



State Innovation Model

June 2015

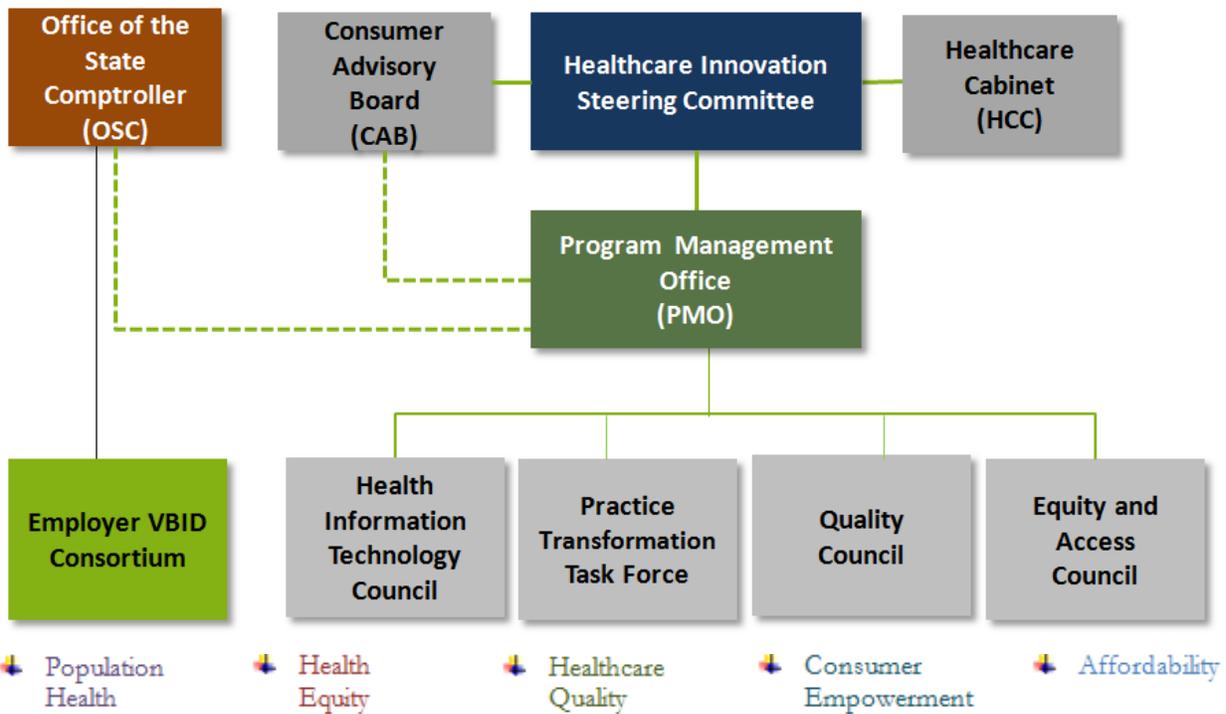
SIM Initiative Issues Request for Proposals (RFP) for Services to Support the Value Based Insurance Design Initiative

The State Innovation Model (SIM) Program Management Office is seeking consulting services to support the implementation of a Value Based Insurance Design (VBID) Consortium to promote the statewide adoption of VBID. Services include, but are not limited to, identifying and engaging the necessary stakeholders, establishing and facilitating an employer-led consortium with core interest sub-groups, facilitating annual learning collaborative, assessing current VBID programs and designing model VBID programs.

The PMO seeks to implement this contract on or after September 1, 2015. This is a competitive procurement. The anticipated maximum award is \$210,250. **The deadline is July 30, 2015.**

The Request for Proposals is available in electronic format on the DAS State Contracting Portal at:

http://www.biznet.ct.gov/SCP_Search/BidDetail.aspx?CID=36590



What is Value-Based Insurance Design?

VBID is an employee benefit plan approach used by small and large, fully- and self-insured employers to lower or eliminate financial barriers to, or introduce rewards for preventive care, medication adherence, chronic disease management, and high-quality provider selection. These employers recognized that simply increasing employee cost share (e.g., high deductibles) as a way to curb costs had the short-term effect of lowering employee utilization of drugs and services; and the long-term consequence of higher health care costs because employees chose not to seek preventive and chronic disease care. Employers use VBIDs to incentivize employees to purchase high-value drugs or services in hope of avoiding more expensive future medical costs such as emergency department visits and hospitalization. (Fendrick, Mark, MD. *Value-Based Insurance Design Landscape Digest*, University of Michigan Center for Value-Based Insurance Design, July 2009.)

Value-based Insurance Design

...the use of plan incentives to encourage employee adoption of one or more of the following:



A critical component of the SIM initiative is promoting VBID to employers. Such designs are fundamental to achieving care delivery and payment reforms. SIM also aims to empower consumers to make healthier lifestyle decisions and engage in effective illness self-management through VBID. Our goal is to engage employers in proposed care delivery and payment reforms such that the substantial majority of self-funded employers throughout Connecticut adopt such reforms in their benefit administration arrangements with health plans.

The uptake in VBIDs nationally and in Connecticut has been gradual. Some barriers to accelerated uptake of VBIDs include the capacity for employers to quantify clinical and economic return on investment, measure outcomes, accurately determine the value of specific services through comparative effectiveness research, and perform actuarial analysis to set copayments. Additionally, employers that offer their employees enrollment choice across multiple health plans may not be able to implement one standard VBID, as each health plan may have unique VBID products and administrative capabilities. This creates an additional layer of employee education and administrative burden on the employer.

Some large Connecticut-based employers, including the State of Connecticut, have already embraced and are managing successful VBID programs for their employees. Connecticut's SIM initiative seeks to promote the statewide adoption and integration of VBID by building on the experience and lessons learned by these employer groups. For example, the State of Connecticut's Office of State Comptroller (OSC) successfully implemented the state Health Enhancement Program (HEP) in 2011. In exchange for lower member premium shares, the program requires employees and their dependents that elect to participate to undergo preventive care (e.g. annual preventive visit, dental cleaning, cholesterol screening, vision exams, etc. as determined by age). Those participants having one or more chronic conditions are required to participate in a care management program, whereby the copayment for the medication to manage the chronic condition may be reduced or waived.

Below are the key VBID components being funded as part of the SIM initiative:

SIM VBID Components

- **Employer-led Consortium:** peer-to-peer sharing of best practices
- **Prototype VBID Designs:** using latest evidence, to make it easy for employers to implement
- **Annual Learning Collaborative:** including panel discussions with nationally recognized experts and technical assistance

