employers.

Examples of Employers Implementing V-BID Component 2

	Employer Type	Employer	V-BID Strategies	Program Results
V-BID Component 2: Change Cost Sharing for Specific Prescription Drugs for *All Applicable Members*	National	Marriott International	▪ Decreased copayments for members prescribed medications from five drug classes for all tiers: Statins, inhaled corticosteroids, ACE inhibitors and ARBs, beta-blockers and diabetes medications	▪ Improved medication adherence in four out of five drug classes ▪ Decreased non-adherence by 7 – 14%
	Connecticut	United Healthcare "Diabetics Health Plan"	▪ Eliminated payments for diabetes-related supplies and Rx drugs for participation in routine disease maintenance exams ▪ Provided free access to online health educators and disease monitoring systems	▪ After one year of implementation reduced total net cost by 9%, saving about $3 million

RECOMMENDED V-BID COMPONENT 3: CHANGE INCENTIVES FOR VISITS TO HIGH VALUE PROVIDERS

It is recommended that employers provide incentives for visits to high value providers, such that the measures of "value" are transparent, and are defined by both cost and quality metrics.

	Provider Type
Recommended Core Benefit Plan Design: Employers choose to incentivize visits to at least one of the following provider types	Network of providers who have been identified as high value based on performance on cost and quality metrics
	Providers who is part of an ACO identified as high value based on performance on cost and quality metrics
	Primary care physician or Patient Centered Medical Home that has been identified as high value based on performance on cost and quality metrics

Implementation Guidance

Although each health plan may use different measures and criteria to define "value" for providers, it is recommended the measures used are transparent to providers and consumers, and at a minimum use a validated set of cost and quality metrics. The SIM Quality Council Provisional Measure Set (see Online Resources on page 65) was developed through an intensive stakeholder engagement and public process, and provides a standardized set of validated metrics that health plans may use for identifying high value providers.

For guidance and recommendations on how value should be defined for providers, please see the V-BID Plan Guiding Principles on page 12.

Justification for Recommendation

- Approach aligns consumer incentives with provider incentives, which experts and stakeholders agreed was essential.
- Consortium members emphasized that while important, value cannot be defined solely in terms of cost but should also include quality measures, and that measures need to be transparent. Other dimensions, such as provider accessibility, credentials, etc. should be considered for incorporated into future V-BID templates.
- Quality measures align with the SIM Quality Council initiative, which is developing a Provisional Core Measure set to propose tying provider payment to selected quality metrics.
- According to stakeholders, many health plans in Connecticut have established incentive structures to drive consumers towards high value providers. Stakeholders suggested building/improving upon these models and ensuring transparency in defining value.
- Health plans such as Anthem's Patient Centered Primary Care Program and Aetna Whole Health - Hartford HealthCare & Value Care Alliance that reduce cost sharing for providers who are being paid for performance have seen success with these programs.[iv]

Examples of Employers Implementing V-BID Component 3

	Employer Type	Employer	V-BID Strategies	Program Results
V-BID Component 3: Change Incentives for Visits to High Value Providers	Publicly funded	New York City Employees	▪ Will eliminate copayment for primary and specialty care visits at one of 36 sites in which providers are part of specified pay for performance contracts	▪ Program implemented in 2016 – anticipated savings of $150M
	National - Connecticut based	Pitney Bowes	▪ Incentivizes use of high performing physicians through tiered network	▪ Increased cost savings as result of incentive program

V-BID Expanded Plan Template

This template provides recommendations for a comprehensive V-BID benefit plan design to be implemented by employers. It includes recommended core benefits (in yellow) to be implemented as part of a V-BID plan, and suggested additional benefits (in grey) that employers may choose to implement with the core elements. This template is recommended for implementation by self-insured employers who have flexibility to modify plan designs to incorporate Value-Based Insurance Design options. Although these are the recommended employer types, any interested employer may use this template if applicable.

Applicable Employer Types:

- Self-insured Employers

Recommended Incentive Mechanism(s)

Incentive mechanisms refer to the method of changing cost sharing for your employees. This could be through changes in copayments, changes in premium rates, bonus payments, and contributions to Health Reimbursement Accounts, among others. Each employer should choose a method appropriate to the structure of the health plan offered. This table provides guidance on the mechanisms that work best for different components:

Plan Type	Incentive Mechanisms	Recommended for:
All plans	○ Bonus payment for complying with recommended services, or ○ Reduced premium for complying with recommended services	V-BID Component 1 (for ACA covered services)
Plans with copayment or coinsurance cost-sharing	○ Waived or reduced copayment or coinsurance for recommended services and drugs or visit to high value provider	V-BID Component 1 (for prescription drug coverage) V-BID Components 2 and 3
Health Reimbursement Account-eligible High Deductible Health Plan (HRA-HDHP)	○ Contribution to HRA for recommended services and drugs, or ○ Exclusion of recommended services and drugs from deductible ○ Contribution to HRA for visit to high value provider	V-BID Components 2 and 3
Health Savings Account-eligible High Deductible Health Plan (HSA-HDHP)*	○ Contribution to HSA for adhering to recommended services or visits to high value provider	V-BID Components 1 and 3
All plans[3]	○ Financial incentives external to health benefit plan designs, including gift cards, payroll bonuses, and other rewards programs	Supplemental Benefits

[3] Employers may encounter barriers to integrating incentives or coverage of supplemental benefits as part of health plan benefits. As an alternative, employers may choose to provide incentives outside of the plan design, such as the employer's benefits department offering gift cards to those who participate in a supplemental benefit program. For example, one large national employer offers $500 gift cards to employees who participate in a surgical decision support program for eligible surgeries.

Recommended V-BID Structures

Incentive Structure

It is recommended that V-BID incentives be based on participation in or compliance with recommended services, such as screenings and disease management programs. However, employers may choose to make incentives for any of the recommended core benefits or additional benefits conditional on achieving certain outcomes. If incentives are outcomes-based, participation should be voluntary, and plans are required to offer an alternative way to earn incentives for members who are unable to meet outcomes requirements.[4]

	Participatory	Outcomes-Based
All Members	Incentive for participating in recommended service	Rewards for meeting certain targets, including improving on or maintaining personal targets
Targeted Members	Incentives for participation in chronic disease management program	Rewards for members with certain clinical conditions that meet certain targets

Enrollment Structure

Enrollment in a V-BID plan may be compulsory or voluntary. Employers who choose to make the VBID plan compulsory can offer the V-BID plan as the only health plan available to employees. Employers who choose to make the VBID plan voluntary can allow employees to opt-in.

If choosing an opt-in structure, the plan will need a significant enough incentive to encourage high rates of enrollment in the program. If offering an opt-in structure, the plan may require that enrollees comply with recommended services in order to maintain enrollment in the program and V-BID benefits. For example, the Connecticut State Employee Health Enhancement Program offers reduced premiums if employees enroll in the program and comply with the recommended services; employees who do not enroll face a premium penalty.

Implementation Guidance

- *Please note*: When offering V-BID benefits, plans are still required to remain in compliance with federal regulations, including mental health parity regulations and health plan nondiscrimination laws. For more information about federal regulations, refer to the Online Resources section on page 65 of the Employer Manual.
- **For HSA-HDHPs:* According to IRS guidance, coverage does not include "any service or benefit intended to treat an existing illness, injury, or condition, including drugs or medications" until the deductible is met. [v] Employers should consult with their legal team and health plan on which preventive services may be excluded from the deductible, and on approaches that incentivize drugs and services based on a member's clinical condition. For more information from the V-BID Center on Increasing Flexibility to Expand IRS Safe Harbor Coverage in HSA-High Deductible Health Plans, refer to Online Resources on page 65 of the Employer Manual.

[4] This is required by ACA regulations governing wellness programs. For more information, visit https://www.federalregister.gov/articles/2013/06/03/2013-12916/incentives-for-nondiscriminatory-wellness-programs-in-group-health-plans

RECOMMENDED V-BID COMPONENT 1: CHANGE INCENTIVES FOR SPECIFIC SERVICES FOR *ALL APPLICABLE MEMBERS* TARGETED BY AGE AND GENDER

It is recommended that employers encourage use of specific high value services for all applicable members. In addition to the services below, all plans are mandated by the ACA to cover additional preventive visits and screenings at no cost to the patient. Please refer to Online Resources on page 65 for more information on services that are mandated by the ACA.

	Services	Applicable Members*
Recommended Core Benefit Design	*Biometric and Mental Health Screenings*	
	Blood Pressure Screening	Applicable members depending on age group and gender
	Cholesterol Screening	Applicable members depending on age group and gender
	Obesity Screening	Applicable members depending on age group and gender
	Depression Screening	Adolescents over 12 years and adults
	Alcohol Screening and Counseling	All adults
	Cancer Screenings	
	Breast Cancer Screening	Women depending on age group
	Cervical Cancer Screening	Women depending on age group
	Colorectal Cancer Screening	Applicable members depending on age group and gender
	*Prescription Drugs***	
	Beta-blockers	All members prescribed drug for any indication
	ACE inhibitors and ARBs	All members prescribed drug for any indication
	Insulins and oral hypoglycemics	All members prescribed drug for any indication
	Long-acting inhalers	All members prescribed drug for any indication
	Statins	All members prescribed drug for any indication
	Smoking cessation drugs	All members prescribed drug for any indication

*For recommendations on appropriate screenings for age groups and genders, as well as recommended frequency of screenings for each group, visit: http://www.uspreventiveservicestaskforce.org/Page/Name/recommendations

**For HSA-HDHPs: Although this is a recommended core benefit, IRS guidelines on preventive care services prohibit coverage of "any service or benefit intended to treat an existing illness, injury, or condition, including drugs or medications" until the deductible is met. Employers should seek legal guidance on approaches that incentivize drugs for clinical conditions through exclusions from the deductible and/or HSA contributions.

Implementation Guidance

- For high value services included in the core benefit design that are already mandated to be covered at no cost to the patient by the ACA, **it is recommended that employers provide an additional incentive for employees who participate in the services recommended for their age group and gender to encourage utilization of high value preventive services**

- Employers may choose to make these incentives instead based on outcomes achieved on certain biomarkers. However, if an employer chooses an outcomes-based incentive approach, health care laws require that there is an alternative way to earn incentives for members who are unable to reach required targets. The ACA also specifies a maximum payout that is allowed.
- To increase utilization of preventive services, plans may encourage recommended screenings to be part of primary care visits, or may offer these services through on-site or nearby clinics to make them convenient for employees. For the purpose of care coordination, it is encouraged that records of services from on-site or nearby clinics be sent to the patient's PCP or usual source of care. For plans such as HMOs that require members to have an assigned PCP, encouraging these services through primary care visits will assist with PCP attribution efforts as well as continuity of care. Refer to the Implementation Strategies section on page 35 of the Employer Manual for various methods for measuring compliance with screenings.
- For prescription drugs, it is recommended that cost sharing is reduced for generic, preferred brand, and brand name drugs for all targeted drug classes.

Justification for Recommendation

- This is the most basic plan design to implement – simplicity was emphasized by stakeholders interviewed and Consortium members.
- Recommended preventive services are determined to be evidence-based by the US Preventive Services Task Force and align with the Connecticut SIM Quality Council's Provisional Measure Set for measuring provider performance. Consortium members agreed that aligning patient incentives with provider incentives was key to this initiative.
- Most employers currently implementing V-BID plans incentivize biometric screenings, cancer screenings, and at least one of these drugs.
- Evidence from the Connecticut State Employee Health Enhancement Program suggests incentivizing preventive visits/diagnostics increases use of primary care and diagnostic screenings, and decreases use of higher cost services such as specialty care and hospitalization.[vi]
- Consortium members emphasized the importance of behavioral health and substance use screenings for all members as fostering population health.
- Evidence from employers such as Pitney Bowes, Marriott International, and Proctor & Gamble suggests reducing cost sharing for certain drugs for all members prescribed these drugs increases medication adherence and decreases overall medical costs.[vii] Reducing cost sharing for recommended drugs for all members increases access to drugs for members with conditions for which drugs are evidence-based without needing to identify members with specific conditions.

Additional V-BID Component 1 Option: Change Incentives for Specific Supplemental Benefits for All Applicable Members

In addition to incentivizing specific high value services, employers may choose to incentivize certain supplemental benefits for all applicable members by reducing or waiving out of pocket costs for these services, or providing an incentive for those who participate in the supplemental benefit or program.

	Supplemental Benefits	Applicable members
Suggested Additional Benefits	Treatment decision support/counseling	Members with conditions that have multiple treatment options with differing risks and benefits, e.g. lung cancer, breast cancer, depression, etc.
	Surgical decision support	Members undergoing elective surgeries that have other treatment alternatives, e.g. low back surgery, hysterectomy, hip or knee replacement, bariatric surgery, breast reduction surgery, etc.
	Pain Management	Members with chronic pain
	Healthy pregnancy program	Pregnant women
	Smoking Cessation	All members, as applicable
	Complex Case Management	Members with complex conditions, e.g. cancer, or comorbidities.

**For HSA-HDHPs: Employers should seek legal guidance on plan designs that provide HSA contributions for services related to a member's clinical condition before implementing these benefits. Employers should seek legal guidance on approaches that incentivize drugs and services based on a member's clinical condition.*

Implementation Guidance

Employers may encounter barriers to integrating incentives or coverage of supplemental benefits as part of health plan benefits. As an alternative, employers may choose to provide incentives outside of the plan design, such as the employer's benefits department offering gift cards to those who participate in a supplemental benefit program. For example, one large national employer offers $500 gift cards to employees who participate in a surgical decision support program for eligible surgeries.

Examples of Self-Insured Employers Implementing V-BID Component 1

	Employer Type	Employer	V-BID Strategies	Program Results
V-BID Component 1: Change Incentives for Specific Services for *All Applicable*	National	Marriott International	▪ Decreased copayments for members prescribed medications from five drug classes for all tiers: Statins, inhaled corticosteroids, ACE inhibitors and ARBs, beta-blockers and diabetes medications	▪ Improved medication adherence in four out of five drug classes ▪ Decreased non-adherence by 7 – 14%

Members Targeted by Age and Gender	Publicly funded Connecticut-based	Connecticut State Employee Health Enhancement Program	▪ Reduces premiums and cost-sharing for enrollees who participate in yearly physicals, age and gender-appropriate health risk assessments and evidence-based screenings, vision exams and dental cleanings. ▪ Reduces cost sharing for condition-related services for specific conditions (Component 2)	▪ Primary care visits increased by 75% ▪ Preventive diagnostic visits increased over 10%, and ▪ Specialty visits decreased by 21% in the first year

RECOMMENDED V-BID COMPONENT 2: CHANGE INCENTIVES FOR SPECIFIC SERVICES BY CLINICAL CONDITION*

It is recommended that employers incentivize use of high value services for members with specific clinical conditions. **Employers are encouraged to select conditions that affect your specific employee population.** A member must be diagnosed with the condition to be eligible for an incentive.

	Chronic Conditions	Visits	Diagnostics	Drugs
Recommended Core Benefit Plan Design: Recommend employers target at least **two** conditions	Diabetes	▪ Office visits related to condition ▪ Nutritional counseling ▪ Smoking cessation	▪ HbA1c ▪ Eye exams ▪ Foot exams	▪ Insulin ▪ Diabetic supplies ▪ ACE inhibitors/ARBs
	Pre-diabetes	▪ Office visits related to condition ▪ Nutritional counseling ▪ Health coach ▪ Smoking cessation	▪ HbA1c ▪ Glucose test	▪ Anti-hypertensives ▪ Metformin ▪ Statins
	Asthma/COPD	▪ Office visits related to condition ▪ Smoking cessation ▪ Home visits	▪ Spirometry	▪ Long-acting inhalers ▪ Inhaled corticosteroids ▪ Oxygen
	Hypertension	▪ Office visits related to condition ▪ Smoking cessation ▪ Nutritional counseling	▪ Blood pressure testing	▪ Anti-hypertensives ▪ ACE inhibitors/ ARBs ▪ Statins
	Pre-hypertension	▪ Office visits related to condition ▪ Smoking cessation ▪ Nutritional counseling ▪ Health Coach	▪ Blood pressure testing ▪ Home blood pressure measurement	▪
	Depression	▪ Office visits related to condition ▪ Suicide and other risk assessments ▪ Cognitive behavioral therapy ▪ Smoking cessation	▪	▪ Anti-depressants
	Substance Use Disorders	▪ Office visits related to condition ▪ Risk assessments ▪ Evidence-based treatment programs ▪ Smoking cessation	▪	▪ Methadone ▪ Buprenorphine/Naloxone ▪ Detox medications
	Congestive Heart Failure	▪ Office visits related to condition ▪ Smoking cessation ▪ Nutritional counseling	▪ Echocardiogram ▪ EKG	▪ Beta-blockers ▪ ACE inhibitors/ARBs ▪ Spironolactone

			▪ Potassium and creatinine testing ▪ Digoxin level	▪ Diuretics ▪ Oxygen ▪ Digoxin
	Coronary Artery Disease	▪ Office visits related to condition ▪ Nutritional counseling ▪ Smoking cessation	▪ EKG	▪ Beta-blockers ▪ ACE inhibitors/ ARBs ▪ Aspirin ▪ Clopidogrel/Plavix

**For HSA-HDHPs: Employers should seek legal guidance on plan designs that provide HSA contributions for services related to a member's clinical condition before implementing these benefits. Employers should seek legal guidance on approaches that incentivize drugs and services based on a member's clinical condition.*

Implementation Guidance

- Some claims analysis is required to determine which conditions are most prevalent among your employee population, and which employees are eligible for incentives.
- While employers are encouraged to target conditions that most affect their employee population, diabetes is one of the most commonly targeted and evaluated conditions in V-BID plans due to its high prevalence and evidence showing that increased medication adherence to diabetes drugs due to lower cost sharing results in better health outcomes and direct healthcare savings.
- Office visits related to conditions can be identified through the coding used for the visit, so that physician offices know when to waive or reduce patients' cost sharing.

Justification for Recommendation

- Over 57%, or two million, Connecticut residents have one or more chronic diseases, which drives healthcare spending and results in lost productivity.
- Evaluations have demonstrated that reducing cost sharing for high-value services such as chronic disease medications, increases medication adherence, resulting in better management of chronic conditions.[viii]
- The conditions selected are based on those for which there is evidence-based treatment, evaluations of other V-BID programs suggest that reducing financial barriers increases treatment adherence and improves health outcomes. The CMS Medicare Advantage pilot V-BID program recommends reduced cost sharing for services for several of the recommended conditions. More information about the CMS selected conditions can be found at Innovation.cms.hhs.gov/initiatives/VBID or in the Online Resources section, page 65.
- Several employers, such as Hannaford Brothers, Wellpoint, Inc. and Caterpillar, Inc., among many others have reduced cost sharing for services and drugs related to chronic conditions as part of a V-BID plan and found this reduced overall spending.[ix]
- Studies have reported that as copays increase, adherence to chronic disease medications, such as diabetes, decreases.[x] Evidence from United Healthcare's "Diabetes Health Plan", Midwest Business Group on Health and other employers suggests that reducing cost sharing for medications increases medication adherence, improves health and results in overall net savings.[xi]

Additional V-BID Component 2 Option: Change Incentives for Supplemental Benefits for Members with Clinical Conditions

In addition to incentivizing high-value services for members with specific clinical conditions, employers may choose to also incentivize certain supplemental benefits for members with these conditions. This can be done by reducing, waiving or reimbursing out of pocket spending for these services, or by providing an incentive for those who participate in the supplemental benefit or program.

Examples of Types of Supplemental Benefits

- Transportation to appointment(s)
- 90-day supply mail-order prescriptions for chronic conditions
- Virtual/audio/telephonic counseling or consultations
- Meals or other nutritional services
- Treatment Decision Support program

Implementation Guidance

- Employers may encounter barriers with integrating incentives or coverage of supplemental benefits as part of health plan benefits. As an alternative, employers may choose to provide incentives outside of the plan design, such as the employer's benefits department offering gift cards to those who participate in a supplemental benefit program.
- All members with the targeted clinical condition should be eligible for participation in the disease management program to avoid discriminatory benefits.

Additional V-BID Component 2 Option: Change Incentives for Services for Members who Participate in Chronic Disease Management Programs

Employers may choose to require participation in a disease management program in order to receive incentives for condition-specific high-value services and/or supplemental benefits. Employers may also choose to make incentives conditional based on outcomes achieved in the disease management programs. Employers that choose an outcomes-based incentive must provide an alternative way to earn incentives for members who are unable to reach required targets.

Examples of Types of Disease Management Programs

- Disease-specific action plan
- Meetings with health coach or health educator for education on condition
- Medication adherence program
- Pharmacist counseling
- Nutritional counseling
- Behavioral health counseling
- Lifestyle change/wellness program specific to condition
- Weight management/weight loss program indicated for condition

- Smoking cessation program

Implementation Guidance

- Disease management programs are specific to improving health outcomes for a person's condition. They are not a general wellness program for all members.
- Disease management programs may be offered as an additional benefit for members with specific clinical conditions, or may be part of the existing care management activities. If part of existing care management, providers and health plans will need to have open communication about how programs are structured, which members are targeted, and which members are participating these programs.
- All members with the targeted clinical condition should be eligible for participation in the disease management program to avoid discriminatory benefits.

Examples of Self-Insured Employers Implementing V-BID Component 2

	Employer Type	Employer	V-BID Strategies	Program Results
V-BID Component 2: Change Incentives for Specific Services by Clinical Condition	National	Lafarge North America "Building a Better You"	▪ Reduced copays ($5) for diabetes, asthma and hypertension medications	▪ Saved $30M in medical and Rx costs over 3 years ▪ Doubled percent of patients adherent to meds ▪ Decreased ER visits and inpatient visits and days
	Connecticut	United Healthcare "Diabetes Health Plan"	▪ Eliminated payments for diabetes-related supplies and Rx drugs for participation in routine disease maintenance exams ▪ Provided free access to online health educators and disease monitoring systems	▪ After one year of implementation reduced total net cost by 9%, saving about $3 million

RECOMMENDED V-BID COMPONENT 3: CHANGE INCENTIVES FOR VISITS TO HIGH VALUE PROVIDERS

It is recommended that employers provide incentives for visits to high value providers, such that the measures of "value" are transparent, and are defined by both cost and quality metrics.

	Provider Type
Recommended Core Benefit Plan Design: Employers choose to incentivize visits to at least one of the following provider types	Network of providers who have been identified as high value based on performance on cost and quality metrics
	Providers who is part of an ACO identified as high value based on performance on cost and quality metrics
	Primary care physician or Patient Centered Medical Home that has been identified as high value based on performance on cost and quality metrics

Implementation Guidance

Although each health plan may use different measures and criteria to define "value" for providers, it is recommended the measures used are transparent to providers and consumers, and at a minimum use a validated set of cost and quality metrics. The SIM Quality Council Provisional Measure Set (see Appendix on page 68) was developed through an intensive stakeholder engagement and public process, and provides a standardized set of validated metrics that health plans may use for identifying high value providers.

For guidance and recommendations on how value should be defined for providers, please see the V-BID Plan Guiding Principles on page 12.

Justification for Recommendation

- Approach aligns consumer incentives with provider incentives, which experts and stakeholders agreed was essential.
- Consortium members emphasized that while important, value cannot be defined solely in terms of cost but should also include quality measures, and that measures need to be transparent. Other dimensions, such as provider accessibility, credentials, etc. should be considered for incorporated into future V-BID templates.
- Quality measures align with the SIM Quality Council initiative, which is developing a Provisional Core Measure set to propose tying provider payment to selected quality metrics.
- According to stakeholders, many health plans in Connecticut have established incentive structures to drive consumers towards high value providers. Stakeholders suggested building/improving upon these models and ensuring transparency in defining value.
- Health plans such as Anthem's Patient Centered Primary Care Program and Aetna Whole Health - Hartford HealthCare & Value Care Alliance that reduce cost sharing for providers who are being paid for performance have seen success with these programs.[xii]

ADDITIONAL V-BID COMPONENT 3 OPTION: CHANGE INCENTIVES FOR SPECIFIC SERVICES ONLY IF DELIVERED BY HIGH VALUE PROVIDER

Employers may choose to incentivize specific services only when delivered by a high value provider.

	Provider Type	Conditions	Services
Suggested Additional Benefits	Center of Excellence	▪ Transplant surgery ▪ Knee or hip replacement ▪ Heart surgery ▪ Obesity surgery ▪ Substance use	▪ All care for specific condition ▪ Medications for specific condition
	Narrow network of high performing providers for specific chronic conditions	▪ Coronary Artery Disease ▪ Congestive Heart Failure ▪ Diabetes ▪ Hypertension ▪ Cancer	▪ Office visits for condition ▪ Medications for condition ▪ Procedures for condition

*See V-BID Plan Guiding Principles for additional recommendations on how value should be defined for providers.

Implementation Guidance

As part of this option, employers may also cover additional out of pocket expenses associated with these services. For example, if employees need to travel to a Center of Excellence for a surgery, employers such as Lowe's cover the cost of travel for the patient and a family member, in addition to the care received while at the facility. Employers should consider provider access and employees' abilities to visit certain providers for follow up, especially if they require ongoing care from the provider.

Examples of Self-Insured Employers Implementing V-BID Component 3

	Employer Type	Employer	V-BID Strategies	Program Results
V-BID Component 3: Change Incentives for Visits to High Value Providers	Publicly funded	New York City Employees	▪ Will eliminate copayment for primary and specialty care visits at one of 36 sites in which providers are part of specified pay for performance contracts	▪ Program implemented in 2016 – anticipated savings of $150M
	National - Connecticut based	Pitney Bowes	▪ Incentivizes use of high performing physicians through tiered network ▪ Transplants and infertility treatment is permitted at COEs only	▪ Increased cost savings as result of incentive program

Additional V-BID Component 3 Option: Change Incentives for Specific Services Only If Delivered by High Value Provider	National	Lowe's	▪ Covers medical cost and travel cost for patient and one relative for employees who have cardiac procedures performed at Cleveland Clinic	▪ Anticipates reduced costs, lower readmissions, lower mortality
	National – Connecticut based	General Electric	▪ Covers 100% of medical cost and up to $2,000 of travel costs for employees who get hip and knee replacements at one of four COEs ▪ Incents employees to use obesity surgery, organ transplant, and substance abuse COEs	▪ Anticipates reduced costs, lower readmissions, lower mortality

These plans were identified through materials from the V-BIID Center as well as discussions with employers.[xiii]

Implementation Strategies

Steps for Implementing V-BID Plans

Below are suggested steps for employers to take before implementing a V-BID plan design. These were developed based on feedback from employers currently implementing V-BID plans, as well as tools from the V-BID Center and National Business Coalition on Health.

While these steps are suggested for all employer types, the V-BID initiative recognizes that larger, self-insured employers may have greater access to claims and clinical data on their employee population, and more robust benefits departments and administrative capabilities to develop communications and evaluation plans. However, fully insured employers should work with their health plan vendor on what data is already available and how this can be leveraged for V-BID. Plans may also already offer certain wellness and chronic disease management programs and have methods developed to assess the impact of these benefits that may be leveraged for V-BID plans.

1. Assess the Clinical Needs of your Employee Population

V-BID plan designs are most effective when targeted towards an employer's specific employee population. Employers' health plans, third party administrators, and pharmacy benefits managers often have access to medical and pharmacy claims that can be analyzed to determine disease prevalence and risk factors among members. Analyzing this data will help health plans and employers identify areas of risks for increased health care spending due to health conditions that can be improved through enhanced treatment adherence and/or behavior change.[xiv]

Get to Know Your Employees!

Biometric screenings and health risk assessments can help you determine which services are most valuable to your employees.

Employers can also collect these data through biometric screenings and health risk assessments offered to employees. The first V-BID component recommended in the V-BID Plan Design Templates recommends incentivizing certain biometric and mental health screenings, which may be used to collect additional data on the population. Employers and health plans should use this information to determine which clinical conditions to target and which additional high value services or supplemental benefits to incentivize to have the most impact.[xv] Involving a clinician in this assessment is recommended to identify opportunities for intervention and improvement.

2. Discuss Your Options with Your Health Plan

Before implementing a V-BID Plan, employers should discuss their goals with their health plans to develop a customized V-BID program that makes sense for the company. Health plans can provide additional guidance on state and federal regulations, and may provide valuable online tools that can assist employers in record keeping and tracking participation.

3. Choose a V-BID Template to Implement and Decide on any Additional Benefits

The V-BID Basic Plan and the V-BID Expanded Plan Templates included in this manual provide employers with a recommended core benefits plan design that is based on the evidence supporting high value services and targeting clinical conditions, feedback from the Connecticut V-BID Consortium, expert opinion, and what V-BID elements Connecticut employers are currently implementing. The goal of these templates is to offer self-insured and fully-insured employers recommended V-BID benefits, while still allowing for flexibility in plan designs by providing additional options that may be incorporated into a plan design. Based on the result of their analyses, employers and health plans can choose which conditions to target and/or which additional benefits to incentivize. Although each template is recommended for specific employer types, employers may implement one or the other. For example, an employer with an HSA-HDHP may choose to implement the Expanded Plan if approved by their legal team.

4. Develop a Communications Plan to Educate Employees about V-BID Benefits

Employee communication, education and engagement is key to the success of any V-BID plan design.[xvi] Employers should work with their HR departments to develop a communications plan or strategy before implementing V-BID plan designs. Employers implementing V-BID suggest giving employees ample time to understand the plan before implementing it (this may be up to one year), and communicating the plan design to them repeatedly through different communication methods. Annual benefit enrollment periods offer a prime opportunity to promote V-BID plan designs. Employers have also used employee mailings, Intranet sites, staff meetings, health fairs, and other wellness events to communicate V-BID benefits to employees. For additional information about communicating plans to employees, see the Communicating Benefits section on page 46.

Communication is Key!
Plan for at least 5 employee touch points to share upcoming changes to health benefits.

5. Determine a Method for Measuring Compliance with Recommended Services and Programs

In order to determine which employees are eligible for incentives, employers and health plans need to know which employees participated in the required services, or met required targets. This may be done by self-report, although some employers implementing V-BID plans report this method has resulted in employees just checking the box to get an incentive, and recommend using an automated method instead. This could be via an online system in which the provider checks a box, or submits a form directly to the health plan or health plan administrator.

6. Develop an Evaluation Plan for Assessing the Impact of V-BID

It is recommended that employers work with their health plan to develop an evaluation plan to measure the impact of the V-BID plan design. This helps the employer to track success on certain measures to inform senior management and maintain support for the program. The employer should define goals for the program and select specific, quantifiable measures to evaluate its success.[xvii] Goals may include:

- Reducing absenteeism
- Increasing presenteeism
- Increasing medication adherence among employees with targeted conditions
- Decreasing overall total medical expenditures

- Improving certain health outcomes and/or biomarkers
- Reducing emergency department utilization and hospital stays
- Increasing preventive screening rates

Employers should collect baseline data on the selected measures before or when the plan is first implemented. Continued analysis of claims data and collection of biometric markers and risk assessments throughout V-BID implementation allows employers to evaluate V-BID interventions and their population's health status to determine if specific interventions are effective. Human Resources departments will be critical to measuring certain metrics, such as reduced absenteeism, whereas claims analysis and data collected from biometric screenings and health assessments will be important for measuring improvement in health outcomes and changes in utilization.

NOTE FOR SMALL EMPLOYERS

It may be difficult for employers with small employee populations to detect health care cost savings from a V-BID plan, especially in the short-term. This may also be the case for fully insured plans, in which employees are part of a larger risk pool, for which cost savings may be determined for the full risk pool, rather than individual policies. These employers may set goals related to improved health and increased productivity, rather than immediate reductions in health care costs.

Best Practices and Lessons Learned

These best practices are based on suggestions from national and Connecticut-based employers currently implementing V-BID plans who participated in individual interviews or an employer focus group.

Use Incentive Amounts that will Motivate Employees' Behavior

Incentive amounts need to be appropriate for your employee population and significant enough to motivate people to change their behavior. For example, one large national employer found a $500 annual bonus payment for participation in biometric screenings increased their rate of screenings. Similarly, the Connecticut HEP plan found that a premium penalty of $100 per month for not meeting program requirements resulted in high levels of compliance. Employers will need to work with senior leadership as well as employee leaders to balance providing incentives that are significant to employees to engage them in health services, while still feasible for the employer or health plan to cover. The appropriate incentive amounts depend on the employer's population and culture—requesting feedback on V-BID plan design incentive mechanisms from employees can help employers gauge this.

Make Services Convenient for Employees

Bringing services to employees can help improve participation. Large employers may offer certain services on-site, such as biometric screenings and health risk assessments. Alternatively, employers may partner with a free-standing clinic near their location(s) to offer specific services. For example, national employers could partner with a pharmacy health clinic that is accessible in many states.

Involve Senior Leadership in Promoting V-BID to Employees

Senior leadership is key to gaining employee buy-in and integrating employee incentive programs into the employer culture. When possible, messaging to employees should come directly from senior leadership and leaders should communicate to employees why implementing a V-BID plan design is important to the company's goals. Company leaders may also promote the plan by indicating that they participate in recommended screenings or a disease/condition management program themselves. For a script to promote V-BID plans to senior leadership and gain their buy-in, refer to the Employer Resources on page 49.

Modify Plan Designs throughout Implementation as Needed

Employers who have implemented V-BID suggest that plan designs need to be modified annually or biannually as new health risks emerge among their employee population, and as employees give feedback on the plan. This can also provide an opportunity to implement more clinically nuanced aspects of the plan that may have been too complex initially until appropriate systems were in place, or that employees needed more time to buy into. Communicating annual changes to the plan also increases employees' awareness of the plan and may present an opportunity to expand enrollment.

Set Realistic Expectations for Realizing Results

It is important to set realistic expectations with senior management about which goals can be achieved when. Cost savings and returns on investment may take several years to realize. However, other measures of success, such as increased medication adherence, improved biomarkers, and reduced absenteeism may be realized within several months of implementation.[xviii]

Consumer Engagement Strategies

While V-BID plans incentivize the use of specific high-value services and providers for specific members, many employers and health plans currently offer incentives for other wellness and health initiatives. Tying V-BID plan designs into a larger employer wellness and/or incentive program is a strategy many employers in Connecticut have found useful for engaging employees in health improvement activities.

In 2015, the Deloitte Center for Health Solutions conducted the Survey of US Health Care Consumers to determine what motivates consumers to change health behaviors, take a more active role in managing their health, and better engage with their providers and the healthcare system.[xix] Their findings indicate upward trends in consumer engagement in certain areas for which employers and health plans could provide additional resources and tools, and even incentives. Many Connecticut employers who participated in the employer survey and focus group are currently engaging in these innovative strategies to motivate their employees toward achieving health goals.

For example, one common employee engagement strategy is incentivizing general wellness and fitness programs for all employees. These may include walking programs, gym memberships, and competitions around physical activity. They may also be outcomes-based, in which employees earn incentives for achieving certain targets. Although there is currently not an evidence-base demonstrating the effectiveness of general programs such as this, they can help foster an employee culture focused on healthy behaviors, demonstrate to employees that employers are committed to their health, and build excitement around health initiatives. Therefore, these strategies may be implemented alongside V-BID plans to help engage employees and increase employee buy-in for V-BID plans.

Consumers identified the engagement strategies below in the Deloitte survey as those that would help motivate them to change health behaviors. While not necessarily high value services, many of these strategies may enhance or increase participation in the recommended V-BID strategies in the templates.

Consumer Engagement Strategy[xx]	Alignment with V-BID Benefits
Tools for shared treatment decision making with providers	Treatment decision support tools may be used part of a supplemental benefit offered in a V-BID plan design.
Resources about treatment options and how to research health concerns	Treatment decision support resources may be used as part of a supplemental V-BID benefit, or to all members.
Information about provider cost and quality, such as through provider performance scorecards	A V-BID guiding principle is that metrics used to measure provider cost and quality are transparent. Provider scorecards can be provided to members when communicating benefits for visiting high value providers.
Technology to measure fitness and health improvement goals	This may be part of a disease management program for members with chronic conditions.
Technology to monitor health issues, especially chronic conditions	This may be part of a disease management program for members with chronic conditions.
Technology to support medication adherence	This may be part of a disease management program for members with chronic conditions.

Digital communication with providers	In future V-BID initiatives, provider accessibility, including digital access, may be a dimension through which "value" is defined. One employer implementing this strategy suggested it helped improve utilization of primary care services and decrease ER visits.
Premium discounts for participating in health improvement/wellness/fitness programs	Employees may already be used to these incentive structures, making it easier for them to understand similar incentives structures in V-BID plans, such as offering premium discounts for participating in high value screenings.
Incentives for participating in disease management programs	This may be offered as a supplemental benefit as part of a V-BID plan.
Secure website or patient portal to access records, schedule appointments, order Rx refills, etc.	Health plans may use websites and patient portals to communicate members' eligibility for incentives and to help track utilization of high value services.

Overcoming Obstacles

	Barrier	Strategies to Overcome Barriers
ECONOMIC	V-BID implementation will initially result in increased costs for employers and health plans due to increased utilization and reduced cost sharing	▪ Many employers have found implementing V-BID results in higher utilization of low cost services, such as primary care, and lower utilization of higher cost services, such as ED visits and inpatient stays.[xxi] ▪ Although healthcare cost savings may not be realized in the first year of implementation, other outcomes such as decreased absenteeism and increased presenteeism may result in greater productivity and potentially profit.[xxii] ▪ It is recommended that health plans and employers work with actuaries on developing their V-BID plan to evaluate the actuarial value of the proposed plan.
	High turnover of employees means that some employers will not see ROI	▪ Even employers with high turnover may seem some immediate positive outcomes from V-BID benefits for all members, such as increased medication adherence and reduced utilization of high cost services.[xxiii] ▪ Employers with high turnover should work with actuaries to focus plans on incentivizing additional services with potential for cost savings in the short-term, such as visits to high value providers and surgery decision support.
PRACTICE	Requires defining and standardizing what is meant by "high-value" despite that there is a lack of evidence of the clinical and cost effectiveness of many services and providers.	▪ There is a growing body of evidence-based medicine that is sufficient for a health plan/employer to improve employee health.[xxiv] ▪ The templates in this manual recommend services for which there is an evidence base from governing academic, clinical and research bodies that these services improve health. ▪ Evaluation of several V-BID programs that target chronic diseases such as diabetes and cardiovascular disease have demonstrated that reduced cost sharing for services related to these conditions results in increased medication adherence, decreased costs, and improved health.[xxv] ▪ Use of standardized quality metrics to categorize providers as high value is growing.
	Determining eligible patient demographics to target for reduced cost sharing for high-value services requires data collection and expert review of data	▪ While data collection and analysis can be challenging, most health plans and employers will find they have enough existing data to determine high risk groups. Most health plans, especially those with wellness programs and chronic disease management programs, have the analytic tools available to analyze claims data.[xxvi] ▪ Incentivizing biometric screenings and health risk assessments can help employers collect additional data on their populations.[xxvii]

		▪ The templates recommend several services targeted only by age and gender, which does not require claims analysis and is less administratively complex.
	Absence of risk factors in claims data	▪ This data may be collected through biometric screenings and health risk assessments. ▪ Although EMR data is typically not used in health plan systems, technology to integrate EMR and claims data is being explored and should be encouraged. ▪ Health plans may integrate VBID with Disease Management programs, which typically make EHR and health assessment data available.
	Physicians may not feel incentivized to persuade/dissuade patients to use/refuse certain services	▪ Involve physicians in the conversation to identify patient groups that would benefit most from differential cost-sharing of certain services.[xxviii] ▪ The templates attempt to align provider and consumer incentives by incentivizing services that have related quality metrics for providers as part of the SIM Quality Council Provisional Measures Set. ▪ Aligning a V-BID plan with the Connecticut Choosing Wisely campaign can help educate providers on how to have conversations with patients about what services are unnecessary and potential harmful.
ETHICAL	If patients refuse or fail to meet outcomes that qualify them for incentives, this is discriminatory	▪ Employers and health plans are required to offer alternative ways for members to earn incentives if the incentives are based on meeting certain outcomes or targets.
LEGAL	There are regulatory barriers to differential cost sharing for members with specific clinical conditions for fully insured and HSA-HDHP plans	▪ The Basic template recommends V-BID components that work within the regulations and can be implemented by fully insured and HSA-HDHP plans. ▪ The V-BID Center at University of Michigan has established a multi-stakeholder initiative to advocate for the expansion of the IRS preventive care safe harbor guidelines to allow HSA-HDHPs to cover additional evidence-based service before the deductible.[xxix] ▪ Future V-BID initiatives in Connecticut may include recommendations for changes to certain state regulations that limit V-BID benefits.
ADMINISTRATIVE	There are administrative challenges with administering and managing incentive benefits across states for national employers.	▪ While administering incentive programs across states can be very administratively complex, several national employers have successfully implemented V-BID plans. Dedicating enough resources to administration of the plan, and gaining senior management buy-in is key to this success.
	Administering different incentive schemes for different members can be challenging.	▪ Technology may play a key role in reducing administrative challenges with implementing more complex V-BID plans. Employers and health plans are encouraged to leverage Health Information Exchanges and technology such as edge servers to develop an integrated system that eases health benefits administration.

	Identifying eligible members requires algorithms to measure compliance by patients and providers. Patients and/or providers may misreport information to qualify for V-BID.	▪ Before implementing V-BID plans, employers and health plans should determine which methods they will use to measure member compliance.[xxx] ▪ Some employers implementing V-BID recommend using automated reporting as much as possible, and not relying on self-attestation. ▪ Health plans can use existing information from EHR and claims data to identify eligible members.
CULTURAL	Getting employee buy-in and changing employee culture is challenging	▪ Getting senior leadership buy-in initially, and having company leaders promote the program may increase employee buy-in. ▪ Engaging key stakeholders early, such as union and other employee leaders is key. ▪ Integrating V-BID into a larger employee culture focused on healthcare and wellness can help increase buy-in. ▪ Repeated messaging about the plan through various communication channels is recommended by many employers.
	Motivating employees to change behavior is difficult	▪ Incentives need to be significant to employees to motivate them to change behavior. Soliciting feedback from employees and evaluating the V-BID program throughout implementation can help determine what incentives to offer and how to modify them to increase participation. ▪ For large employers, bringing services to the employees (via on-site screening clinics, etc.) can increase participation. ▪ Implementing V-BID with other patient engagement strategies may increase participation. ▪ Making V-BID an opt-in plan can increase participation, especially if employees have to meet certain requirement to maintain enrollment in the plan. This also requires a strong incentive structure to motivate employees to opt-in and stay in, such as reduced premiums.
	Explaining the program benefits to employees may be complex, and employees may think targeting of certain groups is discriminatory	▪ Employers should develop a comprehensive communication plan to communicate the V-BID benefits to employees before implementation. ▪ Describing eligibility requirements and incentive structures to employees will require outreach by HR. Many Connecticut employers have found new member communication technologies useful to help communicate health plan benefits very successful. ▪ Frequent communication through multiple channels will help explain the program. ▪ Emphasizing how the plan benefits all employees is key. When surveyed, employees have not reported thinking V-BID plan designs were discriminatory.[xxxi]

Aligning with Provider-side Reforms

For Connecticut's larger employers, particularly those who are self-insured, the range of health benefit options is larger than for their smaller peers. With their larger scale and under the provisions of ERISA, self-insured employers and their health plan administrators may craft more customized features in their plans, including V-BID elements. At the same time, large employers should be mindful of the interaction between demand-side features, such as V-BID or other member incentives, and supply-side features, such as pay-for-performance contracting and alternative payment arrangements like bundled and global payments.

V-BID is not a standalone strategy. Rather, it is part of a holistic approach to health care reform, with the intent of aligning incentives for members and providers, to deliver the highest-value services and avoid the lowest-value ones.

In a contracting environment where alternative payments are used, V-BID is therefore well-suited to reinforce, from the member's perspective, a movement toward higher value care. Below are some areas where reinforcement between VBID and supply-side efforts may harmonize:

VBID Feature	Provider-Side (Supply-side) Feature
Disease management participation or success	Pay-for-performance (P4P) for quality performance, provider bonus for member participation in disease management program
Member incentive to use high-value drugs	P4P for generic prescribing, provider bonus payment for efficient pharmacy utilization
Member incentive to use high-value providers	Limited networks, Global or bundled payments
Member incentive to use high-value services	Global payments (includes global budget for ACOs or PCMHs), bundled payment for certain care (such as hip/knee replacements, chronic condition management), P4P for meeting quality metrics (e.g. achieving screening rates)
Discourage use of low-value services or drugs	Prior authorization for certain services or drugs, Global or bundled payments

In addition, nearly any VBID component is reinforced when paired with global budgeting for providers.

When possible, employers should seek health plans or third-party administrators with the experience and ability to implement the supply-side components that will enhance the effectiveness of the employer's VBID initiative.

Connecticut Supply-side Initiatives

Connecticut employers may leverage other SIM initiatives to align their V-BID plan designs with supply-side reforms:

Connecticut Choosing Wisely Collaborative

Choosing Wisely®, an initiative of the American Board of Internal Medicine (ABIM) foundation, promotes informed patient-provider communication to prevent use of unnecessary care and low-value services. The Connecticut Choosing Wisely Collaborative aims to support the growth of *Choosing Wisely*® initiatives in the State and works with provider groups and facilities to educate providers on low value services to

avoid, and how to communicate with patients about these services. Employers should discuss with their health plans if they are engaged with the Connecticut Choosing Wisely Collaborative, and how they integrate these concepts in their provider networks.

SIM Quality Council Provisional Measure Set

The SIM Quality Council Provisional Measure Set is currently being developed to provide a standardized set of quality measures that serve as a minimum baseline for value-based payment methods across the state. Having a standardized core measure set that can be adopted by all payers will also help to streamline and reduce administrative burdens of care delivery on provider organizations.[xxxii] The V-BID initiative seeks to align the recommended consumer benefits with provider incentives; therefore, many of the high value services included in the V-BID plan designs are also targeted in the Provisional Measure Set. These measures present an ideal opportunity for plans to synchronize demand-side reform with value based payment arrangements.

Communicating V-BID Benefits to Employees

All successful healthcare delivery systems are founded on effective communications. Communications plans for promoting V-BID among employees should educate employees on how their health plan can be leveraged to improve their health, prevent future health issues, reduce their out of pocket spending, and make the best health care decisions for themselves and their families. The following best practices were derived from employer and health plan interviews, the employer survey and focus group, and the current literature around V-BID implementation.[xxxiii]

Best Practices

- Identify the desired outcomes of the communication campaign and choose strategies that help to achieve those goals.

- Set a realistic timeline to develop and roll-out your communication plan. V-BID concepts are novel and will take some time for employees to understand and embrace the proposed initiatives. One employer noted that communicating the V-BID plan to employees repeatedly over the course of a year before implementation helped make implementation successful.

- Address employee concerns that higher quality services will cost more. Emphasize that the recommended components set forth in the V-BID templates aim to reduce cost barriers and improve access to high-value services and providers, which benefit everyone.

- Health benefit programs are only successful when employees and their families understand where to go and how to use the services available to them. Communication materials must be clear, accurate, and simple in order to effectively guide employees towards informed decisions about their options for services, providers, facilities, and drugs.

- Communications to employees should come from senior management to show this is an important initiative to the company. Communication materials can include newsletters, infographics, videos, postings to an interactive Intranet site, and modeling of desired behaviors.

- In-person communication may be one of the most effective ways to engage employees on the topic of health plan benefits. Benefits managers and leadership should be available to employees with questions or concerns about the health plan. Consider hosting one or more informational seminars or “lunch and learns” to discuss the goals of the new V-BID plan, review the timeline for implementation, and provide employees with the opportunity to ask questions and express any concerns.

- Highlight the employer’s commitment to honoring the confidentiality of health information.

- Utilize multiple communication channels and strategies to effectively communicate with a diverse range of employees. Make use of existing and popular communication networks within the organization and communicate with employees frequently. Repeated messaging helps employees pay attention to and understand the V-BID concepts, which may at first seem complex.

- Customize communications. A one-size-fits-all approach is typically not sufficient. Consider each employee group and customize communication materials to appeal to specific age, gender and cultural groups within the organization. For example, sending a mammography reminder to female employees over age 50. Some employers with more advanced communications and outreach tools may send personalized messages to employees with steps they can take towards achieving certain behaviors. For example, one Connecticut employer sends birthday messages to each employee, reminding them to get their annual physical.

- Develop a unique brand for the proposed V-BID plan. Branding strategies should focus on the V-BID benefits for employees, the employer's commitment to employee health, and the ongoing, mutual support needed for achieving better health.

- Consider using an interactive online benefits communication tool. Many health plans offer these to their employer clients, but you can also find standalone products for your HR department. Many of these tools help guide employees through the process of selecting a plan and help them make the most of their current benefits. Large employers in Connecticut have found these tools to be very successful with their employee population, especially for communicating about HSA-HDHP benefits.

- Develop interactive communication models to solicit feedback from employees. Consider including testimonials, blogs, or discussion boards as part of the campaign to encourage the exchange of real-life examples of how participation in the V-BID plan has impacted different individuals.

- Develop an evaluation tool to monitor employee satisfaction after the first year of operation and identify areas for improvement. Evaluation of the communication campaign should be ongoing.

- If you have a large number of employees with families, it is important that the communication strategy be inclusive of spouses/partners, children, and adolescents.

Understanding your Target Audience

Critical to the success of any communication campaign is its ability to address the unique needs and perspectives of its audience; an audience-centered approach should be the foundation of all communication efforts. In developing the communication strategy, employers and health plans should consider:

- Spoken and read language(s) of constituents
- Ability to interpret and understand health information
- Education
- Age
- Gender
- Income
- Cultural beliefs and values
- Experience with the healthcare system

- Beliefs and attitudes towards treatment options
- Willingness to try different healthcare services

Addressing Health Literacy

In any communications campaign, health plans and employers should anticipate and address the potential barriers associated with health literacy. Health literacy is a concept used to describe a person's ability to interpret and act upon health information. For these reasons, it is important to consider the following when developing health benefits communication materials:

- Incorporate visuals
- Use simple and direct language
- Engage the reader
- Provide detailed examples for complex topics and words
- Avoid complex layouts
- Write in a conversational tone

Evaluating Communication Methods

When evaluating the communications campaign, it is important for employers and health plans to consider the following questions:

- Has the campaign reached (and influenced) our target audience(s)?
- Are current methods appropriate for conveying the intended messages to the target audience(s)?
- Is the current campaign sustainable? Is it affordable? How resource intensive was it?
- Was it difficult to release accurate and relevant health and health plan design information?
- How does this campaign compare to other, previous campaigns?
- What are the lessons learned?

Choosing Wisely®: Educating Consumers on Low Value Services

Choosing Wisely®, an initiative of the American Board of Internal Medicine (ABIM) foundation, promotes informed patient-provider communication to prevent use of unnecessary care and low-value services. Employers choosing to implement a V-BID plan should also consider pairing this plan with an educational program for their employees to provide them with patient-friendly materials on what care is best for them and the right questions to ask their physicians. This education can go a long way towards promoting shared-decision making, reducing the use of low-value services, and ultimately improving productivity and reducing costs for employers.

Resources for Employers Implementing V-BID Plans

Sample Marketing and Communications Materials

Sample Script for Engaging Company Leadership

Please note: this script uses an example of a V-BID plan that a company could implement. The script would need to be adapted to the specifics of the company and the proposed V-BID Plan incentives.

"In the next couple of months, the Company will be implementing some changes to our health benefits plan. These changes have three primary goals:

1- To improve health outcomes by encouraging the use of high-value services among all employees, including preventive services and certain prescription drugs
2- To improve company productivity by decreasing absenteeism and presenteeism
3- To reduce health care costs for both the company and the employees with the greatest health needs (e.g. those with chronic conditions)

In order to achieve these outcomes, we will be offering a Value-Based Insurance Design, which will provide financial incentives to employees for high-value services and providers. All of our employees will be eligible for an HRA contribution for certain high-value services and for visits to identified high-value providers. Some incentives will target a specific population: after analyzing our employee health data, we have identified diabetes as a condition that has adversely affected our employees, and by extension the Company, and we hope to remove financial barriers for those with diabetes to help them manage their condition. The following incentives will be provided to employees for the following high value services:

1- All employees will receive an HRA contribution of $X if they participate in the following clinical services:
    - Biometric and Mental Health Screenings
    - Cancer Screenings
2- Employees with diabetes will receive waived copayments for the following visits, services, and drugs:
    - Office visits related to condition
    - Nutritional counseling
    - Smoking cessation
    - HbA1c
    - Eye exams
    - Foot exams
    - Insulin
    - Diabetic supplies
    - ACE inhibitors/ARBs
3- All employees will have reduced copayments for visits to ACO X, which has been identified as a high value provider based on cost and quality metrics.

In order to maximize the impact of these changes, effective communication with employees is essential. The Company will depend on its leadership to understand and promote these benefits to their departments. As such, we would like to offer the Company leadership an opportunity to ask questions and voice any concerns about the proposed changes."

Sample Materials for Engaging Employees

Frequent and effective communication is essential to gaining employee buy-in and increase participation in a V-BID plan. Communication materials should aim to educate employees on what Value Based Insurance Design is, the benefits of participation, and how employees can earn incentives. In addition to the infographics noted on page 64, below is sample language that can be adapted by employers to communicate with employees.

Please note: these scripts use an example of a V-BID plan that a company could implement. The scripts would need to be adapted to the specifics of the company and the proposed V-BID Plan incentives.

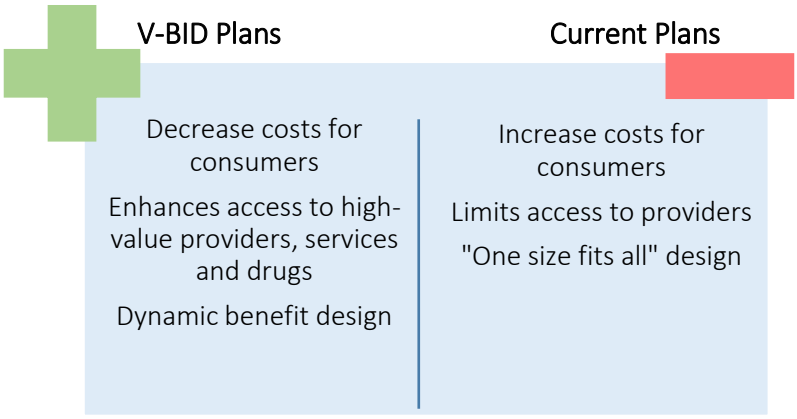
Sample Script 1: What is Value-Based Insurance Design?

Educating employees on the basics of Value-Based Insurance Design will help pave the way for implementation. Be sure that your employees understand how V-BID works and why your Company will be moving to a V-BID plan. Start talking to your employees early in the process, and make sure they know the timeline for implementation.

"In the [next couple of months], [the Company] will be implementing some changes to our health benefits plan. Our new plan, will be a Value-Based Insurance Design benefits plan.

Value-based Insurance design (V-BID) initiatives are gaining popularity amongst employers and health plans for their ability to promote the use of high value healthcare while controlling for healthcare related costs. Aligned with goals of the Affordable Care Act (ACA), V-BID initiatives encourage employees to seek more effective, high-value services by reducing costs for employees. Reducing costs for essential, high-value services helps employees by reducing the financial barriers to access medically beneficial services.

V-BID recognizes that the benefits of healthcare services depend on the patient using it, as well as when, where, and by whom the service is provided. The new V-BID plan will provide incentives to employees for seeking care at high value providers, for adhering to prescription drug plans for chronic conditions, and for receiving high-value services. V-BID ensures that consumers receive cost-conscious, appropriate, and effective services that are right for them."



Adapted from: http://vbidcenter.org/wp-content/uploads/2016/02/Clinical_Nuance_Infographic.pdf

Sample Script 2: Why Should I Participate in the V-BID Plan?

Be sure to highlight that a V-BID program is not only good for your employees' wallet, but it will improve their health as well! When employees are healthy, this will not only impact their performance at work but will help them to lead fuller lives outside of work.

"Fundamental to V-BID plan design is the goal of improving health outcomes for those enrolled in the plan. Prioritizing your health is made easy with V-BID by lowering financial barriers that have often deterred patients from accessing high-value visits, services, and drugs that are right for them and their condition. By joining a V-BID plan you are joining a healthier workforce; you are becoming one of several employees throughout the country who have been able to **maintain** and **achieve** better health outcomes. By improving your health, you are improving your productivity at work, and you are spending your valuable personal time doing things you *want to* be doing!"

Sample Script 3: How Do I Earn Incentives?

Use clear and concise language when describing your incentives. Be sure to include how the incentive is earned (participation in a program, visiting certain providers, adhering to prescription drug plan, etc.), how they will receive this incentive (through copay reduction, premium reduction, bonus payment, etc.), and how much money they can expect to earn or save through participation.

"Interested in earning rewards? If you are currently enrolled in or plan on enrolling in the V-BID plan, you can earn incentives by:

- Earn a contribution to your HRA account by using these services:
  - Biometric and Mental Health Screenings
  - Cancer Screenings
- Staying healthy and keeping your diabetes under control through use of the following visits, services and drugs will not only keep you happy and healthy, but your pockets too! All copayments will be waived for:
  - Office visits related to condition
  - Nutritional counseling
  - Smoking cessation
  - HbA1c
  - Eye exams
  - Foot exams
  - Insulin
  - Diabetic supplies
  - ACE inhibitors/ARBs
- Reduce your copay and save by making appointments with [ACO X], which has been identified as a high value provider based on cost and quality metrics."

V-BID Basic Worksheet

V-BID Basic Recommended Core Benefits

To qualify as a V-BID Basic plan, employers must implement all three Components.

Core Component 1: Change Incentives for Specific Services for All Applicable Members

V-BID Basic	Recommended Core Benefits	Incentive	Amount
Component 1 Change Incentives for Specific Services for *All Applicable Members*	✓ **Blood pressure screening** for applicable members depending on age group and gender ✓ **Cholesterol screening** for applicable members depending on age group and gender ✓ **Obesity screening** for applicable members depending on age group and gender ✓ **Depression screening** for adolescents over 12 years and adults ✓ **Alcohol screening and counseling** for all adults ✓ **Breast cancer screening** for women depending on age group ✓ **Cervical cancer screening** for women depending on age group ✓ **Colorectal cancer screening** for applicable members depending on age group and gender	I will provide employees that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Other (e.g. gift card, vacation time, payroll bonus)	$_____

Core Component 2: Change Cost Sharing for Specific Drugs for All Applicable Members

V-BID Basic		Recommended Core Benefits	Incentive	Amount
Component 2 Change Cost Sharing for Specific Drugs for All Applicable Members	Choose at least two:	☐ Beta-blockers ☐ ACE inhibitors and ARBs ☐ Insulins and oral hypoglycemic ☐ Long-acting inhaler ☐ Inhaled corticosteroids ☐ Statins ☐ Anti-hypertensives ☐ Anti-depressants ☐ Smoking cessation drugs	I will provide employees that use any of these drugs with a: ☐ Contribution to HSA ☐ Contribution to HRA ☐ Reduced Copayment ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____

Core Component 3: Change Incentives for Visits to High Value Providers

V-BID Basic		Recommended Core Benefits	Incentive	Amount
Component 3: Change Incentives for Visits to High Value Providers	Choose at least one:	☐ Network of providers who have been identified as high value based on performance on cost and quality metrics ☐ Provider who is part of an ACO identified as high value based on performance on cost and quality metrics ☐ Primary care physician or Patient Centered Medical Home that has been identified as high value based on performance on cost and quality metrics	I will provide employees that visit any of these providers with a: ☐ Contribution to HSA ☐ Contribution to HRA ☐ Reduced Copayment ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____

V-BID Basic Optional Benefits

V-BID Basic	Incentive	Amount
☐ Treatment decision support/counseling for members with conditions that have multiple treatment options with differing risks and benefits Condition(s): _____ _____ _____	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
☐ Surgical decision support or second opinion before surgery for members undergoing elective surgeries that have other treatment alternatives Condition(s): _____ _____ _____	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
☐ Chronic Disease Management program for members with chronic diseases Condition(s): _____ _____ _____	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
☐ Pain Management for members with chronic pain	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance	$_____

	□ Other (e.g. gift card, vacation time, payroll bonus)	
□ Healthy pregnancy program	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
□ Smoking Cessation for all members, as applicable	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
□ Complex Case Management, for members with complex conditions. Condition(s): _____ _____ _____	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____

V-BID Expanded Worksheet

V-BID Expanded Recommended Core Benefits

Core Component 1: Change Incentives for Specific Services for All Applicable Members

V-BID Expanded	Recommended Core Benefits	Incentive	Amount
Component 1: Change Incentives for Specific Services for *All Applicable Members*	✓ **Blood pressure screening** for applicable members depending on age group and gender ✓ **Cholesterol screening** for applicable members depending on age group and gender ✓ **Obesity screening** for applicable members depending on age group and gender ✓ **Depression screening** for adolescents over 12 years and adults ✓ **Alcohol screening and counseling** for all adults ✓ **Breast cancer screening** for women depending on age group ✓ **Cervical cancer screening** for women depending on age group ✓ **Colorectal cancer screening** for applicable members depending on age group and gender ✓ **Beta-blockers** for all members prescribed drug for any indication ✓ **ACE inhibitors and ARBs** for all members prescribed drug for any indication ✓ **Insulins and oral hypoglycemics** for all members prescribed drug for any indication ✓ **Long-acting inhalers** for all members prescribed drug for any indication ✓ **Statins** for all members prescribed drug for any indication ✓ **Smoking cessation drugs** for all members prescribed drug for any indication	I will provide employees that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Other (e.g. gift card, vacation time, payroll bonus)	$_____

Core Component 2: Change Incentives for Specific Services by Clinical Condition

V-BID Expanded	Recommended Core Benefits	Incentive	Amount
Component 1: Change Incentives for Specific Services by Clinical Condition **Choose at least two conditions**	☐ Diabetes ✓ Office visits related to condition ✓ Nutritional counseling ✓ Smoking cessation ✓ ✓ HbA1c ✓ Eye exams ✓ Foot exams ✓ Insulin ✓ Diabetic supplies ✓ ACE inhibitors/ARBs	I will provide employees with diabetes that use any of these services with a: ☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
	☐ Pre-Diabetes ✓ Office visits related to condition ✓ Nutritional counseling ✓ Health coach ✓ Smoking cessation ✓ HbA1c ✓ Glucose test ✓ Anti-hypertensives ✓ Metformin ✓ Statins	I will provide employees with pre-diabetes that use any of these services with a: ☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____

	□ Asthma/COPD ✓ Office visits related to condition ✓ Smoking cessation ✓ Home visits ✓ Spirometry ✓ Long-acting inhalers ✓ Inhaled corticosteroids ✓ Oxygen	I will provide employees with asthma/COPD that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
	□ Hypertension ✓ Office visits related to condition ✓ Smoking cessation ✓ Nutritional counseling ✓ Blood pressure testing ✓ Anti-hypertensives ✓ ACE inhibitors/ ARBs ✓ Statins	I will provide employees with hypertension that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
	□ Pre-hypertension ✓ Office visits related to condition ✓ Smoking cessation ✓ Nutritional counseling ✓ Health Coach ✓ Blood pressure testing	I will provide employees with pre-hypertension that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____

	□ Depression ✓ Office visits related to condition ✓ Suicide and other risk assessments ✓ Cognitive behavioral therapy ✓ Smoking cessation ✓ Anti-depressants	I will provide employees with depression that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
	□ Substance Use Disorders ✓ Office visits related to condition ✓ Risk assessments ✓ Evidence-based treatment programs ✓ Smoking cessation ✓ Methadone ✓ Buprenorphine/Naloxone ✓ Detox medications	I will provide employees with substance use disorder that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
	□ Congestive Heart Failure ✓ Office visits related to condition ✓ Smoking cessation ✓ Nutritional counseling ✓ Echocardiogram ✓ EKG ✓ Potassium and creatinine testing ✓ Digoxin level ✓ Beta-blockers ✓ ACE inhibitors/ARBs ✓ Spironolactone ✓ Diuretics ✓ Oxygen ✓ Digoxin	I will provide employees with congestive heart failure that use any of these services with a: □ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
	□ Coronary Artery Disease ✓ Office visits related to condition	I will provide employees with coronary artery disease that use any of these services with a:	$_____

	✓ Nutritional counseling ✓ Smoking cessation ✓ EKG ✓ Beta-blockers ✓ ACE inhibitors/ ARBs ✓ Aspirin ✓ Clopidogrel ✓ Plavix	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	

Core Component 3: Change Incentives for Visits to High Value Providers

V-BID Expanded		Recommended Core Benefits	Incentive	Amount
Component 3: Change Incentives for Visits to High Value Providers	Choose at least one:	□ Network providers who have been identified as high value based on performance on cost and quality metrics □ Provider who is part of an ACO identified as high value based on performance on cost and quality metrics □ Primary care physician or Patient Centered Medical Home that has been identified as high value based on performance on cost and quality metrics	I will provide employees that visit any of these providers with a: □ Contribution to HSA □ Contribution to HRA □ Reduced Copayment □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____

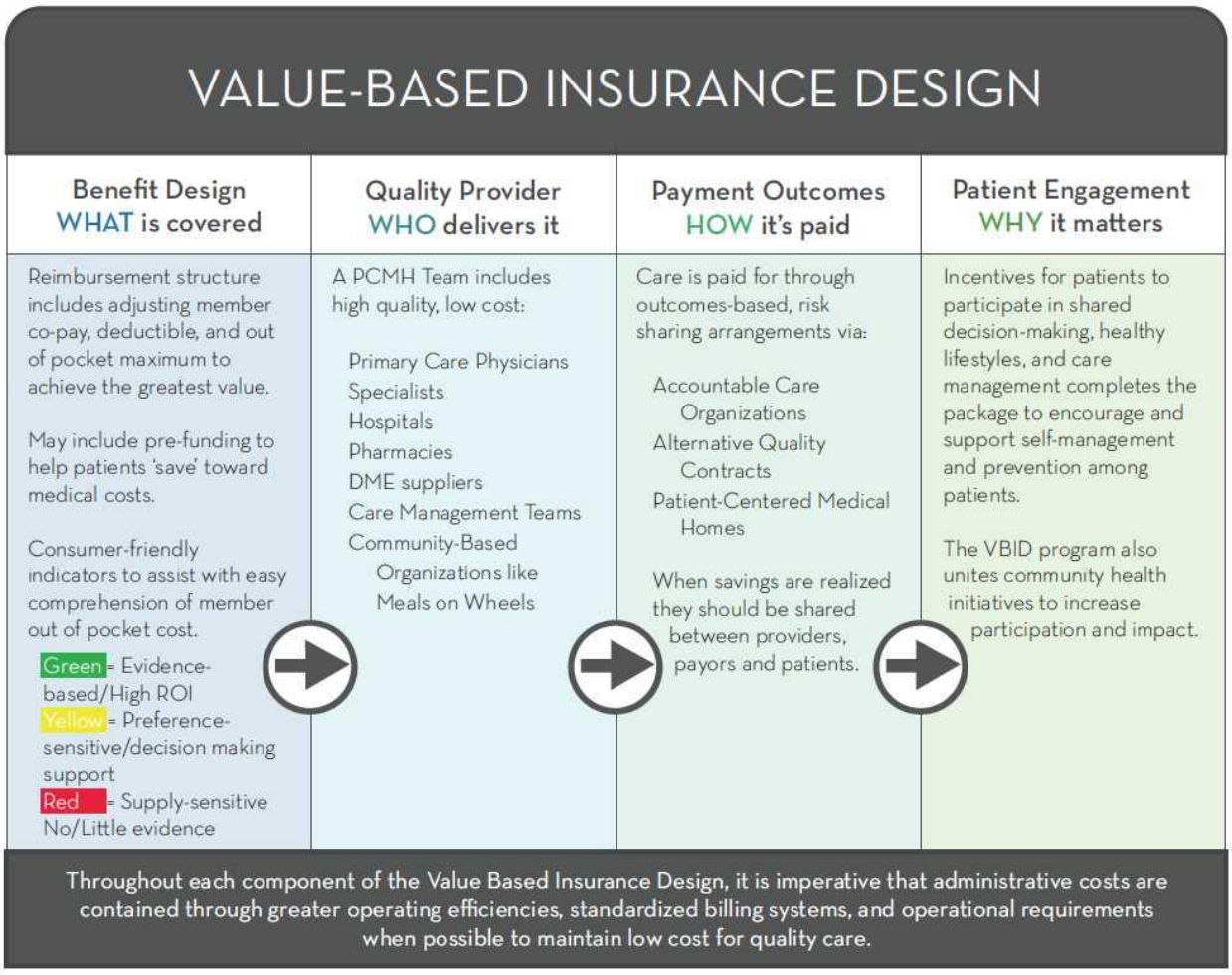
V-BID EXPANDED OPTIONAL BENEFITS

V-BID Expanded	Incentive	Amount
☐ Transportation to appointments related to condition and/or treatment Condition(s) _____ _____ _____	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
☐ 90-day supply mail-order prescriptions for chronic conditions Condition(s) _____ _____ _____	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
☐ Virtual/audio/telephonic counseling or consultations: Condition(s) _____ _____ _____	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
☐ Meals or other nutritional services Condition(s) _____ _____ _____	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment ☐ Reduced Premium ☐ Reduced Coinsurance ☐ Other (e.g. gift card, vacation time, payroll bonus)	$_____
☐ Treatment decision support/counseling for members with conditions that have multiple	☐ Contribution to HSA ☐ Contribution to HRA ☐ Bonus Payment	$_____

treatment options with differing risks and benefits --- Condition(s): _____ _____ _____	□ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	
□ Surgical decision support or second opinion before surgery for members undergoing elective surgeries that have other treatment alternatives Condition(s): _____ _____ _____	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
□ Chronic Disease Management program for members with chronic diseases Condition(s): _____ _____ _____	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
□ Pain Management for members with chronic pain	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
□ Healthy pregnancy program	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance	$_____

	□ Other (e.g. gift card, vacation time, payroll bonus)	
□ Smoking Cessation for all members, as applicable	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____
□ Complex Case Management, for members with complex conditions. Condition(s): _____ _____ _____	□ Contribution to HSA □ Contribution to HRA □ Bonus Payment □ Reduced Premium □ Reduced Coinsurance □ Other (e.g. gift card, vacation time, payroll bonus)	$_____

Visual Guides for Understanding V-BID Concepts



Clinical Nuance Infographic[xxxiv]

V-BID Infographic[xxxv]

Reward the Good Soldier[xxxvi]

V-BID Center High Deductible Health Plan Infographic[xxxvii]

Online Resources

General Resources

VBID Center[xxxviii]

Value-Based Insurance Design Pro's and Con's[xxxix]

Value-Based Insurance Design Overview[xl]

V-BID Center Fact Sheet on Connecticut's Health Enhancement Program[xli]

V-BID Center Fact Sheet on Increasing Flexibility to Expand IRS Safe Harbor Coverage in HSA-High Deductible Health Plans[xlii]

Agency for Healthcare Research and Quality[xliii]

CMS Medicare Advantage Program[xliv]

Choosing Wisely[xlv]

Clinical Guidelines and Recommendations

https://innovation.cms.gov/initiatives/VBID/

Connecticut State Innovation Model Program Management Office: V-BID Initiative[xlvi]

U.S. Preventative Services Task Force[xlvii]

American Board of Internal Medicine Foundation[xlviii]

Health Enhancement Program[xlix]

Design and Implementation Resources

"Overcoming Barriers to Shared Decision Making" webinar by the Agency for Healthcare Research and Quality (AHRQ).[l]

Evidence-Based Practice and Health Technology Assessment[li]

Standardization of Patient Reporting and Outcome Measures[lii]

Differences Between Wellness Rewards Programs and V-BID[liii]

"Finding Quality Doctors: How Americans Evaluate Provider Quality in the United States" a report by NORC at the University of Chicago[liv]

Guide to Selecting Doctors, Hospitals and Other Providers[lv]

Guide to Clinical Preventative Services[lvi]

Reducing Administrative Costs[lvii]

"Innovative Payment for Advanced Primary Care Delivery" a report for the Maine Health Management Coalition prepared by Discern Health[lviii]

Strategies for Reducing Health Care and Administrative Costs[lix]

Relevant State and Federal Regulations

Affordable Care Act Mandates[lx]

Nondiscrimination in Health Programs and Activities Proposed Rule[lxi]

Mental Health Parity and Addiction Equity Act of 2008[lxii]

Americans with Disabilities Act of 1990[lxiii]

Genetic Information Nondiscrimination Act of 2008[lxiv]

Resources for Predicting and Understanding Return on Investment

V-BID aims to reduce cost-barriers to accessing high-values drugs, services and providers. At first, implementing V-BID may increase near-term employer costs, even if there is a predicted decrease in long-term costs from the reduction in unnecessary, low-value services.[1] The likelihood of achieving a positive ROI as a result of V-BID implementation can be improved if the V-BID plan:

1. **Targets specific conditions of employee/member populations**
   Targeting specific conditions and populations will increase the likelihood of a positive ROI because it limits the incentive to only those who will benefit from being compliant.

2. **Cost-balances with other changes in overall plan design**
   Offsetting the increased costs of V-BID implementation with increased cost-sharing for non-essential, low-value services can allow employers and health plans to break even.

3. **Includes improved productivity measures in evaluations of V-BID efficacy**
   Reducing financial barriers to high-value services will keep the workforce healthier. Increased productivity and reduction in absenteeism and presenteeism will have a significant impact on employer costs.

4. **Integrates health and wellness services into its communication and implementation strategy**
   Incorporating V-BID with pre-existing health and wellness programs offered by the employer may improve consumer buy-in and program results.

5. **Maintains a realistic time frame for evaluation measures** Employers and health plans implementing V-BID must be aware of the time needed to realize the benefits of V-BID implementation. When programs are designed to target specific chronic conditions, it is important to recognize that these conditions will not improve overnight. Employers implementing V-BID initiatives should not be discouraged if there is not an immediate ROI, as cost savings may take up to five years to be realized.

Elements of an ROI Calculation	Savings to Purchaser	Costs to Purchaser
Co-pays or other financial incentives of enrollees filling prescriptions or receiving services prior to implementation of VBBD		increase
Co-pays or other financial incentives of newly engaged enrollees		increase
Treatment costs associated with newly engaged enrollees		increase
Employee Support programs (e.g., disease management, health coaches)		no change
Implementation costs (e.g., communication, vendor fees)		may increase
Savings of direct medical costs associated with newly engaged enrollees	may increase	
Productivity	may increase	

Source: http://www.nbch.org/NBCH/files/ccLibraryFiles/Filename/000000000222/VBBD%20Purchaser%20Guide.pdf

Suggestions for Data Collection

The success of V-BID implementation and effectiveness of V-BID programming can be enhanced by creating a method for data collection that is both integrative and comprehensive. It is advised that data across health information technology systems and electronic medical records be integrated to create a holistic picture of patient health and provider care.

Prior to V-BID implementation, data collection and analysis can be used to identify conditions that are negatively impacting the employee population and develop a V-BID plan accordingly.

Additional resources:

1. An Actuarial Perspective on Proposals to Improve Medicare's Financial Condition, from the American Academy of Actuaries, 2011[lxv]
2. Value- Based Benefit Design: A Purchaser Guide, from the National Business Coalition on Health, 2009[lxvi]

APPENDIX

[Please note: the latest version of the Sim Quality Provisional Measure Set will be added in the final Employer Manual.]

GLOSSARY OF TERMS

Absenteeism. A habitual pattern of absence. For the purpose of this manual, absenteeism refers to absence from the workplace.

Accountable Care Organization (ACO). ACO's are comprised of a group of doctors, facilities and health care providers who voluntarily organize together to deliver high quality care to their Medicare patients and to ensure that patients receive timely and necessary care.[lxvii]

ACE inhibitor. Angiotensin-Converting-Enzyme (ACE) inhibitors are a drug prescribed to treat a variety of conditions including high blood pressure, scleroderma and migraines. Examples of common ACE inhibitors are: Benazepril (Lotensin), Captopril, Enalapril (Vasotec), Fosinopril, Lisinopril (Zestril), Moexipril (Univasc), Perindopril (Aceon), Quinapril (Accupril), Ramipril (Altace), Trandolapril (Mavik). [lxviii]

Affordable Care Act (ACA). Affordable Care Act. Enacted by the Obama administration, the ACA, along with the Health Care and Education Reconciliation Act (2010) improved accessibility and affordability of preventative care to many Americans.[lxix]

American Board of Internal Medicine (ABIM). Since 1936, ABIM has worked to establish uniform standards amongst physicians. Certification by the ABIM represents the highest standard in internal medicine and means that certified internists have demonstrated-both professionally and publically-that they have the skills necessary for delivering the highest quality of patient care. ABIM is a non-profit, physician-led group.[lxx]

Angiotensin Receptor Blocker (ARB). ARBs are prescribed to treat conditions such as high blood pressure and heart failure.[lxxi]

Benefit design. Benefit design describes the rules by which health care services are covered by a health plan, eligible providers from which members can receive services from and requirements and/or restrictions relating to costs and cost-sharing related to those services.[lxxii]

Centers for Medicare & Medicaid Services (CMS). Through Medicare, Medicaid, Children's Health Insurance Plan (CHIP) and the Health Insurance Marketplace, these services aim to broaden the scope of Americans who receive coverage and to improve health by lowering costs and coordinating care to prevent illness.[lxxiii]

Centers of Excellence (COE). The term COE is commonly used to distinguish health care centers in which providers are specialized in particular services or programs that can produce better health care outcomes for patients.[lxxiv]

Choosing Wisely. An ABIM Foundation initiative that promotes conversations between patients and providers to discuss care that is appropriate and evidence-based and to question procedures that are no evidence-based and potentially harmful. Connecticut's Choosing Wisely campaign focuses its efforts on educating providers on non-evidence based procedures and how to best communicate appropriate services to patients.

Clinical Nuance. Recognizes that medical services differ in the benefit provided, and that the clinical benefit derived from a specific service depends on the patients using it, as well as when, where, and by whom the service is provided.

Compliance. The consistency and accuracy by which a person follows her/his medical regimen as prescribed by a healthcare provider.[lxxv]

Connecticut SIM Quality Council's Provisional Measure Set. A set of measures developed by the Connecticut SIM Quality Council for measuring provider performance.

Connecticut V-BID Consortium. An employer-led, multi-disciplinary group convened by Freedman HealthCare. The role of the Consortium was to serve as an advisory body for the V-BID Initiative in Connecticut, advising on strategies for employer and health plan engagement and making recommendations for the development of a V-BID Employer Manual, including benefit design recommendations and justifications and employer guidance for V-BID implementation.

Copayment. A type of cost-sharing. Copayments are fixed amounts that a patient is required to pay for a given service. Any outstanding cost not covered by the copayment is covered by a third party payer.[lxxvi]

Cost-sharing. A term used to describe the amount that a patient is expected to pay out-of-pocket to a provider in return for a service without reimbursement from a third-party payer. Four common approaches include: copayments, co-insurance, deductibles, and balanced billing.[lxxvii]

Deductible. A type of cost-sharing in which the patient is expected to pay 100% of the cost for all rendered services until their spending satisfies the deductible. Once the deductible is met, other forms of cost-sharing, such as copayments or coinsurance, apply. For preventative services, the deductible requirement may be waived, in which case the patient may be expected to pay other forms of cost-sharing or none at all.[lxxviii]

High Deductible Health Plan (HDHP). A benefit design plan that features higher deductibles compared to traditional insurance plans. HDHPs can be combined with health savings accounts or health reimbursement arrangements allowing for patients to pay for qualified medical expenses pre-tax.[lxxix]

Health Enhancement Program (HEP). Implemented in Connecticut in 2011, HEP is a voluntary program for all employees, retirees and dependents enrolled to comply with a schedule of wellness exams and screenings and to participate in disease counseling and education specific to existing health conditions. If a participant is compliant, they become eligible for reduced cost-sharing and other benefits; if not, patients are subject to a monetary penalty.

Health Maintenance Organization (HMO). A type of insurance plan that limits a patient to only receive coverage for care delivered by a provider who is contracted by the HMO. HMOs provide integrated care with a focus on wellness and prevention.[lxxx]

Health Reimbursement Account (HRA). An HRA reimburses employees for employer-approved medical expenses.[lxxxi]

Health Savings Account (HSA). An HSA is an employee's tax-exempt account for covering medical expenses. Subject to IRS rules, employers can make contributions to an employee's HSA to go towards the cost of health care services.[lxxxii]

Preferred Provider Organization (PPO). A type of health plan that consist of a network of providers and facilities. There is reduced cost sharing for an enrolled member uses providers and facilities that belong within the PPO; however members may use out-of-network providers and facilities at a higher cost.[17][lxxxiii]

Premium. The amount of money a person pays for her/his health insurance or plan. This amount is usually paid monthly, quarterly or annually. [lxxxiv]

Presenteeism. Working while sick, which can cause productivity loss, poor health, exhaustion, and workplace epidemics.

Primary Care Physician (PCP). A physician or health care provider that provides, coordinates or helps a patient access and utilize health care services.[lxxxv]

State Innovation Model (SIM) Initiative. An initiative of the CMS, the SIM initiative provides financial and technical support to developing state-led, multi-payer health care delivery models with the goal of improving health system performance, quality of care while simultaneously reducing costs.[lxxxvi]

SWOT analysis. An analysis of strengths, weaknesses, opportunities, and threats.

Transparency. Describes the availability of information on price and quality of health care services, providers and facilities.[lxxxvii]

Value-Based Insurance Design (VBID). Value-based insurance design (V-BID) refers to insurance plans that utilize clinical nuance in realigning consumer incentives with high value health services. The aim of V-BID is to increase healthcare quality and to decrease costs by using differential cost sharing for consumers to promote use of high value services and high performing providers.

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Pitney Bowes

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