

## **MEMORANDUM**

To: The Healthcare Coverage Advisory Committee

From: The Benefits Team

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Marjorie Ellis, Ron Bridges, Malika Bartlett and Doug Anderson

Date: May 1, 2008

Re: Report of the Benefits Team

### **INTRODUCTION**

As part of Governor Ted Strickland's Healthcare Coverage Initiative, a Benefits Team was formed to assist the State Coverage Initiative (SCI) Team and Healthcare Coverage Advisory Committee to recommend programs to the Governor and General Assembly that achieve the goal of providing affordable health coverage to Ohio's uninsured residents. The purpose of the Benefits Team was to investigate and report on innovative and cutting edge strategies used by Ohio employers to promote and incentivize healthy lifestyles, wellness, disease prevention, and chronic care management among employees. The Benefits Team reported its findings to the Advisory Group at a meeting held on December 11, 2008. The following is the written report of the Benefits Team.

### **OVERVIEW**

Many Ohioans lack affordable health insurance coverage and access to healthcare. Governor Ted Strickland has laid out a vision for Ohio that includes expanding health coverage to all children, reducing by half the number of uninsured adults by 2011, and improving the overall health of Ohioans by addressing the causes of poor health through an emphasis on prevention.

In order to achieve this vision, the Governor has initiated an effort to reform Ohio's healthcare coverage system. The purpose of this initiative is to provide access to affordable health insurance coverage to all uninsured Ohioans with an initial goal of providing coverage to 500,000 more Ohioans by 2011. Governor Strickland also aims to increase the number of small employers who offer coverage to their employees. A Healthcare Coverage Advisory Committee was established to assist the Governor in reaching these goals. The Advisory Committee is composed of industry professionals,

consumer groups, small business representatives, legislators, and other interested parties.

A vital piece of the reform initiative is the development of recommendations for a cost-effective and consumer-friendly benefit plan that could serve presently uninsured Ohioans. The Benefits Team was created and charged with identifying benefits initiatives used by Ohio employers, and recommending plan features for a benefit plan to cover the uninsured.

### **BENEFITS TEAM OBJECTIVES**

The Benefits Team's objectives were to:

- Identify best practices for healthcare plan design by surveying major Ohio employers and analyzing national survey data with an emphasis on health management services
- Recommend components for a best practice health plan to serve Ohio's uninsured
- Identify practices targeted at improving participants' health and encouraging the efficient utilization of healthcare services
- Ensure that recommendations for a plan covering the uninsured are consistent with the health coverage of those participating in an employer plan

### **FINDINGS OF BEST PRACTICES**

Many top employers are beginning to shift their foci to preventative care and incentive initiatives that promote wellness and control costs. Wellness and prevention programs are becoming more widely embraced among Ohio employers, allowing organizations to provide their employees with quality, value-based coverage while controlling the rate of increase in future health care costs.

The following best practices were identified from the review of Ohio and national employers' efforts at improving the health of participants and encouraging the efficient utilization of healthcare services:

## **Health Assessments**

A health assessment (also commonly referred to as a health risk assessment or personal health assessment), is widely used as a tool to increase the participant's awareness of their overall health and health risks and to educate the participant on priorities in improving their health. It is commonly used as the gateway to other health management services. The assessment is a survey (completed online, on paper, or by telephone) of a person's family health history and personal health practices, such as nutrition, exercise, smoking, preventive care, and other factors.

## **Biometric Health Screenings**

Health assessments typically include biometric data such as measurements of total cholesterol, HDL, LDL, triglycerides, blood glucose, body mass index, and body fat. The biometric health screening can be conducted on either a fasting or non-fasting basis. The test results, or "know your numbers" data is then entered in the participant's health assessment and used to evaluate the participant's overall health and identify potential health risks.

## **Lifestyle Behavioral Change Programs**

After health risks are identified, participants need access to services to help them improve their health. Lifestyle behavioral change programs assist participants in making lifestyle changes that improve their overall health. Offered in a variety of formats – including online, by telephone, and through small groups – these programs encourage the adoption of healthy, sustainable lifestyle behaviors. Behavior change programs address issues including but not limited to weight management, nutrition, exercise, stress, and tobacco use.

## **Health Coaching**

Many lifestyle behavior change programs incorporate health coaching, in which a participant with moderate- or high-risk health factors engages with a health coach – typically by telephone, but sometimes online. The health coach assists the participant in setting health goals and developing a plan to achieve those goals. The health coach and participant interact on a regular basis over a period of several months to a year,

discussing the participant's progress towards their goals. The coach offers suggestions, advice, and encouragement to the participant in their pursuit of a healthier lifestyle.

### **Case Management**

Best practice health plans provide case management services to seriously ill participants, including individuals experiencing extended hospital stays, serious injury patients, high-risk pregnancy patients, premature infants, and others. The case manager helps the participant understand and comply with their physician's instructions, assists in the transition from hospital to home, and assists in arranging services to help people transition from one care setting to another, such as moving from a hospital to home. Effective case management minimizes hospital readmissions and enhances the participant's overall return to good health.

### **Chronic Disease Management**

Chronic disease management is the most prevalent benefit offered by the best practice plans that were reviewed by the Benefits Team. Chronic disease management services offer specialized services and support to those living with a chronic disease, such as diabetes, heart disease, asthma, or other conditions. Because chronic disease typically accounts for at least 40 percent of health care expenditures, chronic disease management programs typically have a positive return on investment (ROI). These programs offer participants the assistance of a telephone clinical provider- such as a registered nurse - in managing their self-care which is a significant aspect of the care needed by a person with a chronic disease. Assistance with self-monitoring, medication compliance, and health care decision making are very effective in improving the health and health status of the individual.

### **Value-Based Insurance Design (VBID)**

Many health plans have adopted value based insurance design (or VBID) programs to supplement their chronic disease management programs. VBID programs tailor copayments to the evidence-based value of specific services used by a targeted group of patients. They are designed to provide the lowest cost of a medication or service to those who will derive the most benefit. An example of a VBID is a program of reduced or no copayments for diabetics to encourage compliance with medication and self-care.

## **OTHER BEST PRACTICES**

In addition to the services discussed above, best practice health plans typically include the following features:

### **Preventive Care Reminders**

Preventive care services have been reported to return a 2:1 ROI. With an emphasis on preventing disease, keeping people healthy and detecting disease early when treatment can be most effective, preventive care services can be very effective in preventing and/or managing controllable diseases and conditions.

### **Decision Tools**

Health care decisions can be complicated and overwhelming, from decisions about choice and use of services to the assessment of actions to take when dealing with a health event, and other issues. Many plans offer decision support tools to assist participants in making health care decisions.

**Nurse Line** – Nurse lines are typically available 24 hours a day, 7 days a week to answer health-related questions. The nurses help the participants make informed health decisions, thereby reducing the cost of escalated issues or potentially unnecessary medical services.

**Health Advocacy** – Because of the complexity of the health care maze, many participants benefit from assistance in navigating the health care system. Health advocacy services are designed to improve the care received and ensure appropriate access to an increasingly complex health care system.

**Educational Information** – Decision tools often include print (such as self-care books) or online information to help people who have health-related questions.

### **On-Site Clinic, Pharmacy, or Fitness Facility**

Some employers offer medical clinics, pharmacies, and/or fitness facilities at their work locations. These services tend to be extremely cost-effective means of providing access

to primary care and pharmaceutical services. On-site fitness facilities provide participants easy and affordable access to exercise and other services to support healthy lifestyles.

### **Incentives**

Incentives are often offered to encourage participants' engagement in healthy living programs. Incentives can include health insurance premium reductions, cash, and gifts. Incentives are typically of the "carrot" variety and incent positive behaviors, but the "stick" approach is gaining traction as a tariff for unhealthy choices.

### **INVESTMENT IN HEALTH MANAGEMENT AND WELLNESS**

Employers are increasingly offering health management and wellness services to employees and their families because these programs are cost effective. Creating a culture of health and encouraging the prevention of disease – rather than one of treating disease – is proving to be cost effective for employers and health plans. Investing in illness prevention and lifestyle behavior improvements help plan sponsors and health plans keep the healthy people well and improve the health of those with health risks and chronic disease.

Improved health of the population minimizes health care costs, absenteeism, and lost productivity on the job. More importantly, improved health can lead to a longer and improved quality of life.

Eliminating the barriers to effective health care and preventive services greatly increases the participation in the most effective services.

Health management programs often have a positive ROI after the first several years of operation. ROI ranges from 2 to 1 up to 10 to 1. Those with the highest ROI include chronic disease management, case management, and lifestyle behavior change programs.

### **RECOMMENDATIONS**

The Benefits Team recommends that a benefits plan for uninsured Ohioans include a number of health management services and other features:

### **Health Management Recommendations**

- Health Assessments – as a portal to engagement in healthful living
- Biometric Health Screens – as a means of detecting disease early and monitoring chronic conditions
- Lifestyle Behavior Change Programs – behavior-based programs to assist participants with lifestyle improvements; recommend that the plan provide at least weight management and smoking cessation services
- Case Management – to assist patients with managing high-cost medical care by helping them to comply with doctor recommendations and in taking advantage of the most effective and efficient treatment options. Chronic Disease Management – to include at least asthma, diabetes, and heart disease

### **Other Health Management Recommendations**

- Advocacy Services – to help individuals navigate the health care maze and to coordinate services; to provide financial assistance for drug therapy
- Nurse Line – to provide 24/7 access to health information. Nurse lines are relatively low-cost and may be well utilized by people who are currently uninsured.
- Preventive Care Reminders – if the health plan benefits cover preventive care services without any deductibles or cost sharing, the plan will encourage patients to undergo preventive care and will foster a stronger relationship between the patient and their primary care physician.

### **Plan Design Recommendations**

- Value-based Insurance Design – Eliminate or reduce copays on select pharmacy and physician visits for chronic conditions in order to increase compliance
- Primary Care – Promote primary care in concert with preventive care. Encourage a relationship with a primary care physician. Discourage inappropriate use of health care resources, such as emergency room, urgent care, and specialists
- Preventive Services – Offer preventive care services at no or low cost

- Quality Providers – Encourage members to use quality providers, particularly Centers of Excellence with proven quality
- Drug Plan Design – Design plans that incorporate value and choice. Promote generic utilization, step therapy, and prior authorization
- Dental Services – Require individuals to participate in dental coverage as a condition of health coverage because of the connection between dental and overall physical health. Offer 100% coverage for preventive services

### **Participant Responsibilities**

As conditions of participation in the health plan for the uninsured, require participants to assume certain responsibilities:

- Complete an annual health assessment
- Have a primary care physician
- Receive all recommended preventive services each year
- Participate in a chronic disease management program for those with a chronic condition
- Participate in a lifestyle behavior change program if sufficient risk exists (i.e., for smokers and overweight individuals)

### **Participant Engagement Recommendations**

To encourage participants to engage in the health management aspects of their health plan, offer the following participant incentives:

- Low or no co-pay for preventive care
- Lower co-pays for primary care than for specialist care
- Low or no cost for chronic disease management participation
- Free health assessment, nurse line, and preventive care reminders
- Free health advocacy services

### **THE BENEFITS TEAM**

The following individuals participated on the Benefits Team:

**Doug Anderson** - Chief Policy Officer for the Ohio Department of Insurance. He is leading efforts to develop reforms to Ohio's health insurance and health care system to provide affordable coverage to Ohio's uninsured residents; to improve the cost, quality and efficiency of Ohio's health care system; and to improve the health of all Ohioans. Mr. Anderson is a graduate of The University of Michigan and The Ohio State University College of Law.

**Malika Bartlett** - Legislative Liaison for the Ohio Department of Insurance. Before joining ODI, Ms. Bartlett served as a Policy Analyst for the Senate Democratic Caucus where she staffed several committees including the Senate Health, Human Services & Aging Committee. Ms. Bartlett graduated from Wittenberg University with a degree in political science and from Capital University Law School.

**Ron Bridges** - Associate Director for Government Affairs for AARP. In this capacity, Ron represents AARP before lawmakers and government officials through participation in the legislative and regulatory processes of the state. Formerly a Legislative Assistant to the late Honorable C. J. McLin, Jr., Mr. Bridges later joined the American Lung Association where he served as Manager of Community and Government Relations and Executive Director of the Association's Washington, D.C. affiliate. He holds a B.A. and M.A. from The Ohio State University.

**Marjorie Ellis** - Product Regulation Compliance Officer for the Life, Health and Managed Care section of the Office of Product Regulation Services, Ohio Department of Insurance. She is responsible for the development, design and implementation of processes to ensure compliance with the Ohio Revised Code and the Ohio Administrative Code. Previously Executive Director of the Ohio Health Reinsurance Program and Vice President with Medical Benefits Mutual Life Insurance Co., Ms. Ellis is a Fellow of the Life Management Institute and a Health Insurance Associate.

**Mary Ellis** - Population Health Manager, Ohio Department of Administrative Services. She is responsible for health management initiatives for State employees and their

dependents, including the state's new employee health management program, *Take Charge! Live Well!* Prior to the state, Ms. Ellis was a human resources consultant. She attended Denison University and has a degree in Human Resource Management from The Ohio State University.

**Shannon L. Ginther** - Director of Government Affairs, Ohio Department of Health. Ms. Ginther oversees the department's legislative efforts and information exchange with federal and state elected officials, lobbyists, public interest groups and constituents. Prior to her position with the Ohio Department of Health, Ms. Ginther practiced law, specializing in workers' compensation. Previously with the Columbus City Attorney's office and on the staff of former State Representative Bill Hartnett, Ms. Ginther graduated from Capital University Law School.

**Hope McGonigle** – Health Administrator, Ohio Department of Job and Family Services, Ohio Medicaid's Bureau of Health Plan Policy. Ms. McConigle works on strategic development strategies for Medicaid. She received her PhD in Public Health from The Ohio State University in 2003.

**Dirk Raderstorf** - Director of Benefits Planning and Finance at The Ohio State University. Mr. Raderstorf is responsible for the strategic direction for the benefits offered to the 23,000+ employees at OSU. Previously the Acting Benefits Administrator for the State of Ohio, he has over 20 years experience designing and managing benefit programs. Mr. Raderstorf has a BS in Human Resource Management and Accounting from Miami University.

**Kevin Tyler** – Assistant Legislative Liaison at the Ohio Department of Insurance. Mr. Tyler joined the Department in 2007 as the Administrative Assistant to Director Mary Jo Hudson. He previously served as Legislative Aide to Mary Jo Hudson when she served on Columbus City Council. He earned a BA degree in English Writing from the University of Pittsburgh in 2001.

## **ADDITIONAL RESOURCES**

*Doing Well Through Wellness – 2006-07 Survey of Wellness Programs at Business Roundtable Member Companies*, Business Roundtable (2007)

*Mercer National Survey of Employer-Sponsored Health Plans*, Mercer Health and Benefits, LLC. (2008).

*2007 Employee Perspectives on Health Care: Voices of Consumers*, Watson Wyatt (2007).

*12<sup>th</sup> Annual National Business Group On Health/Watson Wyatt Survey Report*, Watson Wyatt (2007).

*2006 Annual Membership e-Survey Results*, Welcoa (2007).

*ROI Bullseye, Absolute Advantage*, Vol. 2, No. 5 Welcoa (2003).