



“Nudging” Consumers To Engage in Positive Behaviors





Value-based health plan design

The ultimate goal of every health plan, every incentive and reward program, and every program designed to help the plan's members is to get them to spend far less on healthcare coverage than the organization has budgeted, and to make them healthier. The importance of this set of goals is that the health plan has to be designed to drive the right behaviors and to discourage the wrong ones. There are several types of "right" behaviors for health plan members:

- Actively managing their health by engaging in health-promoting behaviors and avoiding unhealthy behaviors;
- Actively managing a disease, illness, injury, or other medical conditions to reduce ongoing health risks and to accelerate recovery back to the state of health existing prior to having the medical condition;
- Avoiding low value or non-value uses of the healthcare system, such as use of the emergency department of a hospital for non-urgent conditions or undergoing redundant and expensive diagnostic imaging tests;
- Using disciplined decision making tools to understand all the consequences of alternative treatment paths for a medical condition in which there is no optimal evidence-based pathway;
- Using a disease management pathway based on less aggressive and lower risk, lower cost treatments prior to undertaking more aggressive, higher risk, higher cost treatments. The example of this most of us confront when we have an infectious disease is the initial use of a first-line, narrow-spectrum, lower-cost medication, as opposed to the initial use of a third-line, broad spectrum, higher cost medication; and
- Accessing the best providers for a particular condition based on quality and economic value criteria.



Health plans designed to nudge plan members toward the right behaviors and to nudge them away from the wrong behaviors through financial and pricing signals, such as what gets reimbursed, the percentage of reimbursement, or coverage preconditions to reimbursement. These plan design features characterize what is called value-based plan design.

Sometimes this term is incorrectly applied to health plans that negotiate lower per-transaction prices with providers, on the theory that the only “value” to be created by a health plan is a lower price for an otherwise meritorious treatment. Value-based plan design is based on the principle that not all treatment options are of equal value, and, therefore, should be subject to uniform reimbursement rates.

Value-based plan design also assumes that the consumer is not equipped to make judgments about the best options for care when multiple options are available. The research done by the Dartmouth Atlas Survey team over several decades, led by Dr. John Wennberg, indicates that, for medical conditions in which there are several alternative treatment paths, of which there is no “best” alternative, the paths chosen vary in cost and intensity by factors of 4 and 5 to one across America, with no materially different outcomes. The RAND Corporation has found that consumers who are responsible for a significant portion of their health care costs indiscriminately forego both necessary and unnecessary care. The price signaling done by value-based health plans is necessary in nudging them toward informed, intelligent healthcare decisions.

Dossia is able to integrate communications about health plan designs with employer-based reward and incentive programs and patient-centric shared decision making clinical support tools. It can also provide the applications to help patients shop for the best healthcare at the lowest price.

Dossia's Incentive Delivery Model

Historically, health management incentive and reward programs could only reward upfront enrollment in a program and back-end confirmation of participation or achievement of a specific health-related goal. These incentive and reward tools, while they were great examples of value-based health plan design, could not create the immediacy and power of reward and incentive systems with which consumers have become accustomed, such as frequent flier programs.

Frequent flier programs, which started about 30 years ago, and spawned many similar online loyalty programs, were updated versions of loyalty programs that originated back in the 1920's and 1930's, such as the S&H Green Stamps program. That program rewarded shoppers with green stamps, based on volumes of purchases at specific retailers or of specific items, which could be pasted into booklets and redeemed for gifts when the booklets were filled up. There are more recent loyalty incentive programs, like Level Up, which does the same thing in terms of rewarding repeat customers, but uses a smartphone as the delivery vehicle. These programs have recognized that consumers like to see tangible evidence that their cumulative loyalty to a brand is being rewarded.

What made frequent flier programs more effective is that they usually required no additional effort by the consumer, since the record was kept by the retail vendor, and there were usually more immediate and diverse reward opportunities. For example, vendors could offer a free flight class upgrade at one level of frequent flier mileage and a free ticket at another level. The reward performance was continually updated, so that individuals could see progress toward their desired goals.

Health plans and sponsoring employers have not been able to replicate the immediacy component of other kinds of reward programs when they attempt to reward health-promoting behaviors, that is, until recently. Dossia has the dual ability to capture health-promoting behavior immediately and to inform the consumer of the reward at the same time.



An Example of the New Dossia Reward System

If we think of an individual who has hypertension, and who is managing this condition, he or she has four concurrent health management tasks:

- Monitoring and controlling blood pressure;
- Taking medications to control blood pressure;
- Managing a salt-free or salt-reduced diet and engaging in other activities to reduce weight and blood pressure, such as exercise and lifestyle management; and
- Periodically visiting with clinicians.

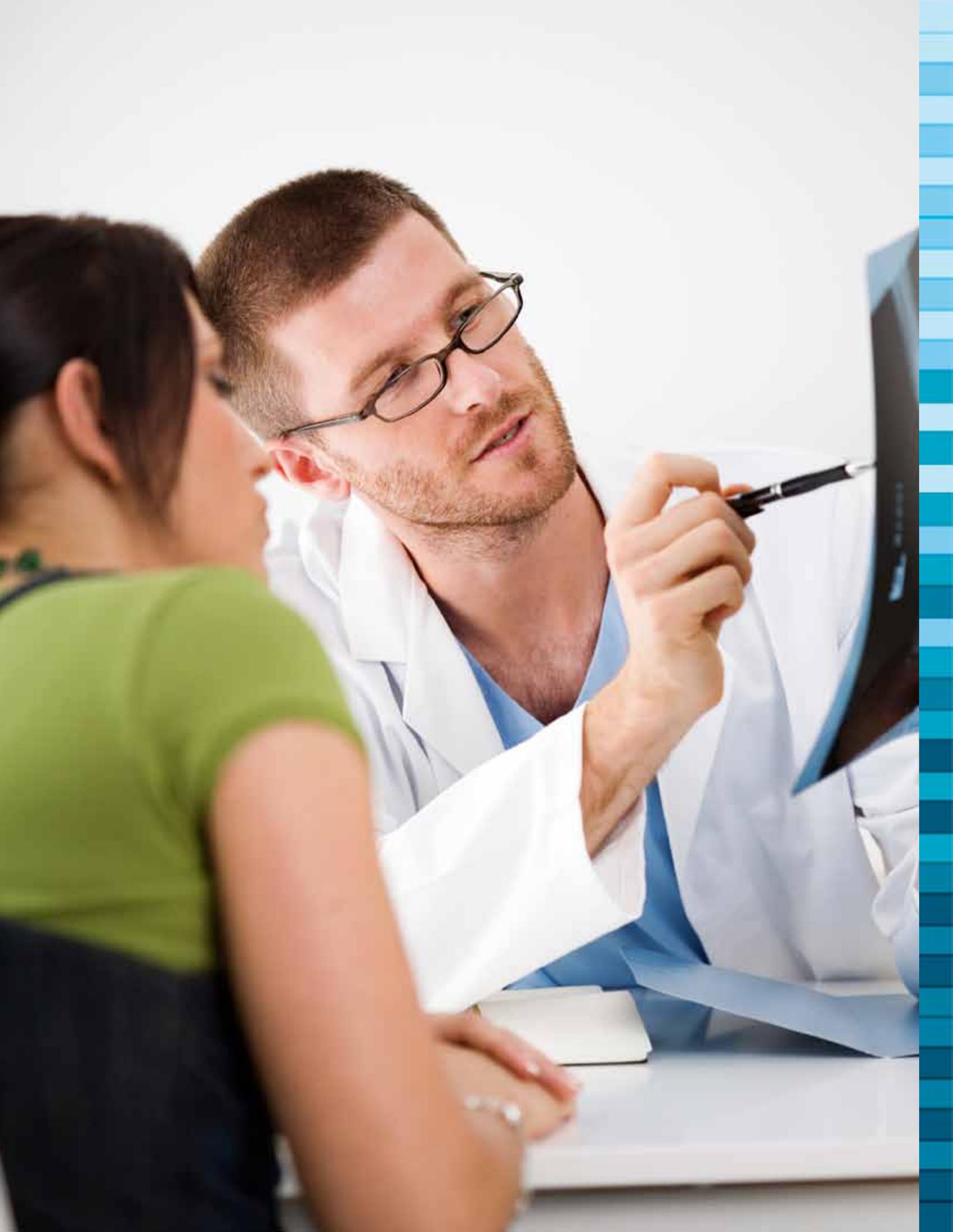
Each of these activities helps control blood pressure and reduces the seriousness of the condition. They separately and collectively reduce the risk of an acute care episode, such as a hospitalization or a visit to the emergency department.

Dossia enables a health plan to monitor whether someone is measuring and controlling his or her blood pressure, whether he or she has filled and refilled prescriptions, is engaging in healthy exercise and/or is purchasing salt-free or salt-reduced foods and beverages, and is periodically visiting clinicians.

Today, we have no ability to confirm whether someone has ingested his or her medication, much less knowing whether it has ingested consistent with the pharmacy's instructions, although we are only a few years away from having the technology to do that.

We also know what people have purchased, because we can get the food ordered through the Dossia Marketplace, although we do not know whether they have eaten salt-reduced or salt-free food or refrained from eating or drinking foods and beverages with excessive sodium content.

Nevertheless, we have real-time tracking systems that allow us to determine whether someone is engaged in health-promoting behaviors, and, therefore, can give them immediate rewards for those behaviors.





Dossia - Empowering individuals to change health and healthcare

Dossia is an employer-led organization dedicated to improving health and healthcare in America by empowering individuals to make good health decisions and become more discerning healthcare consumers. Backed by some of the largest, most respected brands in the world - Applied Materials, AT&T, BP America, Inc., Cardinal Health, Intel, Pitney Bowes, sanofi-aventis, Vanguard Health Systems, NantWorks and Wal-Mart - Dossia's founding member companies have united under the common vision of changing healthcare.

The Dossia Health Management System makes individuals' aggregated health data actionable with customized applications brought together on a single intelligent platform to deliver personalized, data-driven solutions that enable users to get more value from healthcare spending, better manage chronic conditions and pursue a healthier lifestyle. Dossia integrates game and social dynamics, incentives and targeted messaging to foster sustained engagement and health behavior change, thereby offering long-term value to employers as well as their employees and families. Far too often employers overspend on health benefits for which they realize little value. The Dossia Health Management System is the solution for innovative employers that aim to rationalize their health benefits spending while engaging their employees as true partners in achieving high value healthcare.

For more information, visit www.dossia.org.

