



Florida Health Care Coalition

"Quality First, Always!"
Celebrating 27 Years of Quality 1984 - 2011

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Study Confirms: Reduced Copays Also Save Companies Money

- Companies realize return on investment in value-based insurance
- Patient medication adherence improves by 6.5%
- 3-year study tracks 1,876 patients from 2006 through 2008

ORLANDO, FL (Jan. 6, 2011) – Companies can cut health-care costs – for themselves and for their workers – by lowering copayments on prescription drugs while promoting disease management, according to a comprehensive, three-year study commissioned by the Florida Health Care Coalition (FHCC).

The study, reported this month in the journal *Health Affairs*, breaks ground by showing the direct cost benefits to companies that implement “value-based insurance design” and combine it with a disease-management program that promotes and educates employees about preventive health care. Through lower co-payments, companies can earn a return (ROI) of \$1.33 for every dollar spent up front on medication during a three-year follow-up period, the study found.

“Amid soaring health-care costs, this validates that old saying that an ounce of prevention is worth a pound of cure, and that’s especially true where it often hurts most, in our pocketbooks,” said Becky Cherney, president and CEO of FHCC, which commissioned the study with support provided by Merck & Co., Inc.

The study examined the effects of value-based insurance design plus disease management on people with diabetes. Diabetes is a chronic and costly condition affecting 7.8 percent of the U.S. population, according to the American Diabetes Association.

Previous studies have found similar improvements in medication adherence attributable to lower copays. However, the FHCC study reveals that companies can save money, too.

By overcoming a primary obstacle to taking medication – patients’ high out-of-pocket costs – and engaging in a disease-management program, patients avoid more involved and costly care down the road, according to the study.



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"This study demonstrates how the synergy of value-based insurance and disease management not only greatly improves compliance with medical guidelines, but it also reduces the direct medical costs associated, in this case, with diabetes," said Dr. John J. Mahoney, medical director of FHCC. "We found that we were able to achieve savings in the entire outpatient arena."

The study was conducted over a three-year period beginning Jan. 1, 2006. It evaluated the effects of a pharmacy program that lowered out-of-pocket costs to 10 percent for diabetes medications. The analysis focused on two groups of plan participants: 1,876 employees and dependents who participated in a disease-management program and had value-based insurance, and a matched control group that did not have value-based insurance.

The benefits of lower copayments was evident after just the first year, with the use of diabetes medication 3.8 percentage points higher among those who participated in both value-based insurance and disease management, compared with those only in the disease-management program. After three years, the gap rose to 6.5 percentage points, according to the study.

"Not only were the effects on prescription-drug use and adherence to guidelines sustained over time," according to the study, "they also grew over time."

The analysis used a baseline of 2005 with data from Thomson Reuters Advantage Suite, comprising outpatient prescription drug and medical claims; inpatient medical claims; and patient enrollment data.

"We learned that people are more compliant in using their important prescriptions when we improve access by lowering copayments," Cherney said. "The increased cost of fully following a prescribed drug regimen is more than offset by fewer emergency-room visits and inpatient hospitalizations. The disease management program is yet another outreach to assist and remind employees of the importance of using their medications to control their chronic illness."

The study, Cherney added, helps employers, providers and patients realize the value of accessible treatment as part of a high-quality U.S. health-care system.

Co-authors of the study are Teresa B. Gibson, PhD, director of health outcomes, Thomson Reuters; John Mahoney, MD, PhD, medical director of FHCC; Karlene Ranghell, MBA, RRT, project director of FHCC; Becky J. Cherney, CEO and president of FHCC; and Newell McElwee, executive director, U.S. Outcomes Research, Merck & Co., Inc.

About the Florida Health Care Coalition

The Florida Health Care Coalition (FHCC), based in Orlando, Fla., is a 27-year-old organization that represents nearly 2 million members of public- and private-sector employers. Its goal is to improve the quality of health care while reducing the cost. FHCC staff, board members, partners, affiliates and sponsors each year organize events and seminars aimed at continuous improvements in health care not only in Florida but nationwide. For more information, visit www.flhcc.com.