

Population Health NEWS

Thought Leaders' Corner

Q. How Does Value-Based Insurance Design Contribute to Population Health?



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Employers have tried a variety of ways over the years to try and gain control over their financial burden of health. Moving from indemnity plans to PPOs and then HMOs; changing employee cost-sharing, copays and deductibles; and building narrow networks of physicians all have been strategies many employers have pursued to find the Holy Grail of controlling healthcare costs. Over the past several years, high-deductible plans with associated health savings or reimbursement accounts have gained popularity with employers, many of whom now believe that employees need to have “skin in the game” for employers to get control over healthcare spending.

Often lost in this discussion is what employers should include when considering the true costs of health and how high-deductible plans fit into this equation. The research literature over the past two decades strongly supports the fact that the total cost of health includes not only medical and pharmacy expenses, but also the impact of absence, disability, reduced performance and productivity. How do high-deductible plans fit into this broader equation?

Integrated Benefits Institute researchers have recently reviewed the peer-reviewed research literature on high-deductible plans. The general insights from this literature include:

- High-deductible plans likely contribute to lower medical care utilization and lower costs borne by the employer.
- Some of these savings will come from employees foregoing or delaying beneficial care rather than from avoiding unnecessary tests and procedures or from price shopping. This is particularly true for chronic health conditions.
- Avoidance of beneficial care will likely result in lost time and lost productivity for some workers, the value of which may exceed the costs of medical treatments.

The challenge, then, for employers implementing high-deductible plans is two-fold: first, how to support employee health decision-making and reduce barriers so that employees utilize medical services effectively and correctly and secondly, to gather the necessary data so that the employer can judge the full effectiveness of the plan design that has been implemented. If high-deductible plans are to fit into an employer’s strategy of value-based designs, employers must be strong advocates of prevention and proper adherence. Employers must understand that they can shift the costs and risk of healthcare (either to employees or external organizations), but they can never shift the full impact of lost time and lost productivity.