



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

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

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Balancing Health Care Costs and Patient-Centered Outcomes is Complicated

Solutions must protect patients, reward clinicians and preserve innovation

- Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions ($\text{Spending} = \text{Price} \times \text{Volume}$)
- **Everyone (almost) agrees there is enough money in the US health care system; we often spend it on the wrong services ($\text{volume}_{\text{bad}}$)**
- Underutilization of high-value care ($\text{volume}_{\text{good}}$) persists across the entire spectrum of clinical care leading to poor health outcomes
- 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
- Our ability to deliver high-quality health care lags behind the rapid pace of scientific innovation

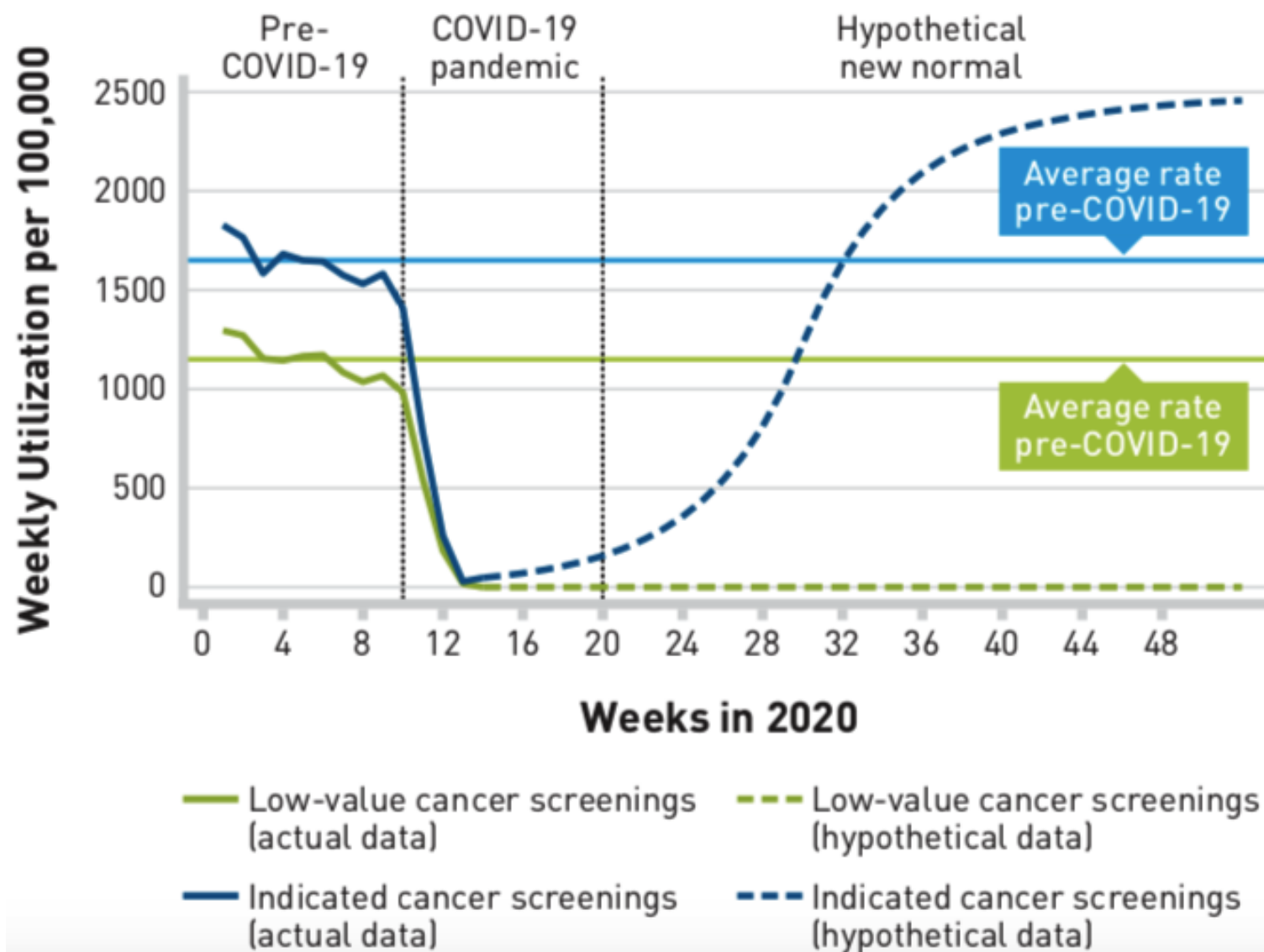
Star Wars Science



Flintstones Delivery



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

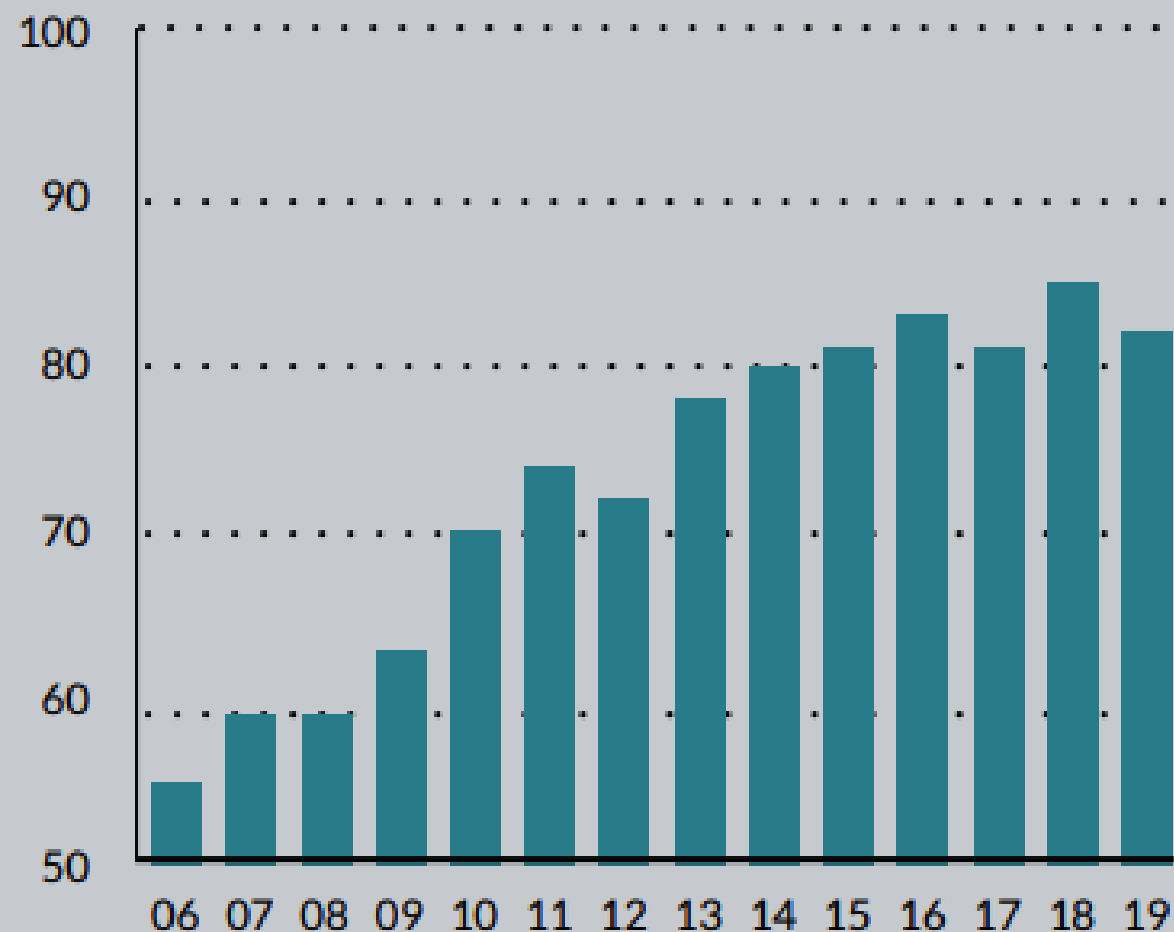


Crisis Into Opportunity: Can COVID-19 Help Set a Path to Improved Health Care Efficiency?

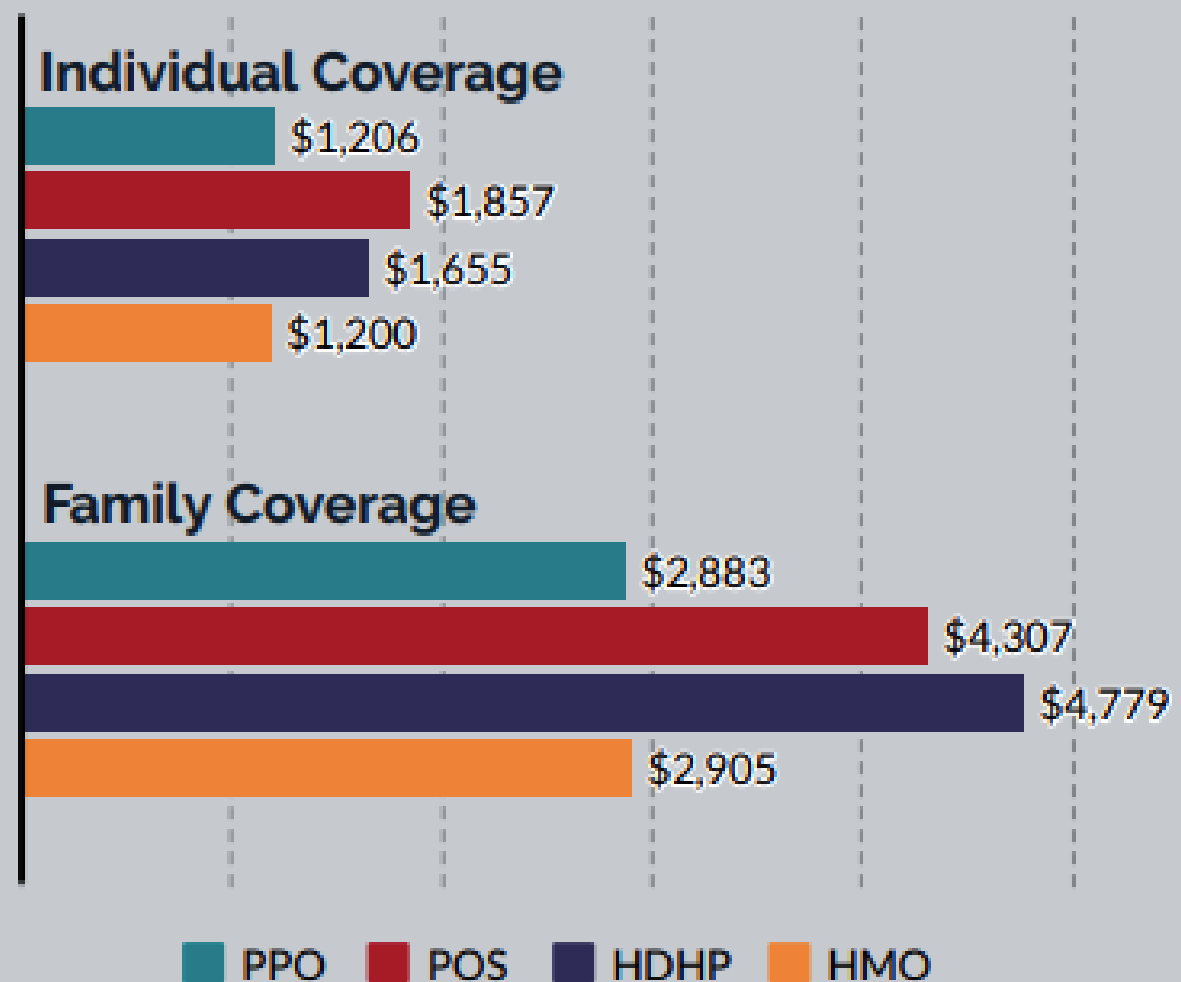
- Build on existing alternative payment models that base clinician reimbursement on patient-centered outcomes
- Leverage the widespread adoption of telemedicine, electronic health records (EHRs), and other technologies to enhance access to high-value care and discourage low-value
- Align patient cost sharing with the clinical value – not cost - of the medical services
 - Current “blunt” cost-sharing strategies worsen disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions

Health Plan Deductibles Deter use of High and Low Value Services

Percent of Americans With a Deductible



Average Deductible by Plan Type in 2019



Americans don't care about health care costs, they care what it cost them



“

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)

Restructuring Consumer Incentives to Encourage Value: 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 ($\text{volume}_{\text{good}}$); high cost share for low value care ($\text{volume}_{\text{bad}}$)
- Rare Bipartisan Political and Broad Multi-Stakeholder Support
- Successfully implemented by hundreds of public and private payers



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



HSA-HDHP Reform





U.S. DEPARTMENT OF THE TREASURY

PRESS RELEASES

Treasury Expands Health Savings Account Benefits for Individuals Suffering from Chronic Conditions



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

Increase Spending on 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

Value-Based Solutions to Increase High-value Care and Reduce Low Value Services

- Access and affordability to high value care must be a policy priority
- Identify, measure and reduce low-value care to pay for more generous coverage of high-value care
- Implement clinically-nuanced payment reform, technologies and health benefit designs (i.e., V-BID) that enhance patient access to high-value services and deter the use of low value care

Thank you

Questions?

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