



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

V-BID: Expanding Coverage of Essential Clinical Care and Enhancing Equity Without Increasing Premiums or Deductibles

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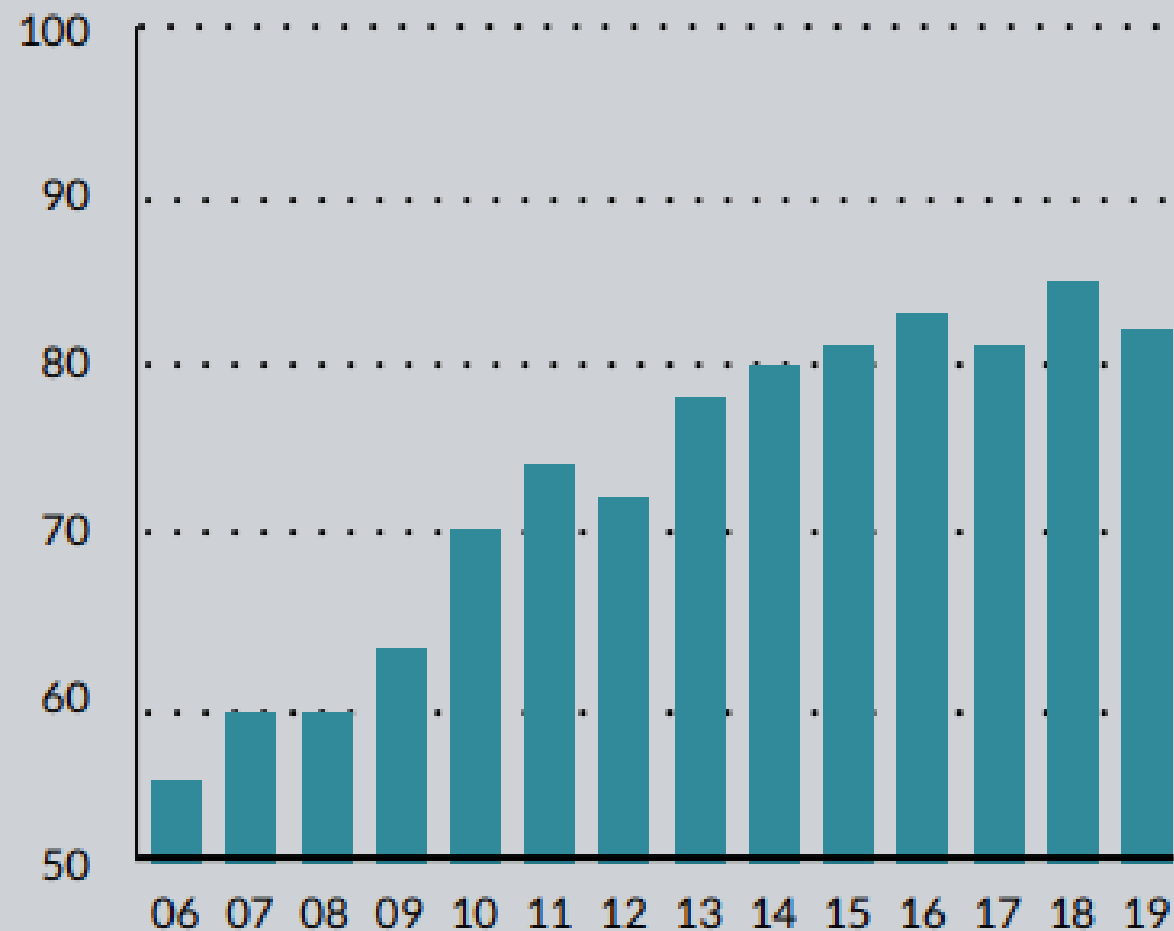
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Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

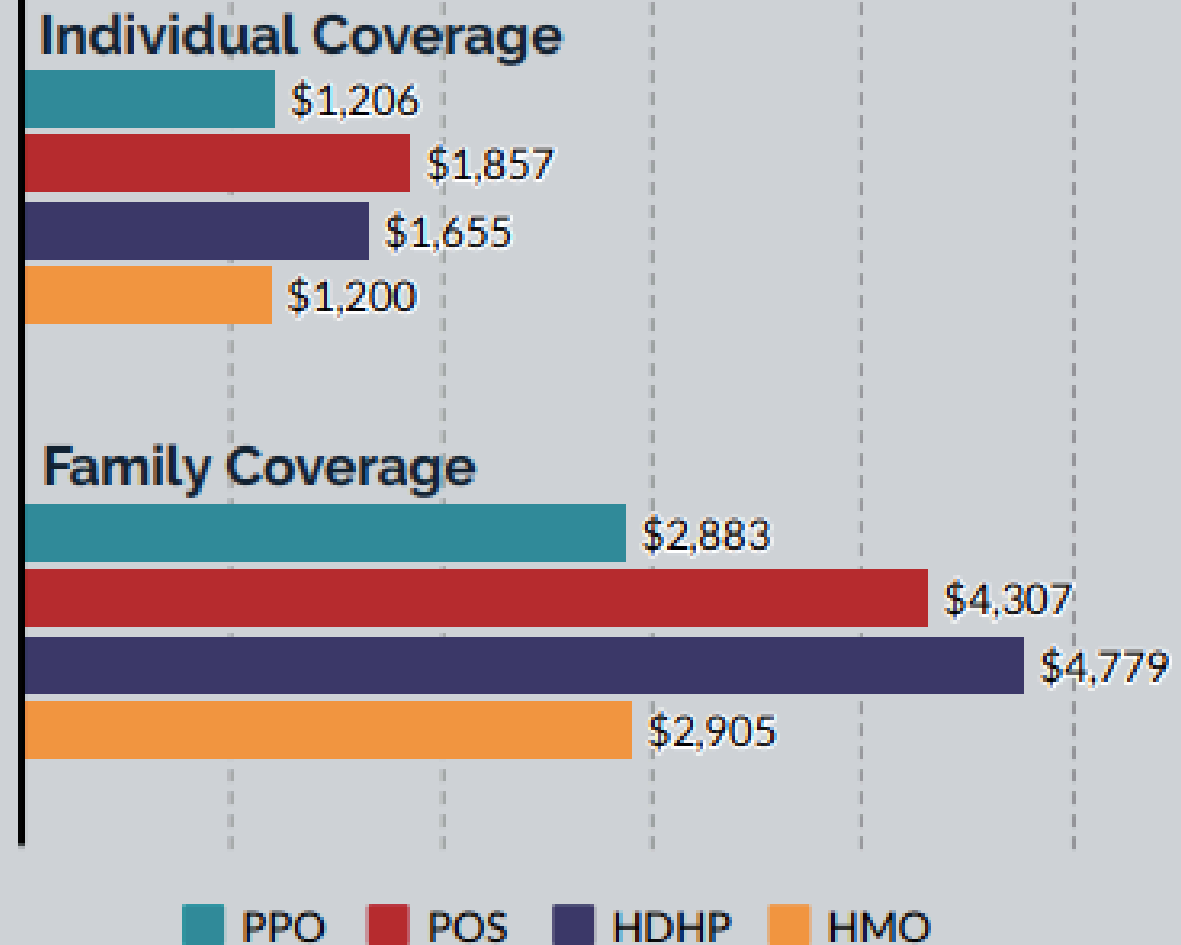
- Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions
- Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services
- Equity enhancement is a top policy priority
- Policy deliberations focus primarily on alternative payment models, but moving to value-based system also requires a change in how we engage consumers to seek care

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





“

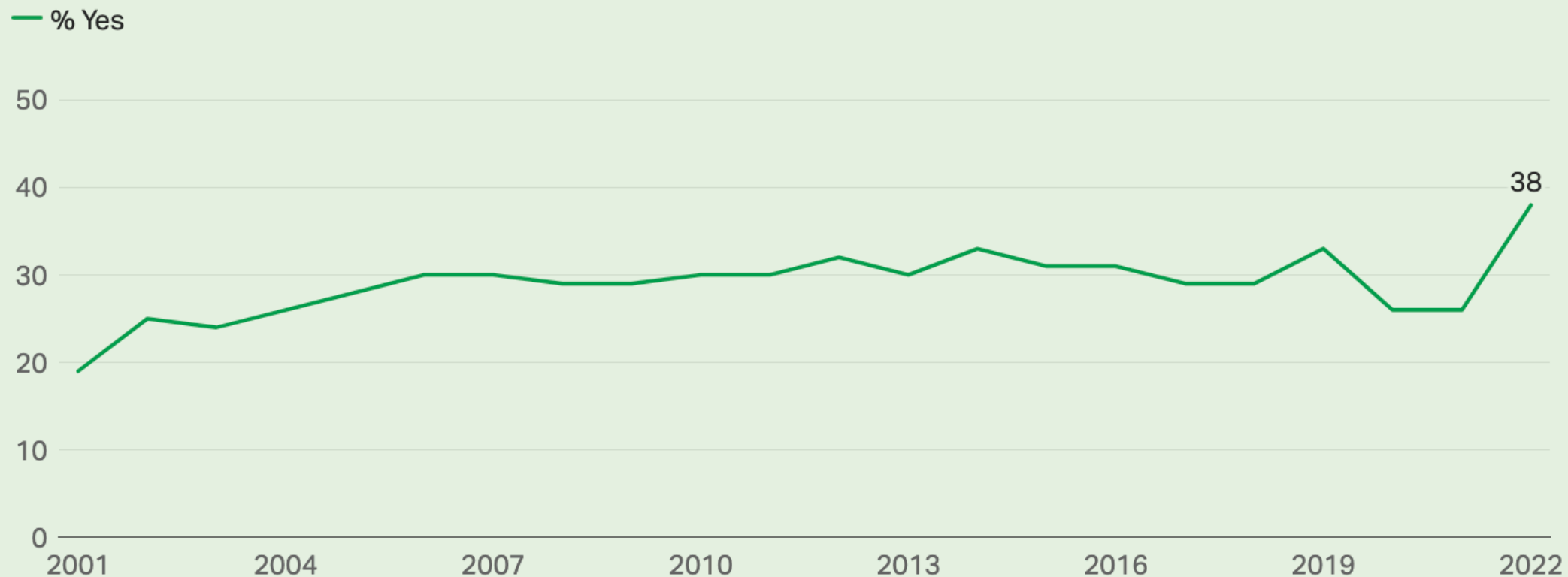
I can't believe you had to spend a million dollars to show that if you make people pay more for something, they will buy less of it.

”

- Barbara Fendrick (my mother)

Record High in U.S. Putting Off Medical Treatment Due to Cost, 2001-2022

Within the last 12 months, have you or a member of your family put off any sort of medical treatment because of the cost you would have to pay?



[Get the data](#) • [Download image](#)

GALLUP

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

- Rising copayments worsen disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions

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

Beginning the V-BID Journey at the Washington Health Benefit Exchange: Standard Plans Guiding Principles

- Lower deductibles
- Access to more services prior to meeting the plan deductible
- Prioritize copays where possible to provide predictability for consumers when seeking services
- Limit premium impacts
 - Particularly at bronze, where consumers may be most premium sensitive and coverage is limited
- Maximize tax credits with silver plan design

Your V-BID Journey is Already Underway

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 230 million Americans have enhanced access to preventive services

Court challenge ongoing to overturn ACA Preventive Care Mandate

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

Inflation Reduction Act of 2022 Includes Several V-BID Elements

- 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 Savings Account-eligible plans to cover insulin prior to meeting the plan deductible
- Caps Medicare patients' out-of-pocket costs for insulin at \$35 per month






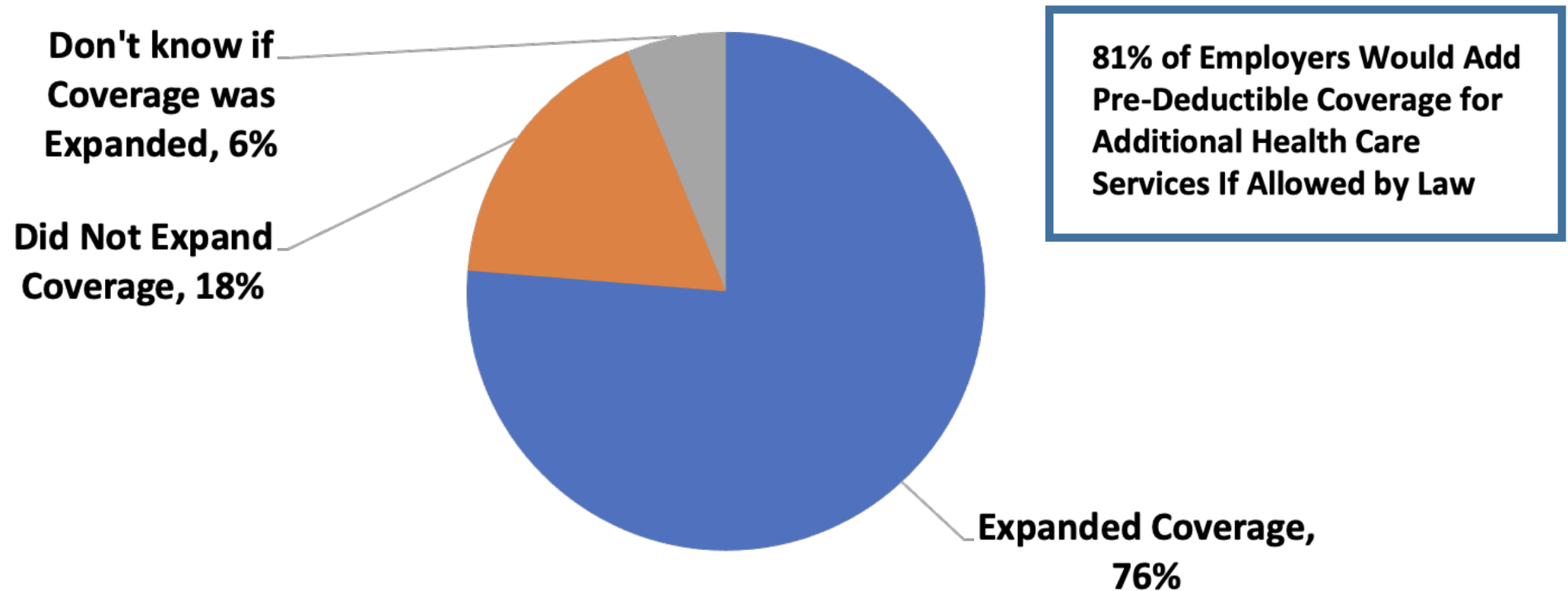
U.S. DEPARTMENT OF THE TREASURY

PRESS RELEASES

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



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).

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
 - Disproportionate impact on communities of color

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

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

Exchanges Using V-BID X Principles to Enhance Equity

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



**V-BID Elements Adopted to Achieve Equity
in Health Insurance Coverage**

Diabetes - 01/01/23

Pediatric mental and behavioral health - 01/01/24

CalPERs V-BID Experience

Comparison of enrollees in California Public Employees' Retirement System (CalPERS) V-BID to a Non-VBID PPO with very similar benefit structures regarding copayment, coinsurance (10%) and maximum out-of-pocket (OOP) limit:

- Enrollment in V-BID program led to higher primary care provider and immunization utilization with no added total costs
- Compared to those not enrolled in a V-BID PPO, V-BID beneficiaries experienced lower out-of-pocket payments, as well as significantly lower rates of hospital and surgical admissions

V-BID X: Key Takeaways

- **Cost neutral V-BID designs are feasible. Coverage can be enhanced for targeted high-value services, without raising premiums and deductibles**
- **There are a large number of plausible combinations of services or cost-sharing changes that could fit different needs and goals, depending on the carrier and market**

V-BID: More Generous Coverage of Essential Clinical Care and Equity Enhancement Without Increasing Premiums or Deductibles

- Expand pre-deductible coverage/reduce cost sharing on high value clinical services
 - Focus on conditions for which disparities exist
- Identify, measure and reduce low value care to pay for more generous coverage of high value care
- Implement clinically-driven payment models and plan designs that increase use of high value services and deter the use of low value ones



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Thank you.

Slides and Resources available at:

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