Minnesota tests free care for diabetics

18-month trial with government workers aims to save money

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A change is in the works in the battle to rein in rising health care costs, and it could save some workers thousands of dollars a year.

Beginning this summer, Minnesota state workers won't have to pay to treat diabetes. Insurers and health care consultants say several private companies, too, are considering similar moves to eliminate costly co-payments and deductibles for their workers.

By footing the bill for consultations and drugs, employers hope workers and family members covered by their plans will better monitor their health and be less likely to skimp on what for some can be more than half a dozen daily medications needed to treat their diabetes and avoid bigger and more-expensive health problems in the future.

It's a shift in the approach, albeit sharply focused, to slowing the rising cost of health care that has emphasized passing along more of the expense to workers to encourage them to become savvy consumers.

Soon, letters from doctors will be sent to about 1,500 diabetic patients covered under the state's medical plans, inviting them to join a program that waives the cost for supplies such as blood-testing strips, insulin, syringes, and medications for related conditions such as high blood pressure.

Participants also will receive free monthly consultations with pharmacists specifically trained in diabetes management.

"I don't want anything to prevent them from taking these medications, and if price is an issue, I want to eliminate that barrier," said Stephen Birkland, who heads the state's health risk management unit overseeing the project.

More diseases could be added later, Birkland said, but the key will be whether the money the state saves in claims outweighs the increased cost.

Expectations are high for the 18-month test: State officials are counting on a 4-to-1 return, meaning that the state will save $4,000 in

claims for every $1,000 it spends to cover treatment costs for a worker.

Those aren't pie-in-the-sky numbers, experts say. They're based on a similar program launched a decade ago by the city of Asheville, N.C. That city started with diabetes and also has started covering the cost of treating other chronic health problems such as asthma, high blood pressure, high cholesterol and depression.

Studies have shown that as the cost of health care rises for individuals, they tend to avoid care to save money. That's a good thing when, say, someone with the sniffles decides to put off that trip to the doctor. Not so, though, when it comes to basic but vital treatment for a chronic disease.

"By creating economic obstacles, in a way we are hurting ourselves," said Ann Robinow, a health care consultant in Minneapolis.

To be sure, raising co-payments for medications has helped rein in drug spending, said Al Heaton, director of pharmacy at Blue Cross and Blue Shield of Minnesota. As co-payments have crept up, drug use has declined. "But if you decrease utilization on drugs that save people's lives, that's probably not a good thing," Heaton said.

Brand-name drugs can run $20 or $30 in co-payments a month. Heaton has seen some co-payments on brand names run $60 or higher. That's up from around $10 a decade ago.

The thinking now is that because a hospital stay and trips to the emergency room can drive an employer's health claims into the stratosphere, companies are better off finding ways to help workers comply with their day-to-day regimen rather than putting up road blocks.

Even though there are only 1,500 diabetics among the state's pool of 115,000 workers, dependents and others insured under the plan, it's easy to see why state officials believe the program will pay off.

Unmanaged diabetes can lead to costly complications such as depression and heart disease. At the state, the average annual cost to cover for someone with Type II diabetes, the most common form, was $10,800 in 2005 compared with the average of $3,400 for all covered workers and family members.

In Asheville, health care costs, sick days and workers' compensation costs dropped soon after the city made it cheaper for workers to get treatment for diabetes and provided counseling on food, exercise and consultations. The city saved an estimated $2,000 per patient involved in the program.

Some 80 employers across the country have developed programs similar to that used by the city of Asheville. The American Pharmacists Association is coordinating efforts in some cities, such as Chicago.

The University of Minnesota is among local employers expected to give the program a look. "I think it's an idea that needs serious consideration," said Dann Chapman, the university's benefits director.

Pharmacists and insurers are fielding questions from employers throughout Minnesota interested in implementing similar plans.

"We're on the edge of this, really," said Nikki White, manager of medication therapy management for Fairview Health Services, which has trained pharmacists who will work with diabetics during the state's pilot project. "In my opinion this is going to explode in the next year and a half."

Watson Wyatt, a benefits and compensation consulting firm, plans to meet with its large-employer clients in Minnesota in hopes that some will agree to participate in a study to determine if patients stick to treatment regiments if their co-payments and deductibles are waived.

In 2006, Watson Wyatt's clients spent $1,500 or less on claims for 72 percent of people covered by their plans. That compares with an average cost of $109,000 for high-cost claimants, which would include diabetics with complicating conditions, such as heart disease.

"Those patients with complex medical conditions may represent only a half a percent of eligible members, but they spend more than 20 percent of all the dollars," said Bruce Kelley, who studies claims data for Watson Wyatt. "That's why drug compliance is so important, because these drugs can help those people keep their conditions under control."

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