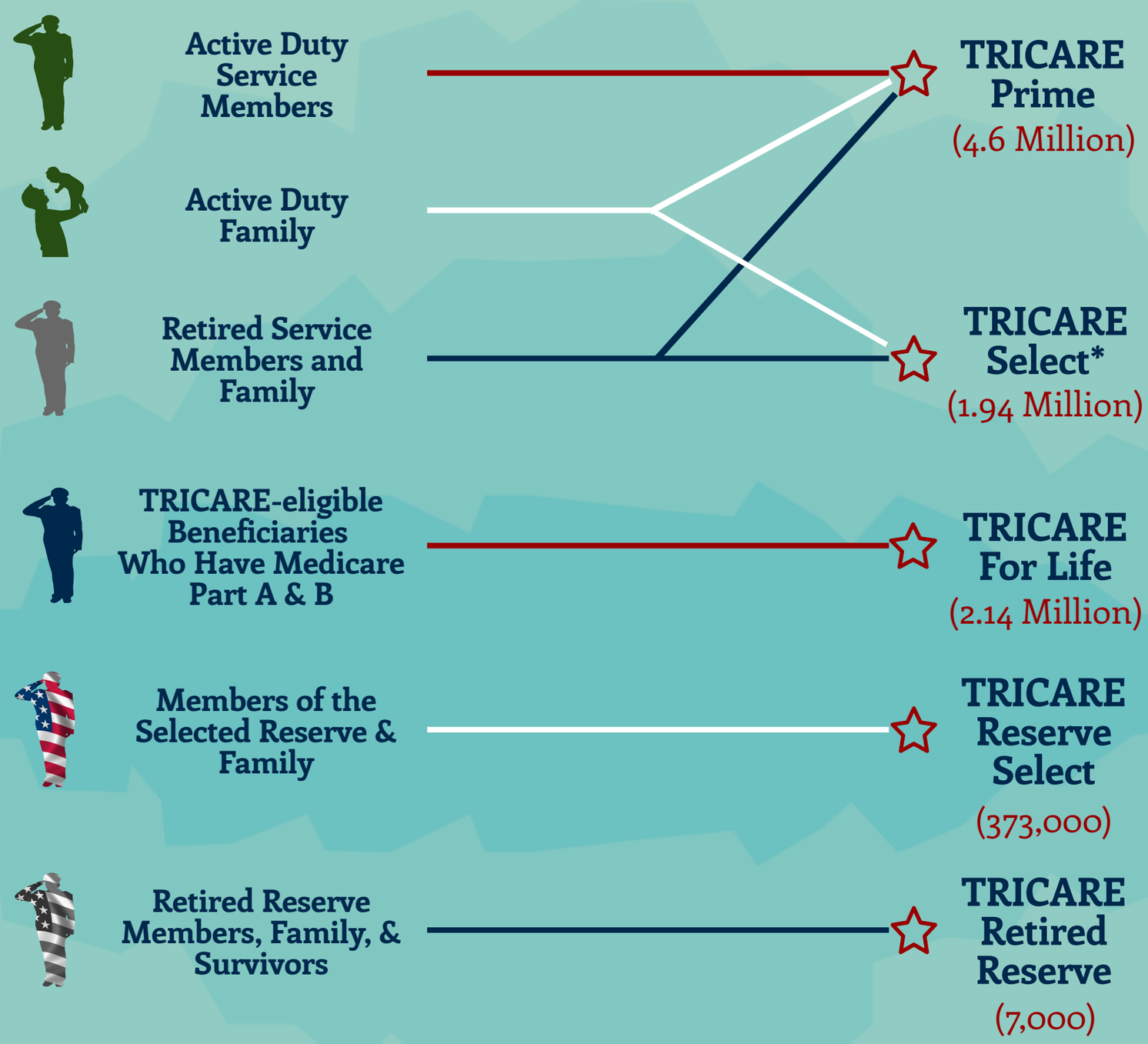
CENTER FOR VALUE-BASED INSURANCE DESIGN

# Value-Based Insurance Design (V-BID) in the TRICARE Program

## THE TRICARE PROGRAM

TRICARE®

provides coverage for our uniformed service members and their families around the world




The above information is not all-inclusive. For more information please visit: http://www.tricare.mil/Plans/HealthPlans

*Previously TRICARE Standard and Extra

# TRICARE COSTS ARE ON THE RISE

**Innovative Therapies**

**Increased Prices**

**Enhanced Utilization**

## To control spending, consumer cost-sharing is often increased

## This increased cost-sharing leads to reduced use of high-value clinical services, resulting in:

- Adverse health effects
- Worsening disparities
- Potentially increased costs

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

# A Potential Solution:

# Clinical Nuance

**What is clinical nuance?**

Services differ in clinical benefit produced

These clinical benefits depend on:

## Value-Based Insurance Design

Uses clinical nuance to set cost-sharing that

- encourages greater utilization of high-value services and providers and...
- discourages use of low-value care

# V-BID Impact

- Bipartisan political support
- Multi-stakeholder endorsement
- Implemented by hundreds of public and private organizations
- Enhances access to preventive care for 137 million Americans
- Incorporated into the CMS MA V-BID model test

The signing of the 2017 National Defense Authorization Act established a V-BID demo in TRICARE, paving the way for...

## 2018 National Defense Authorization Act

**Further 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
- Excluding from the pharmacy benefits program any medication that provides little or no value, so as to encourage the use of high-value services

# Implementing V-BID in TRICARE

| TRICARE plans... | V-BID plans... |
| --- | --- |
| Increase out-of-pocket costs | Enhance clinical outcomes |
| Offer one-size-fits-all cost-sharing | Increase use of high-value services and providers |
| Limit provider access | Align with provider initiatives |
| Misalign consumer and provider incentives | Promote more efficient expenditures |

CENTER FOR VALUE-BASED INSURANCE DESIGN

University of Michigan V-BID Center
2800 Plymouth Road, Bldg 16, 4th Floor
Ann Arbor, MI 48109-2800

Phone: 734.615.9635
Email: vbidcenter@umich.edu
Web: vbidcenter.org

Twitter: @um_vbid
Facebook: www.facebook.com/umvbid
LinkedIn: Center for Value-Based Insurance Design