Using Clinical Nuance to Better Align Consumer Engagement with Payment Reform

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State Innovation Models Initiative
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Shifting the discussion from “How much” to “How well”

• Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality

• Regardless of these advances, cost growth is the principle focus of health care reform discussions

• Despite unequivocal evidence of clinical benefit, substantial underutilization of high-value services persists across the entire spectrum of clinical care

• Attention should turn from how much to how well we spend our health care dollars
For today’s discussion, our focus is on costs paid by the consumer, not the employer or third party administrator.

Ideally, consumer cost-sharing levels would be set to encourage the clinically appropriate use of health care services.

Instead, archaic “one-size-fits-all” cost-sharing fails to acknowledge the differences in clinical value among medical interventions.

Consumer cost-sharing is rising rapidly.

Health Affairs 2014. doi: 10.1377/hlthaff.2014.0792
Pathway to Better Health and Lower Costs
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)
A growing body of evidence concludes that increases in consumer cost-sharing leads to a reduction in the use of essential services, worsens health disparities, and in some cases leads to greater overall costs.

One in Four adults with non-group coverage report going without needed care due to cost.

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.
Foregoing Preventive Care Due to Cost: A Bipartisan Problem

40% of Democrats and 41% of Republicans said cost is the number one reason they have not utilized preventive care.
Pathway to Better Health and Lower Costs
Solutions Are Needed to Enhance Efficiency

• Consumers currently do not have the necessary information to make informed health care decisions

• While important, the provision of accurate price and quality data does not address appropriateness of care

• Additional solutions are necessary to better allocate health expenditures on the clinical benefit – not only the price or profitability – of services
Potential Solution to Cost-Related Non-Adherence

Clinically Nuanced Cost-Sharing

What is clinical nuance?

Services differ in clinical benefit produced

Clinical benefits from a specific service depend on:

- Who receives it
- Who provides it
- Where it's provided
Implementing Clinical Nuance: 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 and providers

- Successfully implemented by hundreds of public and private payers
**V-BID: Who Benefits and How?**

**Consumers**
- Improves access
- Lowers out-of-pocket costs

**Payers**
- Promotes efficient expenditures
- Reduces wasteful spending

**Providers**
- Enhances patient-centered outcomes
- Aligns with provider initiatives
Putting Innovation into Action
Broad Multi-Stakeholder Support

- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- The Commonwealth Fund
- NBCH
- PCPCC
- Families USA
- AHIP
- AARP

- National Governor’s Assoc.
- US Chamber of Commerce
- Bipartisan Policy Center
- Kaiser Family Foundation
- NBGH
- National Coalition on Health Care
- Urban Institute
- RWJF
- IOM
- PhRMA

Lewin. JAMA. 2013;310(16):1669-1670
Translating Research into Policy

- V-BID included in the Patient Protection and Affordable Care Act
- Medicare
- HSA-qualified HDHPs
- State Health Reform
ACA Sec 2713: Selected Preventive Services be Provided without Cost-Sharing

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

Over 137 million Americans have received expanded coverage of preventive services
Putting Innovation into Action: Translating Research into Policy

- Patient Protection and Affordable Care Act
- Medicare
- HSA-qualified HDHPs
- State Health Reform
H.R.2570/S.1396: Bipartisan “Strengthening Medicare Advantage Through Innovation and Transparency”

- Directs HHS to establish a V-BID demonstration for MA beneficiaries with chronic conditions
- Passed US House with strong bipartisan support in June 2015
- CMS issues RFI on role of V-BID in Medicare in October 2014
Putting Innovation into Action: Translating Research into Policy

- Patient Protection and Affordable Care Act
- Medicare
- **HSA-qualified HDHPs**
- State Health Reform
Barriers to V-BID in HSA-qualified HDHPs
Expanding the Deductible-Exempt “Safe Harbor”

- IRS guidance specifically exclude services meant to treat “an existing illness, injury or condition” from the definition of preventive care
- Many well-established quality metrics require the entire deductible to be met before coverage begins
- 90% of employers support expanding deductible-exempt definition to include chronic disease care
Potential Solution: High Value Health Plan

Flexibility to expand IRS "Safe Harbor" to allow coverage of additional evidence-based services prior to meeting the plan deductible.
V-BID HDHP Hybrid with “Smarter Deductibles”: High Value Health Plan

HVHP allows evidence-based, services that manage chronic disease to be deductible-exempt:

• Lower premiums than PPOs and HMOs; slight premium increase over existing HDHPs
• >40 million likely enrollees
• Vehicle to avoid “Cadillac tax”
• Substantially lower aggregate healthcare expenditures on a population level
Patient Protection and Affordable Care Act
Medicare
HSA-qualified HDHPs
State Health Reform
Value-Based Insurance Design
Growing Role in State Health Reform

- State Exchanges
- CO-OPs
- Medicaid
V-BID was prominently featured in Healthy Michigan Plan
Value-Based Insurance Design
Growing Role in State Health Reform

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

- State Employees Benefit Plans
  - Connecticut
  - Oregon
  - Virginia
  - South Carolina
  - Minnesota
  - Maine
  - New York
  - North Carolina
Value-Based Insurance Design
Growing Role in State Health Reform

• State Exchanges
• CO-OPs
• Medicaid
• State Employees Benefit Plans
• State Innovation Models
CMMI awards states for Innovation in models

Using...
- bundled payments
- global budgets
- pay-for-performance
- accountable care arrangements

To...
- enhance consumer experience
- increase patient centered outcomes
- decrease costs

http://innovation.cms.gov/initiatives/state-innovations/
Model Test Awards - given to 17 states ready to implement their State Health Care Innovation Plans

Model Design Awards - given to aid 17 states currently developing their innovation proposals
Many “supply side” initiatives are restructuring provider incentives to move from volume to value.
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Unfortunately, some “demand-side” initiatives are moving consumers in the opposite direction.
• “Supply side” initiatives are restructuring provider incentives to move from volume to value
• Unfortunately, some “demand-side” initiatives are moving consumers in the opposite direction
• Adding clinical nuance can improve quality of care, enhance employee experience, and contain cost growth
Incorporating Clinical Nuance in SLM

- Aligns payer and consumer incentives
- Improves patient-centered outcomes
- Reduces healthcare disparities
- Enhances consumer experience
- Increases efficiency of medical expenditures
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