



# Using Value-Based Insurance Design to Improve Patient Health and Reduce Medical Spending

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[www.vbidcenter.org](http://www.vbidcenter.org) (slides available)

@um\_vbid 

National Medical Association  
Congressional Black Caucus Foundation  
Annual Legislative Conference



**Table 1: Risk factors for nodding off at lectures**

Factor	Odds ratio (and 95% CI)
<b>Environmental</b>	
Dim lighting	1.6 (0.8–2.5)
Warm room temperature	1.4 (0.9–1.6)
Comfortable seating	1.0 (0.7–1.3)
<b>Audiovisual</b>	
Poor slides	1.8 (1.3–2.0)
Failure to speak into microphone	1.7 (1.3–2.1)
<b>Circadian</b>	
Early morning	1.3 (0.9–1.8)
Post prandial	1.7 (0.9–2.3)
<b>Speaker-related</b>	
Monotonous tone	6.8 (5.4–8.0)
Tweed jacket	2.1 (1.7–3.0)
Losing place in lecture	2.0 (1.5–2.6)

Note: CI = confidence interval.



# Health Care Costs Are a Top Issue For Purchasers, Policymakers and Voters: Solutions must protect consumers, reward providers and preserve innovation

- 1** Innovations to prevent, diagnose, manage, and treat chronic medical conditions have led to impressive reductions in morbidity and mortality
- 2** Irrespective of remarkable clinical advances, cutting spending is the main focus of reform health care discussions
- 3** Underutilization of evidence-based services persists across the entire spectrum of care leading to poor health outcomes

# Uncontrolled high blood pressure is cutting into heart disease progress

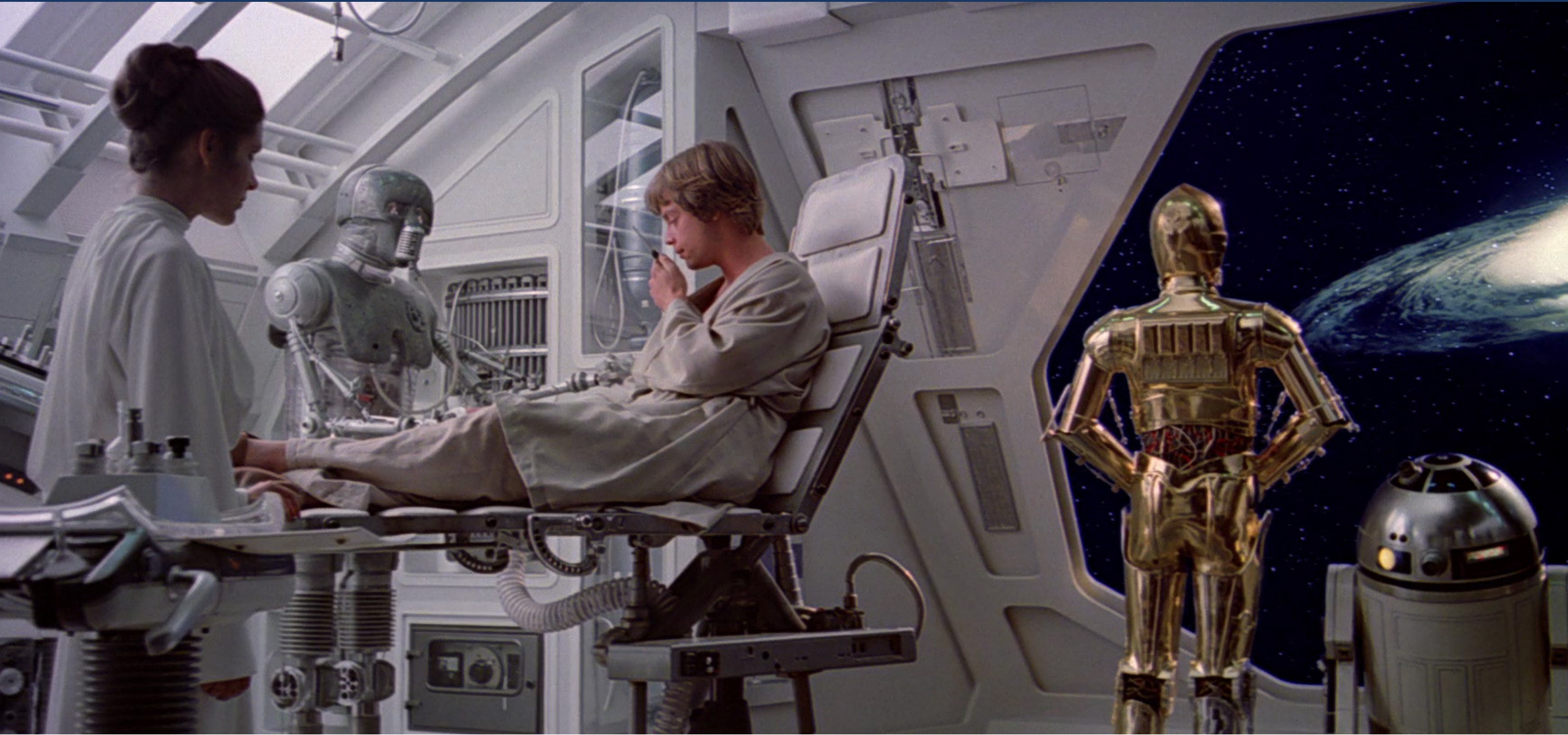
Obesity, Type 2 diabetes and uncontrolled high blood pressure all have the power to reverse trends in heart disease deaths.

# Restoring Health to the Health Care Value Debate

- 1** Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality
- 2** Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions
- 3** Underutilization of high-value care persists across the entire spectrum of clinical care
- 4** Our ability to deliver high-quality health care lags behind the rapid pace of scientific innovation



# Star Wars Science





# Flintstones Delivery



# **Moving from the Stone Age to the Space Age: Change the health care discussion from “How much” to “How well”**

- **Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services**
- **Moving from a volume-driven to value-based system requires a change in both how we pay for care and how we engage consumers to seek care**
- **Consumer cost-sharing is a common policy lever**



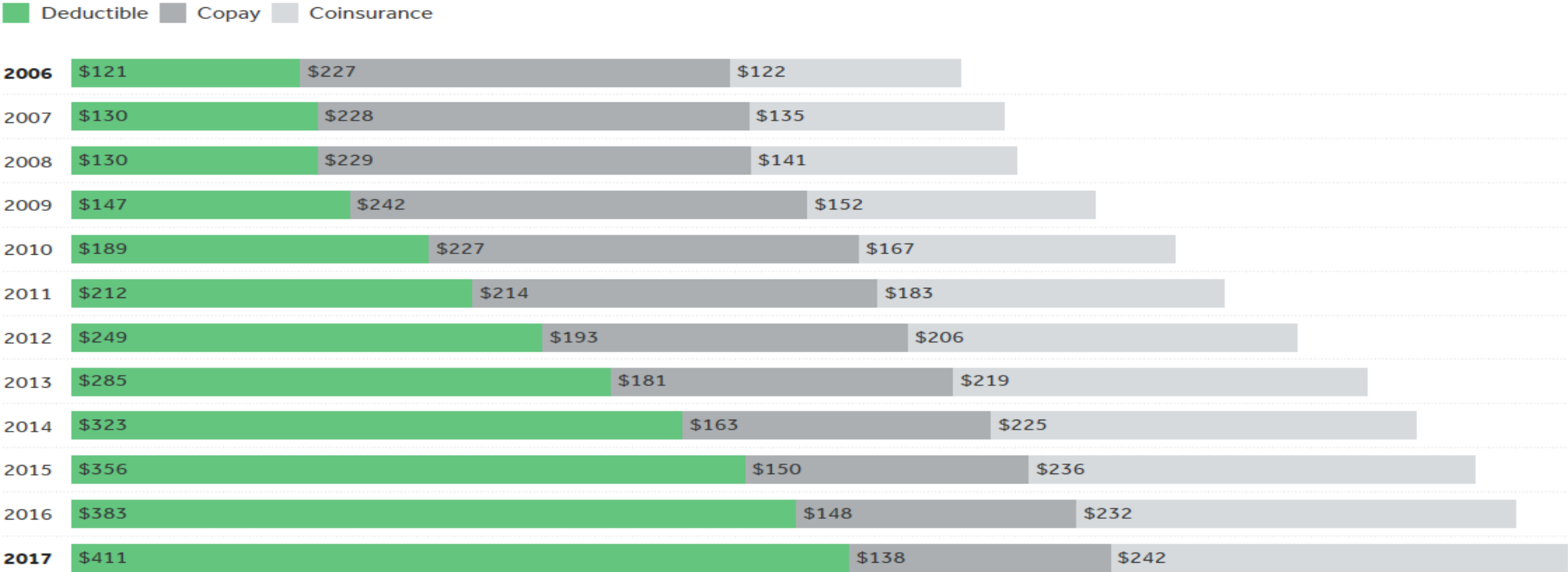
# Americans Do Not Care About Health Care Costs; They Care About **What It Costs Them**

## Patient Worry About Out-of-Pocket Healthcare Costs at All-Time High

A report from the Commonwealth Fund noted that patients are not confident they can afford high out-of-pocket healthcare costs.



# Out-of-pocket spending among people with large employer coverage, Paying More for ALL Care Regardless of Value



Source: KFF analysis of data from IBM MarketScan Database and the KFF Employer Health Benefit Survey





“

**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)

# Impact of Cost-Sharing on Health Care Disparities

## Effects of Increased Patient Cost Sharing on Socioeconomic Disparities in Health Care

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- **Rising copayments worsen disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions**

# Alternative to “Blunt” Consumer Cost Sharing: Value-Based Insurance Design (V-BID)

- Sets consumer cost-sharing on clinical benefit – not price
- Little or no out-of-pocket cost for high value care; high cost share for low value care
- Successfully implemented by hundreds of public and private payers

**TheUpshot**

## Health Plans That Nudge Patients to Do the Right Thing

 **Austin Frakt**  
THE NEW HEALTH CARE JULY 10, 2017



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# V-BID: Rare Bipartisan Political and Broad Multi-Stakeholder Support

- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- Commonwealth Fund
- NBCH
- American Fed Teachers
- Families USA
- AHIP
- AARP
- DOD
- BCBSA
- National Governor's Assoc.
- US Chamber of Commerce
- Bipartisan Policy Center
- Kaiser Family Foundation
- American Benefits Council
- National Coalition on Health Care
- Urban Institute
- RWJF
- IOM
- Smarter Health Care Coalition
- PhRMA
- EBRI
- AMA



# Putting Innovation into Action: Translating Research into Policy

Translating  
Research into  
Policy



 **THE PATIENT PROTECTION  
AND AFFORDABLE CARE ACT**



# 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



# Implementing V-BID in Medicare

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"**



# Implementing V-BID in Medicare

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**“Implementing V-BID in Medicare will take an act of Congress”**

# 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**

## HR 2570: Strengthening Medicare Advantage Through Innovation and Transparency

114<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 2570**

IN THE SENATE OF THE UNITED STATES

JUNE 18, 2015

Received; read twice and referred to the Committee on Finance

### AN ACT

To amend title XVIII of the Social Security Act with respect to the treatment of patient encounters in ambulatory surgical centers in determining meaningful EHR use, establish a demonstration program requiring the utilization of Value-Based Insurance Design to demonstrate that reducing the copayments or coinsurance charged to Medicare beneficiaries for selected high-value prescription medications and clinical services can increase their utilization and ultimately improve clinical outcomes and lower health care expenditures, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Strengthening Medicare Advantage through Innovation and Transparency for Seniors Act of 2015”.

#### SEC. 2. TREATMENT OF PATIENT ENCOUNTERS IN AMBULATORY SURGICAL CENTERS IN DETERMINING MEANINGFUL EHR USE.





# 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

# V-BID 2.0 allows MA plans to...

- ✓ Provide reduced cost-sharing and supplemental benefits in a more targeted fashion
- ✓ Increase access to new interventions like telehealth services, and wellness and healthcare planning
- ✓ Expand eligibility to include Dual Eligible SNPs, Institutional SNPs, and Regional PPOs
- ✓ Broaden rewards programs that improve beneficiaries' health



# Putting Innovation into Action: Translating Research into Policy



# Value-based insurance coming to millions of people in Tricare



- **2017 NDAA: Obama Administration - reduce or eliminate co-pays and other cost sharing for certain high services and providers**
- **2018 NDAA: Trump Administration – reduce cost sharing for high value drugs on the uniform formulary**

# HSA-HDHP Reform





# IRS Rules Prohibit Coverage of Chronic Disease Care Until HSA-HDHP Deductible is Met

**PREVENTIVE CARE COVERED**

Dollar one



**CHRONIC DISEASE CARE**

NOT covered until deductible is met







# U.S. DEPARTMENT OF THE TREASURY

## **PRESS RELEASES**

Treasury Expands Health Savings Account Benefits for Individuals Suffering from Chronic Conditions

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# List of services and drugs for certain chronic conditions that will be classified as preventive care under Notice 2019-45

<b>Preventive Care for Specified Conditions</b>	<b>For Individuals Diagnosed with</b>
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or coronary artery disease
Anti-resorptive therapy	Osteoporosis and/or osteopenia
Beta-blockers	Congestive heart failure and/or coronary artery disease
Blood pressure monitor	Hypertension
Inhaled corticosteroids	Asthma
Insulin and other glucose lowering agents	Diabetes
Retinopathy screening	Diabetes
Peak flow meter	Asthma
Glucometer	Diabetes
Hemoglobin A1c testing	Diabetes
International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

# Chronic Disease Management Act of 2019

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION



## **S.2410 and H.R.4978**

### **Bipartisan, Bicameral Legislation**

To amend the Internal Revenue Code of 1986 to permit high deductible health plans to provide chronic disease prevention services to plan enrollees prior to satisfying their plan deductible.



# Where does the money come from to provide better coverage for evidence-based care?

- **Raise Premiums**

# Where does the money come from to provide better for coverage for evidence-based care?

- ~~Raise Premiums~~
- Increase Deductibles, Copayments and Coinsurance

# Where does the money come from to provide better coverage for evidence-based care?

- ~~Raise Premiums~~
- ~~Increase Deductibles, Copayments and Coinsurance~~
- Reduce Spending on Low Value Care





# Reducing Low Value Care: Identify

**Choosing  
Wisely**

*An initiative of the ABIM Foundation*

**&**

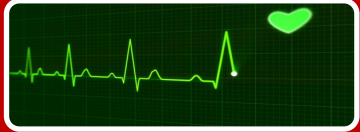


U.S. Preventive Services  
TASK FORCE

## Choose services:

- Easily identified in administrative systems
- Mostly low value
- Reduction in their use would be barely noticed

# Multi-Stakeholder **Task Force on Low Value Care** Identifies 5 Commonly Overused Services Ready for Action



1. Diagnostic Testing and Imaging Prior to Low Risk Surgery



2. Vitamin D Screening



3. PSA Screening in Men 70+



4. Imaging in First 6 Weeks of Acute Low Back Pain



5. Branded Drugs When Identical Generics Are Available

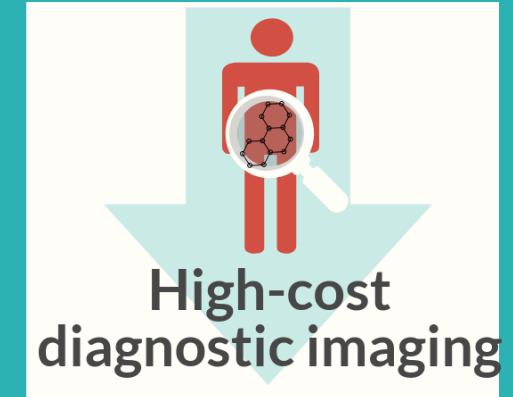
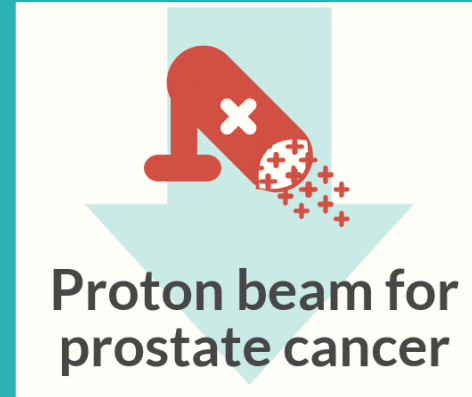
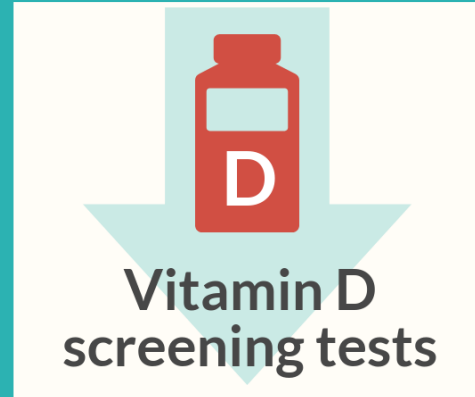
**V-BID X:**

**Better Coverage, Same Premiums and Deductibles**

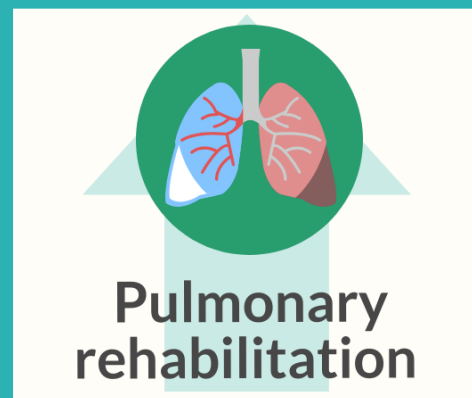
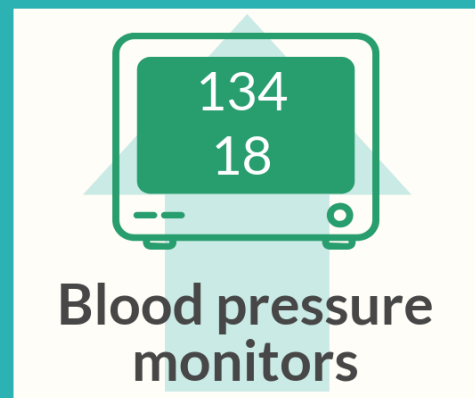
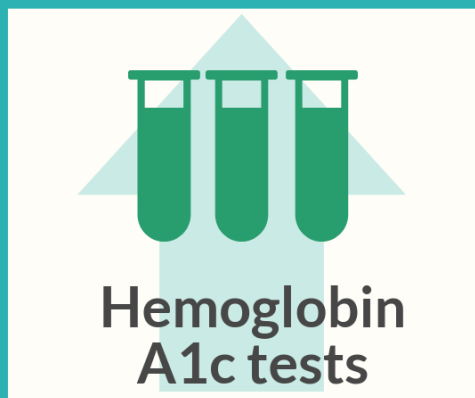




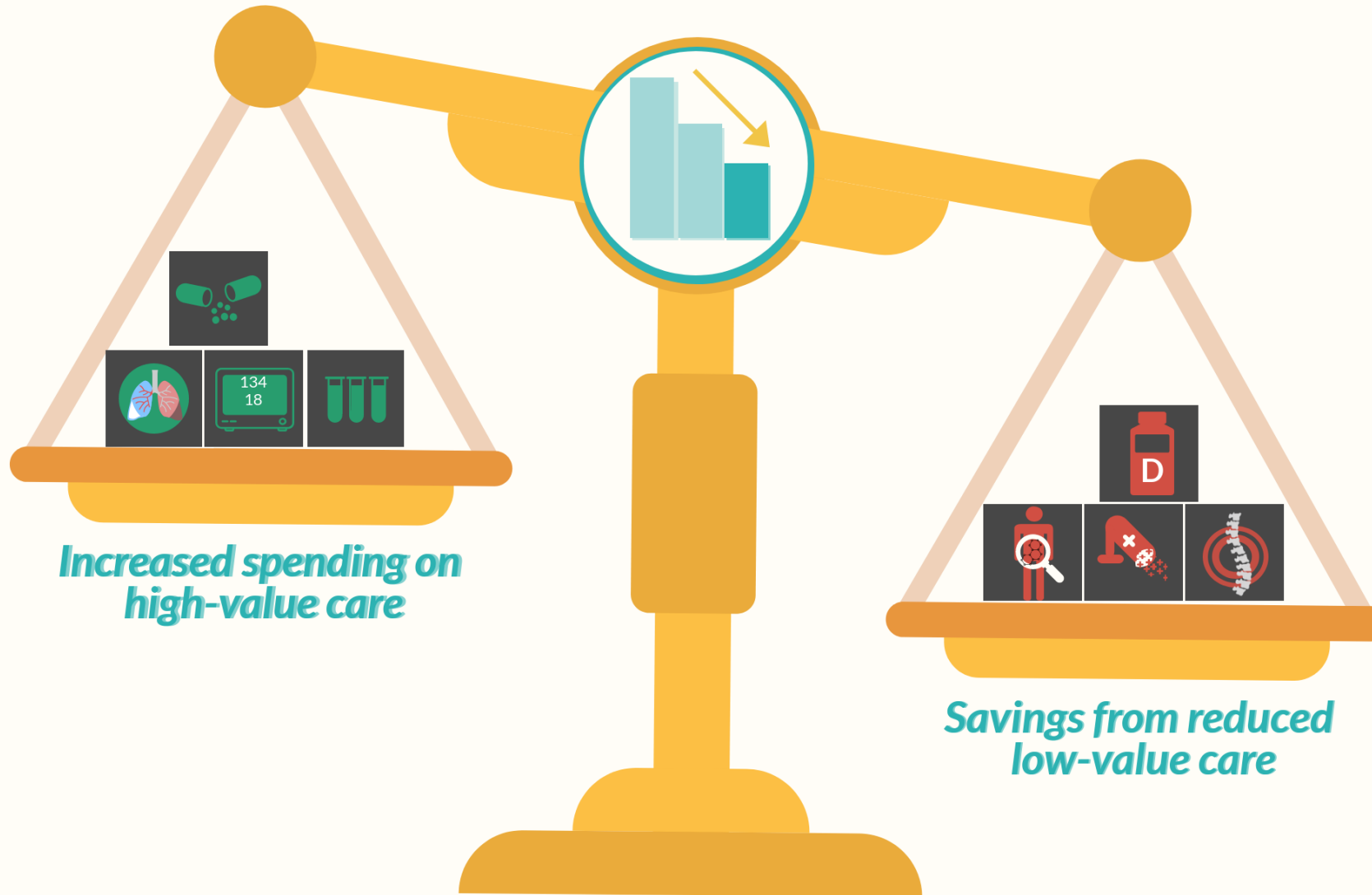
# Increased cost-sharing on **low-value services** reduces spending...



# ...and allows for lower cost-sharing and increased spending on **high-value services**



When savings from reduced use of low-value care exceed extra spending on high-value services, premiums will decrease



# Aligning Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

Many “supply side” initiatives are restructuring provider incentives to move from volume to value:

- **Medical Homes**
- **Electronic Medical Records**
- **Accountable Care Organizations**
- **Bundled Payments/Reference Pricing**
- **Global Budgets**
- **High Performing Networks**

Aligning  
Incentives





# Aligning Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

**Unfortunately, some “consumer-facing” initiatives – especially consumer cost sharing - discourage patients from pursuing the care they need**



# Align Payer and Consumer Incentives to Improve HTN Care: As Easy as PB & J

**The alignment of clinically-driven, provider-facing and consumer engagement initiatives is a necessary and critical step to improve quality of care, enhance patients' experience, and contain cost growth**



An aerial photograph of a large, oval-shaped stadium. The seating area is filled with blue seats. The field is green with yellow yard lines and the word "MICHIGAN" written in large yellow letters on the field. The stadium is surrounded by parking lots, roads, and trees.

*“If we don’t succeed then we will fail.”*

Dan Quayle





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