

How Value-Based Insurance Design Impacts Health Care Costs



V-BID sets consumer cost-sharing to...

encourage the use of high-value care

and

discourage the use of low-value care



This affects healthcare costs in 3 ways

#1

IMPACT OF CHANGES IN COST-SHARING

PER SERVICE

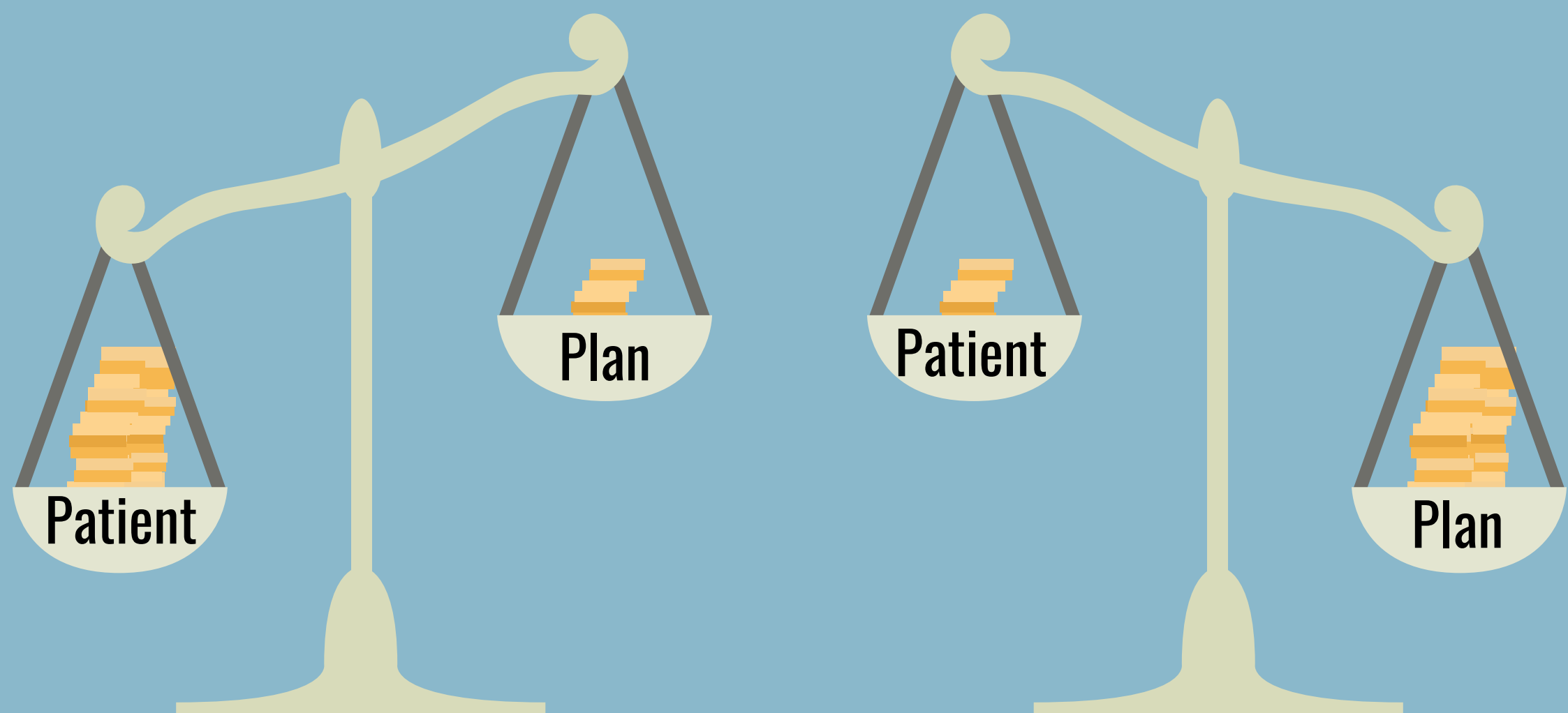
High-Value Care



Lower cost-sharing shifts the cost burden from the patient to the plan

Before V-BID

After V-BID



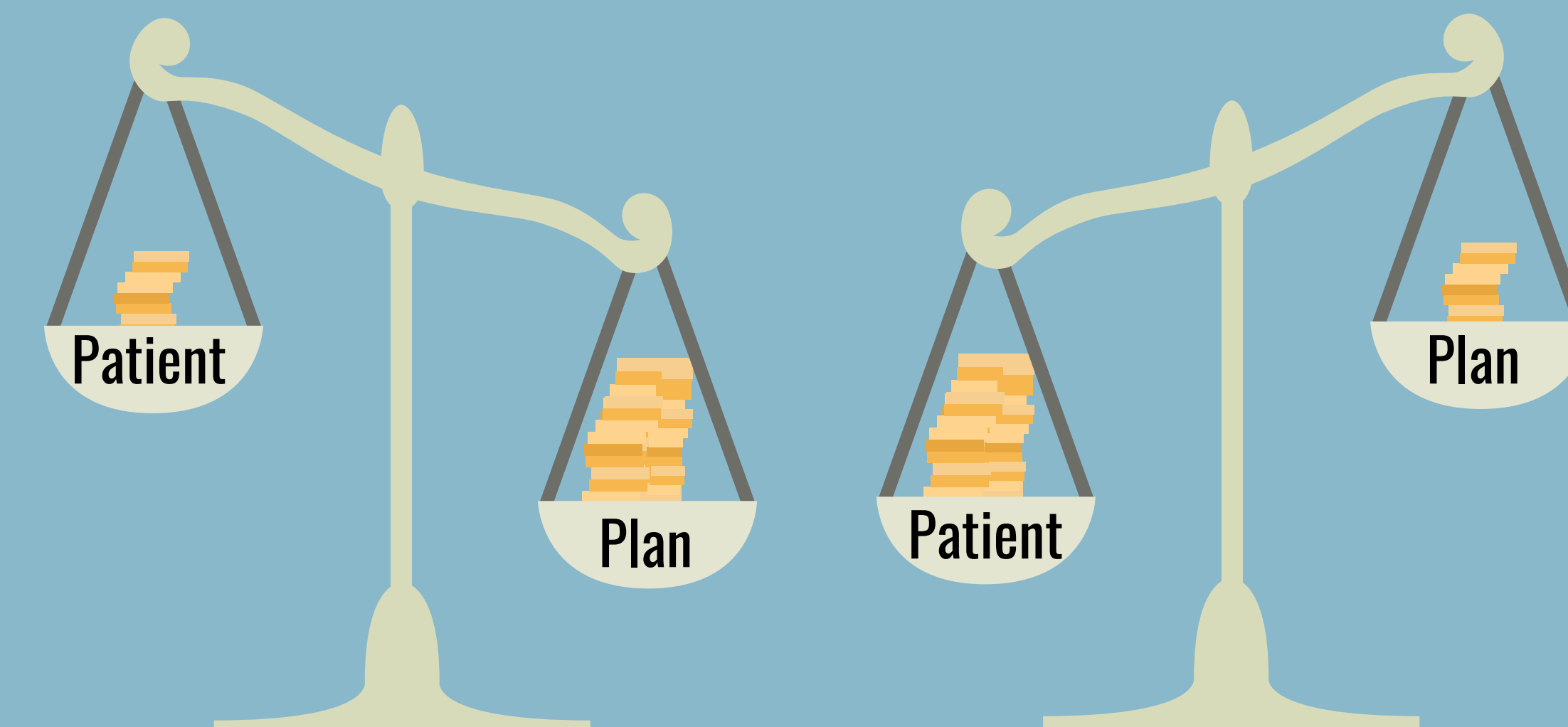
Low-Value Care



Higher cost-sharing shifts the cost burden from the plan to the patient

Before V-BID

After V-BID



#2

IMPACT OF CHANGES IN COST-SHARING ON

UTILIZATION

High-Value Care



Lower cost-sharing increases utilization of high-value services

Before V-BID

After V-BID



Low-Value Care



Higher cost-sharing decreases utilization of low-value services

Before V-BID

After V-BID



#3

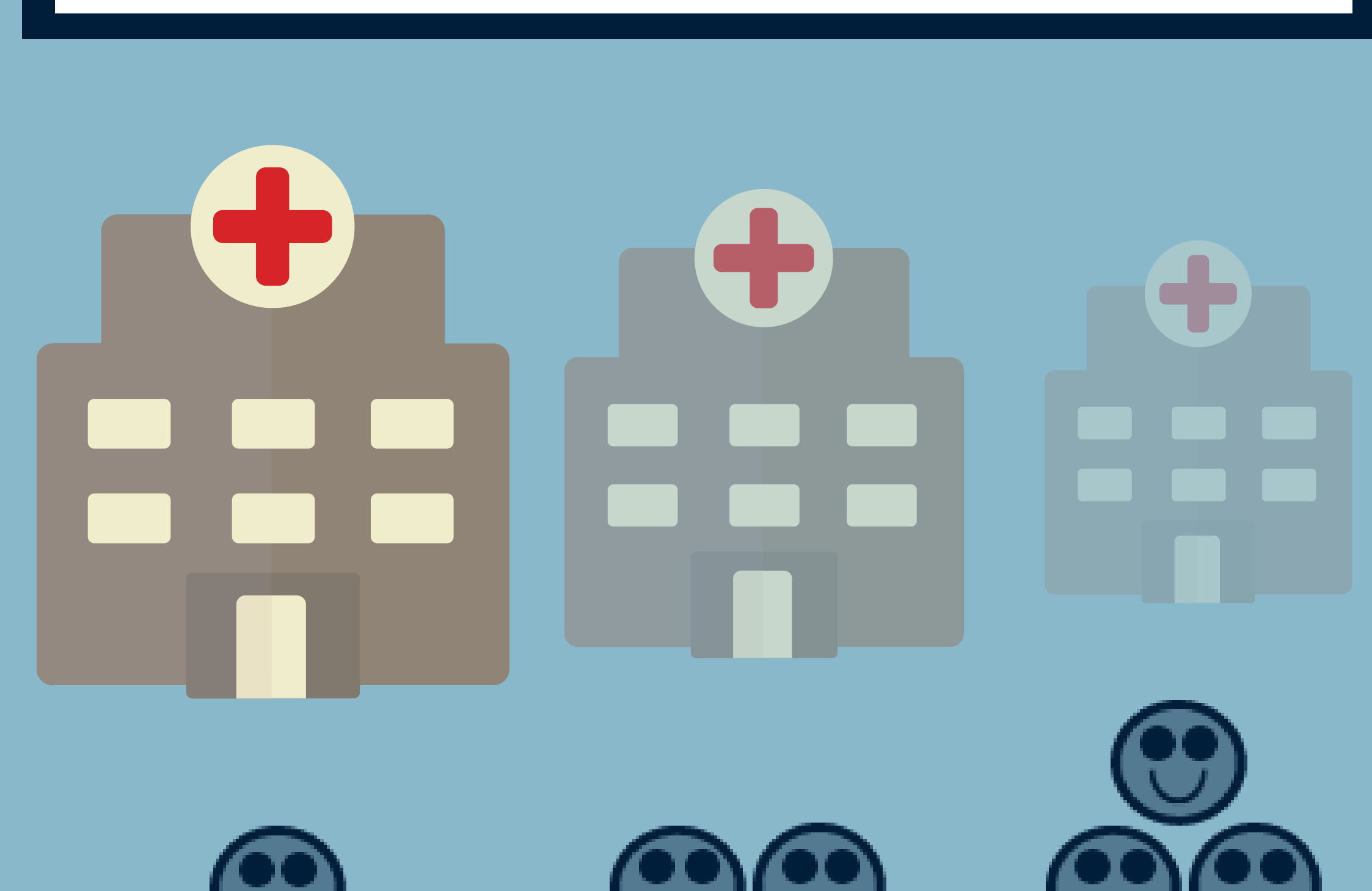
IMPACT OF CHANGES IN UTILIZATION ON

SYSTEM-WIDE SPENDING

High-Value Care



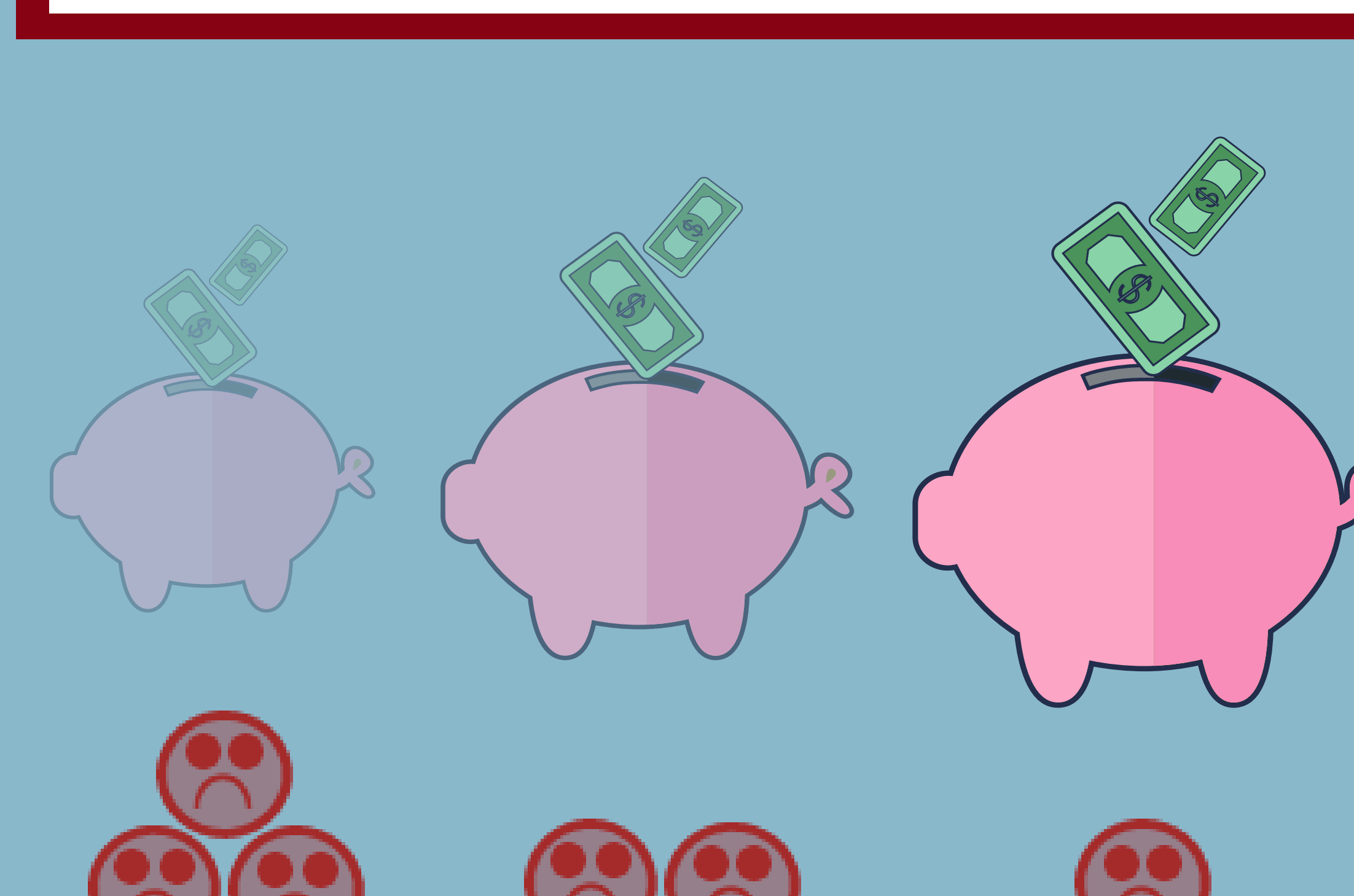
Increases in the use of high-value care lead to reductions in hospitalizations and other offsets



Low-Value Care



Reductions in the use of low-value care lead to immediate and substantial savings



SUMMARY

V-BID: Financial Impacts

PER SERVICE

UTILIZATION

OFFSETS



Changes in cost-sharing shift the cost burden between the payer and the patient

Changes in cost-sharing impact the utilization of high- and low-value services

Changes in utilization affect the total amount of system-wide spending

V-BID: Who Benefits and How

CONSUMER

PAYER

PROVIDER

Improves access to necessary care

Lowers out-of-pocket costs

Promotes efficient expenditures

Reduces unnecessary spending

Enhances patient-centered outcomes

Aligns with provider initiatives