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Healthcare IT crucial to value-based insurance design

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Robust healthcare IT systems able to specifically classify treatments based on an individual patient's profile are vital for payers in order to properly manage value-based benefits according to Mark Fendrick, co-director of the Center for Value-Based Insurance Design, and other industry experts – representing health plans, government and service providers – all speaking Monday at the AHIP Fall Forum.

"Health information technology, I think, is really the enabler," said Fendrick. "And it goes beyond electronic medical records. But I really do believe that when these systems are in place – and there are some already – we will know how to find the people that have hypertension and we will know how to find the other people with co-morbidities and risk factors."

Value-based programs at the most basic level will seek out people in specific populations and having accurate actionable data to indentify people at risk for diabetes or other conditions is the first step. But throughout the presentation, Fendrick and others noted that value-based care decisions are more nuanced than this.

As an example, colonoscopy screening for men 50 to 74 is such a "high-value" service that Fendrick favors *paying* the insured member to have one performed based on the both the improved outcome for patients for early detection versus the very high costs of treating colon cancer. But it is not as easy as simply designing a plan that provides incentives for all members to have regular colonoscopies.

"This has very low value for a man who is 29 and is actually a dangerous procedure for a man who is 75," said Fendrick. "So it is this kind of nuanced care that we need to provide for this to work."

The challenge for insurance plans is how to incorporate the knowledge about what leads to better health outcomes while assigning a value to those treatments – in essence creating plans that pay more for some procedures based on an individual's health profile while shifting more cost to the member who chooses procedures that are of low value.

“You really need to think very holistically and comprehensively about the value-based programs,” said Lewis Sandy, MD, senior vice president, clinical advancement for the UnitedHealth Group. “It is not just that we need a few levers on the benefit package, but it is also tools and capabilities, it is the IT infrastructure, the idea of consumer engagement and personalization is also very important.”

Some technology and software providers are stepping up to help support the added infrastructure needed to properly administer VBID. Gail Knopf, vice president of product innovation with TriZetto Group noted that a presentation on VBID a couple of years ago only proved to her that it would require an assist from technology to make it work.

“I immediately recognized that VBID is something that would have some legs, but needed technology to help enable it because of its complexity,” she said. “While we have extensive claims administration systems, the idea of going beyond the fairly straightforward pharmacy benefit of relieving a co-pay for a drug and moving into the complexity for specific medical claims and procedures and being able to deliver the nuanced benefits that Mark (Fendrick) speaks of, all of that was going to require a significant enhancement in technology.”

While technology can be the enabler, much of the work is still up to individuals and industry to change how they think about medical benefits and how we pay for our care. So ultimately VBID will need to clear the human hurdle if it is to become commonplace.

“We have to get employers and, dare I say, health plans, comfortable with the idea that there *are* lower value services,” said Jennifer Boehm, principal, health management practice AONHewitt. “I think the only way VBID lives on and is sustainable is over time is if we move in that direction.”

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