Title: Value-Based Insurance Design: Changing the health care discussion from how much to how well

Description: Consumer cost-sharing plays a critical role in defining the health care benefit. To balance the demands for access to medical interventions with pressures to constrain costs, levels of cost-sharing must be set in a manner that achieves appropriate clinical and financial outcomes. Modern multi-tier systems often base patient contributions on acquisition cost, and often do not consider medical necessity as a coverage criterion. Using an alternative approach, namely Value-Based Insurance Design, patient contributions are based on the potential for clinical benefit, taking into consideration the patients' clinical condition. The basic V-BID premise is to align patients' out-of-pocket costs, such as copays and premiums, with the value of health services. By reducing barriers to high-value treatments (through lower costs to patients) and discouraging low-value treatments (through higher costs to patients), these plans can achieve improved health outcomes at any level of health care expenditure. Studies show that when barriers are reduced, significant increases in patient compliance with recommended treatments and potential cost savings result. Implementation of such a system would provide a financial incentive for individuals to prioritize their out-of-pocket expenditures based on the value of their services, not exclusively their price.

1. Examine the relationship between cost-sharing and patient adherence.
2. Explain the concept of "clinical nuance" which recognizes that: (1) medical services differ in the benefit provided; and (2) the clinical benefit derived from a specific service depends on the patient using it, as well as when and where the service is provided.
3. Introduce Value-Based Insurance Design - a program where cost-sharing is based on an intervention's clinical benefit - not cost - to prioritize patients' out-of-pocket expenditures.
4. Review existing evidence on Value-Based Insurance Design programs.
5. Overview of V-BID implementation in public and private payers.