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Value-Based Health Plans Improve Access to Advanced Technologies

Report Highlights Opportunities for Achieving Better Care with Sustainable Costs

Contacts:

Kaden Milkovich, University of Michigan V-BID Center; 734/615-9635, vbidcenter@umich.edu

Steve Halasey, InHealth; 626/355-2500, shalasey@inhealth.org

Ann Arbor, MI, and Washington, DC (October 29, 2012)—Health plans that adopt value-based incentives to direct the adoption and use of medical technologies can improve clinical outcomes, enhance patient and provider satisfaction, and encourage innovation—all within a sustainable cost structure.

Those are among the key messages of a new report authored by researchers headquartered at the University of Michigan Center for Value-Based Insurance Design (V-BID), [Value-Based Insurance Design for Diagnostics, Devices, and Procedures: A Novel Approach to Better Recognize the Effectiveness and Value of Medical Technology](#).

“Current benefit designs often result in undesirable outcomes of underuse, overuse, and misuse of new medical technologies,” says lead author A. Mark Fendrick, MD, professor of internal medicine and health management and policy at the University of Michigan, and director of the university’s V-BID Center. “V-BID programs remove barriers that inhibit the adoption and use of essential, high-value medical technologies and procedures by setting patient cost-sharing levels based on clinical value—not price.”

V-BID has been applied to create health insurance plans that reflect scientific evidence about the benefits of drugs and disease prevention services. The new report focuses on medical technologies, where the evidence base is more limited and methodological challenges make it difficult to identify the value of using alternative devices, diagnostic approaches, and procedures.

“Since individual medical technologies are typically separate elements in a complex episode of care, the design, implementation, and evaluation of V-BID programs for medical technologies are far more complicated than for prescription drugs,” says coauthor Seema S. Sonnad, PhD, director of health services research for the Christiana Care Value Institute (Wilmington, DE).

Manufacturers of medical technologies often possess an extremely detailed understanding of their products’ value propositions, which may include social and economic benefits to the healthcare system as well as to patients. “Traditional health benefit plans should strive to make such factors a part of their

cost-sharing determination,” says Fendrick. “The V-BID concept offers a foundation and framework for incorporating a wide range of factors, based on the value they contribute throughout the healthcare continuum.”

The report highlights serial lung cancer screening with low-dose computed tomography (CT), implantable cardioverter-defibrillators and percutaneous coronary intervention, and molecular diagnostics combined with targeted therapy as examples of technologies and procedures that could be included for clinically indicated patient populations in a value-based plan.

Also provided are case studies of existing V-BID programs for obesity management and bariatric surgery, for using molecular diagnostics to predict a patient’s prognosis and response to therapy, and for an integrated drug and device approach to diabetes management.

The report was commissioned by the Institute for Health Technology Studies (InHealth), which sponsors and disseminates research focusing on the impact of medical technologies on the healthcare system and on the economy. “This report offers a first step toward understanding whether V-BID programs have potential when applied to medical technologies—and what special provisions might be needed to make sure such programs work well,” says Chuck Fleischman, interim executive director and member of the InHealth board.

The report will be released on Tuesday, October 30, at the V-BID Center’s annual conference, “V-BID Summit 2012: Integration and Transformation.”

To request a copy of the report, visit www.vbidcenter.org, or contact Kaden Milkovich, V-BID Center manager, at 734/615-9635 or via vbidcenter@umich.edu.

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The Institute for Health Technology Studies (InHealth; www.inhealth.org) sponsors and disseminates research about the impact of medical technologies on the healthcare system and on the economy. Additionally, InHealth focuses on the major policy issues that affect the industry and its ability to provide innovative and effective therapies to patients.

The University of Michigan Center for Value-Based Insurance Design (www.sph.umich.edu/vbidcenter) is a leader in research, development, and advocacy for innovative health benefit plans. The center has led efforts to promote the development, implementation, and evaluation of innovative health benefit designs balancing cost and quality, and played a key role in the inclusion of V-BID in national healthcare reform legislation.