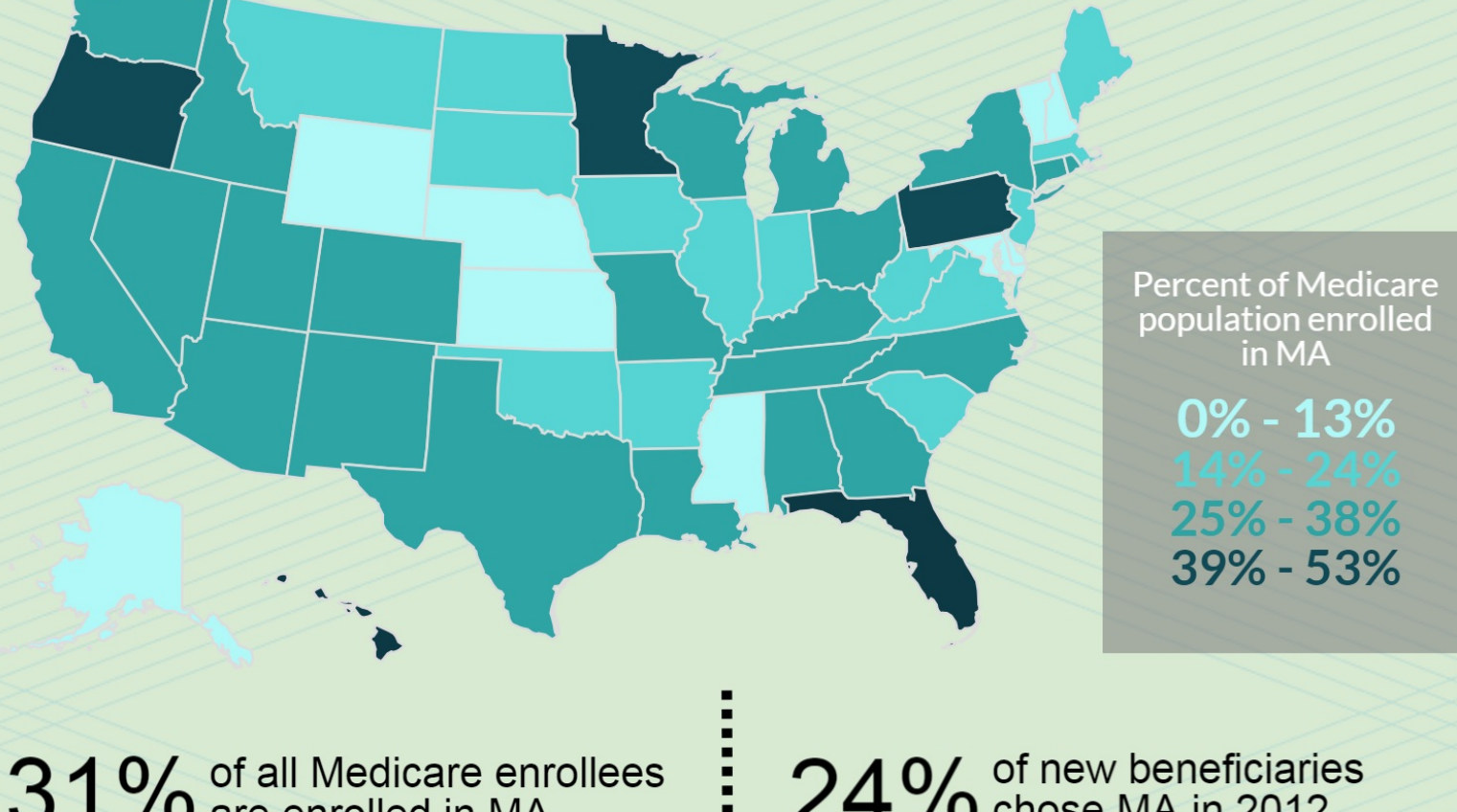


Implementing Value-Based Insurance Design in Medicare Advantage

MA Enrollment Continues to Increase



31% of all Medicare enrollees are enrolled in MA

24% of new beneficiaries chose MA in 2012

<http://kff.org/medicare/state-indicator/enrollees-as-a-of-total-medicare-population/>

Out-of-pocket costs continue to **GROW**



<http://kff.org/medicare/issue-brief/medicare-advantage-2015-data-spotlight-overview-of-plan-changes/>

Higher cost-sharing adversely affects health, worsens disparities, and potentially increases costs

office visits

20 fewer outpatient visits*

2.2 additional hospital admissions*

(* Per 100 Enrollees)

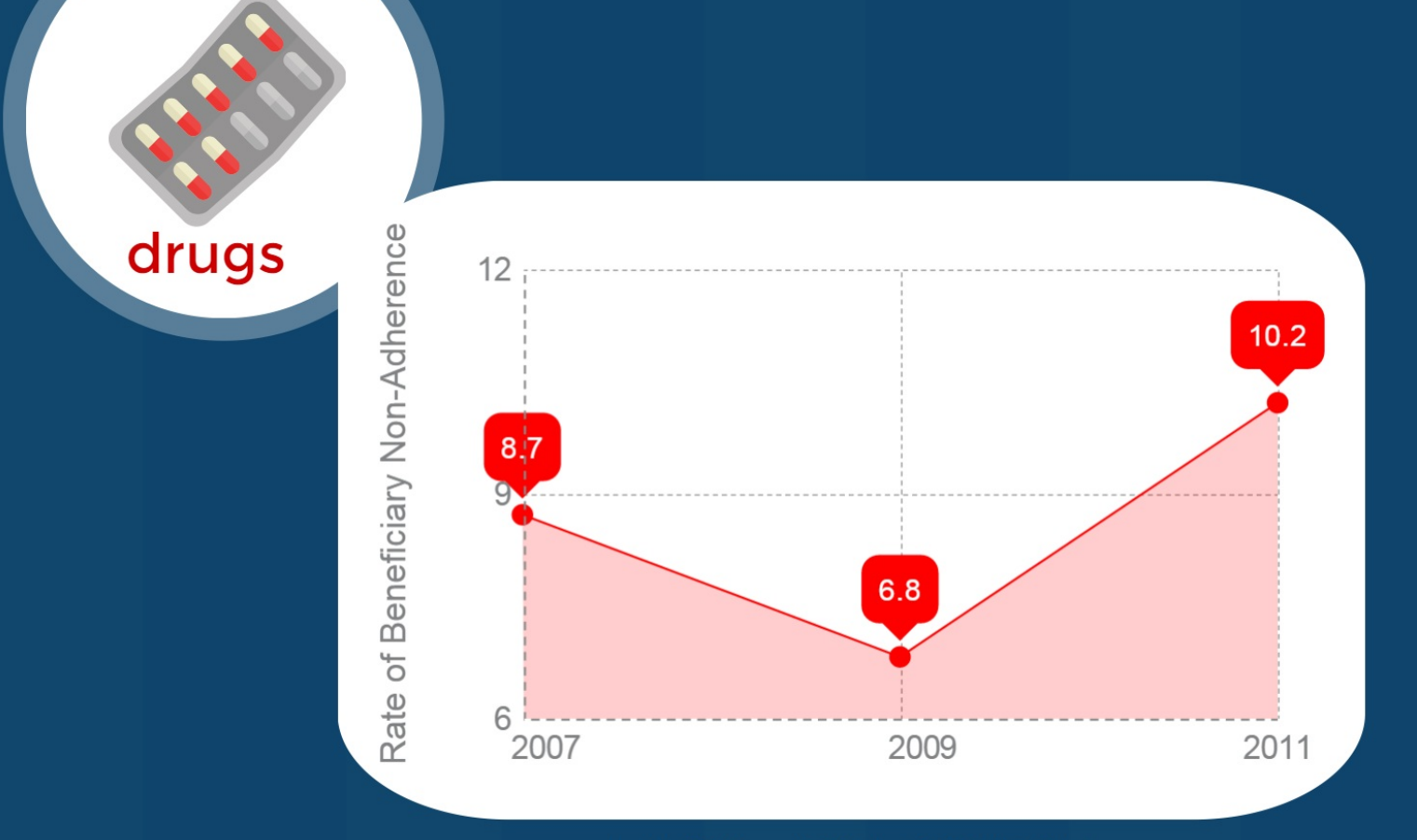
Trivedi A. NEJM. 2010;362(4):320-8.

diagnostic tests

Mammography rates were 8.3% lower in plans with cost-sharing compared to those with full coverage

Trivedi A. NEJM. 2008;358:375-383

MA beneficiaries forego basic needs to purchase medicines at rates higher than before implementation of Medicare Part D



Why not lower cost-sharing on high-value services?



The anti-discrimination clause of the Social Security Act does not allow clinically nuanced consumer cost-sharing.

"providers may not deny, limit, or condition the coverage or provision of benefits"

Potential Solution:

Clinically Nuanced Cost-Sharing

What is clinical nuance?

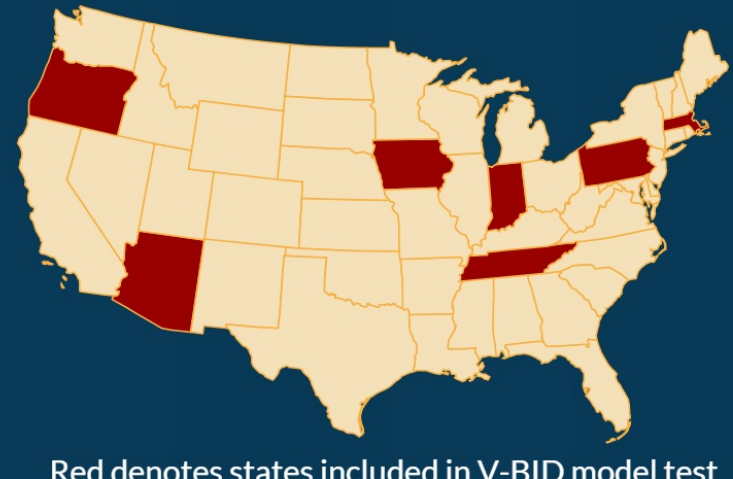


Implementing Clinical Nuance: Value-Based Insurance Design

- 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
- Increases adherence and reduces health disparities at no additional cost
- Broad multi-stakeholder and bipartisan political support

CMS Announces Medicare Advantage Value-Based Insurance Design Model Test

A 5-year demonstration program will test the utility of structuring consumer cost-sharing and other health plan design elements to encourage patients to use high-value clinical services and providers.



Red denotes states included in V-BID model test

Precision Medicine Requires Precision Benefit Design

- ✓ Mitigates cost-related non-adherence leading to enhanced clinical outcomes
- ✓ Reallocates medical spending efficiently and optimizes population health
- ✓ Aligns payment reform and consumer engagement initiatives