REDUCING LOW-VALUE CARE IN A POST-PANDEMIC WORLD

MARK FENDRICK

DIRECTOR

CENTER FOR VALUE-BASED

INSURANCE DESIGN

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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

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A SECOND HEALTH CARE PANDEMIC WILL FOLLOW COVID-19

WE NEED TO PLAN ACCORDINGLY

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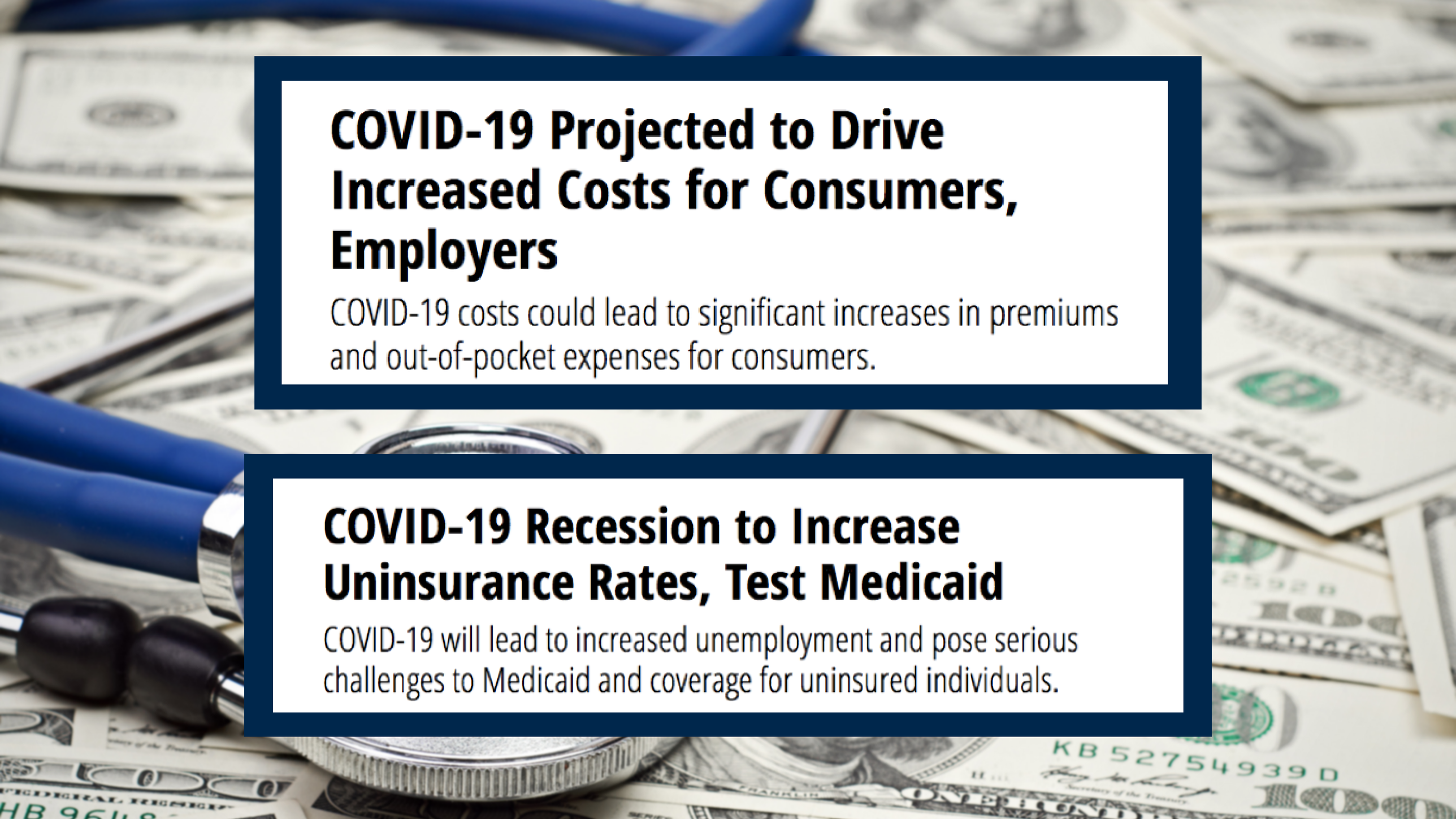


COVID-19 Projected to Drive Increased Costs for Consumers, Employers

COVID-19 costs could lead to significant increases in premiums and out-of-pocket expenses for consumers.

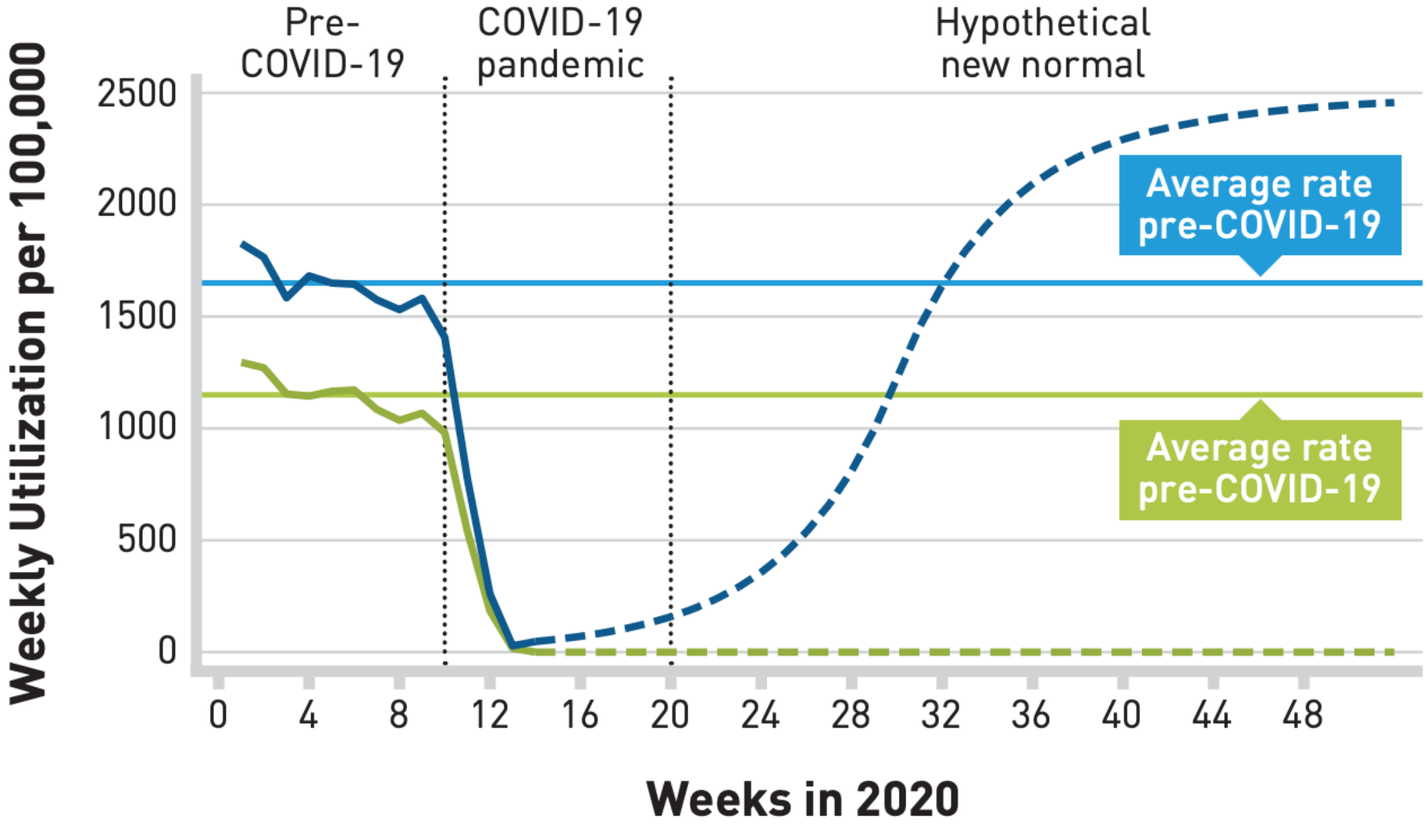
COVID-19 Recession to Increase Uninsurance Rates, Test Medicaid

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

The Onion
@TheOnion

Patient Rushed Into Unnecessary Surgery To Save Cash-Strapped Hospital bit.ly/314r3zN

CRISIS INTO OPPORTUNITY: CAN COVID-19 HELP SET A PATH TO IMPROVED HEALTH CARE EFFICIENCY?



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

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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 value of the underlying services; reduce out-of-pocket cost on high value services and increase patient cost on low-value care

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

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Paying for More Generous Coverage of High-Value Care:

Reduce Spending on Low-Value Care

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LOW-VALUE CARE

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

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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

Low-value care (LVC) costs stakeholders more than **$340 billion** annually while offering little to no patient benefit

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

WASTE IN THE MEDICARE PROGRAM: A NATIONAL CROSS-SECTIONAL ANALYSIS OF 2017 LOW-VALUE SERVICE USE AND SPENDING

- Medicare fee-for-service claims for beneficiaries enrolled for two years
- 35 low-value service measures reflecting Choosing Wisely® recommendations and other guidelines using the Milliman MedInsight® Health Waste Calculator
- Low-value services were common and costly in Medicare. Over one-third of beneficiaries received at least one low-value service
- Three services comprised half of wasteful spending: opioids for acute low back pain ($188 million, 26.0%), concurrent use of two or more antipsychotic medications ($94 million, 13.0%), and unnecessary colorectal cancer screening ($79 million, 11.0%) suggesting targeted opportunities for waste reduction.

Reid et al J Gen Intern Med 2020. DOI: 10.1007/s11606-020-06061-0

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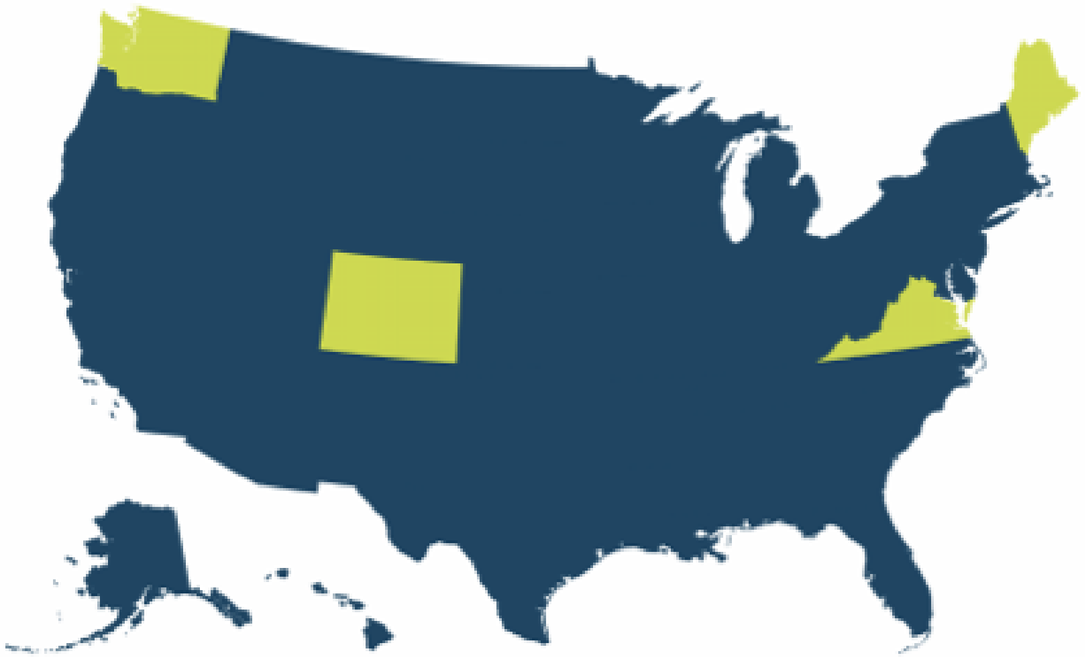
Utilization and Spending on Low-Value Medical Care Across Four States



https://vbidhealth.com/docs/States-LVC-Paper-FINAL-Draft(1).pdf

Table 1. Claims Data Sources included in APCD, by State

	Commercial	Medicaid	Medicare FFS	Medicare Advantage	Patient *and* Plan Spending
Maine	X	X	X	X	X
Washington	X	X			
Colorado	X	X	X	X	X
Virginia	X	X	X		X

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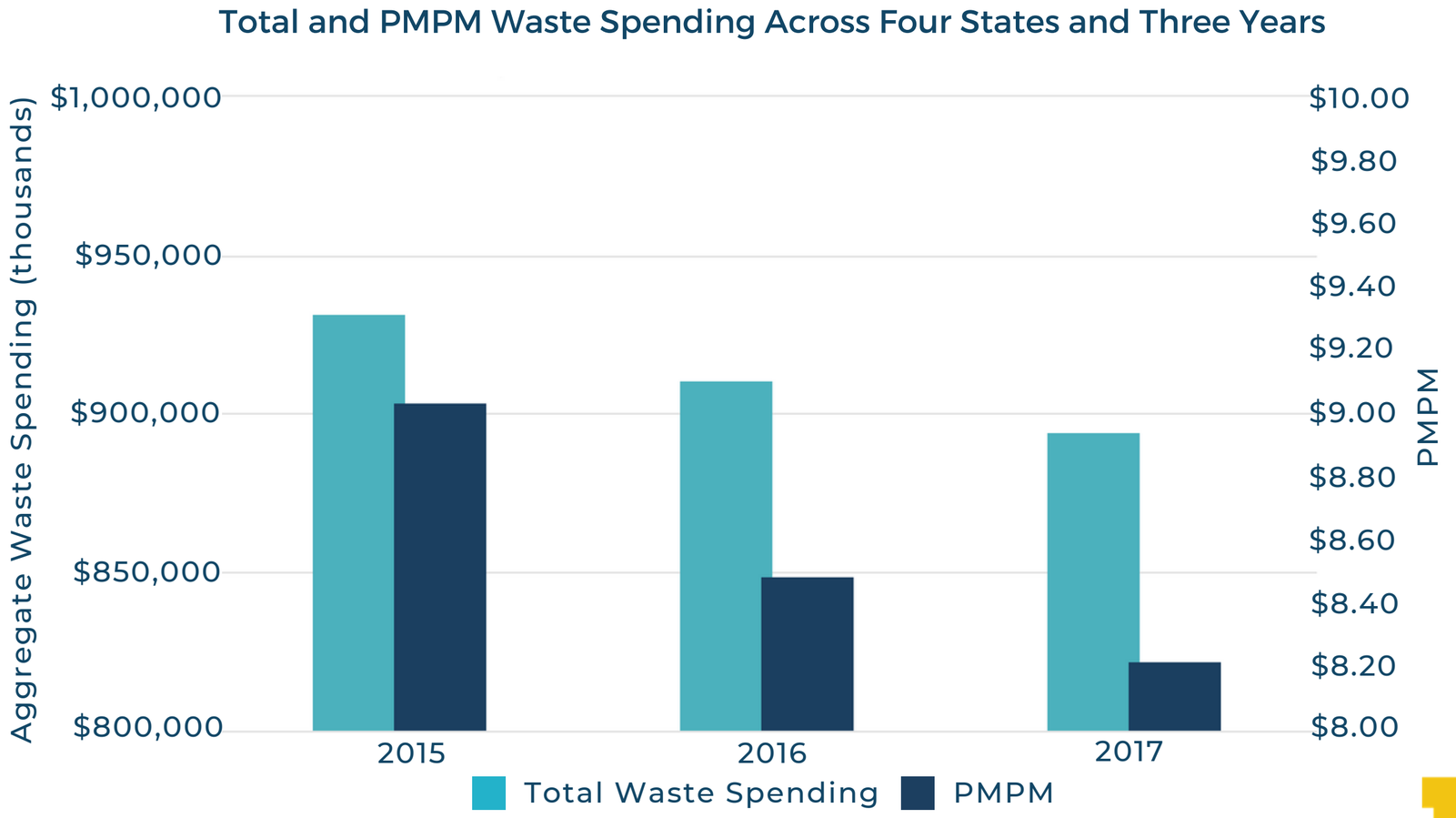
Total Spending on 47 Low-Value Services by Four States in Medicaid and Commercial Plans, 2015-2017



Notes: this figure shows total spending (sum of plan and patient spending) on the 47 low-value services for commercial and Medicaid only, across three years for all four states: Colorado, Maine, Virginia, Washington.

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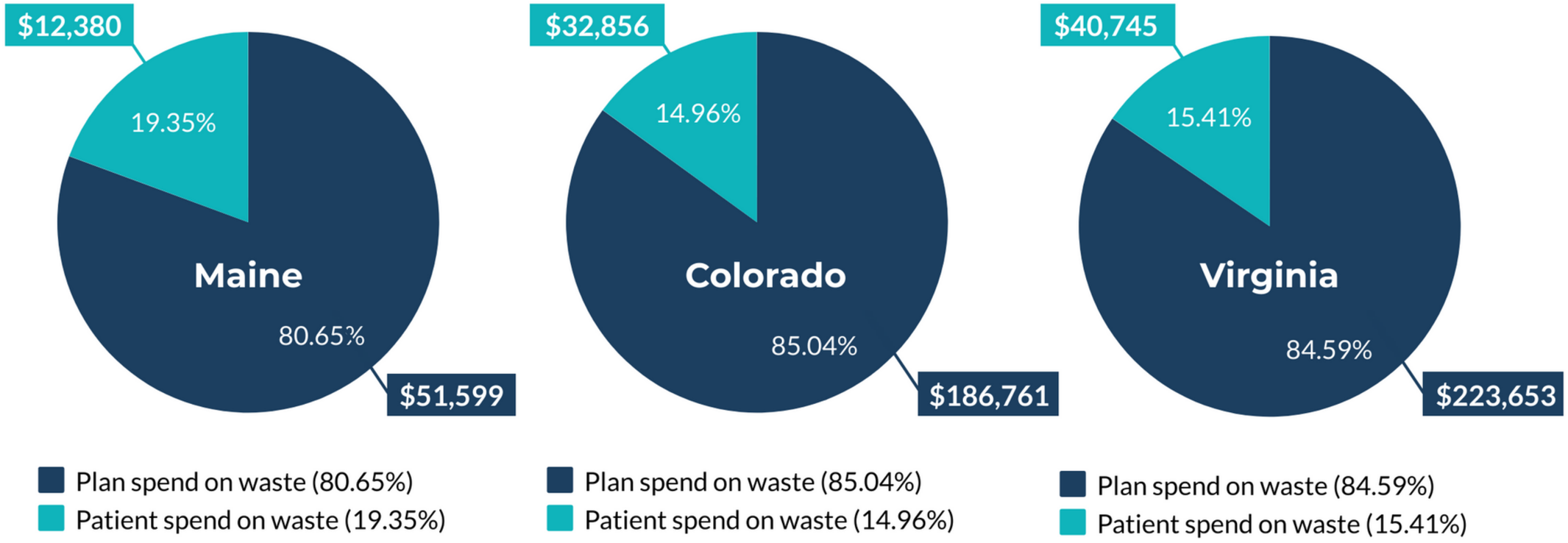
Spending on 47 Low-Value Services in Medicaid and Commercial Plans in 2017 by Patients and Plans



Notes: spending in thousands $. These figures only represent Maine, Colorado, and Virginia. Washington did not separately report patient and plan spending.

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Spending on “Top 10” Commercial and Medicaid Low-Value Services by Volume in 2017

Table 4. Low-Value Spending on Top 10 services by Volume, in 2017

2017	Total Spend on "Top 10" LVC Services	PMPM	% Total Medicaid and Commercial Waste Spending
Maine	$49,659	$6.67	78%
Washington*	$278,236	$8.69	80%
Colorado	$160,125	$5.65	73%
Virginia	$179,322	$4.37	68%
Total	$667,343	$6.13	70%

*Notes: total spending in thousands $. PMPM = total spending on the top 10 services divided by total member months (Appendix 3) provided by the states for 2017. These data only include Medicaid and commercial spending. *Washington did not separately report patient and plan spending, and estimated total spending based on standard pricing for Medicaid and commercial plans.*

Total Plan and Patient LVC Spending, including Medicare, 2017

	Total LVC Spending, with Medicare	PMPM, with Medicare	% Total Health Spending, with Medicare
Maine	$146,884	$12.53	1.72%
Colorado	$358,111	$9.67	1.86%
Virginia	$627,768	$10.66	1.92%

Maine and Colorado include Medicare FFS and Medicare Advantage, Virginia Medicare FFS only

RESEARCH ARTICLE

Health Economics WILEY

The effect of increased cost-sharing on low-value service use

Jonathan Gruber[1] | Johanna Catherine Maclean[2] | Bill Wright[3] | Eric Wilkinson[4] | Kevin G. Volpp[5]

- Examined the effect of a value-based insurance design (VBID) program implemented at a large public employer in the state of Oregon
- The program substantially increased cost-sharing for several healthcare services likely to be of low value for most patients: diagnostic services (e.g., imaging services) and surgeries (e.g., spinal surgeries for pain).
- Findings suggest that the VBID significantly reduced the use of targeted services

Gruber et al . Health Economics. 2020;1–22. https://doi.org/10.1002/hec.4127

V-BID X

Expanding Coverage of Essential Clinical Care Without Increasing Premiums or Deductibles

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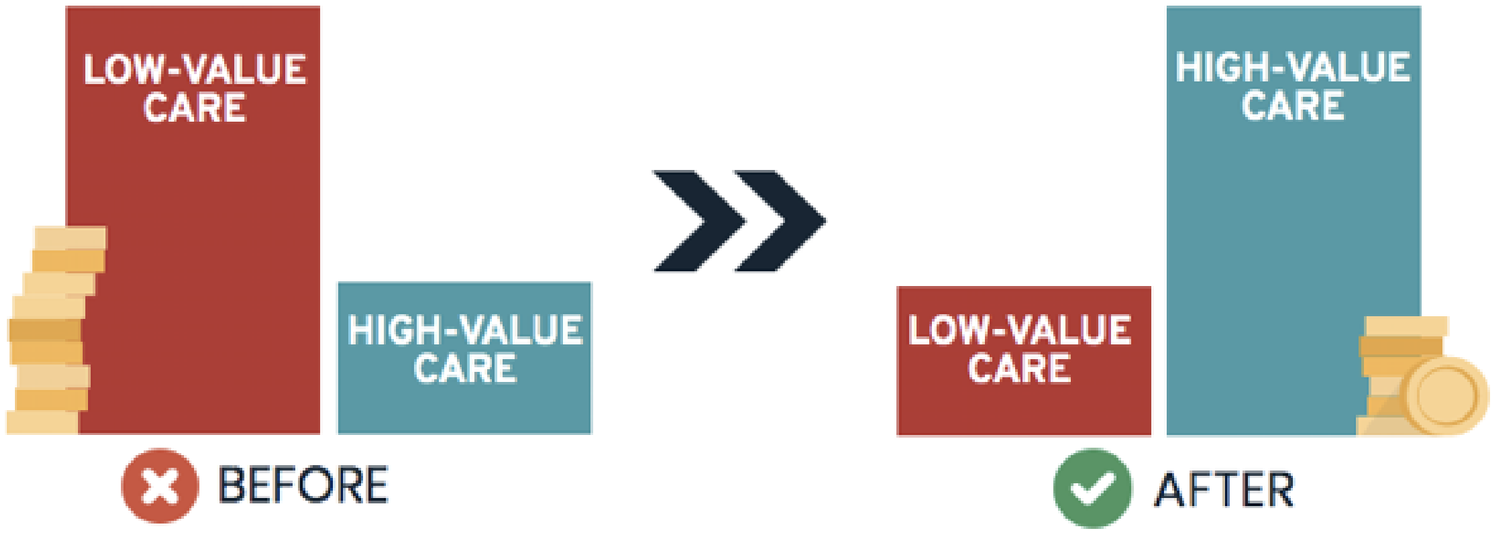
V-BID X: EXPANDING COVERAGE OF ESSENTIAL CLINICAL CARE WITHOUT INCREASING PREMIUMS OR DEDUCTIBLES

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	

High-Value Branded Drug Classes with Reduced Cost Sharing
Pre-exposure prophylaxis for HIV
Hepatitis C directing-acting combination
Anti-TNF

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Low-Value Services with No Coverage
Spinal fusions
Vertebroplasty and kyphoplasty
Vitamin D testing
Proton beam therapy for prostate cancer

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HHS 2021 PAYMENT RULE STRONGLY ENDORSES V-BID X

6. Promoting Value-Based Insurance Design

Borrowing from work provided by the Center for Value-based Insurance Design at the University of Michigan [156] (the Center), Table 5 lists high value services and drugs that an issuer may want to consider offering with lower or zero cost sharing. Table 5 also includes a list of low value services that issuers should consider setting at higher consumer cost sharing. High value services are those

https://www.govinfo.gov/content/pkg/FR-2020-05-14/pdf/2020-10045.pdf

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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

MULTI-STAKEHOLDER EFFORTS TO REDUCE LOW-VALUE CARE: SMARTER CARE VIRGINIA

https://www.vahealthinnovation.org/scv/

VIRGINIA CENTER FOR HEALTH INNOVATION

ENHANCING ACCESS AND AFFORDABILITY TO ESSENTIAL CLINICAL SERVICES: A NEED TO REDUCE LOW VALUE CARE IN THE 'NEW NORMAL'

Expand pre-deductible coverage/reduce consumer cost-sharing on high-value clinical COVID-19 related care and other essential chronic disease services

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

Identify, measure and reduce low-value care to pay for more generous coverage of high-value care

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STAY CONNECTED.

vbidcenter.org
smarterhc.org/

@UM_VBID
@SmarterHC

vbidcenter@umich.edu
info@smarterhc.org

CENTER FOR VALUE-BASED INSURANCE DESIGN

IN PARTNERSHIP WITH

SmarterHealthCareCoalition