

## Applying Value-Based Insurance Design to Generic Medications and Biosimilars

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# Hail to the Frontline

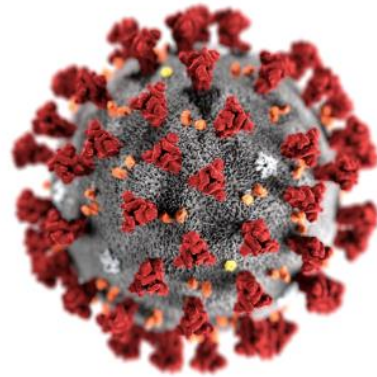
So many selfless people are doing truly wonderful things to successfully defeat this pandemic. Thank you.



# 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
- Employers are leading the effort to move from a volume-driven to a value-based health care delivery system
- Value-based care requires new thinking in both how we pay for care (i.e. alternative payment models) and how we engage consumers to seek care (i.e. benefit design)

Then Came Coronavirus...





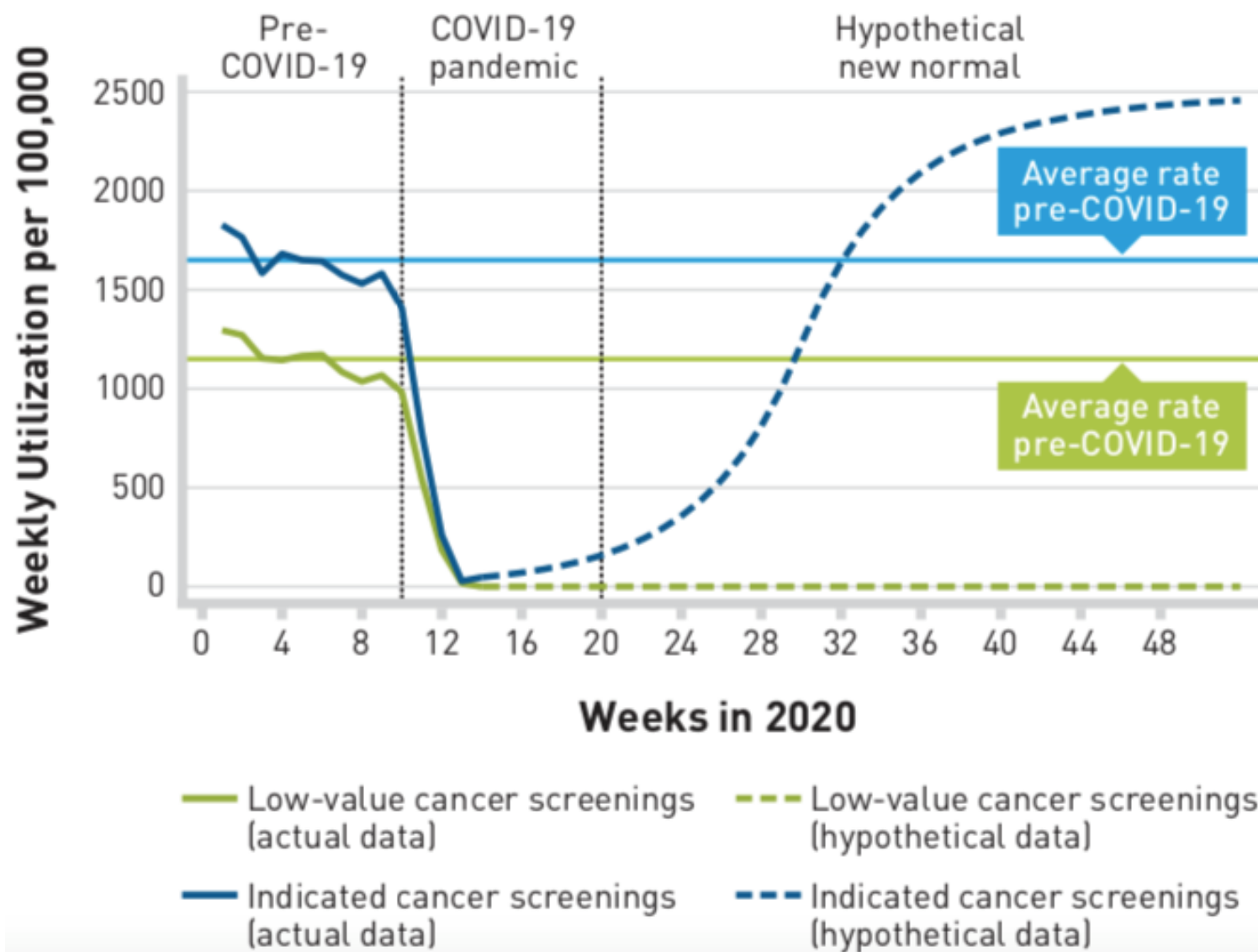
The Onion   
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Patient Rushed Into Unnecessary Surgery To Save Cash-Strapped Hospital [bit.ly/314r3zN](https://bit.ly/314r3zN)



# 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?

- Build on existing alternative payment models that base reimbursement on patient-centered outcomes. increase payment 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

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



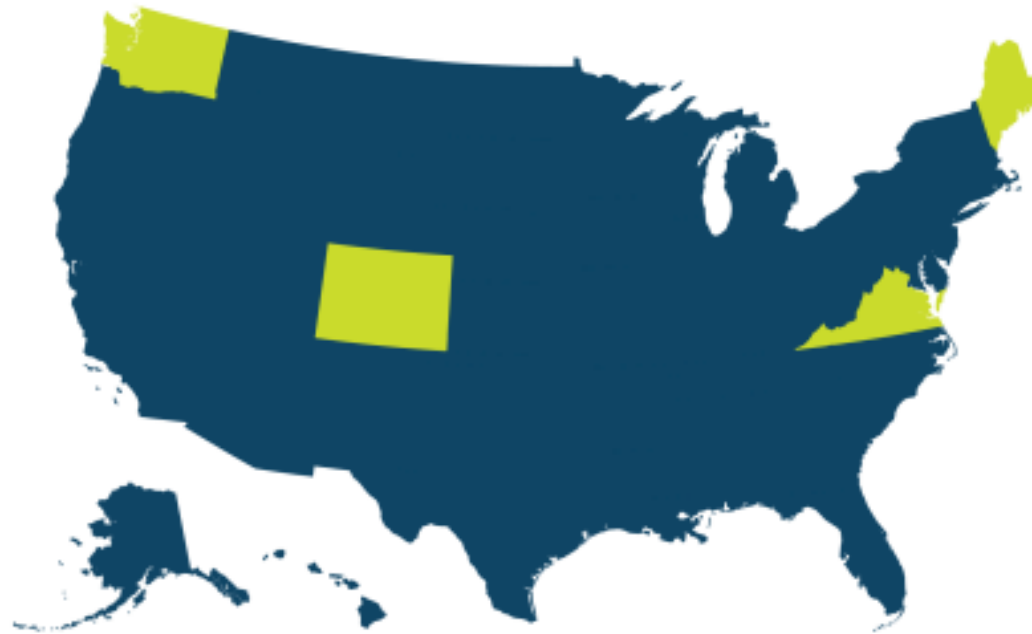
# Providing Generous Coverage of High Value Care amidst a Pandemic: Reduce Spending on Low Value Care

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

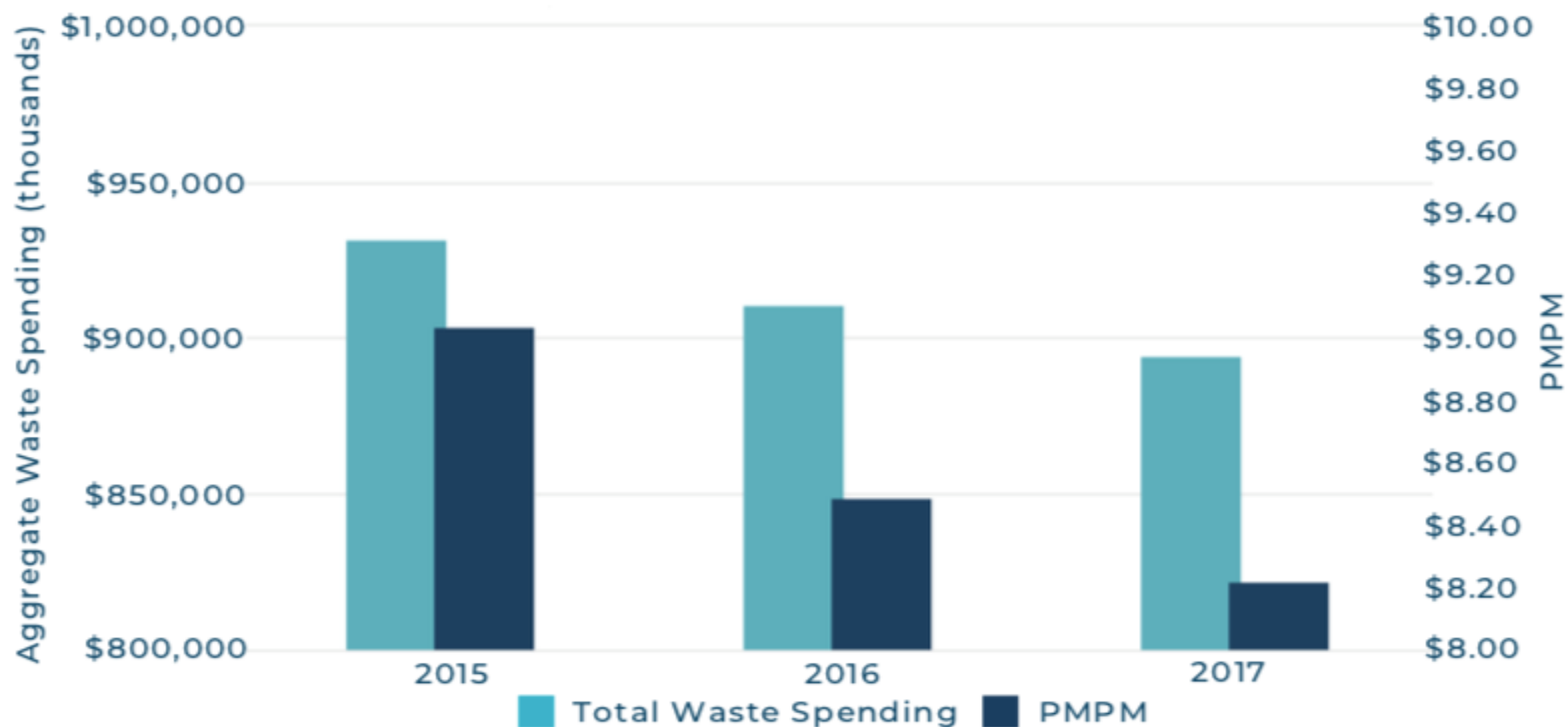
**\$345  
BILLION**

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

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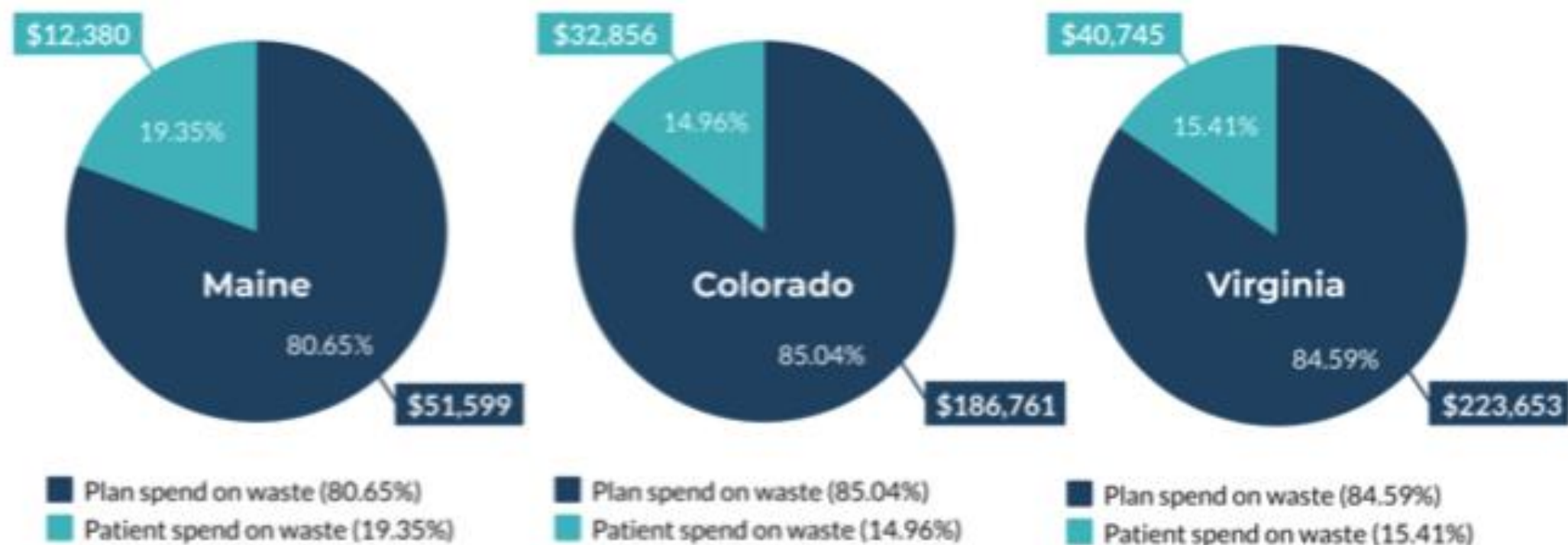


## Total Spending on 47 Low-Value Services by Four States in Medicaid and Commercial Plans, 2015-2017



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.

## 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, estimated allowed spending based on standard pricing for Medicaid and commercial plans

## Spending on “Top 10” Commercial and Medicaid Low-Value 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 does not report plan and patient spending separately.

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	

## High-Value Branded Drug Classes with Reduced Cost-Sharing

Pre-exposure prophylaxis for HIV

Hepatitis C direct-acting combination

Anti-TNF

# Low Value Care Task Force Identifies 5 Commonly Overused Services Ready for Employer Action



**1. Diagnostic Testing and Imaging Prior to Low Risk Surgery**



**2. Population Based Vitamin D Screening**



**3. PSA Screening in Men 70+**



**4. Imaging in First 6 Weeks of Low Back Pain**



**5. Branded Drugs When Identical Generics Are Available**

# Generic Drugs Are The Bridge To COVID-19 Vaccine

Generic medicines, from the injectables that are essential to placing a patient on a ventilator to the steroid drugs that have reduced the risk of death in COVID patients by one-third, have proven themselves to truly be the bridge to a vaccine.

# Cutting 'wasteful drugs' could save employers \$6 billion

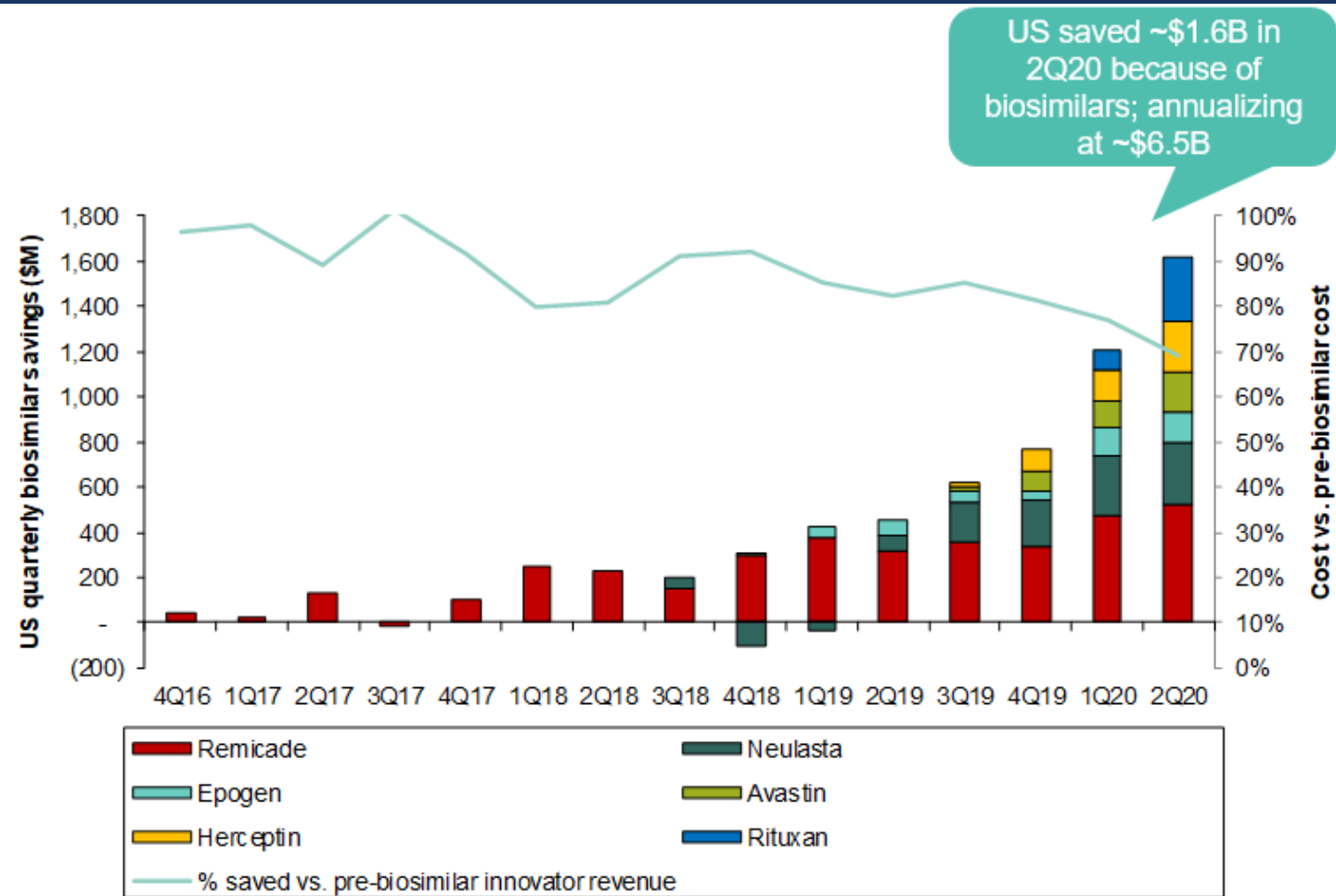
A new guidebook identifies 49 drugs with less expensive alternatives that could be cut from the lists of drugs covered by employers.

By **John Tozzi** | September 16, 2020 at 10:32 AM

Examples include:

- Multi source drugs
- Fixed Dose Combinations
- Difference in absorption and speed

# Disrupting Pharmaceuticals: Increased use of Generic Drugs and Biosimilars offer Savings Opportunities



Source: IQVIA; company disclosures; CMS; Bernstein estimates and analysis;

Notes: Methodology: innovators and some biosimilars report product revenue. For the biosimilars that don't report revenue, if the molecule has another biosimilar with reported revenue, we use the same implied price and IQVIA volume. For the molecules that don't have any reported biosimilar revenue (so far, only Rituxan), we use differences between innovator and biosimilar ASPs and IQVIA volume.

# Applying Value-Based Insurance Design to Generic Medications and Biosimilars

- Benefit design
  - Clinically-driven step therapy – ‘Precision Benefit Design’
  - Better educate the clinician community regarding that many biosimilars are covered via the medical, not pharmacy, benefit.
- Public policy initiatives

# ***Precision Benefit Design***

## A Nuanced Approach to Consumer Cost-sharing

- ✓ Commits to established policies that encourage lower cost, first-line therapies
- ✓ Enhances access to effective therapies when clinically appropriate
- ✓ Increases access to recommended treatments by removing administrative barriers and lowering cost-sharing
- ✓ Supports precision medicine initiatives by encouraging use of targeted therapies when clinically indicated

# Disrupting Pharmaceuticals: Legislation Aimed to Enhance Access to Generic Drugs and Biosimilars

- Acting to Cancel Copays and Ensure Substantial Savings for Biosimilars (ACCESS) Act – H.R. 4597  
Sponsors: Representatives Scott Peters (CA-52), Pete King (NY-02), Anthony Brindisi (NY-22)
- Bolstering Innovative Options to Save Immediately on Medicines (BIOSIM) Act – H.R. 4455  
Sponsors: Representatives Kurt Schrader (D-OR-05), Greg Gianforte (R-MT)
- Star Ratings for Biosimilars Act – H.R. 4629  
Sponsors: Representatives Paul Tonko (D-NY), Bob Gibbs (R-OH)

# Turning a Crisis into an Opportunity

## A Role for V-BID 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
- Identify, measure and reduce low-value care (e.g. branded drugs with lower cost equivalent version) to pay for more generous coverage of high-value care
- Implement clinically-driven plan payment reform, technologies and benefit designs that increase use of high-value services and deter low value care



*"If we don't succeed then we will fail."*

Dan Quayle



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