



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN

UNIVERSITY OF MICHIGAN

Using Clinical Nuance to Better Align Consumer Engagement with Payment Reform

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#SIMVBID

State Innovation Models Initiative



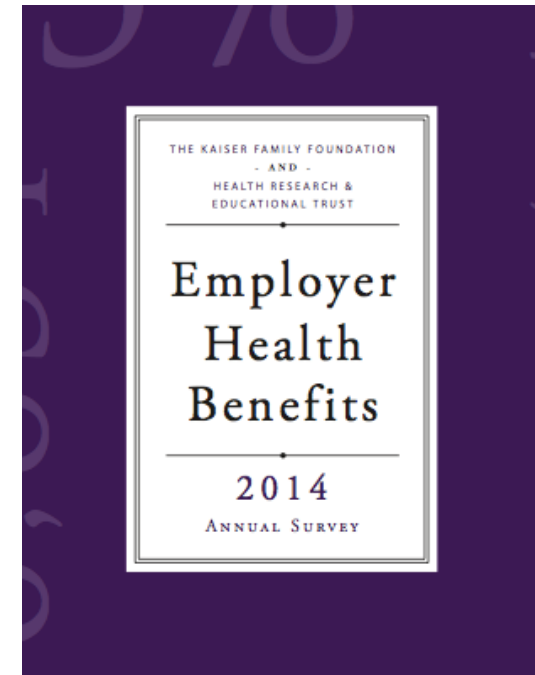
State Innovation Models Initiative

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**
- **Attention should turn from *how much* to *how well* we spend our health care dollars**

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



Pathway to Better Health and Lower Costs 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

Goldman D. *JAMA*. 2007;298(1):61–9. Trivedi A. *NEJM*. 2008;358:375-383. Trivedi A. *NEJM*. 2010;362(4):320-8.. Chernew M. *J Gen Intern Med* 23(8):1131–6.

The New York Times

Business Day

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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



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.

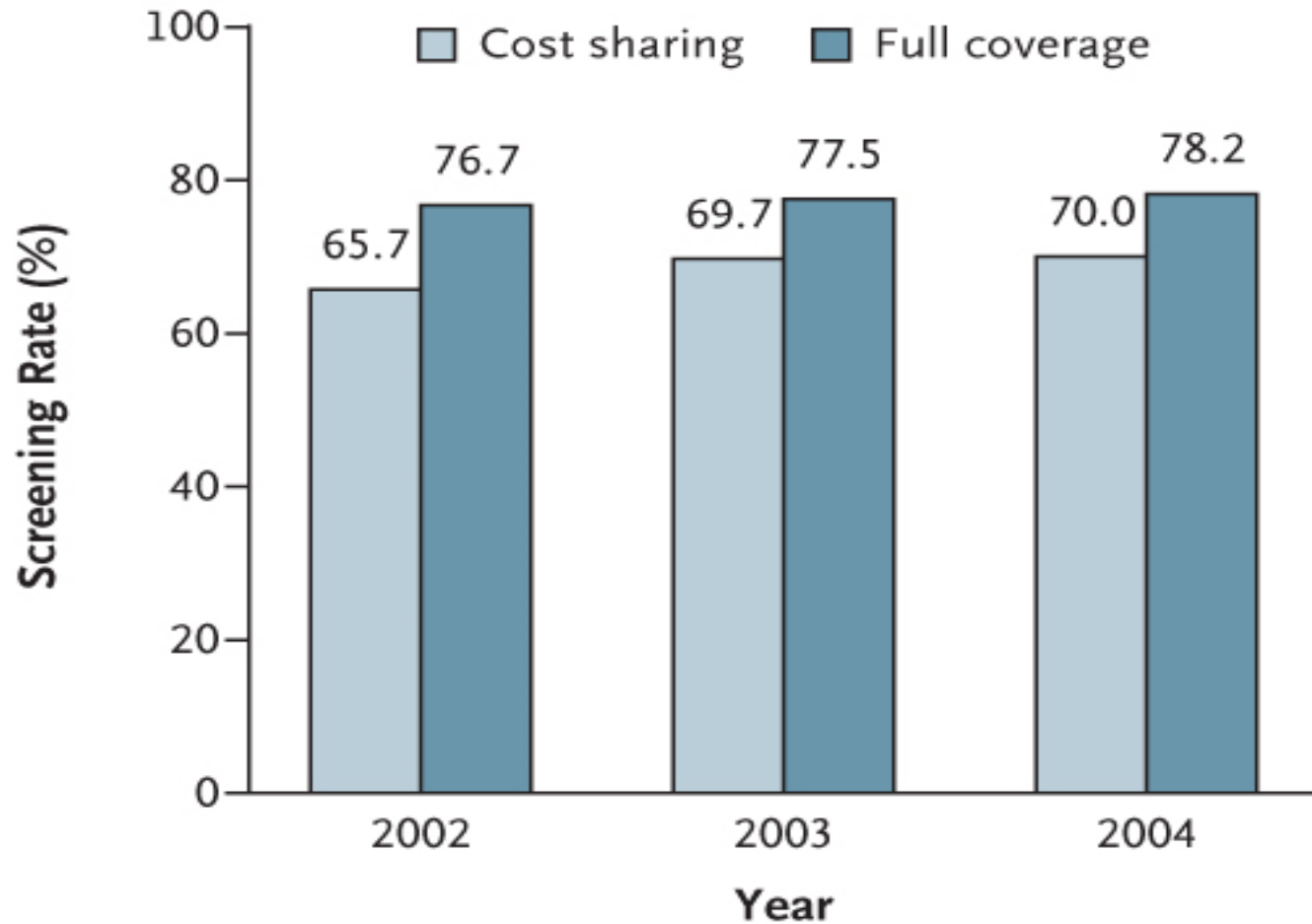
What is a surprise is that amid these complex issues, one policy sidesteps these trade-offs.

Minh Uong/The New York Times

THE GRAND BUDAPEST HOTEL

FACEBOOK TWITTER GOOGLE+ SAVE EMAIL SHARE PRINT REPRINTS

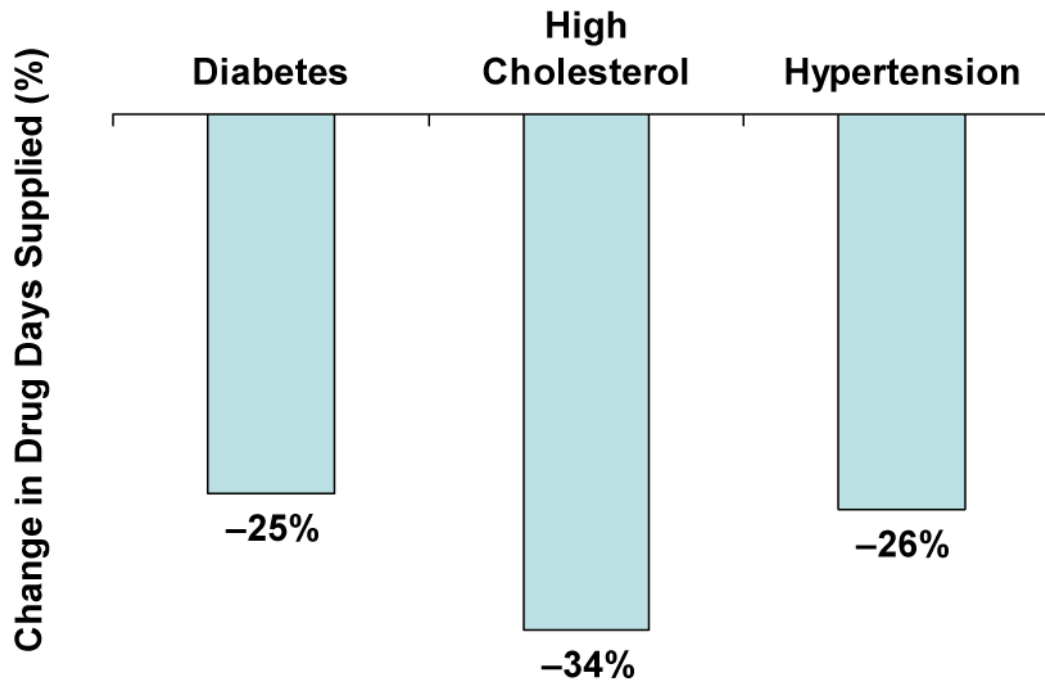
Cost-sharing Affects Mammography Use by Medicare Beneficiaries





High Copays Reduce Adherence to Appropriate Medication Use

Change in Days Supplied for Selected Drug Classes When Copays Were Doubled

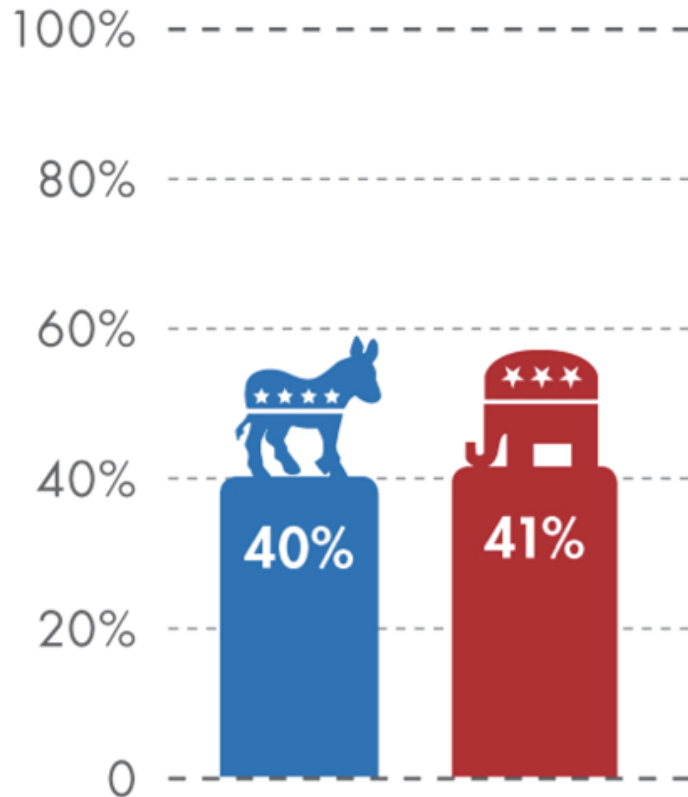


- When copays were doubled, patients took less medication in important classes. These reductions in medication levels were profound
- Reductions in medications supplied were also noted for:
 - NSAIDs 45%
 - Antihistamines 44%
 - Antiulcerants 33%
 - Antiasthmatics 32%
 - Antidepressants 26%
- For patients taking medications for asthma, diabetes, and gastric disorders, there was a 17% increase in annual ER visits and a 10% increase in hospital stays

ER = emergency room.

Goldman DP et al. *JAMA*. 2004;291:2344-2350.

Foregoing Preventive Care Due to Cost: A Bipartisan Problem



40% of Democrats and
41% of Republicans
said cost is the number
one reason they have not
utilized preventive care

Pathway to Better Health and Lower Costs Solutions Are Needed to Enhance Efficiency

- **Consumers currently do not have the necessary information to make informed health care decisions**
- **While important, the provision of accurate price and quality data does not address appropriateness of care**
- **Additional solutions are necessary to better allocate health expenditures on the clinical benefit – not only the price or profitability – of services**

Potential Solution to Cost-Related Non-Adherence

Clinically Nuanced Cost-Sharing

What is clinical nuance?

Services differ in clinical benefit produced



Clinical benefits from a specific service depend on:



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**



V-BID: Who Benefits and How?



CONSUMERS



Improves access

Lowers out-of-pocket costs



PAYERS



Promotes efficient expenditures

Reduces wasteful spending



PROVIDERS



Enhances patient-centered outcomes

Aligns with provider initiatives



Putting Innovation into Action

Broad Multi-Stakeholder Support

- **HHS**
- **CBO**
- **SEIU**
- **MedPAC**
- **Brookings Institution**
- **The Commonwealth Fund**
- **NBCH**
- **PCPCC**
- **Families USA**
- **AHIP**
- **AARP**
- **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**

Translating Research into Policy

- **V-BID included in the Patient Protection and Affordable Care Act**
- Medicare
- HSA-qualified HDHPs
- State Health Reform

ACA Sec 2713: Selected Preventive Services be Provided without Cost-Sharing

- **Receiving an A or B rating from the United States Preventive Services Taskforce**
- **Immunizations recommended by Advisory Committee on Immunization Practices**
- **Preventive care and screenings supported by the Health Resources and Services Administration**



Over 137 million Americans have received expanded coverage of preventive services

Putting Innovation into Action: Translating Research into Policy

- Patient Protection and Affordable Care Act
- **Medicare**
- HSA-qualified HDHPs
- State Health Reform



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.



Putting Innovation into Action: Translating Research into Policy

- Patient Protection and Affordable Care Act
- Medicare
- **HSA-qualified HDHPs**
- State Health Reform



Barriers to V-BID in HSA-qualified HDHPs

Expanding the Deductible-Exempt “Safe Harbor”

- IRS guidance specifically exclude services meant to treat **“an existing illness, injury or condition”** from the definition of preventive care
- 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



Potential Solution:
High Value Health Plan

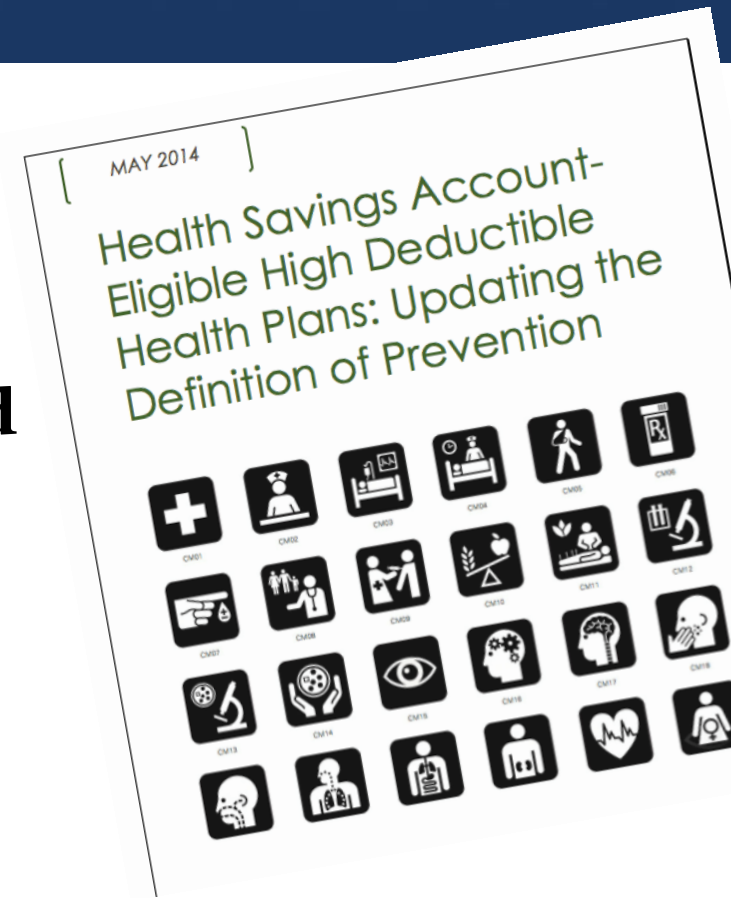
Flexibility to expand IRS
"Safe Harbor" to allow
coverage of additional
evidence-based services
prior to meeting
the plan deductible



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**
- **Vehicle to avoid “Cadillac tax”**
- **Substantially lower aggregate healthcare expenditures on a population level**



Putting Innovation into Action: Translating Research into Policy

- Patient Protection and Affordable Care Act
- Medicare
- HSA-qualified HDHPs
- **State Health Reform**



Value-Based Insurance Design Growing Role in State Health Reform

- **State Exchanges**
- **CO-OPs**
- **Medicaid**



CMS Rules Enable V-BID in Medicaid



Plans may vary cost-sharing for

- drugs, outpatient, inpatient, and emergency visits
- specific groups of individuals based on clinical factors
- an outpatient service according to where and by whom the service is provided

V-BID was prominently featured in Healthy Michigan Plan

Value-Based Insurance Design

Growing Role in State Health Reform

- State Exchanges
- CO-OPs
- Medicaid
- State Employees Benefit Plans



Value-Based Insurance Design Growing Role in State Health Reform

- **State Employees Benefit Plans**

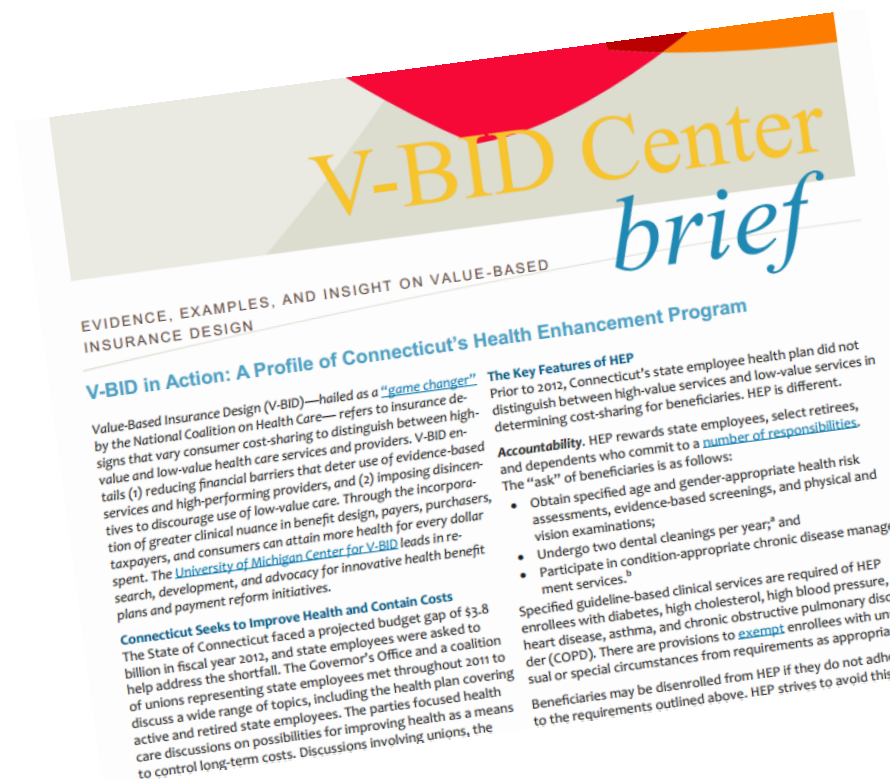
- **Connecticut**
- **Oregon**
- **Virginia**
- **South Carolina**
- **Minnesota**
- **Maine**
- **New York**
- **North Carolina**



Value-Based Insurance Design

Growing Role in State Health Reform

- State Exchanges
- CO-OPs
- Medicaid
- State Employees Benefit Plans
- State Innovation Models



CMMI awards states for **Innovation** in models

Using...

bundled payments



global budgets



pay-for-performance

accountable care arrangements



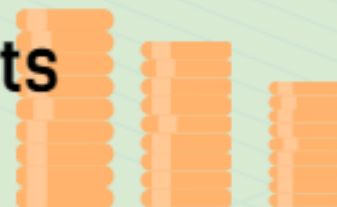
To...

enhance consumer experience

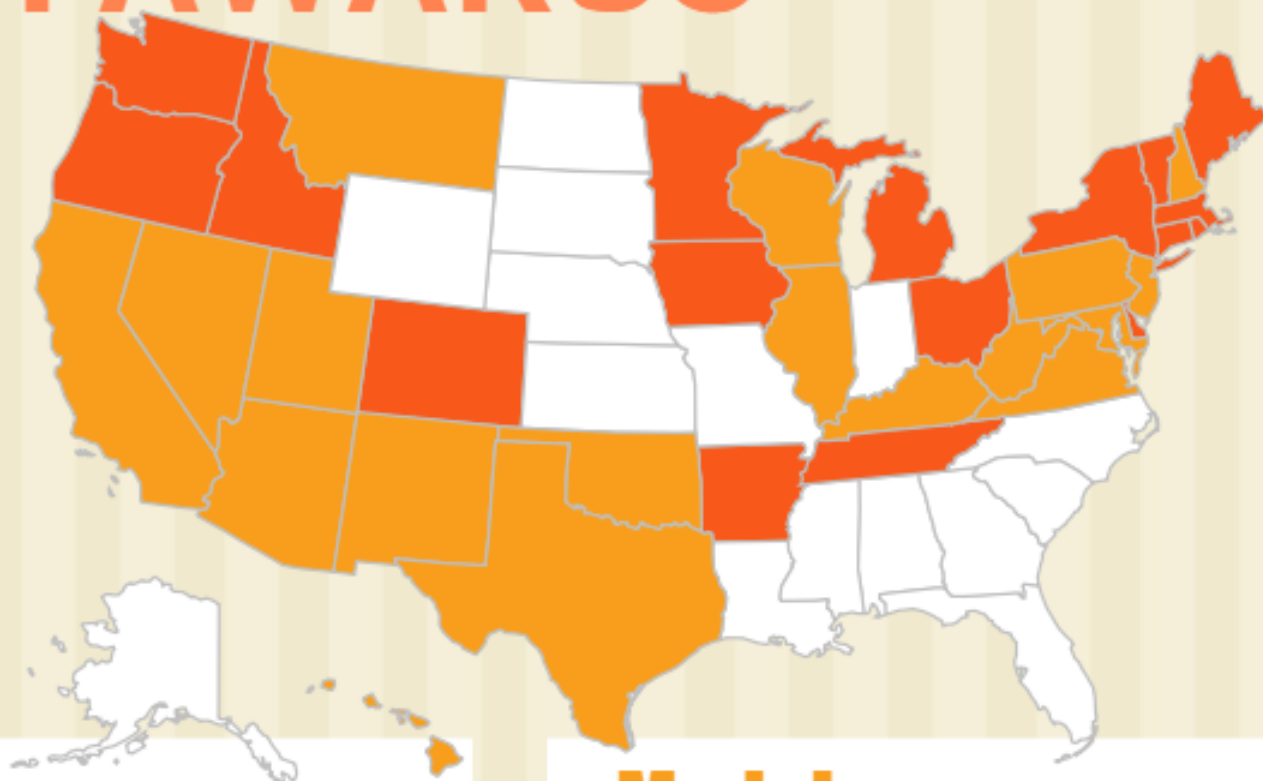


increase patient centered outcomes

decrease costs



SIM AWARDS



Model Test Awards

given to 17 states ready to implement their State Health Care Innovation Plans

Model Design Awards

given to aid 17 states currently developing their innovation proposals

SIM goals of cost containment and quality improvement are better achieved when payment models are aligned with consumer engagement

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



SIM goals of cost containment and quality improvement are better achieved when payment models are aligned with consumer engagement

- **“Supply side” initiatives are restructuring provider incentives to move from volume to value**
- **Unfortunately, some “demand-side” initiatives are moving consumers in the opposite direction**



SIM goals of cost containment and quality improvement are better achieved when payment models are aligned with consumer engagement

- **“Supply side” initiatives are restructuring provider incentives to move from volume to value**
- **Unfortunately, some “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**



Incorporating Clinical Nuance in SLM

- Aligns payer and consumer incentives
- Improves patient-centered outcomes
- Reduces healthcare disparities
- Enhances consumer experience
- Increases efficiency of medical expenditures

Discussion

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