



Turning the COVID-19 Crisis into Opportunity:
Using Value-Based Insurance Design to Increase Use of High-value
Care and Eliminate Low Value Services

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Value-Based Insurance Design

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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

- Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality
- Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions
- Underutilization of high-value care persists across the entire spectrum of clinical care leading to poor health outcomes
- Our ability to deliver high-quality health care lags behind the rapid pace of scientific innovation

Star Wars Science



Flintstones Delivery

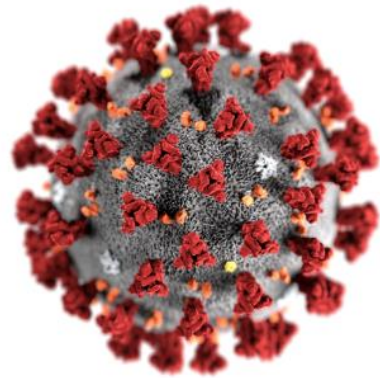


Moving from the Stone Age to the Space Age:

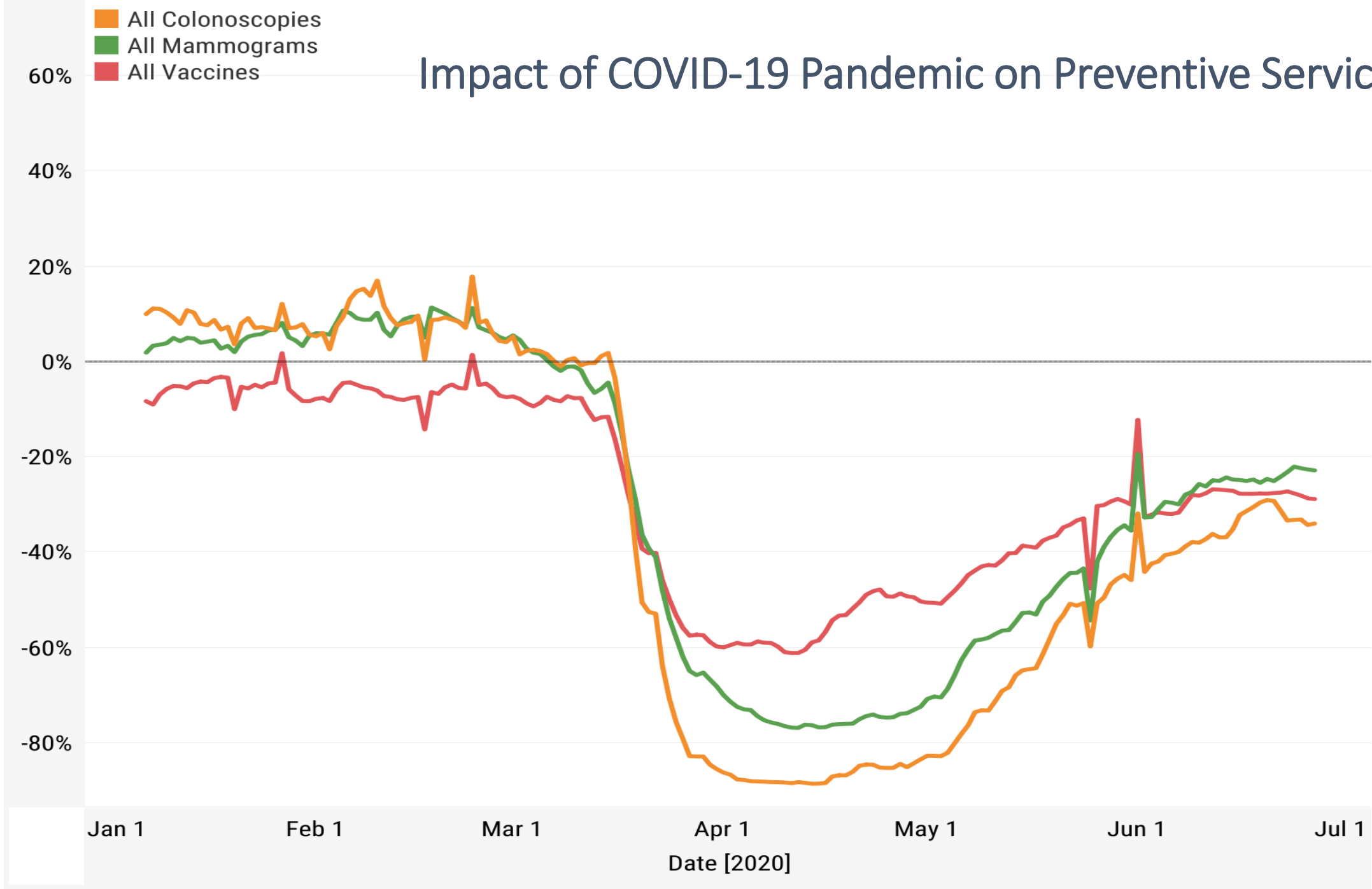
Change the health care cost discussion from “How much” to “How well”

- 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
- 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
- The most common patient-facing strategy - consumer cost-sharing – is a ‘blunt’ instrument, in that patients pay more out of pocket for **ALL** care regardless of clinical value

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 

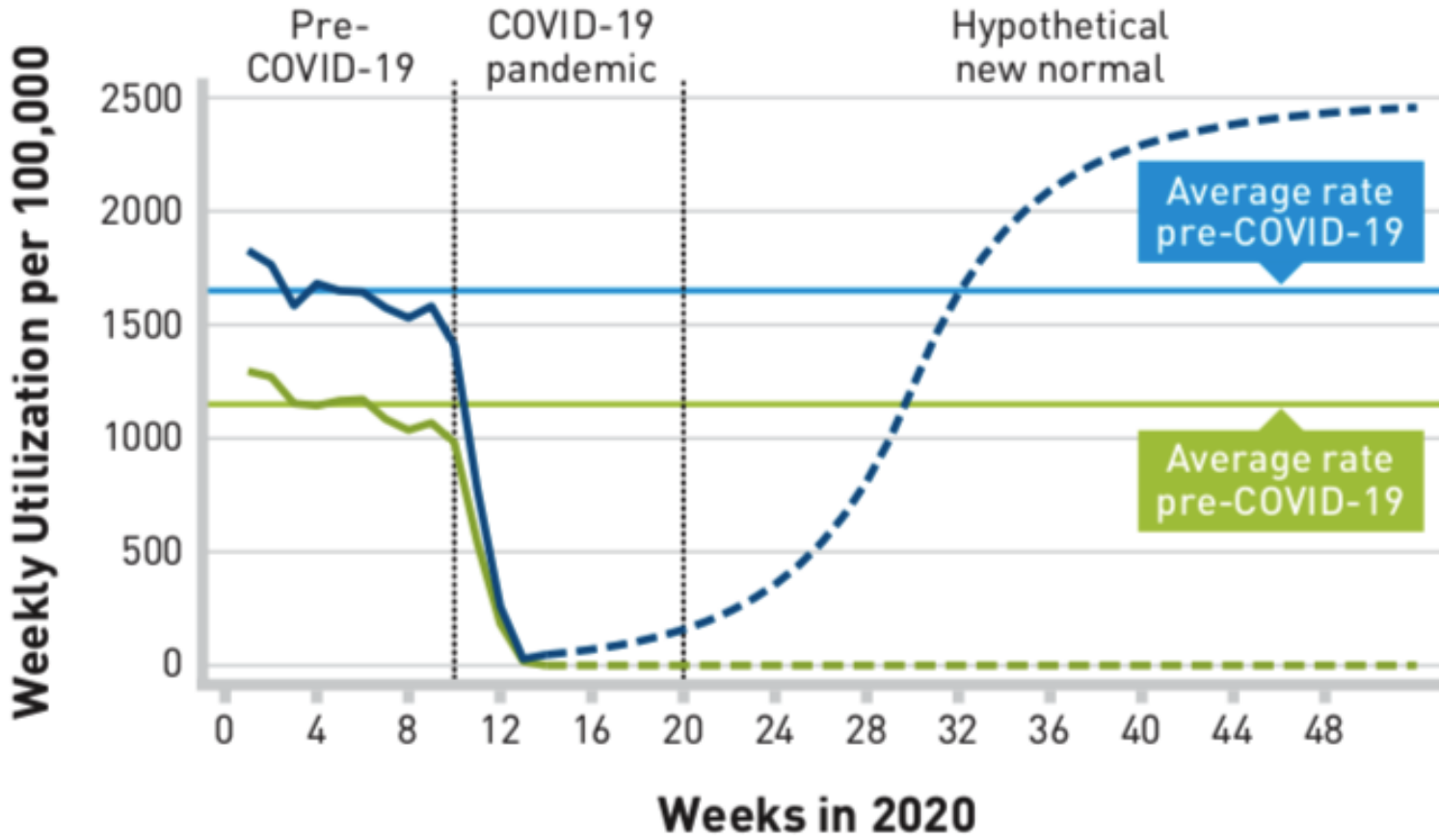
@TheOnion



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?



- Low-value cancer screenings (actual data)
- Low-value cancer screenings (hypothetical data)
- Indicated cancer screenings (actual data)
- Indicated cancer screenings (hypothetical data)

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

Turning Crisis into Opportunity: Leverage the Widespread Adoption of Telemedicine

HealthAffairs

TOPICS

JOURNAL

BLOG

Establishing A Value-Based 'New Normal' For Telehealth

Christina Cutter, Nicholas L. Berlin, A. Mark Fendrick

OCTOBER 8, 2020

10.1377/hblog20201006.638022

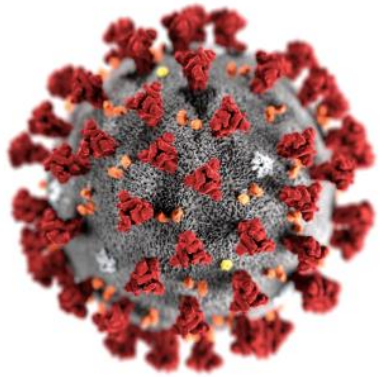
<https://www.healthaffairs.org/doi/10.1377/hblog20201006.638022/full/>



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

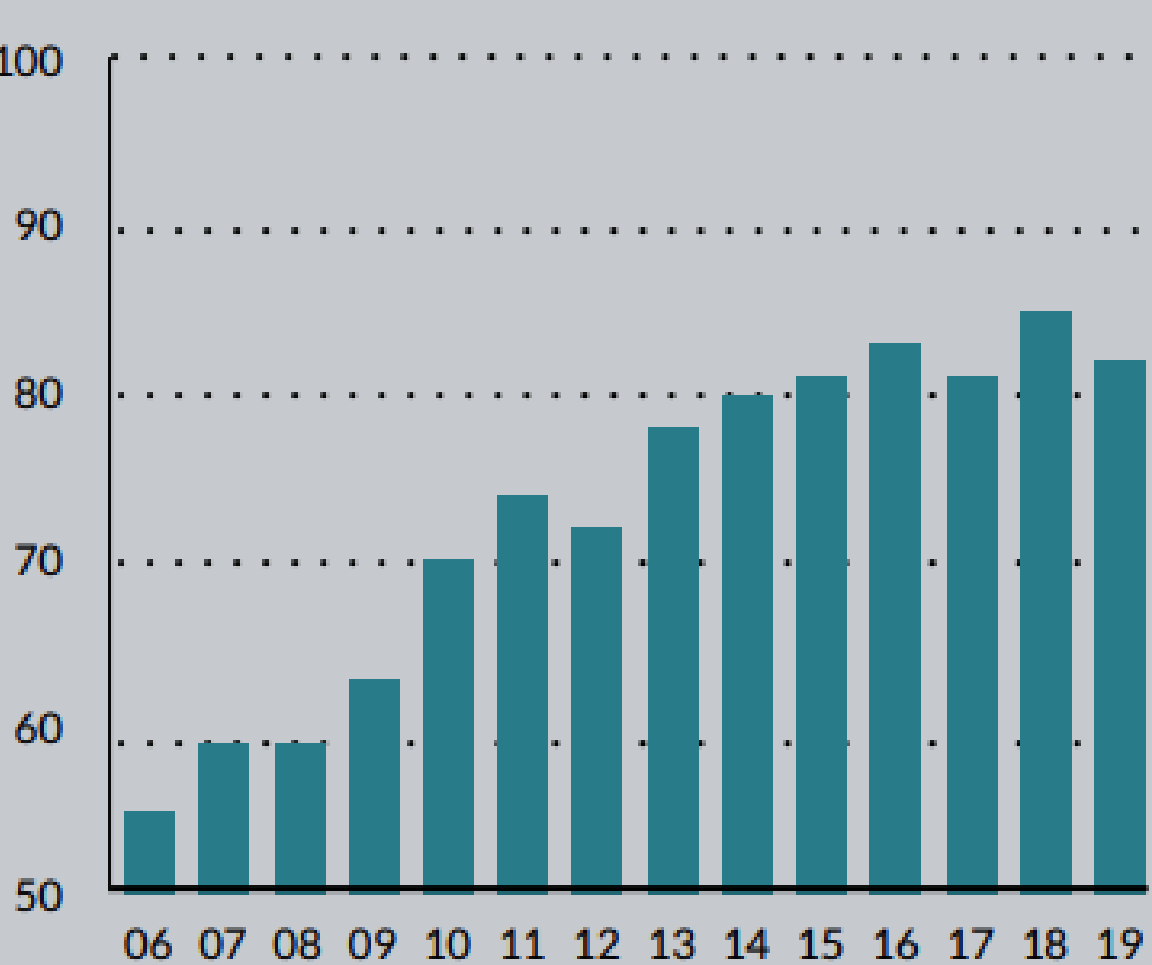
A Second Health Care Pandemic will Follow COVID-19 We Need to Plan Accordingly



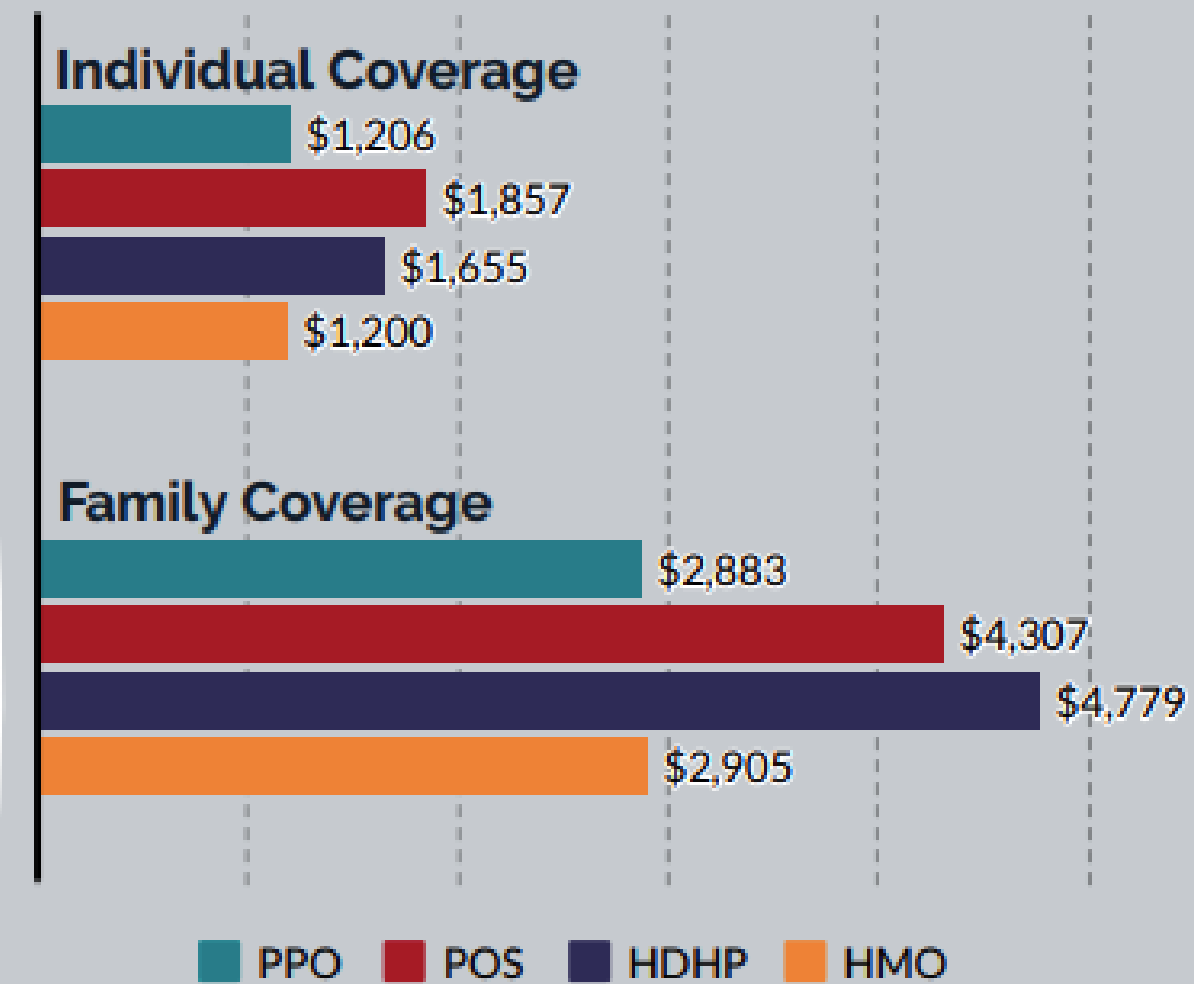
**NEARLY THREE IN FOUR AMERICANS
SAY THEIR INCOMES HAVE ALREADY
TAKEN A HIT FROM THE PANDEMIC**

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 Coronavirus Out of Pocket Costs: Americans Cannot Afford a COVID-19 Deductible

- About Half of the Public Says They Have 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

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

Patient Worry About Out-of-Pocket Healthcare Costs at All-Time High

A report from the Commonwealth Fund noted that patients are not confident they can afford high out-of-pocket healthcare costs.



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)

“Blunt” Cost-Sharing Worsens Health Care Disparities

Effects of Increased Patient Cost Sharing on Socioeconomic Disparities in Health Care

*Michael Chernew, PhD¹ Teresa B. Gibson, PhD² Kristina Yu-Isenberg, PhD, RPh³
Michael C. Sokol, MD, MS⁴ Allison B. Rosen, MD, ScD⁵, and A. Mark Fendrick, MD⁵*

- Cost-sharing worsens disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions

Drug prices and death: New study raises another red flag on cost-sharing

A review of Medicare data suggests that a relatively modest increase in drug costs (\$10) can lead to a 33% increase in mortality.

By **Scott Wooldridge** | February 16, 2021 at 09:51 AM

Alternative to “Blunt” Consumer Cost-Sharing: A Clinically Driven Approach

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

TheUpshot

Health Plans That Nudge Patients to Do the Right Thing

 **Austin Frakt**
THE NEW HEALTH CARE JULY 10, 2017



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V-BID:

Rare Bipartisan Political and Broad Multi-Stakeholder Support

- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- Commonwealth Fund
- NBCH
- American Fed Teachers
- Families USA
- AHIP
- AARP
- DOD
- BCBSA
- National Governor's Assoc.
- US Chamber of Commerce
- Bipartisan Policy Center
- Kaiser Family Foundation
- American Benefits Council
- National Coalition on Health Care
- Urban Institute
- RWJF
- IOM
- Smarter Health Care Coalition
- PhRMA
- EBRI
- AMA

Putting Innovation into Action: Translating Research into Policy



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

COVID-19 Testing and Vaccines Provided without Cost-sharing



Putting Innovation into Action: Translating Research into Policy



COVID-19 impacted the health and financial decisions of many seniors on Medicare

A majority of seniors on Medicare say COVID-19 impacted their healthcare decisions in the following ways:



58%

Avoided or delayed seeing their health care provider



56%

Delayed starting or did not start a treatment for a chronic condition



54%

Prioritized taking a prescription drug for one condition over another

CMS Announces Medicare Advantage Value-Based Insurance Design Model Test

A 5-year demonstration program will test the utility of structuring consumer cost-sharing and other health plan design elements to encourage patients to use high-value clinical services and providers.



*Red denotes states included in V-BID model test

Medicare Advantage V-BID Model Test: Expanded Opportunities

Reduced cost-sharing permissible 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

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



HSA-HDHP Reform



PREVENTIVE CARE COVERED

Dollar one



CHRONIC DISEASE CARE

NOT covered until deductible is met





U.S. DEPARTMENT OF THE TREASURY

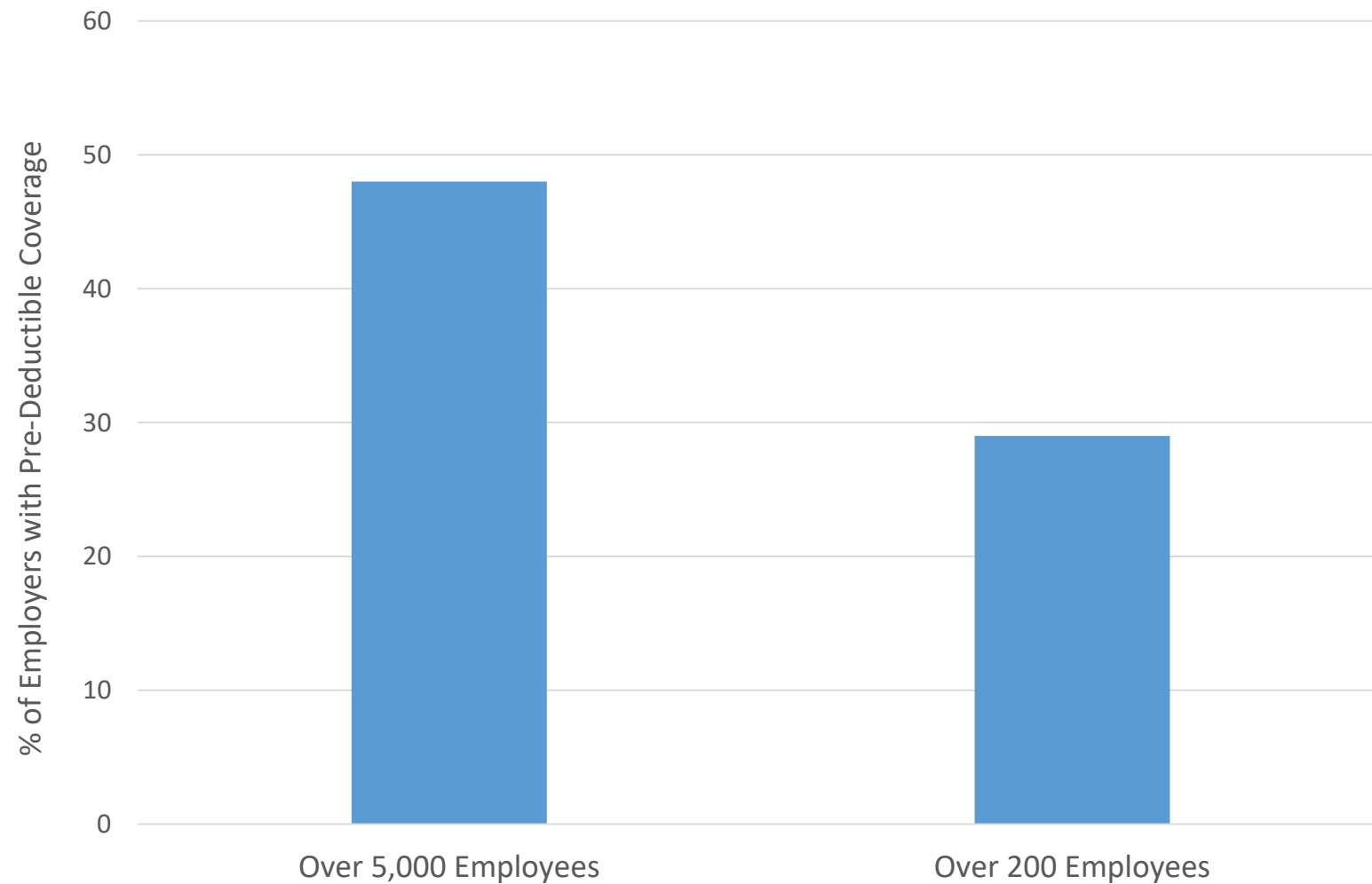
PRESS RELEASES

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

Significant Uptake of IRS Rule Expanding Pre-Deductible Coverage of Chronic Disease Services



Chronic Disease Management of 2020

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.

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



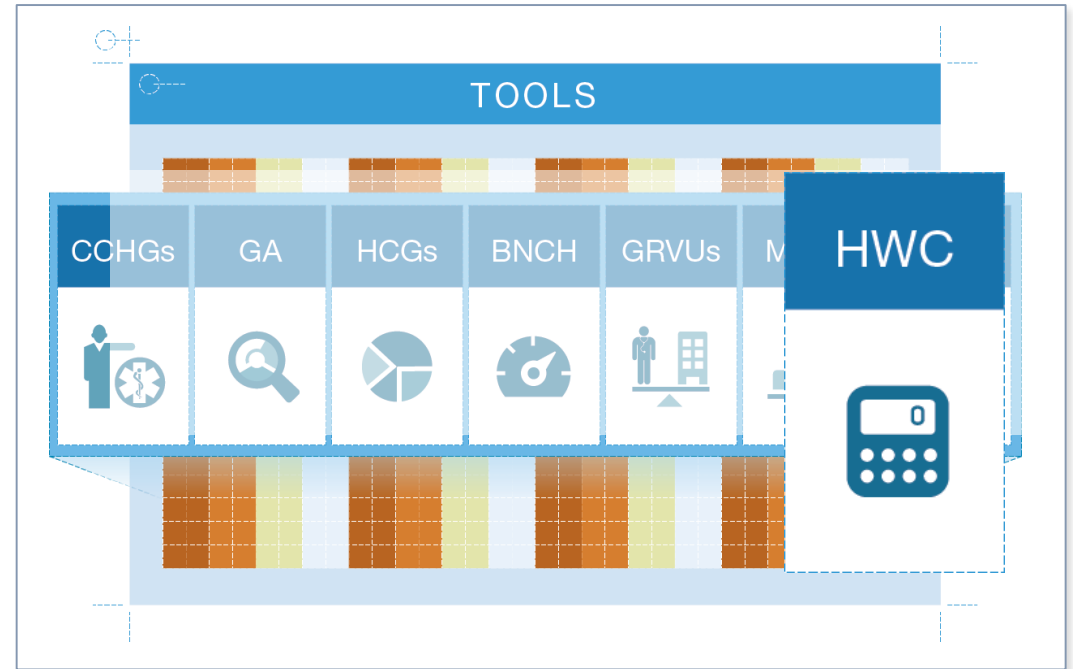
Paying for More Generous Coverage of High Value Care: Reduce Spending on Low Value Care

- Increase premiums – politically not feasible
- Raise deductibles and copayments – ‘tax on the sick’
- **Reduce spending on low value care**

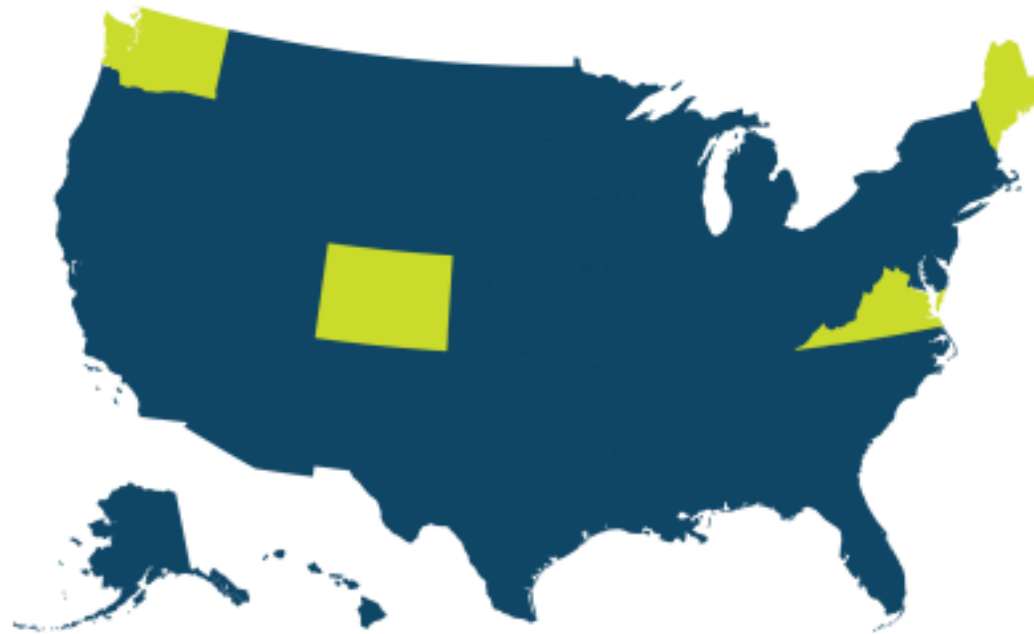
**\$345
BILLION**

Measuring Unnecessary Care: Milliman Health Waste Calculator

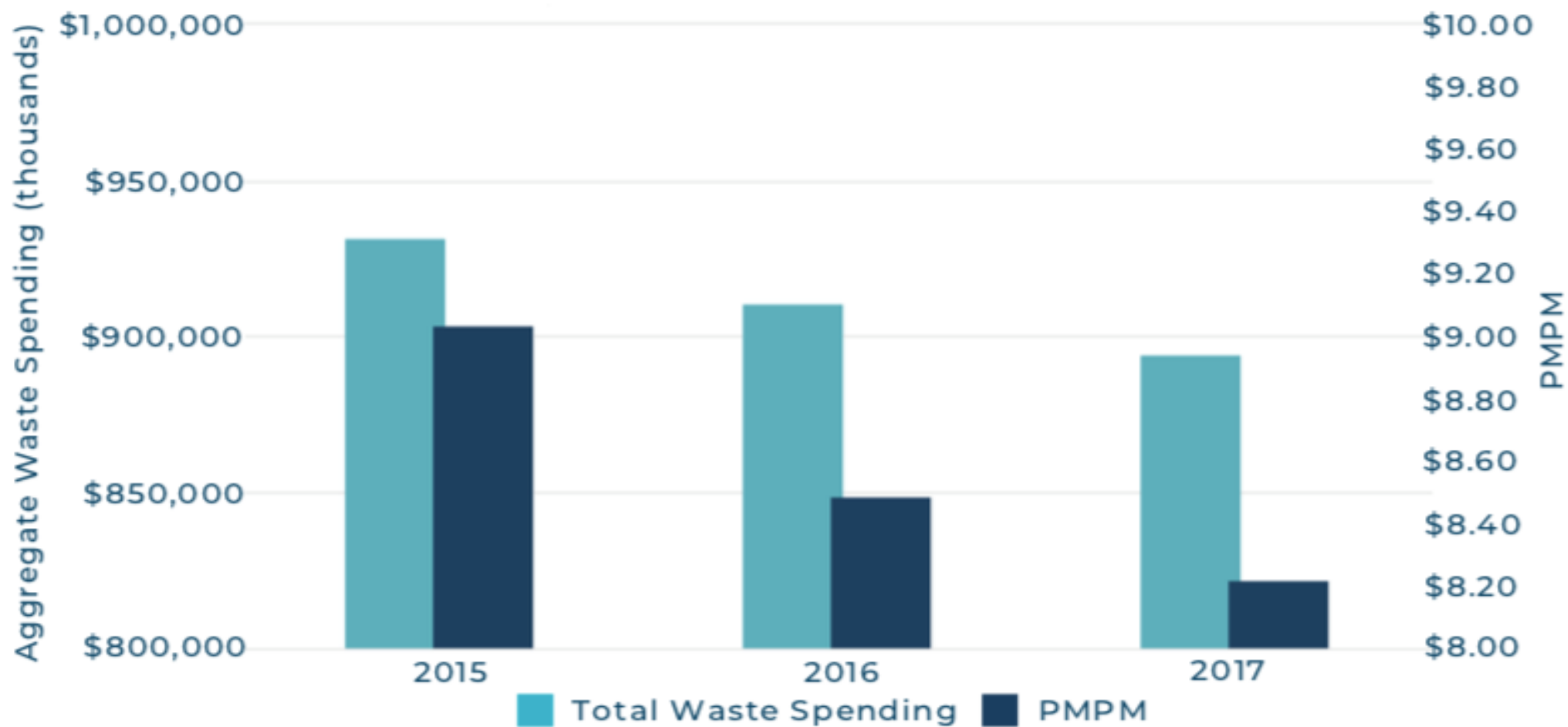
- Collaboration between Milliman MedInsight and V-BIDHealth
- Measures services as potentially wasteful
- Analyze cost savings potential
- Generate actionable reports and summaries



Utilization and Spending on Low-Value Medical Care Across Four States

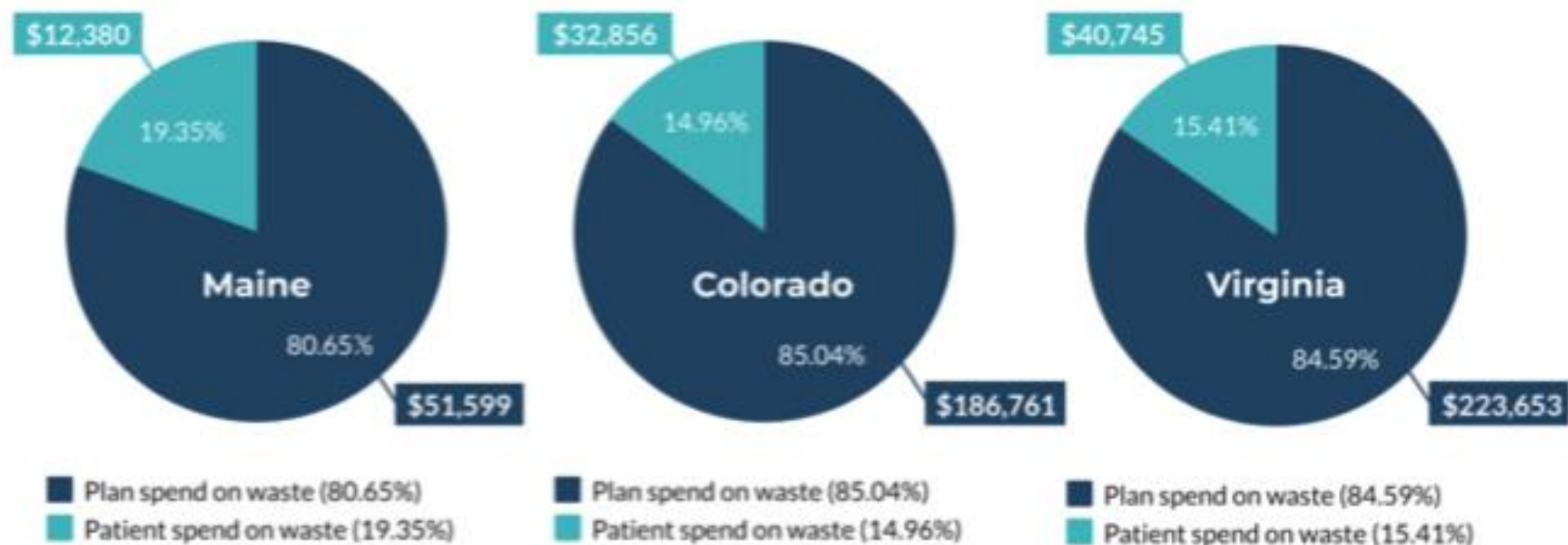


Total Spending on 47 Low-Value Services by Four States in Medicaid and Commercial Plans, 2015-2017



Notes: this figure shows total spending (sum of plan and patient spending) on the 47 low-value services for commercial and Medicaid only, across three years for all four states: Colorado, Maine, Virginia, Washington.

Spending on 47 Low-Value Services in Medicaid and Commercial Plans in 2017 by Patients and Plans



Notes: spending in thousands \$. These figures only represent Maine, Colorado, and Virginia. Washington did not separately report patient and plan spending, estimated allowed spending based on standard pricing for Medicaid and commercial plans

Spending on “Top 10” Commercial and Medicaid Low-Value Services by Volume in 2017

2017	Total Spend on "Top 10" LVC Services	PMPM	% Total Medicaid and Commercial Waste Spending
Maine	\$49,659	\$6.67	78%
Washington*	\$278,236	\$8.69	80%
Colorado	\$160,125	\$5.65	73%
Virginia	\$179,322	\$4.37	68%
Total	\$667,343	\$6.13	70%

Notes: total spending in thousands \$. PMPM = total spending on the top 10 services divided by total member months (Appendix 3) provided by the states for 2017. These data only include Medicaid and commercial spending. *Washington does not report plan and patient spending separately.

Milliman Health Waste Calculator

Commonwealth of Virginia Unnecessary Care Initiative

- Among 5.5 million Virginia beneficiaries, **1 in 5** received at least 1 low-value service in 2014
- The 44 low-value services were delivered 1.7 million times, which cost **\$586 million** (~2% of healthcare spend)

COSTS & SPENDING

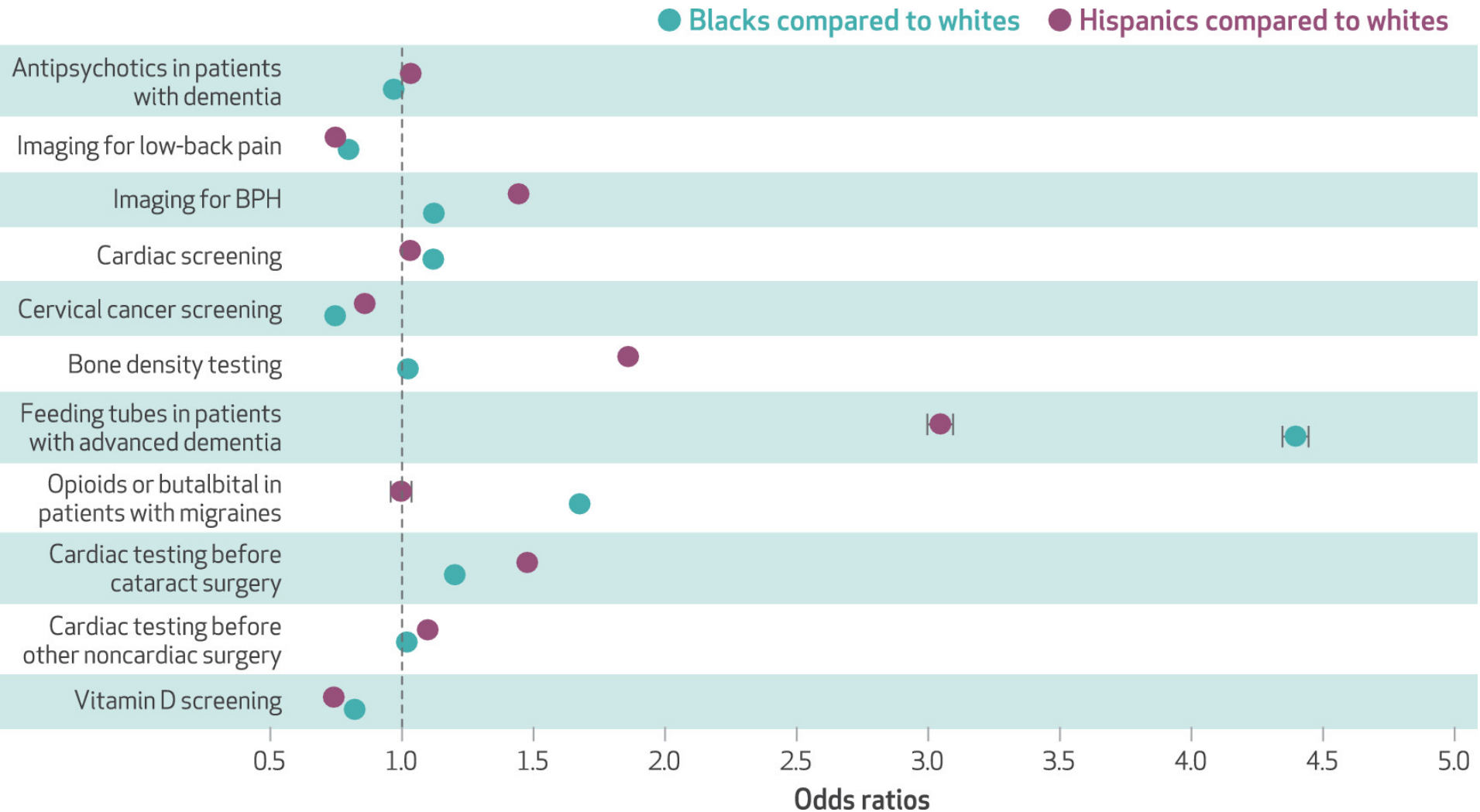
By John N. Mafi, Kyle Russell, Beth A. Bortz, Marcos Dachary, William A. Hazel Jr., and A. Mark Fendrick

DATAWATCH

Low-Cost, High-Volume Health Services Contribute The Most To Unnecessary Health Spending

An analysis of data for 2014 about forty-four low-value health services in the Virginia All Payer Claims Database revealed more than \$586 million in unnecessary costs. Among these low-value services, those that were low and very low cost (\$538 or less per service) were delivered far more frequently than services that were high and very high cost (\$539 or more). The combined costs of the former group were nearly twice those of the latter (65 percent versus 35 percent).

Blacks And Hispanics More Likely To Receive Low-Value Care Than Whites



ACA Sec 4105:

Selected No-Value Preventive Services Shall Not Be Paid For

SEC. 4105. EVIDENCE-BASED COVERAGE OF PREVENTIVE SERVICES IN MEDICARE.

(a) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Section 1834 of the Social Security Act (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

“(n) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Notwithstanding any other provision of this title, effective beginning on January 1, 2010, if the Secretary determines appropriate, the Secretary may—

“(1) modify—

“(A) the coverage of any preventive service described in subparagraph (A) of section 1861(ddd)(3) to the extent that such modification is consistent with the recommendations of the United States Preventive Services Task Force; and

“(B) the services included in the initial preventive physical examination described in subparagraph (B) of such section; and

“(2) provide that no payment shall be made under this title for a preventive service described in subparagraph (A) of such section that has not received a grade of A, B, C, or I by such Task Force.”.

(b) **CONSTRUCTION.**—Nothing in the amendment made by paragraph (1) shall be construed to affect the coverage of diagnostic or treatment services under title XVIII of the Social Security Act.

HHS granted authority to not pay for USPSTF ‘D’ Rated Services

Screening for Asymptomatic Carotid Artery Stenosis

February 02, 2021

Recommendation Summary

Population	Recommendation	Grade
Asymptomatic adults	The USPSTF recommends against screening for asymptomatic carotid artery stenosis in the general adult population. See the Practice Considerations section for a description of adults at increased risk.	D

Reducing Low Value Care: Where to Start?

- Although much of the low-value care discussion has focused on high-cost services, low-cost items are less likely to draw attention by particular clinicians or patient advocacy groups
- Choose services:
 - Easily identified in administrative systems
 - Mostly low value (little or no clinical nuance)
 - Reduction in their use would be barely noticed

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

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

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V-BID X: Creating A Value-Based Insurance Design Plan For The Exchange Market

Haley Richardson, Michael Budros, Michael E. Chernew, A. Mark Fendrick

JULY 15, 2019

[10.1377/hblog20190714](https://doi.org/10.1377/hblog20190714)

MAY 08

MORE ON MEDICARE & MEDICAID

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

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

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

Enhancing Access and Affordability to Essential Clinical Services

The role of V-BID in the 'New Normal'

- Expand pre-deductible coverage/reduce consumer cost-sharing on high-value clinical COVID-19 related care and other chronic disease 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 low value care



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

Dan Quayle