

## Record Update First

### U-M center plays key role in Medicare proposal

*By James Iseler*

A relatively new component of the health care reform debate — one developed by and practiced at U-M — is the focus of a bipartisan proposal recently introduced in the U.S. Senate.

The legislation seeks to establish a pilot program for some Medicare recipients using the principles of Value-Based Insurance Design (VBID), which balances long-term cost containment with the efficient delivery of quality care.

If adopted, the proposal would reduce or eliminate copays for the treatment of 15 medical conditions under selected Medicare plans. The idea is that trimming patient out-of-pocket costs will increase use of the medications, thereby easing the need for more expensive treatment later.

"These are common conditions among Medicare beneficiaries for which improved access to high-value medications can lead to a marked increase in quality and length of life" says Dr. A. Mark Fendrick, co-director of U-M's Center for Value-Based Insurance Design, the first academic venue to combine clinical and economic expertise in researching and analyzing the impact of VBID.

He adds, "The inclusion of value-based design into the Medicare program will show that this approach can produce more health for every taxpayer dollar spent."

Sens. Debbie Stabenow, D-Mich., and Kay Bailey Hutchison, R-Texas, co-sponsored the bill, which was introduced last week. Fendrick says the fact that U-M is playing such a major role in legislation that has support from leaders in both parties is a testament to the center's work.

"Exciting advancements such as these are examples of the innovation we need in order to resolve our nation's health care crisis," Stabenow says. "What groups like the center are doing is making insurance work smarter and better."

VBID seeks to achieve long-term economic and medical benefits by removing the cost barriers to high-value medications and treatments for such conditions as asthma, diabetes, heart disease or depression. Fendrick says high value equates to "better outcomes for the same or less cost" than under traditional coverage. "We guarantee more health, at every price point, using this approach," Fendrick says.

For treatment of some chronic diseases, VBID could be an alternative to the ever-increasing copays and deductibles being borne by patients in an attempt to contain the spiraling cost of health care in the United States. "The 'one size fits all' copays that most patients face today do not distinguish among high- and low-value treatments. With VBID, we use a 'clinically sensitive' copay system that encourages the use of high-value services," Fendrick says.

The university employs the VBID concept through its award-winning MHealthy: Focus on Diabetes program, on the theory that increased access to high-value treatments will dramatically reduce costly future diabetic complications. And U-M is expanding the program to include anti-smoking treatments as part of the effort to create a smoke-free campus by 2011.

Although the VBID concept has been rapidly gaining momentum in the private sector, this legislation would be VBID's first real foothold in a publicly funded program, Fendrick says. Backers of the measure think it's a good fit for Medicare since the program's 26 million beneficiaries are likely to have chronic illnesses and take multiple medications.

In trying economic times, Medicare recipients — many on fixed incomes — delay or forego essential medications due to

rising out-of-pocket costs. That may lead to a worsening of their condition, the treatment of which could increase overall medical costs. By removing the barriers to prescriptions and other high-value treatments, VBID increases the overall value of such care.

For more information, go to [www.vbidcenter.org](http://www.vbidcenter.org).