

Value-Based Insurance Design Improving Cancer Care and Bending the Cost Curve

A. Mark Fendrick, MD

**University of Michigan Center for
Value-Based Insurance Design**

www.vbidcenter.org

@UM_VBID

Improving Care and Bending the Cost Curve

Our Goal is to Improve Health, Not Save Money

- **The past several decades have produced remarkable technological and therapeutic innovations for the prevention and treatment of cancer, resulting in impressive reductions in morbidity and mortality**
- **These enhanced clinical outcomes coincide with a significant stress on the healthcare system - namely, the burden of ballooning costs of care**



Improving Care and Bending the Cost Curve

Our Goal is to Improve Health, Not Save Money

- **Cost growth remains 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**

Improving Care and Bending the Cost Curve

A Needed Shift From “How Much?” to How Well?”

- **There is little disagreement over the fact there is enough money in the US health care system**
- **Therefore, payers should shift the focus from *how much* - to *how well* - we spend on health care in order to maximize the amount of health produced for the expenditure made (value)**

Dealing with the Health Care Cost Crisis

Interventions to Control Costs

- **Prior Authorization**
- **Wellness Programs**
- **Payment Reform**



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A Simulation Shows Limited Savings From Meeting Quality Targets Under The Medicare Shared Savings Program

David M. Eddy^{1,*} and Roshan Shah²

[+](#) Author Affiliations

[↵](#)*Corresponding author

Dealing with the Health Care Cost Crisis

Interventions to Control Costs

- **Prior Authorization**
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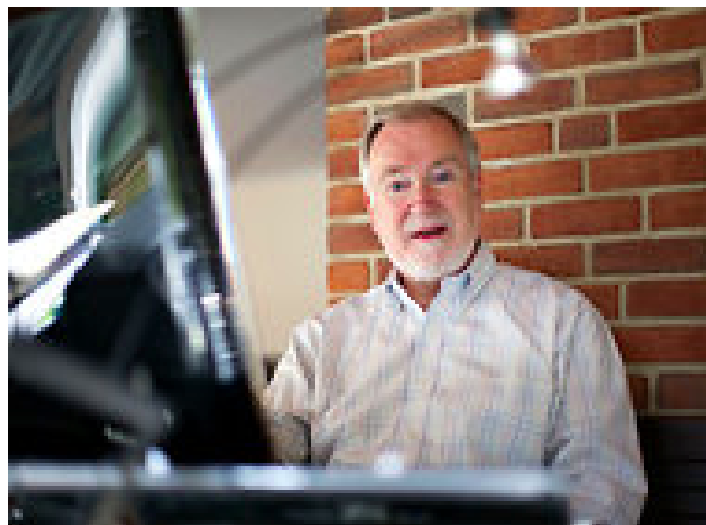
Medicare Bills Rise as Records Turn Electronic

By REED ABELSON, JULIE CRESWELL and GRIFF PALMER

Published: September 21, 2012 |  273 Comments

When the federal government began providing billions of dollars in incentives to push hospitals and physicians to use electronic medical and billing records, the goal was not only to improve efficiency and patient safety, but also to reduce health care costs.

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Jessica Kourkounis for The New York Times

But, in reality, the move to electronic health records may be contributing to billions of dollars in higher costs for [Medicare](#), private insurers and patients by making it easier for hospitals and physicians to bill more for their services, whether or not they provide additional care.

Robert Burleigh was overbilled for an

Dealing with the Health Care Cost Crisis

Interventions to Control Costs

- **Prior Authorization**
- **Preventing Chronic Disease**
- **Information Technology**
- **Payment Reform**
- **Make Beneficiaries Pay More**



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**

Cost Containment Efforts Should NOT Produce Avoidable Reductions in Quality of Care

- **Increased patient cost-sharing leads to decreases in non-essential and essential care which, in some cases, lead to greater overall costs**

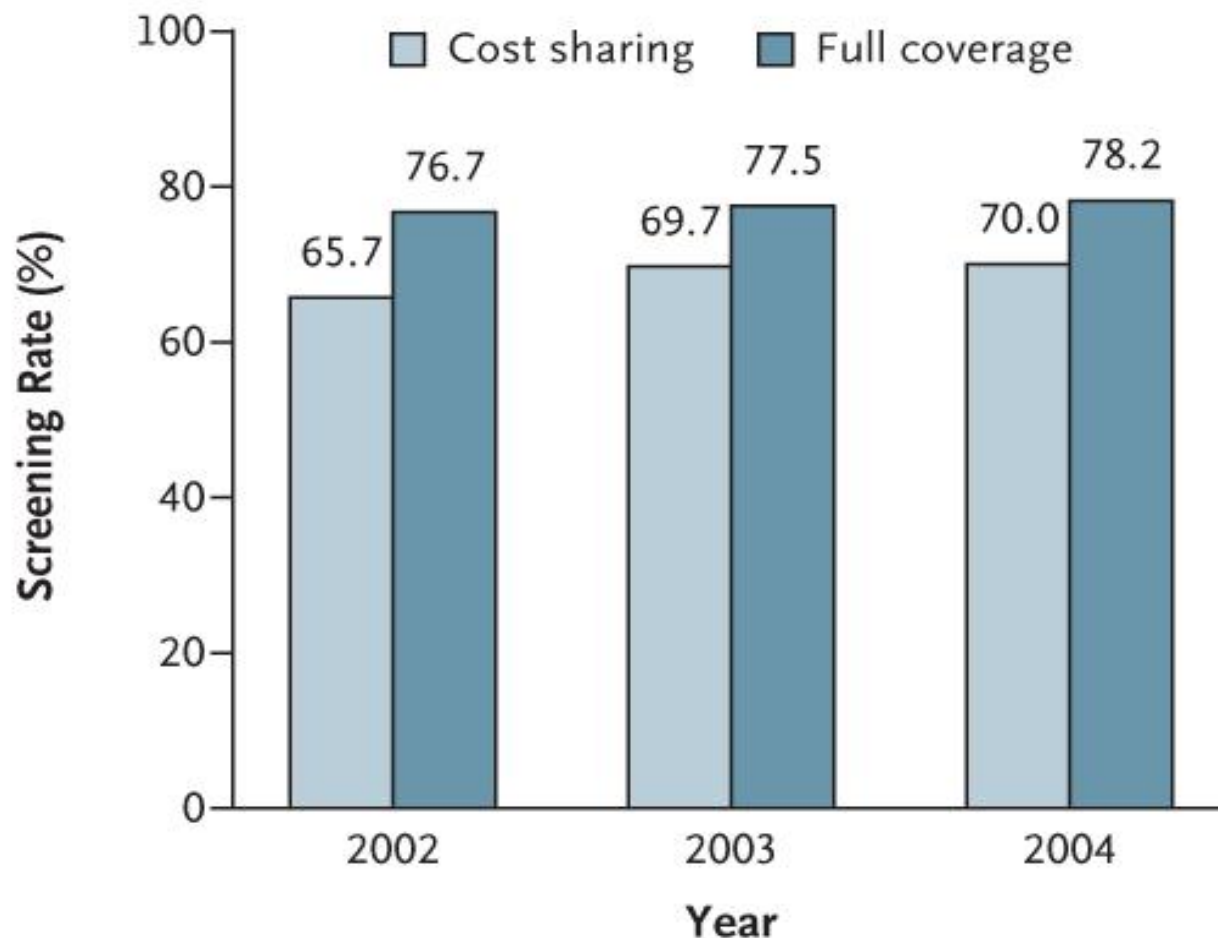
Value-Based Insurance Design Inspiration

“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)



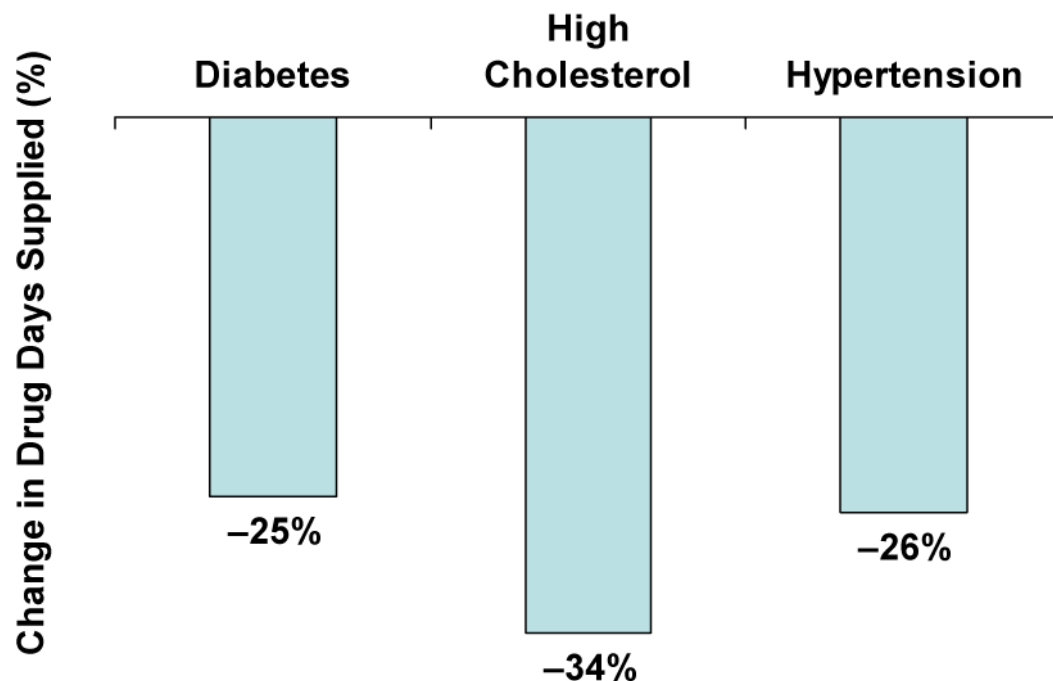
Cost-sharing Affects Adherence to Screening: Mammography Use in Medicare Beneficiaries





High Copays Reduce Adherence to Appropriate Medication Use

Change in Days Supplied for Selected Drug Classes When Copays Were Doubled



- When copays were doubled, patients took less medication in important classes. These reductions in medication levels were profound
- Reductions in medications supplied were also noted for:
 - NSAIDs 45%
 - Antihistamines 44%
 - Antiulcerants 33%
 - Antiasthmatics 32%
 - Antidepressants 26%
- For patients taking medications for asthma, diabetes, and gastric disorders, there was a 17% increase in annual ER visits and a 10% increase in hospital stays

ER = emergency room.

Goldman DP et al. *JAMA*. 2004;291:2344-2350.

Increased Ambulatory Copayments for the Elderly: Making Things Worse

- Copays increased:
 - from **\$7.38** to **\$14.38** for primary care
 - from **\$12.66** to **\$22.05** for specialty care
 - remained unchanged at **\$8.33** and **\$11.38** in controls
- In the year after increases:
 - **19.8 fewer** annual outpatient visits per 100 enrollees
 - **2.2 additional** hospital admissions per 100 enrollees
 - Effects worse in low income and patients with chronic illness

Using “Clinical Nuance” to Reallocate Spending

Principles of Value-Based Insurance Design

- **Medical services differ in the benefit provided**
- **The clinical benefit derived from a specific service depends on the patient using it**
- **V-BID premise: the more clinically beneficial the service, the lower the patient's cost share and the higher the payment for a given service**



Value-Based Insurance Design

Reallocation Based on “Clinical Nuance”

- An opportunity exists for a cost-saving reallocation **within any health budget**, through increasing use of high-value interventions and simultaneously reducing the use of interventions that offer little or no benefit relative to their cost

PPACA Sec. 2713: Selected Preventive Services be Provided without Patient Cost Sharing

- **Receiving an A or B rating from the United States Preventive Services Taskforce**
- **Immunizations recommended by the Advisory Committee on Immunization Practices**
- **Preventive care and screenings supported by the Health Resources Administration (HRSA)**
- **Additional preventive care and screenings recommended by HRSA for women**

Approximately 54 million Americans have received expanded coverage due to the Affordable Care Act



ACA Sec. 2713c Interim Final Regulation – July 2010

Broad Definition of V-BID

“Value-based insurance designs include the provision of information and incentives for consumers that promote access to and use of higher value providers, treatments, and services.”

Innovations in Value-Based Insurance Design

More than Prescription Drugs

- **Prevention/Screening**
- **Diagnostic tests/Monitoring**
- **Treatments**
- **Clinician visits**
- **Physician networks**
- **Hospitals**





HEALTH AND FITNESS

Northeast OH Healthy Living and Medical Consumer News

“Lowe's is offering employees incentives in the form of reduced out-of-pocket costs to come to the Cleveland Clinic for heart procedures.”

Harlan Spector, Health News, Insurance, Metro, Real-Time News »

Lowe's will bring its workers to Cleveland Clinic for heart surgery

By Harlan Spector, The Plain Dealer
February 17, 2010, 3:58AM



[View full size](#)

Chuck Burton / Associated Press

Lowe's is offering employees nationwide incentives in the form of reduced out-

Value-Based Insurance Design Implications Beyond Primary Prevention

- **A substantial majority of private sector V-BID programs include reduced cost-sharing for evidence-based services for established diseases**
 - **Medications, eye exams for diabetes**
 - **Behavioral therapy, meds for depression**
 - **Long-acting inhalers, spirometers for asthma**



Value-Based Insurance Design

“Clinically Nuanced, Fiscally Responsible”

- **To date, most V-BID programs have focused on removing barriers to high-value services**
 - **As barriers are reduced, utilization increases**
- **V-BID programs that discourage use of low-value services are being implemented**
 - **Choosing Wisely**



Doctor Sentenced to Death for Ordering Unnecessary Scan

Andrew J. Vickers, PhD, DPhil

Posted: 08/16/2012

Dr. Philip Bird, a family practitioner in Oxford, Mississippi, has been sentenced to death by lethal injection for ordering an MRI on a patient with uncomplicated low back pain. Bird's sentence is believed to be the first under the state's new "get tough" 3-strikes law. The presiding judge, the Honorable Marsha Williams, told the court that although she sympathized with the defendant, the law left her no discretion. Bird twice previously had been found guilty of ordering unnecessary scans: a CT for a woman reporting pregnancy-related tension headache and a bone scan for a patient with localized prostate cancer.

Prosecuting attorney Luke O'Neill said that justice had been served. "It gives me no pleasure to send a man to death row," said O'Neill, "but Dr. Bird had a choice and knew the consequences of that choice." State senator Grant Douglas, Jr., a former hospital administrator who introduced the "3 strikes" law, said that he hoped the case would "serve as warning to the medical community. We've tried everything to bring down the rate of unnecessary scans. We've done studies, presented evidence, written guidelines – hell, I've even gone down on my hands and knees and begged – but nothing doing. Scratch your ear in front of a doctor and next thing you know you'll be shoved into a CT machine. Really, they left us no choice but to threaten them with death."

Value-Based Insurance Design

Implications for Use of “Clinical Nuance” in Oncology

- **Screening**
 - Targeted screening based on cancer risks
- **Diagnostics**
 - Molecular diagnostics to determine prognosis or predict response to therapy
- **Treatments**
 - By indication
 - Based on results of diagnostics
- **Providers**
 - Centers of excellence

Innovations in Value-Based Insurance Design

“Clinically Nuanced, Fiscally Responsible”

- **The use of “clinically nuanced” incentives [and disincentives] to encourage [and discourage] patient and provider behavior to redistribute medical expenditures will produce more health at any level of health expenditure**
- **Health insurance must be aligned with scientific advances in oncology**

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September 15, 2011

BUSINESS INSURANCE:

Kansas City-area value-based insurance design project reports savings after first year.

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About V-BID

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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