SCHOOL OF PUBLIC HEALTH
CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

Aligning Patient and Provider Incentives to Increase Use of High Value Care and Eliminate Low Value Services

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Doctors Caucus July 1, 2021

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Balancing Health Care Costs and Patient Centered Outcomes is Complicated: Solutions must protect patients, reward clinicians 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

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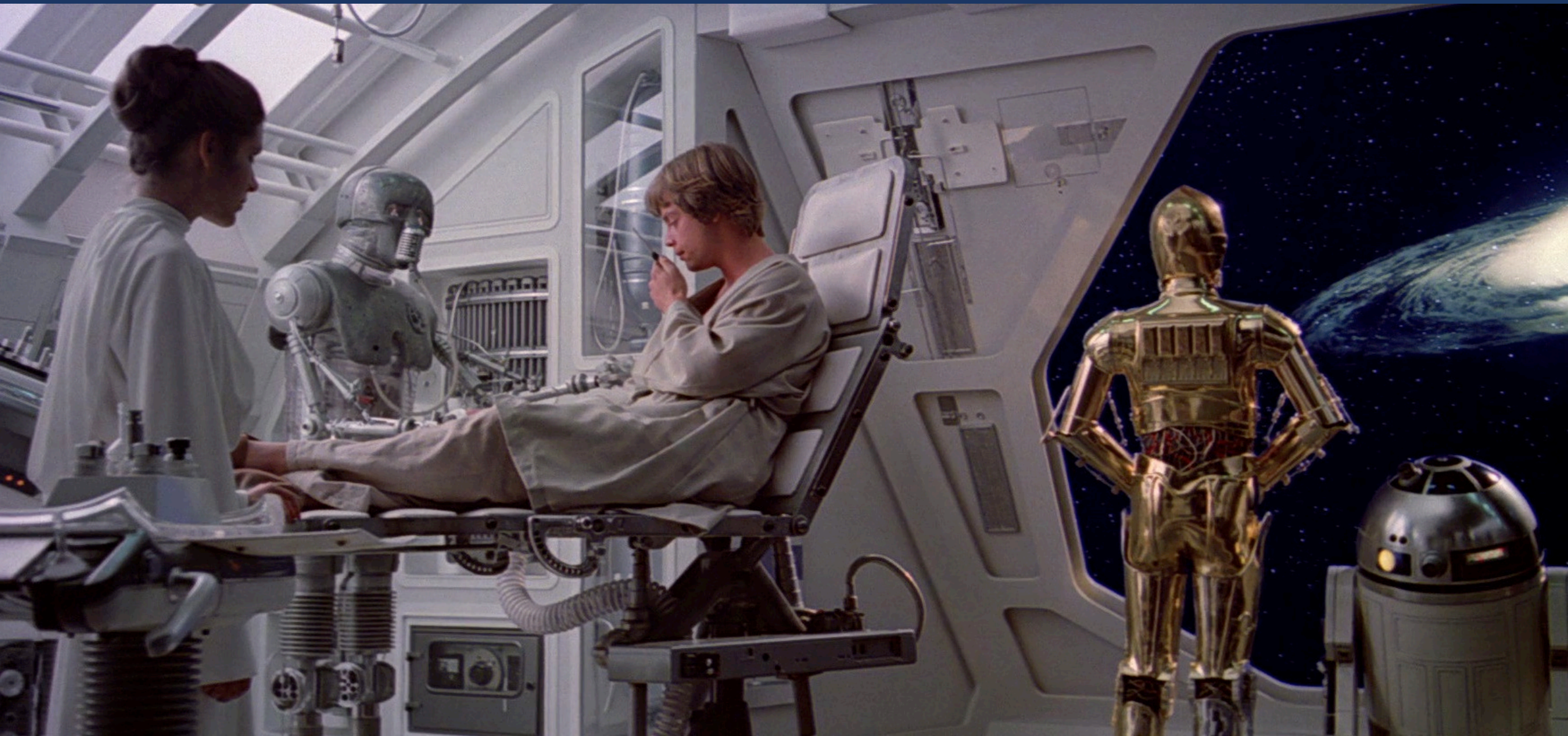
Star Wars Science



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
- Private sector is leading the transition from volume to value
- 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

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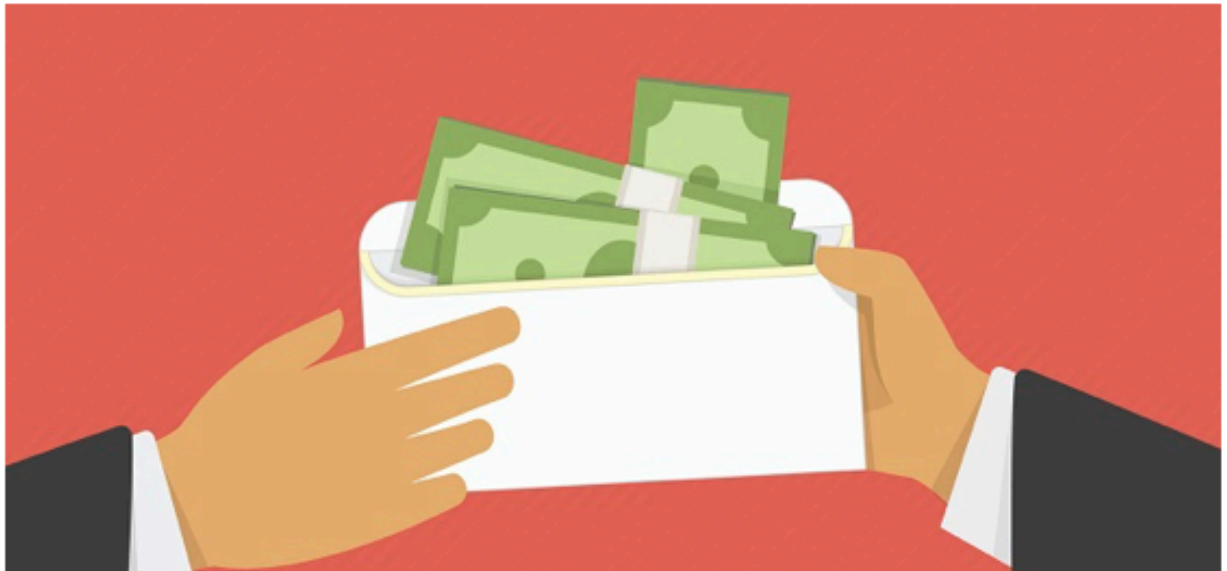
Americans Do Not Care About Health Care Costs; They Care About What It Costs Them

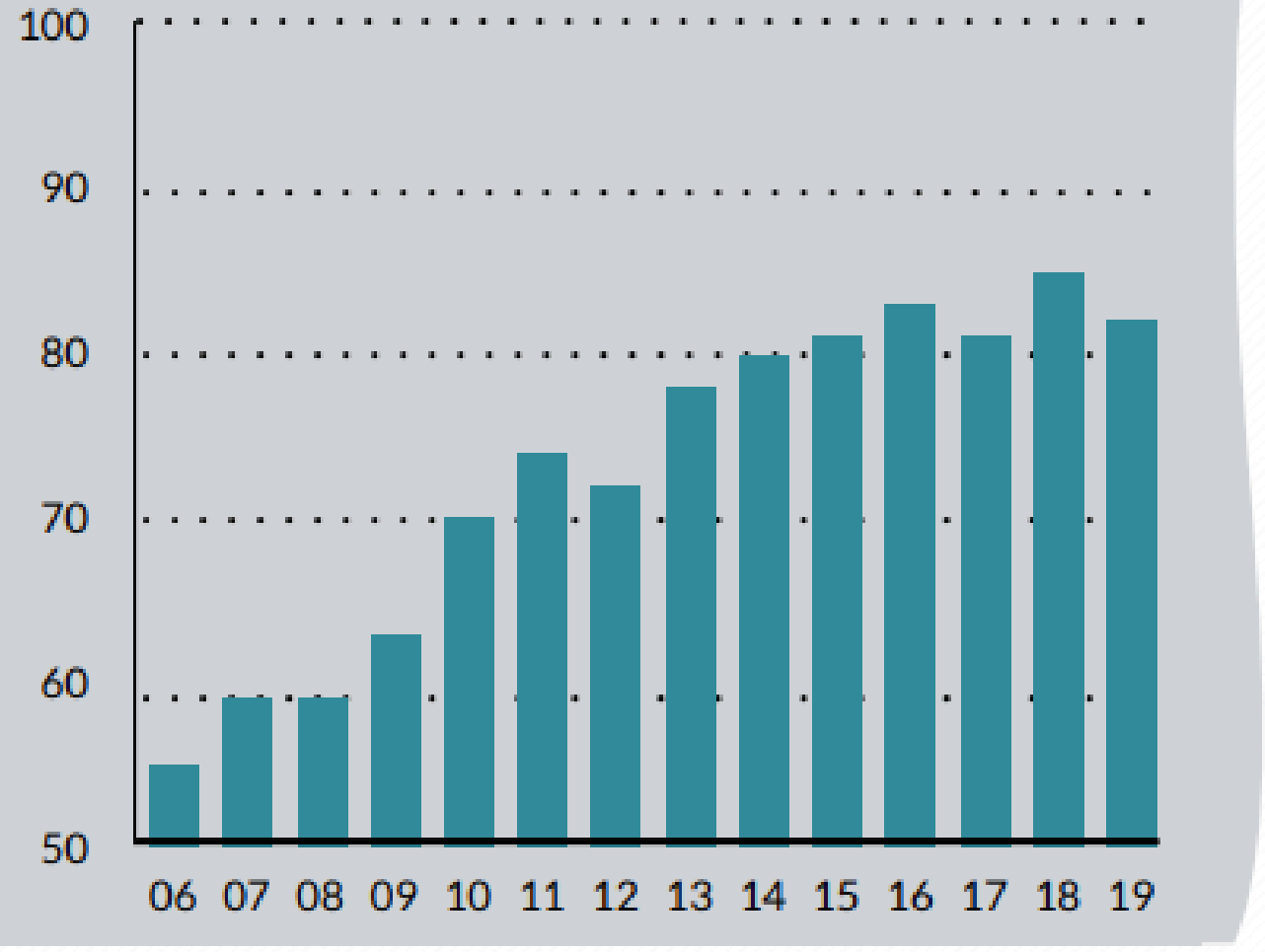
Patient Worry About Out-of-Pocket Healthcare Costs at All-Time High

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

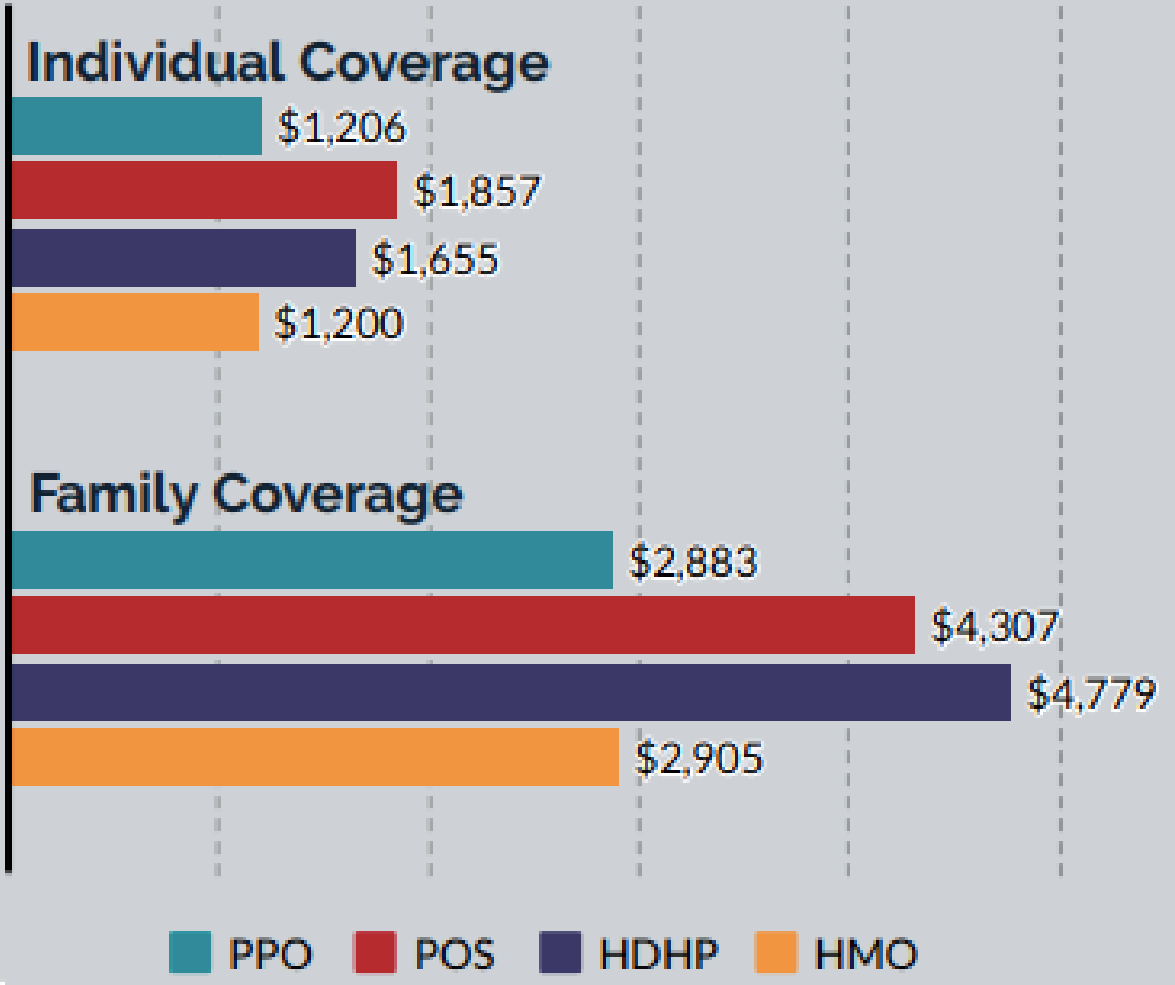


Health Plan Deductibles Deter use of High and Low Value Services

Percent of Americans With a Deductible



Average Deductible by Plan Type in 2019



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)

June 28, 2021

High Deductibles Keep Folks With Chest Pain From Calling 911

Clinically Driven Solutions can Increase High-value Care and Reduce Unnecessary Services:

Implement “clinically driven” approaches that encourage clinicians and consumers to use more high value services, but discourage the use of low value ones

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; high cost share for low value care
- Successfully implemented by hundreds of public and private US health care payers
- Rare Bipartisan Political and Broad Multi-Stakeholder Support

The Upshot

Health Plans That Nudge Patients to Do the Right Thing

Austin Frakt
THE NEW HEALTH CARE JULY 10, 2017

RELATED COVERAGE

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

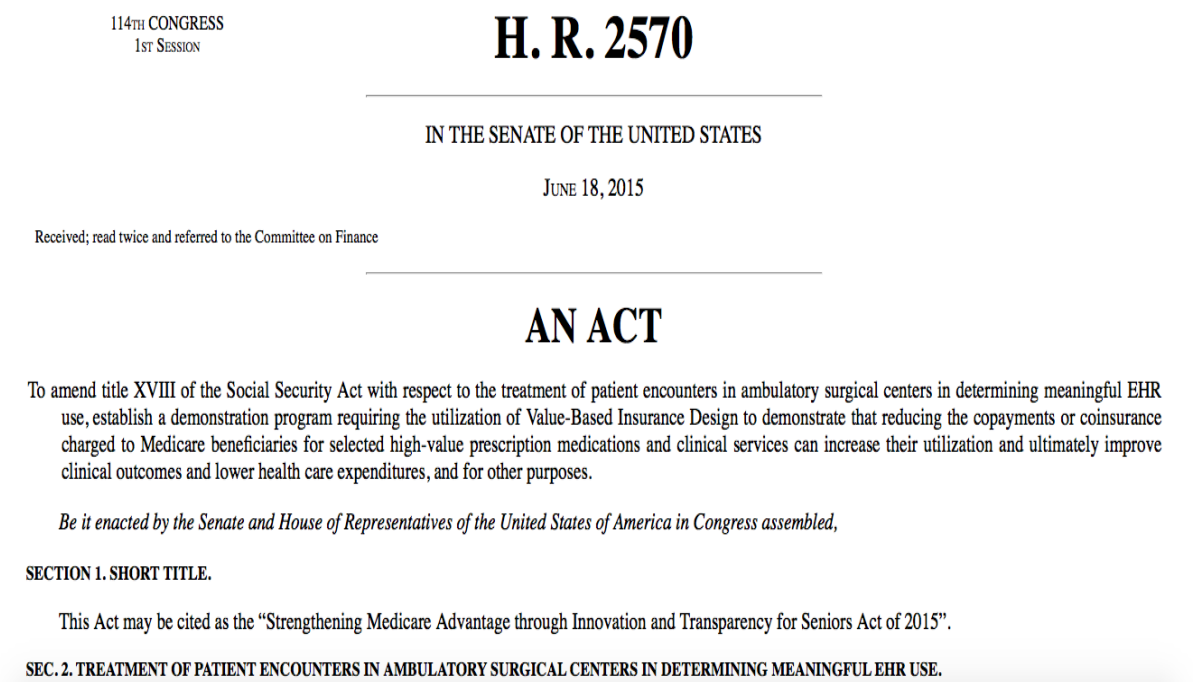
Putting Innovation into Action: Translating Research into Policy

Medicare

H.R.2570/S.1396: Bipartisan "Strengthening Medicare Advantage Through Innovation and Transparency"

- Directs HHS to establish a V-BID demonstration for MA beneficiaries with chronic conditions
- Championed by Cong. Black and Brady, passed US House with strong bipartisan support in June 2015

HR 2570: Strengthening Medicare Advantage Through Innovation and Transparency



114TH CONGRESS
1ST SESSION

H. R. 2570

IN THE SENATE OF THE UNITED STATES

JUNE 18, 2015

Received; read twice and referred to the Committee on Finance

AN ACT

To amend title XVIII of the Social Security Act with respect to the treatment of patient encounters in ambulatory surgical centers in determining meaningful EHR use, establish a demonstration program requiring the utilization of Value-Based Insurance Design to demonstrate that reducing the copayments or coinsurance charged to Medicare beneficiaries for selected high-value prescription medications and clinical services can increase their utilization and ultimately improve clinical outcomes and lower health care expenditures, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Strengthening Medicare Advantage through Innovation and Transparency for Seniors Act of 2015".

SEC. 2. TREATMENT OF PATIENT ENCOUNTERS IN AMBULATORY SURGICAL CENTERS IN DETERMINING MEANINGFUL EHR USE.

Medicare Advantage V-BID Model Test: Trump Administration Expands Program to all 50 States

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

Targeting Socioeconomic Status
Low-income subsidy
Improve quality, decrease costs

Rewards and Incentives
$600 annual limit
Increase participation
Available for Part D

Telehealth
Service delivery innovations
Augment existing provider networks

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Press release

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

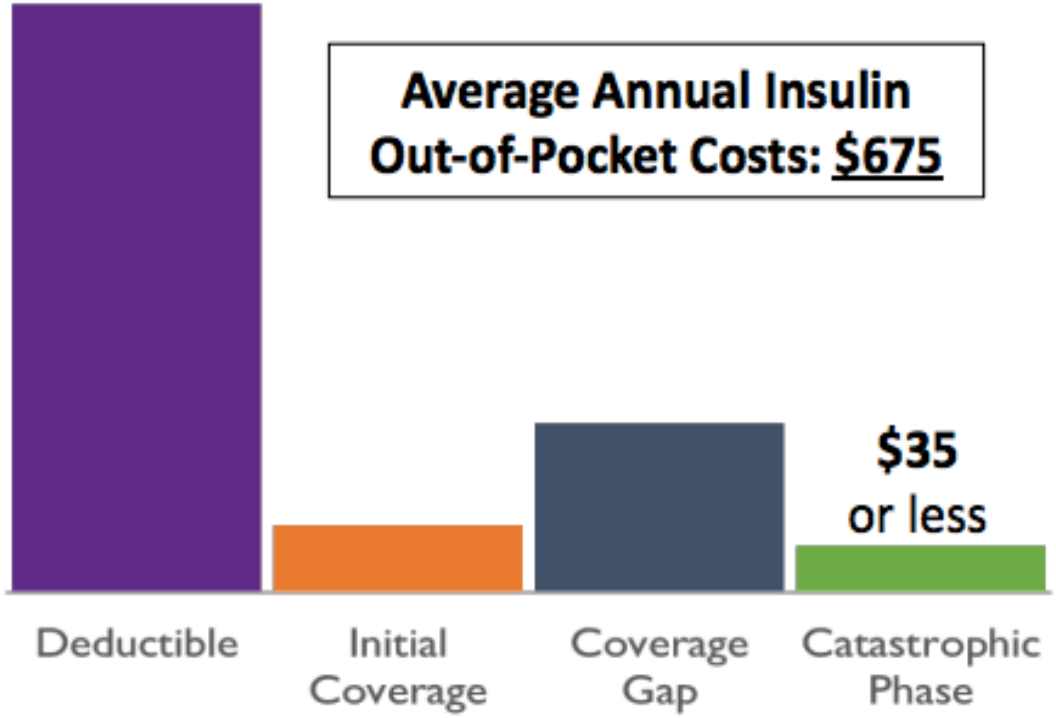
Mar 11, 2020 | Coverage, Innovation models, Medicare Part D, Prescription drugs, Quality

Share

President Trump's Part D Senior Savings Model

Non-Model Part D Plan

Average Annual Insulin Out-of-Pocket Costs: $675

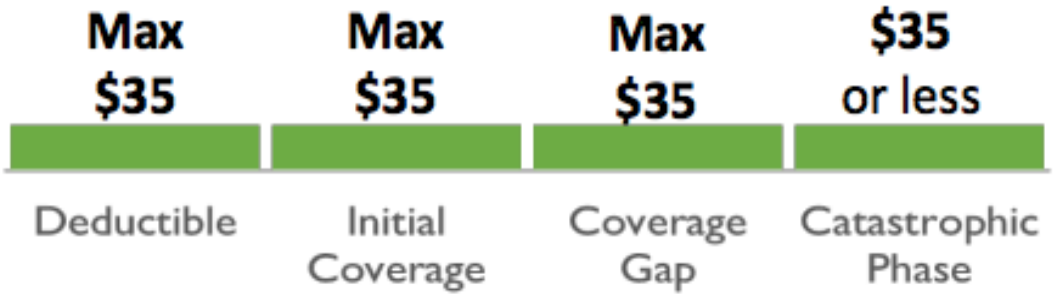


Model Part D Plan

Average Savings of $446 per year (66%) on Insulin Costs

Average Annual Insulin Out-of-Pocket Costs: $229

Stable, predictable copays through phases



All estimates and averages are based on beneficiary out-of-pocket costs from 2018 CMS Prescription Drug Event data, inclusive of the majority of rapid-, short-, intermediate-, and long-acting insulins. Costs are calculated only for non-Low-Income Subsidy (non-LIS) beneficiaries in enhanced alternative standalone prescription drug plans and Medicare Advantage plans that offer prescription drug coverage. Individual savings may vary.

Putting V-BID into Action:
COVID-19 Testing and Vaccines Provided without Patient Cost-sharing

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High Deductible Health Plan Reform

PREVENTIVE CARE COVERED
Dollar one

CHRONIC DISEASE CARE
NOT covered until deductible is met

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U.S. DEPARTMENT OF THE TREASURY

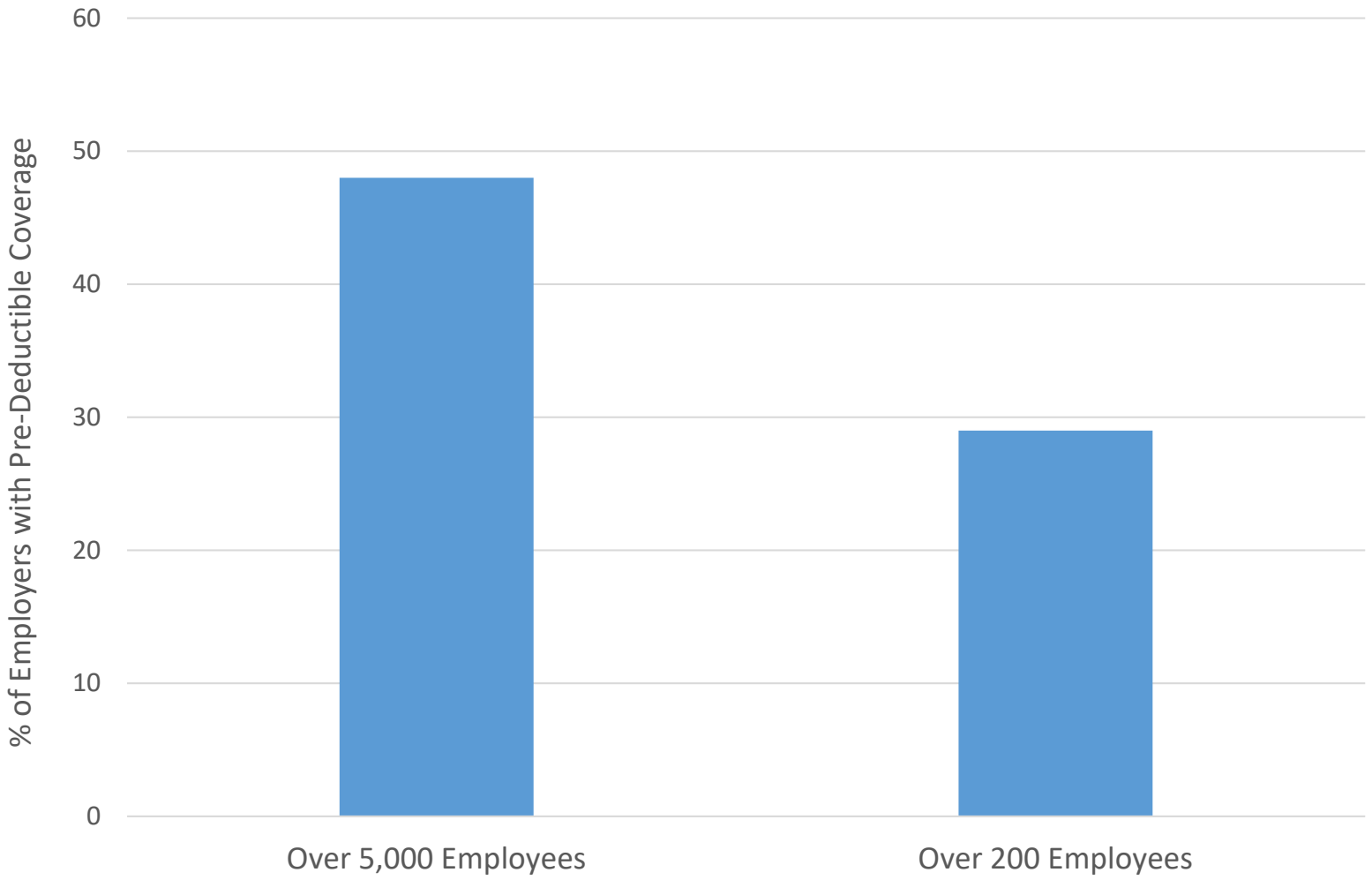
PRESS RELEASES

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 IRS 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 Trump Administration IRS Rule Expanding Pre-Deductible Coverage of Chronic Disease Services



Source: Kaiser Family Foundation 2020 Employer Health Benefits Survey. Accessed at: http://files.kff.org/attachment/Report-Employer-Health-Benefits-2020-Annual-Survey.pdf

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117TH CONGRESS
1ST SESSION

S. 1424 / HR. 3563

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.

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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

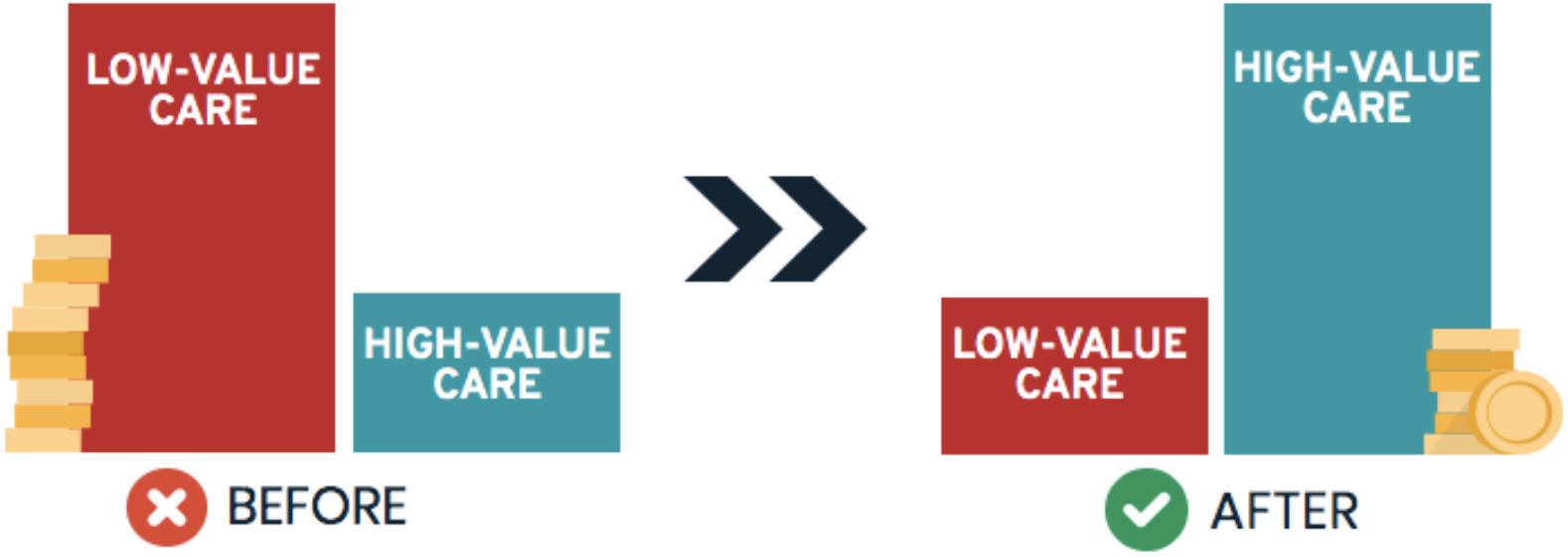
PSA screening for men 70 and older

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

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HEALTH AFFAIRS BLOG

RELATED TOPICS:
COST SHARING | DEDUCTIBLES | COSTS AND SPENDING | PHARMACEUTICALS | PREMIUMS | AFFORDABLE CARE ACT | MEDICARE ADVANTAGE

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

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MAY 08, 2020 | 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 Michigan [156] (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

https://www.govinfo.gov/content/pkg/FR-2020-05-14/pdf/2020-10045.pdf

V-BID X: Enhancing Access and Affordability to Essential Clinical Services in Addition to COVID-19 Related Care

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

Aligning Patient and Provider Incentives to Increase Use of High Value Care and Eliminate Unnecessary Care

- Consumer access to, and clinician reimbursement for, high value care must remain a policy priority
- Expand pre-deductible coverage/reduce consumer cost-sharing on high-value clinical care
- Measure and reduce harmful care to pay for more high-value care
- Align clinician-driven payment reform and health benefit designs (i.e., V-BID X) that enhance patient access to high-value services

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Thank you

Questions?

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