Improving Consumers' Access to High-Value Health Care
Shifting the discussion from "How much" to "How well"

- **Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality**
- **Regardless of these advances, cost growth is the principle focus of health care reform discussions**
- **Despite unequivocal evidence of clinical benefit, substantial underutilization of high-value services persists across the entire spectrum of clinical care**

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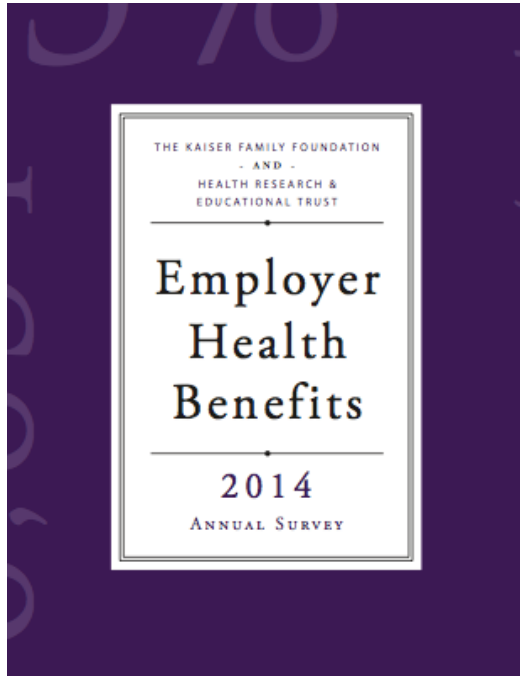
Improving Consumers' Access to High-Value Health Care
Role of Consumer Cost-Sharing in Clinical Decisions

- **For today's discussion, our focus is on costs paid by the consumer, not the employer or third party administrator**
- **Ideally consumer cost-sharing levels would be set to encourage the clinically appropriate use of health care services**
- **Instead, archaic "one-size-fits-all" cost-sharing fails to acknowledge the differences in clinical value among medical interventions**
- **Consumer cost-sharing is rising rapidly**



Health Affairs 2014. doi: 10.1377/hlthaff.2014.0792

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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)

Impact of Increases in Consumer Cost-Sharing on Health Care Utilization

- **A growing body of evidence concludes that increases in consumer cost-sharing leads to a reduction in the use of essential services, worsens health disparities, and in some cases leads to greater overall costs**
- **One in Four adults with non-group coverage report going without needed care due to cost**

The New York Times

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ECONOMIC VIEW

When a Co-Pay Gets in the Way of Health

By SENDHIL MULLAINATHAN
Published: August 10, 2013

ECONOMISTS specialize in pointing out unpleasant trade-offs — a skill that is on full display in the health care debate.

Enlarge This Image

Minh Uong/The New York Times

We want patients to receive the best care available. We also want consumers to pay less. And we don't want to bankrupt the government or private insurers. Something must give.

The debate centers on how to make these trade-offs, and who gets to make them. The stakes are high, and the choices are at times unseemly. No matter how necessary, putting human suffering into dollars and cents is not attractive work. It's no surprise, then, that the conversation is so heated.

What is a surprise is that amid these complex issues, one policy sidesteps these trade-offs

FACEBOOK
TWITTER
GOOGLE+
SAVE
EMAIL
SHARE
PRINT
REPRINTS

THE GRAND BUDAPEST HOTEL

Goldman D. *JAMA*. 2007;298(1):61–9. Trivedi A. *NEJM*. 2008;358:375-38.. 2010;362(4):320-8.. Chernew M. J Gen Intern Med 23(8):1131–6.

Improving Consumers' Access to High-Value Health Care Solutions Are Needed to Enhance Efficiency

- **Consumers currently do not have the necessary information to make informed health care decisions**
- **While important, clinician incentives and providing accurate price and quality data does not ensure appropriate care delivery**
- **Additional consumer engagement solutions are necessary to better allocate health expenditures on the clinical benefit – not only the price or profitability – of services**

Potential Solution:

Clinically Nuanced Cost-Sharing

What is clinical nuance?

Services differ in clinical benefit produced

Clinical benefits from a specific service depend on:

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Implementing Clinical Nuance: Value-Based Insurance Design

- **Sets consumer cost-sharing level on clinical benefit – not acquisition price – of the service**
  - **Reduce or eliminate financial barriers to high-value clinical services and providers**

- **Successfully implemented by hundreds of public and private payers**

WSJ.com THE WALL STREET JOURNAL. ONLINE

June 16, 2004

FOLLOW THE MONEY

From 'One Size Fits All' To Tailored Co-Payments

June 16, 2004

University of Michigan researchers say a patient's payment for a drug should depend on how much he or she will benefit from the

Value Based Insurance Design
More than High-Value Prescription Drugs

- **Prevention/Screening**
- **Diagnostic tests/Monitoring**
- **Treatments**
- **Clinician visits**
- **High performing networks**
- **PCMH**
- **Hospitals**

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V-BID: Who Benefits and How?

Health Affairs. 2013;32(7):1251-1257 Health Affairs. 2014;;33(5):863-70

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Putting Innovation into Action: Create Broad Multi-Stakeholder Support

- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- The Commonwealth Fund
- NBCH
- PCPCC
- Partnership for Sustainable Health Care
- Families USA
- AHIP
- National Governor's Assoc.
- US Chamber of Commerce
- Bipartisan Policy Center
- Kaiser Family Foundation
- NBGH
- National Coalition on Health Care
- Urban Institute
- RWJF
- IOM
- PhRMA
- AARP

Lewin. *JAMA.* 2013;310(16):1669-1670

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Translating Research into Policy

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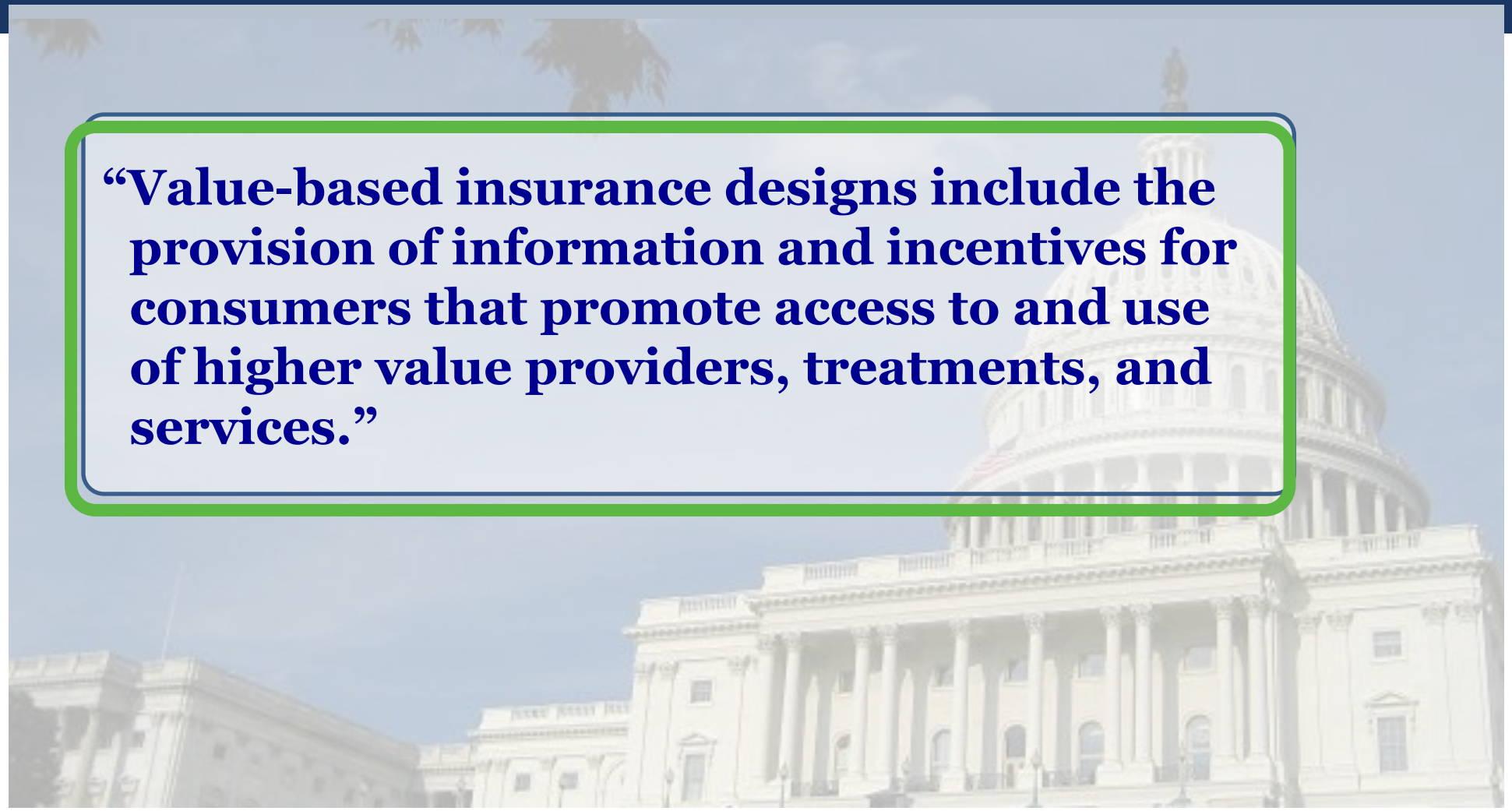
ACA Sec. 2713c Regulation: V-BID Definition



"Value-based insurance designs include the provision of information and incentives for consumers that promote access to and use of higher value providers, treatments, and services."

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Putting Innovation into Action
Translating Research into Policy

- **Medicare Advantage**

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Medication Affordability After Medicare Part D Implementation

- **Among elderly beneficiaries with four or more chronic conditions, the prevalence of cost-related non-adherence increased from 14% in 2009 to 17% in 2011, reversing previous downward trends**
- **The prevalence among the sickest elderly of forgoing basic needs to purchase medicines decreased from 9% in 2007 to 7% in 2009 but rose to 10% in 2011**

Health Aff August 2014 vol. 33 no. 8 1435-1443

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Effects of Increased Copayments for Ambulatory Visits for Medicare Beneficiaries

- **Copays increased:**
  - **$7 for primary care visit**
  - **$10 for specialty care visit**
  - **remained unchanged in controls**
- **In the year after copayment increases:**
  - **20 fewer annual outpatient visits per 100 enrollees**
  - **2 additional hospital admissions per 100 enrollees**
- **Total cost higher for those with increased copayments**

Trivedi A. *NEJM*. 2010;362(4):320-8..

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Why not lower cost-sharing on high-value services?

The anti-discrimination clause of the Social Security Act does not allow clinically nuanced consumer cost-sharing.

"providers may not deny, limit, or condition the coverage or provision of benefits"

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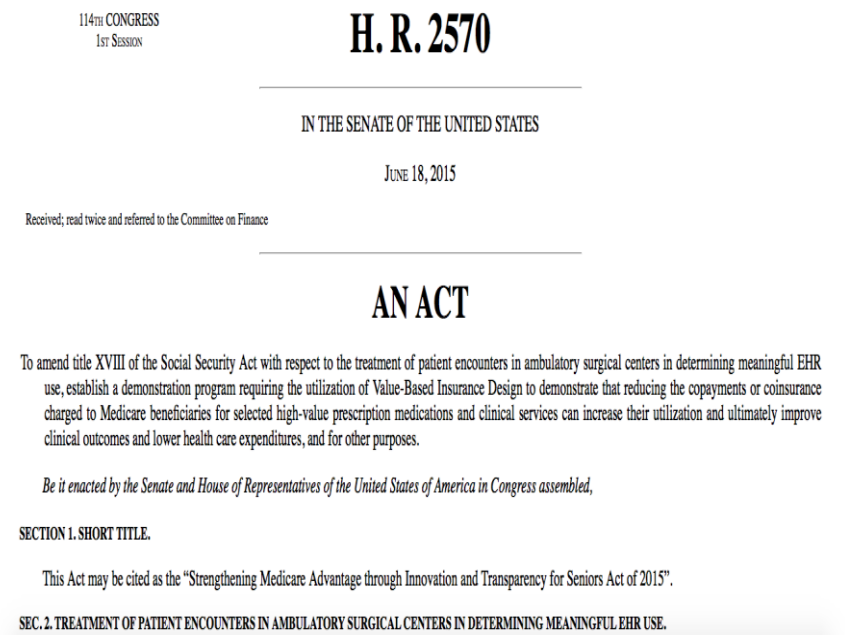
H.R.2570/S.1396: Bipartisan "Strengthening Medicare Advantage Through Innovation and Transparency"

- **Directs HHS to establish a V-BID demonstration for MA beneficiaries with chronic conditions**
- **Passed US House with strong bipartisan support in June 2015**
- **CMS issues RFI on role of V-BID in Medicare in October 2014**

HR 2570: Strengthening Medicare Advantage Through Innovation and Transparency



114TH CONGRESS
1ST SESSION

H. R. 2570

IN THE SENATE OF THE UNITED STATES

JUNE 18, 2015

Received; read twice and referred to the Committee on Finance

AN ACT

To amend title XVIII of the Social Security Act with respect to the treatment of patient encounters in ambulatory surgical centers in determining meaningful EHR use, establish a demonstration program requiring the utilization of Value-Based Insurance Design to demonstrate that reducing the copayments or coinsurance charged to Medicare beneficiaries for selected high-value prescription medications and clinical services can increase their utilization and ultimately improve clinical outcomes and lower health care expenditures, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Strengthening Medicare Advantage through Innovation and Transparency for Seniors Act of 2015".

SEC. 2. TREATMENT OF PATIENT ENCOUNTERS IN AMBULATORY SURGICAL CENTERS IN DETERMINING MEANINGFUL EHR USE.

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Putting Innovation into Action: Translating Research into Policy

- **HSA-qualified HDHPs**

HSA-HDHP enrollment and out-of-pocket expenses continue to grow

http://www.ahipcoverage.com/wp-content/uploads/2013/06/HSAinfographic_V9_FV.jpg

Maximum Out-of-pocket expense 2006 to 2014

individual: $5,000 to $6,350

family: $10,000 to $12,700

http://kff.org/report-section/ehbs-2014-section-eight-high-deductible-health-plans-with-savings-option/

http://www.irs.gov/pub/irs-drop/n-04-2.pdf

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HSA-qualified HDHPs: Expanding the Deductible-Exempt "Safe Harbor"

- More than 25% of employers offer HDHPs
- 85% of enrollees in the individual marketplace purchased either silver or bronze HDHP plans

J Gen Intern Med. 2012;27(9):1105-1111. *Health Aff*. 2011; 30(2):322-331.

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IRS Safe Harbor Guidance allows zero consumer cost-sharing for specific preventive services

INCLUDING:

- ✓ periodic health evaluations/screenings
- ✓ routine prenatal and well-child care
- ✓ child and adult immunizations
- ✓ tobacco cessation programs
- ✓ obesity weight-loss programs

www.irs.gov/pub/irs-drop/n-04-23.pdf

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However, IRS guidance requires that services used to treat
"existing illness, injury or conditions"
are not covered until the minimum deductible is met

office visits

diagnostic tests

drugs

As HSA-HDHP enrollees with existing conditions are required to pay out-of-pocket for necessary services, they utilize less care, potentially resulting in poorer health outcomes and higher costs

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Barriers to V-BID in HSA-qualified HDHPs
Expanding the Deductible-Exempt "Safe Harbor"

- **HDHP enrollees with chronic diseases are more likely to go without care due to cost or experienced financial hardship due to medical bills**
- **Many well-established quality metrics require the entire deductible to be met before coverage begins**
- **90% of employers support expanding deductible-exempt definition to include chronic disease care**

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Potential Solution:

High Value Health Plan

Flexibility to expand IRS "Safe Harbor" to allow coverage of additional evidence-based services prior to meeting the plan deductible

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V-BID HDHP Hybrid with "Smarter Deductibles": High Value Health Plan

HVHP allows evidence-based, services that manage chronic disease to be deductible-exempt:

- **Lower premiums than PPOs and HMOs; slight premium increase over existing HDHPs**
- **>40 million likely enrollees**

High Value Health Plan "Smarter Deductibles, Better Value"

- HSA-HDHP with flexibility to cover additional evidence-based services prior to the deductible
- Mitigates cost-related non-adherence leading to enhanced clinical outcomes
- Aligns with provider payment reform incentives
- Lower premiums than most PPOs and HMOs, providing an alternative to health plans subject to the "Cadillac Tax"
- Substantially reduces aggregate health care expenditures

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Using Clinical Nuance to Align Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

- **Many "supply side" initiatives are restructuring provider incentives to move from volume to value**

AJAC. 2014;2(3);10.

V-BID

Using Clinical Nuance to Align Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

- **"Supply side" initiatives are restructuring provider incentives to move from volume to value**

- **Unfortunately, "demand-side" initiatives are moving consumers in the opposite direction**

AJAC. 2014;2(3);10.

V-BID

Using Clinical Nuance to Align Payer and Consumer Incentives: As Easy as Peanut Butter and Jelly

- **"Supply side" initiatives are restructuring provider incentives to move from volume to value**

- **Unfortunately, "demand-side" initiatives are moving consumers in the opposite direction**

- **Adding clinical nuance can improve quality of care, enhance employee experience, and contain cost growth**

AJAC. 2014;2(3);10.

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Discussion

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Coalition for Smarter Healthcare

www.smarterhc.org