Improving Care and Bending the Cost Curve: Comparative Effectiveness Research and Value-Based Insurance Design

A. Mark Fendrick, MD

University of Michigan Center for Value-Based Insurance Design

www.vbidcenter.org
There is little disagreement over the fact there is enough money in the US health care system. Profitability in health care is often not linked to the amount of health produced. Therefore, payers should shift our focus from how much - to how we spend on health care - in order to maximize the amount of health produced for the expenditure made (value).
Predicted Life Expectancy Based on Health Care Expenditure

![Bar chart showing predicted life expectancy based on health care expenditure for various countries.](chart.png)
• Despite unequivocal evidence of clinical benefit produced by CER and other studies, substantial underutilization of high-value services persists.
U.S. Adults Receive Only About Half of Recommended Care, and Quality Varies Significantly by Medical Condition

Percent of recommended care received

<table>
<thead>
<tr>
<th>Condition</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>55</td>
</tr>
<tr>
<td>Breast Cancer</td>
<td>76</td>
</tr>
<tr>
<td>Hypertension</td>
<td>65</td>
</tr>
<tr>
<td>Asthma</td>
<td>54</td>
</tr>
<tr>
<td>Diabetes</td>
<td>45</td>
</tr>
<tr>
<td>Pneumonia</td>
<td>39</td>
</tr>
<tr>
<td>Hip Fracture</td>
<td>23</td>
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</tbody>
</table>

Improving Care and Bending the Cost Curve
Factors Contributing to Quality Gaps

- Forgetfulness
- Lack of belief in benefit of therapy
- Poor provider relationship
- Required monitoring
- Misaligned clinician incentives

- Complexity of treatment
- Side effects
- Cognitive impairment
- Inadequate follow-up
- Missed provider visits
- Lack of insight
- Patients out of pocket cost

Improving Care and Bending the Cost Curve
CER is One of Many Tools to Increase Efficiency

- Whether CER leads to enhanced efficiency ultimately depends on how results impact decision makers and to what extent – if any - changes in practice occur
  - Implementation in specific clinical areas (e.g. guideline development)
  - Improve the way markets function
  - Application to benefit design
Improving Care and Bending the Cost Curve
Lack of “Clinical Nuance” in Health Benefit Design

• The archaic “one-size-fits-all” approach to patient cost sharing fails to acknowledge the differences in clinical value among medical interventions

• Ideally, patient copayments would be used to discourage the use of low-value care
A growing body of evidence demonstrates that increased patient cost-sharing leads to decreases in non-essential and essential care which, in some cases, lead to greater overall costs

- Preventive care
- Diagnostic testing
- Prescription drugs
- Clinician visits

- Higher office copayments led to increased hospitalizations for Medicare beneficiaries

• Medical services differ in the benefit provided
• The clinical benefit derived from a specific service depends on the patient using it
  – There are few instances where the use of a specific drug, diagnostic test or procedure is always appropriate or inappropriate
• V-BID premise: the more clinically beneficial the service, the lower the patient's cost share and the higher the clinician’s payment
• To date, most V-BID programs have focused on removing barriers to high-value services
  – As copayments are reduced, increases in utilization results
• V-BID programs that discourage use of low-value services are being implemented
Value Based Insurance Design
More than High-Value Prescription Drugs

- Prevention/Screening
- Diagnostic tests/Monitoring
- Treatments
- Clinician visits
- Physician networks
- Hospitals
“Lowe's is offering employees incentives in the form of reduced out-of-pocket costs to come to the Cleveland Clinic for heart procedures.”
“2713(c) Valued-based Insurance Design. – The Secretary may develop guidelines to permit a group health plan and a health insurance issuer offering group or individual health insurance coverage to utilize value-based insurance designs.”
"The Departments recognize the important role that value-based insurance design can play in promoting the use of appropriate preventive services."
• The prohibition of cost-sharing for selected evidence-based preventive care for specified populations is consistent with V-BID principles
  – Cost sharing elimination may be restricted to in-network providers
  – Several private and public plans have similar programs in place for many years

• Such programs acknowledge that all preventive services and clinical settings are not equal in terms of clinical value
• Elimination of patient cost-sharing for high-value, evidence-based care has important implications beyond primary prevention as mandated in Sec 2713

• A substantial majority of private sector V-BID programs include reduced cost-sharing for evidence-based services for chronic diseases
  – Medications, eye exams for diabetes
  – Behavioral therapy, meds for depression
  – Long-acting inhalers, spirometers for asthma
“Some employers and private health plans already use the evidence-based programs to promote better health. Similar approaches can improve adherence to recommended medications, which many Americans fail to take, often due to cost. At the Federal level, HHS is promoting value-based insurance models.”
Value-Based Insurance Design
Implications Beyond Primary Prevention

• Align with health reform efforts in addition to CER
  – Wellness
  – Management of Chronic Diseases
  – Health Information Technology
  – Payment Reform
“raising or lowering copayments for a service would have more effect on utilization if the incentive created for beneficiaries is aligned with that for physicians.”
• The ultimate test of health reform will be whether it improves health and addresses rising costs.

• The ability of CER to enhance efficiency depends on its yet to-be-determined impact on everyday clinical practice.

• The use of “clinically sensitive” incentives [and disincentives] to encourage [and discourage] patient and provider behavior to redistribute medical expenditures will ultimately produce more health at any level of health expenditure.
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What Is Value-Based Insurance Design?
The basic premise of value-based insurance design is to remove barriers to essential, high-value health services. V-BID programs improve health outcomes at any level of healthcare expenditure.

• Read more about V-BID and the Center
• Watch Center faculty explain V-BID on video links to the right

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