

Removing Waste & Low-Value Care in Pharmacy Benefits

A. Mark Fendrick, MD

University of Michigan Center for
Value-Based Insurance Design

www.vbidcenter.org



@um_vbid



Hail to the Frontline

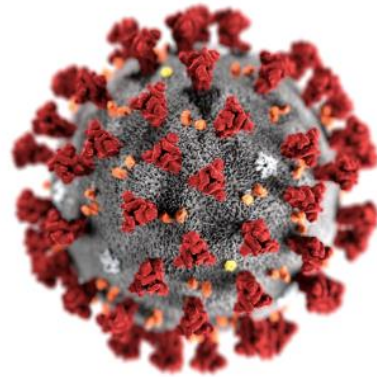
So many selfless people are doing truly wonderful things to successfully defeat this pandemic. Thank you.



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

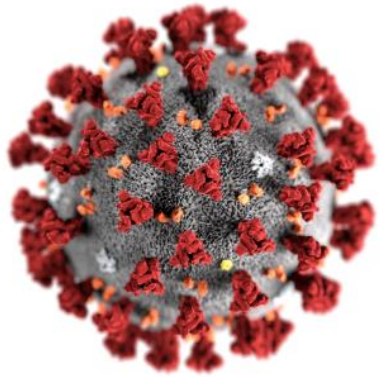
- Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services and in the wrong places
- Value-based care requires new thinking in both how we pay for care (i.e. alternative payment models) and how we engage consumers to seek care (i.e. benefit design)
- Employers are leading the effort to move from a volume-driven to a value-based health care delivery system

Then Came Coronavirus...



A Second Health Care Pandemic will Follow COVID-19

We Need to Plan Accordingly



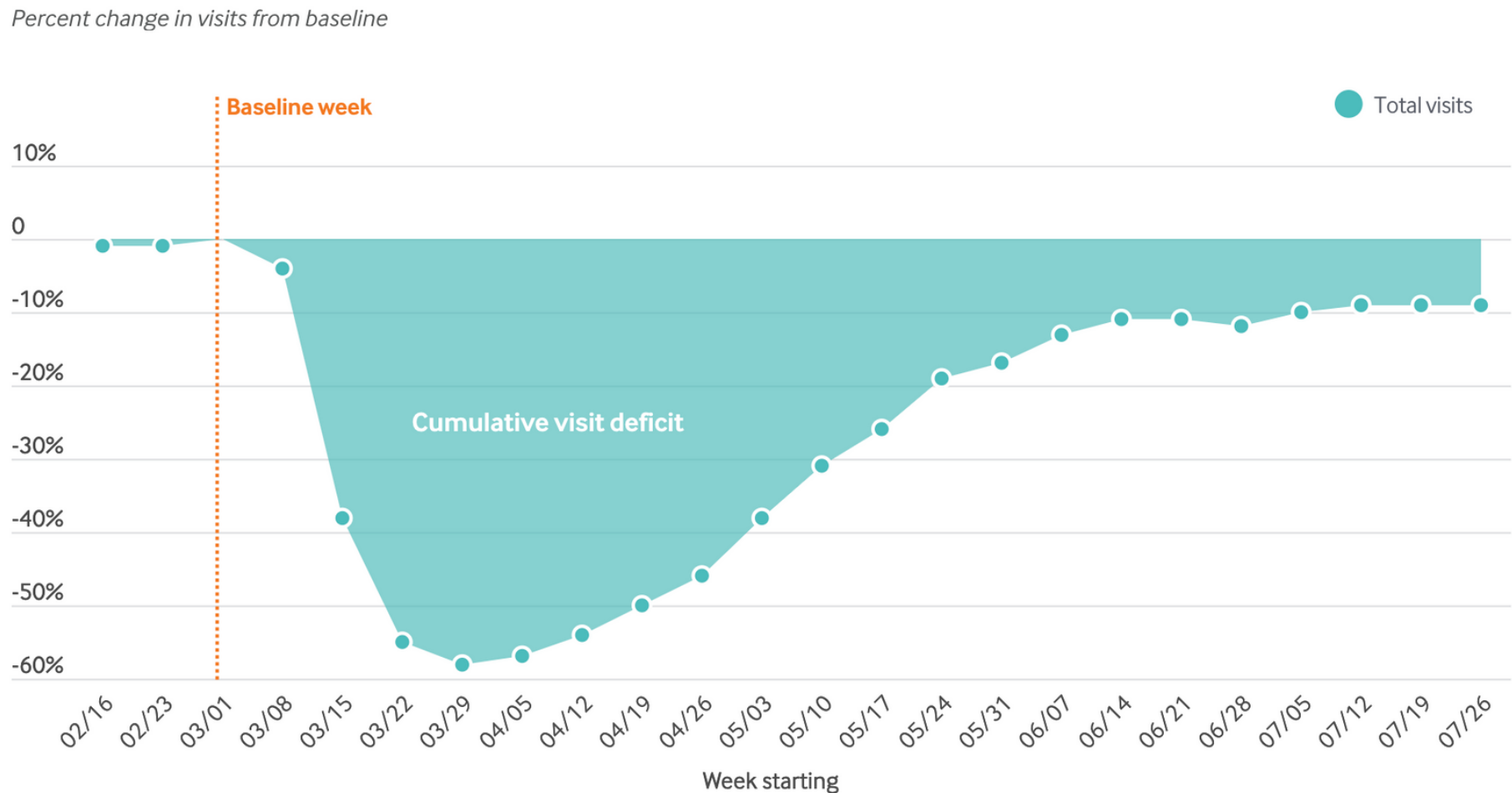
**NEARLY THREE IN FOUR AMERICANS
SAY THEIR INCOMES HAVE ALREADY
TAKEN A HIT FROM THE PANDEMIC**

Concerns Regarding Coronavirus Out of Pocket Costs:

Americans Cannot Afford a COVID-19 Deductible

- 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
- Pandemic has reduced use of both high and low value services

Physician Visits have Recovered but not to Baseline



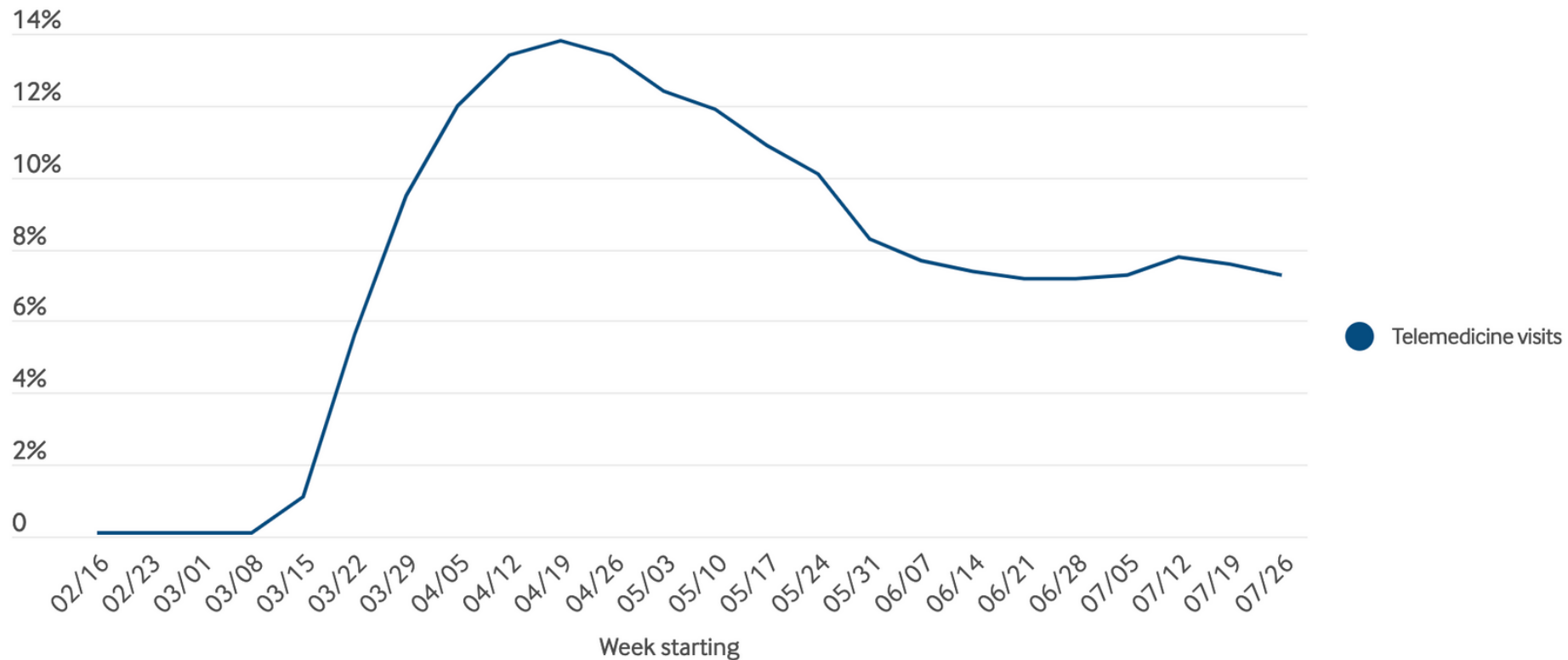
Note: Data are presented as a percentage change in the number of visits in a given week from the baseline week (March 1–7).

Source: Ateev Mehrotra et al., [The Impact of the COVID-19 Pandemic on Outpatient Visits: Changing Patterns of Care in the Newest COVID-19 Hot Spots](https://doi.org/10.26099/yaqe-q550) (Commonwealth Fund, Aug. 2020). <https://doi.org/10.26099/yaqe-q550>



Telehealth Visits Grew Dramatically, but have Since Declined

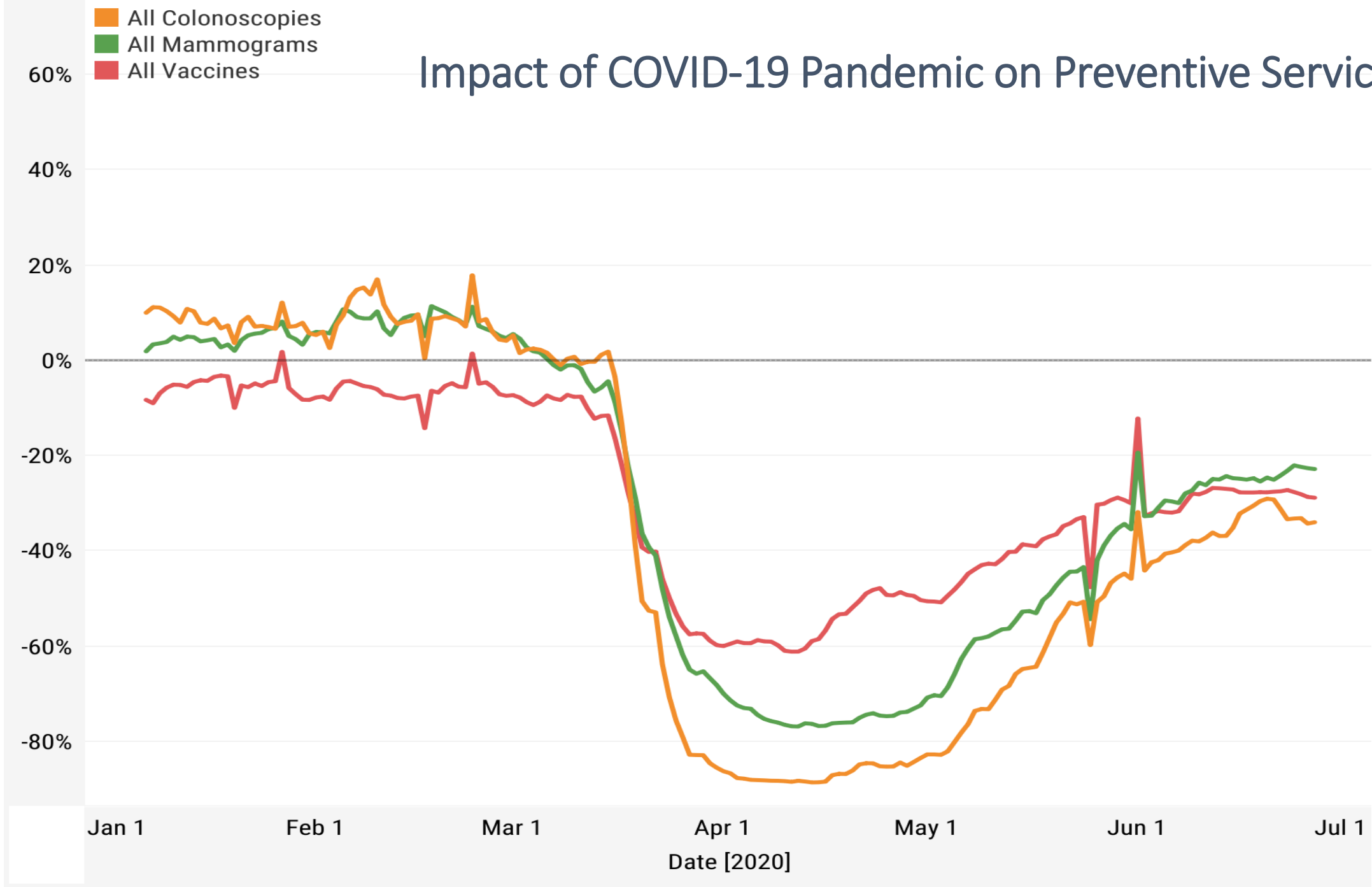
Number of telemedicine visits in a given week as a percent of baseline total visits



Data are presented as a percentage, with the numerator being the number of telemedicine visits in a given week and the denominator being the number of visits in the baseline week (March 1–7). Telemedicine includes both telephone and video visits.

Source: Ateev Mehrotra et al., [The Impact of the COVID-19 Pandemic on Outpatient Visits: Changing Patterns of Care in the Newest COVID-19 Hot Spots](https://doi.org/10.26099/yaqe-q550) (Commonwealth Fund, Aug. 2020). <https://doi.org/10.26099/yaqe-q550>

Impact of COVID-19 Pandemic on Preventive Services



LOW-VALUE CARE

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



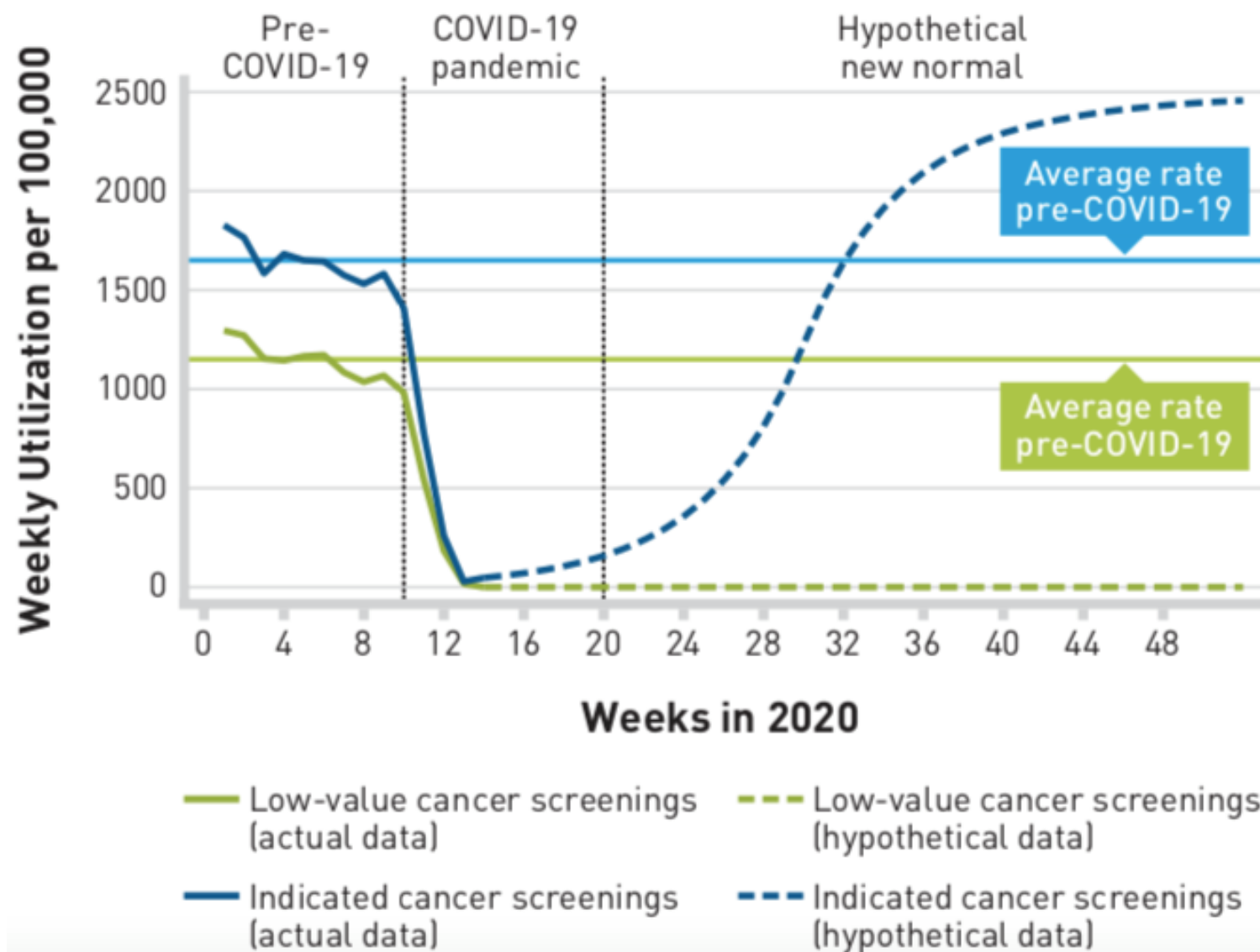
The Onion 
@TheOnion



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 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
- Identify and reduce low value care to pay for coverage of high value services

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



Multi-Stakeholder Task Force Identifies 5 Commonly Overused Services Ready for 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 Uncomplicated Low Back Pain



5. Branded Drugs When Identical Generics Are Available

Removing Waste & Low-Value Care in Pharmacy Benefits

- Small molecules:
 - Multi source drugs
 - Fixed Dose Combinations
 - Difference in absorption and speed
- Specialty drugs:
 - Clinically indicated use of biosimilars could lead to reduction of billions in direct spending



Enhancing Value of the Pharmacy Benefit: Action Items for Employers

- Public policy initiatives
 - H.R. 4597 - Acting to Cancel Copays and Ensure Substantial Savings for Biosimilars (ACCESS) Act
 - H.R. 4455 - Bolstering Innovative Options to Save Immediately on Medicines (BIOSIM) Act
 - H.R. 4629 - Star Ratings for Biosimilars Act
- Cheryl Larson's Employer Action Steps (stay tuned)
- Benefit design
 - Discourage Waste
 - Clinically-driven step therapy – 'Precision Benefit Design'
 - V-BID X

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 Services with No Coverage

Spinal fusions

Vertebroplasty and kyphoplasty

Vitamin D testing

Proton beam therapy for prostate cancer

Commonly Used Services with Limited Value and Increased Cost-Sharing

Outpatient specialist services	X-rays and other diagnostic imaging
Outpatient labs	Outpatient surgical procedures
High-cost imaging	Non-preferred branded drugs

Turning Crisis into Opportunity

A Role for Employers in the 'New Normal'

- Identify, measure and reduce low-value care
- Implement cost neutral benefit designs that expand pre-deductible coverage/reduce consumer cost-sharing on high-value clinical care