

Changing the Health Care Cost Discussion from 'How Much' to 'How Well'

THE PROBLEM: "One-Size-Fits-All" Cost-Sharing

Consumers pay **the same** for all medical services and providers...

...despite evidence-based differences in value



HIGH-VALUE SERVICES

- + Strong evidence base
- + Enhance clinical outcomes
- + Increase efficiency

LOW-VALUE SERVICES



- Weak evidence base
- Minimal or no clinical benefit
- Decrease efficiency

As out-of-pocket costs continue to rise...



Avg. Employee Out-of-Pocket Spending for Family of Four with PPO

Source: <https://www.nihcm.org/categories/the-burden-of-rising-health-spending>

...utilization of high-value services is reduced, which:

adversely affects health

worsens disparities

potentially increases costs

A Potential Solution to Cost-Related Non-Adherence:

Clinically Nuanced Cost-Sharing

Clinical Nuance states that a *service differs in clinical benefit produced*, depending on



Who receives it



Who provides it



Where it's provided

IMPLEMENTING CLINICAL NUANCE:

Value-Based Insurance Design

Reduces cost-sharing to **encourage greater adherence** to **high-value** services and providers

Implementation & IMPACT

- V-BID model test in TRICARE and Medicare Advantage
- Implemented by hundreds of public and private organizations
- Reduces health care disparities
- Bipartisan political support
- Enhances access to preventive care for 137 million Americans

V-BID: Who benefits and how?

Consumers

- Improves access
- Lowers out-of-pocket costs

Payers

- Promotes efficient expenditures
- Reduces unnecessary spending

Providers

- Enhances patient-centered outcomes
- Aligns with provider incentives