



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

**Value-Based Insurance Design:
Enhancing Access and Affordability to
Essential Cardiovascular Services**

A. Mark Fendrick, MD

**University of Michigan Center for
Value-Based Insurance Design**

www.vbidcenter.org

@um_vbid

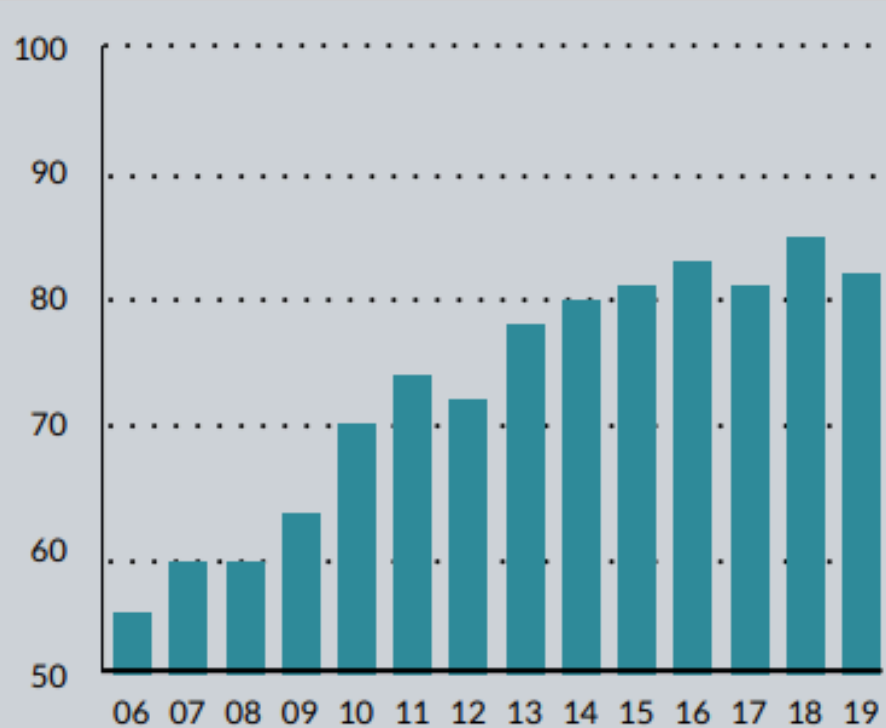


Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

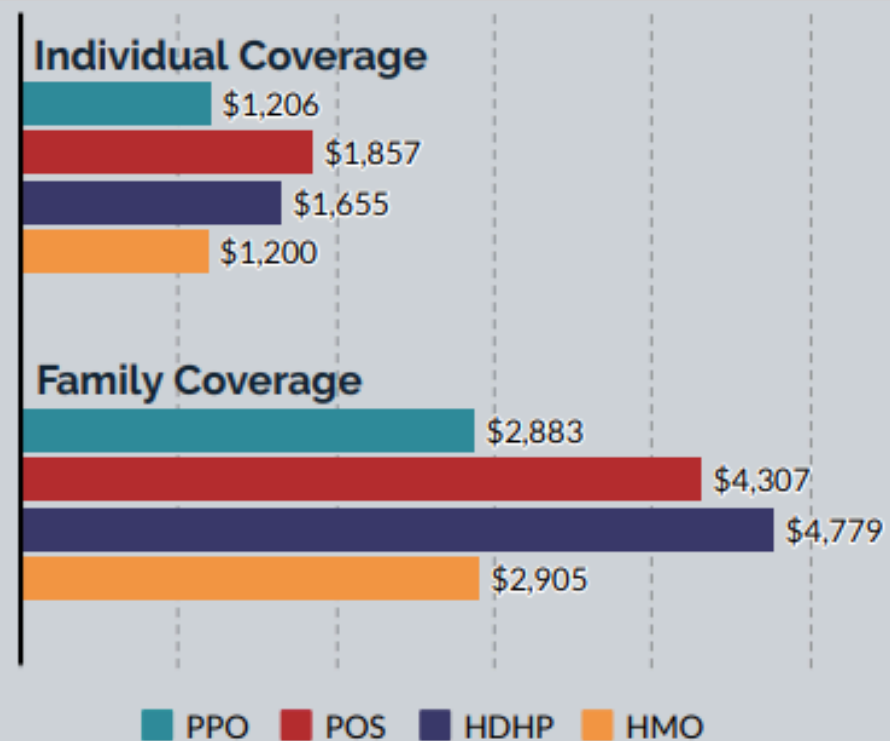
- Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions
- Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services
- Policy deliberations focus primarily on alternative payment and 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
- Americans do not care about health care costs;
they care about what it costs them

Services such as Cardiac Rehabilitation Improve Health, But Cost-Sharing Strategies Like Deductibles Inhibit Access

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: 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

Translating
Research into
Policy



 **THE PATIENT PROTECTION
AND AFFORDABLE CARE ACT**

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

Translating
Research into
Policy



Medicare Advantage V-BID Model Test: Expanded Opportunities

Permissible interventions:

Reduced cost-sharing for

- high-value services
- high-value providers
- enrollees participating 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
Improve quality, decrease costs

Telehealth
Service delivery innovations
Augment existing provider networks

IRS Rules Prohibit Coverage of Chronic Disease Care Until HSA-HDHP Deductible is Met

PREVENTIVE CARE COVERED

Dollar one



CHRONIC DISEASE CARE

NOT covered until deductible is met





U.S. DEPARTMENT OF THE TREASURY

PRESS RELEASES

Treasury Expands Health Savings Account Benefits for Individuals Suffering from Chronic Conditions

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



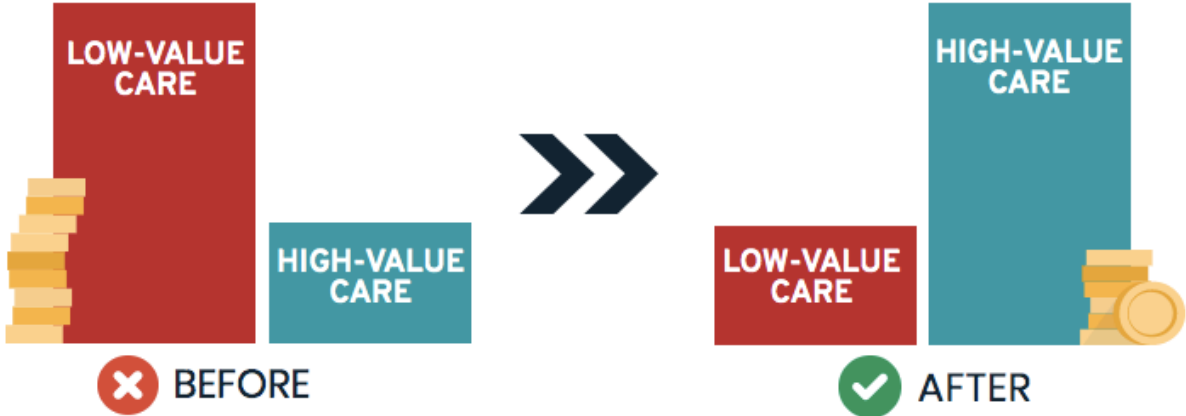
Branded drugs when identical
generics are available



Low-back pain imaging
within 6 weeks of onset

V-BID X: 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**

MAY 08 | MORE ON MEDICARE & MEDICAID

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

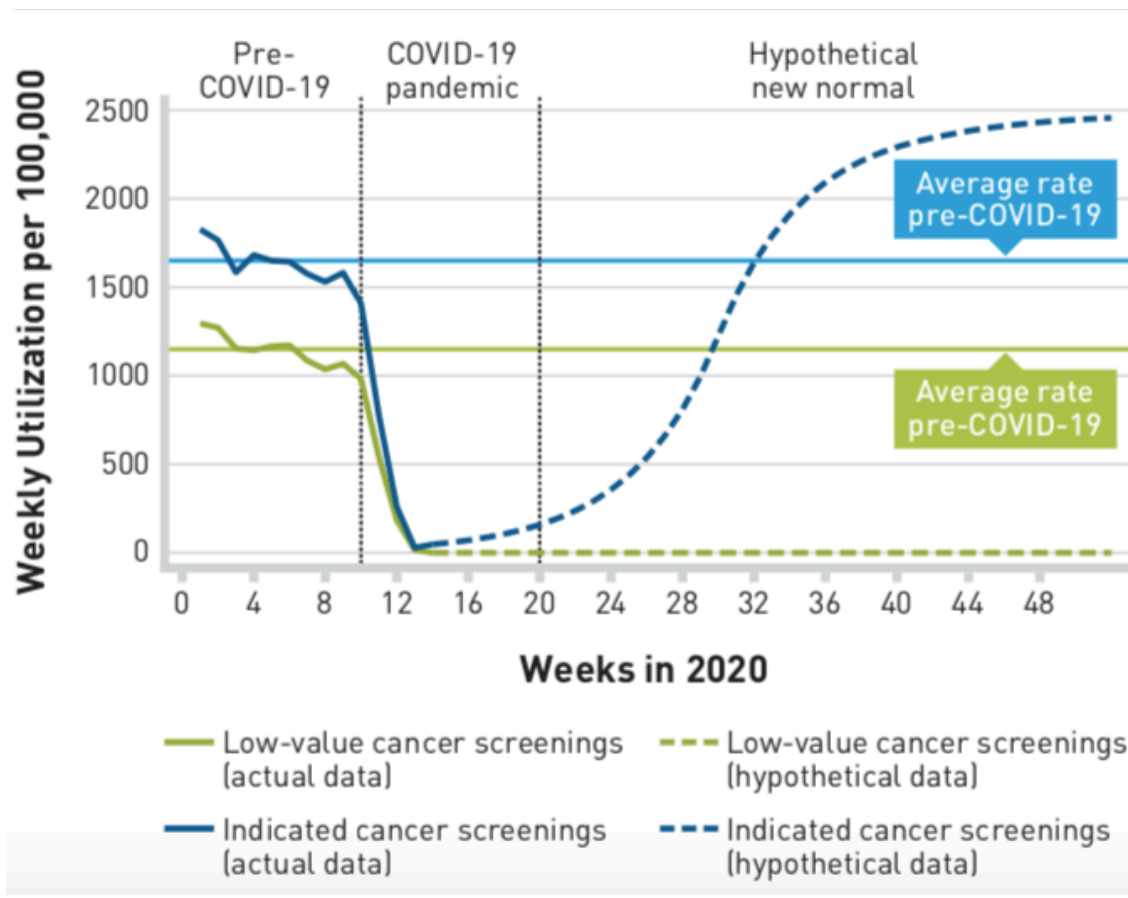
V-BID X: Enhancing Access and Affordability to Essential Clinical Services in Addition to COVID-19 Related Care

TABLE 5—HIGH AND LOW VALUE SERVICES AND DRUG CLASSES

High Value Services with Zero Cost Sharing

Blood pressure monitors (hypertension)
Cardiac rehabilitation
Glucometers and testing strips (diabetes)
Hemoglobin a1c testing (diabetes)
INR testing (hypercoagulability)
LDL testing (hyperlipidemia)
Peak flow meters (asthma)
Pulmonary rehabilitation

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 increase reimbursement for high-value services and lower payment for known low-value care
- Leverage the widespread adoption of telemedicine and other technologies to make it easier to use high-value care and deter the use of low-value care
- 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

An aerial photograph of a large, oval-shaped stadium with a blue roof. The field is green with 'MICHIGAN' written in yellow letters. The stadium is surrounded by parking lots and roads.

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

Dan Quayle

www.vbidcenter.org

@UM_VBID

