

## **Cost Utility Models for Supporting Prevention through New Reimbursement Methods: A Framework**

**Author(s):** Supriya Lahiri, PhD, Martin Cherniack, MD, MPH  
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### **Abstract:**

Although economic evaluation of OHS interventions has been found to be cost effective, the actual employment of these interventions in workplaces is highly limited. The primary barrier to the usage of workplace interventions is a *misalignment of incentives* across the principal stakeholders (i.e. employers, employees, insurers, service institutions, and the government). In this highly complex system, the third party payers (insurers) often act as an intermediary among the above stakeholders through an incentive system (workers compensation, group health benefits etc). We are proposing a system-based incentives approach via a new paradigm for insurance reimbursement concentrated on prevention and health promotion. Insurance companies have a stake in promoting interventions: successful interventions lead to sizable reductions in avoidable costs in terms of lost work time related indemnity costs, and medical care costs in terms of workers compensation claims. Results from Cost Utility model can provide an important input in their decision making process by providing a systematic approach to prioritize resources for prevention and health promotion. If health promotion and prevention measures are more cost-effective as revealed by the Cost Utility Analysis (CUA) estimates then it would be in the interest of the insurance company to reimburse activities related to these interventions. This presentation outlines the basic metrics of the Cost Utility Model (numerator and denominator) that would be required to conduct the analysis.