



V-BID X for Employers: Expanding Coverage of Essential Clinical Care Without Increasing Premiums or Deductibles

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Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

- 1** Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality
- 2** Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions
- 3** Underutilization of high-value persists across the entire spectrum of clinical care leading to poor health outcomes
- 4** Our ability to deliver high-quality health care lags behind the rapid pace of scientific innovation

Moving from the Stone Age to the Space Age: Buy More of the 'Good Stuff' and Less of the 'Bad Stuff'



- **Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services**
- **Moving from a volume-driven to value-based system requires a change in both how we pay for care and how we engage consumers to seek care**
- **Consumer cost-sharing is a common policy lever**

Americans Do Not Care About Health Care Costs;
They Care About **What It Costs Them**

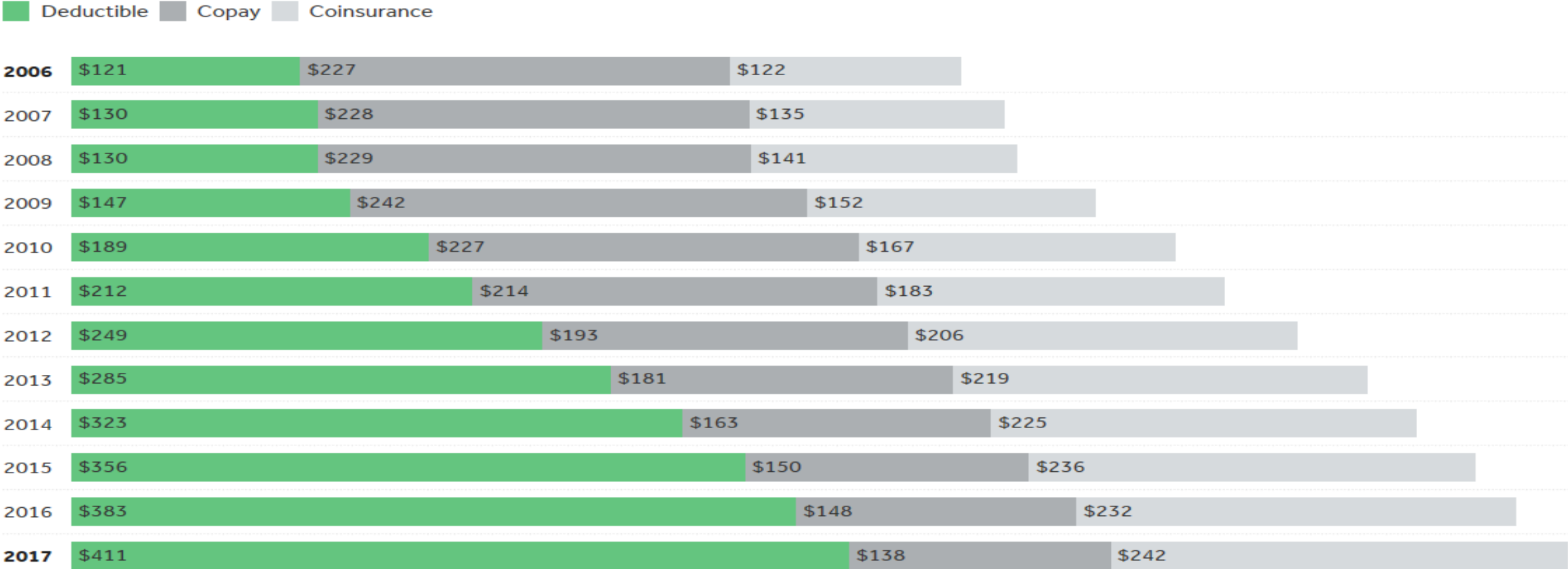


Patient Worry About Out-of-Pocket Healthcare Costs at All-Time High

A report from the Commonwealth Fund noted that patients are not confident they can afford high out-of-pocket healthcare costs.



Out-of-pocket spending among people with large employer coverage, Paying More for ALL Care Regardless of Value

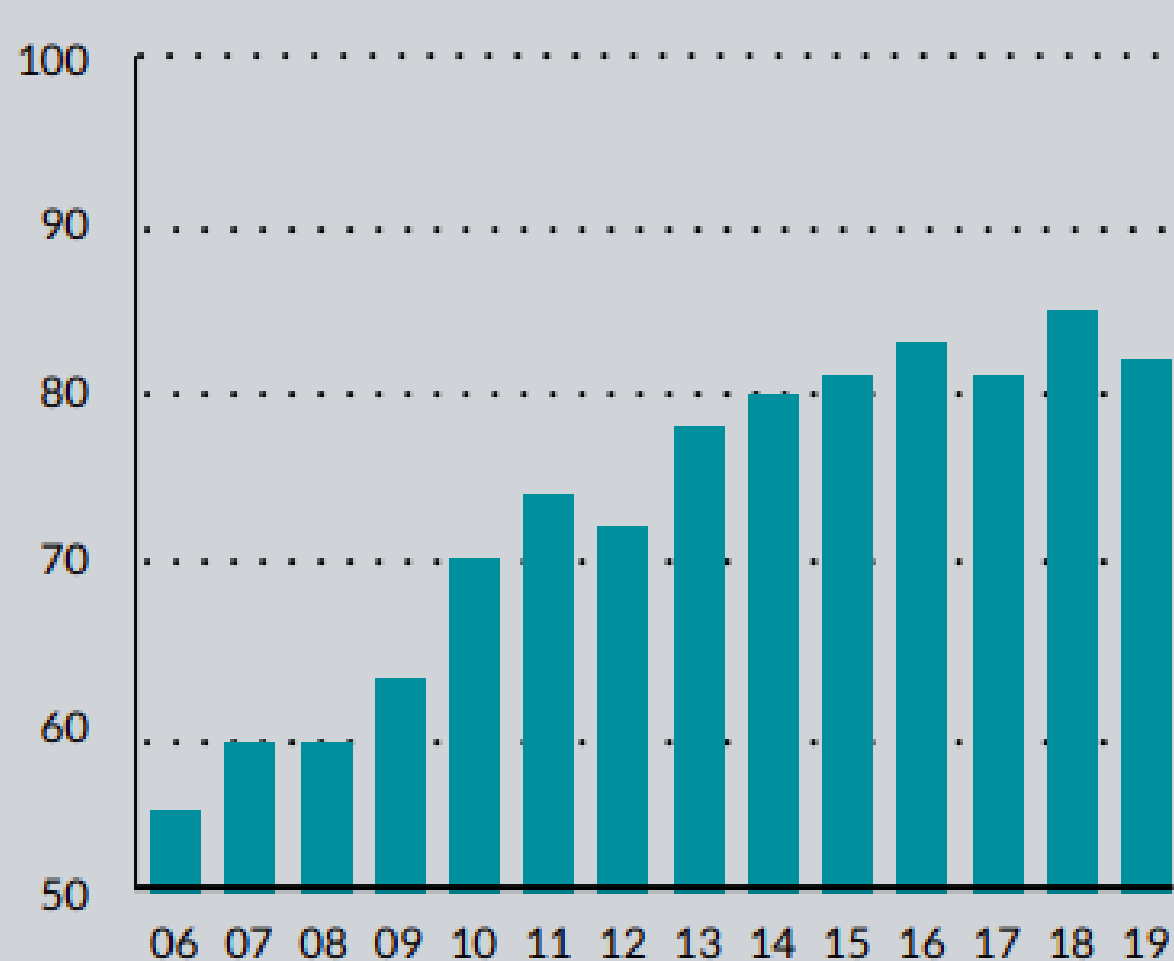


Source: KFF analysis of data from IBM MarketScan Database and the KFF Employer Health Benefit Survey

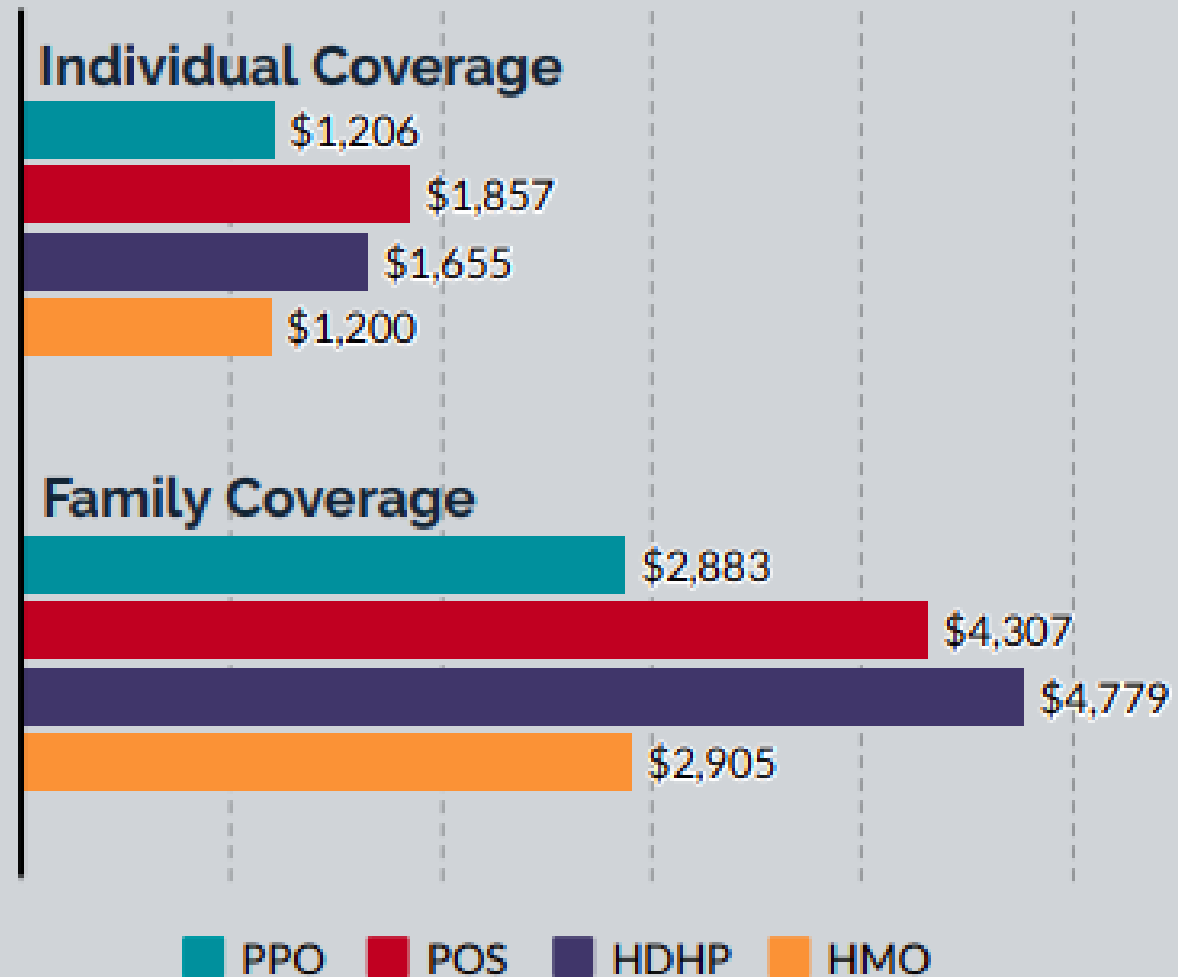


Growth of Deductibles as a Cost Sharing Strategy

Percent of Americans With a Deductible



Average Deductible by Plan Type in 2019





“

I can't believe you had to spend a million dollars to show that if you make people pay more for something, they will buy less of it.

”

- Barbara Fendrick (my mother)

THE NEW HEALTH CARE

Even a Modest Co-Payment Can Cause People to Skip Drug Doses

By Aaron E. Carroll

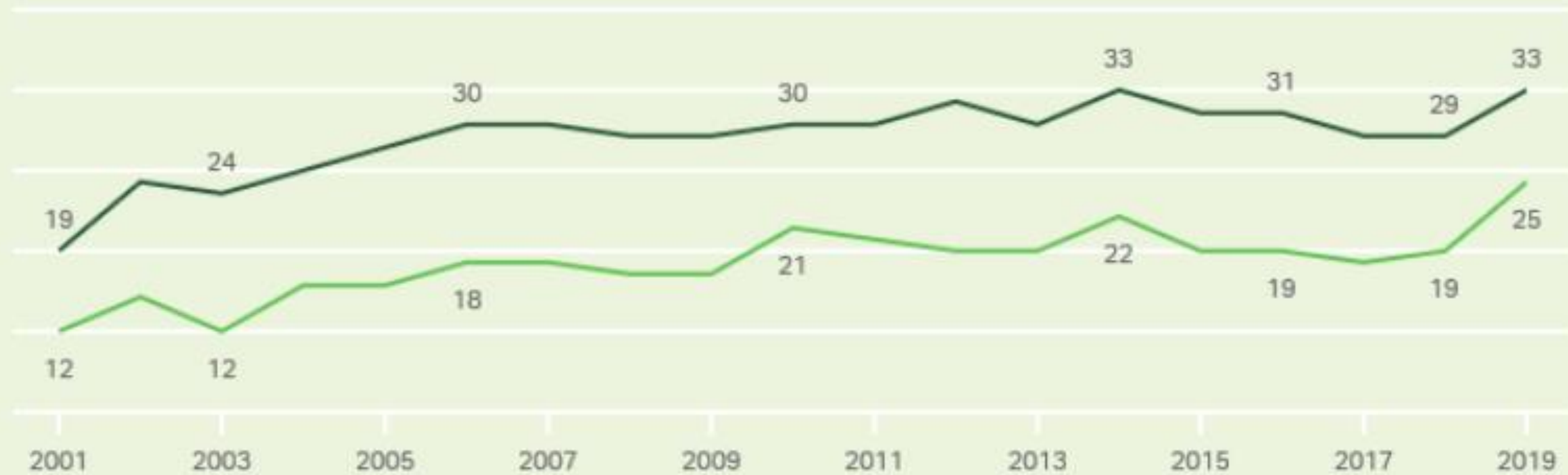
Nov. 11, 2019



Americans' Reports of Postponing Medical Care Due to Costs, 2001-2019

Within the last twelve months, have you or a member of your family put off any sort of medical treatment because of the cost you would have to pay? (If yes) When you put off this medical treatment, was it for a condition or illness that was very serious, somewhat serious, not very serious, or not at all serious?

■ % Put off treatment for serious condition ■ % Put off treatment for any condition



Impact of Cost-Sharing on Health Care Disparities

Effects of Increased Patient Cost Sharing on Socioeconomic Disparities in Health Care

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- **Rising copayments worsen disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions**

An Alternative to 'Blunt' Cost-Sharing Approaches: Clinically Nuanced" Cost-Sharing

A **“smarter”** cost-sharing approach that encourages consumers to use more high value services and providers, but discourages the use of low value ones

Alternative to “Blunt” Consumer Cost Sharing: Value-Based Insurance Design (V-BID)

- **Sets consumer cost-sharing on clinical benefit – not price**
- **Little or no out-of-pocket cost for high value care; high cost share for low value care**
- **Successfully implemented by hundreds of public and private payers**

TheUpshot

Health Plans That Nudge Patients to Do the Right Thing



Austin Frakt
THE NEW HEALTH CARE JULY 10, 2017



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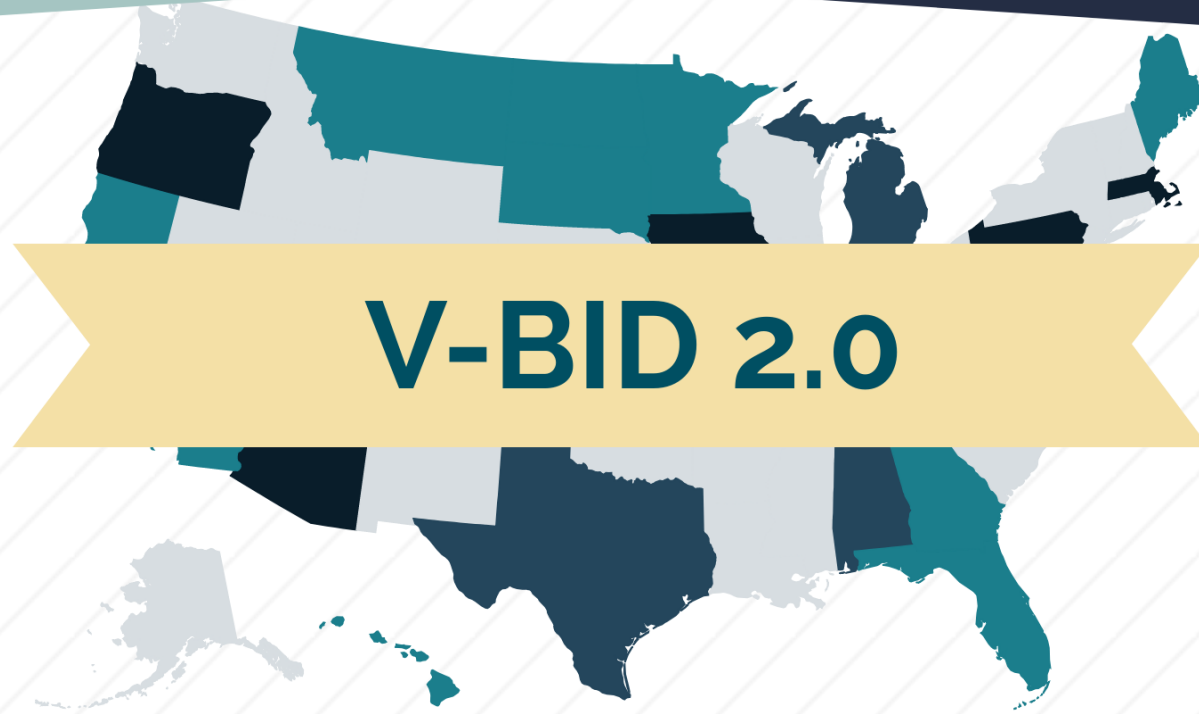


ACA Sec 2713: Selected Preventive Services be Provided without Cost-Sharing

- Receiving an A or B rating from the United States Preventive Services Taskforce (USPSTF)
- Immunizations recommended by the Advisory Committee on Immunization Practices (ACIP)
- Preventive care and screenings supported by the Health Resources and Services Administration (HRSA)

Over **137 million** Americans have received expanded coverage of preventive services

THE EXPANDED ROLE OF V-BID IN MEDICARE ADVANTAGE



CMS announced transformative updates to the **Medicare Advantage Value-Based Insurance Design model**, including its expansion to all 50 states

Medicare Advantage V-BID Model Test: Expanded Opportunities

Permissible interventions:

Reduced cost-sharing for

- high-value services
- high-value providers
- enrollees participating in disease management or related programs
- additional supplemental benefits (non-health related)

Wellness and Health Care Planning

Advanced care planning

Incentivize better health behaviors

Rewards and Incentives

\$600 annual limit

Increase participation

Available for Part D

Targeting Socioeconomic Status

Low-income subsidy

Improve quality, decrease costs

Telehealth

Service delivery innovations

Augment existing provider networks

Value-based insurance coming to millions of people in Tricare



- **2017 NDAA: Obama Administration - reduce or eliminate co-pays and other cost sharing for certain high services and providers**
- **2018 NDAA: Trump Administration – reduce cost sharing for high value drugs on the uniform formulary**

HSA-HDHP Reform



IRS Rules Prohibit Coverage of Chronic Disease Care Until HSA-HDHP Deductible is Met

PREVENTIVE CARE COVERED

Dollar one



CHRONIC DISEASE CARE

NOT covered until deductible is met





U.S. DEPARTMENT OF THE TREASURY

PRESS RELEASES

Treasury Expands Health Savings Account Benefits for Individuals Suffering from Chronic Conditions

List of services and drugs for certain chronic conditions that will be classified as preventive care under Notice 2019-45

Preventive Care for Specified Conditions	For Individuals Diagnosed with
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or coronary artery disease
Anti-resorptive therapy	Osteoporosis and/or osteopenia
Beta-blockers	Congestive heart failure and/or coronary artery disease
Blood pressure monitor	Hypertension
Inhaled corticosteroids	Asthma
Insulin and other glucose lowering agents	Diabetes
Retinopathy screening	Diabetes
Peak flow meter	Asthma
Glucometer	Diabetes
Hemoglobin A1c testing	Diabetes
International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

List of services and drugs for certain chronic conditions that will be classified as preventive care under Notice 2019-45

Preventive Care for Specified Conditions	For Individuals Diagnosed with
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or

“Under this policy, no American should ever have to pay full list price for essential drugs like insulin ever again.”

International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

PAID CONTENT

How One Tech Firm Is Getting Ahead Through Inclusivity

BY ULTIMATE SOFTWARE

ENTERTAINMENT

MoviePass owner collapses into bankruptcy, leaders quit

NEWSLETTERS

Hedge funds led by women and people of color outperform those run by white men

COMMENTARY • MEDICAL COSTS

If you have insurance, you shouldn't be paying full price for insulin

BY **MARK FENDRICK** AND **DAVID A. RICKS**

January 29, 2020 4:06 PM EST

CVS to offer diabetes drugs at no out-of-pocket costs for PBM members

(Reuters) - CVS Health Corp said on Wednesday its pharmacy benefit management (PBM) unit is launching a new program, under which employers and insurers will be able to offer diabetes drugs, including insulin, at no out-of-pocket costs to their members.

The company said the program would not raise costs for health insurers and employers, and eliminating out-of-pocket costs would ensure better adherence by diabetic patients to their drug regimens.

PBMs act as middlemen in the drug supply chain who negotiate prices for employers and health insurers.



Chronic Disease Management of 2020

116th Congress
2D Session



S.3200

To amend the Internal Revenue Code of 1986 to permit high deductible health plans to provide chronic disease prevention services to plan enrollees prior to satisfying their plan deductible.

Paying for more generous coverage of high value care

- **Raise Premiums**

Paying for more generous coverage of high value care

- ~~Raise Premiums~~
- Increase Deductibles, Copayments and Coinsurance – a tax on the sick

Paying for more generous coverage of high value care

- ~~Raise Premiums~~
- ~~Increase Deductibles, Copayments and Coinsurance~~
- Reduce Spending on Low Value Care



We can pay for more generous coverage of high-value care through reduced utilization of **low-value care**

**\$345
BILLION**

is spent annually on low-value or harmful care in the United States.

Examples include:



Vitamin D screening tests



Diagnostic tests before low-risk surgery



PSA screening for men 70 and older



Branded drugs when identical generics are available



Low-back pain imaging within 6 weeks of onset

ACA Sec 4105: Selected No-Value Preventive Services Shall Not Be Paid For

SEC. 4105. EVIDENCE-BASED COVERAGE OF PREVENTIVE SERVICES IN MEDICARE.

(a) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Section 1834 of the Social Security Act (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

“(n) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Notwithstanding any other provision of this title, effective beginning on January 1, 2010, if the Secretary determines appropriate, the Secretary may—

“(1) modify—

“(A) the coverage of any preventive service described in subparagraph (A) of section 1861(ddd)(3) to the extent that such modification is consistent with the recommendations of the United States Preventive Services Task Force; and

“(B) the services included in the initial preventive physical examination described in subparagraph (B) of such section; and

“(2) provide that no payment shall be made under this title for a preventive service described in subparagraph (A) of such section that has not received a grade of A, B, C, or I by such Task Force.”.

(b) **CONSTRUCTION.**—Nothing in the amendment made by paragraph (1) shall be construed to affect the coverage of diagnostic or treatment services under title XVIII of the Social Security Act.

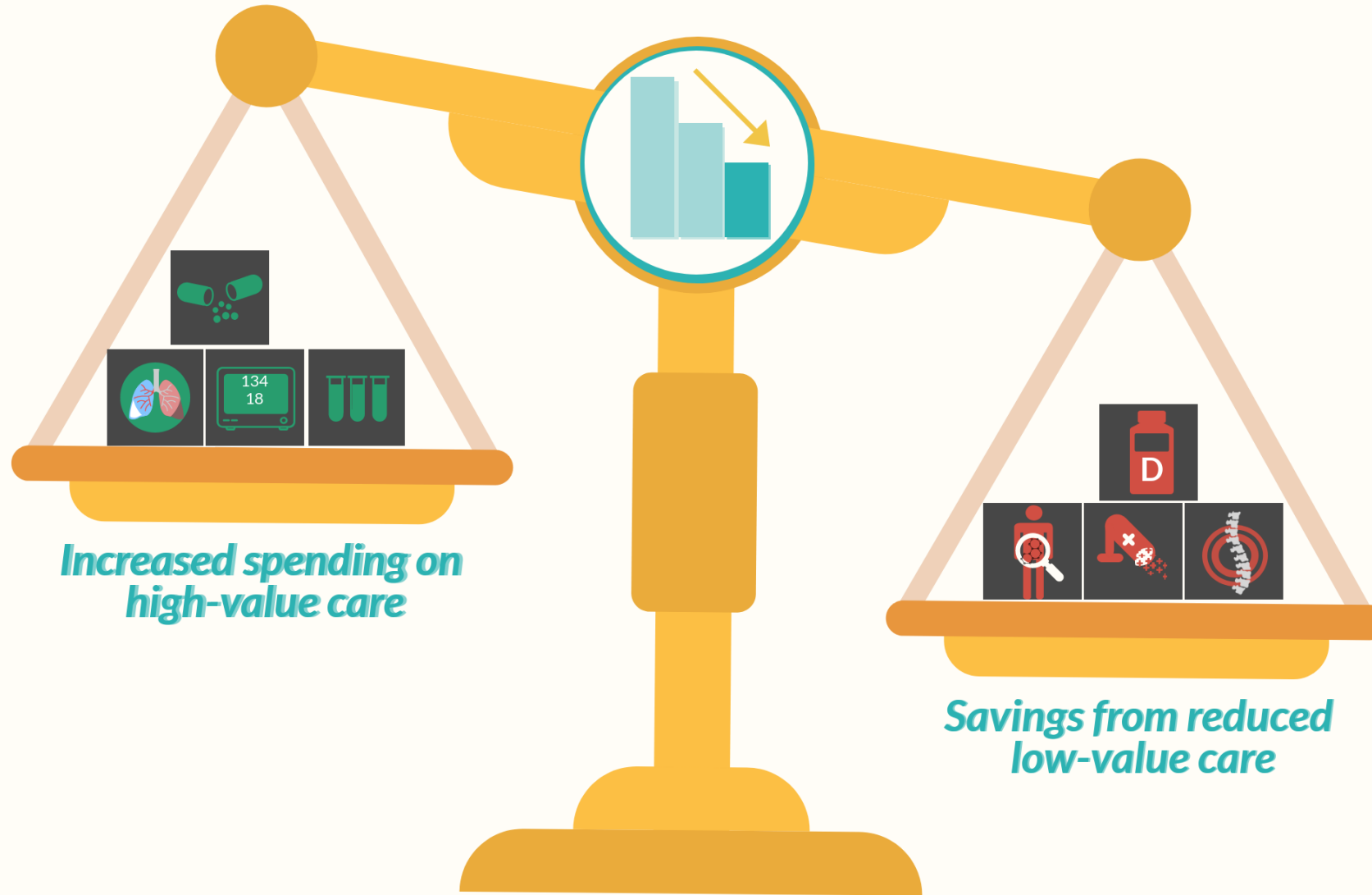
**HHS granted authority to
not pay for USPSTF ‘D’
Rated Services**

V-BID X:

Better Coverage, Same Premiums and Deductibles



Motivation: Clinically-driven plan designs reduce spending on low-value care to allow more generous coverage of high value services



V-BID X: Guiding Principles

- **Make concrete recommendations**
- **Anticipate and address barriers**
- **Payers must be able to use template to design a V-BID product**
- **The best must not be the enemy of the good**
- **Output would be publically available**

Identification of services:

1. **Favor services with the strongest evidence-base**
2. **Favor services that are more responsive to cost-sharing**
3. **Favor services with a high likelihood to be high- or low-value, independent of the clinical context**
4. **Focus on areas with most need for improvement**
5. **Consider equity, adverse selection, impact on special populations, and the risk pool**

V-BID X: Project Members



- Research supported by Arnold Ventures
- Oliver Wyman provided actuarial estimates

High-Value Services and Drugs with Highly Reduced or Eliminated Cost-Sharing

Glucometers and testing strips	Anti-thrombotic/anticoagulants
LDL testing (hyperlipidemia)	Anti-depressants
Hemoglobin A1C testing (diabetes)	Statins
Cardiac rehabilitation	Antipsychotics
INR testing (hypercoagulability)	ACE inhibitors and ARBs
Pulmonary rehabilitation	Beta blockers
Peak flow meters (asthma)	Buprenorphine-naloxone
Blood pressure monitors (hypertension)	Anti-resorptive therapy
Glucose lowering agents	Tobacco cessation treatments
Rheumatoid arthritis medications	Naloxone
Inhaled Corticosteroids	Thyroid-related
Antiretrovirals	

High-Value Branded Drug Classes with Reduced Cost-Sharing

Pre-exposure prophylaxis for HIV

Hepatitis C direct-acting combination

Anti-TNF

Low-Value Services with No Coverage

Spinal fusions

Vertebroplasty and kyphoplasty

Vitamin D testing

Proton beam therapy for prostate cancer

Commonly Used Services with Limited Value and Increased Cost-Sharing

Outpatient specialist services	X-rays and other diagnostic imaging
Outpatient labs	Outpatient surgical procedures
High-cost imaging	Non-preferred branded drugs

V-BID X: Plan Flexibility

The list of services and service categories used in this first iteration of V-BID X represents just one version of what such a plan design could look like.

Payers have significant flexibility regarding how to design a version of V-BID X. Key parameters include:

- Selection of high-value services for reduced cost-sharing
- Level of cost-sharing reduction for high-value services
- Selection of low-value services for increased cost sharing
- Level of cost-sharing increase for low-value services
- Determination of the actuarial value of the plan

V-BID X: Key Takeaways

- **Cost neutral V-BID designs are feasible. Coverage can be enhanced for targeted high-value services, without raising premiums and deductibles**
- **There are a large number of plausible combinations of services or cost-sharing changes that could fit different needs and goals, depending on the carrier and market**

V-BID X for Employers: More Generous Coverage of Essential Clinical Care Without Increasing Premiums or Deductibles

- **Expand pre-deductible coverage/reduce cost sharing on high value clinical services**
- **Identify, measure and reduce low value care to pay for more generous coverage of high value care**
- **Implement clinically-driven, plan designs that increase use of high value services and deter the use of low value ones**

An aerial photograph of a large, oval-shaped stadium. The stadium is filled with blue seats, and the field is green with yellow lettering that reads "MICHIGAN". The stadium is surrounded by parking lots, roads, and trees. The sky is clear and blue.

“If we don’t succeed then we will fail.”

Dan Quayle