



Next Generation California Tobacco Control Alliance

DESIGNING A MODEL CESSATION BENEFIT FOR MANAGED CARE COVERAGE

With more than 4 million adult smokers in California¹, the need for effective cessation services and treatments is clear. Utilizing the health care system as a venue to intervene with smokers and support their quit attempts offers great potential for reaching large numbers of smokers at a time. While the United States Public Health Service (US PHS) guidelines Treating Tobacco Use and Dependence indicate that effective smoking cessation treatments should be a part of standard health care caregiving, services vary widely among health maintenance organizations (HMOs) in California.

The Next Generation California Tobacco Control Alliance (NGA) is working to make cessation services and treatments more available and accessible to California smokers. In support of efforts to implement the US PHS guidelines in the managed care industry in California, NGA has embarked on a three-pronged approach:

- **Designing a Model Benefit for Managed Care Coverage**
- **Instituting the 5A's in Health Care Settings**
- **Campaigning for Adoption of a Model Cessation Benefit**

This document provides an overview of the progress made in designing a new benefit for covering cessation services.

A Starting Point

Among government health care purchasers, only the Medi-Cal program (California's Medicaid program) provides broad coverage of cessation services. In the private sector, few commercial products sold by HMOs offer a comprehensive benefit. To obtain a picture of existing smoking cessation coverage options, NGA conducted an informal, confidential survey of existing coverage among select California HMOs. A range of HMOs was

included in the survey, including plans offering commercial and Medi-Cal products. Survey responses revealed a wide variety of coverage options for both pharmaceuticals and behavioral counseling methods, providing a ripe opportunity for developing a model, consistent benefit for statewide coverage.

Designing the Benefit

In order to alleviate any barriers that would preclude a smoker from making a quit attempt, the US PHS guidelines and research studies urge providing smokers with free or low cost access to treatments.^{2,3} While unrestricted access to treatments would be ideal, current health care trends indicate that greater cost-sharing by health care consumers is becoming the norm as purchasers face higher overall costs. In the face of that reality, and to be consistent with other health care treatments, NGA elected to develop a benefit that would include low costs to the consumer. Instituting co-pays consistent with the HMO enrollee's overall benefit coverage also places smoking cessation treatment on a par with other necessary health care treatments and preventive care services.

Pharmaceuticals

All the first line recommended pharmaceutical aides are included in the model benefit: nicotine replacement gum, patches, spray and inhaler, as well as bupropion. Coverage is recommended for both prescription products and over-the-counter (OTC) products, where OTCs are available. Covering OTCs provides smokers access to a variety of effective and important options for quitting, including some, such as nicotine gum, that are only available over the counter. Additionally, prescription patches have an average wholesale cost of \$125 for 28 patches, where the OTC equivalent has a retail cost of approximately \$80 for 28 patches.⁴ Depending on the place of purchase and source of the medications, OTC patches can cost even less.

NGA's proposed benefit recommends limiting coverage for pharmaceutical aides to two courses of treatment per year. With most treatment regimens ranging from 7 - 12 weeks, providing coverage for two courses of treatment provides a smoker between 3.5 - 6 months of pharmacotherapy. Research has shown that even when free access is provided for up to four courses of treatment, 93% of smokers used pharmaceutical aides only once or twice.⁵

NGA Model Benefit Proposal

Pharmaceuticals – 2 treatment courses annually

Gum	OTC covered, copay applies
Patch	Prescription & OTC covered, co-pay applies
Spray	Prescription covered, copay applies
Inhaler	Prescription covered, copay applies
Zyban	Prescription covered, copay applies
Clonidine	Prescription covered, copay applies
Nortriptyline	Prescription covered, copay applies

Counseling – unlimited number of covered sessions

Telephone	
Group	copay applies
Individual	copay applies



Coverage is also included for second line medications recommended by the US PHS guidelines - clonidine and nortriptyline - which are relatively inexpensive.

Behavioral Counseling

Behavioral counseling is an important complement to pharmacotherapy. Reviews of public health studies have concluded that behavioral support with pharmaceutical aides can result in higher quit rates than either treatment alone.⁶ NGA's benefit proposal includes coverage for a range of counseling options (telephone, group and individual counseling), to accommodate the different needs and preferences of smokers. NGA's Managed Care Working Group, a collaborative of HMO, purchaser, provider and other stakeholder representatives, is currently reviewing whether behavioral counseling should be a prerequisite to receive medications, as this requirement may deter some smokers who would access pharmaceuticals and achieve successful quits on their own. If the two are not linked, NGA's model benefit would strongly encourage providers to promote counseling and explain the increased effectiveness of a quit attempt when counseling and pharmaceuticals are used together.

Benefit Costs

Based on the model benefit, below are expected per member per month (PMPM) costs for instituting the benefits in HMO health care packages.

Expected PMPM Costs for NGA Model Benefit

Counseling Method	Telephone	Group	Individual
Pharmacology Usage Not Linked to Behavioral Counseling			
<u>No Copayments</u>			
Minimal Office Support	.30	.34	.40
Substantial Office Support	.33	.37	.43
<u>Representative Copayments</u>			
Minimal Office Support	.25	.28	.34
Substantial Office Support	.28	.31	.37
Pharmacology Usage Linked to Behavioral Counseling			
<u>No Copayments</u>			
Minimal Office Support	.26	.30	.37
Substantial Office Support	.29	.33	.40
<u>Representative Copayments</u>			
Minimal Office Support	.22	.25	.31
Substantial Office Support	.25	.28	.34

The cost data assumes the following: weighted average cost of minimum and maximum usage of pharmaceuticals; 50% of participants will use Zyban or Wellbutrin, 20% prescription patches, 20% OTC medications, 10% spray or inhaler; weighted average cost of four visits to behavioral counseling program; \$10 copay for generic drugs, \$15 for prescription, \$10 per counseling session; 5% usage of the benefit by smokers in HMOs.

Market Forces & Health care Dynamics

As NGA goes to press with this document, concerns over continued rising health care costs dominate industry discussions. In 2002, employers experienced a 12.7% increase in health insurance costs – the highest one-year increase since 1990.⁷ As costs are rising, more attention is being focused on quality of care and the cost-effectiveness of treatments. Health care purchasers - both private employers and government agencies - seek to receive additional value for less cost. Investing in coverage for smoking cessation treatments as described here can result in an overall reduction in health care costs of more than \$3,950 over the remaining lifetime of a smoker.⁸

References:

- (1) Adult Smoking Prevalence Fact Sheet, California Department of Health Services, Tobacco Control Section; <http://www.dhs.cahwnet.gov/tobacco/documents/AdultSmoking.pdf>
- (2) Treating Tobacco Use and Dependence. A Clinical Practice Guideline, U.S. Public Health Service, June 2000.
- (3) Curry et al. "Use and Cost Effectiveness of Smoking Cessation Services Under Four Insurance Plans in a Health Maintenance Organization" The New England Journal of Medicine, Sept 1998, 339(10):673-679
- (4) Buck Consultants, Inc. Marketplace Cost Data for a Model Smoking Cessation Program Developed for the Next Generation California Tobacco Control Alliance, October 2002.
- (5) Schaffer HH. Coverage for tobacco dependence treatments: results of a randomized control trial in California HMOs. Presented at: Third Annual Conference on Addressing Tobacco in Managed Care, 2000
- (6) Treating Tobacco Use and Dependence. A Clinical Practice Guideline, U.S. Public Health Service, June 2000.
- (7) The Kaiser Family Foundation and Health Research Educational Trust, Survey of Employer-Sponsored Health Benefits 2002 Annual Survey
- (8) Buck Consultants, Inc. Marketplace Cost Data for a Model Smoking Cessation Program



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The Next Generation California Tobacco Control Alliance (NGA) is a statewide coalition working to reduce tobacco use in California. NGA accomplishes this through collaboration between traditional tobacco control constituencies and new partners not traditionally associated with tobacco control.

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