



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN

UNIVERSITY OF MICHIGAN

Value-Based Insurance Design: Using Medical Evidence to Design Benefits

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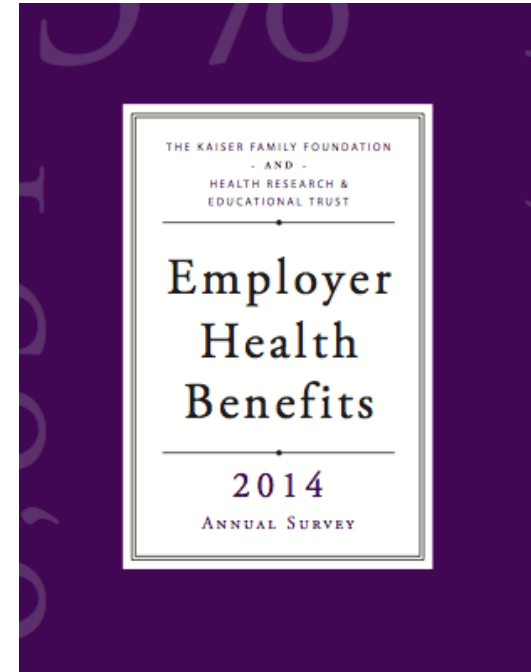
Using Medical Evidence to Design Benefits Improving Care and Bending the Cost Curve

- **Cost growth remains the principle focus of health reform discussions**
- **Despite unequivocal evidence of clinical benefit, Americans systematically underuse high-value services across the care spectrum**
- **Slowdown in healthcare costs may have negative health implications**
- **Attention should turn from *how much* to *how well* we spend our health care dollars**

Using Medical Evidence to Design Benefits

Role of Consumer Cost-Sharing in Medical Decisions

- For today, our focus is on costs paid **by the consumer**
- Ideally cost-sharing levels would be set to encourage the clinically appropriate use of health care services
- “One-size-fits-all” cost-sharing fails to acknowledge the differences in clinical value among medical interventions
- Despite a slowing in cost growth, consumer contributions are rising (deductibles stealing spotlight)



“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)

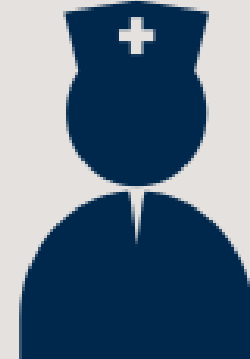
Costs Still Keep 30% of Americans From Getting Treatment

Lower-income and younger adults most likely to have delayed treatment

- **A growing body of evidence concludes that increases in consumer cost-sharing leads to a reduction in the use of essential care and in some cases leads to greater overall costs**
- **Effects worse in low-income individuals and beneficiaries with chronic illness**

A New Approach: Clinical Nuance

1. Services differ in clinical benefit produced

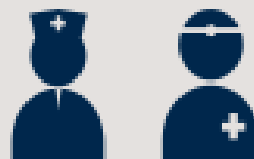


2. Clinical benefits from a specific service depend on:

Who
receives it



Who
provides it



Where
it's provided



Using Medical Evidence to Design Benefits Value-Based Insurance Design

- **Sets consumer cost-sharing level on clinical benefit - based on evidence – not acquisition price of the service**
 - **Reduce or eliminate financial barriers to high-value clinical services**
- **Successfully implemented by hundreds of public and private payers**

 **THE WALL STREET JOURNAL**
ONLINE

June 16, 2004

FOLLOW THE MONEY

**From 'One Size Fits All'
To Tailored Co-Payments**

June 16, 2004

University of Michigan researchers say a patient's
on how much he or she will
likely lower co

Evidence Supporting Value-Based Insurance Design: Improving Adherence Without Increasing Costs

- Improved adherence”
- Lower consumer out-of-pocket costs
- No significant increase in total spending
- **Reduction in health care disparities**

EXHIBIT 1
Descriptions Of Value-Based Insurance Design (VBID) Policies For Prescription Drugs

| Policy (year) | Study authors | Drug class targeted | Pre-VBID plan design | Copay de |
|---|---|--|--|---|
| CVS Caremark (2007) | Chang et al. (Note 8 in text) | Antidiabetics | 3 tiers | Copay re tier 1 a |
| Marriott (2005) | Chernew et al. (Notes 6 and 9 in text) | Antidiabetics, ACE inhibitors/ARBs, beta-blockers, statins, steroids | 3 tiers | Eliminated tier 2 re \$12.50, t reduced t |
| Pitney Bowes (2007) | Choudhry et al. (Notes 10 and 11 in text) | Statins | 3 tiers | Eliminated f statins |
| Novartis (2005) | Choudhry et al. (Notes 10 and 11 in text) | Clopidogrel | 3 tiers | Reduced to ti |
| | Gibson et al. (Note 15 in text), Kelly et al. (Note 20 in text) | Antidiabetics, antihypertensives, bronchodilators | 20% coinsurance for retail scripts, 10% coinsurance for mail-order scripts | 10% coinsuran retail scripts, coinsurance f order prescrip |
| Florida Health Care Coalition (2006) | Gibson et al. (Note 14 in text) | Antidiabetics | 10-35% coinsurance | 10% coinsurance |
| Blue Cross Blue Shield of North Carolina (2008) | Maciejewski et al. (Note 16 in text), Farley et al. (Note 12 in text) | Antidiabetics, antihypertensives, cholesterol-lowering medications | 3 tiers | 10% coinsurance disease management |
| State of Colorado (2006) | Nair et al. (Note 17 in text) | Antidiabetics | 3 tiers | Eliminated for tier for program participants, reduced for tiers and 3 for all beneficiaries |
| Blue Cross Blue | Rodin et al. (Note 18) | Antidiabetics, | 3 tiers | All drugs and testing supplies reduced to tier 1 |
| | | | | Eliminated for tier 1, |

Value-Based Insurance Design

Broad Multi-Stakeholder Support

- **HHS**
- **CBO**
- **SEIU**
- **MedPAC**
- **Brookings Institution**
- **The Commonwealth Fund**
- **NBCH**
- **PCPCC**
- **PhRMA**
- **AHIP**
- **NBCH**
- **National Governor's Assoc.**
- **Academy of Actuaries**
- **Bipartisan Policy Center**
- **Kaiser Family Foundation**
- **NBGH**
- **National Coalition on Health Care**
- **Urban Institute**
- **RWJF**
- **IOM**
- **US Chamber of Commerce**



ACA Sec 2713: Selected Preventive Services be Provided without Cost-Sharing

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



Over **100 million** Americans have received expanded coverage of preventive services

Value-Based Insurance Design: Key Initiatives

- **Medicare Advantage**
- **State Health Reform**
- **Specialty Medications**
- **HSA-qualified HDHPs**

HR 5183: V-BID for Better Care Act Highlights

- **Directs HHS to establish a demonstration program to test V-BID in MA for beneficiaries with chronic conditions**
- **MA plans may lower cost-sharing to encourage the use of specific, evidence-based medications or services and/or specific high-performing providers**
- **Explicitly prohibits plans from increasing cost-sharing**

HR 5183: The Value-Based Insurance Design for Better Care Act of 2014

(Original Signature of Member)

113TH CONGRESS
2D SESSION

H. R. _____

To establish a demonstration program requiring the utilization of Value-Based Insurance Design to demonstrate that reducing the copayments or coinsurance charged to Medicare beneficiaries for selected high-value prescription medications and clinical services can increase their utilization and ultimately improve clinical outcomes and lower health care expenditures.

IN THE HOUSE OF REPRESENTATIVES

Mrs. BLACK (for herself and Mr. BLUMENAUER) introduced the following bill, which was referred to the Committee on _____



Value-Based Insurance Design

Role in State Health Reform

- **State Employees Benefit Plans**
- **State Exchanges**
- **CO-OPs**
- **Medicaid - CMS Rule 2334-F**
 - **Plans may vary cost-sharing for drugs, outpatient, inpatient, and ED visits**
 - **Plans may target cost-sharing to specific groups of individuals based on clinical information**
 - **Plans may vary cost-sharing for an outpatient service according to where and by whom the service is provided**

Applying V-BID to Specialty Medications

- **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**

Supporting Consumer Access to Specialty Medications Through Value-Based Insurance Design

A. Mark Fendrick, MD
Jason Buxbaum, MHSA
Kimberly Westrich, MA



Barriers to V-BID in HSA-qualified HDHPs

- **HSA-HDHP fastest growing health insurance product**
 - Increasingly popular plan on health exchanges
- **Primary prevention deductible exempt**
- **IRS “safe harbor” specifically excludes services or benefits meant to treat “an existing illness, injury or condition” from deductible exempt status**
- **Multi-stakeholder initiative underway to create expanded safe harbor**



Improving Care and Bending the Cost Curve

- The ultimate test of health reform will be whether it improves health and addresses rising costs
- V-BID should be part of the solution to reduce cost-related non-adherence and health care disparities

Mullainathan S. When a Co-Pay Gets in the Way of Health.
The New York Times. 2013 Aug 10.

The New York Times

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ECONOMIC VIEW

When a Co-Pay Gets in the Way of Health

By SENDHIL MULLAINATHAN
Published: August 10, 2013

ECONOMISTS specialize in pointing out unpleasant trade-offs — a skill that is on full display in the health care debate.

[Enlarge This Image](#)



We want patients to receive the best care available. We also want consumers to pay less. And we don't want to bankrupt the government or private insurers. Something must give.

The debate centers on how to make these trade-offs, and who gets to make them. The stakes are high, and the choices are at times unseemly. No matter how necessary, putting human suffering into dollars and cents is not attractive work. It's no surprise, then, that the conversation is so heated.

What is a surprise is that amid th

Minh Uong/The New York Times

Discussion

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