



### Introduction to V-BID and the V-BID X project

Despite gains in health insurance coverage since the adoption of the Affordable Care Act (ACA), Americans are more likely than ever to be enrolled in health plans that require significant patient cost-sharing at the point of service. This results in under-consumption of evidence-based, high-value health care. Financial barriers to high-value care are particularly worrisome for low-income individuals and families, as well as those with chronic conditions, taking up coverage on the exchanges.

Value-Based Insurance Design (V-BID) offers one route to mitigate the harm associated with the under-consumption of high-value care and reduce the associated financial burden. However, the lack of a “standard” V-BID plan has slowed implementation of V-BID principles in commercial and individual markets. To develop a V-BID plan for exchanges, a group of public and private stakeholders convened to establish the parameters for a model plan, with the expectation that the reduction in spending on low value services would create ‘headroom’ to provide more generous coverage for high-value care. We model an exchange-relevant plan benefit design that provides enhanced access to high-value services that does *not* require increases in premiums or deductibles. Tradeoffs associated with financing high-value care are challenging, but feasible, as demonstrated by the V-BID X plan.

### The V-BID X plan

The aim of the V-BID X project is to design a feasible V-BID plan that could be adapted for individual market and demonstrate the tradeoffs in building a V-BID plan. We design a prototype market qualified health plan that provides non-preventive, high-value services with proven benefits for health outcomes at reduced cost-sharing, financed by increased cost-sharing for other services, mitigating the need to increase premiums or deductibles. In general, the stakeholders followed these guiding principles when choosing high- and low-value services to target for decreased or increased cost-sharing:

- Favor services with a stronger evidence-base and external validation
- Favor services with a high likelihood of being high- or low-value, independent of clinical context (services with less nuance are easier to implement).
- Focus on areas with most need for improvement
- Consider equity, adverse selection, impact on special populations, and the risk pool

### How does the V-BID X plan work?

The V-BID X plan reduces cost-sharing for targeted high-value services to zero and some high-value branded drugs by 25% (Table 1).

Because the estimated savings from specific low-value services were minimal, the added coverage generosity for high-value services is financed by increasing beneficiary cost-sharing for **targeted service categories** likely to be overused, such as high-cost imaging (Table 2). The increase in copays for certain service categories ranged from 15% to 50% to maintain AV neutrality.

Actuarial analysis was used to balance the added cost of high-value services with decreased spending on these service categories resulting in no change premiums or deductibles for the V-BID X plan as compared to the base plan. ***We model a 0% change in AV: the estimated AV of the base plan was 70.91% and the estimated AV of the V-BID X template is 70.91%.***



**Table 1: High-value Services and Drug Classes**

High-Value Services with Zero Cost-Sharing
Glucometers
Glucose test strips
LDL testing
Hemoglobin A1C testing
Cardiac rehabilitation
INR testing
Pulmonary rehabilitation
Peak flow meters
Blood pressure monitors
High-Value Generic Drugs with Zero Cost-Sharing
Antiretrovirals
Anti-thrombotic/anticoagulants
Anti-depressants
Statins
Antipsychotics
ACE inhibitors and ARBs
Beta blockers
Buprenorphine-naloxone
Anti-resorptive therapy
Tobacco cessation treatments
Naloxone
Glucose lowering agents (not including insulin)
Rheumatoid arthritis medications
Inhaled corticosteroids
Thyroid-related
High-Value Branded Drugs with Reduced Cost-Sharing
Pre-exposure Prophylaxis (PrEP)
Hepatitis C direct-acting therapies
Anti-TNF agents

**Table 2: Low-Value Services and Categories**

Specific Low-Value Services Considered
Spinal fusions
Vertebroplasty and kyphoplasty
Vitamin D testing
Proton beam for prostate cancer
Commonly Overused Service Categories with Increased Cost-Sharing
Outpatient specialist services
Outpatient labs
High-cost imaging
X-rays and other diagnostic imaging
Outpatient surgical services
Non-preferred branded drugs

Notes: These tables represent a reasonable list of high- and low-value services for a prototype V-BID plan. Each carrier should conduct their own assessment and actuarial modeling. All drugs within the listed high-value generic classes have been modeled with zero cost-sharing. For branded drugs, co-insurance for PrEP was reduced to \$0; co-insurance for drugs used to treat Hepatitis C Virus and Anti-TNF agents was reduced to 25%.

**Table 3: Service Categories with Increased Cost-Sharing**

Service Category	Base	V-BID X
Specialist Visit	\$65	\$75
Laboratory Services*	\$30	\$40
CT Scan	\$500	\$750
MRI	\$500	\$750
PET Scan	\$500	\$750
X-Ray and Diagnostic Imaging*	\$30	\$40
Outpatient Hospital Surgical Services*	\$500	\$750
Preferred Brand Drugs	\$50	\$75
Non-Preferred Brand Drugs	\$100	\$175

\*Copays apply after the medical deductible has been met



### **Recommendations for adapting the V-BID X plan**

- Plans could devise different lists of high- and low-value services (*e.g.*, a less robust list of high-value services would be less costly and require fewer increases in low value cost-sharing)
- Plans could alter cost-sharing for different service categories and still achieve the same results (*e.g.*, increases to preferred braded could be swapped for a different category, and plans could still expect a 0% AV change)
- Plans could modify the generosity or severity of cost-sharing changes (*e.g.*, above-zero cost-sharing for high-value services)
- Plans could reduce premiums by a smaller amount (*i.e.*, above AV-neutral would allow for a more aggressive list of high-value services or less aggressive low-value care offsets)

### **Key lessons from the V-BID X project**

- *Cost neutral V-BID designs that do not require deductible increases are feasible.*
- Spending on targeted low-value services can be too low to significantly offset more generous coverage of high-value services.
- There are a number of plausible combinations of services that could fit different needs and goals, depending on the carrier and market, our lists are not prescriptive.
- The process used to determine the high- and low-value services is *not the only process.*

### **Benefits of V-BID X**

V-BID X presents just one model plan that can serve as a guide to plans interested in incorporating value-based principles in their plans. These principles benefit both payers and patients alike, with patients receiving the benefit of lower premiums and improved access to high-value care. Payers meanwhile enjoy the competitive advantage of lower premiums and improves the efficiency of medical expenditures. It is important to note: there is no one way to design a value-based health plan for the exchange market; the elements of the V-BID plan described in this report should be viewed as one possible approach that represents a “proof of concept,” to be adapted by plans to meet their needs.

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