



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN

UNIVERSITY OF MICHIGAN

V-BID X: Expanding Coverage of Essential Clinical Care Without Increasing Premiums or Deductibles

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Hail to the Frontline

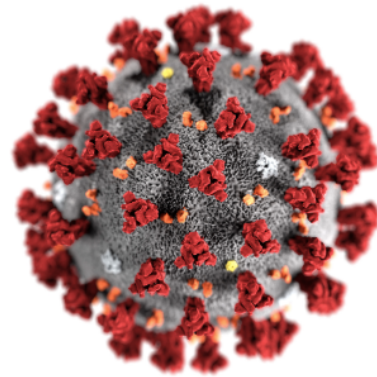
So many selfless people are doing truly wonderful things to successfully defeat this pandemic. Thank you.



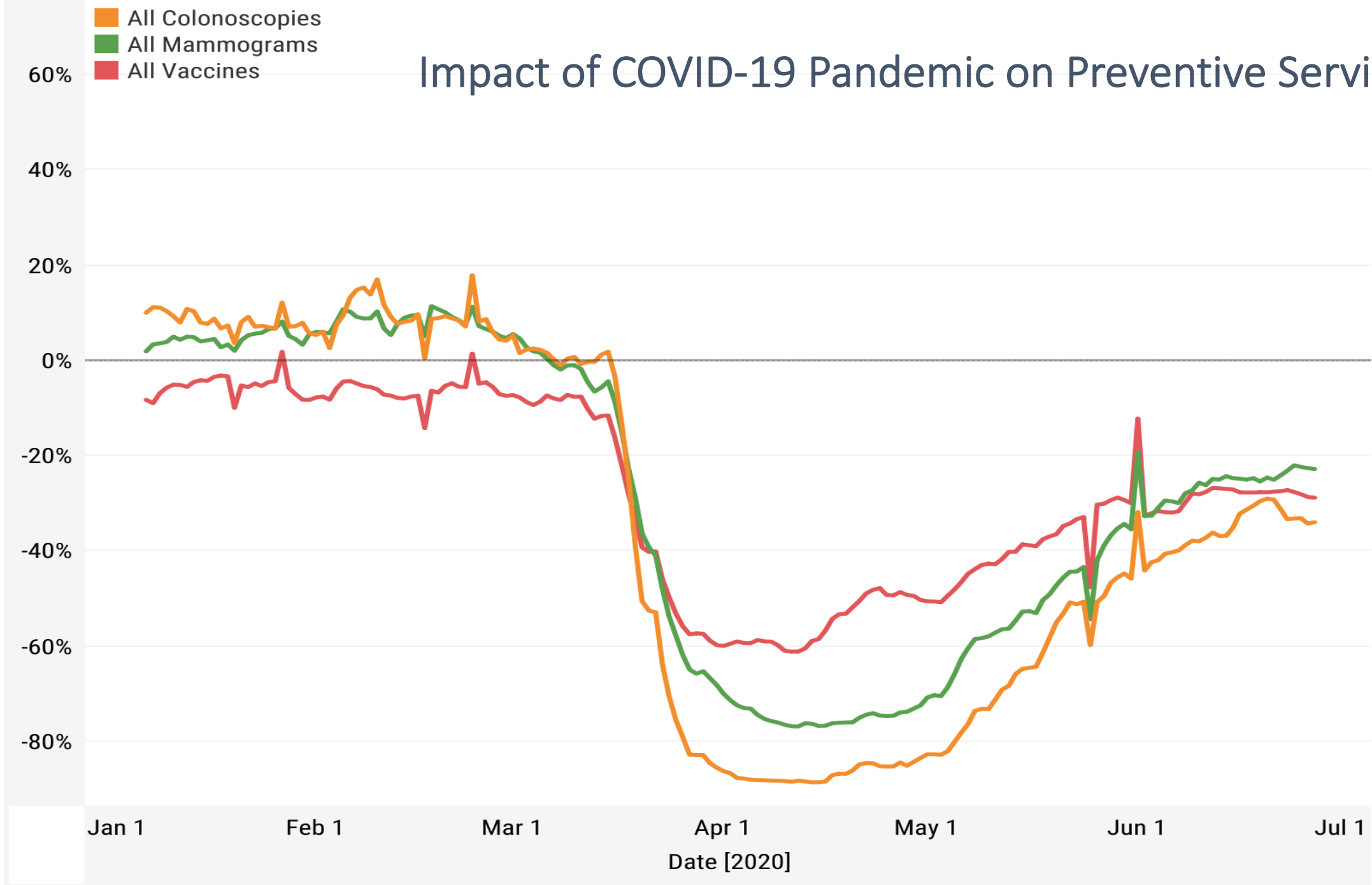
Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

- **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 models, but moving to value-based system also requires a change in how we engage consumers to seek care**

Then Came Coronavirus...



Impact of COVID-19 Pandemic on Preventive Services



LOW-VALUE CARE

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



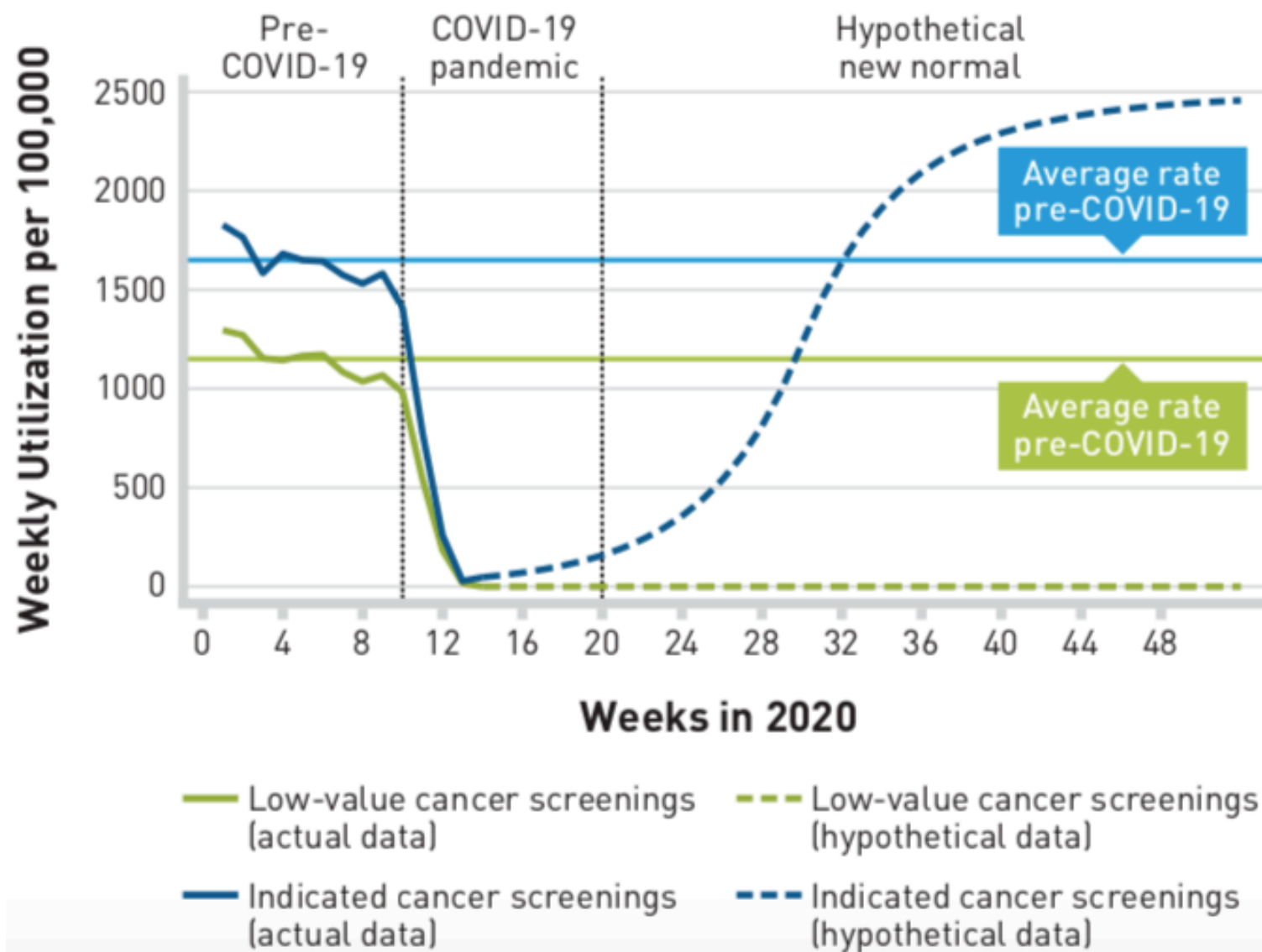
The Onion ✓
@TheOnion



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



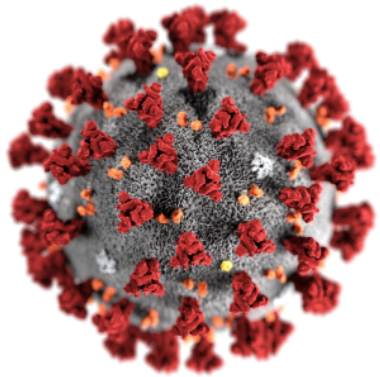
Crisis Into Opportunity: Can COVID-19 Help Set a Path to Improved Health Care Efficiency?



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 telemedicine and electronic health records (EHRs) to make it easier to order high-value care and discourage the use of low-value
- 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

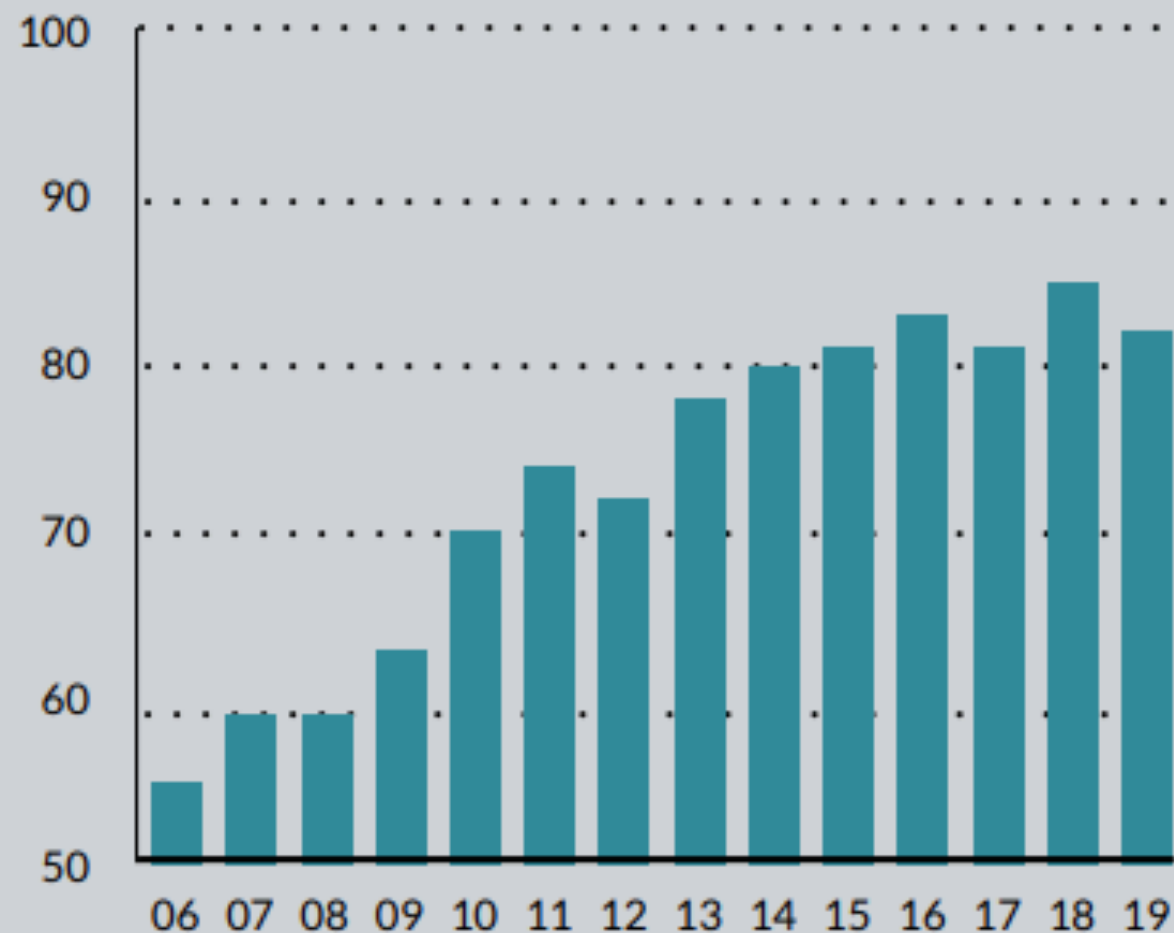
Americans Do Not Care About Health Care Costs; They Care About **What It Costs Them**



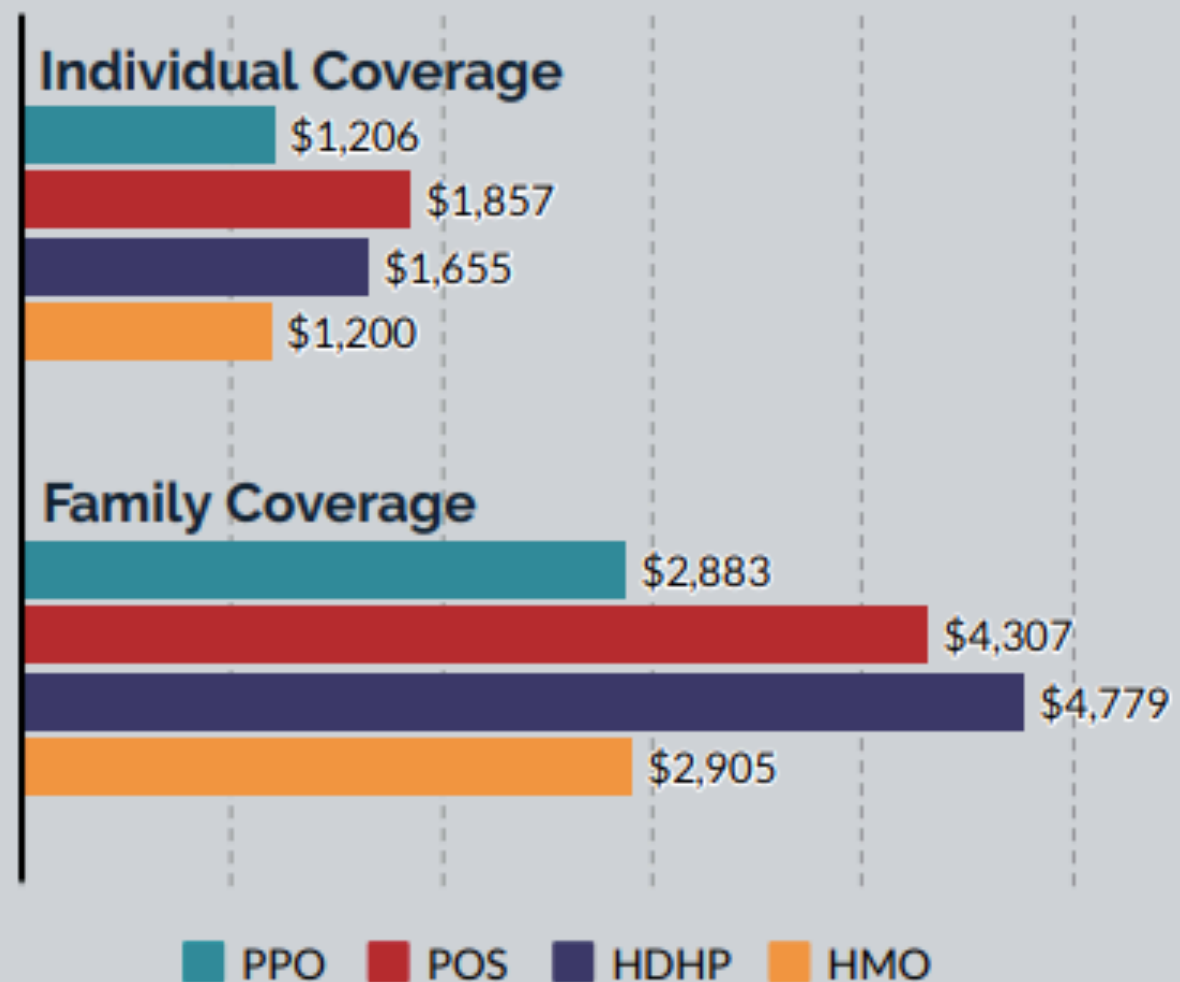
**NEARLY THREE IN FOUR AMERICANS
SAY THEIR INCOMES HAVE ALREADY
TAKEN A HIT FROM THE PANDEMIC**

Health Plan Deductibles have grown more than ten times faster than inflation over the last decade

Percent of Americans With a Deductible



Average Deductible by Plan Type in 2019



Concerns Regarding Out of Pocket Costs: **Americans Cannot Afford Essential Care**

- **About half of the public have skipped or postponed 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**

An Alternative to 'Blunt' Cost-Sharing Approaches: Clinically Nuanced" Cost-Sharing

A **“smarter”** cost-sharing approach that encourages consumers to use more high value services and providers, but discourages the use of low value ones

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



Health Plans That Nudge Patients to Do the Right Thing



Austin Frakt
THE NEW HEALTH CARE JULY 10, 2017



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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

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

HSA-HDHP Reform



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



List of services and drugs for certain chronic conditions that will be classified as preventive care under Notice 2019-45

Preventive Care for Specified Conditions	For Individuals Diagnosed with
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or coronary artery disease
Anti-resorptive therapy	Osteoporosis and/or osteopenia
Beta-blockers	Congestive heart failure and/or coronary artery disease
Blood pressure monitor	Hypertension
Inhaled corticosteroids	Asthma
Insulin and other glucose lowering agents	Diabetes
Retinopathy screening	Diabetes
Peak flow meter	Asthma
Glucometer	Diabetes
Hemoglobin A1c testing	Diabetes
International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

List of services and drugs for certain chronic conditions that will be classified as preventive care under Notice 2019-45

Preventive Care for Specified Conditions	For Individuals Diagnosed with
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or

“Under this policy, no American should ever have to pay full list price for essential drugs like insulin ever again.”

International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

Paying for more generous coverage of high value care

- **Raise Premiums**

Paying for more generous coverage of high value care

- ~~Raise Premiums~~
- Increase Deductibles, Copayments and Coinsurance – a tax on the sick

Paying for more generous coverage of high value care

- ~~Raise Premiums~~
- ~~Increase Deductibles, Copayments and Coinsurance~~
- Reduce Spending on Low Value Care



We can pay for more generous coverage of high-value care through reduced utilization of **low-value care**

**\$345
BILLION**

is spent annually on low-value or harmful care in the United States.

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

V-BID X: Guiding Principles

- **Make concrete recommendations**
- **Anticipate and address barriers**
- **Payers must be able to use template to design a V-BID product**
- **The best must not be the enemy of the good**
- **Output would be publically available**

Identification of services:

1. **Favor services with the strongest evidence-base**
2. **Favor services that are more responsive to cost-sharing**
3. **Favor services with a high likelihood to be high- or low-value, independent of the clinical context**
4. **Focus on areas with most need for improvement**
5. **Consider equity, adverse selection, impact on special populations, and the risk pool**

V-BID X: Project Members



- Research supported by Arnold Ventures
- Oliver Wyman provided actuarial estimates

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

V-BID X: Plan Flexibility

The list of services and service categories used in this first iteration of V-BID X represents just one version of what such a plan design could look like.

Payers have significant flexibility regarding how to design a version of V-BID X. Key parameters include:

- **Selection of high-value services for reduced cost-sharing**
 - **Level of cost-sharing reduction for high-value services**
 - **Selection of low-value services for increased cost sharing**
 - **Level of cost-sharing increase for low-value services**
 - **Determination of the actuarial value of the plan**
-

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 Michigan¹⁵⁶ (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

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**

V-BID X: More Generous Coverage of Essential Clinical Care Without Increasing Premiums or Deductibles

- **Expand pre-deductible coverage/reduce cost sharing on high value clinical services**
- **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 the use of low value ones**

An aerial photograph of a large, empty baseball stadium. The stadium is oval-shaped with a blue roof. The seating area is divided into sections of blue and grey. The baseball field is visible in the center, with the word 'MICHIGAN' written in large yellow letters on the grass. The stadium is surrounded by parking lots, roads, and some trees.

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

Dan Quayle