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

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• 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
Motivation for VBID

- For today, our focus is on costs paid by the member
- 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

Health Affairs 2014. doi: 10.1377/hlthaff.2014.0792
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.
Cost-sharing Affects Mammography Use by Medicare Beneficiaries

Trivedi A. *NEJM.* 2008;358:375-383
High Copays Reduce Adherence to Appropriate Medication Use

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

- Diabetes: -25%
- High Cholesterol: -34%
- Hypertension: -26%

- 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.

Effects of Increased Copayments for Ambulatory Visits for Medicare Advantage Beneficiaries

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 copayment increases:
- 19.8 fewer annual outpatient visits per 100 enrollees
- 2.2 additional hospital admissions per 100 enrollees
- Effects worse in low-income individuals and beneficiaries with chronic illness

Trivedi A. NEJM. 2010;362(4):320-8..
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
Value-Based Insurance Design

- Sets consumer cost-sharing level on clinical benefit – 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
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
## 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

*Lewin. JAMA. 2013;310(16):1669-1670*
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
Value-Based Insurance Design
Role in State Health Reform

- State Exchanges
- 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
- State Employees Benefit Plans
Value-Based Insurance Design
Growing Role in State Health Reform

• State Employees Benefit Plans
  – Connecticut
  – Oregon
  – Virginia
  – Minnesota
  – Maine
  – New York
Emerging Best Practices in V-BID Implementation

A 2014 *Health Affairs* evaluation of 76 V-BID plans reported that programs that:

• were more generous
• targeted high-risk individuals
• offered wellness programs

had greater impact on adherence than plans without these features

Choudhry. N. *Health Affairs*. 2014;33(3).
• To date, most V-BID programs have focused on removing barriers to high-value services
• V-BID programs that encourage conversations about the use of low-value services are being implemented
  – Choosing Wisely
  – MedInsight Health Waste Calculator
Value-Based Insurance Design: Key Initiatives

- Applying V-BID to Specialty Medications
- Incorporating V-BID in HSA-qualified HDHPs
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
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