Value Based Insurance Design: Which Approaches are Best for Consumers?

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Getting to Health Care Value - What’s Your State's Path? 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.

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

Consumer cost-sharing is rising rapidly.
“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.

Solutions Needed to Enhance Efficiency

- 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
• Patient Protection and Affordable Care Act
• Medicare
• State Health Reform
• HSA-qualified HDHPs
• Alternative Payment Models
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 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**
- State Health Reform
- HSA-qualified HDHPs
- Cadillac Tax
- High Cost Drugs
- Alternative Payment Models
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"
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 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*
Putting Innovation into Action: Translating Research into Policy

- Patient Protection and Affordable Care Act
- Medicare
- **State Health Reform**
- HSA-qualified HDHPs
- Alternative Payment Models
Getting to Health Care Value - What’s Your State's Path?
V-BID Role in State Health Reform

• State Exchanges – Encourage V-BID (CA, MD)
• CO-OPs - Maine
• Medicaid - Michigan
• State Innovation Models – NY, PA, CT, VA
• State Employee Benefit Plans
Value-Based Insurance Design
Growing Role in State Employee Plans
Implementing V-BID for State Employees: Connecticut State Employees Health Benefit Plan

- Employees receive a reprieve from higher premiums if they commit to:
  - Age-appropriate screenings/preventive care
  - Participate in disease management programs for chronic conditions (include free visits and lower drug co-pays)

- 2 year results:
  - Increased use of preventive services
  - Improved medication adherence
  - Decreased ER visits
  - Inconclusive cost impact
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Unfortunately, some “demand-side” initiatives are moving consumers in the opposite direction.
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Adding clinical nuance can improve quality of care, enhance employee experience, and contain cost growth
Discussion

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