Submitted electronically via the Federal Rulemaking portal @ www.regulations.gov

Secretary of Defense Robert Gates
Federal Docket Management System Office, 1160 Defense
Pentagon, Washington, District of Columbia 20301-1160

Re: Comments on Interim Final Rule for Elimination of Copayments for Authorized Preventive Services for Certain TRICARE Standard Beneficiaries

Dear Secretary Gates:

We write on behalf of the Center for Value-Based Insurance Design to offer comments on the interim final rule for elimination of copayments for authorized preventive services for TRICARE Standard beneficiaries. The interim final rule implements the concept of "value-based insurance design" by eliminating cost-sharing for certain beneficiaries based on clinically nuanced criteria set forth by the Centers for Disease Control and Prevention and the U.S. Preventive Services Task Force, among other government authorities. We understand that most other TRICARE beneficiaries already enjoy preventive care without cost-sharing, and we applaud the extension of these preventive services to specific beneficiaries in the TRICARE Standard group. We offer our comments based on knowledge we have gained from more than a decade of experience studying and supporting value-based insurance plans in both the public and private sectors.

CENTER FOR VALUE-BASED INSURANCE DESIGN:

The University of Michigan Center for Value-Based Insurance Design was established in 2005 to develop, evaluate, and promote value-based insurance initiatives in order to ensure efficient expenditure of health care dollars and maximize benefits of care. The Center is the first academic venue in which faculty with both clinical and economic expertise conduct empirical research to determine the health and economic impact of innovative benefit designs.

OVERVIEW OF VALUE-BASED INSURANCE DESIGN:

Value-Based Insurance Design (V-BID) is one of the most innovative and widely implemented approaches to enhance clinical outcomes and control the cost of health care. A broad and diverse coalition of health care and business leaders across the country, as well as political leaders from across party aisles, support expanded utilization of V-BID programs to simultaneously address quality improvement and cost containment, both for preventive care and the management of chronic medical conditions. The Medicare Payment Advisory Commission advocated exploring V-BID as a way to improve Medicare and control its cost-growth,[1] and a bipartisan group of health policy

[1] Medicare Payment Advisory Commission, "Improving Incentives in the Medicare System," Report to Congress 2009, 2010.

experts organized by the Brookings Institution included V-BID as a recommendation to "bend the cost-curve" in health care reform.[2]

The goal of V-BID is to structure health plan design elements to optimize patient health through increased utilization of evidence-based health care services. In particular, V-BID lowers financial barriers to high-value services and provides disincentives for low-value care. Restructuring health insurance plans to provide patient incentives for evidence-based care can help refocus the health care system on quality outcomes rather than volume, especially if the provider payment system is restructured along similar lines.

COMMENTS ON THE PROPOSED RULE

As indicated by the Proposed Rule (PR), Section 711 of the Duncan Hunter National Defense Authorization Act (NDAA) for Fiscal Year 2009 (FY 2009) eliminates copayments for authorized preventive services for TRICARE Standard beneficiaries other than Medicare-eligible beneficiaries.

We respectfully offer the following comments:

1. WE STRONGLY SUPPORT THE ELIMINATION OF CO-PAYS FOR TRICARE STANDARD BENEFICIARIES.

The prohibition of patient cost-sharing for selected evidence-based screenings and preventive care for specified populations of children, adolescents, and adults is entirely consistent with core V-BID principles: 1] health care services differ in the health benefits they produce; 2] we should promote the use of clinically effective care, and 3] the clinical benefit of health care services depends on the individual who receives them. Research shows that even minimal co-pays can deter some patients from seeking needed medical care. We believe these rules will ensure the appropriate utilization of evidence-based preventive health services among more TRICARE Standard beneficiaries.

2. WE SUPPORT THE ELIMINATION OF COST-SHARING FOR TRICARE BENEFICIARIES FOR SECONDARY PREVENTION; WE LOOK FORWARD TO ESTABLISHING A DIALOGUE WITH THE DEPARTMENT TO ADVANCE THIS GOAL

We believe the V-BID premise of reduced patient cost sharing for high-value, evidence-based care has important implications beyond preventive services as mandated in the NDAA. The definition of preventive services in the NDAA is narrow, focusing on a number of screening and vaccination activities that fall into the category of primary prevention. Evidence-based services for those with identified chronic diseases such as eye examinations for those with diabetes, behavioral therapy for individuals with depression, and long-acting inhalers for asthma sufferers offer as much or more value than those preventive services identified in Section 711. These services – often referred to as "secondary prevention" - are typically the foundation of quality improvement programs, such as pay for performance, disease/condition management and health plan accreditation. While we recognize that regulatory bodies cannot specify all high-value services, breadth in defining value as an outcome of measure improvement in quality care is an important consideration. **A provision to allow the identification of high-value secondary prevention services that would be made available without patient cost-sharing, similar to those primary prevention services selected in Section 711, would be**

[2] Brookings Institution, "Bending the cost-curve: Effective Steps to Address Long-Term Health Care Spending Growth," September, 2009. Available at: http://www.brookings.edu/reports/2009/0901_btc.aspx#

an important extension of the health enhancement and cost containment goals of the FY2009 NDAA.

The academic evidence is very clear that charging high copayments or deductibles for evidence-based services reduces their use, leads to lower quality of care and potentially higher costs. This finding is consistent across all types of services including ambulatory office visits, mammograms, important medications for managing chronic disease and other quality metrics. [3] Equally troublesome is that the impact of high levels of patient cost-sharing is concentrated on low-income populations, supporting the view that high copayments exacerbate health disparities.[4] Value-based insurance design, through lowering copayments for such high-value services, is demonstrated to improve quality without increasing aggregate medical expenditures and can be judiciously installed to accommodate varying socio-economic issues. [5]

3. We Support Elimination of Cost-Sharing in Future Defense Authorizations to Reap the Full Benefits of Value-Based Design

The elimination of cost-sharing for FY2009 was retroactive, meaning that beneficiaries did not necessarily know that their co-pays would be eliminated when they received a qualifying preventive service. If cost-sharing is eliminated for TRICARE Standard beneficiaries in future years, it should be done prospectively, ideally for more than one fiscal year at a time. This will ensure that beneficiaries have reliable information about their health costs and take full advantage of the preventive services offered. Additionally, sharing information about low-cost preventive services proactively with TRICARE beneficiaries will create more opportunities for patients to take advantage of these services, improving their health and lowering future costs due to medical complications.

Conclusions

V-BID offers one of the simplest yet most promising opportunities to encourage clinically-effective care by creating the incentive for Americans to get the preventive care they need in a way that can lower overall health care cost trends while improving total health outcomes. Congress expressed support for this approach to benefit design when it included language to advance V-BID in every version of health reform legislation, and ultimately in Section 2713 of the Affordable Care Act. While the Department of Health and Human Services is presently implementing that provision, we believe

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[3] Trivedi AN, Moloo H, Mor V. Increased ambulatory care copayments and hospitalizations among the elderly. N Engl J Med 2010;362:320-328. Trivedi AN, Rakowski W, Ayanian JZ. Effect of cost-sharing on screening mammography in Medicare Health Plans. *New England Journal of Medicine*. 2008;358(4):375-383. Goldman DP, Joyce GF, Zheng Y. Prescription Drug Cost Sharing. Associations with Medical Utilization and Spending and Health. *The Journal of the American Medical Association*. 2007;298(1):61-27. Chernew ME, Gibson TB. Cost Sharing and HEDIS Performance. Medical Care Research and Review. 2008; 65(6):713-729.

[4] Chernew ME, Gibson TB, Yu-Isenberg K, Sokol MC, Rosen AB, Fendrick AM. Effects of Increased Patient Cost Sharing on Socioeconomic Disparities in Health Care. J Gen Intern Med 2008 23(8):1131–6.

[5] Chernew ME, Shah MR, Wegh A, Rosenberg SN,Juster IA, Rosen AB, Sokol MC, Yu-Isenberg K, Fendrick AM. Impact Of Decreasing Copayments On Medication Adherence Within A Disease Management Environment. Health Affairs, 2008: 27; 103-112.

that all agencies in the federal government should promote benefit designs that encourage clinically-effective health care.

Our multidisciplinary team of University of Michigan researchers introduced the concept of Value-Based Insurance Design over a decade ago. We have worked with hundreds of health care stakeholders to promote its implementation and evaluation. We are delighted to provide input to this process, and look forward to an ongoing interaction as the Department develops further guidance advancing this important innovation in benefit design.

Thank you for your attention to this matter. Please contact us if you require any additional information.

Sincerely,

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