



# **Carrots and Sticks: Approach to Controlling Health Care Costs and Creating a Culture of Health**

**Kim Stroud MA, LMHC—Employee Benefits Manager  
Manatee County Government  
*Your Choice* Health Plan**



# The Carrot and Stick Approach



# Agenda

- Value-Based Health Care
- Manatee Model-Accountability/Incentives
  - History
  - Plan Design
    - Financial Outcomes
  - Health Management and Wellness Programs
    - Clinical Outcomes
- Next Steps



## Why Value Based Benefit Design and Health Management?

- The more you pay, the less you use
  - Copayments and HEDIS Scores
  - Obesity is the #2 leading cause of preventable disease and death in the U.S., second to tobacco use.
  - Depression-60% more likely for Type II Diabetes
  - Sick days due to stress tripled in last 4 years.
  - Depression and stress=250% higher utilization than other employees
- **The bottom line:** Americans receive only about 55 percent of recommended care, while at the same time, “as much as \$700 billion a year in health care services are delivered in the United States that do not improve health outcomes.”\*

\* McGlynn et al., "The Quality of Health Care Delivered to Adults in the U.S.," New England Journal of Medicine, June 2003 348(26): 2635-45; Orszag, The Underuse, Overuse, and Misuse of Health Care, Testimony before the Senate Committee on Finance, July 2008.



# Ways to Implement

- Research indicated that a combination of lower prescription copays, health education, and support can result in up to 15% more members adherent to chronic disease treatment plans in just the first year. Source: Health Affairs, 2008 and BCBS of Mass. 2008 Data
- Promote treatment Compliance and Preventative Care
- Encourage High-Value Care Selection
- Improve Decision Making and Overall Health



# Outcome of Value Based Benefits

- Where to look:
  - Premiums
  - Overall trend
  - Improved employee productivity
  - Decreased absenteeism and presenteeism
  - Morale
  - Retention
- **Leap of Faith:** Pay Now....Save Later.
- A 5-10% weight loss leads to significant improvements in diabetes, lipid-blood levels and mortality. Over time, this reduces trend.



# Manatee Demographics

- Self Funded with TPA
- 3200 Employees/6900 lives
- Board of County Commissioners and all Constitutional Agencies participate
- History:
  - Traditional PPO
  - Increasing premiums
  - 1 Wellness Specialist in 2000
  - Your Choice Model-2006
  - 12 Onsite Health and Wellness Advocates-2011

# Manatee Model

## Plan Design and Incentives

- Accountability
- Evidenced Based Preventative Care
- Short and long term incentive system with compliance
- **Cost Differential is on the Reimbursement Side, not the Premium Side.**
- Medical Home

## The Center for Health and Lifestyle Management

- Integrated Care Systems
- Chronic care management
- Advocacy, Coaching and Education
- Physical and emotional well being
- Fitness, Nutrition, Pharmacy, Behavioral Health





# Plan Design and Qualifying Events


- 4 Plan Levels: Identical Benefits, Graduated Reimbursement
- Qualifying Events completed prior to Annual Enrollment
- Wellness Exam, Lab work, Age-based screenings, Health Risk Assessment
- Diabetes and Tobacco requirements

## Manatee Results:

- **82% of Members are in Ultimate Plan**
- **97% are completing HRAs, Lab Work and Wellness Exams**



# Incentives: Health Bucks Rewards

- Participation  Outcome
- Applied during Open Enrollment for the next Plan Year
- Prorated throughout 24 paychecks
- Used for:
  - Reduce Medical Premiums
  - Reduce Dental Premiums
  - Placing in a Health Care Spending Account (FSA)

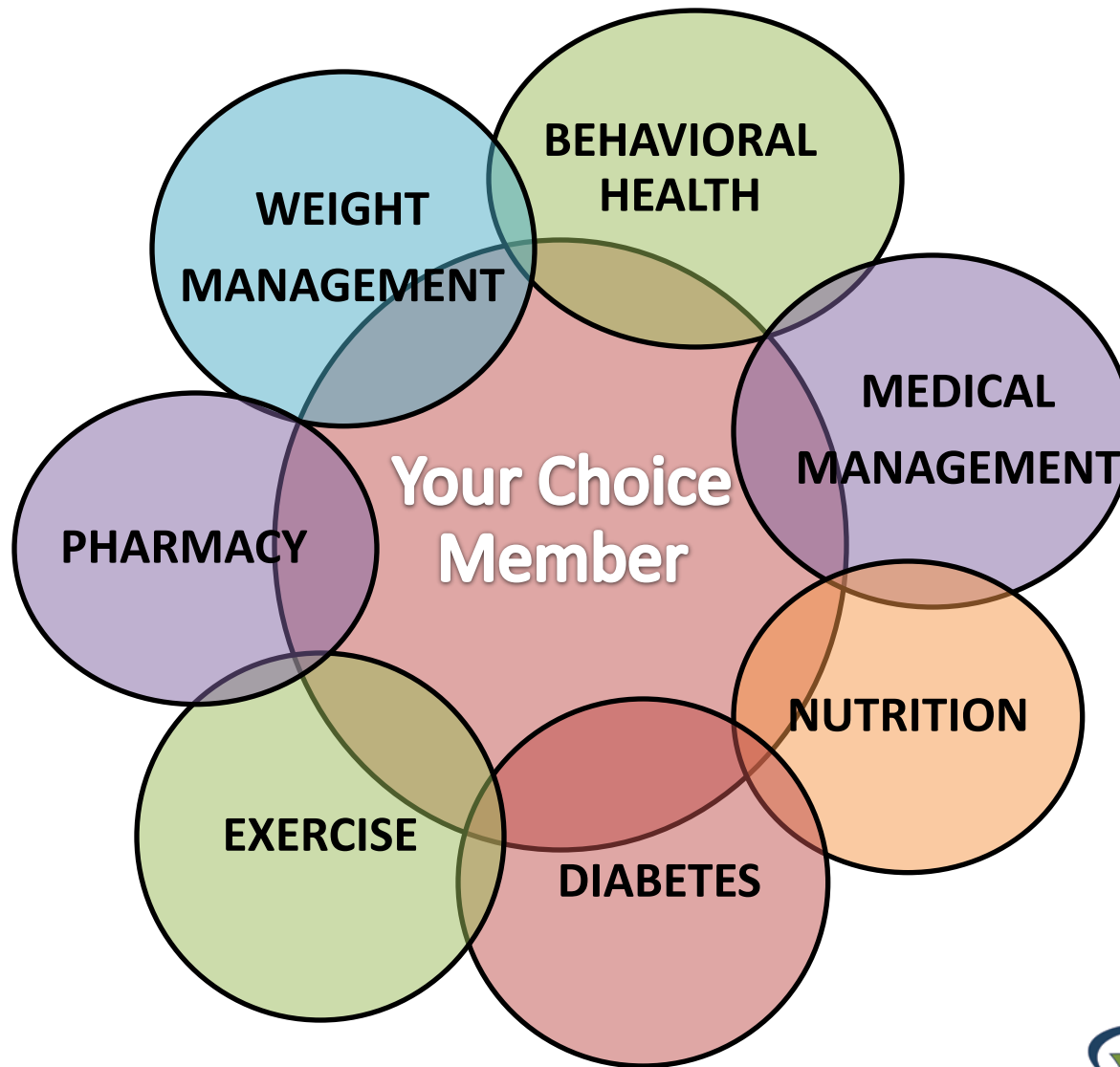


# Financial Outcome

- Average trend over the three year period is still well below national annual average of 10% - 12%
- – Florida trends tend to run higher than national averages, with carriers reporting trends from 11% - 14%
- 5% **Negative** Trend: Medical and Rx FY10 vs. FY11
- Average length of stay is 3.7 days
- Reduction of GASB liability by approximately **5%** per Actuary report.



# Integrated Care Programs-The Center for Health and Lifestyle Management



# Depression Outcomes LAMP Results

## 1<sup>st</sup> Year

- **8% Decrease** in Pharmacy Claims for Antidepressants.
- **16% Decrease** in ER Visits related to Depression
- **17% Decrease** in Hospital Admissions related to Depression.
- **32% Decrease** in PMPY total costs related to Depression.

## 2<sup>nd</sup> Year

- **10% Decrease** in Emergency Room visits
- **5% Increase** in admissions outreach, early identification, case management, level of care
- **7% Decrease** in Total Per Member Per Year costs from previous year

Source: \* "Your Choice" D2  
Hawkeye



## LAMP's Tobacco Cessation Program

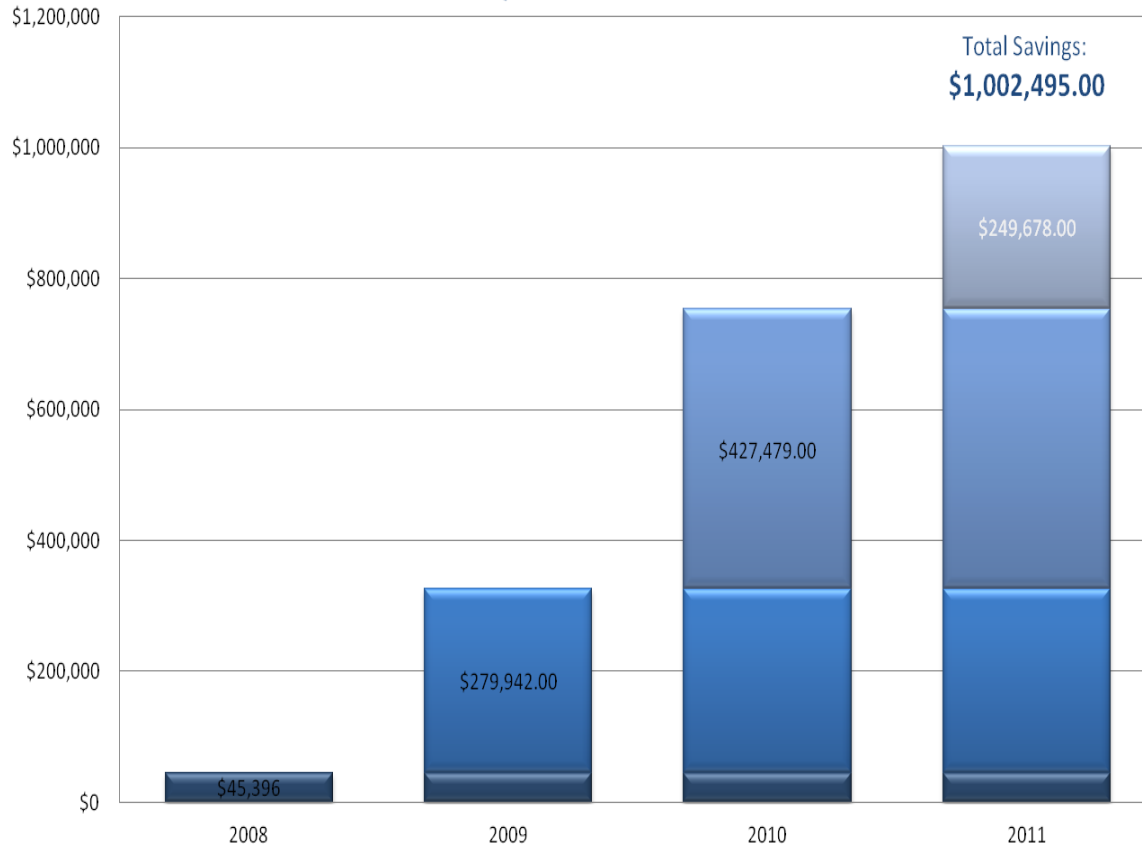
- Testing annually
- Stages of Change
- Addressing weight gain
- Cover Tobacco Cessation Aids
- 20% engage in the individual programs

### Manatee Outcome

Adult **Employees** is now **13%** compared to the Florida Average of **20%**



### Manatee *YourChoice* Health Plan Yearly Savings: Members that Quit Tobacco 2008 - 2011 *Cumulative*



The CDC estimates employer savings of  
**\$3,783.00 PMPY\***  
in direct and indirect costs for employees that discontinue tobacco

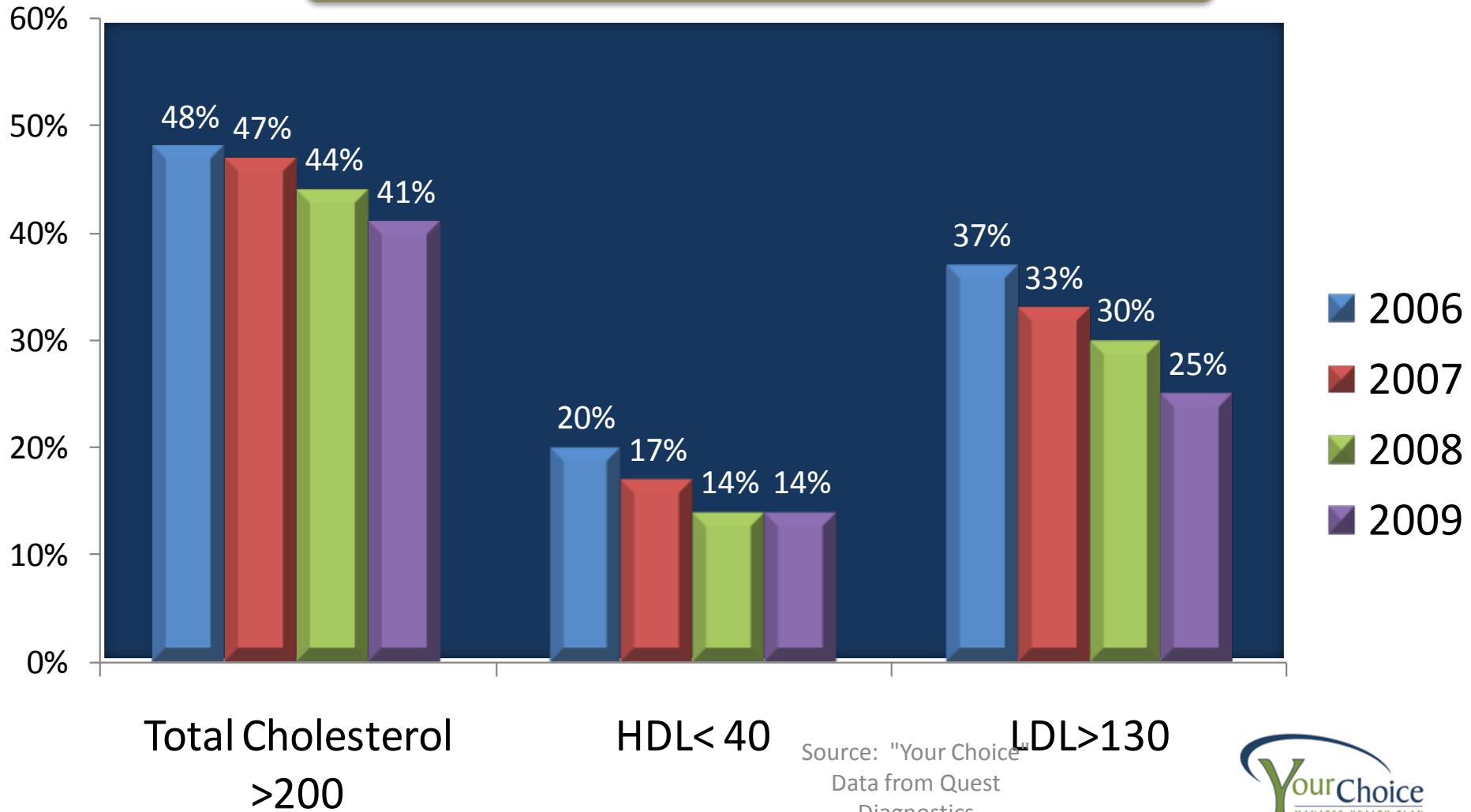
- Nicotine-free Savings 2011
- Nicotine-free Savings 2010
- Nicotine-free Savings 2009
- Nicotine-free Savings 2008

\* CDC - Annual smoking-attributable mortality, years of potential life, and economic costs. United States, 1995-99. *Morbidity and Mortality Weekly Report*.



# Cholesterol 4 Year Cohort (N=2009)

Source: Quest Diagnostics





# Manatee's Diabetes Outcome

- Diabetes Hospitalization since 2005 has decreased annually from \$500,000 to \$70,000.
- 32% improved A1C value
- 17% improved BMI value
- 17% improved Blood Glucose w/in target range

Source: "Your Choice" Data from D2  
Hawkeye, Diabetes Care Program



# On-site Clinical Pharmacist Outcome

Financial Savings for 2010.

**Total Plan Savings=\$71,356**

**Total Member Savings=\$12,364**

Source:

Move to Preferred Pharmacy

Select Tablet Splitting

Move to Generic

Compliance

Advocacy

# Manatee's Future

- Why does it work?
- Y Weight
- Incentives tied to Outcome only
- Outcome requirements for Plan Eligibility
- High Performing Physician Collaboration





**Kim Stroud MA LMHC  
Employee Benefits Manager  
Manatee County Government**

[Kim.Stroud@mymanatee.org](mailto:Kim.Stroud@mymanatee.org)  
[www.ManateeYourChoice.com](http://www.ManateeYourChoice.com)

