



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

Value Based Insurance Design: Clinically Nuanced Consumer Cost-Sharing to Increase the Use of High-Value Services

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@um_vbid

Alpha Epsilon
Delta



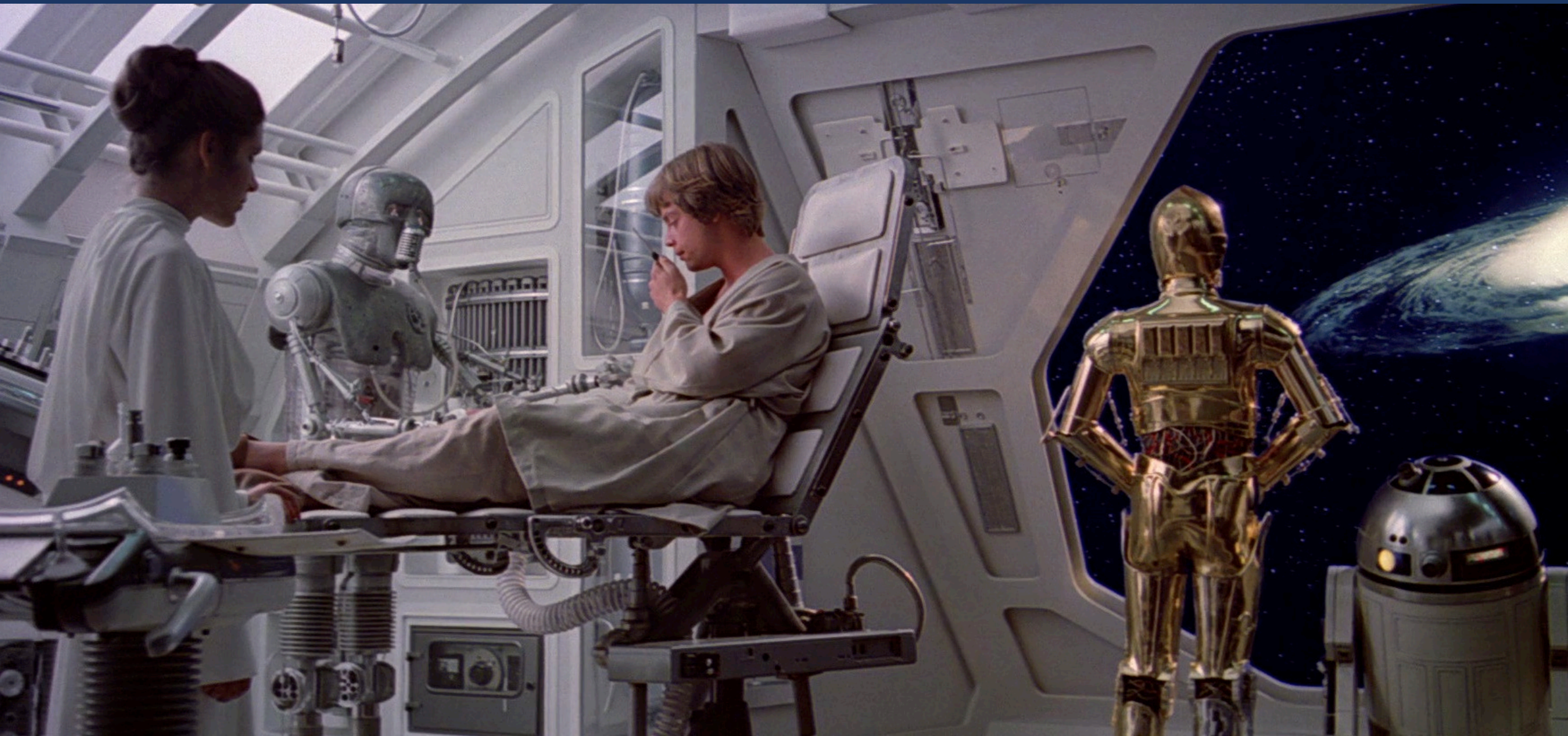
Value Based Insurance Design Outline

- Motivation for Value Based Care
- Value-Based Insurance Design
- Putting Innovation into Action
- Reducing Low Value Care to Create 'Headroom' for more High Value Care
- V-BID X

Health Care Costs Are a Top Issue For Consumers and Policymakers: Solutions must protect patients, 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



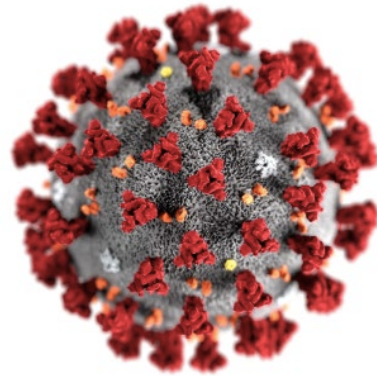
Flintstones Delivery



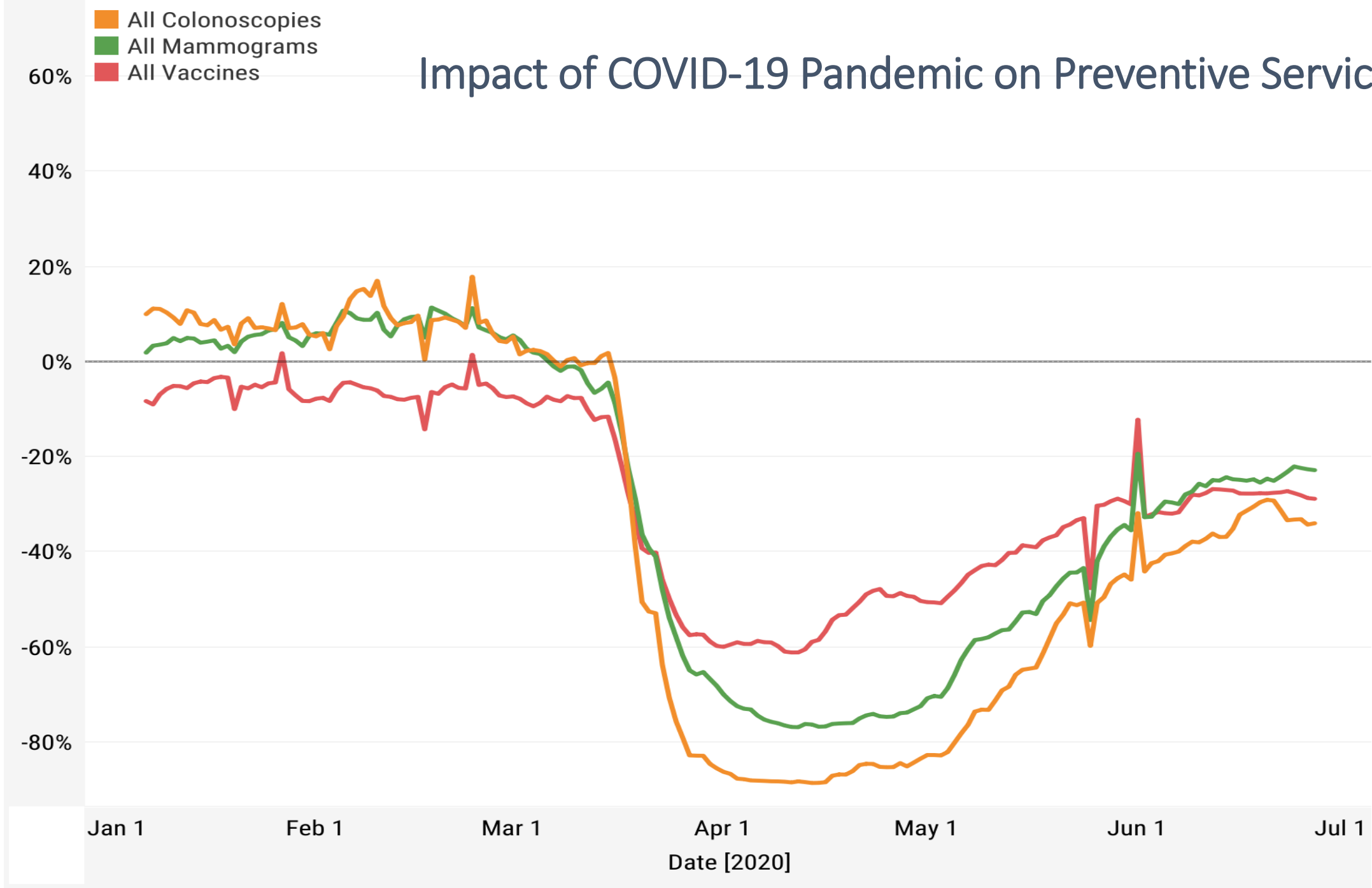
Moving from the Stone Age (Flintstones) to the Space Age (Star Wars): Change the discussion from “How much” we spend to “How well” we spend

- 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

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



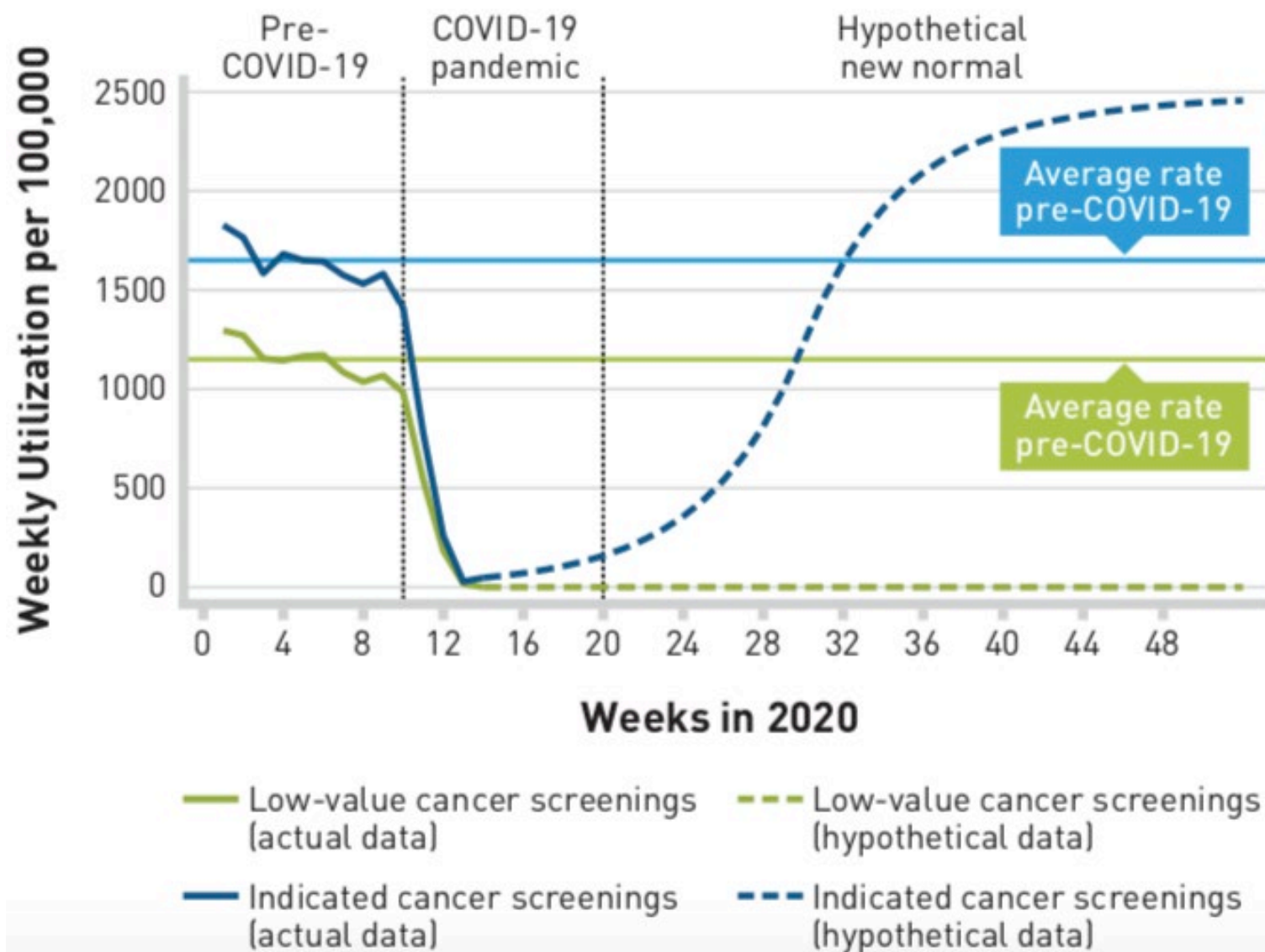
The Onion 
@TheOnion



Patient Rushed Into Unnecessary Surgery To Save Cash-Strapped Hospital bit.ly/314r3zN

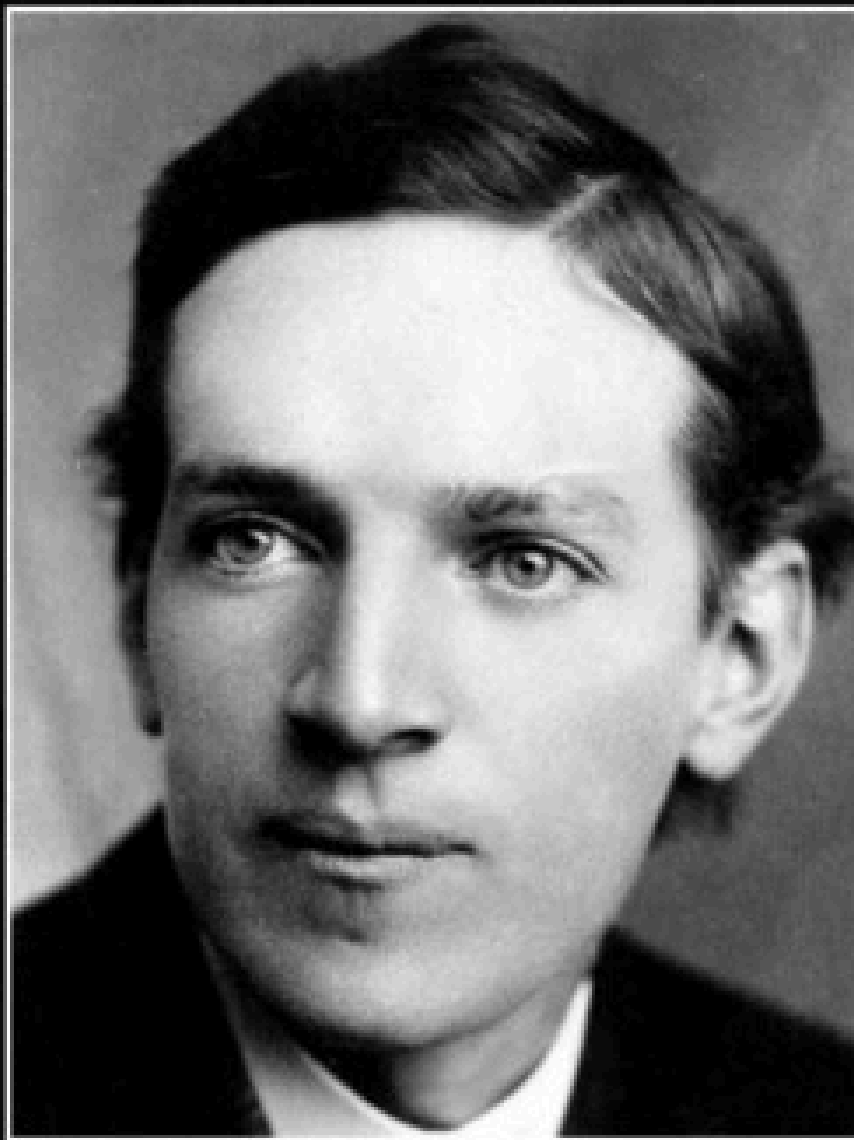


Crisis Into Opportunity: Can COVID-19 Help Set a Path to Improved Health Care Efficiency?



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
 - Moving away from “fee for service” payment has proven very difficult



It is difficult to get a man to
understand something when his
salary depends upon his not
understanding it.

— *Upton Sinclair* —

AZ QUOTES

Restructuring Clinician Incentives to Encourage Value

- Patient Centered Medical Homes
- High Performing Networks
- Accountable Care Organizations
- Bundled Payments
- Reference Pricing
- Global Budgets/Capitation

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

Impact of COVID-19 Pandemic on Telehealth

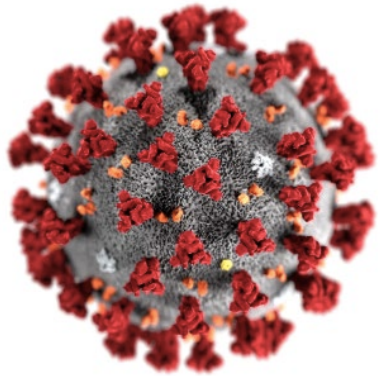
Older adults (65+) were most likely to have had a telehealth visit in the past year.

About 1 in 7 people who had a telehealth visit would have sought care in an ED or urgent care if telehealth was not available.

Over 9 in 10 adults were satisfied with the quality of their telehealth visit and many are likely to use telehealth in the future.

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

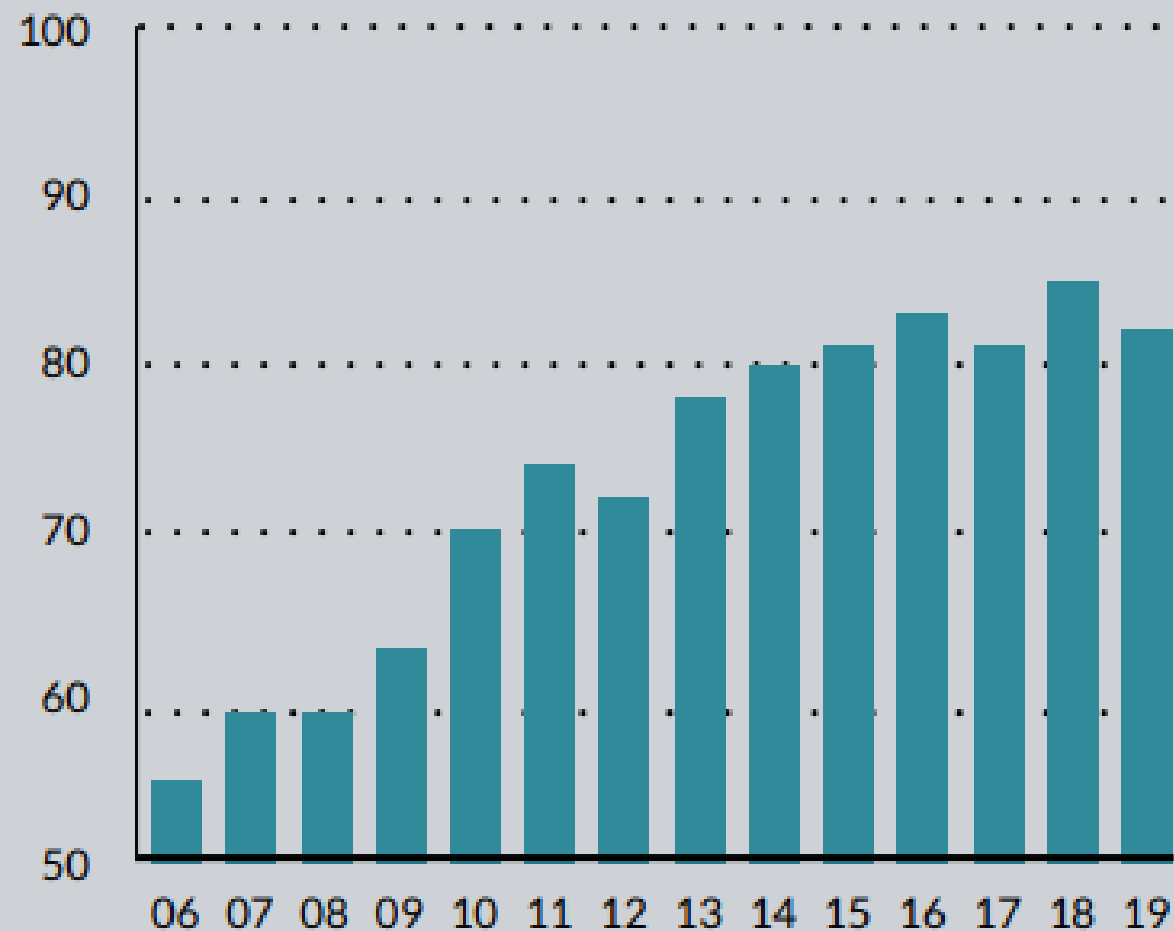
- Build on existing alternative payment models that base reimbursement on patient-centered outcomes. increase reimbursement for high-value services and reduce or cease payment for known low-value care
- Leverage the widespread adoption of telemedicine and electronic health records (EHRs) to make it easier 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



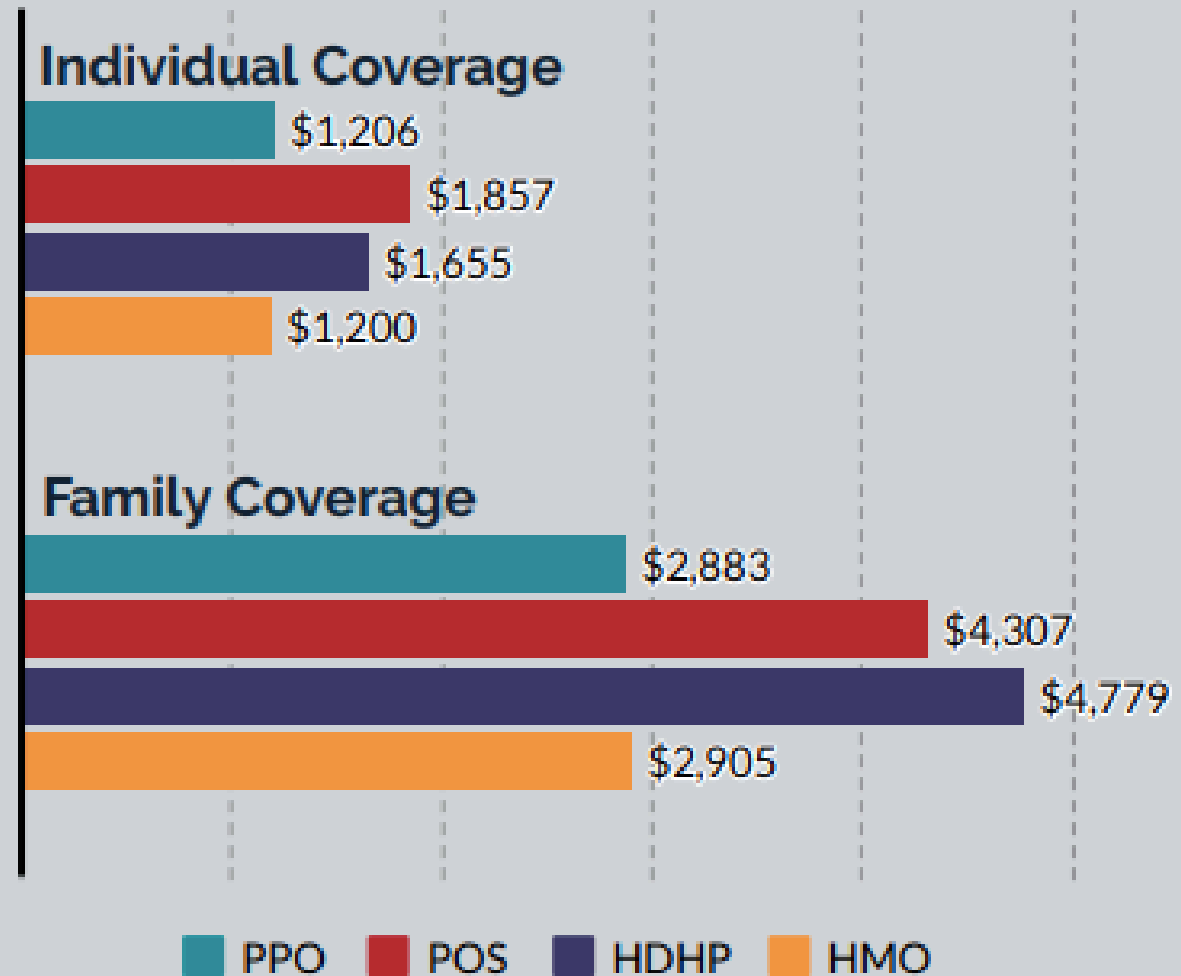
**NEARLY THREE IN FOUR AMERICANS
SAY THEIR INCOMES HAVE ALREADY
TAKEN A HIT FROM THE PANDEMIC**

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



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

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

Consider “clinically nuanced” approaches that encourages **clinicians and consumers** to use more high value services, 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



RELATED COVERAGE



THE NEW
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THE NEW
Teach
Save



A HEALTHY
How I
Better

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

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

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



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

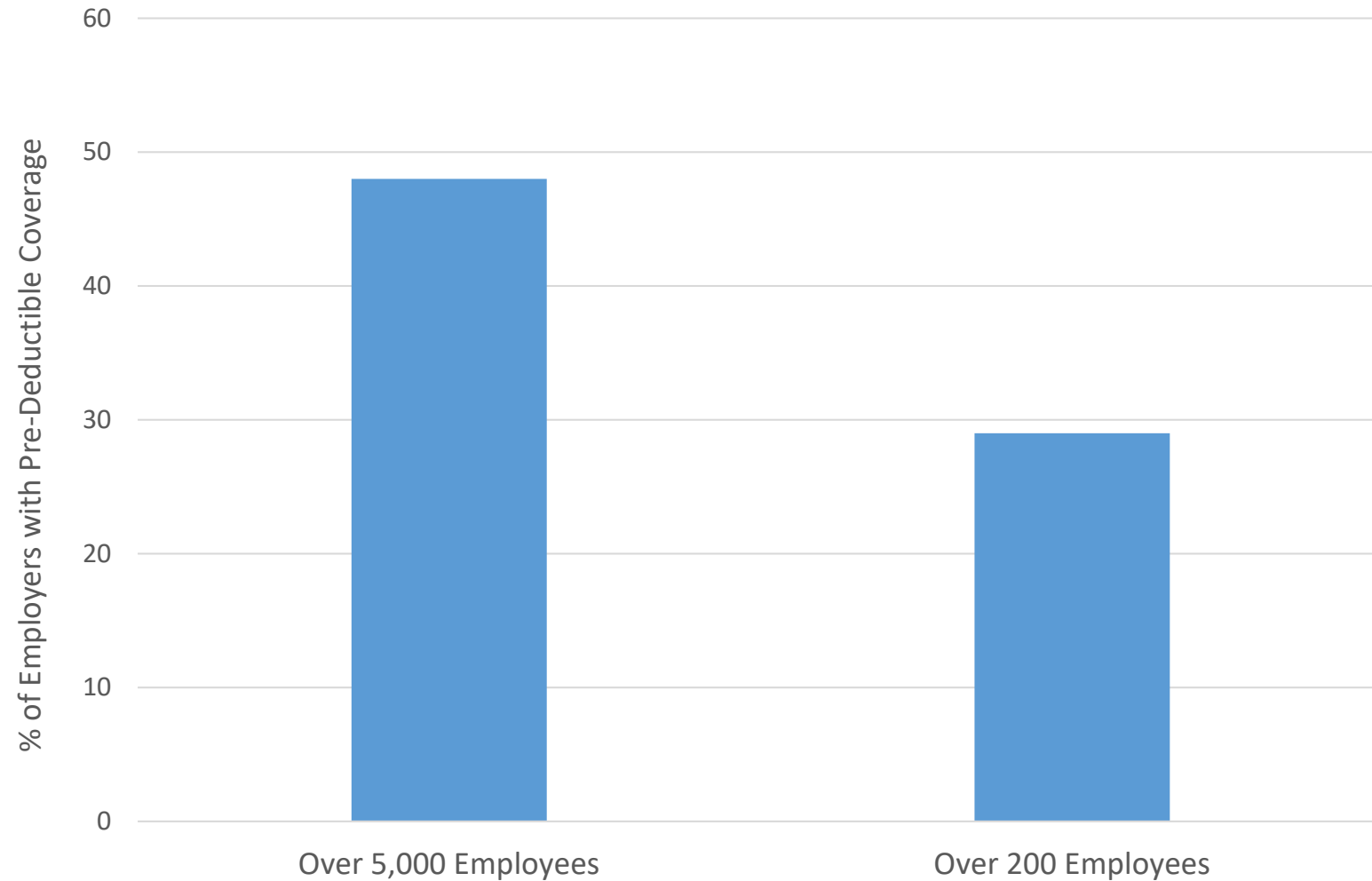
Treasury Expands Health Savings Account Benefits for Individuals Suffering from Chronic Conditions



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



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

Chronic Disease Management of 2021

117TH CONGRESS
1ST SESSION

S. _____

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**

Multi-Stakeholder **Low Value Care Task Force** Identifies 5 Commonly Overused Services Ready for Action



1. Diagnostic Testing and Imaging Prior to Low Risk Surgery



2. Vitamin D Screening



3. PSA Screening in Men 70+

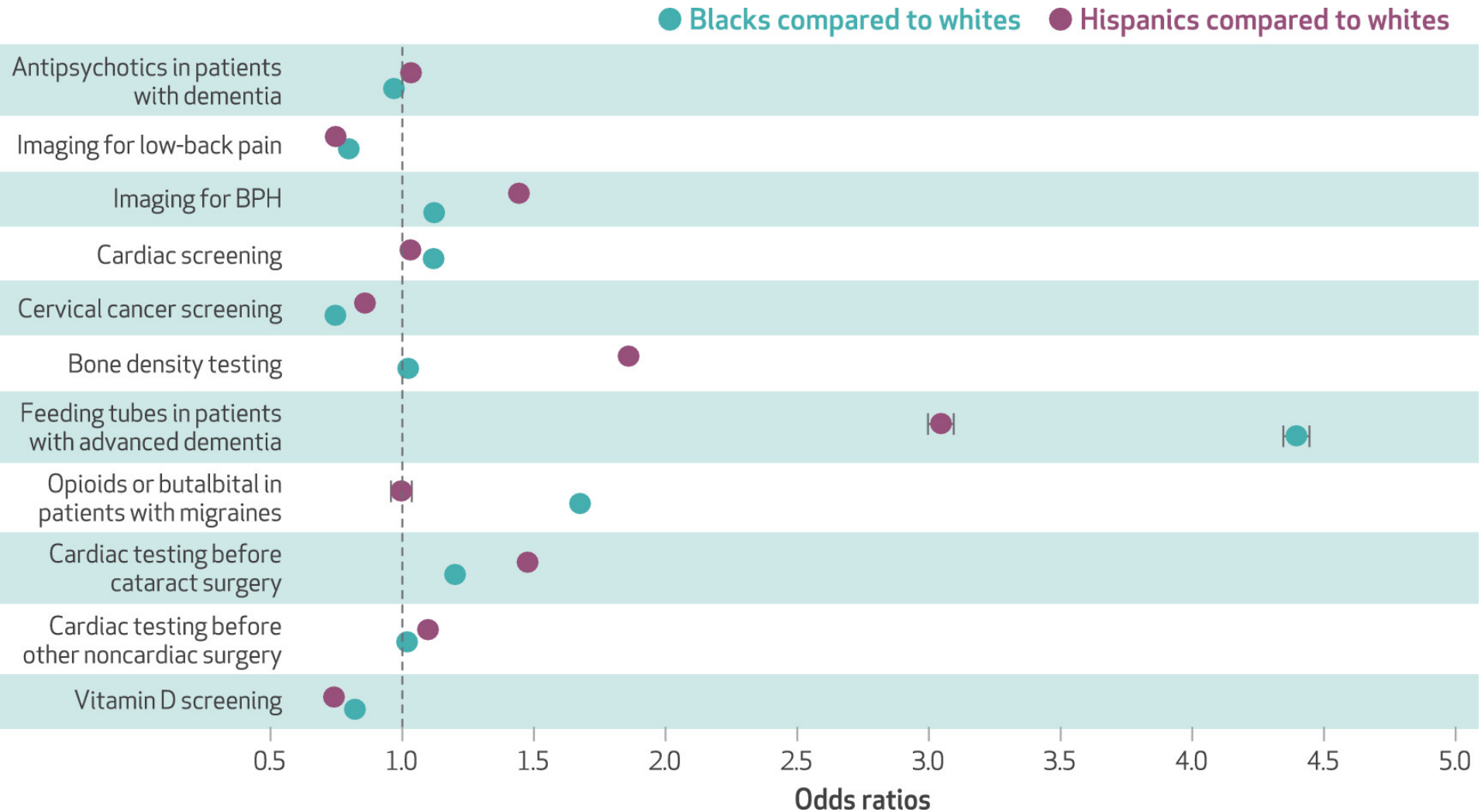


4. Imaging in First 6 Weeks of Acute Low Back Pain



5. Branded Drugs When Identical Generics Are Available

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

Annual Use and Cost of Seven Grade D Services Among Medicare Enrollees



Total Annual Count:

31 million



Total Annual Costs:

\$478 million

V-BID X:

Better Coverage, Same Premiums and Deductibles



Increased cost-sharing on **low-value services** reduces spending...



Spinal Fusions



Vitamin D
screening tests



Proton beam for
prostate cancer



High-cost
diagnostic imaging

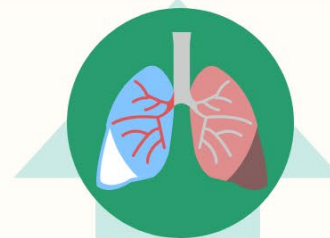
...and allows for lower cost-sharing and increased spending on **high-value services**



Hemoglobin
A1c tests



Blood pressure
monitors

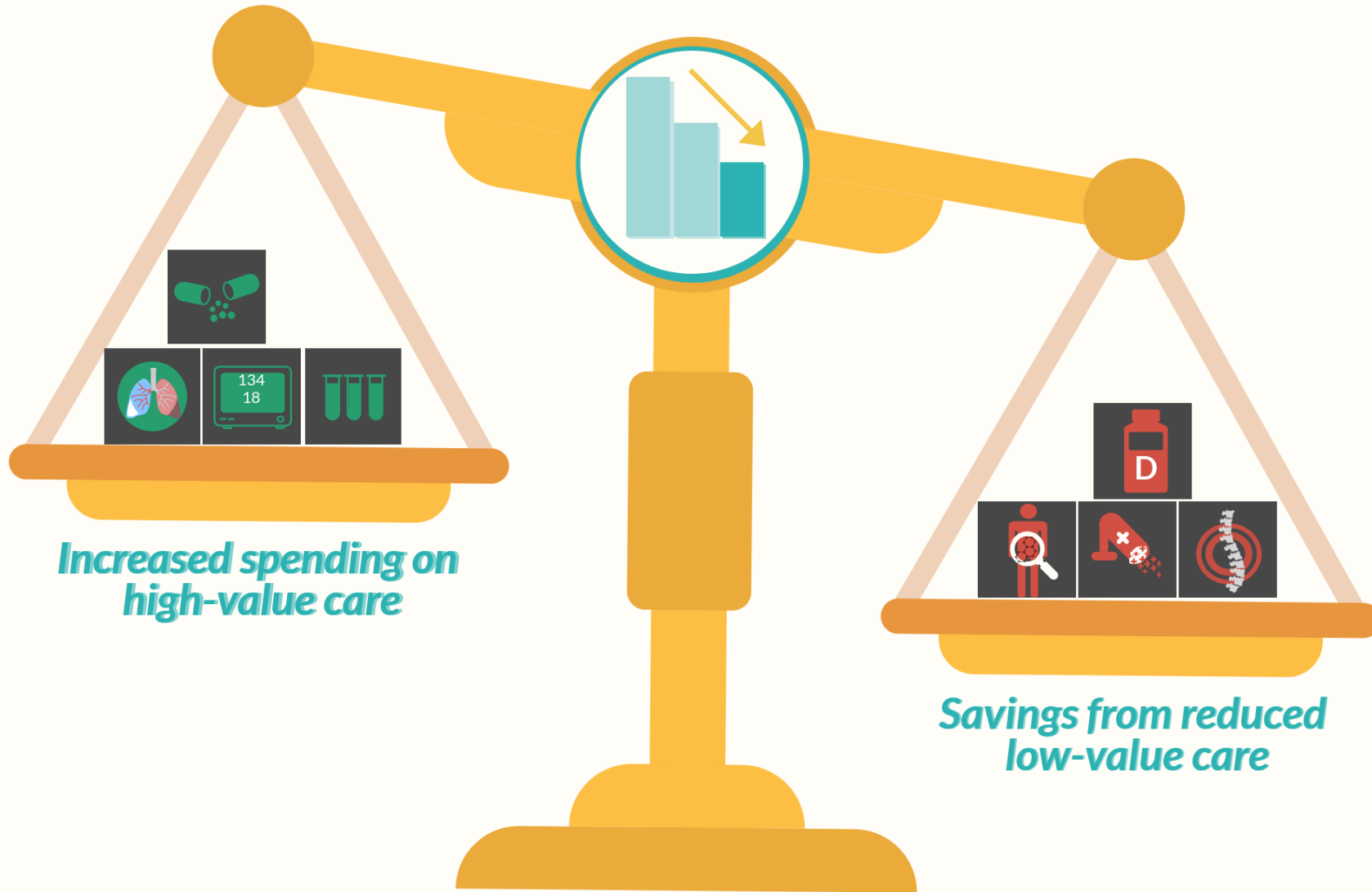


Pulmonary
rehabilitation



High-value
prescription drugs

When savings from reduced use of low-value care
exceed extra spending on high-value services,
premiums will decrease



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

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

JULY 15, 2019

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

MAY 08, 2020

MORE ON MEDICARE & MEDICAID

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

Clinically driven solutions are essential to solve our access and affordability crisis

- Access and affordability to high value care must be a policy priority
- Identify, measure and reduce unnecessary 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

An aerial photograph of a large, oval-shaped stadium, likely a football or soccer stadium. The stadium is mostly empty, with blue seats visible in the stands. The field is green with white yard lines, and the word 'MICHIGAN' is written in large yellow letters across the field. The stadium is surrounded by parking lots, roads, and some trees. A semi-transparent white box is overlaid on the left side of the stadium, containing the text "If we don't succeed then we will fail." in a white, italicized font.

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

Dan Quayle

Value Based Insurance Design

Moving Health Care from the Stone Age to the Space Age

Questions?

[Thank you](#)

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