



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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@um_vbid

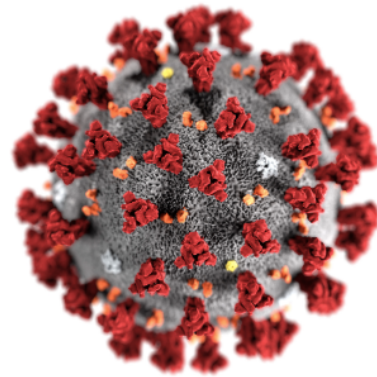
Thanks to the selfless people are putting themselves at risk to defeat the COVID-19 pandemic



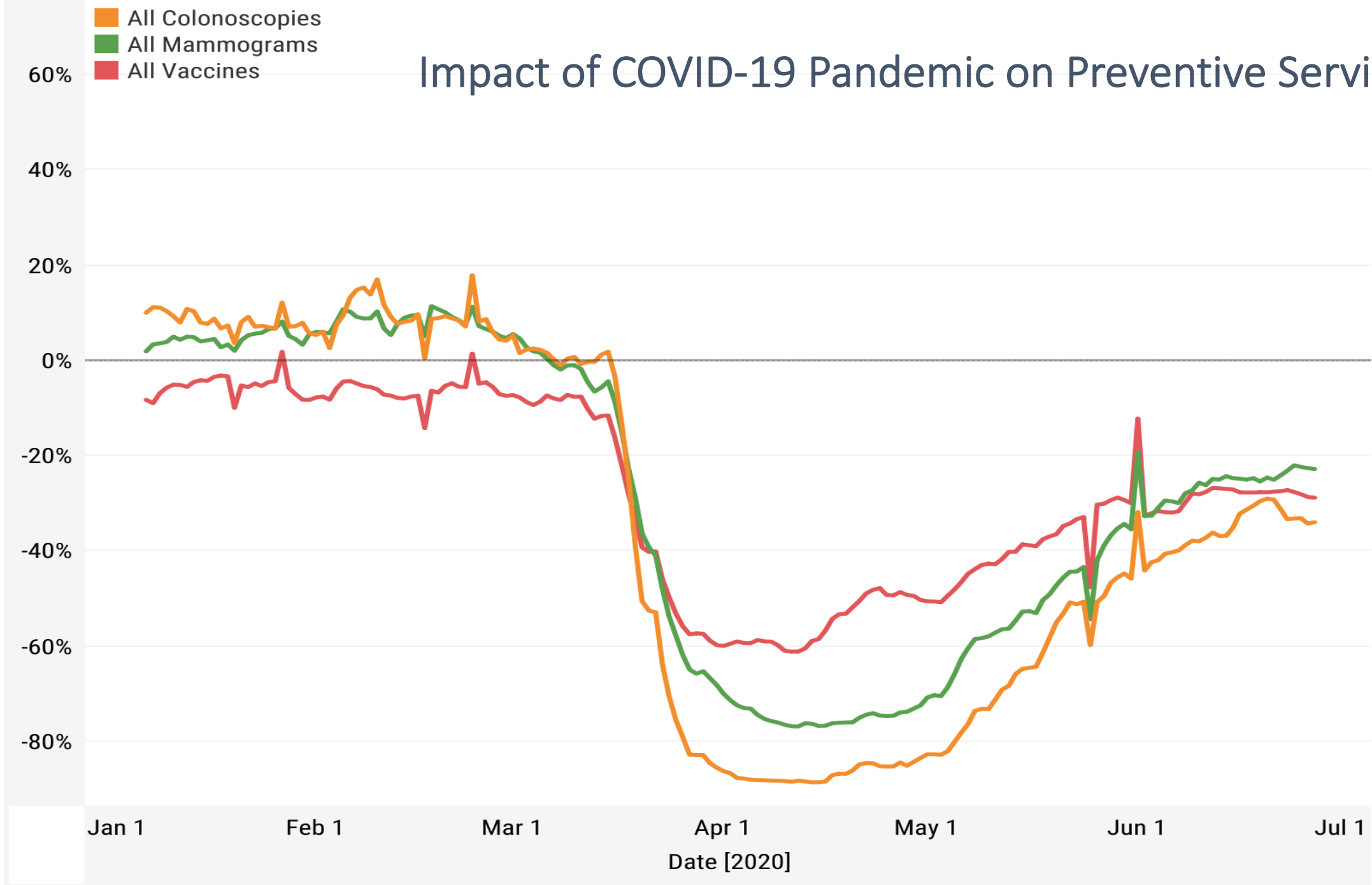
Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

- 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



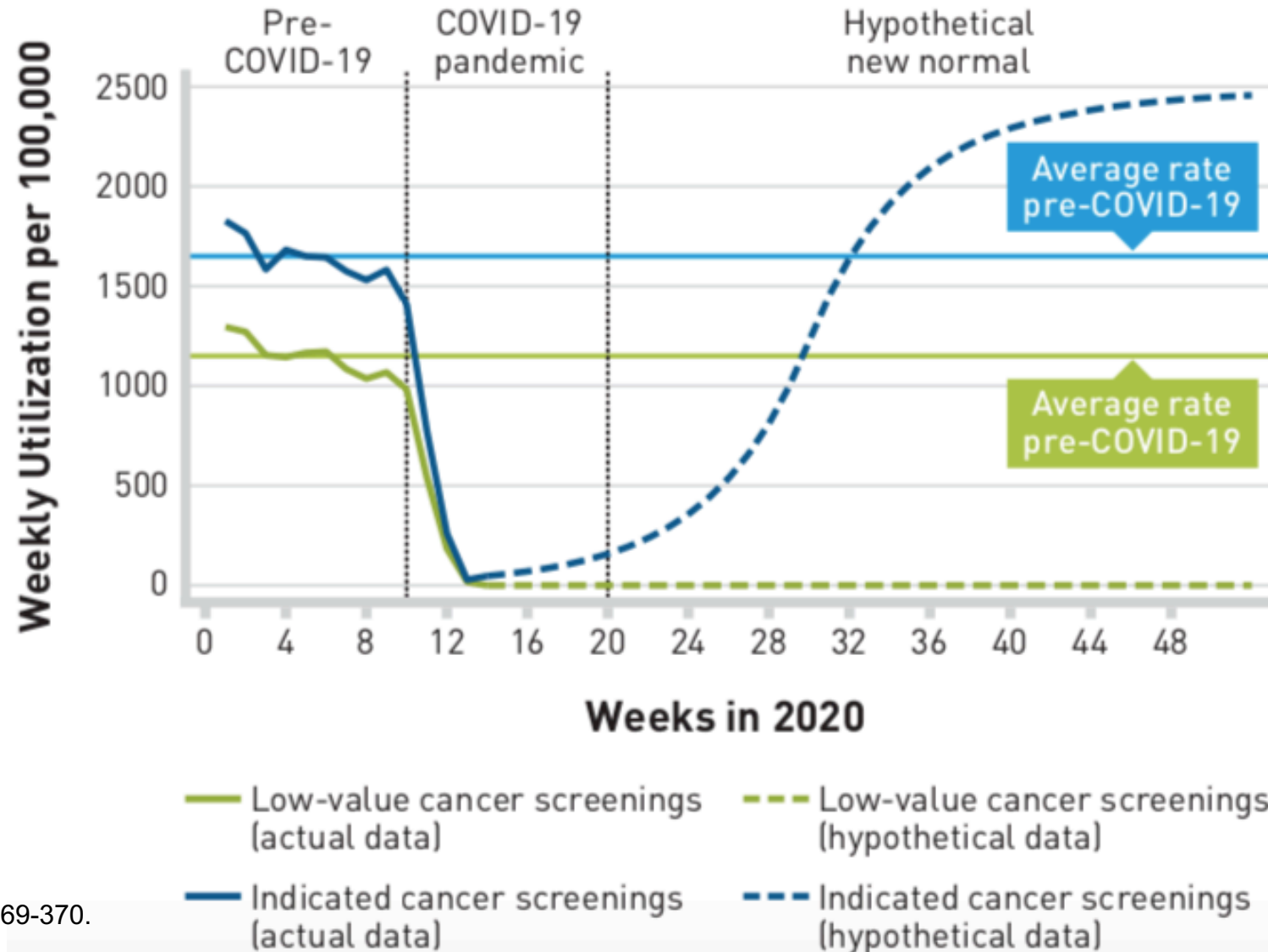
The Onion ✓
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Patient Rushed Into Unnecessary Surgery To Save Cash-Strapped Hospital bit.ly/314r3zN



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

TheUpshot

Health Plans That Nudge Patients to Do the Right Thing



Austin Frakt

THE NEW HEALTH CARE JULY 10, 2017



RELATED COVERAGE



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Putting Innovation into Action: Translating Research into Policy



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



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



Medicare Advantage V-BID Model Test; Senior Savings Plan

Medicare Advantage V-BID Model Test: Expanded Opportunities

Reduced cost-sharing permissible for:

- High-value services
- High-value providers
- Participation 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

Transportation, nutrition support

Telehealth

Service delivery innovations

Augment existing provider networks

Press release

CMS Launches Groundbreaking Model to Lower Out of Pocket Expenses for Insulin

Mar 11, 2020 | Coverage, Innovation models, Medicare Part D, Prescription drugs, Quality

Share



Putting Innovation into Action: Translating Research into Policy



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

2004 IRS Code - High deductible health plans could not cover clinical services used to treat 'existing illness, injury or conditions' until the plan deductible was

PREVENTIVE CARE COVERED

Dollar one



CHRONIC DISEASE CARE

NOT covered until deductible is met



2019 – IRS Notice 2019-45: Specific services and drugs used to treat certain chronic conditions can be covered before the plan 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

Chronic Disease Management of 2020 – Bipartisan bill expands list of services that could be covered before the plan deductible is met

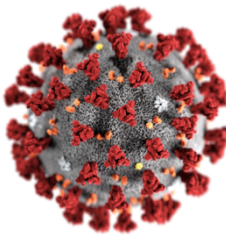
116th Congress
2D Session



S.3200

To amend the Internal Revenue Code of 1986 to permit high deductible health plans to provide chronic disease prevention services to plan enrollees prior to satisfying their plan 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
- 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 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

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