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Clinical Nuance Essential To Essential Benefits Package

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The debate over essential health benefits has been largely framed as a trade-off between cost and comprehensiveness: the more expansive the benefit, the more expensive the coverage. However, benefit plans can be enhanced by incorporating a third dimension to the discussion: something we call clinical nuance. Rather than aiming for a rigid benefit package for a covered population, plan designers should instead designate a basic standard set of services to be included. But the patient's out-of-pocket contributions could vary depending on the clinical value of the specific medical service rendered. In other words, such plans lower patients' cost for treatment that has a higher value and increase what an individual would pay for low-value services.

The current archaic "one-size-fits-all" designs, where the beneficiary faces the same out-of-pocket payment for every clinician visit, diagnostic test and prescription drug, should be abandoned and be replaced by one based on the health benefit gained in the particular clinical circumstance. By using clinical nuance to drive the design of benefits, health plans can offer more comprehensive and effective coverage while explicitly addressing the affordability of health insurance. Moreover, this approach makes better use of our clinical research enterprise, investments in health information technology and payment reform initiatives, while encouraging the creation of a more personalized, cost-effective benefits package.

The concept of varying benefit design using clinical evidence is known as Value-Based Insurance Design, or V-BID, and it has been in practice for more than a decade. The basic V-BID premise is to align patients' out-of-pocket costs, such as copayments and deductibles, with the value of health services. By reducing barriers to high-value treatments (through lower costs to patients) and discouraging low-value treatments (through higher costs to patients), these plans can improve health outcomes. Studies

show that this kind of approach can promote increased patient compliance with recommended treatments, which in certain circumstances leads to cost savings.

An effective essential benefit design should remain flexible in regard to the clinical needs of patients; and acknowledge that the value of a medical service is closely linked to the patient population to which it is delivered.

The inclusion of clinical nuance could allow a plan to provide more comprehensive coverage to those with chronic conditions such as diabetes, for example, for which several interventions have been identified as measures of quality care. But it would also allow disincentives where evidence demonstrates that the treatment in specific clinical circumstances provides ineffective or sometimes harmful outcomes.

Given the flexibility to innovate and provide more comprehensive care when necessary, plans can help people to stay healthy while controlling rising costs. Recently, for example, a coalition of unionized state employees in Connecticut and Gov. Daniel P. Malloy agreed to create a [Health Engagement Program](#) (HEP) based on V-BID principles. In return for a commitment from employees to undergo subsidized, age-appropriate preventive screenings and the use of evidence-based services associated with certain chronic conditions, the state agreed to defer increases in beneficiary contributions to their health insurance. But those employees who voluntarily choose not to enroll in the HEP face an increase in their premiums and deductibles. The result: beneficiaries receive incentives to get the care they need, while the state achieves savings to help balance its budget.

In addition to using benefit design to encourage and discourage specific services, the essential benefits package should also permit plans to create incentives for individuals to visit high-quality and high-value providers. For example, the Department of Labor recently supported a [California Public Employees' Retirement System policy](#) that offered cost-sharing incentives for individuals to undergo colorectal cancer screening at an ambulatory surgery center rather than at an inpatient facility. The reason: data demonstrated equivalent outcomes for colonoscopy in outpatient setting, but the cost was substantially lower.

Health plans must provide an essential health benefit with appropriate protections as directed by the 2010 health reform law. Under these safeguards, it is critical that plans are encouraged, and provided flexibility, to achieve higher value within the delivery system. The inclusion of clinical nuance in benefit design is one of few policy initiatives that simultaneously address the critical goals of quality improvement and cost containment. As we move from a volume-driven to value-based system, it should be an “essential” component of any benefit design.

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