Using Value-Based Insurance Design to Increase Use of High Value Care, Enhance Equity, and Eliminate Low Value Services

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Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers, preserve innovation and enhance equity

- 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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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
- 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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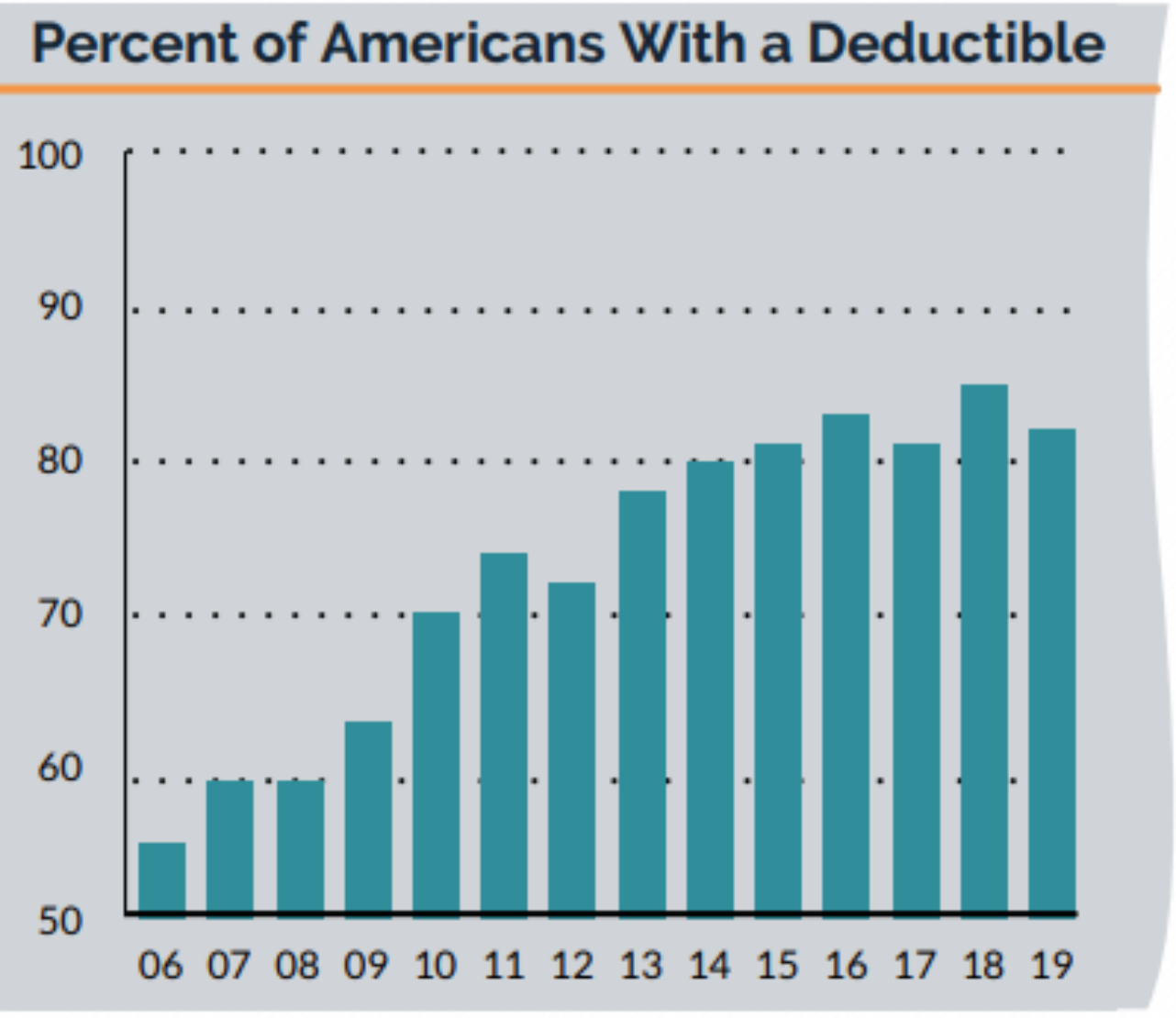
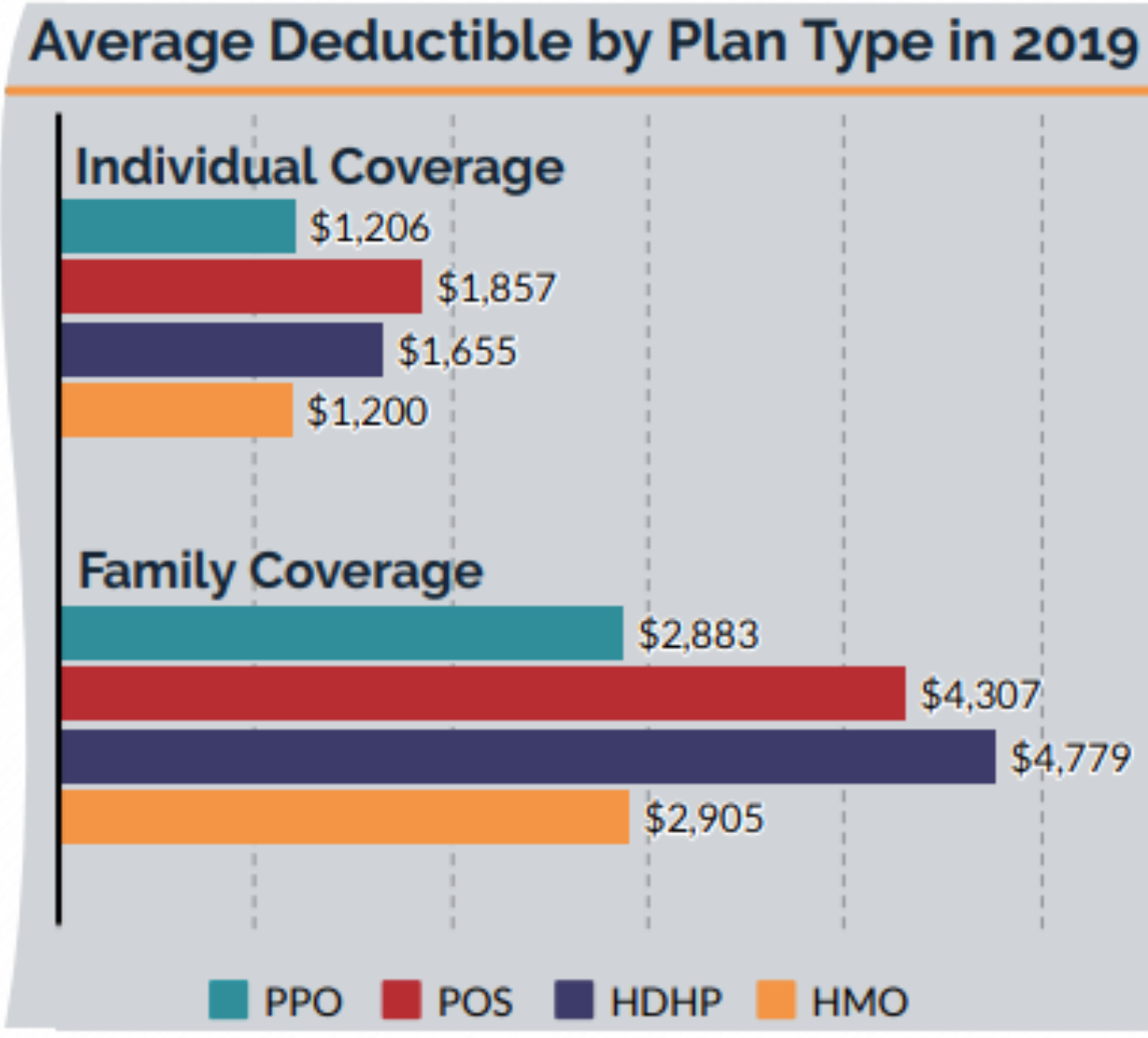
Health Plan Deductibles have grown more than ten times faster than inflation over the last decade





The New York Times

OPINION

GUEST ESSAY

What's Wrong With Health Insurance? Deductibles Are Ridiculous, for Starters.

July 7, 2022

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)

Effects of Increased Patient Cost Sharing on Socioeconomic Disparities in Health Care

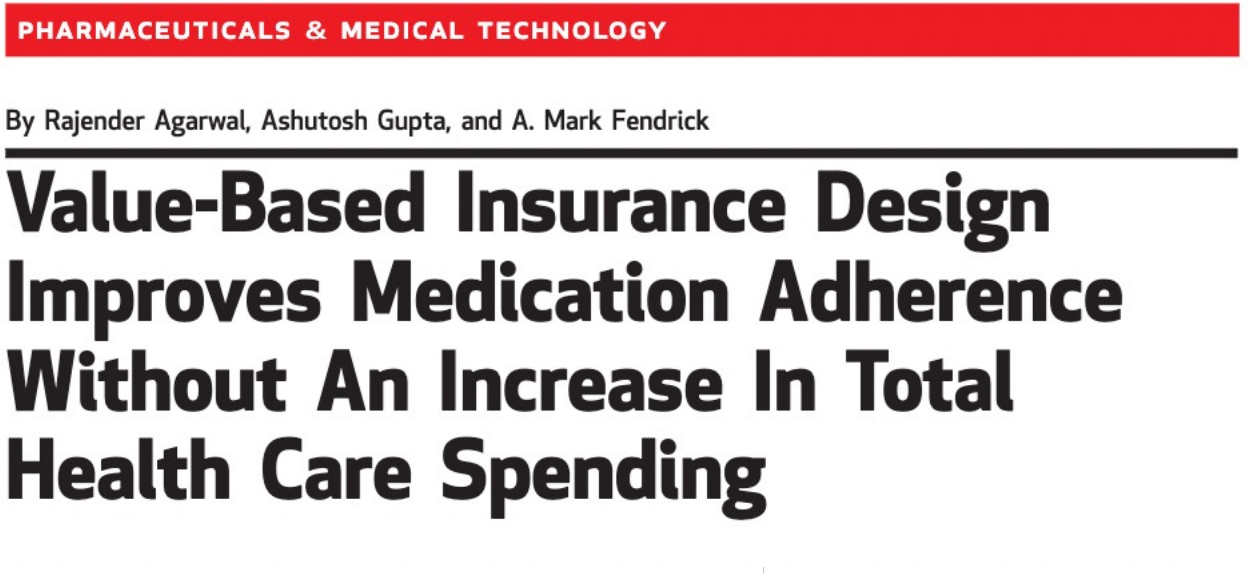
Michael Chernew, PhD[1] Teresa B. Gibson, PhD[2] Kristina Yu-Isenberg, PhD, RPh[3]
Michael C. Sokol, MD, MS[4] Allison B. Rosen, MD, ScD[5], and A. Mark Fendrick, MD[5]

- Cost-sharing worsens disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions

Chernew M. *J Gen Intern Med* 23(8):1131–6.

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; higher cost sharing for no/low value care
- Successfully implemented by hundreds of public and private payers
  - Focus typically on chronic disease medications:
    - Diabetes
    - Cardiovascular disease
    - Asthma
    - Mental health disorders

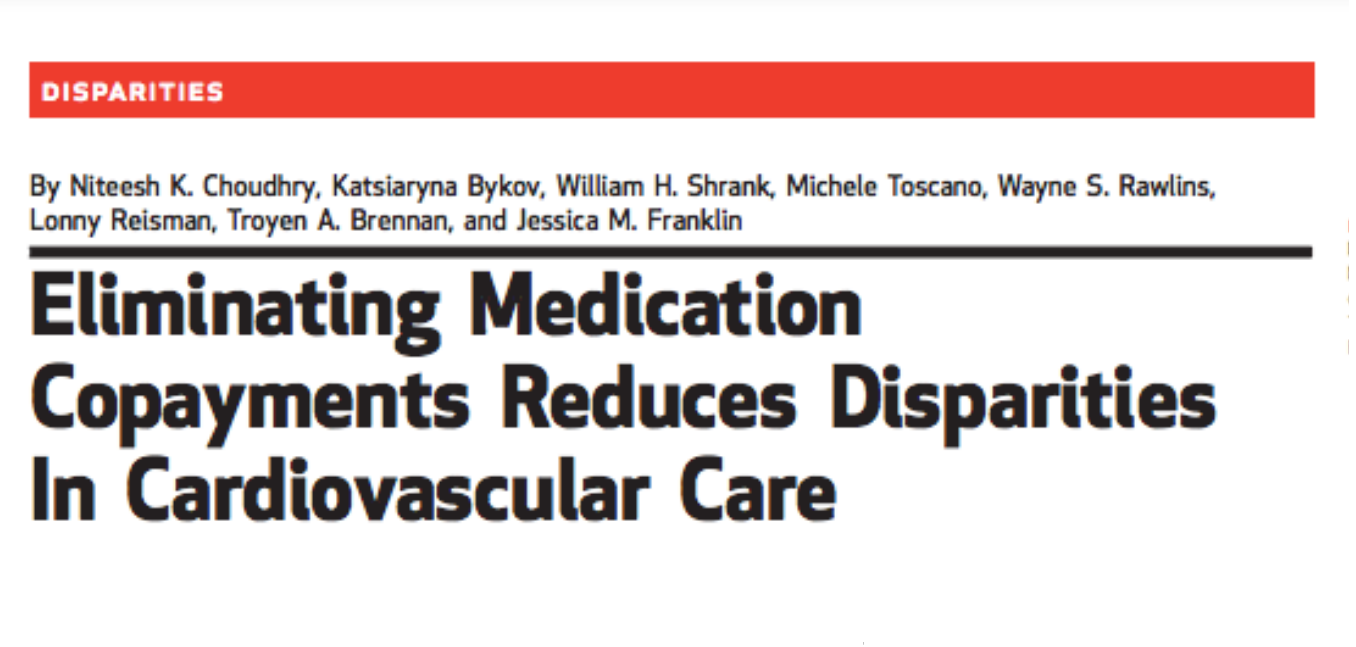

PHARMACEUTICALS & MEDICAL TECHNOLOGY

By Rajender Agarwal, Ashutosh Gupta, and A. Mark Fendrick

Value-Based Insurance Design Improves Medication Adherence Without An Increase In Total Health Care Spending

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; higher cost share for low value care
- Successfully implemented by hundreds of public and private payers
- Bipartisan political support
- Enhances equity


DISPARITIES

By Niteesh K. Choudhry, Katsiaryna Bykov, William H. Shrank, Michele Toscano, Wayne S. Rawlins, Lonny Reisman, Troyen A. Brennan, and Jessica M. Franklin

Eliminating Medication Copayments Reduces Disparities In Cardiovascular Care

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)

Texas Judge Finds ACA Requirement for Preventive Services Without Cost Sharing Invalid

- Employers and health plans may no longer have to provide first-dollar coverage for the 52 services that have received an “A” or “B” rating from the USPSTF
- This requirement benefitted almost 152 million people in 2020 and led to increases in cancer screening and vaccinations, improved access to contraceptives, and earlier detection and treatment of chronic health conditions, including hypertension depression, HIV, Hepatitis C, high cholesterol and diabetes
- The ACA preventive care mandate disproportionally benefitted women, as well as populations of color and those with lower incomes

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

In 2021, 415 plans covering approximately 4.2 million beneficiaries were available in 47 states and Puerto Rico

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Inflation Reduction Act of 2022 Includes Several V-BID Elements

The Inflation Reduction Act of 2022, which passed the Senate on August 7th, includes several V-BID related items, notably:

- Caps Medicare patients' out-of-pocket costs at $2,000 per year, with the option to break that amount into affordable monthly payments
- Covers adult vaccines recommended by the Advisory Committee on Immunization Practices under Medicare Part D without cost-sharing
- Amends the Internal Revenue Code to create a safe-harbor allowing Health Sav plans to cover insulin prior to meeting the plan deductible
- Caps Medicare patients' out-of-pocket costs for insulin at $35 per month

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 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

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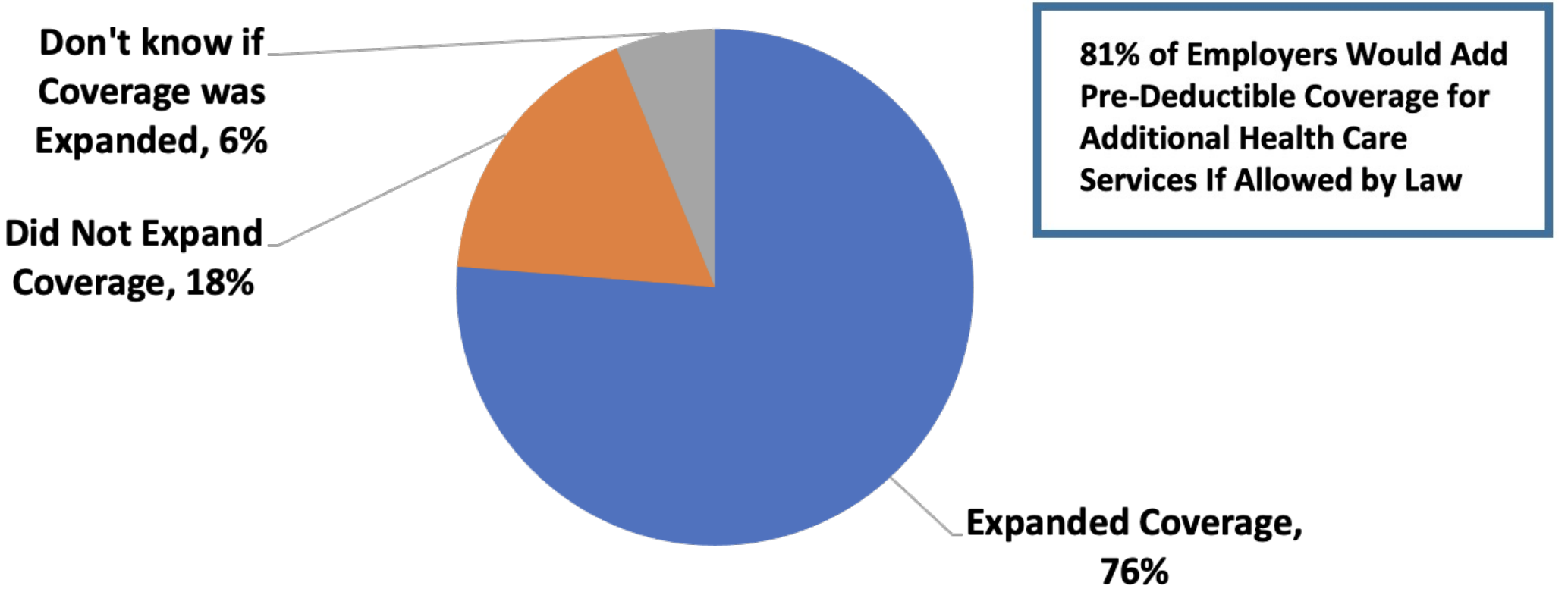
Percentage of Employers Who Expanded Pre-Deductible Coverage in HSA-Eligible Health Plan for Preventive Services Allowed Under IRS Rule 2019-45



SOURCE: Fronstin, Paul, and A. Mark Fendrick, "Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans," EBRI Issue Brief, no. 542 (October 14, 2021).

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How do we pay for better coverage for high value care?

- Raise Premiums
- Increase Deductibles, Copayments and Coinsurance

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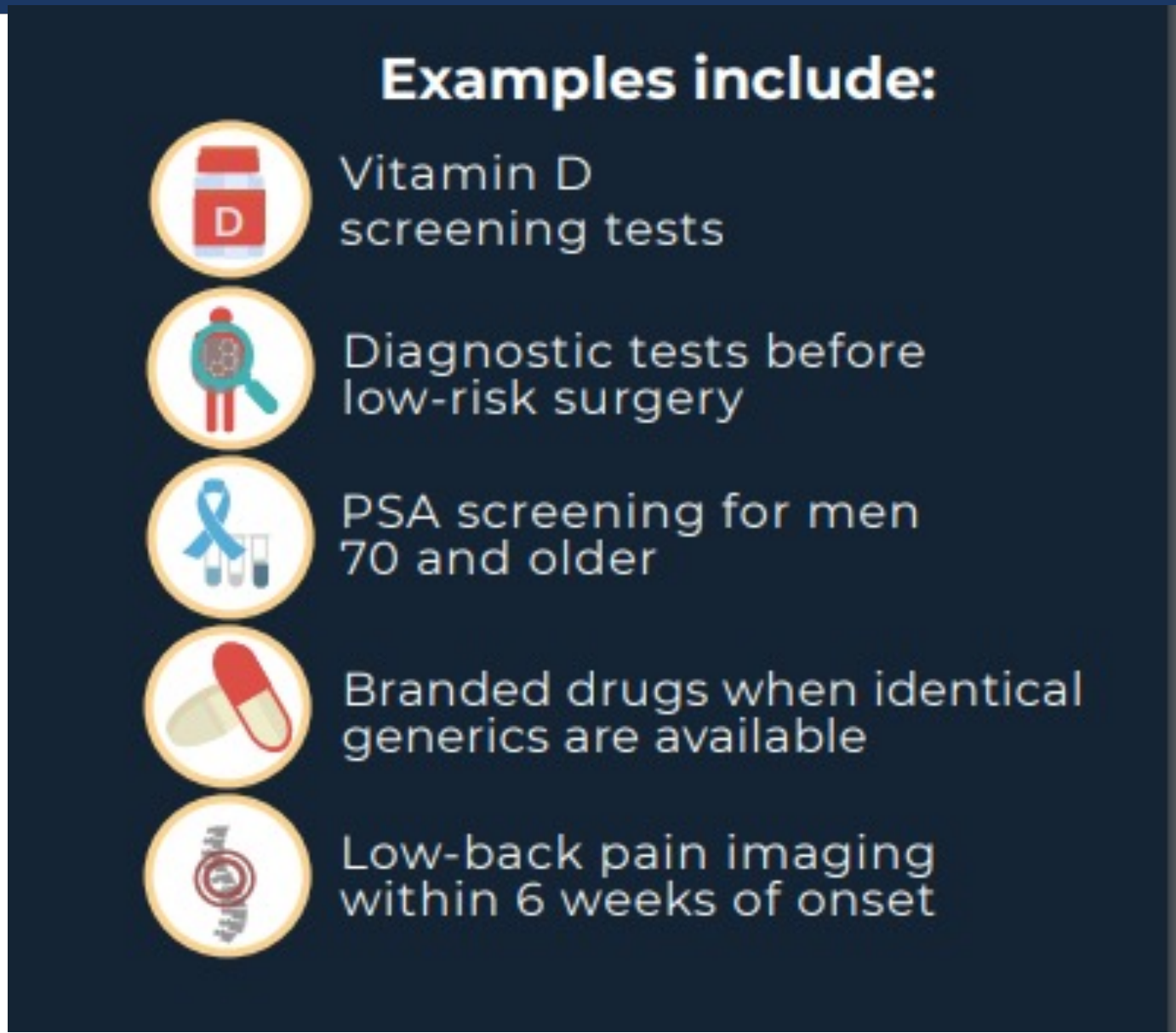
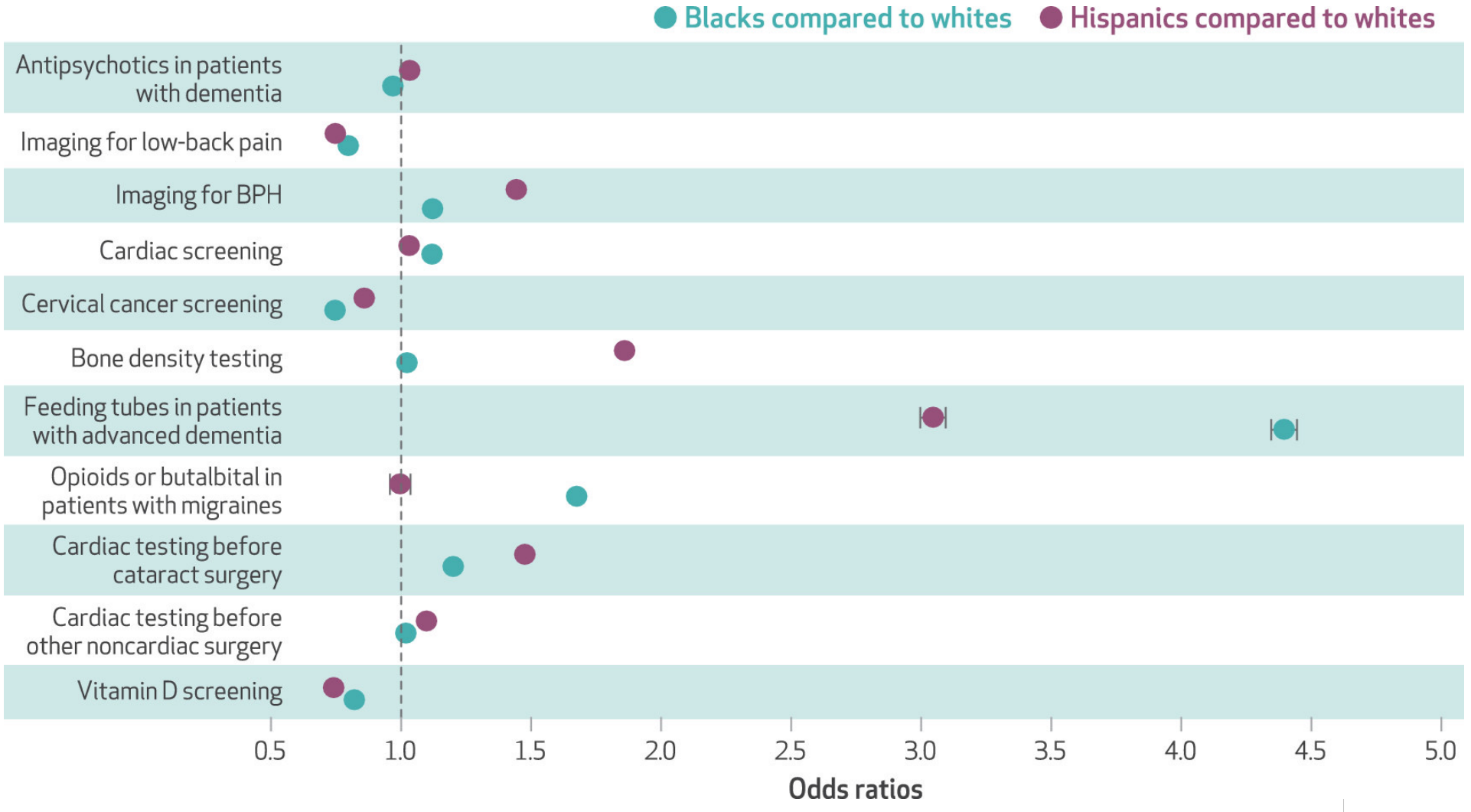
Paying for More Generous Coverage of High Value Care: Reduce Spending on Low Value Care

- Increase premiums – politically not feasible
- Raise deductibles and copayments – 'tax on the sick'
- Reduce spending on low value care

$345 BILLION



Low Value Care Worsens Health Care Disparities
Blacks And Hispanics More Likely To Receive Low-Value Care Than Whites



Health Affairs. https://doi.org/10.1377/hlthaff.2016.1416

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Plan Opportunities to Address Low Value Care

- Multi-stakeholder efforts that involve deep, regional collaboration
  - Smarter Care Virginia
  - Washington Health Authority Low-Back Pain Implementation Collaborative
- Iterative federal policy
  - Expand MA V-BID Model to include LVC
  - Implement ACA Section 4105
- Innovative benefit designs that discourage LVC
  - Cost-sharing offsets focused on services commonly low-value (V-BID X)
- Address Low Value Care through the Health Plan RFP Process

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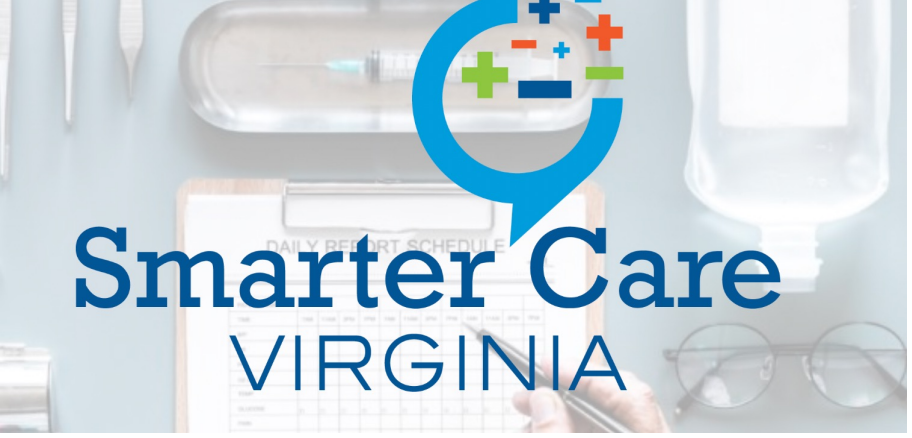

Components

CLINICAL LEARNING COMMUNITY

Six health systems and 3 clinically integrated networks working together to reduce seven provider-driven measures.

EMPLOYER TASK FORCE

16 Virginia employers working together to increase their knowledge of low-value care and identify consumer-driven measures to drive change through benefit design and employee education.

PLAN TO IMPROVE HEALTH VALUE

Developed at a joint conference of the clinical learning community and employer task force members.

Measures

"Drop the Pre-Op"

- Don't obtain baseline laboratory studies in patients without significant systemic disease (ASA I or II) undergoing low risk surgery - specifically complete blood count, basic or comprehensive metabolic panel, coagulation studies when blood loss or fluid shifts is/are expected to be minimal
- Don't obtain baseline diagnostic cardiac testing (trans-thoracic /esphophageal echocardiography) or cardiac stress testing in asymptomatic stable patients with known cardiac disease (ie. CAD, valvular disease) undergoing low or moderate risk non-cardiac surgery
- Don't obtain EKG, chest x-rays or pulmonary function test in patients without significant systemic disease (ASA I or II) undergoing low-risk surgery

Implement 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

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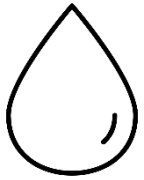
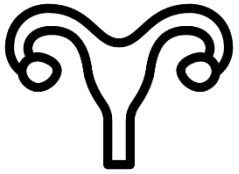
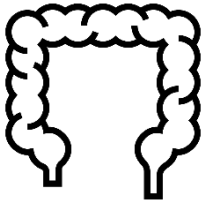
Examples of USPSTF Grade D Services



Prostate cancer screening ≥ 70 years



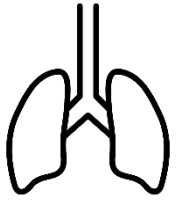
Cervical cancer screening > 65 years



Colon cancer screening >85 years

Cardiovascular screening in low risk patients

Asymptomatic bacteriuria screening



COPD screening

Vitamin D to prevent falls among older women

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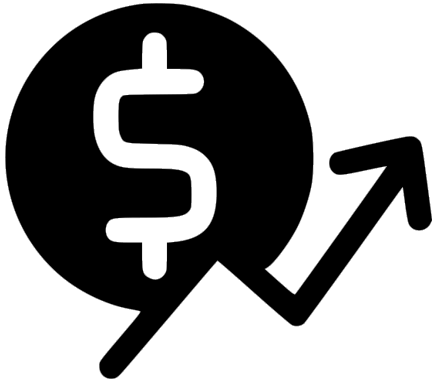
Annual Use and Cost of Seven Grade D Services Among Medicare Enrollees



Total Annual Count:

31 million

Total Annual Costs:

$478 million

Oronce CIA, Fendrick AM, Ladapo J, Sarkisian C, Mafi JN. *JGIM 2021.*

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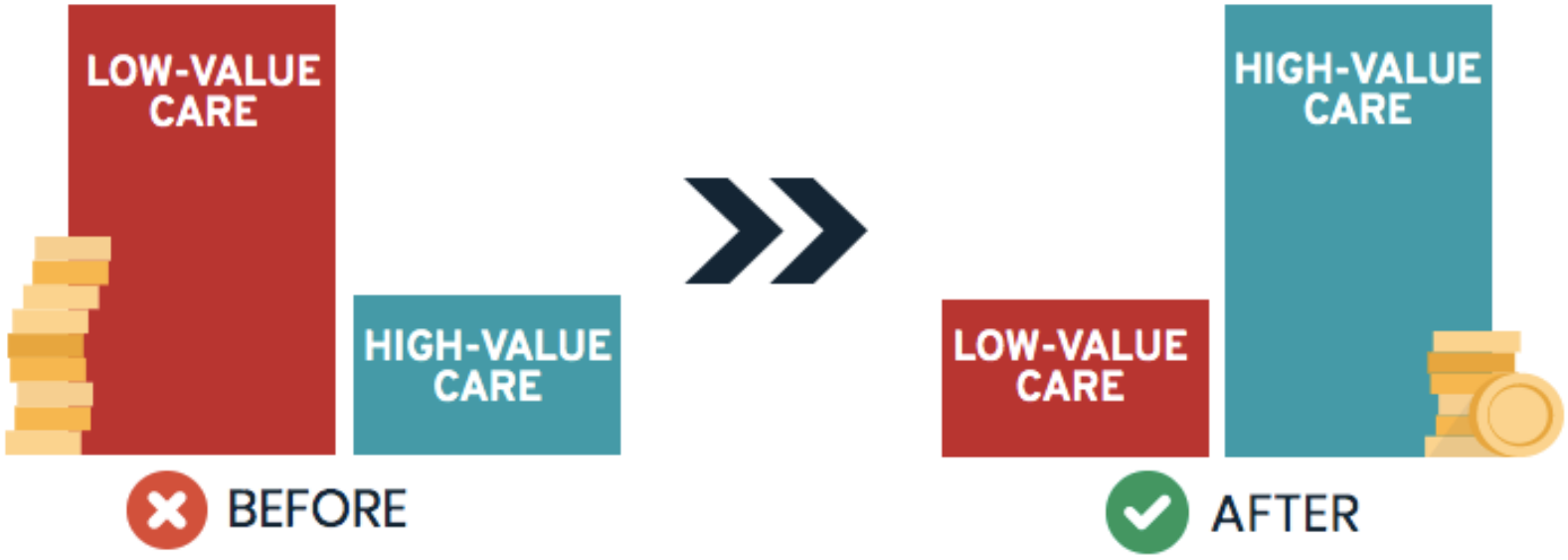
V-BID X: Expanding Coverage of Essential Clinical Care Without Increasing Premiums or Deductibles

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

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

JULY 15, 2019

10.1377/hblog20190714.

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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
Glucometers and testing strips
LDL testing
Hemoglobin A1C testing
Cardiac rehabilitation
INR testing
Pulmonary rehabilitation
Peak flow meters
Blood pressure monitors

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

Specific Low-Value Services Considered
Spinal fusions
Vertebroplasty and kyphoplasty
Vitamin D testing
Proton beam for prostate cancer
Commonly Overused Service Categories with Increased Cost-Sharing
Outpatient specialist services
Outpatient labs

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

Much of CMS's framework—including a list of high-value services that insurers could cover with little no impact on premiums but better care incentives—comes from the University of Michigan's Center for Value-Based Insurance Design. The list includes a number of the same preventive care benefits that can be newly provided by a high-deductible health plan paired with a health savings account on a pre-deductible basis under Treasury guidance from July 2019. CMS also notes that PrEP, an HIV prevention medication, must soon be covered without cost-sharing by all non-grandfathered private health plans (including individual, small group, large group, and self-insured plans).

Exchanges Using V-BID X Principles to Enhance Equity

- California
- Colorado
- Maryland
- Massachusetts
- District of Columbia

Diabetes - 01/01/23
Pediatric mental and behavioral health - 01/01/24?

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Address Low Value Care through the RFP Process

Indirect mentions in RFP:

> “Please describe general coverage policies and, where applicable, use of relevant edits and/or prior authorization requirements, for commonly overused services.”

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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.

Address Low Value Care through the RFP Process

Directly quantifiable LVC measures as part of the RFP

- Pay bonus if LVC < benchmark
- Pay bonus if LVC falls

- Charge penalty if LVC > benchmark
- Do not pay admin cost on top of LVC
- Do not pay 100% fees for LVC

Using V-BID to Enhance Access to Essential Clinical Services, Reduce Low Value Care and Enhance Equity

- Expand pre-deductible coverage/reduce consumer cost-sharing on essential services
- Identify, measure and reduce low-value care to pay for more generous coverage of high-value care
    - Start with USPSTF D Rated Services
- Implement clinically-driven plan payment reform, technologies and benefit designs (i.e., V-BID X) that increase use of high-value services and deter low value care

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Thank you

Discussion

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