Value-Based Insurance Design (V-BID) provider incentives 

- Align consumer incentives with that of the provider 
- Reduce waste and overuse 
- Improve health outcomes 
- Reduce cost-shifting between consumer and provider 

**TRICARE Costs are on the Rise**

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Out-of-Pocket Spending for Family of Four with Employer-Sponsored PPO Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$3,280</td>
</tr>
<tr>
<td>2011</td>
<td>$3,470</td>
</tr>
<tr>
<td>2012</td>
<td>$3,600</td>
</tr>
<tr>
<td>2013</td>
<td>$3,825</td>
</tr>
<tr>
<td>2014</td>
<td>$4,534</td>
</tr>
</tbody>
</table>

*Source: The Burden of Rising Health Spending, NIHCM, June 2017.

**V-BID Impact**

- Can potentially increase costs
- Worsening disparities
- Adverse health effects
- Increase in utilization of high-value care

**A Potential Solution:** Clinical Nuance

Services offered and clinical benefits based on:

- Multistakeholder endorsement
- Bipartisan political support
- Authorizing Act established a V-BID demo in TRICARE, paving the way for...

2018 National Defense Authorization Act

- Incorporates V-BID principles in TRICARE by:
  - Giving preferential status to high-value, non-generic medications by treating them as generics for cost-sharing purposes
  - Increasing the use of high-value care and decreasing the use of low-value care

**Implementing V-BID in TRICARE**

- Select Prime Members & Family
- Select Reserve & Retired Service (1.94 Million)
- Select Survivors (2.14 Million)
- Select TRICARE beneficiaries (4.6 Million)

**TRICARE Plans**:

- Prime
- Reserve & Retired
- Survivor
- TRICARE National Network

**TRICARE Costs**:

- Active Duty Family
- Family of Four
- Family of Three
- Family of Two
- Family of One

**What is clinical nuance?**

- Enhanced access to preventive care for 57 million Americans
- Provider gap payment for high-value medical services
- MA V-BID Medicare

**Value-Based Insurance Design**

Uses clinical nuance to set cost-sharing that encourages appropriate use of high-value services and providers, and to increase use of low-value care

**V-BID Plan**

- Exclude from the pharmacy benefit generics for cost-sharing purposes
- Give preferential status to high-value medications
- Align with provider incentives
- Promote more efficient use of services