How Value-Based Insurance Design Impacts Health Care Costs

V-BID sets consumer cost-sharing to...

- encourage the use of high-value care
- discourage the use of low-value care

This affects healthcare costs in 3 ways

**IMPACT OF CHANGES IN COST-SHARING**

1. **PER SERVICE**
   - High-Value Care: Lower cost-sharing shifts the cost burden from the patient to the plan.
   - Low-Value Care: Higher cost-sharing shifts the cost burden from the plan to the patient.

2. **UTILIZATION**
   - High-Value Care: Lower cost-sharing increases utilization of high-value services.
   - Low-Value Care: Higher cost-sharing decreases utilization of low-value services.

3. **SYSTEM-WIDE SPENDING**
   - High-Value Care: Increases in the use of high-value care lead to reductions in hospitalizations and other offsets.
   - Low-Value Care: Reductions in the use of low-value care lead to immediate and substantial savings.

**SUMMARY**

**V-BID: Financial Impacts**

<table>
<thead>
<tr>
<th>PER SERVICE</th>
<th>UTILIZATION</th>
<th>OFFSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in cost-sharing affect the cost burden between the payer and the patient</td>
<td>Changes in cost-sharing impact the utilization of High- and low-value services</td>
<td>Changes in utilization affect the total amount of system-wide spending</td>
</tr>
</tbody>
</table>

**V-BID: Who Benefits and How**

<table>
<thead>
<tr>
<th>CONSUMER</th>
<th>PAYER</th>
<th>PROVIDER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improves access to necessary care</td>
<td>Promotes efficient expenditures</td>
<td>Aligns with provider initiatives</td>
</tr>
<tr>
<td>Lower out-of-pocket costs</td>
<td>Reduces unnecessary spending</td>
<td>Enhances patient-centered outcomes</td>
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<td></td>
</tr>
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**CENTER FOR VALUE-BASED INSURANCE DESIGN**

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