



# Value-Based Insurance Design: Enhancing Access and Affordability to Essential Clinical Services

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@um\_vbid

**Table 1: Risk factors for nodding off at lectures**

Factor	Odds ratio (and 95% CI)
<b>Environmental</b>	
Dim lighting	1.6 (0.8–2.5)
Warm room temperature	1.4 (0.9–1.6)
Comfortable seating	1.0 (0.7–1.3)
<b>Audiovisual</b>	
Poor slides	1.8 (1.3–2.0)
Failure to speak into microphone	1.7 (1.3–2.1)
<b>Circadian</b>	
Early morning	1.3 (0.9–1.8)
Post prandial	1.7 (0.9–2.3)
<b>Speaker-related</b>	
Monotonous tone	6.8 (5.4–8.0)
Tweed jacket	2.1 (1.7–3.0)
Losing place in lecture	2.0 (1.5–2.6)

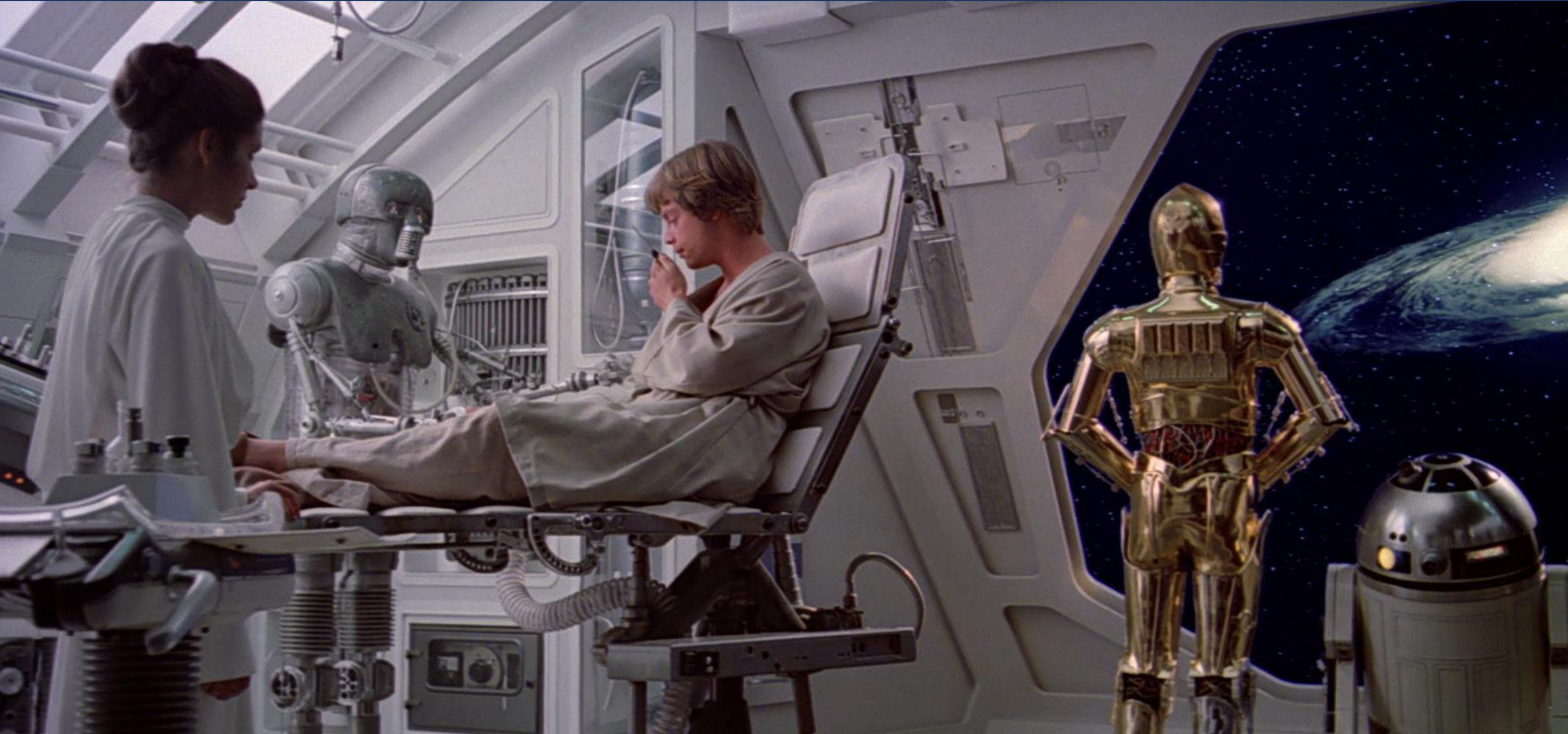
Note: CI = confidence interval.

# 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



# Star Wars Science





# Flintstones Delivery



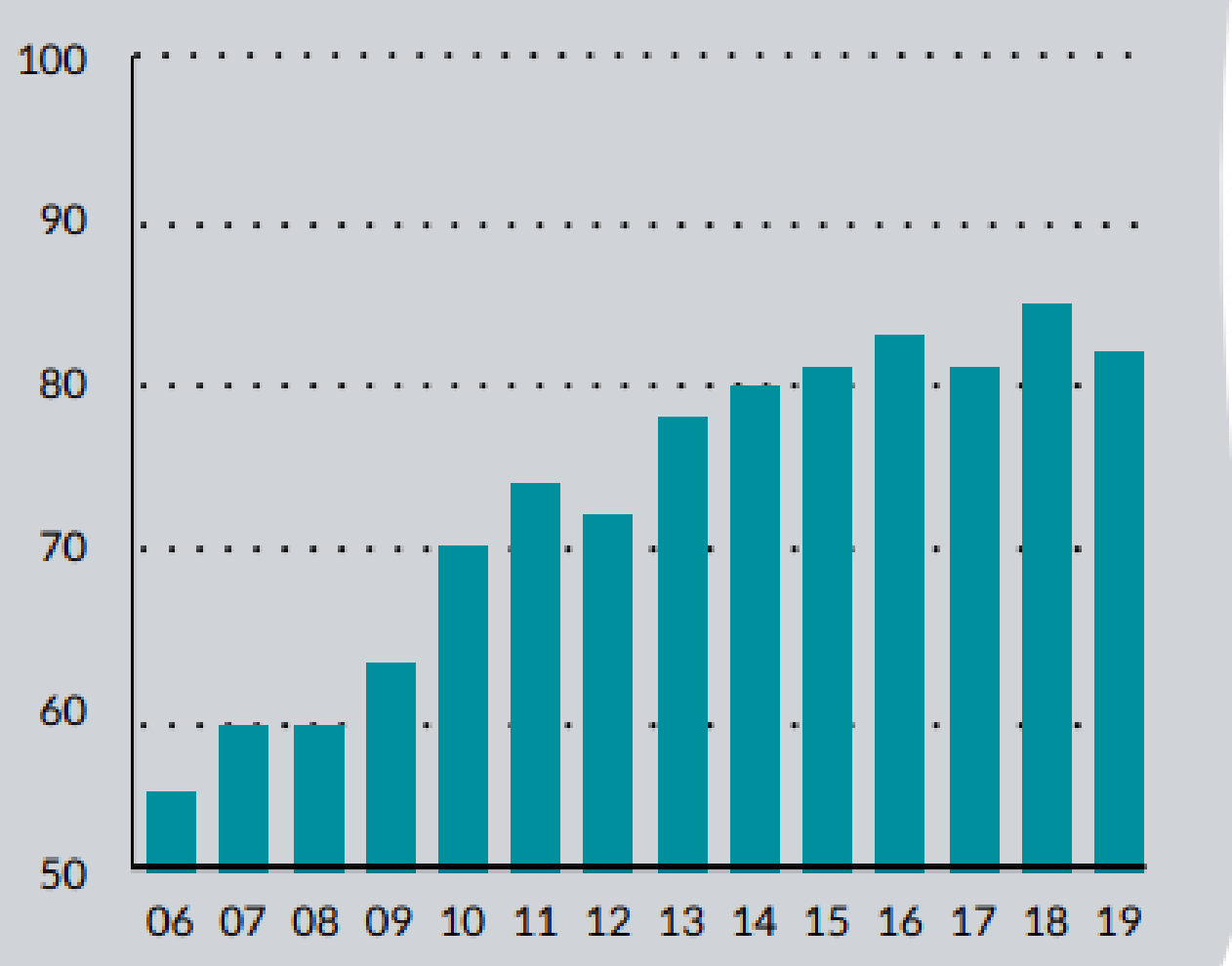
# Moving from the Stone Age to the Space Age: Change the health care cost discussion from “How much” to “How well”



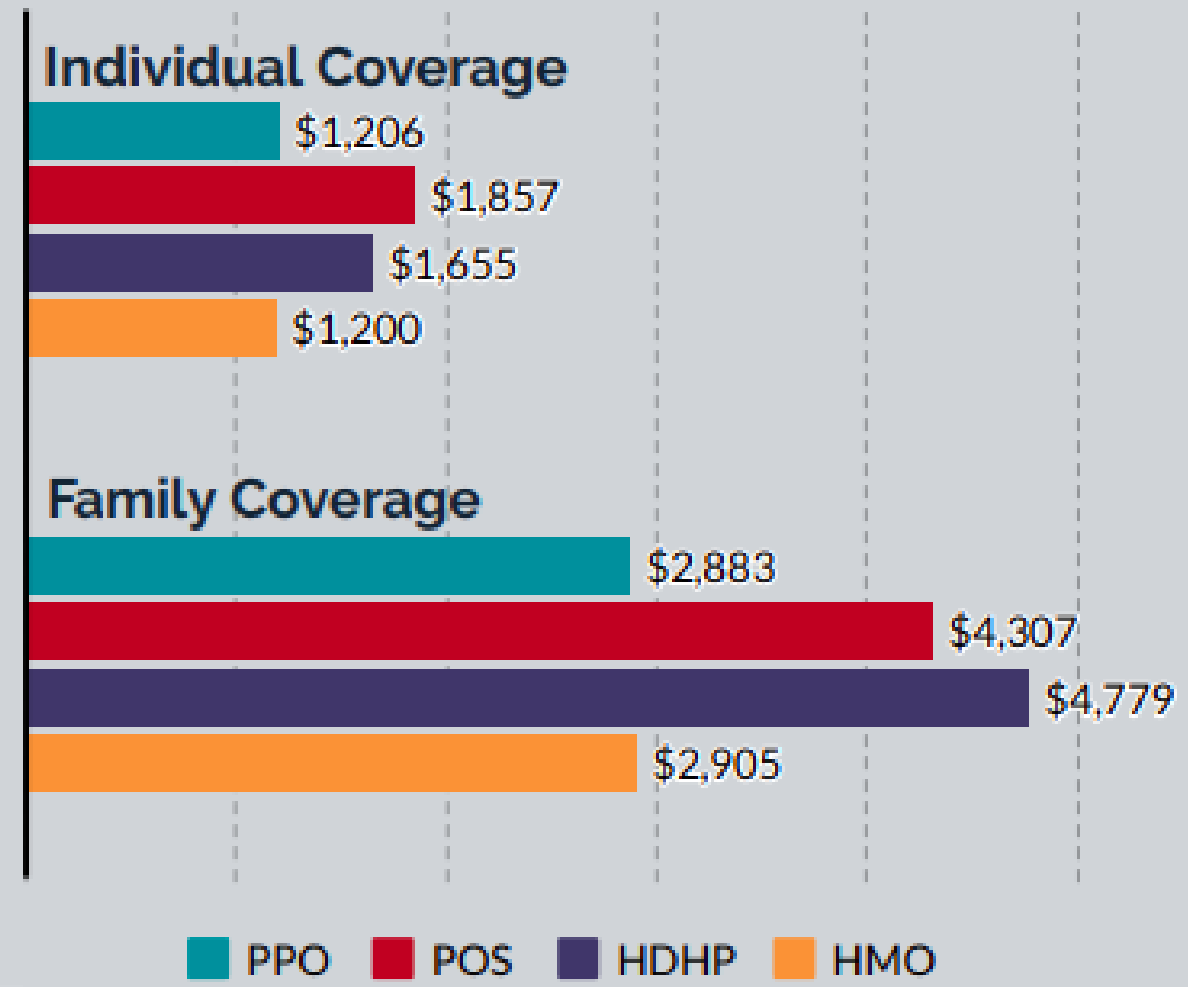
- **Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services**
- **Policy deliberations focus primarily on alternative payment and pricing models**
- **Moving from a volume-driven to value-based system requires a change in both how we pay for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

# Growth of Deductibles as a Cost Sharing Strategy

## Percent of Americans With a Deductible



## Average Deductible by Plan Type in 2019





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.







“

**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)

# Impact of Cost-Sharing on Health Care Disparities

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

*Michael Chernew, PhD<sup>1</sup> Teresa B. Gibson, PhD<sup>2</sup> Kristina Yu-Isenberg, PhD, RPh<sup>3</sup>  
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- **Rising copayments worsen disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions**

# Alternative to “Blunt” Consumer Cost Sharing: A Clinically Driven Approach

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



The illustration depicts a chaotic scene of medical supplies and financial symbols. In the center, a yellow figure with a sad face is being crushed by a large stack of gold coins. Surrounding the figure are various medical items: a syringe, a green first aid kit with a white cross, a white pill bottle with a red cross, and numerous pills and capsules in various colors (red, blue, yellow, green). The scene suggests the financial burden of healthcare and the impact of cost-sharing on patients.

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# V-BID:

## Rare Bipartisan Political and Broad Multi-Stakeholder Support

- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- Commonwealth Fund
- NBCH
- American Fed Teachers
- Families USA
- AHIP
- AARP
- DOD
- BCBSA
- National Governor's Assoc.
- US Chamber of Commerce
- Bipartisan Policy Center
- Kaiser Family Foundation
- American Benefits Council
- National Coalition on Health Care
- Urban Institute
- RWJF
- IOM
- Smarter Health Care Coalition
- PhRMA
- EBRI
- AMA

# Putting Innovation into Action: Translating Research into Policy

Translating  
Research into  
Policy





## **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)**

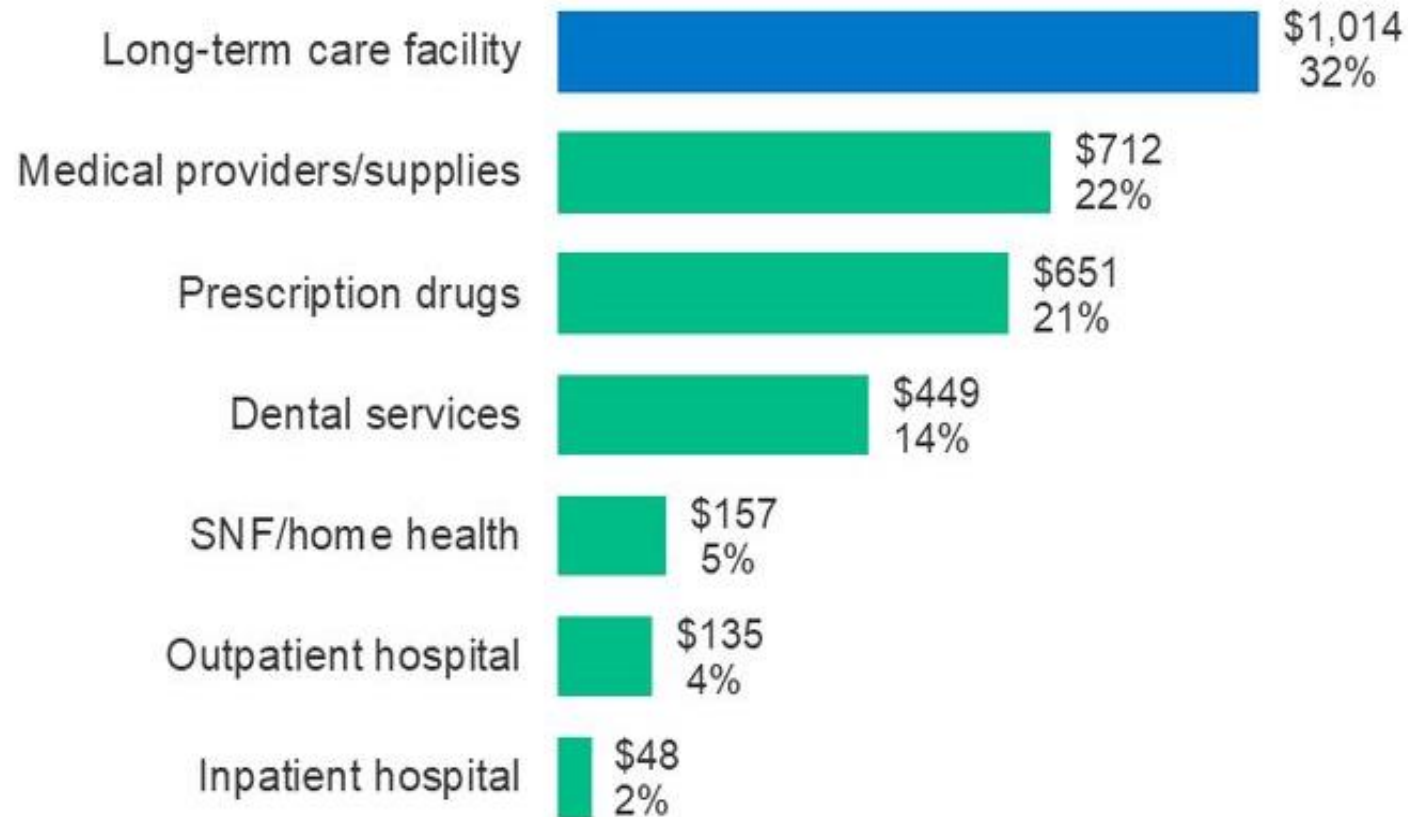
**Over 137 million Americans have received expanded coverage of preventive services**

# Putting Innovation into Action: Translating Research into Policy



# The \$5,460 in average annual out-of-pocket spending by Medicare enrollees includes just over \$1k for long-term care facility services

*Distribution of Spending on Services by Type of Service:*



NOTES: 2016 data. SNF is skilled nursing facility. Analysis excludes beneficiaries with Part A only or Part B only for most of the year or Medicare as a Secondary Payer, and beneficiaries in Medicare Advantage.

SOURCE: KFF analysis of Centers for Medicare & Medicaid Services 2016 Medicare Current Beneficiary Survey.



## Implementing V-BID in Medicare

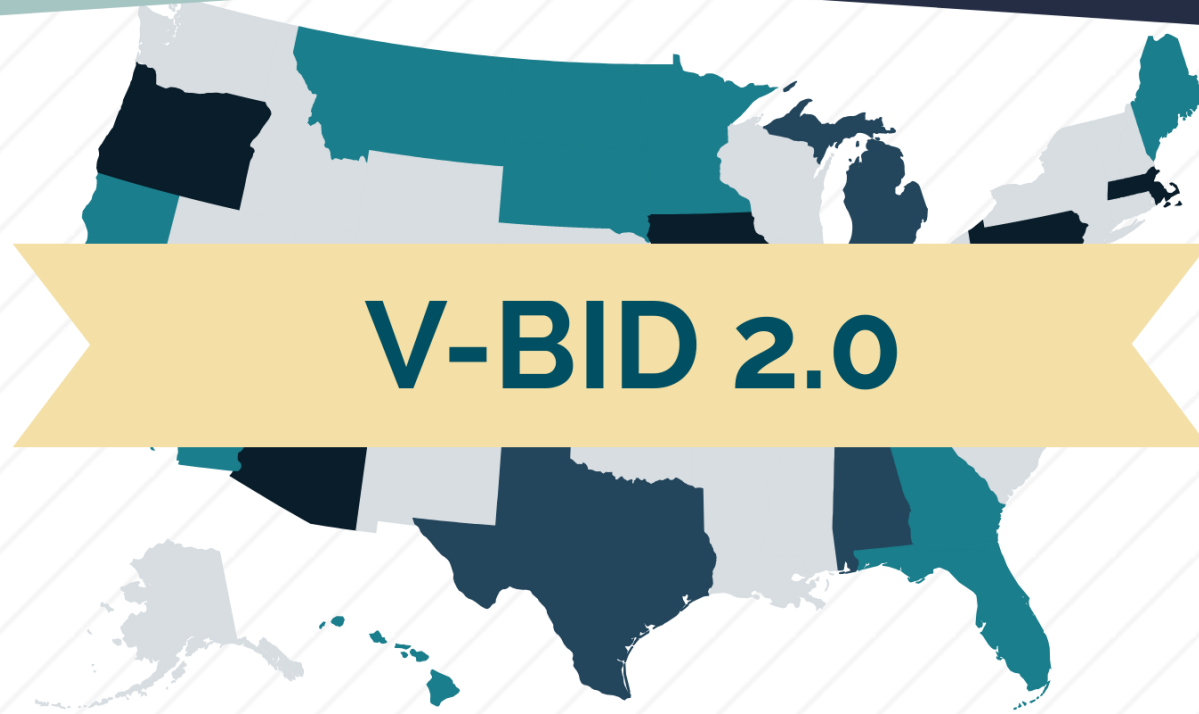
**Why not lower cost-sharing on high-value services?**



The anti-discrimination clause of the Social Security Act does not allow clinically nuanced consumer cost-sharing.

**"providers may not deny, limit, or condition the coverage or provision of benefits"**

# 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

# Putting Innovation into Action: Translating Research into Policy





# 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

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

<b>Preventive Care for Specified Conditions</b>	<b>For Individuals Diagnosed with</b>
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



# 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.

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How One Tech Firm Is Getting Ahead Through Inclusivity

BY ULTIMATE SOFTWARE

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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

# Trump administration wants to lower seniors' insulin costs



# Paying for More Generous Coverage of High Value Care: Reduce Spending on Low Value Care

- Increase premiums – politically not feasible
- Raise deductibles and copayments – ‘tax on the sick’
- **Reduce spending on low value care**

**\$345  
BILLION**

## 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**



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

Clinically driven plan designs, like **V-BID X**,  
reduce spending on **low-value care**



...creating headroom to reallocate spending  
to **high-value services** without increasing  
**premiums or deductibles**

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# The 2021 Proposed Payment Notice, Part 2: Exchange Provisions

## Value-Based Insurance Design

CMS continues to emphasize the need for a consumer-driven health care system and reports that the agency is working to assist insurers in developing and offering value-based insurance designs (VBID) that empower consumers. CMS is not proposing new regulatory requirements at this time and instead describes a new “value-based model QHP” that it encourages insurers to consider. Although plans that incorporate VBID plans will not receive preferential display on HealthCare.gov, CMS is considering other ways to allow consumers to identify a value-based QHP through HealthCare.gov (such as including “value-based” in the plan name or ways for HHS to designate a plan as “value-based”).



## 2020 Reform Goals

- **Expand pre-deductible coverage/reduce consumer 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 (e.g. V-BID X) that increase use of high-value services and deter low value ones**



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

Dan Quayle

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