



Public Policy Work of the Center for Value-Based Insurance Design (V-BID)

Recently, V-BID has been a high-profile part of the Affordable Care Act, as the guiding principle behind Section 2713, which eliminated cost-sharing for USPSTF-recommended preventive services. That implementation has been well established through guidelines from HHS and the Departments of Treasury and Labor. The Center has participated in this regulatory phase by offering [comments and feedback](#) to federal policymakers on numerous occasions. Now, the momentum of health reform has gathered at the state level, where V-BID can potentially be applied to three areas: health insurance exchanges, state employee health benefits, and Medicaid.

Health Insurance Exchanges

Arguably, the most important state policy work in health care in the next several years will be conducted in the area of the health insurance exchanges mandated by the Affordable Care Act. The Center works to educate state policymakers about V-BID and to assist them in designing V-BID policies for the exchanges that can promote the use of effective health care services or providers.

Key choices affect the benefit design of plans offered in the exchanges, and therefore the utilization of value-based plans. These include the choice to run open exchanges or to set standards for the products which will be offered, and whether to give preference to plans which use value-based components, such as high-value networks or services. The Center has designed a [set of principles](#) that explains how these choices may impact V-BID. The [essential benefits report](#) released by the Institute of Medicine in 2011 recognized V-BID's potential to add clinical nuance to the essential benefits package. As the implementation of the exchanges and essential benefits package moves forward, the V-BID Center will continue to share information that will guide the implementation of value-based policies in several possible frameworks.

State Employee Benefit Reform

Millions of government employees receive health care through a state or local government insurance plan. Unfortunately, employers and employees face rising premiums, co-payments, and deductibles, difficult economic circumstances, and seemingly few mutually agreeable solutions. V-BID is one idea that has attracted

bipartisan support and has been implemented as a proactive measure to improve plan value over the long term—improving health as well as potentially adding to states’ savings. Policy background and important models for reform are laid out in a [Center brief](#) on state employee benefit reform.

An important model for reform was created in 2011 under a labor agreement negotiated between Connecticut Governor Daniel P. Malloy and a coalition of unions representing state employees. The agreement includes a new “Health Enhancement Plan” with targeted health savings driven by value-based insurance design. Today, more than 98 percent of employees have opted into the plan. The Center believes that Connecticut’s use of V-BID to lower employee health benefit costs while improving health is a significant model that can be [shared as an example](#) with other states. The Center will share more information about the program as it becomes available.

Medicaid

States continue to reorganize their Medicaid programs in order to save money and improve patient health and safety, including raising cost-sharing across the board. The academic evidence is clear that charging high copayments or deductibles for evidence-based services reduces their use, leads to lower quality of care and potentially higher costs. The impact of high levels of patient cost-sharing is concentrated on low-income populations, supporting the view that high copayments exacerbate health disparities.

Value-based insurance design, through lowering copayments for such high-value services, is demonstrated to improve quality without increasing aggregate medical expenditures and can be judiciously installed to accommodate varying socio-economic issues. The Center is working with a variety of stakeholders to establish the evidence and experience necessary to bring V-BID to more Medicaid recipients.