Role of APCDs in the Measurement of Low-value Care to Create 'Headroom' for Spending on High-value Care

A. Mark Fendrick, MD

University of Michigan Center for Value-Based Insurance Design

www.vbidcenter.org

@um_vbid

NAHDO

APCD Council All-Payer Claims Database

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 and in the wrong places
- Value-based care requires new thinking in both how we pay for care (i.e. alternative payment models) and how we engage consumers to seek care (i.e. benefit design)
- Public and private payers are leading the effort to move from a volume-driven to a value-based health care delivery system

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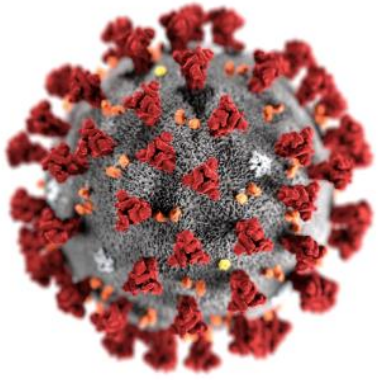
Then Came Coronavirus…



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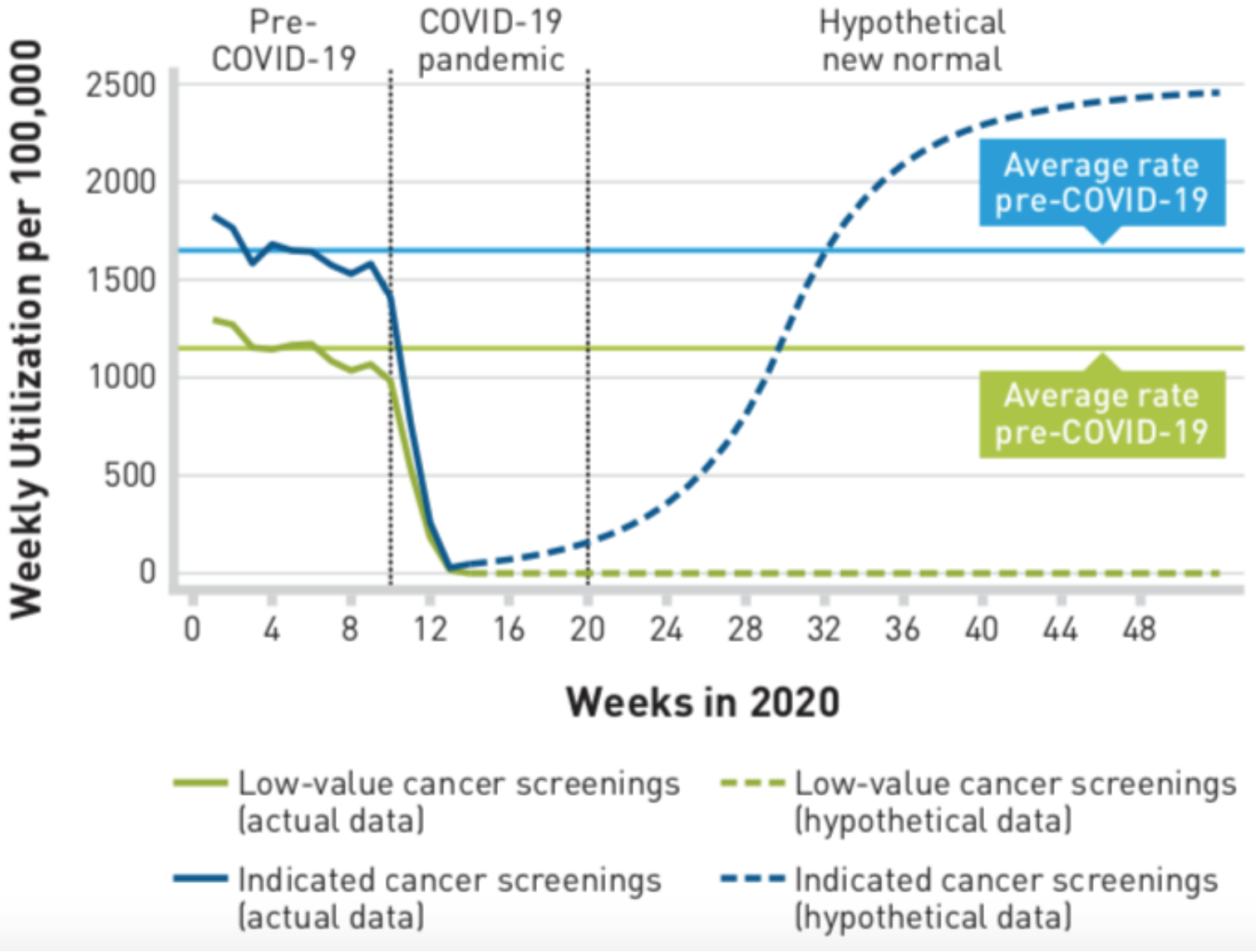
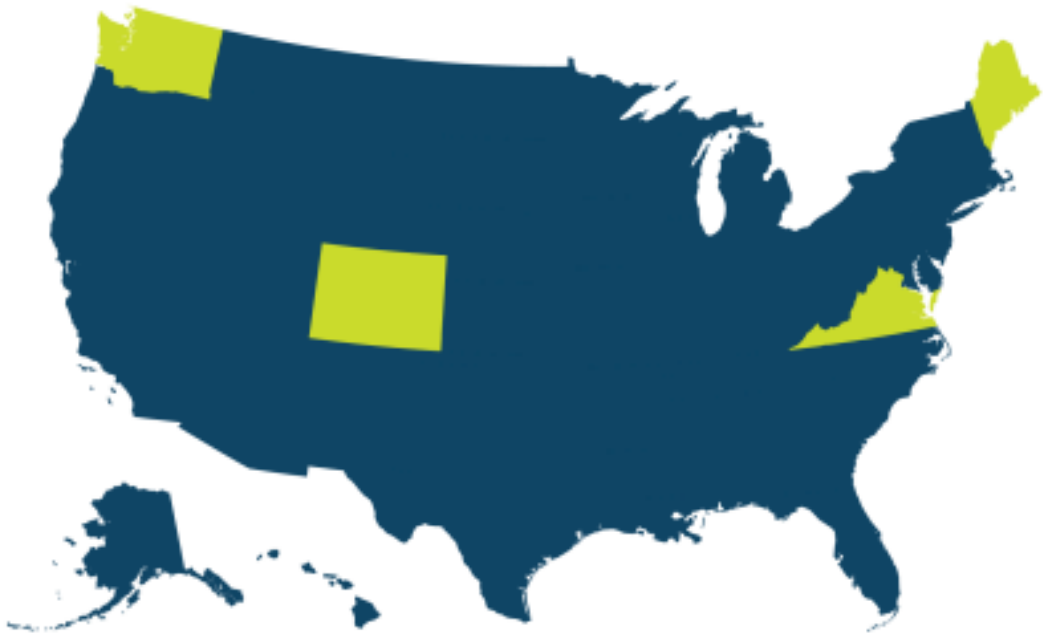
Crisis Into Opportunity: Can COVID-19 Help Set a Path to Improved Health Care Efficiency?



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

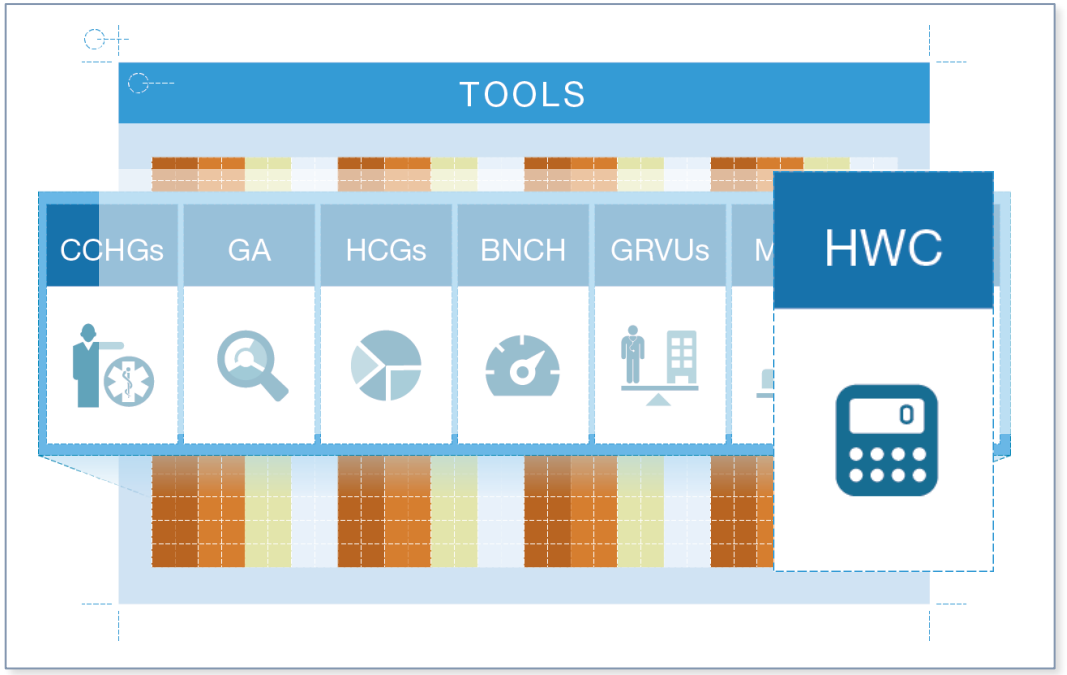
Utilization and Spending on Low-Value Medical Care Across Four States



https://vbidhealth.com/docs/States-LVC-Paper-FINAL-Draft(1).pdf

Identifying and Removing Unnecessary Care: Milliman Health Waste Calculator

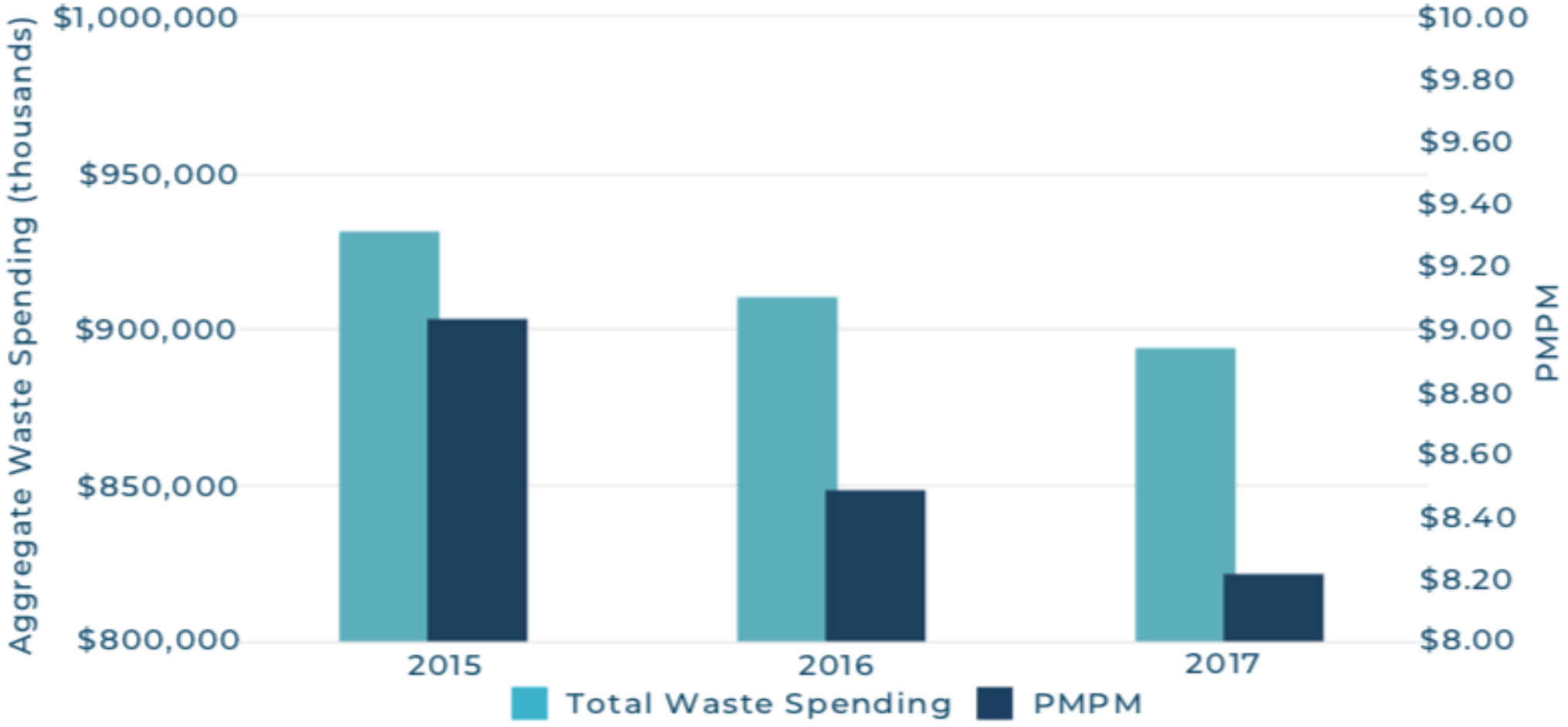
- Uses claims to measure potentially unnecessary services
- Analyze cost savings potential
- Discover ways to enhance equity, improve quality and patient safety
- Generate actionable reports and summaries



Milliman MedInsight

VBIDHEALTH

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.*

FEHB Program Carrier Letter

All FEHB Carriers

U.S. Office of Personnel Management
Healthcare and Insurance

Letter No. 2021-03

Date: February 17, 2021

Addressing Low Value Care (USPSTF Ratings)

OPM expects FEHB Carriers to cover all preventive services recommended by the United States Preventive Services Task Force (USPSTF) with an "A" or "B" rating as a preventive service. Those with a "D" rating indicate that the USPSTF recommends against the service because there is moderate or high certainty that the service has no net benefit or that the harms outweigh the benefits and should not be covered *as a preventive service*.

As coverage of preventive services rated a "D" rating needlessly drives up costs with no associated medical benefit, FEHB Carriers are reminded that the accurate processing of claims includes review to ensure that medical services are appropriate and necessary. Therefore, OPM is instructing FEHB Carriers **not to cover as preventive benefits,** those services with a sole rating of "D" from the USPSTF. A current list will be included in the technical guidance.

TRICARE Requires Contractors to Measure and Reduce LVC Beginning in 2022

TRICARE Reimbursement Manual 6010.64-M, April 2021
Alternate Payment Models (APMs)

Chapter 18

Section 2

Low-Value Care (LVC) Medical Interventions

Issue Date: April 6, 2021

1.0 APPLICABILITY

1.1 The contractor shall efficiently and effectively manage low-value medical interventions and shall be at-risk for the appropriate provision of specified low-value medical interventions.

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Role of APCDs in the Measurement of Low-value Care

New States:

- Connecticut
- Utah
- Wisconsin

Interested? Please contact:

amfen@umich.edu

www.vbidcenter.org

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