How Value-Based Insurance Design Impacts Health Care Costs

V-BID sets consumer cost-sharing to...
- encourage the use of high-value care
- and discourage the use of low-value care

This affects healthcare costs in 3 ways:

**#1 IMPACT OF CHANGES IN COST-SHARING**

**HIGH-VALUE CARE**
- Lower cost-sharing shifts the cost burden from the patient to the plan

**LOW-VALUE CARE**
- Higher cost-sharing shifts the cost burden from the plan to the patient

**FINANCIAL IMPACTS**
- Changes in cost-sharing shift the cost burden between the payer and the patient

**#2 IMPACT OF CHANGES IN COST-SHARING ON UTILIZATION**

**HIGH-VALUE CARE**
- Lower cost-sharing increases utilization of high-value services

**LOW-VALUE CARE**
- Higher cost-sharing decreases utilization of low-value services

**SYSTEM-WIDE SPENDING**
- Changes in cost-sharing impact the utilization of high- and low-value services

**#3 IMPACT OF CHANGES IN UTILIZATION ON SYSTEM-WIDE SPENDING**

**HIGH-VALUE CARE**
- Increases in the use of high-value care lead to reductions in hospitalizations and other offsets

**LOW-VALUE CARE**
- Reductions in the use of low-value care lead to immediate and substantial savings

**SUMMARY**

**V-BID: Who Benefits and How**

**CONSUMER**
- Improves access to necessary care
- Reduces unnecessary spending
- Enhances patient-centered outcomes

**PAYMENT**
- Improves efficiency and effectiveness of medical expenditures
- Promotes efficient expenditure
- Aligns with provider incentives

**INSTITUTION**
- Enhances patient-centered outcomes
- Aligns with provider incentives

**CENTER FOR VALUE-BASED INSURANCE DESIGN**

**IMPACTS**

**PERSERVICE**
- Changes in cost-sharing shift the cost burden between the payer and the patient

**UTILIZATION**
- Changes in cost-sharing impact the utilization of high- and low-value services

**OFFSETS**
- Changes in utilization affect the total amount of system-wide spending

**V-BID: Financial Impacts**

**PERSERVICE**
- Changes in cost-sharing shift the cost burden between the payer and the patient

**UTILIZATION**
- Changes in cost-sharing impact the utilization of high- and low-value services

**OFFSETS**
- Changes in utilization affect the total amount of system-wide spending