Potential Role for Value-Based Insurance Design in Cancer Care

National Cancer Policy Forum

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Improving Care and Bending the Cost Curve
Shifting the discussion from “How much” to “How well”

- Innovations to prevent and treat cancer have led to impressive reductions in morbidity and mortality.
- Regardless of these advances, cost growth is the principle focus of health care reform discussions.
- Despite unequivocal evidence of clinical benefit, substantial underutilization of high-value cancer services persists across the spectrum of clinical care.
- Attention should turn from how much to how well we spend our health care dollars.
For today’s discussion, it is important to distinguish between the costs paid by the health plan or third party administrator and out-of-pocket costs paid by the beneficiary.
Impact of Cost-Sharing on Health Care Utilization

• Ideally, consumer cost-sharing levels would be set to encourage the clinically appropriate use of services.

• Instead, archaic “one-size-fits-all” cost-sharing fails to acknowledge the differences in clinical value among medical interventions.

• Accumulating evidence concludes that cost-sharing increases in leads to reductions in both non-essential and essential care, which in some cases, leads to greater costs.
“I can’t believe you had to spend a million dollars to show that if you make people pay more for something, they will buy less of it.”

Barbara Fendrick (my mother)
• Rising copayments may worsen disparities and adversely affect health, particularly among patients living in low-income areas.
A New Approach: Clinical Nuance

1. Services differ in clinical benefit produced

2. Clinical benefits from a specific service depend on:
   - Who receives it
   - Who provides it
   - Where it's provided
Value-Based Insurance Design

- Sets consumer cost-sharing level on clinical benefit – not acquisition price – of the service
  - Reduce or eliminate financial barriers to high-value clinical services and providers

- Successfully implemented by hundreds of public and private payers
Evidence for Value-Based Insurance Design: Improving Adherence Without Increasing Costs

- Improved adherence
- Lower consumer costs
- No significant increase in total spending
Evidence for Value-Based Insurance Design: Reducing Health Care Disparities

Full drug coverage:

- Reduced rates of a post-MI vascular event or revascularization among patients who self-identified as being non-white
- Reduced total health care spending by 70 percent among patients who self-identified as being non-white

Health Aff (Millwood). 2014 May;33(5):863-70
A 2014 *Health Affairs* evaluation of 76 V-BID plans reported that programs that:

- were more generous
- targeted high-risk individuals
- offered wellness programs
- avoided disease management
- used mail-order prescriptions

had greater impact on adherence than plans without these features.

Choudhry. N. *Health Affairs*. 2014;33(3).
Multi-Stakeholder Support for V-BID

- HHS - National Quality Strategy
- CBO
- SEIU
- MedPAC
- Brookings Institution
- The Commonwealth Fund
- NBCH
- PCPCC
- Partnership for Sustainable Health Care
- National Governor’s Assoc.
- Academy of Actuaries
- Bipartisan Policy Center
- Kaiser Family Foundation
- NBGH
- National Coalition on Health Care
- Urban Institute
- RWJF
- IOM – Essential Health Benefits
• Primary Prevention
  – Sec. 2713 prohibits cost sharing for >60 evidence-based preventive services
    • Approximately 105 million Americans have received expanded coverage
  – Implementation of “nuanced” cancer related recommendations challenging
    • Screening (colonoscopy, CT for lung CA)
    • Treatment (chemoprevention for high risk breast cancer)
Policy Context: Barriers Exist to Extend V-BID High Value Secondary Preventive Services

- Coverage of highly valuable secondary prevention services frequently less generous than primary prevention
- Follow-up of fully covered preventive care not included
- IRS regulations do not allow coverage of secondary preventive services before deductible in HAS-HDHPs
- Medicare does not allow condition-specific benefit design
Applying V-BID to High-Cost, High Value Cancer Care

• Impose no more than modest cost-sharing on high-value services
• Reduce cost-sharing in accordance with patient- or disease-specific characteristics
• Relieve patients from high cost-sharing after failure on a different medication
• Use cost-sharing to encourage patients to select high-performing providers and settings
V-BID: Keys to Implementation

• Prepare for administrative complexity
• Communicate effectively
• Integrate with provider initiatives

Fendrick et al. Center for Value Based Insurance Design.
http://bit.ly/1kMP2cq
Moving Forward

• The ultimate test of health reform will be whether it improves health and addresses rising costs

• Cost containment efforts should not result in preventable reductions in quality of care

• V-BID should be part of the solution to enhance the efficiency of spending on cancer care