

# 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**

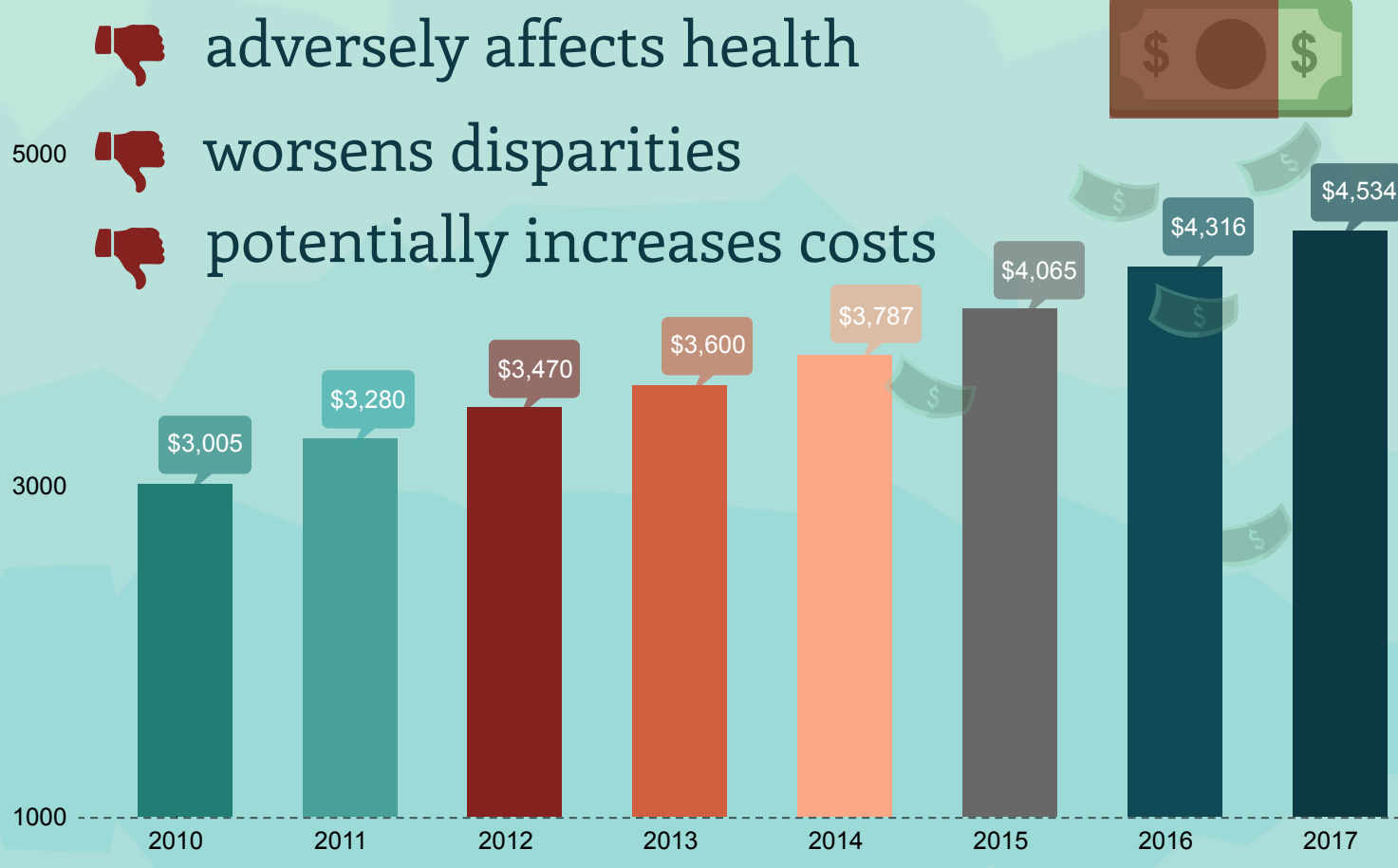
- Weak evidence base
- Minimal or no clinical benefit
- Decrease efficiency

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

Utilization of high-value services is reduced...

- adversely affects health
- worsens disparities
- potentially increases costs

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



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

## 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

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

## V-BID: Who Benefits and How?

CONSUMERS	PAYERS	PROVIDERS
<ul style="list-style-type: none"> <li>Improves access</li> <li>Lowers out-of-pocket costs</li> </ul>	<ul style="list-style-type: none"> <li>Promotes efficient expenditures</li> <li>Reduces unnecessary spending</li> </ul>	<ul style="list-style-type: none"> <li>Enhances patient-centered outcomes</li> <li>Aligns with provider initiatives</li> </ul>

## Implementation & IMPACT

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