SCHOOL OF PUBLIC HEALTH
CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

Potential Role for Value-Based Insurance Design in Cancer Care

Summit on Optimizing High Value Cancer Care

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Improving Care and Bending the Cost Curve
Shifting the discussion from "How much" to "How well"

- **The past several decades have produced remarkable technological and therapeutic innovations for the prevention and treatment of cancer, resulting in impressive reductions in morbidity and mortality**
- **Regardless of these clinical advances, cost growth remains the principle focus of health care reform discussions**
- **Despite unequivocal evidence of clinical benefit, substantial underutilization of high-value cancer services persists across the spectrum of clinical care**
- **Given that there is no disagreement that there is enough money in the current system, stakeholders should shift the focus from *how much* - to *how well* - we spend**

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Dealing with the Health Care Cost Crisis
Interventions to Control Costs

- **Information Technology**
- **Payment Reform**
- **Make Beneficiaries Pay More**
  - **For today's discussion, it is important to distinguish between the total cost of care and the portion of costs of care paid by the consumer**

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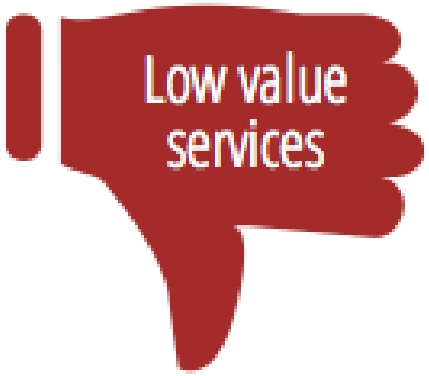
The Problem: "One Size Fits All" Cost Sharing

Cost sharing for medical services and providers are the same for...

&



+ Strong evidence base
+ Enhance clinical outcomes
+ Increase efficiency

- Weak evidence base
- Minimal or no clinical benefit
- Increase inefficiency

...despite evidence-based differences in value.

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Value-Based Insurance Design: Improving Care and Bending the Cost Curve

- **A growing body of evidence demonstrates that increases in patient cost-sharing leads to decreases in non-essential and essential care which, in some cases, leads to greater overall costs**

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Value-Based Insurance Design Inspiration

"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)

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Value-Based Insurance Design: Aligning Cost-sharing with Clinical Benefit – not Purchase Price

- **Ideally, patient copayments would be used to encourage the use of high-value services and discourage the use of low-value services**
- **Cost-related non-adherence is particularly problematic in clinical oncology**

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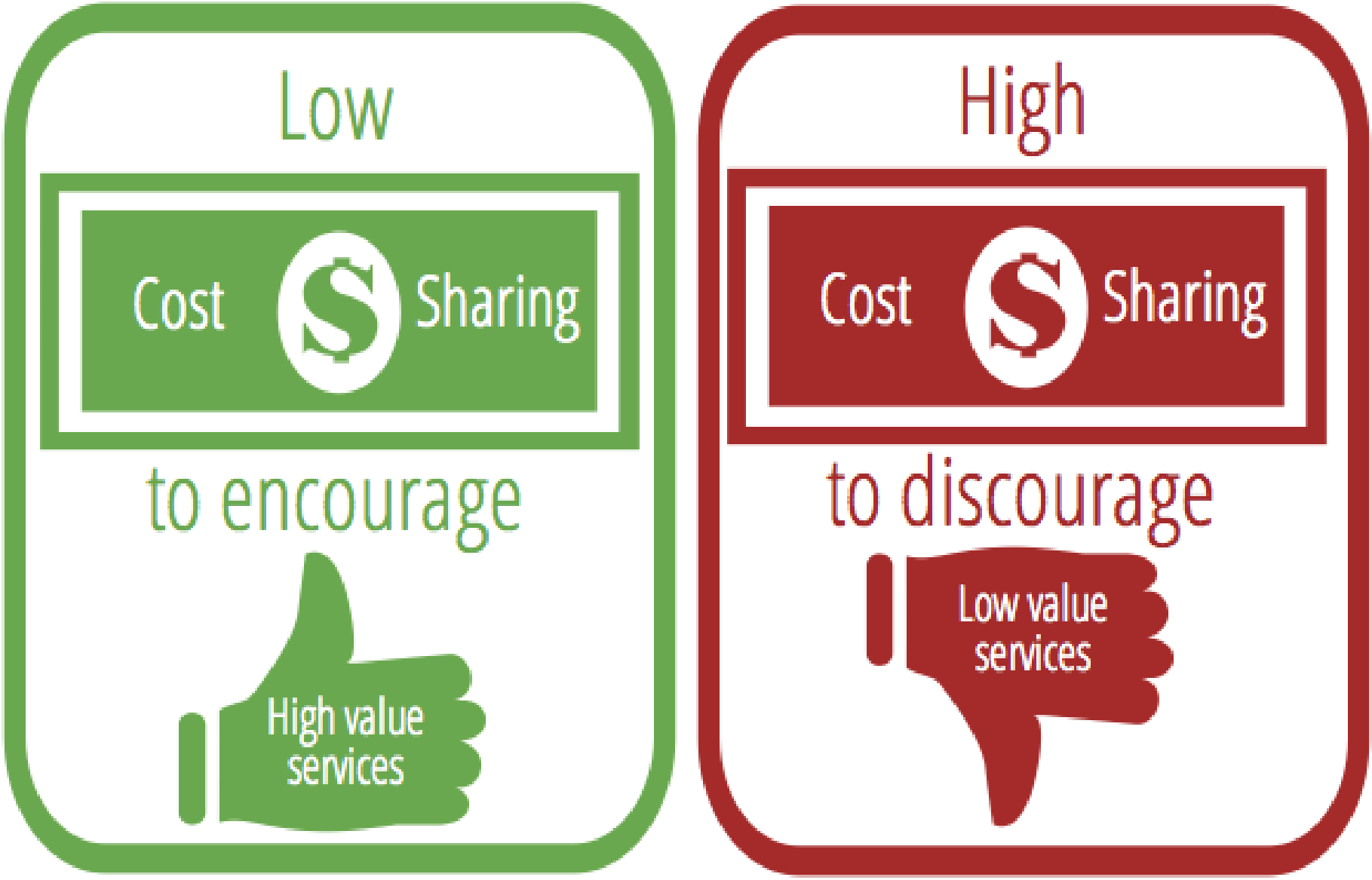
A New Approach: Clinical Nuance

1. Services differ in clinical benefit produced

2. Clinical benefits from a specific service depend on:

The Solution: Clinically-Nuanced Cost Sharing



Value Based Insurance Design: "Carrot" Programs Improve Adherence Without Increasing Costs

- **July 2013 *Health Affairs*:**
  - **Systemic review of 13 studies of incentive-only drug programs**
  - **"consistently associated with improved adherence"**
  - **Lower patient out of pocket costs**
  - **No significant increase in total spending by payers**

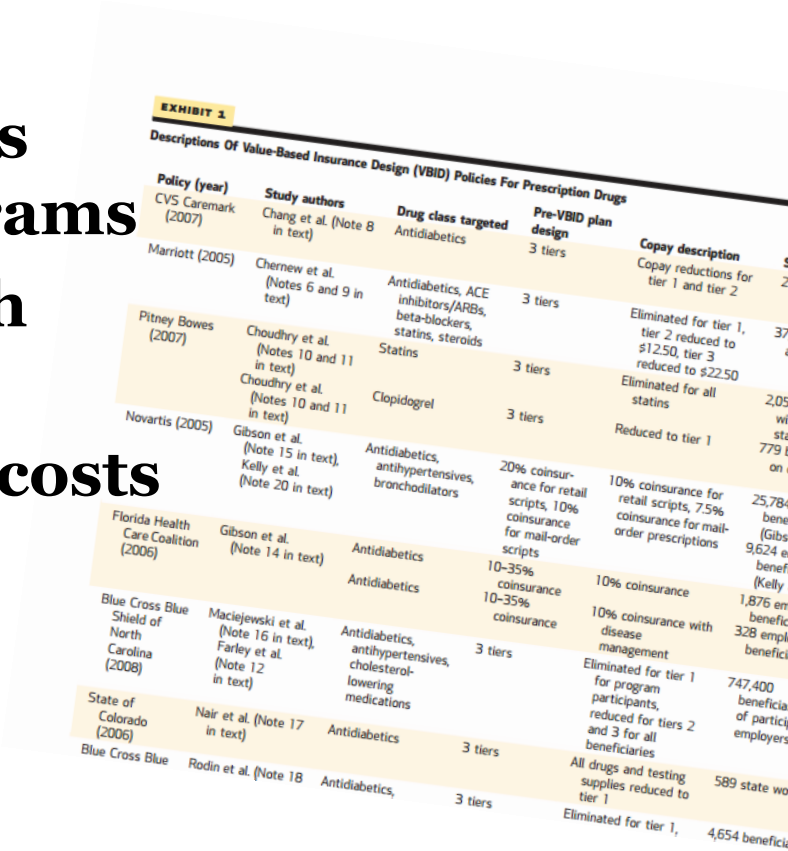


EXHIBIT 1

Descriptions Of Value-Based Insurance Design (VBID) Policies For Prescription Drugs

Policy (year)	Study authors	Drug class targeted	Pre-VBID plan design	Copay description	
CVS Caremark (2007)	Chang et al. (Note 8 in text)	Antidiabetics	3 tiers	Copay reductions for tier 1 and tier 2	
Marriott (2005)	Chernew et al. (Notes 6 and 9 in text)	Antidiabetics, ACE inhibitors/ARBs, beta-blockers, statins, steroids	3 tiers	Eliminated for tier 1, tier 2 reduced to $12.50, tier 3 reduced to $22.50	37
Pitney Bowes (2007)	Choudhry et al. (Notes 10 and 11 in text)	Statins	3 tiers	Eliminated for all statins	2,05 wi sta
	Choudhry et al. (Notes 10 and 11 in text)	Clopidogrel	3 tiers	Reduced to tier 1	779 on
Novartis (2005)	Gibson et al. (Note 15 in text), Kelly et al. (Note 20 in text)	Antidiabetics, antihypertensives, bronchodilators	20% coinsurance for retail scripts, 10% coinsurance for mail-order scripts	10% coinsurance for retail scripts, 7.5% coinsurance for mail-order prescriptions	25,784 bene (Gibs 9,624 e benef (Kelly
Florida Health Care Coalition (2006)	Gibson et al. (Note 14 in text)	Antidiabetics	10–35% coinsurance	10% coinsurance	1,876 en benefic
		Antidiabetics	10–35% coinsurance	10% coinsurance with disease management	328 empl benefici
Blue Cross Blue Shield of North Carolina (2008)	Maciejewski et al. (Note 16 in text), Farley et al. (Note 12 in text)	Antidiabetics, antihypertensives, cholesterol-lowering medications	3 tiers	Eliminated for tier 1 for program participants, reduced for tiers 2 and 3 for all beneficiaries	747,400 beneficia of partici employers
State of Colorado (2006)	Nair et al. (Note 17 in text)	Antidiabetics	3 tiers	All drugs and testing supplies reduced to tier 1	589 state wo
Blue Cross Blue	Rodin et al. (Note 18	Antidiabetics,	3 tiers	Eliminated for tier 1,	4,654 beneficia

Joy L. Lee, Matthew Maciejewski, Shveta Raju, William H. Shrank, and Niteesh K. Choudhry
Health Aff July 2013 vol. 32 no. 7 1251-1257

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Value-Based Insurance Design
Implications for Use of "Clinical Nuance" in Oncology

- **Screening**
  - **Targeted screening based on cancer risks**
- **Diagnostics**
  - **Molecular diagnostics to determine prognosis or predict response to therapy**
- **Treatments**
  - **By indication**
  - **Based on results of diagnostics**
- **Providers**
  - **Centers of excellence**

De Souza et al. J Natl Compr Canc Netw 2012;10:18-23

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HEALTH AND FITNESS
Northeast OH Healthy Living and Medical Consumer News

“Lowe's is offering employees incentives in the form of reduced out-of-pocket costs to come to the Cleveland Clinic for heart procedures.”

Lowe's will bring its workers to Cleveland Clinic for heart surgery

By Harlan Spector, The Plain Dealer
February 17, 2010, 3:58AM

View full size Chuck Burton / Associated Press

Lowe's is offering employees nationwide incentives in the form of reduced out-

Value Based Insurance Design: Provisions in the Patient Protection & Affordable Care Act

- **Coverage of Primary Preventive Services**
  - **Sec. 2713 prohibits cost sharing for >60 evidence-based preventive services**
  - **Approximately 105 million Americans have received expanded coverage**
- **Implementation of "nuanced" cancer related recommendations challenging**
  - **Screening (colonoscopy, CT for lung)**
  - **Treatment (chemoprevention for high risk breast cancer)**
- **Clinically indicated follow-up of preventive care not included**

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V-BID in Medicaid
CMS Regulatory Guidance Permits "Clinical Nuance"

- **The CMS recently finalized rules (CMS-2334-F) giving Medicaid programs greater flexibility to vary cost-sharing for drugs as well as certain outpatient, emergency department, and inpatient visits**
- **States may vary cost-sharing for a particular outpatient service in accordance with who provides the service and/or where it is delivered**
- **States may target cost-sharing to specific groups of individuals based on clinical information (e.g., diagnosis, risk factors)**

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V-BID in Healthy Michigan Legislation

Health plans permitted to:

- Reduce required contributions to an individuals health savings account if "healthy behaviors are being addressed, as based on uniform standards developed by DCH in consultation with health plans."
- Waive co-pays "to promote greater access to services that prevent the progression and complications related to chronic diseases."

[Section 105D(1)(e)]

Department of Community Health to "design and implement a co-pay structure that encourages the use of high-value services, while discouraging low-value services such as non-urgent Emergency Department utilization."

[Section 105D(1)(f)]

DCH to implement a pharmaceutical benefit that utilizes co-pays at appropriate levels allowable by CMS to encourage the use of high-value, low-cost prescriptions.

[Section 105D(1)(5)]

Source: Stephen Fitton, Director, MDCH

Massachusetts V-BID Legislation

Section 226 (a) The commissioner shall by regulation determine which medical services, treatments and prescription drugs shall be deemed high-value cost-effective services for the purposes of this section. The determination of high-value cost-effective services shall rely on the recommendations of the Barrier-Free Care Expert Panel established by subsection (c). Any service, treatment or prescription drug determined by the commissioner to be a high-value cost-effective service by regulation promulgated prior to July 1 of a year shall be deemed a high-value cost-effective service for the purposes of subsection (b) effective on January 1 of the following year. In determining medical services, treatments and prescription drugs to be deemed high-value cost-effective services, the commissioner may limit the effect of the determination to people with one or more specific diagnoses or risk factors for a disease or condition.

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Implementing V-BID in Medicare: Inclusion in "Better Care, Lower Cost Act" of 2014

"(D) CHANGES IN COVERAGE.—The Secretary, in consultation with experts in the field, shall establish a process for qualified BCPs to submit value-based Medicare coverage changes that encourage and incentivize the use of evidence-based practices that will drive better outcomes while ensuring patient protections and access are maintained.

Using Clinical Nuance to Align Payer and Consumer Incentives

Many initiative are restructuring provider incentives:

- **Payment reform**
  - **Global budgets**
  - **Pay-for-performance**
  - **Bundled payments**
  - **ACOs**
- **Tiered networks**
- **Health information technology**

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Using Clinical Nuance to Align Payer and Consumer Incentives

Unfortunately, "supply-side" initiatives have historically paid little attention to consumer decision-making or the "demand-side" of care-seeking behavior:

- **Shared decision-making**
- **Literacy**
- **Benefit design**

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Role of V-BID in Oncology: Using Clinical Nuance to Align Payer and Consumer Incentives

- **The alignment of supply- and demand-side incentives can improve quality and achieve savings more efficiently than either one alone**

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Aligning "Supply-Side" and "Demand-Side" Incentives BlueShield of California's "Blue Groove" Plan

- **Combines wellness programs, advanced member engagement, Value-Based Insurance Design, and high-performing provider networks**
- **Qualify for lower co-payments only if you have one or more conditions and use a high-value provider:**
  - **--End-stage renal disease**
  - **--Coronary artery disease**
  - **--Diabetes**
  - **--Osteoarthritis**
  - **--Congestive Heart failure**
  - **--Cancer**
  - **--Hypertension**
- **Aligns clinical goals of supply-side (ACO) and demand-side (V-BID) initiatives**

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Value-Based Insurance Design in Oncology "Clinically Nuanced, Fiscally Responsible"

- **The use of "clinically nuanced" incentives [and disincentives] to encourage [and discourage] patient and provider behavior to redistribute medical expenditures will produce more health at any level of health expenditure**

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