

**Current (and Better) Approaches to Benefit Design:
The Good, the Bad, and the Ugly**

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www.vbidcenter.org

(slides available here)

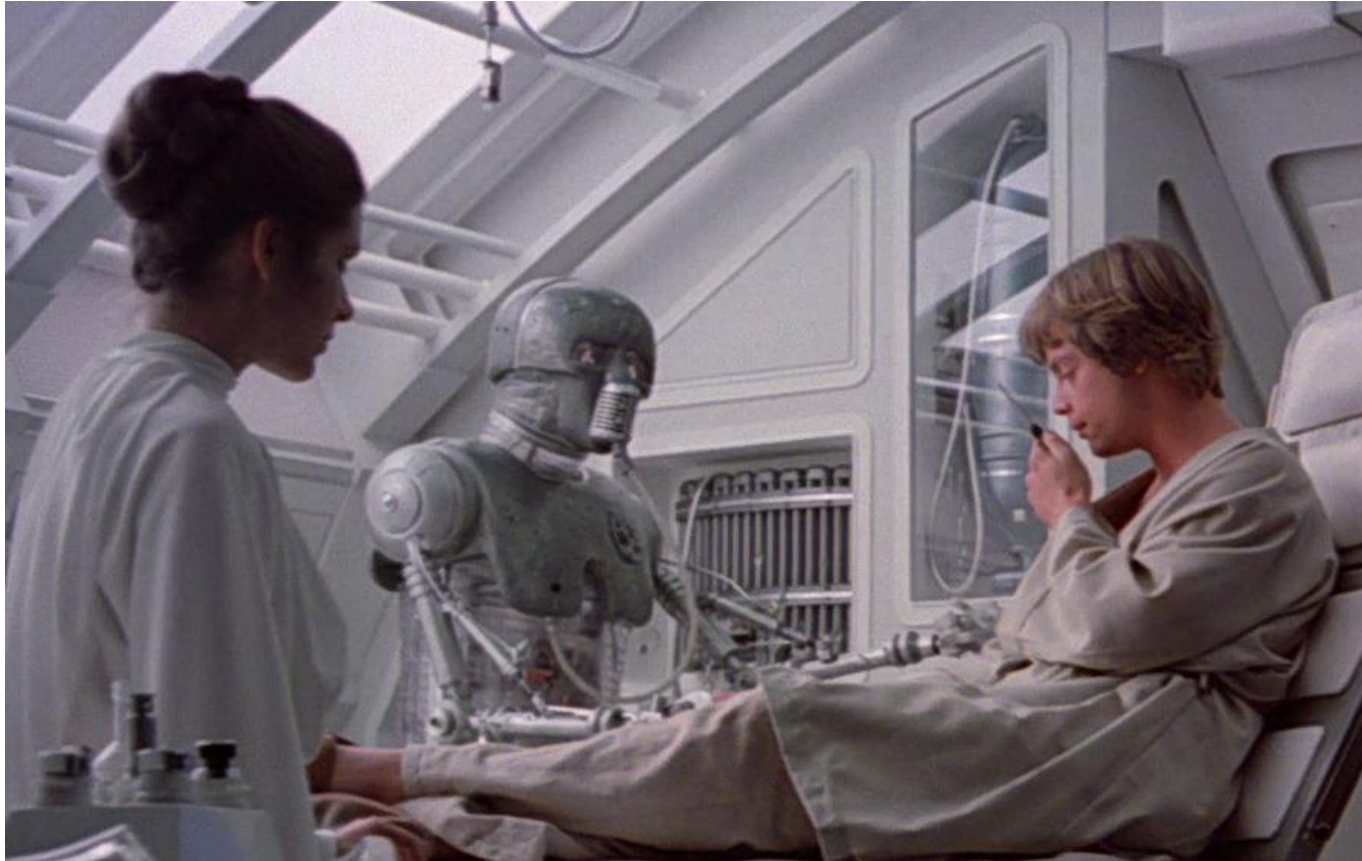


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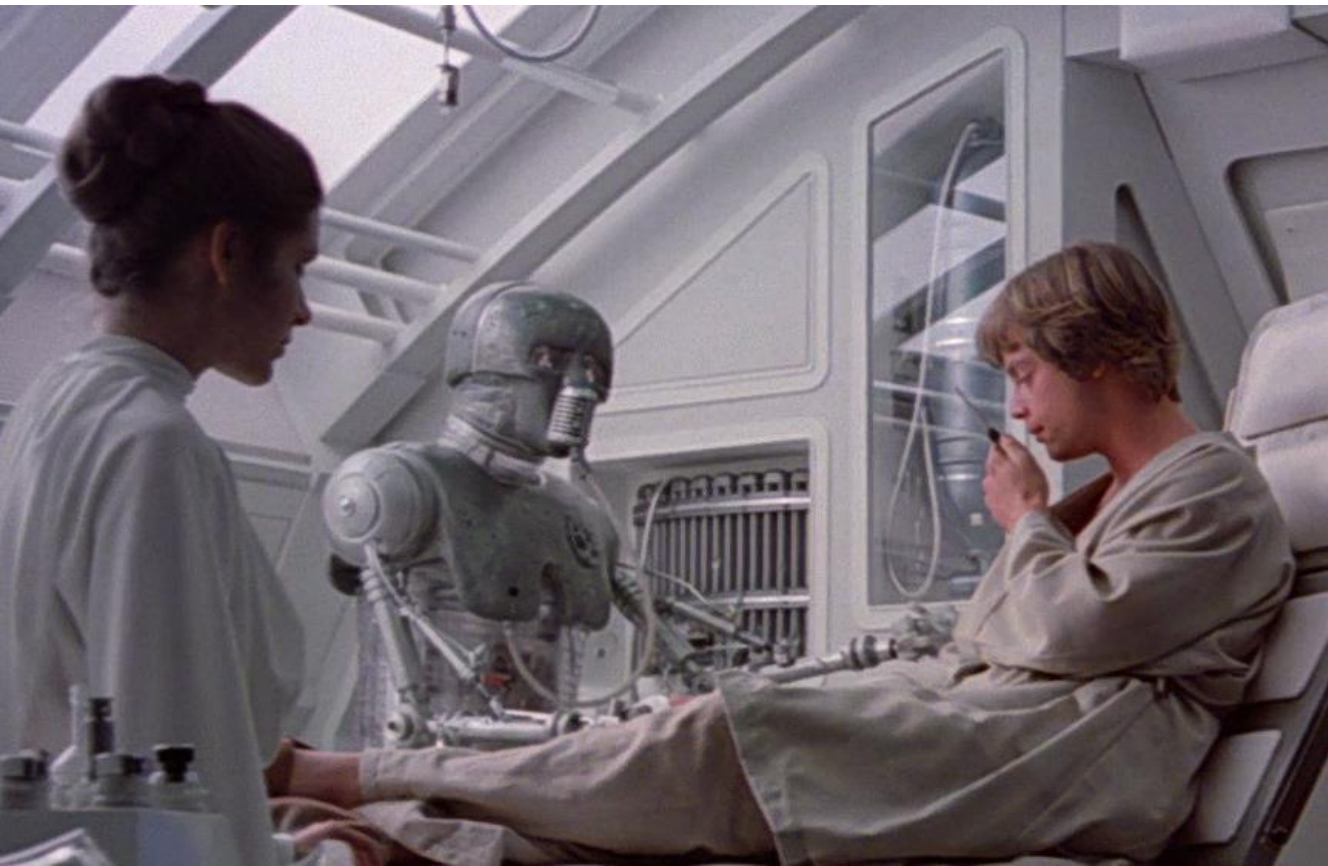
Health Care Costs Are a Top Issue For Consumers, Payers, and Policymakers: Solutions must protect patients, reward providers and preserve innovation

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

Star Wars Science



Star Wars Science meets Flintstones Delivery



Moving from the Stone Age to the Space Age

Key Issues - each addressed in 1 minute

**Consumer
Cost-
sharing**

**Low Value
Care**

**Aligning
Incentives**

**Value-
Based
Insurance
Design**

V-BID X

Moving from the Stone Age to the Space Age: Change the medical cost 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**
- **Policy 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**
- **Cost-sharing is a common consumer-facing policy lever**

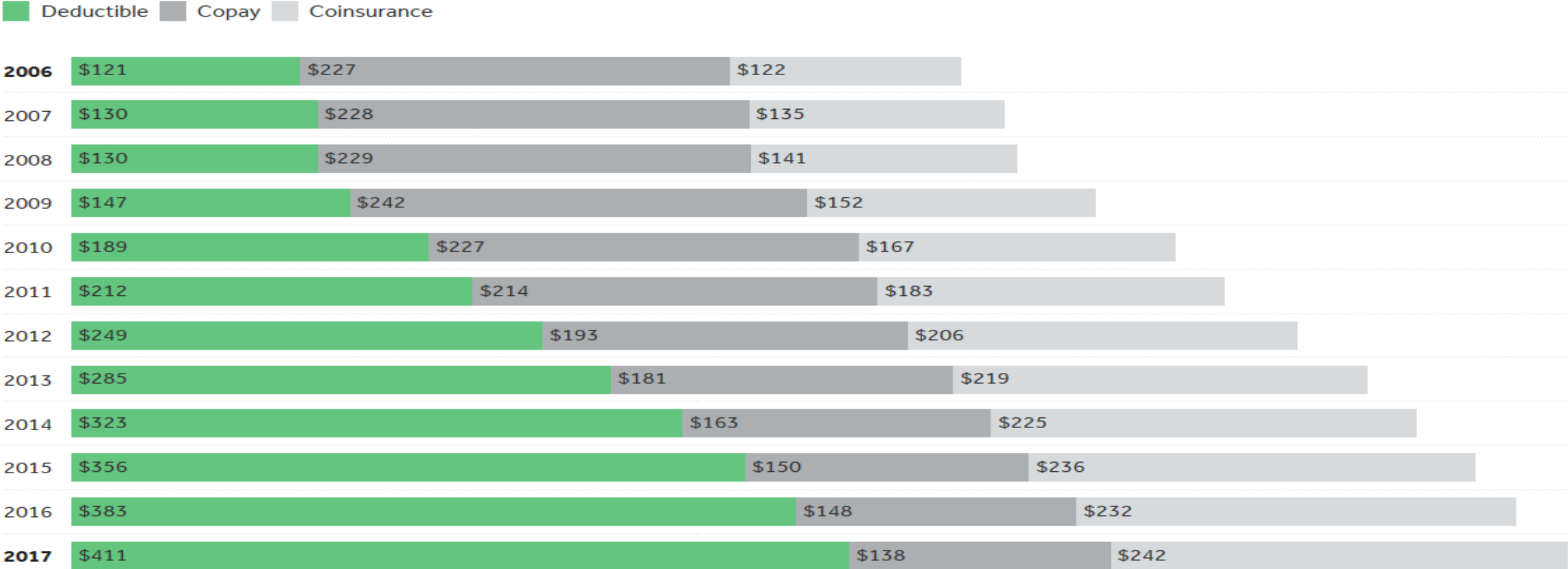
Americans Do Not Care About Health Care Costs; They Care About **What It Costs Them**

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 employer coverage: Consumers are Paying More for ALL Care Regardless of Clinical 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)

Increasing Cost-Sharing worsens 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 in Cardiology - MI-FREEE: Better Quality and Reduced Disparities, Without Increasing Costs

Free access to preventive medications for Aetna members with history of MI:

- Reduced rates of major vascular events without increasing overall health costs
- Reduced total health care spending by 70 percent among patients who self-identified as being non-white



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



- **ACA** : selected preventive services be provided without cost-sharing
- **Medicare Advantage**: reduced cost-sharing for high-value services and providers, additional supplemental benefits such as transportation, nutrition
- **TRICARE**: lower cost sharing for high value drugs
- **High-Deductible Health Plans**: expanded coverage of chronic disease services

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

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Where does the money come from to provide better coverage for high value care?

- **Raise Premiums**

Where does the money come from to provide better coverage for high value care?

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

Where does the money come from to provide better coverage for high value care?

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



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. Population Based Vitamin D Screening



3. PSA Screening in Men 70+

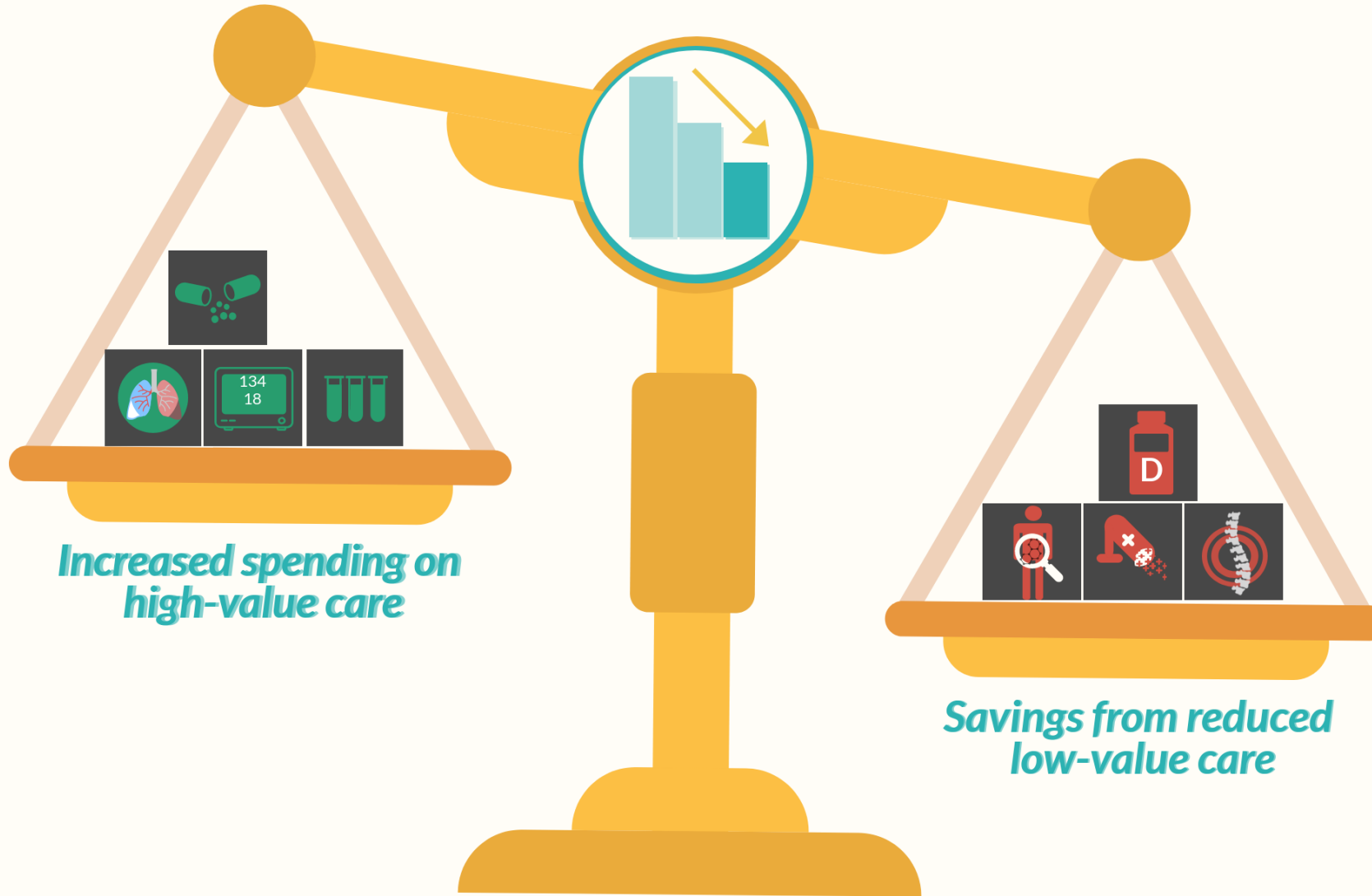


4. Imaging in First 6 Weeks of Acute Low Back Pain



5. Branded Drugs When Identical Generics Are Available

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



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The alignment of clinically driven, provider-facing and consumer engagement initiatives is critical



2020 Policy 'Asks':

Benefit Design Reform Goals

- **Expand pre-deductible coverage/reduce cost sharing on high value clinical services**
- **Identify, measure and reduce low value care to pay for increase spend on high value care without the need to increase plan premium or deductible**
- **Better align payment reforms with consumer-facing programs**



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

Dan Quayle