



January 31, 2011

Submitted via email to EssentialHealthBenefits@cms.hhs.gov

Center for Consumer Information and Insurance Oversight
Department of Health and Human Services
P.O. Box 8010
Baltimore, Maryland 21244-1850

Re: Patient Protection and Affordable Care Act: Essential Health Benefits Bulletin

To Whom It May Concern:

Thank you for inviting comments on the Essential Health Benefits Bulletin published on December 16, 2011. The Center for Value-Based Insurance Design (V-BID Center) is pleased to offer these comments regarding the impact of the essential health benefits guidelines on plan innovation and the use of value-based insurance design (V-BID) in future plan offerings.

We applaud your efforts to “balance comprehensiveness and affordability” in this Bulletin guiding the design of the essential health benefits package at the state level. We believe that V-BID is a concept which helps facilitate this balance. V-BID uses clinical nuance to drive the design of benefits so that health plans can offer more comprehensive and effective coverage while simultaneously addressing the affordability of health insurance. Moreover, the clinically nuanced approach supported by V-BID principles better utilizes the outputs 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.

While we are not offering extensive comments on the Bulletin today, we respectfully ask that you keep in mind the impact that this and future guidance to states will have on the ability of plans to offer innovative new benefit designs, which may include V-BID principles. **Benefit and cost-sharing mandates must remain flexible to allow varying patient copayments and coinsurance rates so that consumers have access to a range of health-improving incentives.** In addition to using benefit design to drive people to higher value clinical services, plans should have adequate flexibility to create incentives for individuals to visit high-quality and high-value providers. This flexibility to allow value-based designs will be essential to delivering on the promise for more affordable and higher quality health coverage. At the same time, too much

flexibility for choosing benefits outside of the congressionally mandated categories has the potential to create adverse selection inside the exchanges.

Value-Based Insurance Design in the Patient Protection and Affordable Care Act

As you are aware, V-BID was included in Sec. 2713 of Patient Protection and Affordable Care Act, which provides that certain recommended preventive care services must be provided without patient cost sharing. The prohibition of patient cost-sharing for selected evidence-based screenings and preventive care for specified populations of children, adolescents, and adults is entirely consistent with core V-BID principles: 1] health care services differ in the health benefits they produce; 2] the clinical benefit of health care services depends on the individual who receives them; and 3] we should promote the use of clinically effective care. These principles are germane to the implementation of clinically effective preventive care as authorized by Section 2713, wherein Congress acknowledged that all preventive services are not equal in terms of their clinical value, and selected services do not offer the same clinical value to every person or patient group.

Recognition of Value-Based Insurance Design in the IOM Essential Benefits Report

In its October, 2011 report to the Department of the Health and Human Services, the Institute of Medicine (IOM) highlighted the need to build increased value into health plans offered in the Health Exchanges, and specifically highlighted the role of V-BID in making that change. **The report strongly endorsed the premise, central to V-BID, that clinical nuance should be a significant determinant of the benefits offered in the Health Exchanges, saying, “The committee believes that the EHB package should become more fully evidence-based, specific, and value-based over time.”**¹ The Committee also noted, “Benefit design and its subsequent *administration* can be instrumental in addressing the cost and quality of services and care delivered. Insurers and employers are experimenting with an array of medical management and cost-sharing designs (e.g., value-based insurance design).”² Remarking that benefit design choices could be a positive influence for good clinical care practices, the report also stated, “The committee supports an evidence-based and value-based approach to coverage of health services as desirable to maximize the health gains of such services as well as provide patients with the best choice of safe and effective treatments.”³

In addition to detailing the potential benefits of value-based health plans, the report made three specific recommendations relevant to V-BID and the need to drive the EHB towards higher-value care:

¹ Institute of Medicine. Essential Health Benefits: Balancing Coverage and Costs. National Academies of Sciences, 2011: 23.

² Ibid, 59.

³ Ibid, 92.

- Recommendation (2a) to HHS encourages HHS to “Establish a framework for obtaining and analyzing data necessary for monitoring implementation and updating of the EHB.” The Committee asked that HHS include monitoring of “Changes related to health plans such as characteristics of plans (inclusions, exclusions, limitations), cost sharing practices, patterns of enrollment and disenrollment, network configuration, medical management programs, **value based insurance design**, and types of external appeals, risk selection, solvency, impact of the ACA-mandated limits on deductibles, copayments, out-of-pocket spending on the ability of plans to offer acceptable products”⁴ [emphasis added].
- Recommendation 2b calls for a coordinated research plan across federal agencies so that new data will support more valuable, higher-quality care in the future. “In particular, the Secretary should examine how the scope of benefits contributes to expanded coverage and access to quality care, and how the EHB package can be updated to become more evidence-based and value promoting.”⁵
- Recommendation 4a states, “Beginning in 2015, for implementation in 2016 and annually thereafter, the Secretary should update the EHB package, with the goal that it becomes more fully evidence-based, specific, and value-promoting.”⁶

We are encouraged by the consideration that the IOM devoted to the issue of improving plan value through benefit design. We concur with the Committee’s belief that, “benefit design [is] not readily separable from the contents of the benefits”⁷ and should be kept in mind as the essential benefits packages are constructed and updated in the future. **We believe that the guidance provided by the IOM and HHS can help states understand how to provide a flexible environment for benefit design innovation and, in some cases, encouragement to insurers to offer plans with a V-BID component.**

The role of benefit design in value-based plan offerings

The Bulletin noted that guidance on cost sharing would be issued at a future date. We look forward to the opportunity to comment on this guidance. V-BID works by varying cost sharing based on clinical evidence with regard to a specific clinical service (e.g., colonoscopy), and often directed to a specific patient population (e.g., eye examinations for individuals with diabetes). **Setting uniform requirements for copayments would have the unintended effect of prohibiting value-based programs and other innovations aimed to achieve a better patient experience, quality improvement and cost containment.** The potential result of strict cost-sharing

⁴ Ibid, 30.

⁵ Ibid, 30-31.

⁶ Ibid, 32.

⁷ Ibid, 24.

requirements without clinical nuance would be underuse of high-value services and overuse of low-value services. Additionally, once set, such rules would be difficult to change, making the timely adoption of best practices based on new clinical evidence less likely. Rather, a rule more protective of consumers, such as one recommending that copayments be related to clinical value, will allow necessary flexibility and better protect patients from high out of pocket costs for essential medical services.

On behalf of the V-BID Center, thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Mark Fendrick". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

A. Mark Fendrick, MD
Professor of Internal Medicine and Health Management & Policy
Director, Center for Value-Based Insurance Design
University of Michigan