



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

Turning the COVID-19 Crisis into Opportunity:
Using Value-Based Insurance Design to Increase Use of High-value
Cancer Care and Eliminate Low Value Services

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Hail to the Frontline

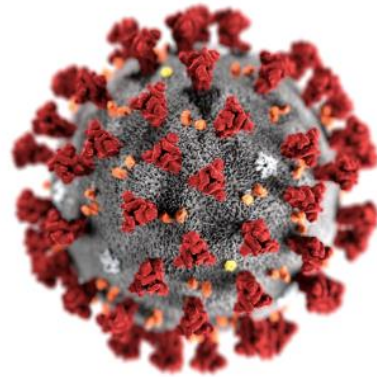
So many selfless people are doing truly wonderful things to successfully defeat this pandemic. Thank you.



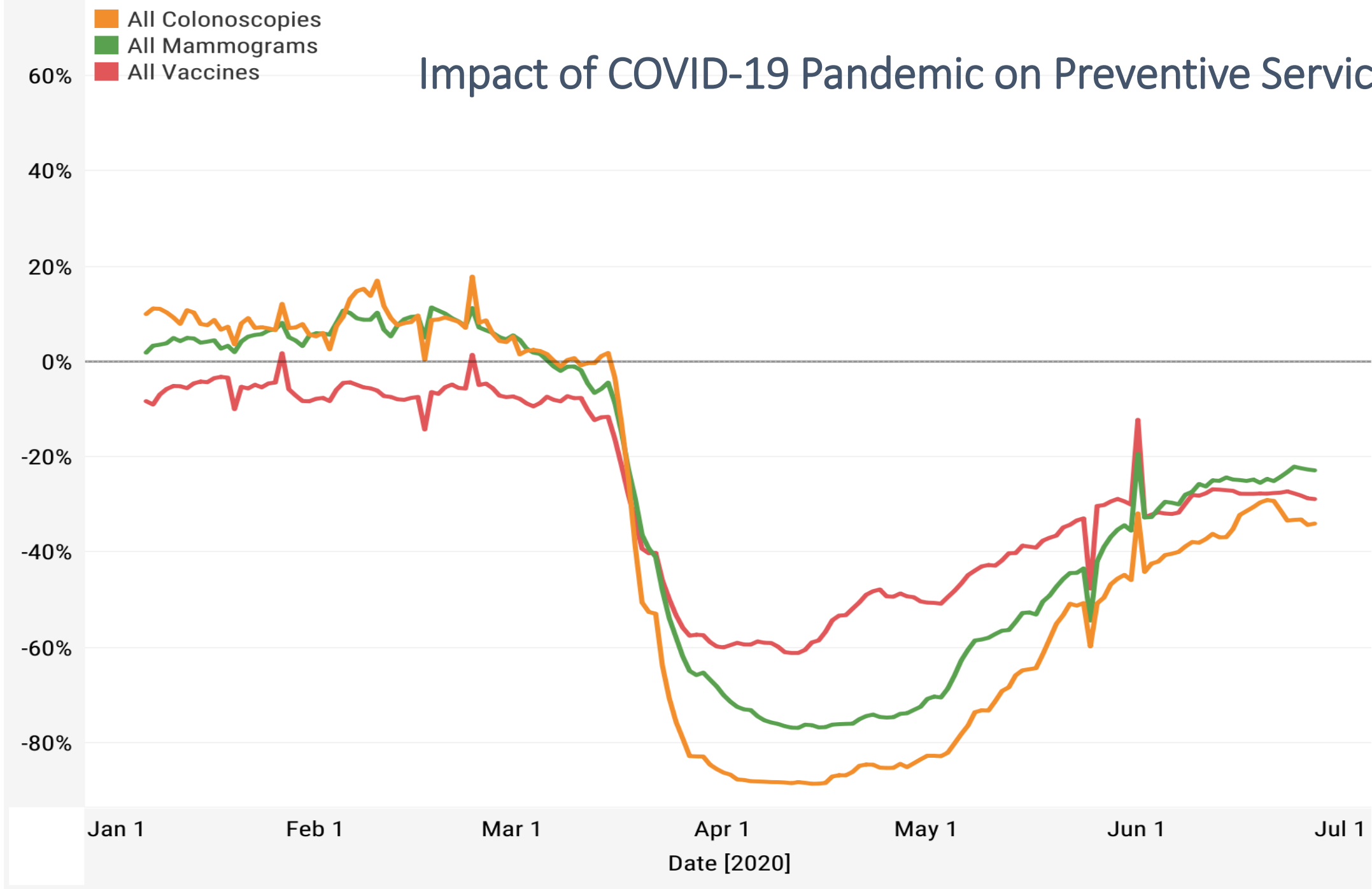
Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

- **Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions**
- **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**

Then Came Coronavirus...



Impact of COVID-19 Pandemic on Preventive Services



News

Cancer treatments fall as referrals are slow to recover, show figures

BMJ 2020 ; 371 doi: <https://doi.org/10.1136/bmj.m3958> (Published 13 October 2020)

LOW-VALUE CARE

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



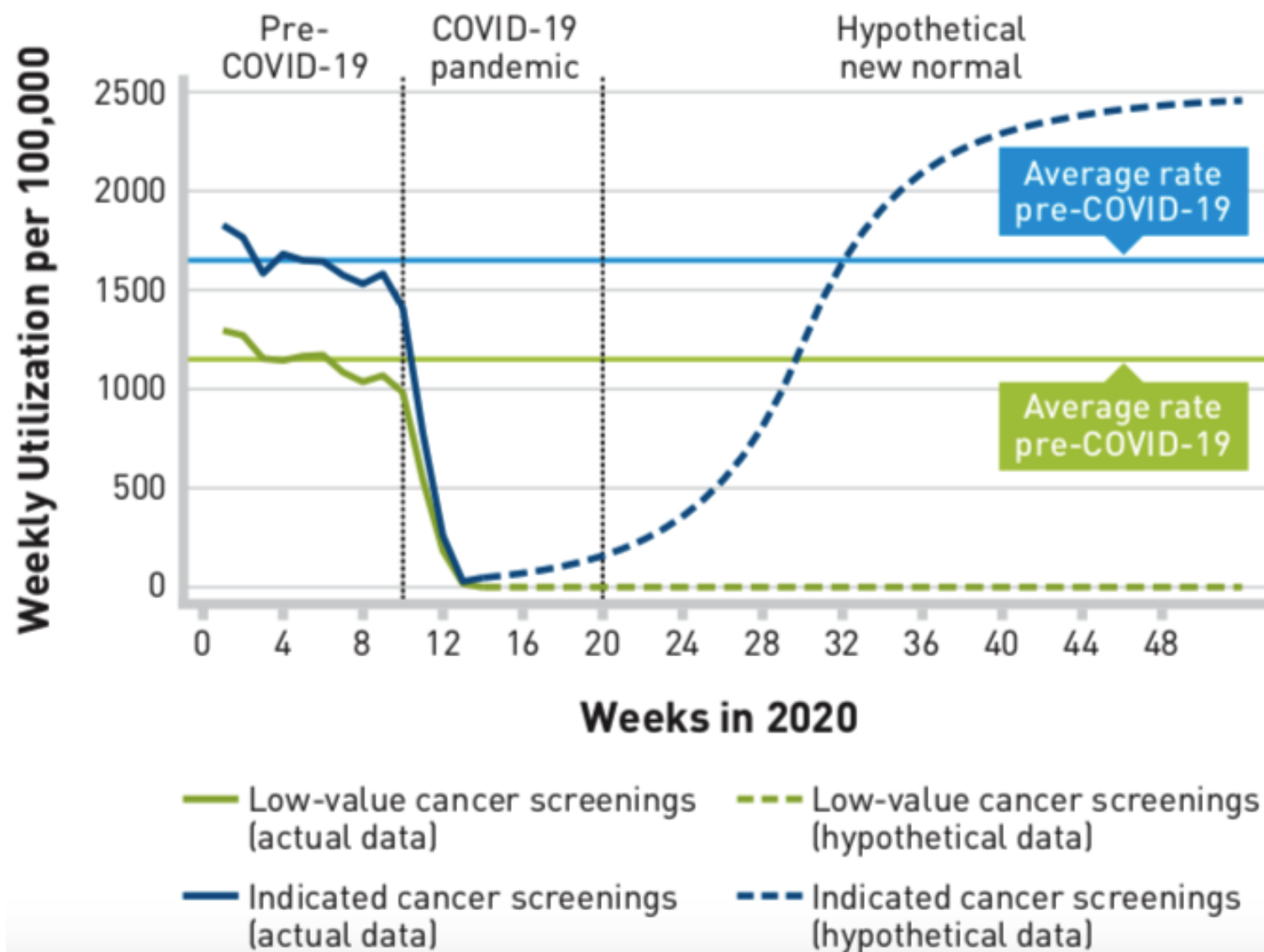
The Onion 
@TheOnion



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?

- 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 telemedicine and electronic health records (EHRs) to make it easier to order high-value care and discourage the use of low-value
- Instead of blunt cost sharing strategies like deductibles that apply to all care, align patient cost-sharing with the value of the underlying services



“ 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)

Concerns Regarding Out of Pocket Costs:

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

- 3 in 4 Americans say their incomes have taken a hit from the pandemic
- About half of the public has skipped or postponed medical care because of the coronavirus outbreak
- 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

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



Putting Innovation into Action: Translating Research into Policy



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



Putting Innovation into Action: Translating Research into Policy



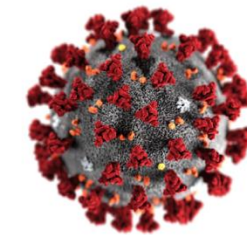
Medicare Advantage V-BID Model Test; Senior Savings Plan

Putting Innovation into Action: Translating Research into Policy



IRS 2019-45: services and drugs for chronic conditions pre-deductible

V-BID and the COVID-19 Response



- 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

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

MAY 08

MORE ON MEDICARE & MEDICAID

CMS promotes value-based insurance design in final payment notice for 2021

Enhancing Access and Affordability to Essential Oncology Services

The role of V-BID in the 'New Normal'

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

An aerial photograph of a large, empty stadium. The field is green with 'MICHIGAN' written in large yellow letters. The seating area is blue and grey. The stadium is surrounded by parking lots and some trees.

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

Dan Quayle

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