



*A rewarding* Experience

• my PAY & BENEFITS •

## Value-Based Plan Designs – A Case Study

  
**Marriott.**  
success you can Experience

- Marriott's medical benefits are an important part of our total compensation package to attract and retain talent
- Marriott, like our competitors, is experiencing large increases in medical costs
- Marriott has developed benefit design strategies to address the immediate issues
- Marriott is also developing longer-term strategies to manage high-risk illnesses, improve patient safety and increase productivity

# The Start of a Solution

- Obtain comprehensive patient data
- Compile the latest relevant medical knowledge
- Continuously apply knowledge on a patient-specific basis
- Deliver patient-specific recommendations to treating physicians
- Now – Bringing the patient into the solution

## Support Physicians

With patient-specific information they can act on



## Empower Patients

With information they should know about their health



## Physician Engagement

Using communication of useful, clinically driven Care Considerations

We arm physicians with information that can change their treatment plans

## Patient Engagement

Using a customized, clinically driven Plan of Care for each patient

We arm patients with information about their conditions and for discussion with their physicians

# How the System Works



Communicate Care Considerations<sup>®</sup>  
to Treating Physicians & Members



- Introduced a value-based formulary
- Offered co-pay reductions for certain classes of medication for highly prevalent chronic conditions
  - \$0 generic/50% brand reduction for select drug classes: statins, ACE inhibitors, diabetic drugs, beta-blockers, inhaled steroids
- Identified members via CareEngine
  - Members currently taking the drug(s) and communicated program benefits/details to members
  - Members not on the drug(s) who should be on the drug(s) based on documented presence of “appropriate” chronic disease

# Value-Based Formulary Goals

- Identify members truly requiring chronic drug therapy and offer them significant discounts that would:
  - Improve member compliance
  - Improve quality of care
  - Decrease adverse events
  - Decrease healthcare costs for both members and employer
  - Improve member satisfaction
- Utilize information technology to identify and target appropriate members

- Study design
  - Use a pre-post, control group for impact evaluation
  - ActiveHealth Management client to be used as control group
  - Model to be evaluated for 5 clinical categories and conditions
  - Analysis based on patient specific data
- Financial and clinical outcomes
  - Will measure effect of benefit redesign by comparing differential change in both financial and clinical outcomes
  - Findings to be expected with value-based formulary:
    - Decrease adverse events
    - Decrease overall trend (health care, productivity savings and disability costs)

- The reduction in copay rates increased spending on prescription drugs and decreased spending on non-drug services
- The non drug spending offset is approximately the same as the increase in prescription drug spending
- Considerations
  - One-year study
  - Doesn't include productivity savings
  - Doesn't include disability savings

# Advantages of Value Based Formulary

- Provides additional health benefits and savings by targeting patients not on important medications
  - Uses technology to identify members who should be taking medications but are not
  - Offers these members co-pay reductions, increasing likelihood that they will start taking medications
- Addresses safety
  - Uses technology to identify members who have contraindications and are taking medications inappropriately
  - Does NOT offer co-pay reductions to members with contraindications

# Current Initiatives

- Introduced Free Smoking Cessation Program in Nov 2006
- Introduced Free Preventative Care for self-insured medical plans in 2007
- Know Your Numbers Communication Campaign
- Kaiser Rx Copay Voucher program
- Continue to evaluate opportunities to implement value based design to support medical plan strategy

# Next Steps

- Continue to study methods to improve compliance
- Refine target of benefit
  - High risk patients
  - Highly effective services
  - Services with low baseline use
  - Price responsive services