

# Medicare Advantage Value-Based Insurance Design Learning Collaborative

**Welcome and Kick Off**

**Kristin B. Rodriguez  
Chief Knowledge Officer  
Health Plan Alliance**

# Medicare Advantage Value-Based Insurance Design Learning Collaborative

## Background and Motivation for V-BID and other Supplemental Benefits in Medicare Advantage

**A. Mark Fendrick, MD**

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

# “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.

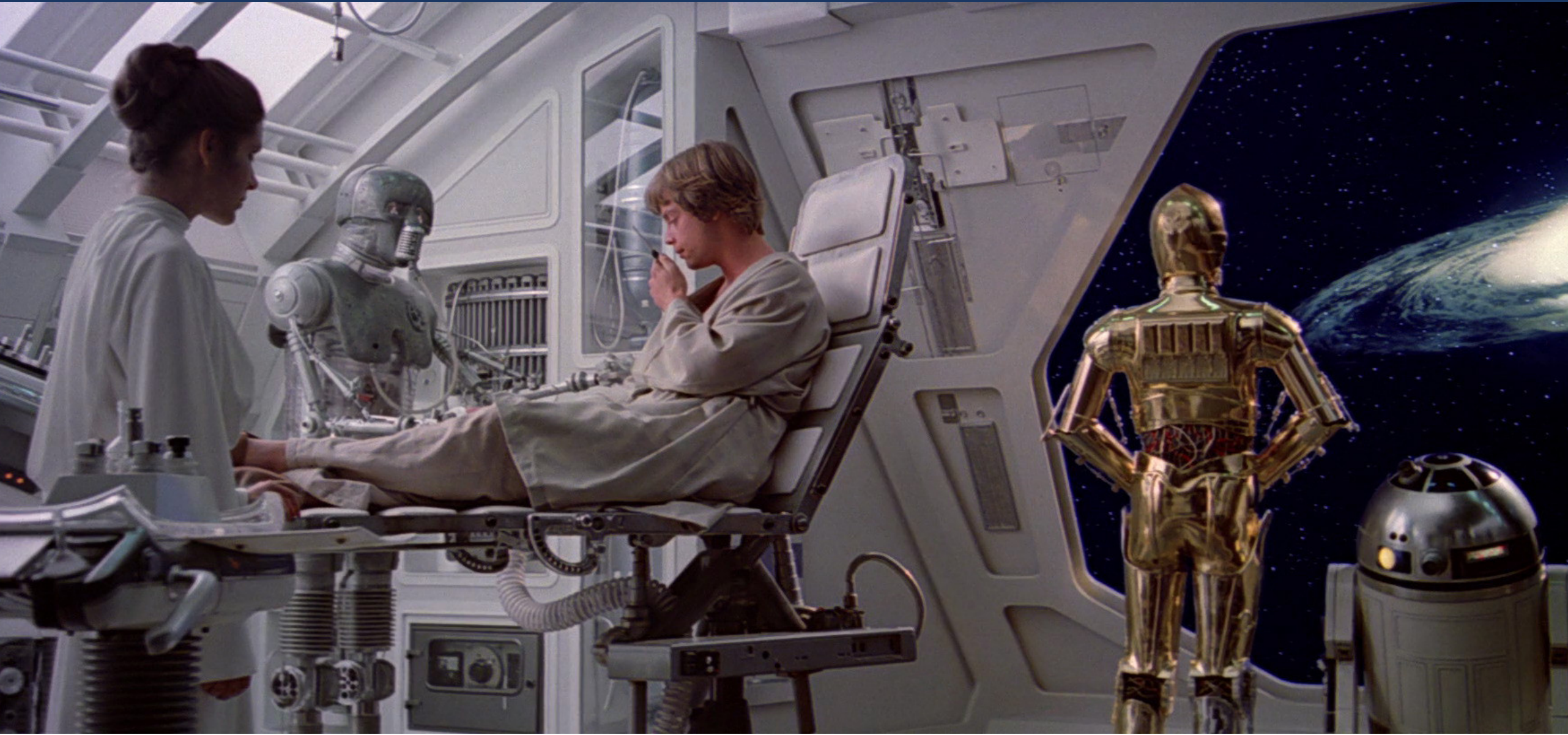
**HealthCare Dive July 24, 2019**

# 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





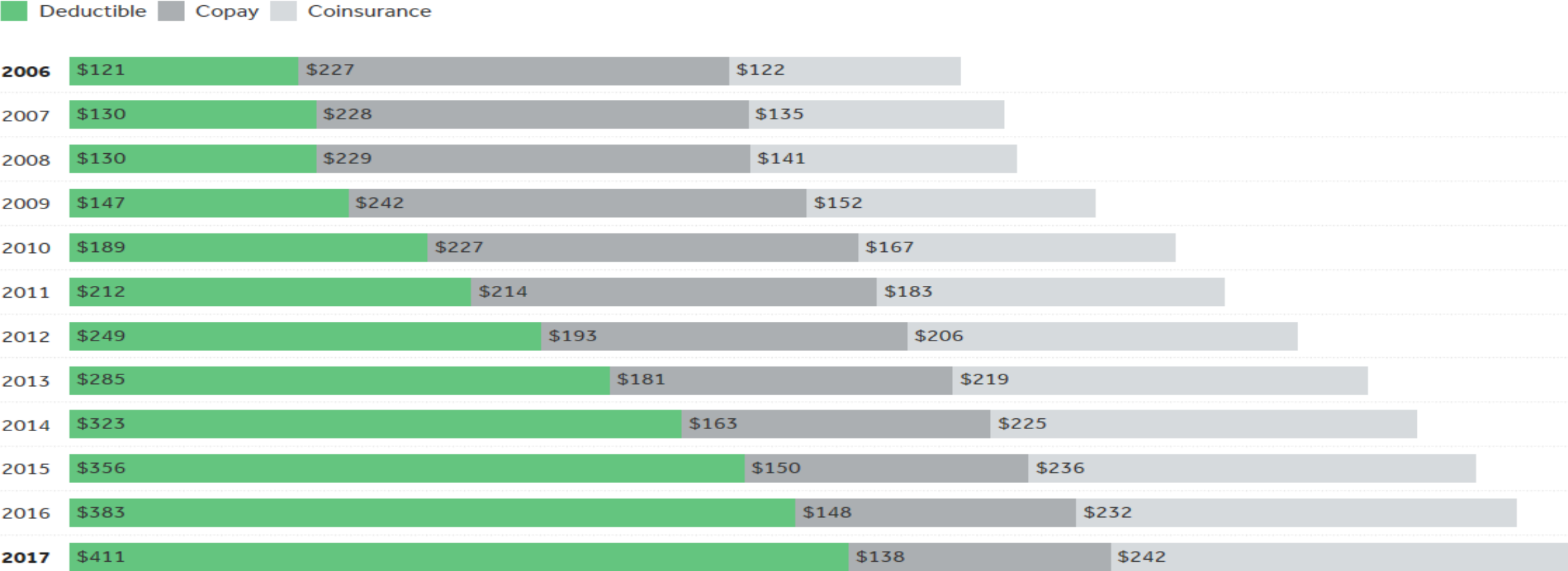
# Flintstones Delivery



# 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)



*Article*

# **Impact of Out-of-Pocket Cost on Herpes Zoster Vaccine Uptake: An Observational Study in a Medicare Managed Care Population**

Zhuliang Tao <sup>1</sup>, Yong Li <sup>1</sup>, Stephen Stemkowski <sup>1,\*</sup>, Kelly D. Johnson <sup>2</sup>, Camilo J. Acosta <sup>3</sup>, Dongmu Zhang <sup>2</sup> and A. Mark Fendrick <sup>4</sup>

# Impact of Cost-Sharing on Health Care Disparities

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

*Michael Chernew, PhD<sup>1</sup> Teresa B. Gibson, PhD<sup>2</sup> Kristina Yu-Isenberg, PhD, RPh<sup>3</sup>  
Michael C. Sokol, MD, MS<sup>4</sup> Allison B. Rosen, MD, ScD<sup>5</sup>, and A. Mark Fendrick, MD<sup>5</sup>*

<sup>1</sup>Department of Health Care Policy, Harvard Medical School, Boston, MA, USA; <sup>2</sup>Thomson Healthcare, Ann Arbor, MI, USA; <sup>3</sup>Managed Markets Division, GlaxoSmithKline, Research Triangle Park, NC, USA; <sup>4</sup>Managed Markets Division, GlaxoSmithKline, Montvale, NJ, USA; <sup>5</sup>Departments 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**



# 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 surrounded by stacks of gold coins, various pills (red, blue, yellow, green), a syringe, a green first aid kit with a white cross, and a white pill bottle with a red cross. The background is filled with more coins and pills, suggesting a complex interplay between healthcare costs and patient care.

**RELATED COVERAGE**

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-  THE NEW Teach Save
-  A HEALTH How I Better



Mini-Focus Issue: Transition of Care After Hospitalization

Clinical Research

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

Di... E... L... P... D... h... 8... 7... 0... P... L... E... L... U... P... A... 3... D... U... L... D... C... M... S... L... L... D... M... S... A... L... Y...

# 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](#))

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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**

**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



# 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





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



**HSA-HDHPs**

# 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



However, IRS guidance requires that services used to treat  
**"existing illness, injury or conditions"**  
are not covered until the minimum deductible is met



office visits



diagnostic tests



drugs

As HSA-HDHP enrollees with existing conditions are required to pay out-of-pocket for necessary services, they utilize less care, potentially resulting in poorer health outcomes and higher costs





# 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

<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

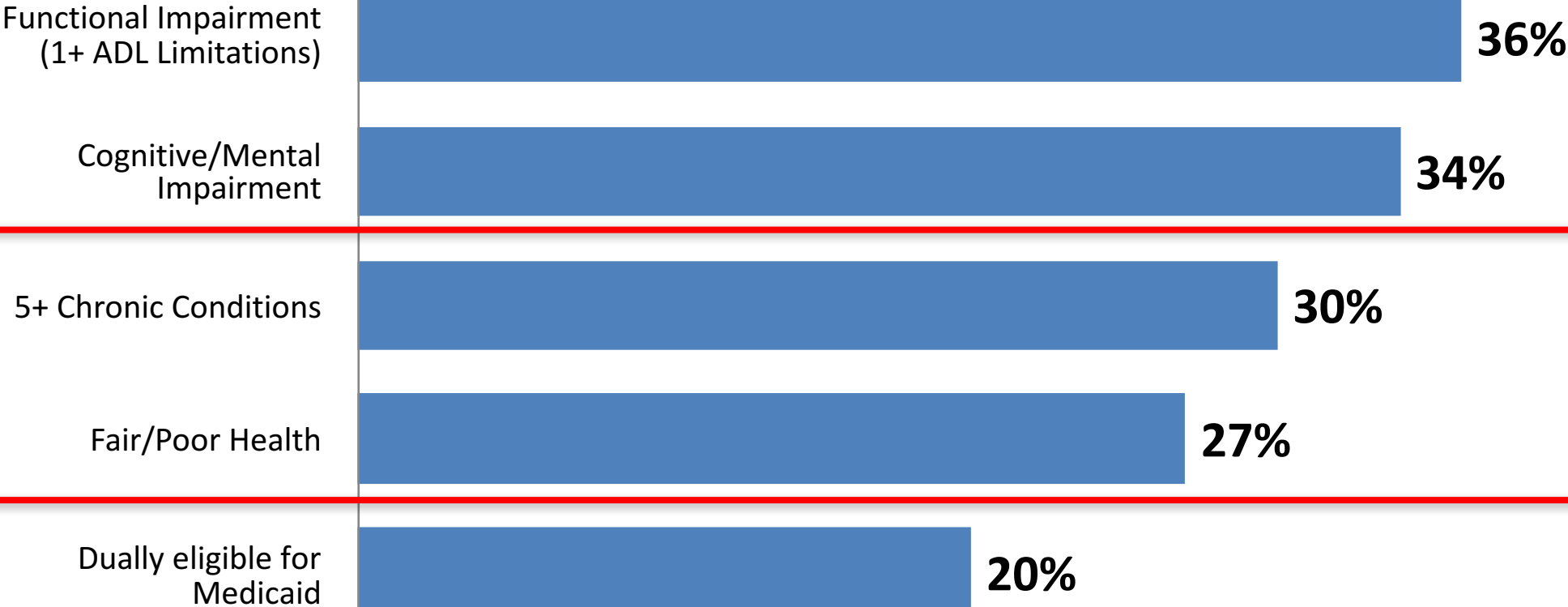


# Putting Innovation into Action: Translating Research into Policy



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

*Percent of total Medicare population:*

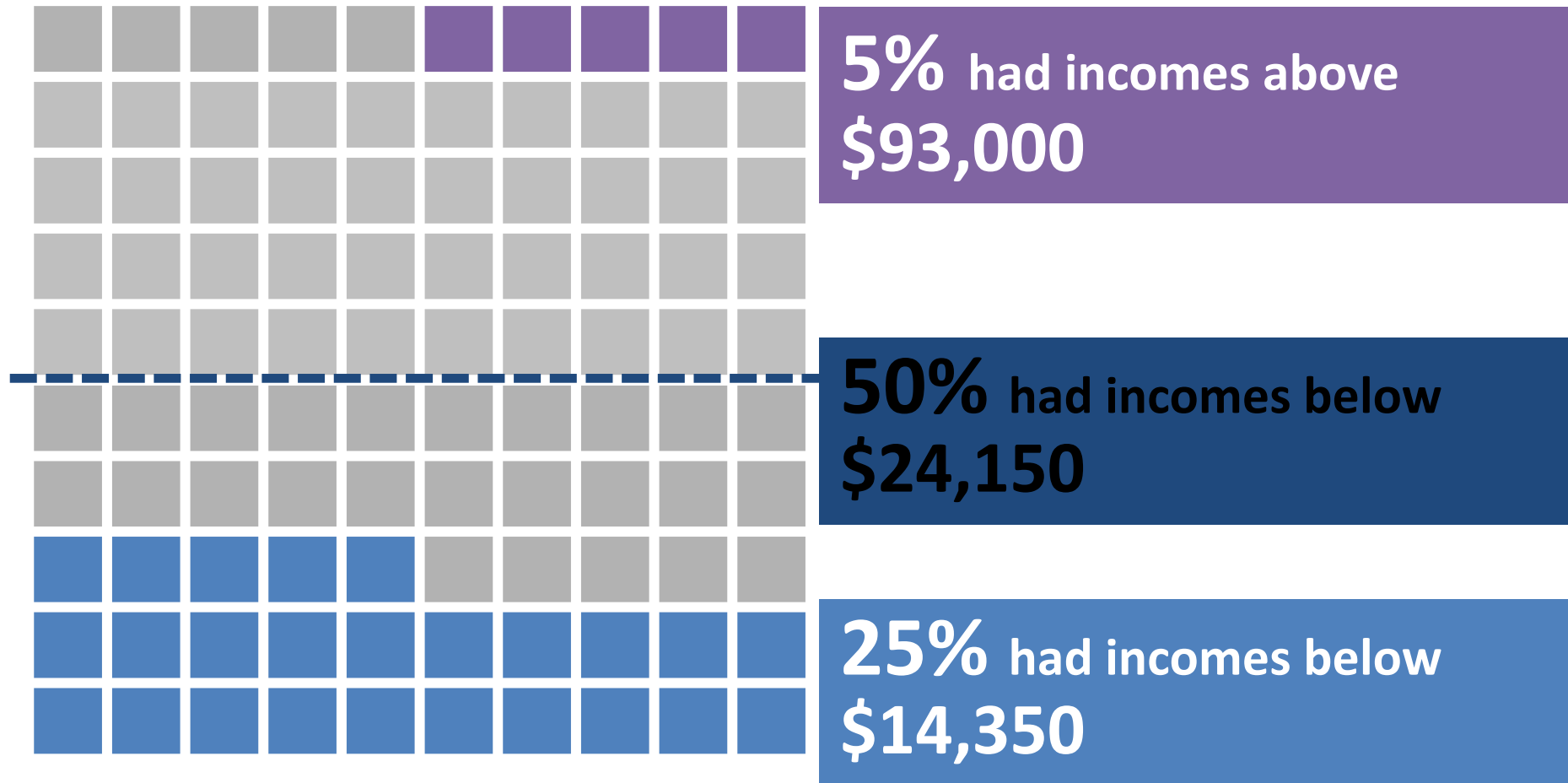


*Medicare covered 57 million people in 2016*

NOTE: ADL is activity of daily living.

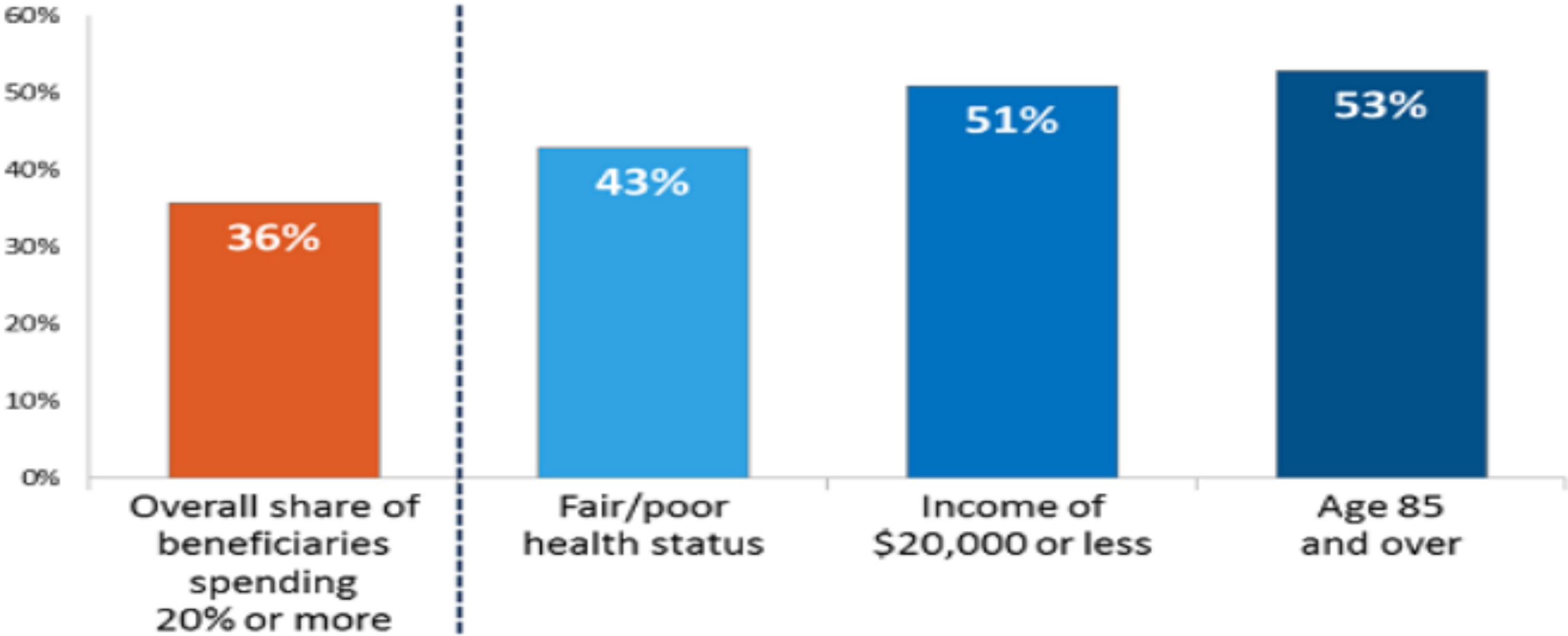
SOURCE: Kaiser Family Foundation

# 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



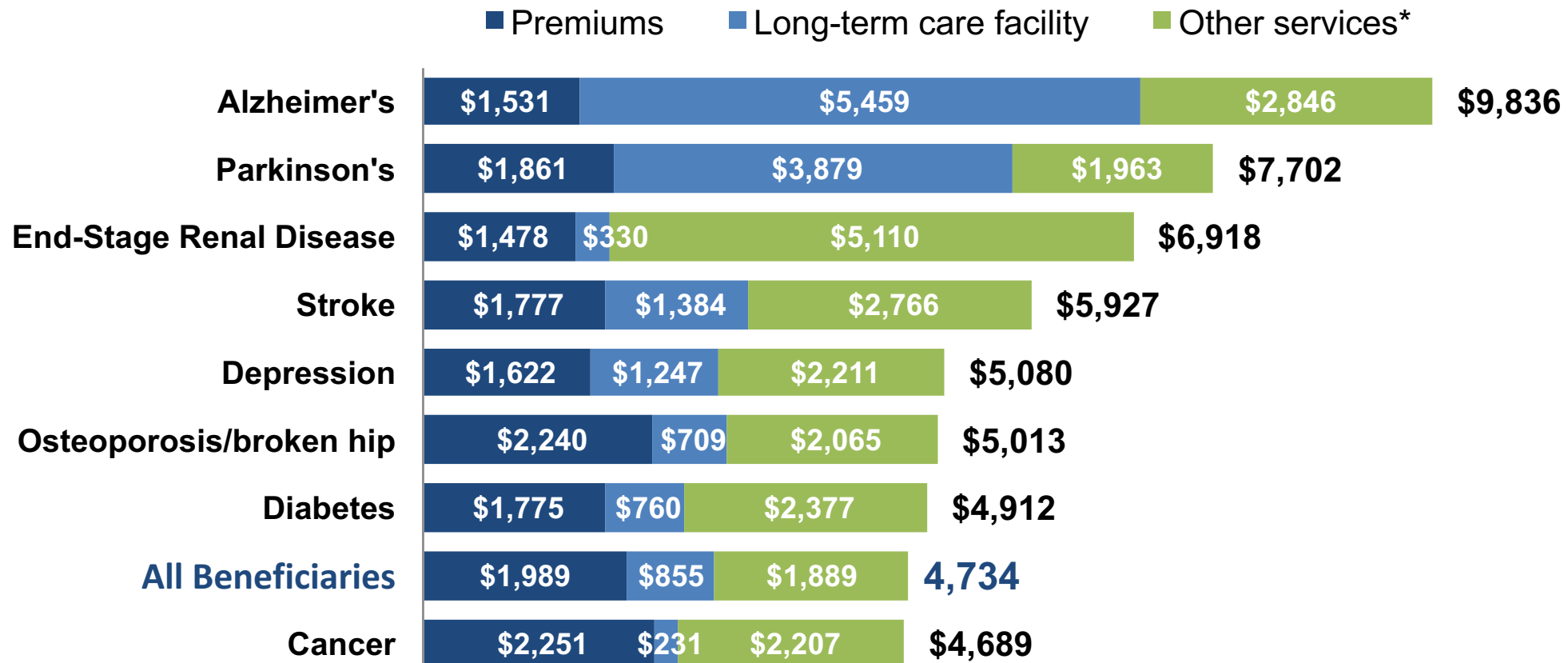
NOTE: Estimates based on spending and income amounts in 2016 dollars. Excludes Medicare Advantage enrollees and beneficiaries enrolled in Part A or B only. Total out-of-pocket health care spending includes spending on services and premiums for Medicare and private health insurance premiums. Income is 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.

# Medicare Beneficiaries Can Pay Thousands of Dollars Annually for Specialty and Other High-priced Drugs

*Median annual out-of-pocket costs, 2016:*

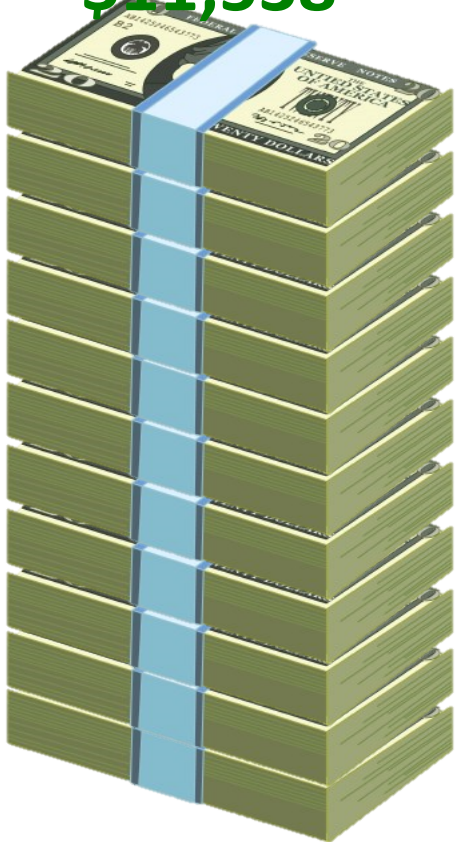
**HUMIRA:  
\$4,864**



**SOVALDI: \$6,608**



**REVLIMID:  
\$11,538**



NOTE: Analysis includes 20 national and near-national stand-alone prescription drug plans in Baltimore, MD (zip code 21201) and reflects pricing at a Rite Aid pharmacy in this zip code.

SOURCE: Georgetown/Kaiser Family Foundation

## 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

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 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

# Incorporating Value-Based Insurance Design to Improve Chronic Disease Management in the Medicare Advantage Program

**Actuarial modeling estimated the financial impact of V-BID on consumer, plan, and societal costs for three common conditions: diabetes mellitus (DM), chronic obstructive pulmonary disease (COPD), and congestive heart failure (CHF)**

# Projected Financial Impact of MA V-BID Program, Year 1

	Diabetes Mellitus	COPD	CHF
Member Cost Share	↓ \$21.64	↓ \$17.63	↓ \$12.73
Plan Paid Amount	↑ \$24.56	↑ \$14.36	↓ \$.56
Total Societal Costs	↑ \$2.94	↓ \$3.27	↓ \$13.29

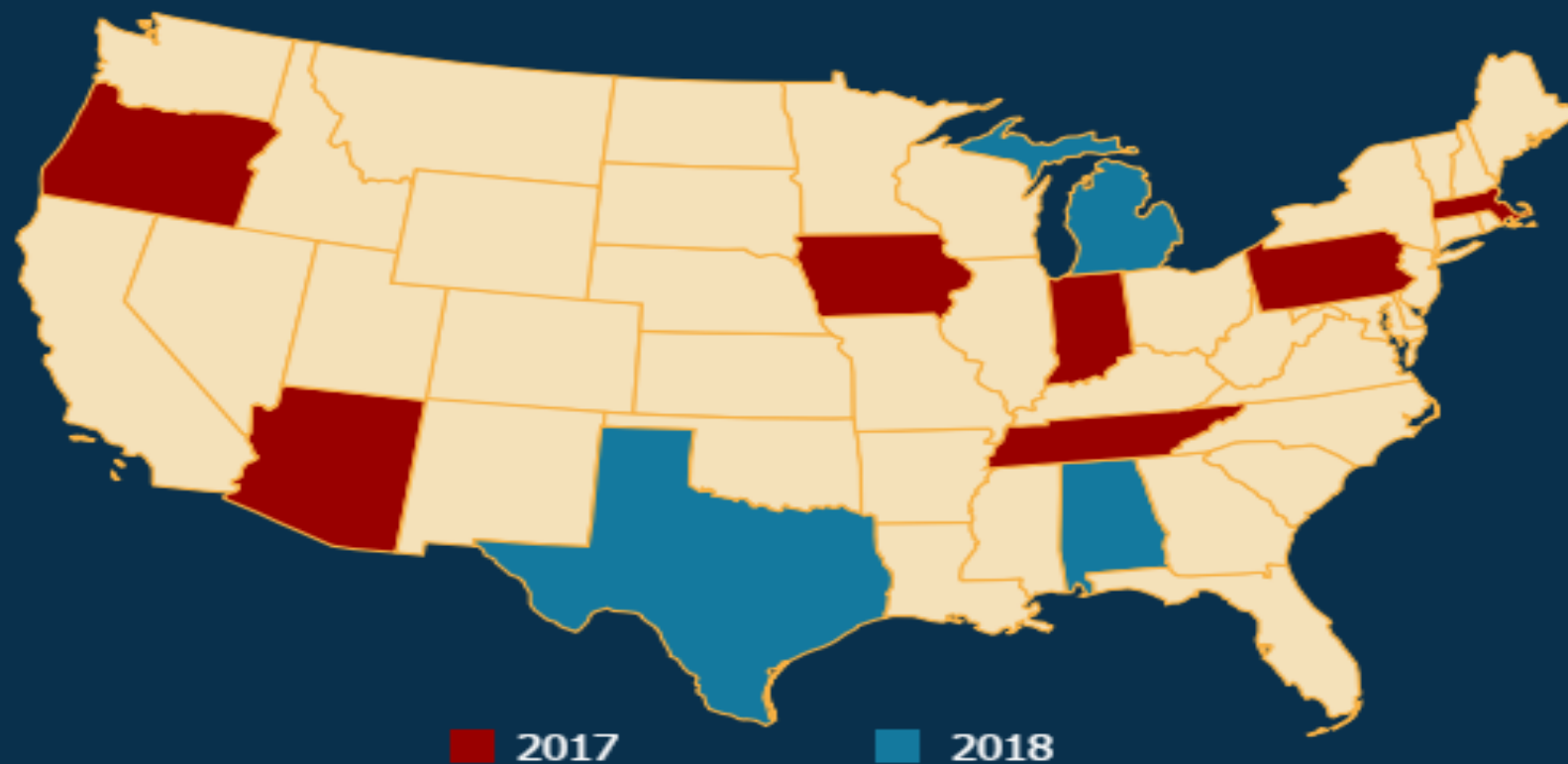


# MA V-BID Model Test Plans Participating in Year 1

State	Plan	Clinical Condition(s)
Indiana	IUHP	CHF
Massachusetts	BCBS	Hypertension
	Fallon	Diabetes
	Tufts	COPD and/or CHF
Pennsylvania	Aetna	CHF
	Geisinger	COPD
	Highmark	Diabetes and/or COPD
	IBX	Diabetes & CHF
	UPMC	CHF & COPD or CHF & Diabetes

# 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



# ***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

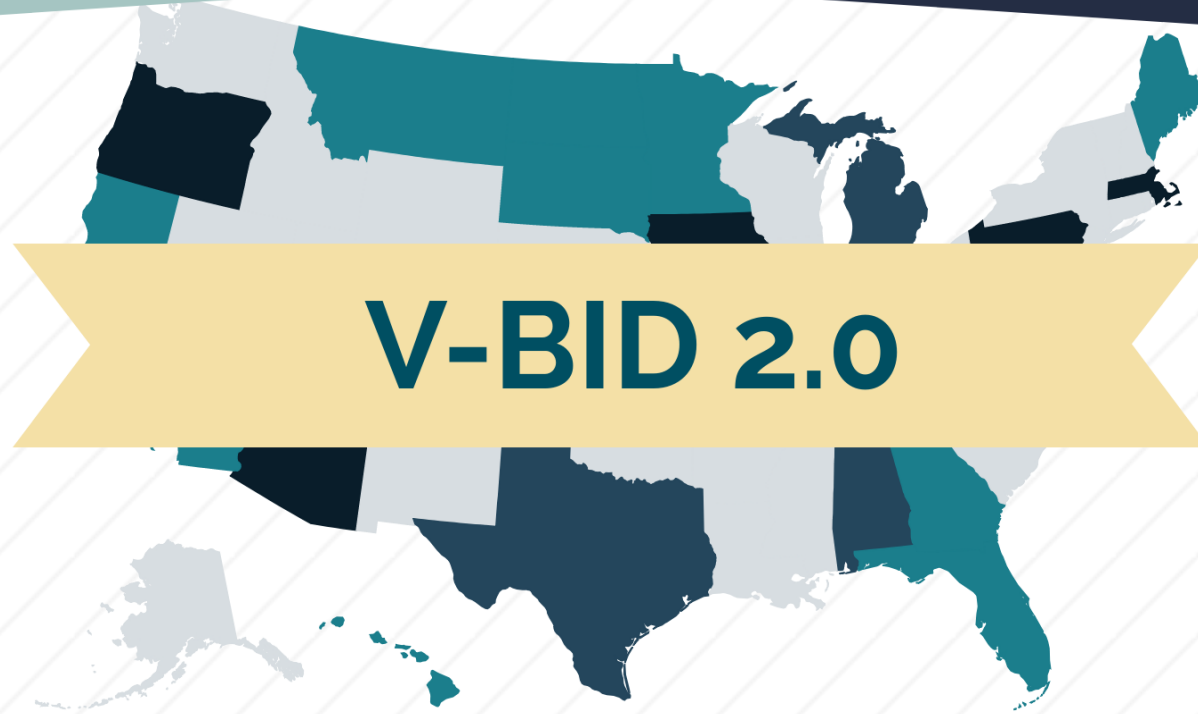
*In 2017, One in Three People with Medicare Part D  
Received an Opioid Prescription*



# 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.

# 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 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

# 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.)



# ACA Sec 4105: Modify or Eliminate Coverage of Certain Preventive Services

## SEC. 4105. EVIDENCE-BASED COVERAGE OF PREVENTIVE SERVICES IN MEDICARE.

(a) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Section 1834 of the Social Security Act (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

“(n) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Notwithstanding any other provision of this title, effective beginning on January 1, 2010, if the Secretary determines appropriate, the Secretary may—

“(1) modify—

“(A) the coverage of any preventive service described in subparagraph (A) of section 1861(ddd)(3) to the extent that such modification is consistent with the recommendations of the United States Preventive Services Task Force; and

“(B) the services included in the initial preventive physical examination described in subparagraph (B) of such section; and

“(2) provide that no payment shall be made under this title for a preventive service described in subparagraph (A) of such section that has not received a grade of A, B, C, or I by such Task Force.”

(b) **CONSTRUCTION.**—Nothing in the amendment made by paragraph (1) shall be construed to affect the coverage of diagnostic or treatment services under title XVIII of the Social Security Act.

**The ACA grants HHS the authority to eliminate coverage for USPSTF ‘D’ Rated Services in Medicare**

## Final Recommendation Statement:

### Pancreatic Cancer: Screening

Release Date: August 2019

#### Recommendation Summary

##### *Recommendation Summary*

Population	Recommendation	Grade (What's This?)
Adults	The USPSTF recommends against screening for pancreatic cancer in asymptomatic adults.	<b>D</b>

# 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**

# “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 24, 2019**



An aerial photograph of a large, empty stadium. The field is green with 'MICHIGAN' written in yellow letters. The seating area is blue and grey. The stadium is surrounded by parking lots, roads, and trees.

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

Dan Quayle

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



@UM\_VBID

# Medicare Advantage Value-Based Insurance Design Learning Collaborative

**Expert Panel:  
V-BID's evolution and current role in MA**

**Adam Finkelstein, Manatt  
Steve Jenkins, LMI**

# 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



# Insurers' Perspectives on MA Value-Based Insurance Design Model

1. Evidence is important
2. Insurers' philosophy, rather than market characteristics, may influence participation
3. Technological barriers can be significant
4. Model test parameters matter

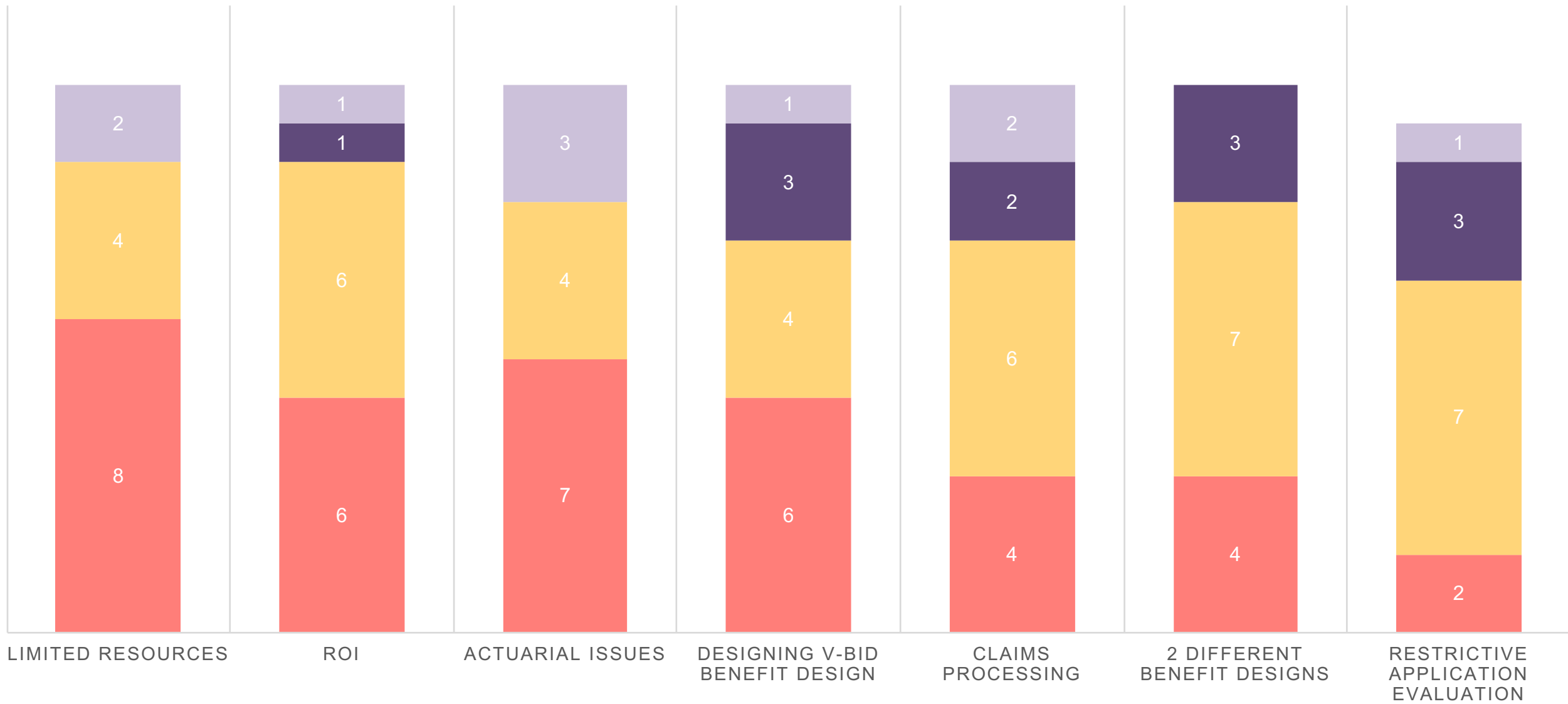
Khodyakov, D., PhD, Buttorff, C., PhD, Bouskill, K., PhD, Armstrong, C., MPH, Ma, S., PhD, Taylor, E. A., PhD, & Eibner, C., PhD. (2019). Insurers' Perspectives on MA Value-Based Insurance Design Model. *American Journal of Managed Care*, 25(7), 198-203. Retrieved from [https://ajmc.s3.amazonaws.com/\\_media/\\_pdf/AJMC\\_07\\_2019\\_Khodyakov\\_final.pdf](https://ajmc.s3.amazonaws.com/_media/_pdf/AJMC_07_2019_Khodyakov_final.pdf).



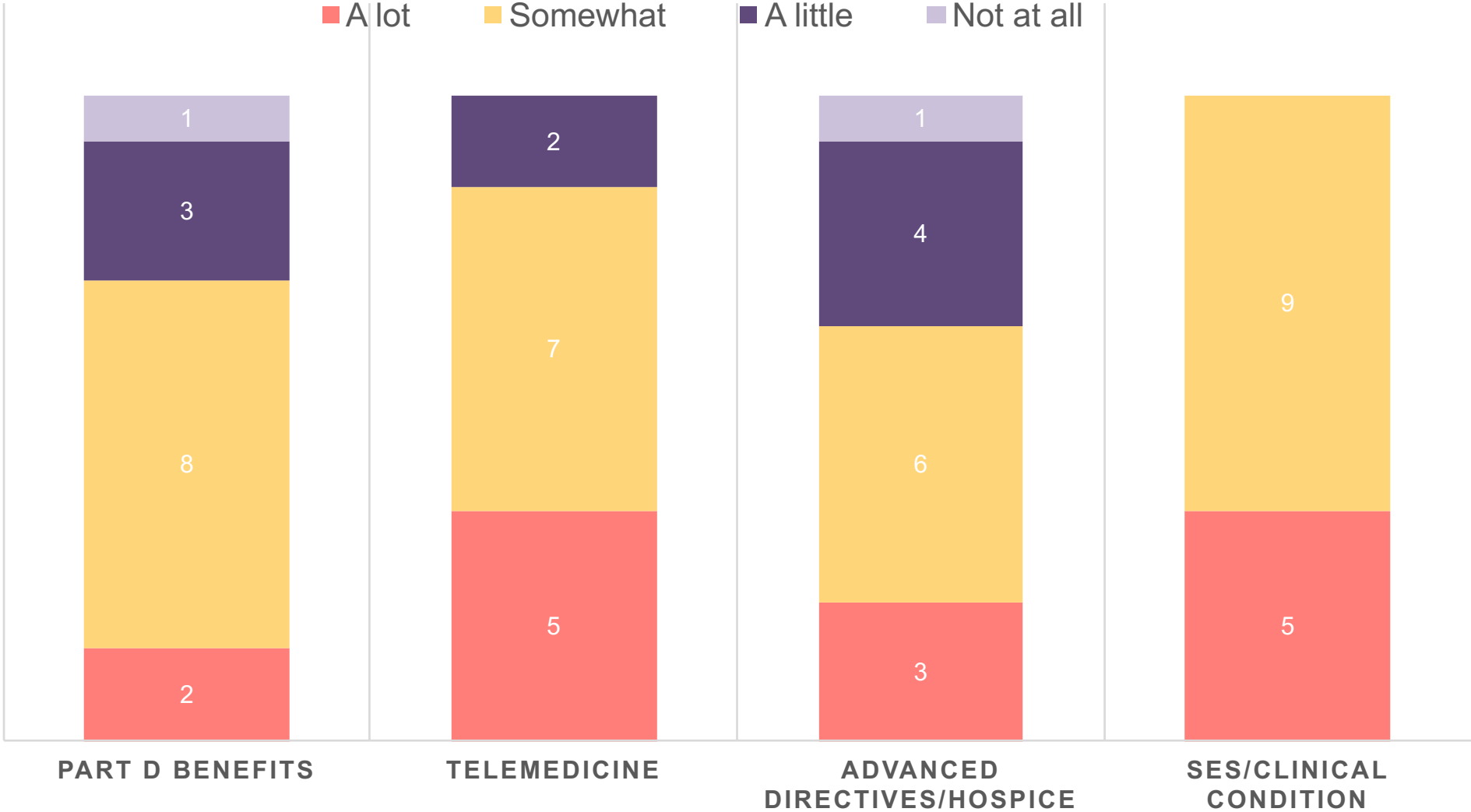
# **MA VBID Pre-Event Survey**

# Q1: To what extent do the following issues around the CMMI MA VBID model test impact your decision to consider/apply/implement?

■ A lot ■ Somewhat ■ A little ■ Not at all

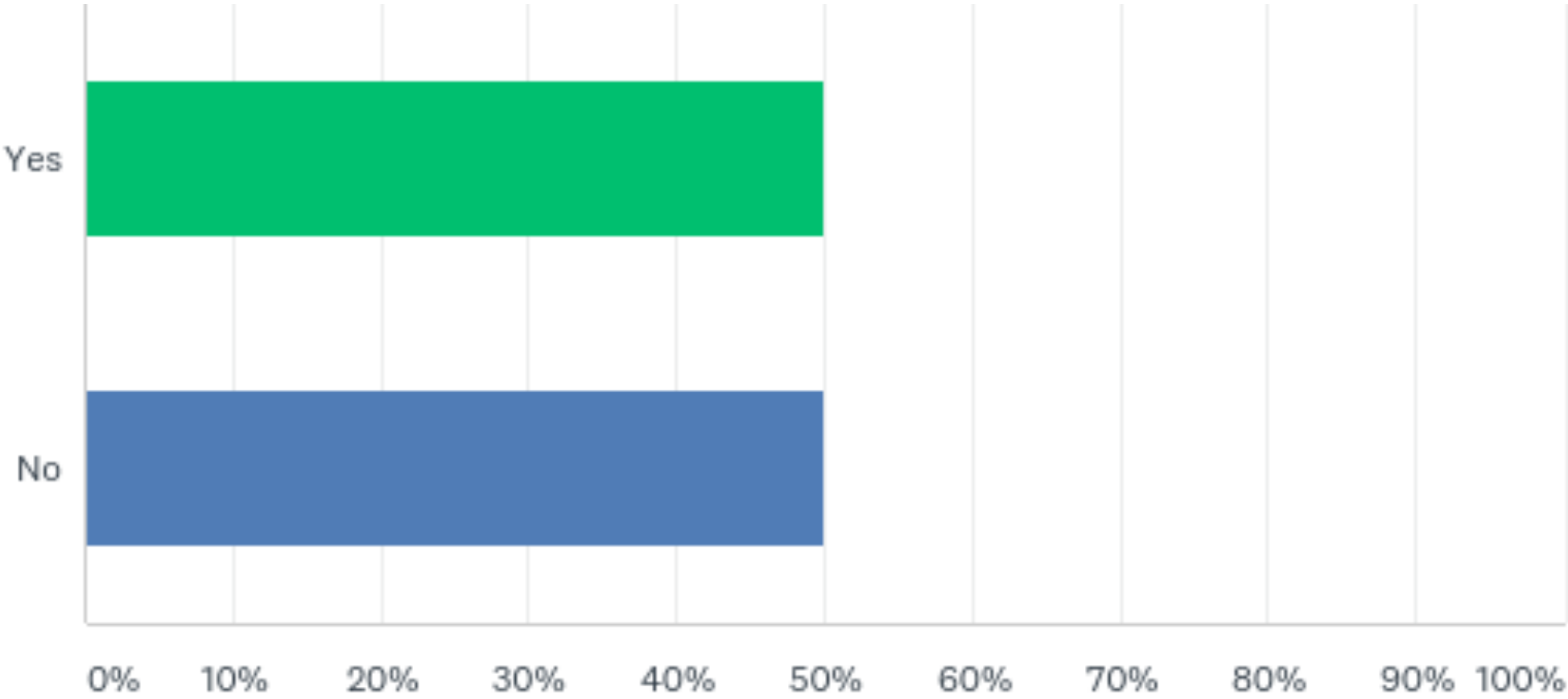


# EXTENT THAT BENEFIT ELEMENT IMPACTS DECISION TO IMPLEMENT VBID



# Has the CMS amending the uniformity rule impacted your likelihood to consider/apply/implement VBID in the CMMI MA VBID model?

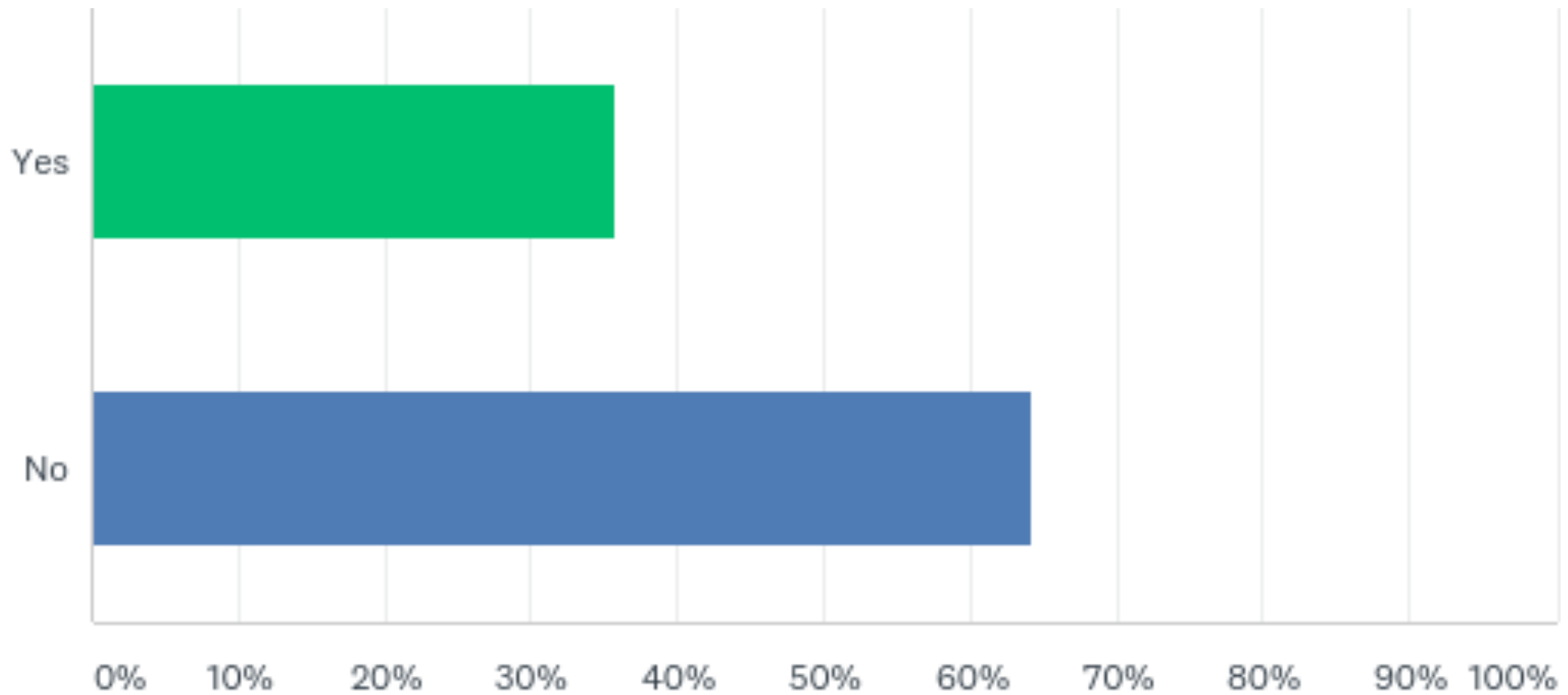
• Answered: 14 Skipped: 0





# Has the CMS amending the uniformity rule impacted your likelihood to consider/apply/implement VBID not in the CMMI MA VBID model?

• Answered: 14 Skipped: 0



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