



V-BID: A BIPARTISAN SOLUTION TO IMPROVE QUALITY, ENHANCE CONSUMER EXPERIENCE AND LOWER COSTS

There is strong bipartisan consensus that the current level of medical expenditures does not deliver sufficient value in terms of health outcomes. To foster a shift from volume to value, Value-Based Insurance Design ([V-BID](#)) is built on the principal of encouraging the use of high-value clinical services, while eliminating wasteful spending. V-BID aligns patients' out-of-pocket costs with the clinical value of services. These innovative insurance plans are designed with the tenets of [clinical nuance](#), recognizing that 1) medical services differ in the amount of health produced, and 2) the clinical benefit derived from a specific service depends on the consumer using it, who provides it, and when and where it is delivered. Driven by the private sector, V-BID can be applied to [Health Savings Accounts](#) (HSA) and [Medicare Advantage](#) (MA), two priority areas of the Trump Administration health policy agenda.

HEALTH SAVINGS ACCOUNTS: Nearly 20 million Americans have a High-Deductible Health Plan paired with a tax-free Health Savings Account (HSA-HDHP) that lowers health care spending while providing consumers greater flexibility, portability, and autonomy. HSA-HDHPs should provide access -- not create barriers -- to high-quality, lower cost health care. To expand the uptake of HSA-HDHPs and best serve enrollees, regulatory barriers that hinder their success is warranted. Current Internal Revenue Service (IRS) regulations permit a "safe harbor" that allows coverage of specified clinical services prior to satisfaction of the plan deductible. However, existing IRS regulations designate that services meant to treat "an existing illness, injury, or condition" are excluded from pre-deductible coverage. **Preferably, an HSA-HDHP would have the flexibility to provide pre-deductible coverage of a broad range of high-value clinical services, while discouraging the use of wasteful care.** This '[High Value Health Plan](#)' (HVHP) would provide more effective coverage without altering the original spirit of consumer-directed plans. Clinically nuanced deductibles should be a natural evolution of HSA-HDHPs, in that consumer cost-sharing levels would be determined at the plan level. In July 2016, the bipartisan H.R. 5652 "Access to Better Care Act of 2016" [was introduced](#), which would allow HSA-HDHPs the flexibility to provide coverage for services that manage chronic disease prior to meeting the plan deductible.

MEDICARE: Today, more than 17 million seniors -- nearly 32 percent of Medicare beneficiaries -- participate in Medicare Advantage (MA), and that number is projected to grow. MA plans are free to innovate in order to provide the benefits that best meet their patients' needs. However, a major limitation under current law is the 'one-size-fits-all' policy under the MA benefit structure, in that plans are required to provide the exact same benefit to all beneficiaries, regardless of chronic conditions and/or the impact certain services could have on improving health outcomes. The bipartisan "Strengthening Medicare Advantage through Innovation and Transparency for Seniors Act of 2015" ([HR 2570](#) - passed June 2015) and the bipartisan Senate companion bill, "Value-Based Insurance Design Seniors Copayment Reduction Act of 2015" ([S. 1396](#) -- introduced May 2015) would provide MA plans the flexibility to lower cost-sharing to encourage the use of high-value services and providers. In January 2017, the Center for Medicare and Medicaid Innovation will launch the [MA V-BID Model Test](#) in which selected MA plans in designated states will be permitted to offer varied benefit designs for enrollees diagnosed with specified clinical conditions. The House Republicans [Report from the Health Care Reform Task Force](#) and the [Senate Finance Committee Chronic Care Work Group](#) called for the expansion of the V-BID demonstration to MA plans in all 50 states.

UNIVERSITY OF MICHIGAN CENTER FOR VALUE-BASED INSURANCE DESIGN: Since its inception in 2005, the University of Michigan Center for Value-Based Insurance Design has led efforts to promote the development, implementation, and evaluation of innovative health benefit designs that balance cost and quality.