

Value-Based Insurance Design:
Enhancing Access and Affordability to Essential
Clinical Services during COVID-19 and Beyond

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Hail to the Frontline

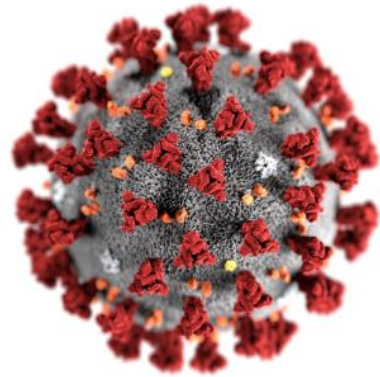
So many selfless people are doing truly wonderful things to successfully defeat this pandemic. Thank you.



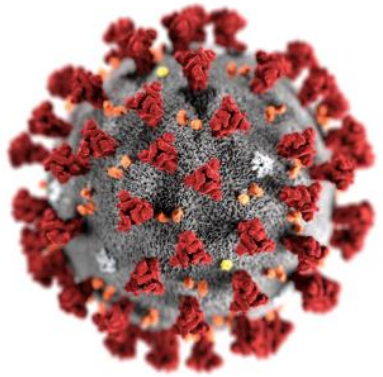
Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

- Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services and in the wrong places
- 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
- Then came the coronavirus...

A Second Health Care Pandemic will Follow COVID-19 We Need to Plan Accordingly



A Second Health Care Pandemic will Follow COVID-19 We Need to Plan Accordingly

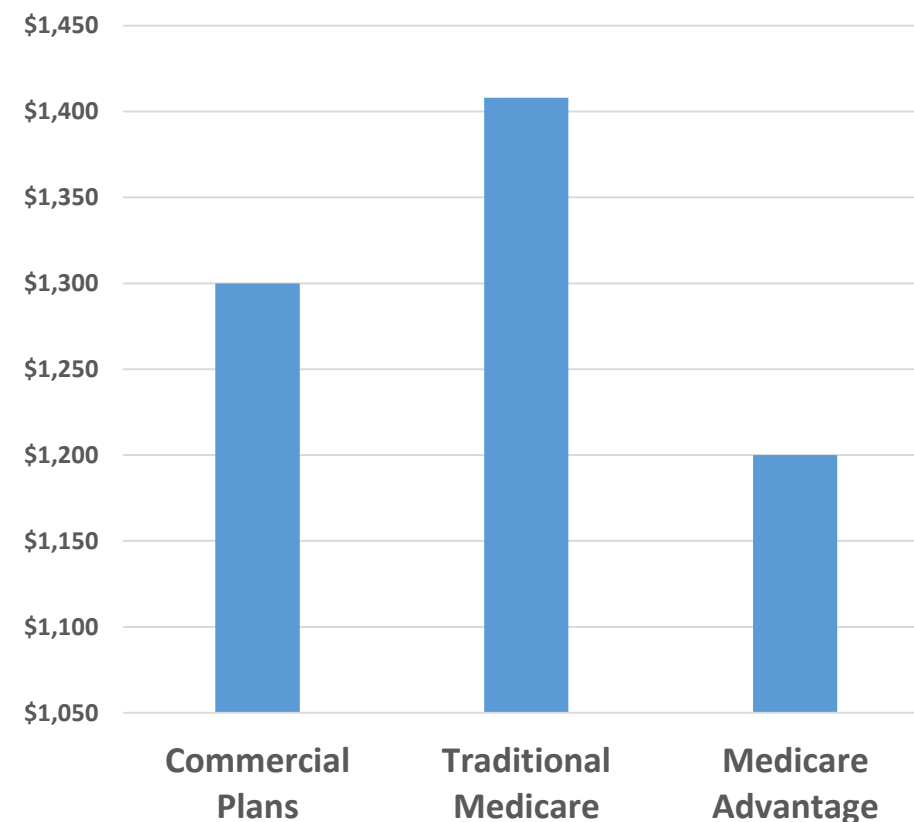


**NEARLY THREE IN FOUR AMERICANS
SAY THEIR INCOMES HAVE ALREADY
TAKEN A HIT FROM THE PANDEMIC**

Concerns Regarding Coronavirus Out of Pocket Costs: Americans Cannot Afford a COVID-19 Deductible

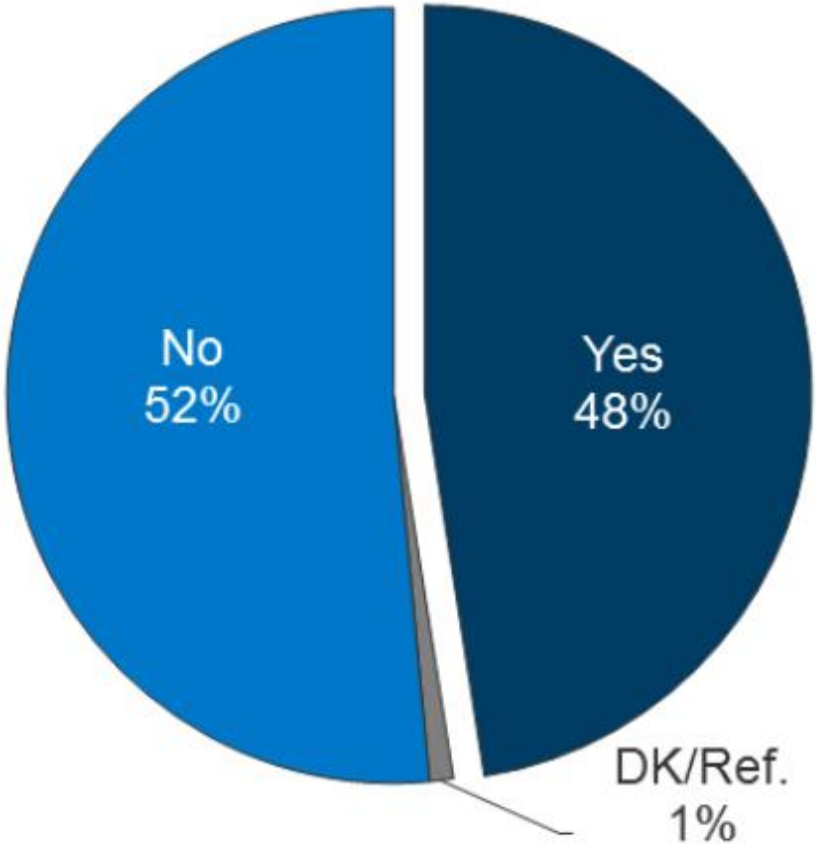
- 68% of adults report out-of-pocket costs would be very or somewhat important in their decision to get care if they had coronavirus symptoms
- Insured patients are responsible for over \$1,000 for a COVID-19 hospitalization
- 40% of Americans do not have \$400 for an expected expense

Patient Cost for COVID-19 Hospitalization

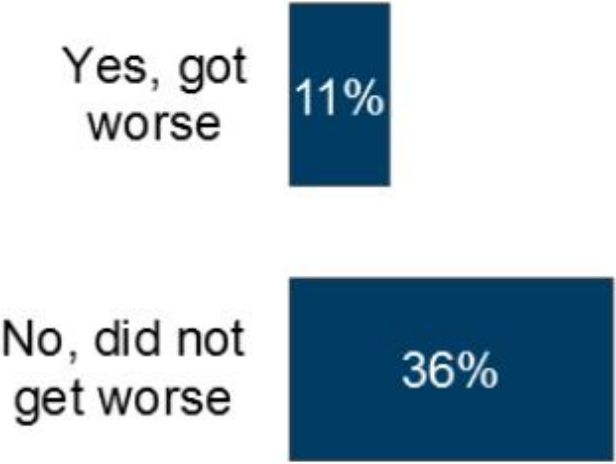


About Half of the Public Says They Have Skipped or Postponed Medical Care because of the Coronavirus Outbreak

In the past three months, have you or a family member in your household skipped or postponed any type of medical care because of the coronavirus outbreak?



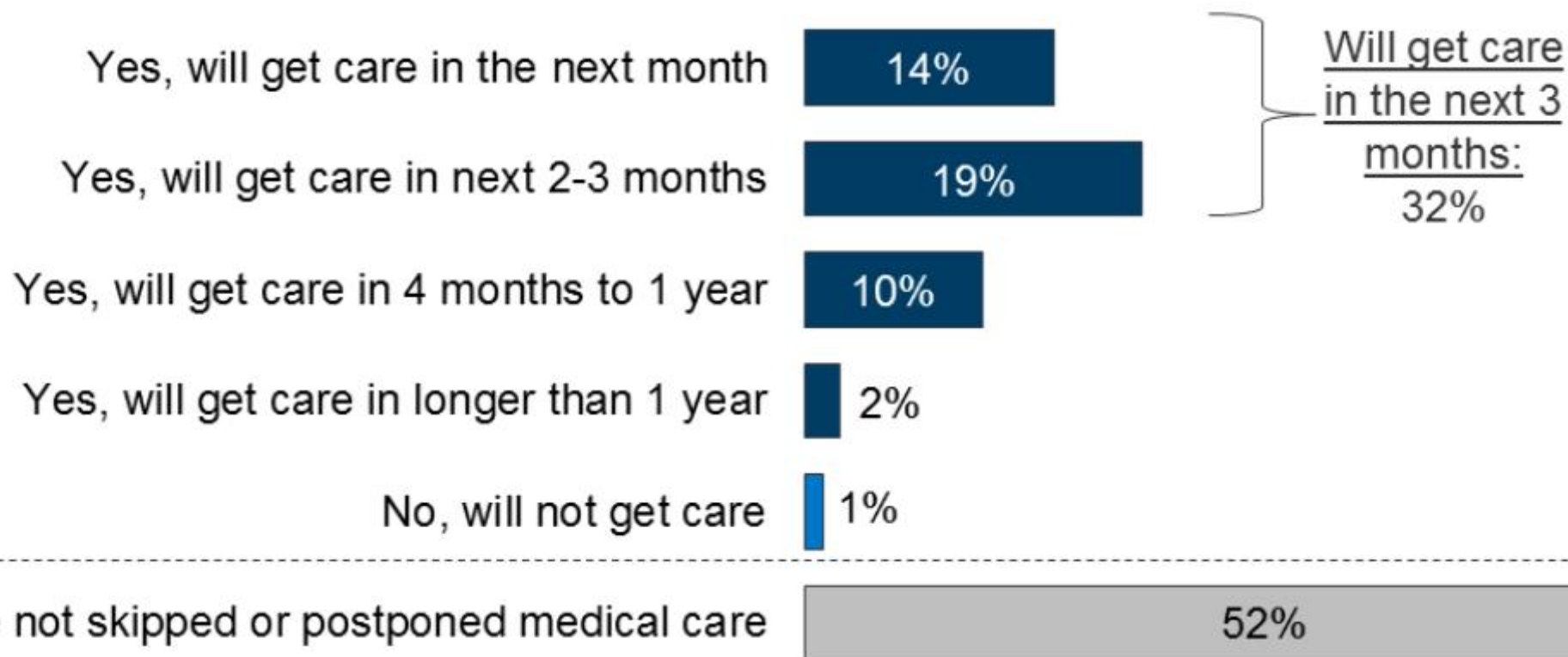
ASKED OF THE 48% WHO SKIPPED OR POSTPONED MEDICAL CARE: Did your or your family member's condition get worse as a result of skipping or postponing medical care?



NOTE: For second question, percentages based on total.
SOURCE: KFF Health Tracking Poll (conducted May 13-18, 2020). See topline for full question wording.

About a Third Say They Skipped or Postponed Medical Care Due to COVID-19 but Will Get Needed Care in Next Few Months

ASKED OF THE 48% WHO SKIPPED OR POSTPONED MEDICAL CARE: Thinking about the care you or your family member skipped or postponed, do you think you will eventually get this care, or not? IF YES: Will that be in the next month, within two to three months, within four months to one year, or longer than that?



NOTE: Percentages based on total.

SOURCE: KFF Health Tracking Poll (conducted May 13-18, 2020). See topline for full question wording.

A Second Health Care Pandemic will Follow COVID-19
We Need to Prepare for is What to Come

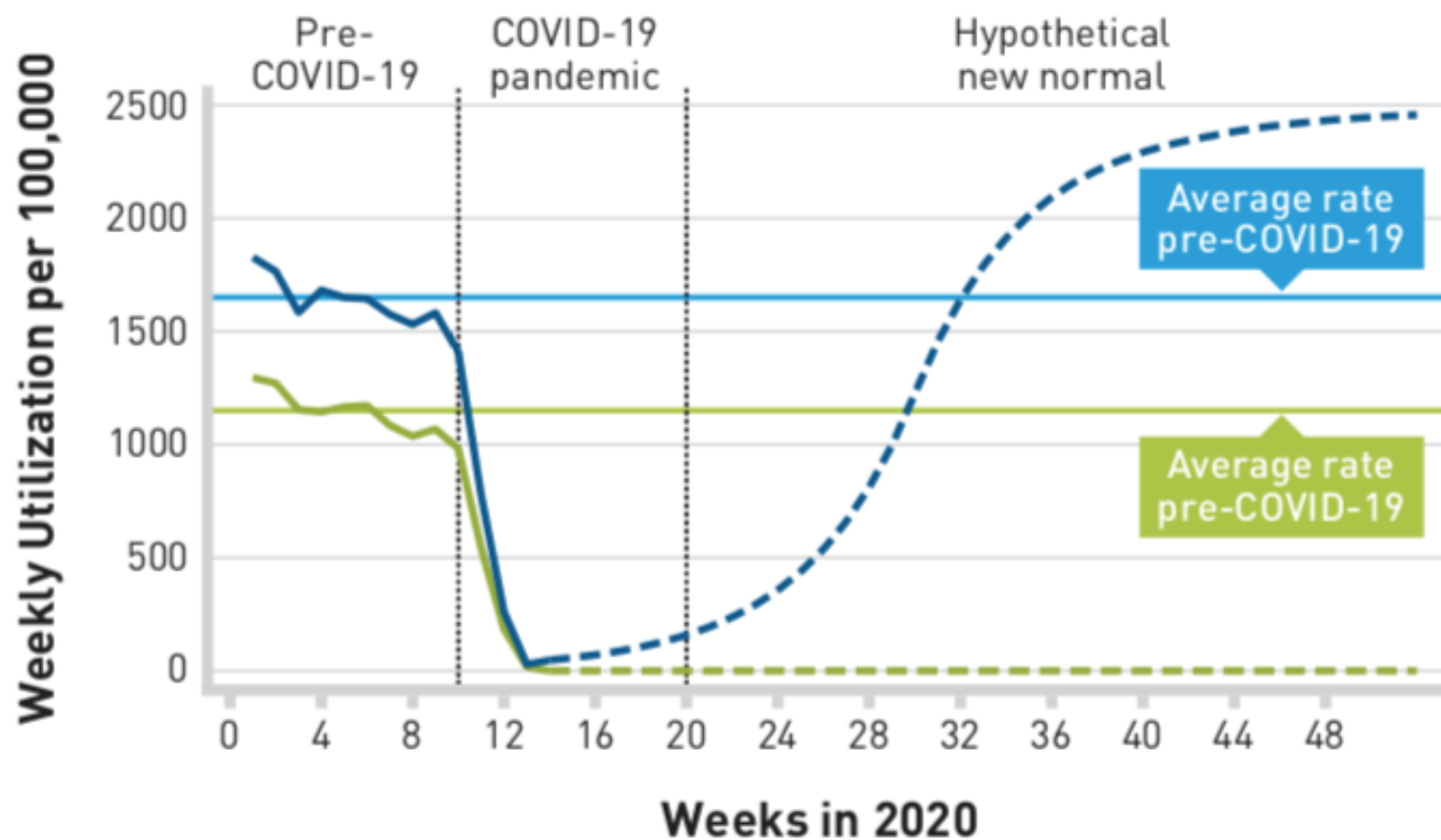
COVID-19 Projected to Drive Increased Costs for Consumers, Employers

COVID-19 costs could lead to significant increases in premiums

COVID-19 Recession to Increase Uninsurance Rates, Test Medicaid

COVID-19 will lead to increased unemployment and pose serious challenges to Medicaid and coverage for uninsured individuals.

Crisis Into Opportunity: Can COVID-19 Help Set a Path to Improved Health Care Efficiency?



— Low-value cancer screenings (actual data)

- - - Low-value cancer screenings (hypothetical data)

— Indicated cancer screenings (actual data)

- - - Indicated cancer screenings (hypothetical data)

Crisis Into Opportunity: Can COVID-19 Help Set a Path to Improved Health Care Efficiency?

- **Build on existing alternative payment models** that base reimbursement on patient-centered outcomes. increase reimbursement for high-value services and reduce or cease payment for known low-value care
- **Leverage the widespread adoption of electronic health records (EHRs)** to make it easier to order high-value care with simplified processes and discourage the use of low-value care with alerts
- **Align patient cost-sharing with the clinical value of services;** reduce out of pocket cost on high value services and increase patient cost on low value care

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

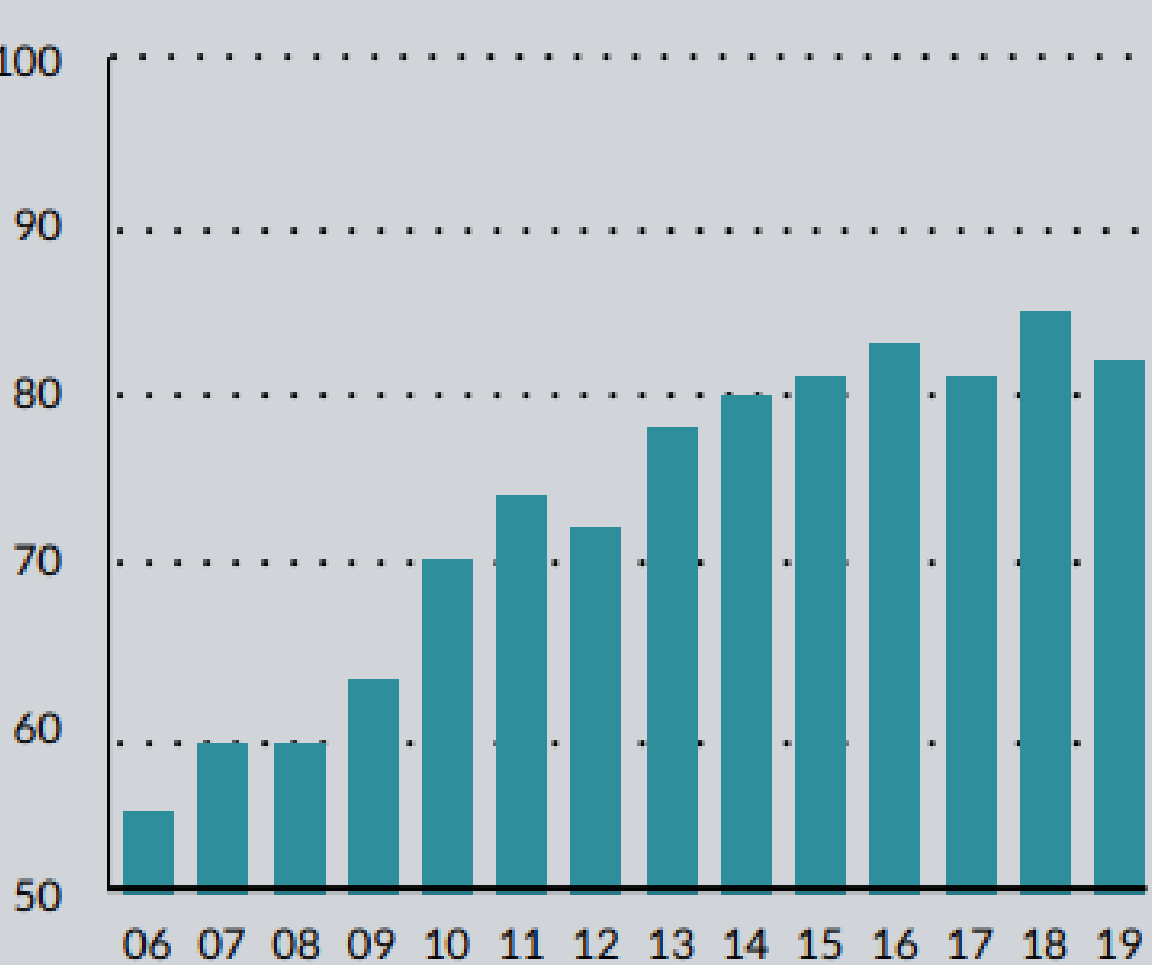
Patient Worry About Out-of-Pocket Healthcare Costs at All-Time High

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

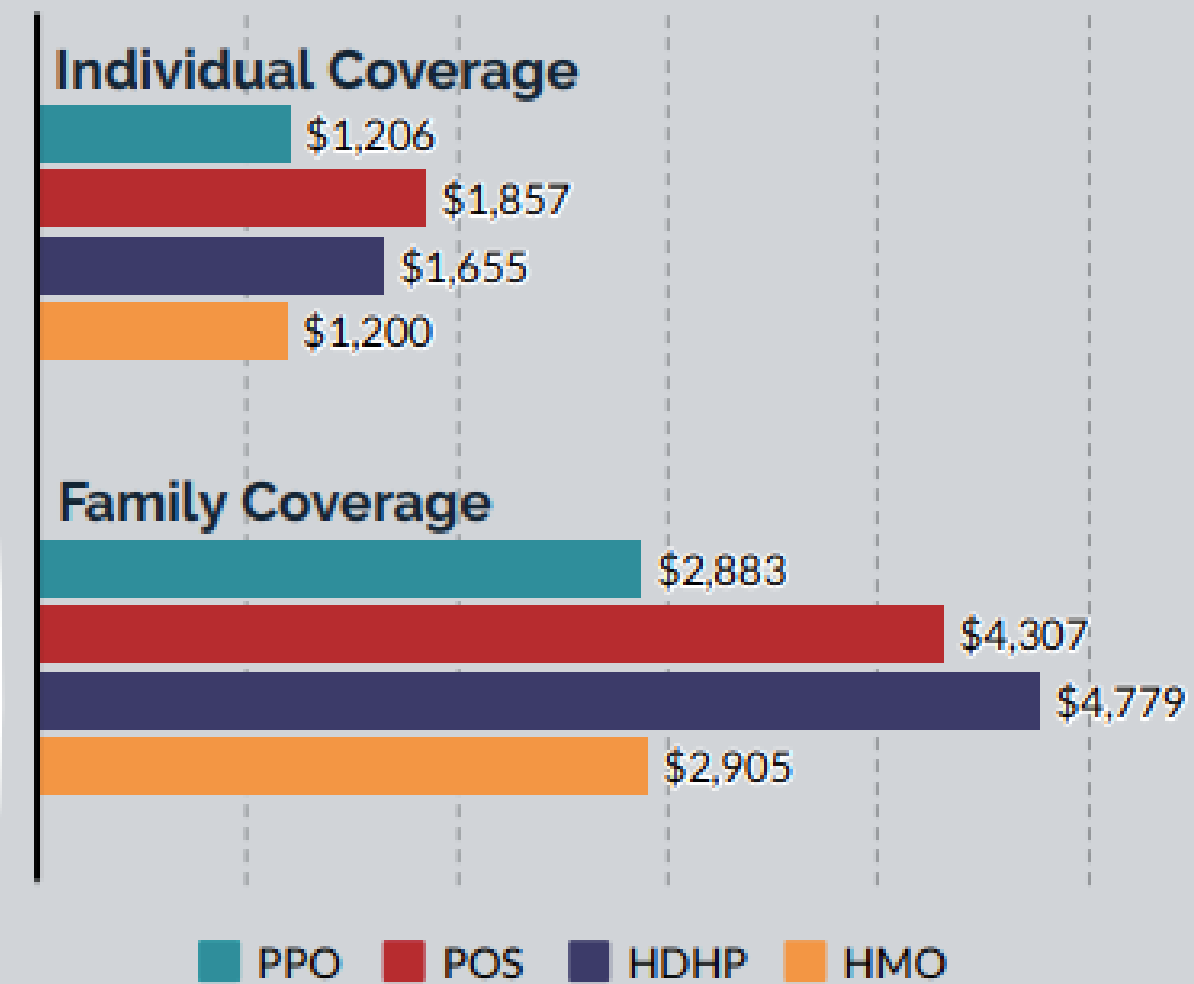


Health Plan Deductibles have grown more than ten times faster than inflation over the last decade

Percent of Americans With a Deductible



Average Deductible by Plan Type in 2019



Inspiration (Still)



“

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)

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 variety of medical supplies including pills, capsules, a syringe, a first aid kit, and a pill bottle. Interspersed among these items are several stacks of gold coins. In the foreground, there are three stylized human figures with faces: one with a sad expression and two with happy expressions, suggesting a transition from poor health to better health through medical intervention.

RELATED COVERAGE

-  THE NEW The A Prosta
-  THE NEW Teach Save
-  A HEALTH How I Better

Putting Innovation into Action: 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



Medicare Advantage V-BID Model Test: Expanded Opportunities

Reduced cost-sharing permissible for:

- High-value services
- High-value providers
- Participation 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

Transportation, nutrition support

Telehealth

Service delivery innovations

Augment existing provider networks

Press release

CMS Launches Groundbreaking Model to Lower Out of Pocket Expenses for Insulin

Mar 11, 2020 | Coverage, Innovation models, Medicare Part D, Prescription drugs, Quality

Share



Putting Innovation into Action: Translating Research into Policy



HSA-HDHP Reform



2004 IRS Code - High deductible health plans could not cover clinical services used to treat 'existing illness, injury or conditions' until the plan deductible was met

PREVENTIVE CARE COVERED

Dollar one



CHRONIC DISEASE CARE

NOT covered until deductible is met



2019 – IRS Notice 2019-45: Specific services and drugs used to treat certain chronic conditions can be covered before the plan 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

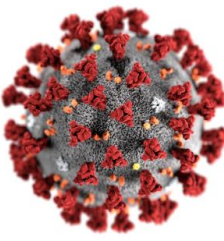
Chronic Disease Management of 2020 – Bipartisan bill expands list of services that could be covered before the plan deductible is met

116th Congress
2D Session

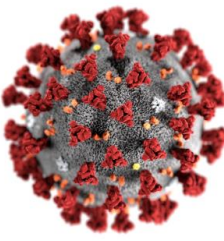


S.3200

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.

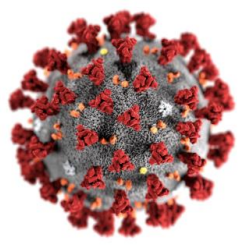


- March 11: IRS Notice 2020-15 - extended pre-deductible coverage for medical services to test for and treat the virus
- March 18: Families First Coronavirus Response Act
 - Eliminated cost-sharing for COVID-19 testing
 - Eliminated cost-sharing for any in-person or telehealth provider visit that results in a COVID-19 test



March 27 - Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Allows HDHPs to cover Telehealth (not just COVID-19 related) on a pre-deductible basis
- Mandates coverage of COVID-19 diagnostic testing without cost sharing by all plans
- **Amends Public Health Service Act Section 2713, requiring all plans to cover Coronavirus vaccine without consumer cost-sharing**



THE CORONAVIRUS CRISIS

Some Insurers Waive Patients' Share Of Costs For COVID-19 Treatment

March 30, 2020 · 6:36 PM ET

Gov. Walz: Minnesota health plans to waive cost-sharing for COVID-19 treatment

***Trump Says Hospitals Will Be Paid for
Treating Uninsured Coronavirus Patients***

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



LOW-VALUE CARE

A silver lining to COVID-19: Fewer low-value elective procedures

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

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**

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	

Low-Value Services with No Coverage

Spinal fusions

Vertebroplasty and kyphoplasty

Vitamin D testing

Proton beam therapy for prostate cancer

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**

Confronting the 'New Normal'

- Less \$ for everything
 - Everyone looking to reduce spend
 - Increased scrutiny on low value care
- Changes in care delivery patterns
 - While popular, quality and cost impact of telemedicine is uncertain
 - Shift to evidence based services

Issues for Payers in the 'New Normal'

- New costs
 - COVID-19 care
 - Copay waivers for COVID-19 care and telemedicine
- How much volume returns?
- Cost of coronavirus vaccine

Enhancing Access and Affordability to Essential Clinical Services: Clinically-driven Policies Should Drive the 'New Normal'

- Implement clinically-driven payment reforms, technologies and benefit designs that increase use of high-value services and deter low value care

An aerial photograph of a large, oval-shaped stadium. The stadium is filled with blue seats, and the field in the center is green with yellow yard lines. The word "MICHIGAN" is visible on the field. The stadium is surrounded by parking lots, roads, and trees. A semi-transparent white box is overlaid on the center of the stadium, containing a quote.

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

Dan Quayle