



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
Medical Care and Eliminate Low Value Services

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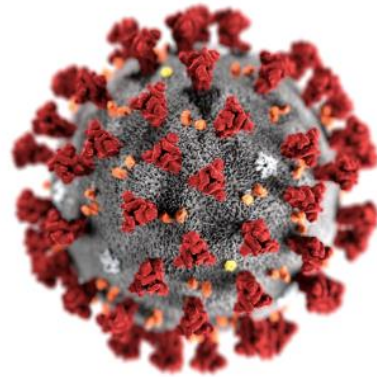
Thanks to the selfless people putting themselves at risk to defeat the COVID-19 pandemic



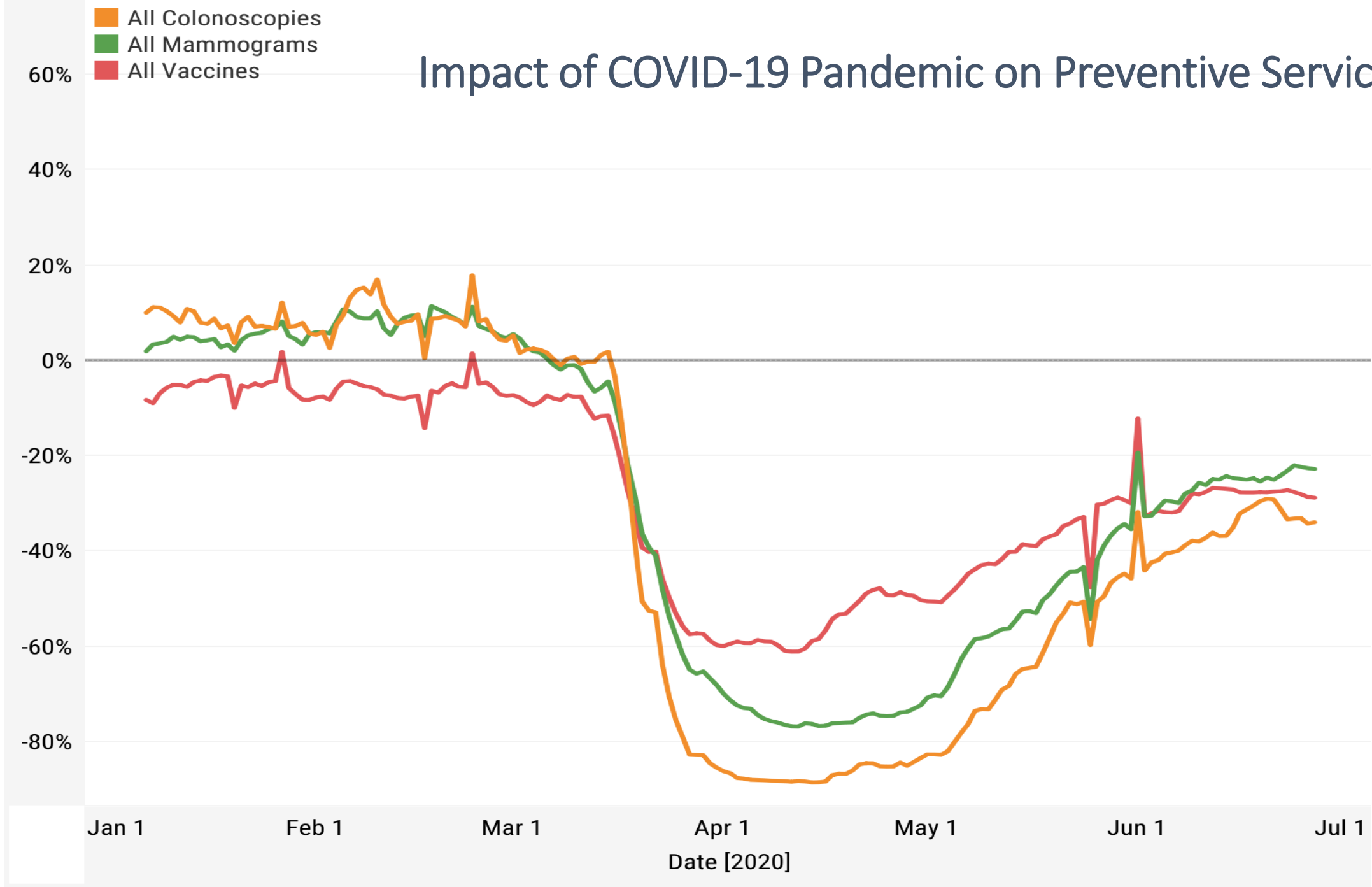
Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

- Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services
- 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



LOW-VALUE CARE

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



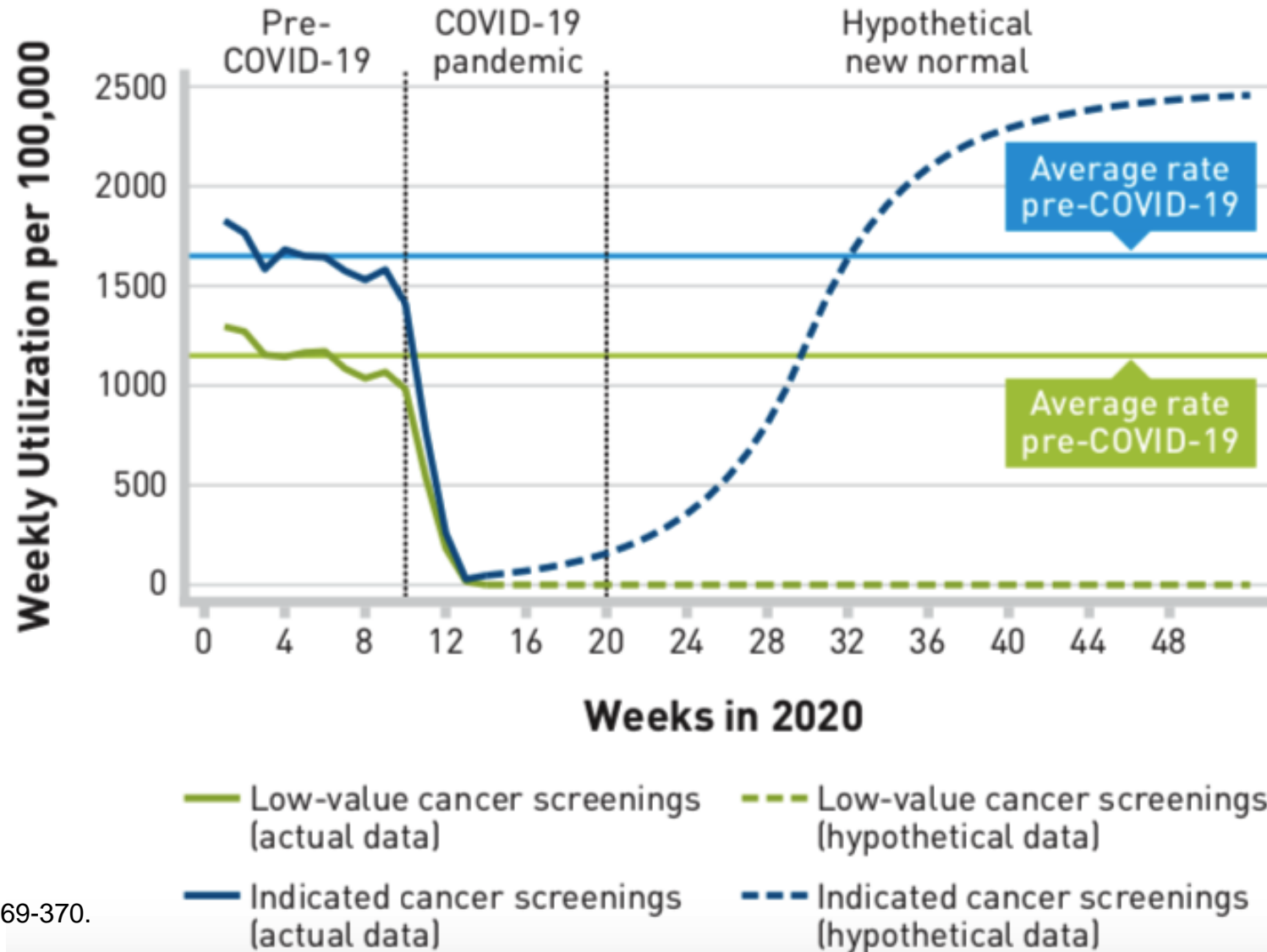
The Onion 
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Patient Rushed Into Unnecessary Surgery To Save Cash-Strapped Hospital bit.ly/314r3zN



Crisis Into Opportunity: Can COVID-19 Set a Path to Improved 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
- 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

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)

Concerns Regarding Out of Pocket Costs in the COVID-19 Era: Americans Don't 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 if hospitalized for COVID-19 related illness
- 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 payers and private employers



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



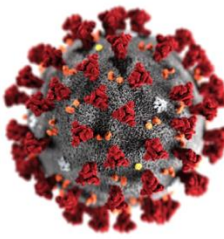
Medicare Advantage V-BID Model Test; Senior Savings Plan

Putting Innovation into Action: Translating Research into Policy



IRS 2019-45: Pre-deductible Coverage Allowed for Services and Drugs for Chronic Conditions

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
- October 27: HHS announces that coronavirus vaccines will be covered without cost-sharing under Medicare and Medicaid

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

V-BID X: Project Members



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

V-BID X: Identification of services:

- Favor services with the strongest evidence-base
- Favor services that are more responsive to cost-sharing
- Favor services with a high likelihood to be high- or low-value, independent of the clinical context
- Consider equity, adverse selection, impact on special populations, and the risk pool

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

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

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**

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 Michigan ¹⁵⁶ (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

MAY 08

MORE ON MEDICARE & MEDICAID

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

Strategies for Employers to Enhance Value 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