

Health Management Academy Medicare Advantage Summit

Background and Motivation for Value-Based Insurance Design and other Supplemental Benefits in Medicare Advantage

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**University of Michigan Center for
Value-Based Insurance Design**

www.vbidcenter.org

(slides available here)

@um_vbid

Table 1: Risk factors for nodding off at lectures

Factor	Odds ratio (and 95% CI)
Environmental	
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)
Audiovisual	
Poor slides	1.8 (1.3–2.0)
Failure to speak into microphone	1.7 (1.3–2.1)
Circadian	
Early morning	1.3 (0.9–1.8)
Post prandial	1.7 (0.9–2.3)
Speaker-related	
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.

“As HHS muses more MA flexibility, Payers see Roadblocks” Motivation for the MA V-BID Learning Collaborative

New regulatory flexibility letting Medicare Advantage plans sell supplemental benefits has opened up a new world of services, from transportation to nutrition, for tens of millions of beneficiaries. But implementation challenges, uncertain return on investment and a lack of clarity on what benefits are allowed may be giving payers, especially the smaller ones, pause on offering the options, experts say.

HealthCare Dive July 2019

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

- 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 persists across the entire spectrum of clinical care leading to poor health outcomes
- 4** Our ability to deliver high-quality health care lags behind the rapid pace of scientific innovation

Star Wars Science



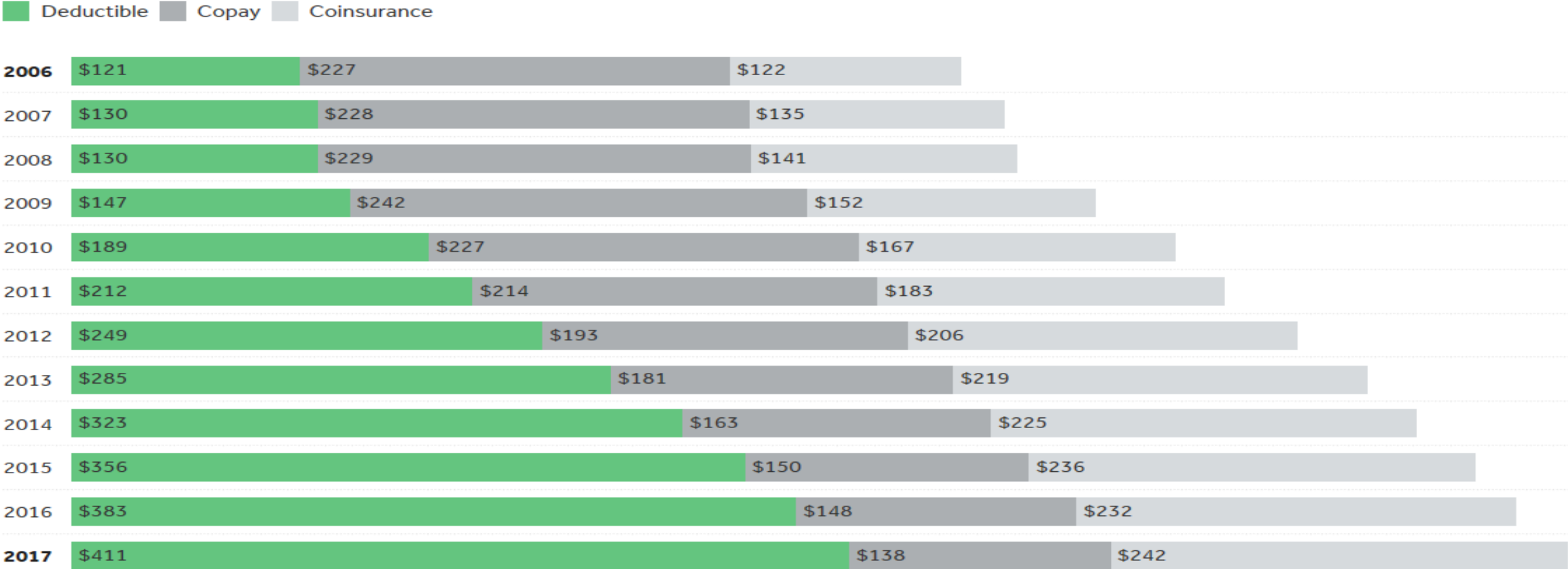
Flintstones Delivery



Moving from the Stone Age to the Space Age

- **Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services**
- **Medicare deliberations focus primarily on alternative payment and pricing models**
- **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**

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

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.





“

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

*Michael Chernew, PhD¹ Teresa B. Gibson, PhD² Kristina Yu-Isenberg, PhD, RPh³
Michael C. Sokol, MD, MS⁴ Allison B. Rosen, MD, ScD⁵, and A. Mark Fendrick, MD⁵*

¹Department of Health Care Policy, Harvard Medical School, Boston, MA, USA; ²Thomson Healthcare, Ann Arbor, MI, USA; ³Managed Markets Division, GlaxoSmithKline, Research Triangle Park, NC, USA; ⁴Managed Markets Division, GlaxoSmithKline, Montvale, NJ, USA; ⁵Departments of Internal Medicine and Health Management and Policy, Schools of Medicine and Public Health, University of Michigan, Ann Arbor, MI, USA.

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

DATAWATCH**COSTS & SPENDING**

HEALTH AFFAIRS > VOL. 38, NO. 11 : HOUSEHOLD COSTS, FOOD & MORE

DATAWATCH

Financial Hardships Of Medicare Beneficiaries With Serious Illness

Michael Anne Kyle, Robert J. Blendon, John M. Benson, Melinda K. Abrams, and Eric C. Schneider

AFFILIATIONS 

PUBLISHED: NOVEMBER 2019 **No Access**

<https://doi.org/10.1377/hlthaff.2019.00362>

DATA

More than half of seriously ill Medicare enrollees face financial hardships with medical bills

Financial Hardships With Serious Illness

Michael Anne Kyle, Robert J. Blendon, John M. Benson, Melinda K. Abrams, and Eric C. Schneider

AFFILIATIONS 

PUBLISHED: NOVEMBER 2019 No Access

<https://doi.org/10.1377/hlthaff.2019.00362>

Alternative to “Blunt” Consumer Cost-Sharing:

A **“smarter”** cost-sharing approach that encourages consumers to use more high value services and providers, but discourages the use of low value ones

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



The illustration depicts a chaotic scene of medical supplies and financial symbols. In the center, a yellow figure with a sad face is being crushed by a large stack of gold coins. Surrounding the figure are various medical items: a syringe, a green first aid kit with a white cross, a white pill bottle with a red cross, and numerous colorful pills and capsules. The scene suggests the financial burden of healthcare and the impact of cost-sharing on patients.

RELATED COVERAGE

-  THE NEW The A Prosta
-  THE NEW Teach Save
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V-BID: Rare Bipartisan Political and Broad Multi-Stakeholder Support

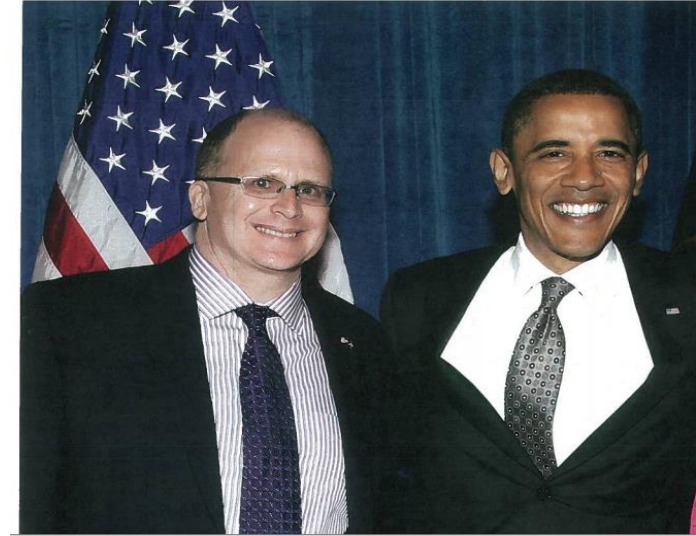
- **HHS**
- **CBO**
- **SEIU**
- **MedPAC**
- **Brookings Institution**
- **Commonwealth Fund**
- **NBCH**
- **American Fed Teachers**
- **Families USA**
- **AHIP**
- **AARP**
- **DOD**
- **BCBSA**
- **National Governor's Assoc.**
- **US Chamber of Commerce**
- **Bipartisan Policy Center**
- **Kaiser 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



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. Medicare has similar policies, but not exactly the same

Elimination of Cost Sharing for Screening Mammography in Medicare Advantage Plans

Amal N. Trivedi, M.D., M.P.H., Bryan Leyva, B.A., Yoojin Lee, M.S., Orestis A. Panagiotou, M.D., Ph.D., and Issa J. Dahabreh, M.D.

CONCLUSIONS

The elimination of cost sharing for screening mammography under the ACA was associated with an increase in rates of use of this service among older women for whom screening is recommended. The effect was attenuated among women living in areas with lower educational attainment and was negligible among Hispanic women. (Funded by the National Institute on Aging.)

FEBRUARY 2018

Trends in Medicare Part D Benefit Design and Cost Sharing for Adult Vaccines, 2015–2017

Few Medicare Part D Plans Offer Adult Vaccines Without Cost Sharing

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



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

Preventive Care for Specified Conditions	For Individuals Diagnosed with
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

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Preventive Care for Specified Conditions	For Individuals Diagnosed with
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or

“Under this policy, no American should ever have to pay full list price for essential drugs like insulin ever again.”

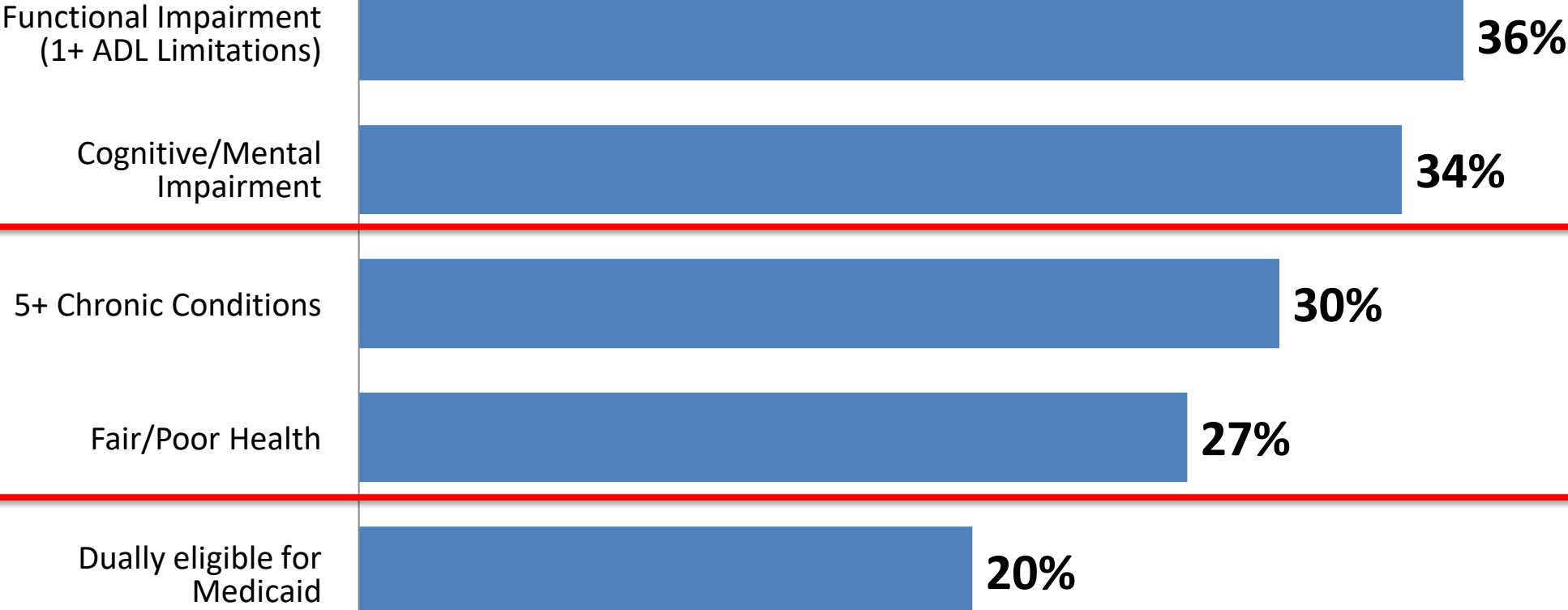
International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

Putting Innovation into Action: Translating Research into Policy



Many on Medicare Live with Multiple Chronic Conditions, and Fair/Poor Health

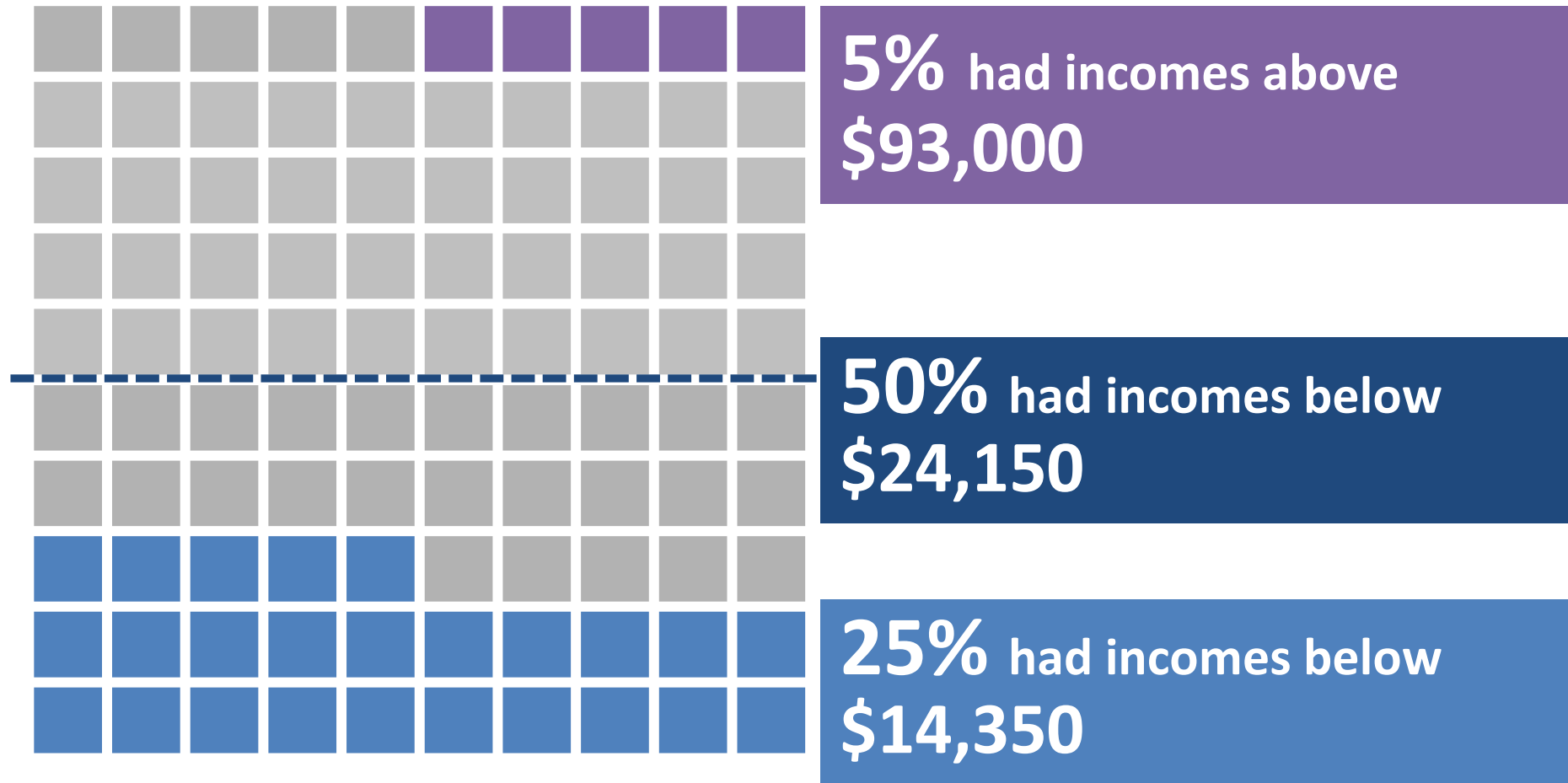
Percent of total Medicare population:



Medicare covered 57 million people in 2016

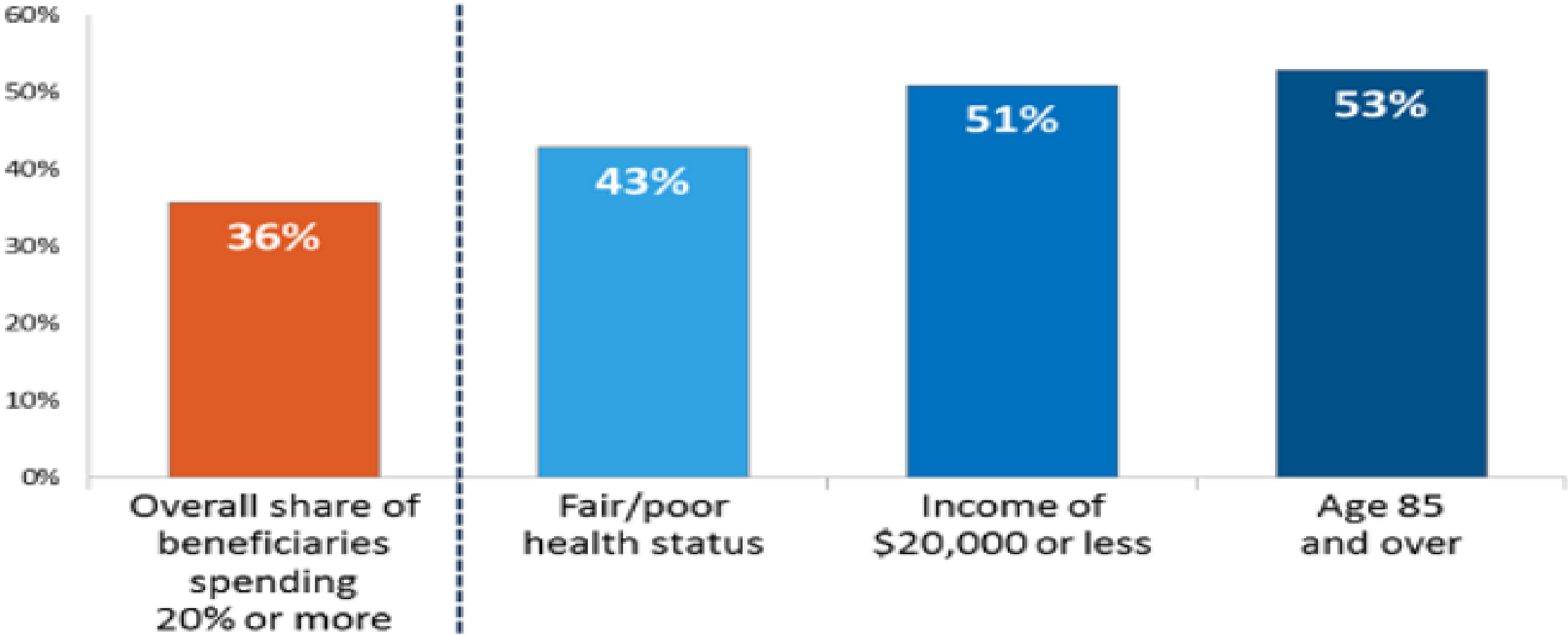
NOTE: ADL is activity of daily living.
SOURCE: Kaiser Family Foundation

Half of Medicare Beneficiaries Live on Incomes at or Below \$24,150 per person (2014)



SOURCE: Urban Institute / Kaiser Family Foundation analysis of DYNASIM data, 2015.

More Than One-Third of Medicare Beneficiaries Spent 20% or More of Their Income on Out-of-Pocket Costs in 2013

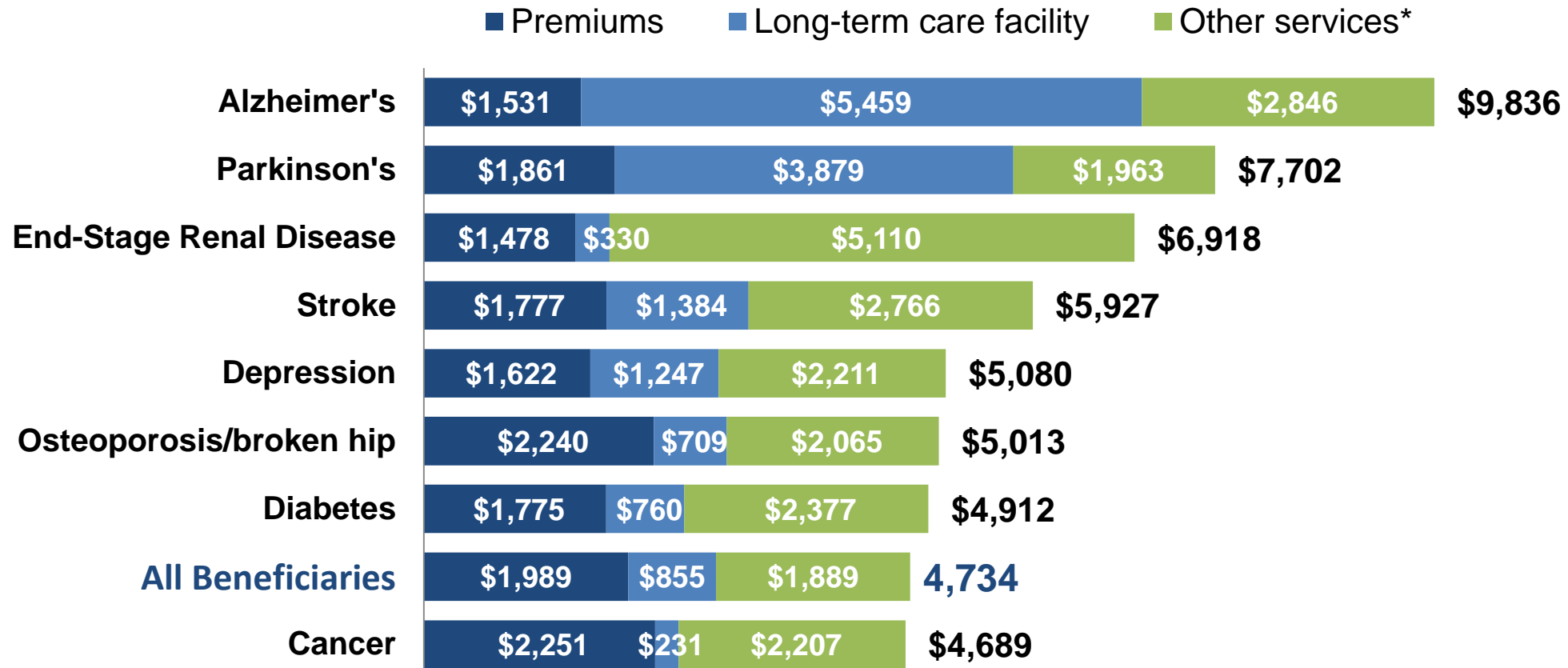


NOTE: Estimates based on spending and income amounts in 2016 dollars. Excludes Medicare Advantage enrollees and beneficiaries enrolled in Part A or B only. Total out-of-pocket health care spending includes spending on services and premiums for Medicare and private health insurance premiums. Income is measured on a per person basis, which for married couples is income for the couple divided in half.

SOURCE: Kaiser Family Foundation analysis based on CMS Medicare Current Beneficiary Survey 2013 Cost and Use file.

Out-of-pocket Spending is Higher for Medicare Beneficiaries with Chronic Conditions

Medicare Beneficiaries' Out-of-Pocket Spending on Services and Premiums, by Chronic Condition, 2010



NOTE: Analysis excludes beneficiaries enrolled in Medicare Advantage plans. Chronic disease categories are not mutually exclusive. Premiums includes Medicare Parts A and B and other types of health insurance beneficiaries may have (Medigap, employer-sponsored insurance, and other public and private sources). *Other includes dental, home health, inpatient and outpatient hospital, medical providers/supplies, prescription drugs, and skilled nursing facility. Sums may not equal totals due to rounding.

SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey 2010 Cost & Use file.

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

114TH CONGRESS
1ST 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

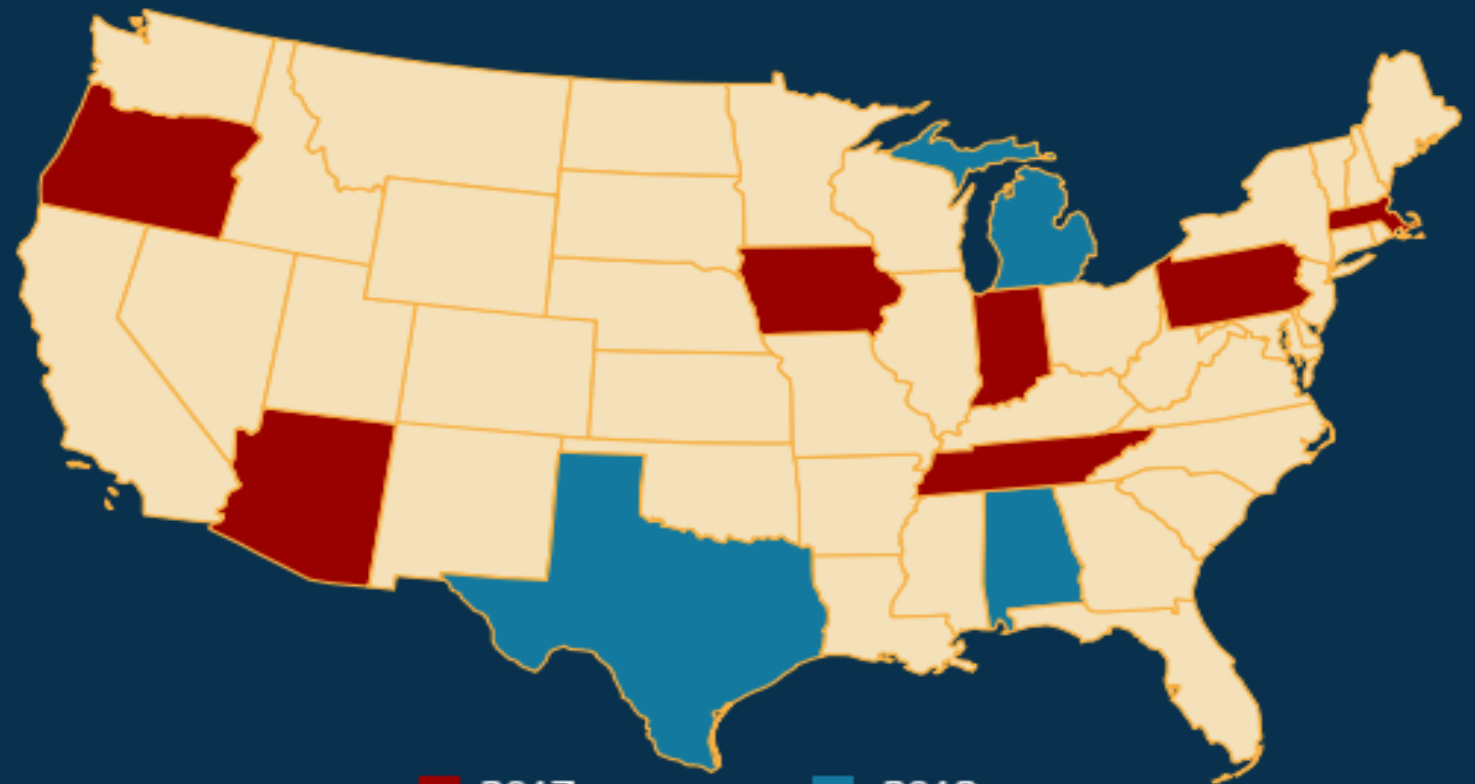
A 5-year demonstration program will test the utility of structuring consumer cost-sharing and other health plan design elements to encourage patients to use high-value clinical services and providers.



*Red denotes states included in V-BID model test

CMS Expands Medicare Advantage Value-Based Insurance Design Model Test

- Diabetes
- Congestive Heart Failure
- COPD
- Past Stroke
- Hypertension
- Coronary Artery Disease
- Mood Disorders
- Dementia
- Rheumatoid Arthritis



■ 2017

■ 2018

Medicare Allows More Benefits for Chronically Ill, Aiming to Improve Care for Millions

By Robert Pear

June 24, 2018



WASHINGTON — Congress and the Trump administration are revamping Medicare to provide extra benefits to people with multiple chronic illnesses, a significant departure from the program's traditional focus that aims to create a new model of care for millions of older Americans.



For Immediate Release

September 12, 2018

Contact:

Aisha Johnson

202-224-0101

Casey, Thune Urge CMS to Test Model to Make Opioid Treatments More Affordable for Seniors

*In 2017, One in Three People with Medicare Part D
Received an Opioid Prescription*

2020 Medicare Advantage and Part D Rate Announcement and Final Call Letter Fact Sheet

- **Pain Management and Complementary and Integrative Treatments in Medicare Advantage:** CMS is encouraging plans to take advantage of the new flexibilities to offer targeted benefits and cost sharing reductions for patients with chronic pain or undergoing addiction treatment.
- **Access to Opioid Reversal Agents:** CMS is strongly encouraging Part D sponsors to provide lower cost sharing for opioid-reversal agents, such as naloxone.

Medical News & Perspectives

July 17, 2019

Although Cardiac Rehab Saves Lives, Few Eligible Patients Take Part

Rita Rubin, MA

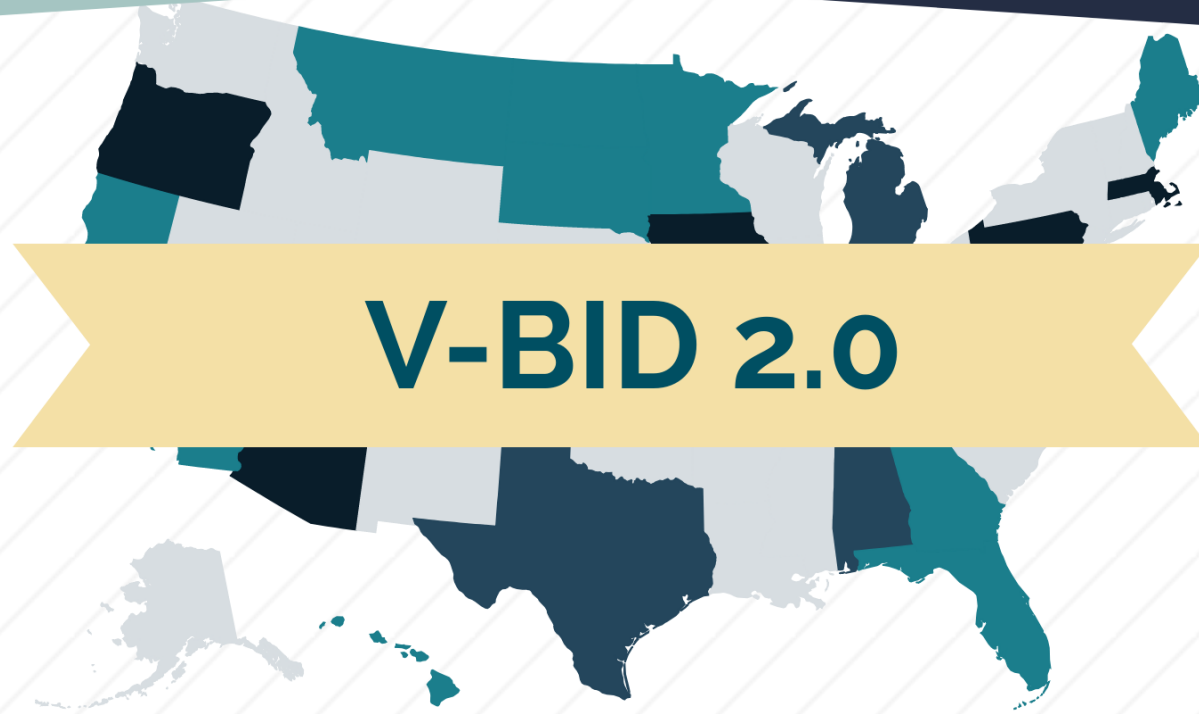
JAMA. 2019;322(5):386-388. doi:10.1001/jama.2019.8604

Financial Incentives to Increase Cardiac Rehabilitation Participation Among Low-Socioeconomic Status Patients: A Randomized Clinical Trial

Conclusions

Financial incentives improve CR participation among lower-SES patients following a cardiac event. Increasing participation among lower-SES patients in CR is critical for positive longer-term [health outcomes](#). (Increasing Cardiac Rehabilitation Participation Among Medicaid Enrollees; [NCT02172820](#))

THE EXPANDED ROLE OF V-BID IN MEDICARE ADVANTAGE



CMS announced transformative updates to the **Medicare Advantage Value-Based Insurance Design model**, including its expansion to all 50 states

V-BID 2.0: Expanded Opportunities

Permissible interventions:

Reduced cost-sharing for

- high-value services
- high-value providers
- enrollees participating in disease management or related programs
- additional supplemental benefits (non-health related)

Wellness and Health Care Planning

Advanced care planning

Incentivize better health behaviors

Rewards and Incentives

\$600 annual limit

Increase participation

Available for Part D

Targeting Socioeconomic Status

Low-income subsidy

Improve quality, decrease costs

Telehealth

Service delivery innovations

Augment existing provider networks

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 “demand-side” initiatives – including consumer cost sharing - discourage consumers from pursuing the “Triple Aim”



Aligning Payer and Consumer Incentives: 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 patient experience, and contain cost growth



Options for Implementation

1 MA V-BID Model Test

Demonstration project by CMMI with waiver of the uniformity rule for participants only

- Formerly available in a few states; will be 25 states in 2019; all 50 by 2020
- Strict participation & application criteria and procedures
- V-BID benefits for MA Parts C and D

2 Increased Plan Flexibility

CMS reinterpretation of uniformity policy in 2019 final rule and HPMS guidance

- Applies to ALL Medicare Advantage Plans
- No "application" required; V-BID benefits submitted in plan benefit package as part of bid
- V-BID benefits for Part C ONLY
- Benefits must relate to clinical condition

Is there a role for V-BID in Medicare Advantage?

- **Enhances access and affordability to evidence based care**
- **Reduces healthcare disparities**
- **Aligns with payment reform efforts**
- **Improves Star Ratings**



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

Dan Quayle

www.vbidcenter.org

 @UM_VBID