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Adopt Clinical Nuance

► Up to one in four people can't get the medical care they need, due to cost. But researchers at the U-M Center for Value-Based Insurance Design (V-BID) think that number could be sharply reduced—and health outcomes improved—by implementing what they describe as “clinically nuanced” benefit design.

“By clinical nuance,” explains V-BID Center Director and SPH Professor **Mark Fendrick**, “we mean that medical services differ in the benefit provided, and that the clinical benefit of a specific service depends on who receives it, as well as on when and where the service is provided.” Fendrick and his V-BID team believe clinical nuance should be incorporated into both commercial health plans and Medicare—so that health-producing treatments cost consumers

less, and treatments that don't produce health hit consumers' wallets more.

That's easier said than done. Because of anti-discrimination language in the original 1965 Medicare legislation, current regulations make it impossible to tailor Medicare benefits for specific patient populations, such as people with certain chronic diseases. Yet with the growing move toward precision medicine, “precision benefit design makes all kinds of sense,” Fendrick says.

To date, V-BID's greatest accomplishment—part of the Affordable Care Act—has been to eliminate the out-of-pocket costs for selected primary preventive services,

such as vaccines for kids and colonoscopies for those over age 50, for over 137 million people. But as valuable as preventive care is, it only generates around three percent of health care spending in the U.S. and about one percent of Medicare spending. Most of the rest is spent on chronic disease services. Medicare's “one-size-fits-all” benefit design is not set up to cover eye exams for individuals with diabetes, for example, or to reduce drug co-payments for those with specific diagnoses such as heart disease, AIDS, or depression.

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The V-BID center's goal is to create a clinically nuanced benefit design that will encourage Medicare beneficiaries to increasingly use those services that improve patient-centered outcomes. In June, the U.S. House of Representatives passed a bill—which Fendrick helped draft—to allow more precise, clinically nuanced benefit design in the Medicare Advantage Program. “It's all part of changing the health care cost discussion from ‘how much’ to ‘how well,’” he says. <

SPH For a video interview with V-BID director Mark Fendrick visit sph.umich.edu/findings. For more on V-BID, visit vbidcenter.org.

Clinical Nuance in Practice

► On September 1, the U.S. Centers for Medicare and Medicaid Services (CMS) announced that it will begin testing a Value-Based Insurance Design demonstration program in 2017. The Medicare Advantage Value-Based Insurance Design Model program

CMS Announces Medicare Advantage Value-Based Insurance Design Model Test

A 5-year demonstration program will test the utility of structuring consumer cost-sharing and other health plan design elements to encourage patients to use high-value clinical services and providers.



is a direct application of concepts developed at the U-M V-BID Center and will be used to test and evaluate how well clinically nuanced insurance design improves care while containing costs. The program will be available through Medicare Advantage plans in Arizona, Indiana, Iowa, Massachusetts, Oregon, Pennsylvania, and Tennessee. <

