



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN  
UNIVERSITY OF MICHIGAN

## Translating Research into Policy: Value-Based Insurance Design:

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@um\_vbid



**I PUBLISHED  
BUT STILL PERISHED**

# Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, 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

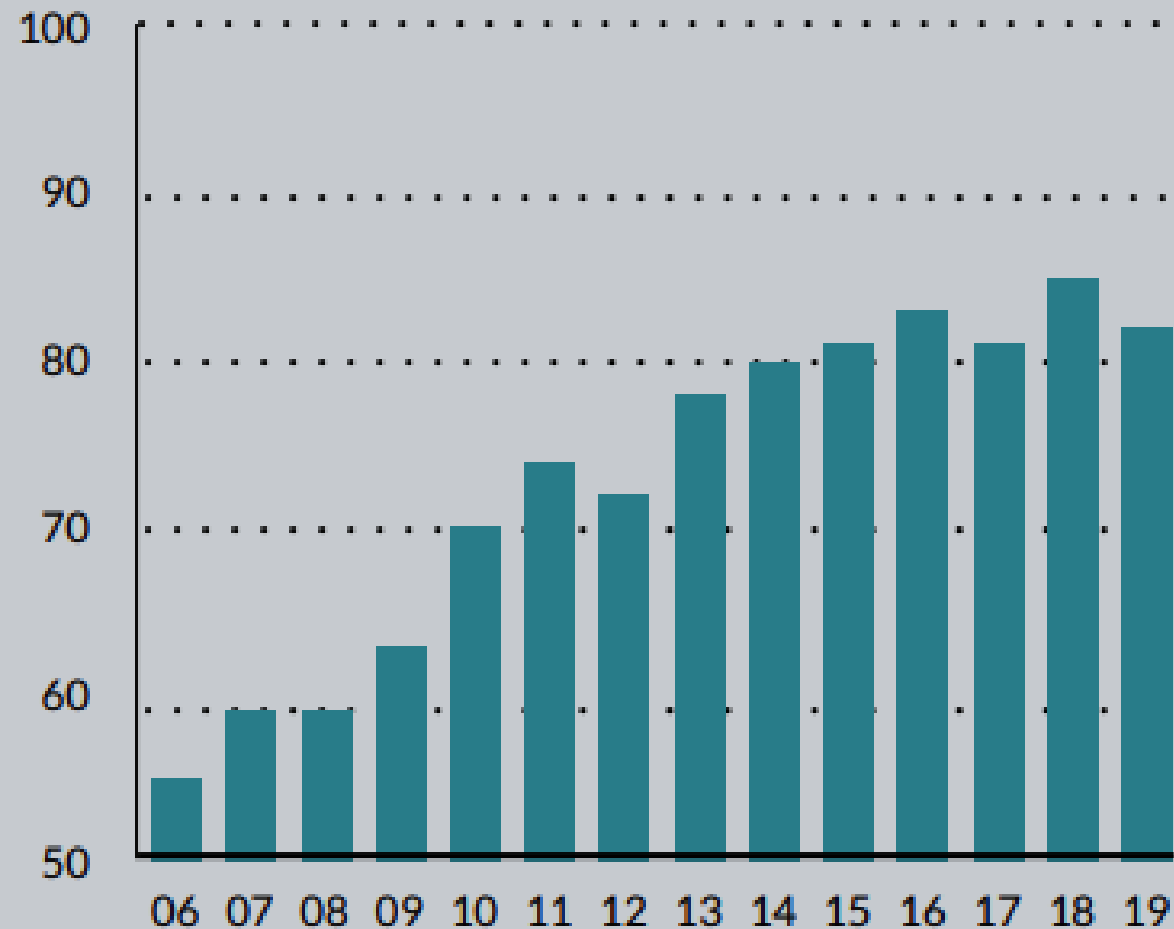
# Moving from the Stone Age to the Space Age:

## Change the health care cost discussion from “How much” to “How well”

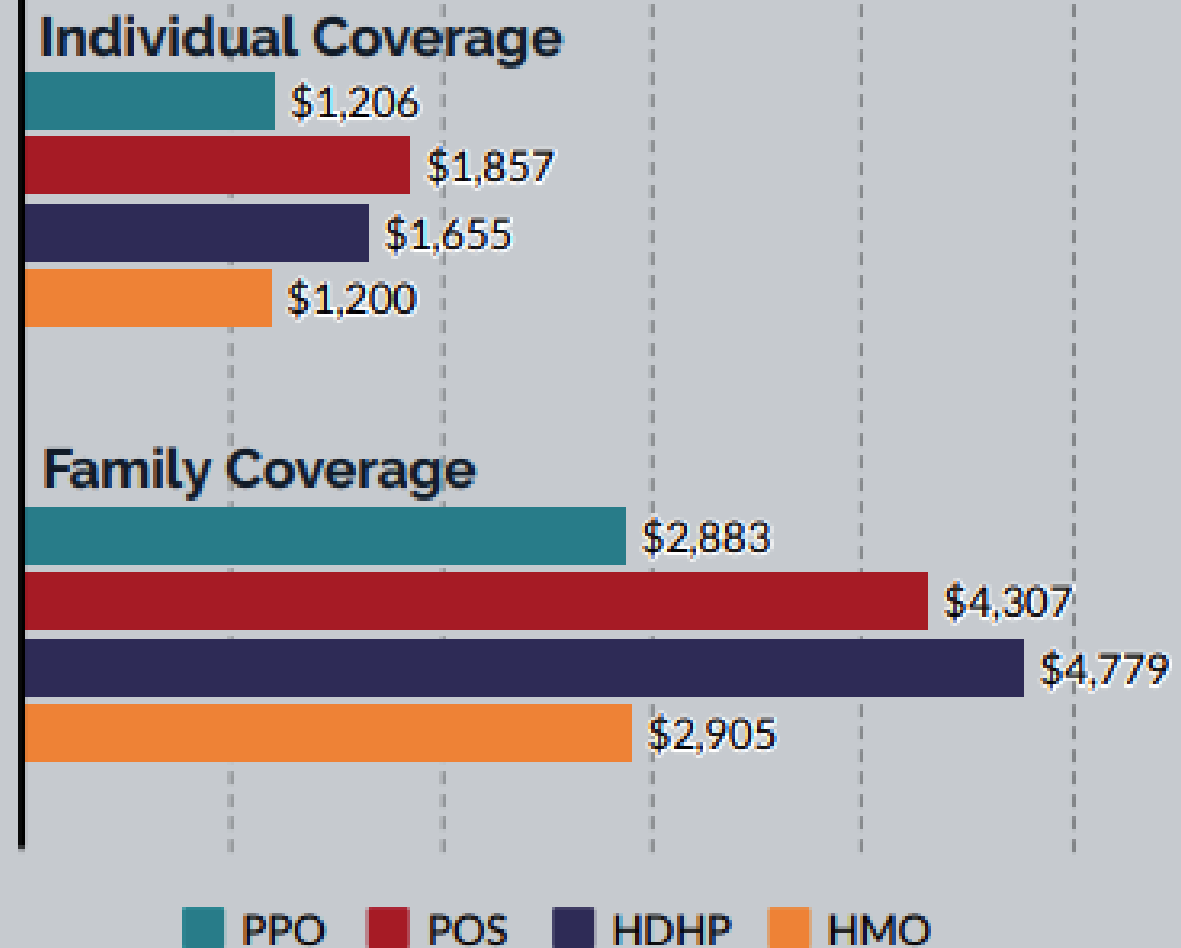
- Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services and in the wrong places
- Moving from a volume-driven to value-based system requires a change in both how we pay for care and how we engage consumers to seek care
- The most common patient-facing strategy - consumer cost-sharing – is a ‘blunt’ instrument, in that patients pay more out of pocket for **ALL** care regardless of clinical value

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

## Percent of Americans With a Deductible



## Average Deductible by Plan Type in 2019



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# The New York Times

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OPINION  
GUEST ESSAY

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

July 7, 2022

## 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

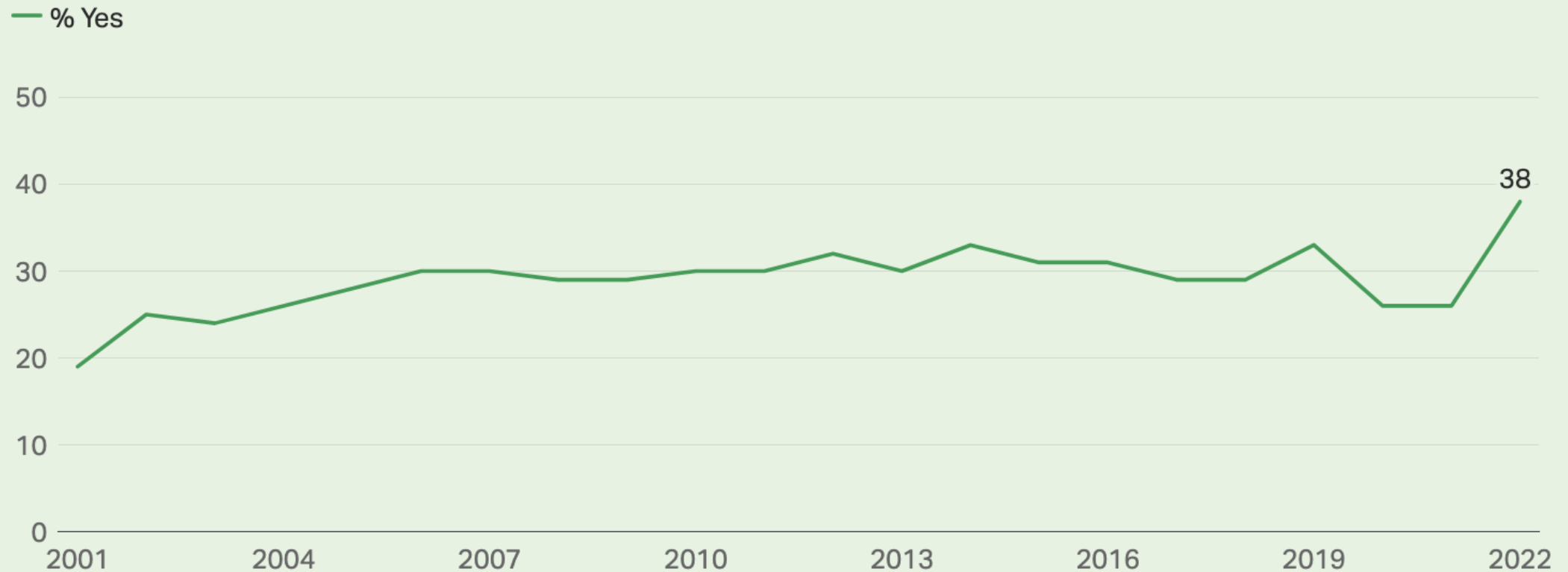
*Michael Chernew, PhD<sup>1</sup> Teresa B. Gibson, PhD<sup>2</sup> Kristina Yu-Isenberg, PhD, RPh<sup>3</sup>  
Michael C. Sokol, MD, MS<sup>4</sup> Allison B. Rosen, MD, ScD<sup>5</sup>, and A. Mark Fendrick, MD<sup>5</sup>*

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



## 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

# What Americans say government efforts should prioritize when it comes to U.S. public health

Survey of 1,213 U.S. adults conducted Feb. 17-21, 2023

Lowering costs for health care and prescription drugs



Reducing gun deaths



Research into cures and treatment for major diseases



Ensuring the safety of existing health practices and medications



Preventing deaths from overdoses and accidents



Something else



# A Clinically Nuanced Alternative to “Blunt” Consumer Cost-sharing: Value-Based Insurance Design - More of the Good Stuff and Less of the Bad Stuff

- Sets consumer cost-sharing on clinical benefit – not price
- Little or no out-of-pocket cost for high-value care; higher cost-sharing for low-value care
- Implemented by hundreds of public and private payers
- Bipartisan political support
- Enhances equity



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**

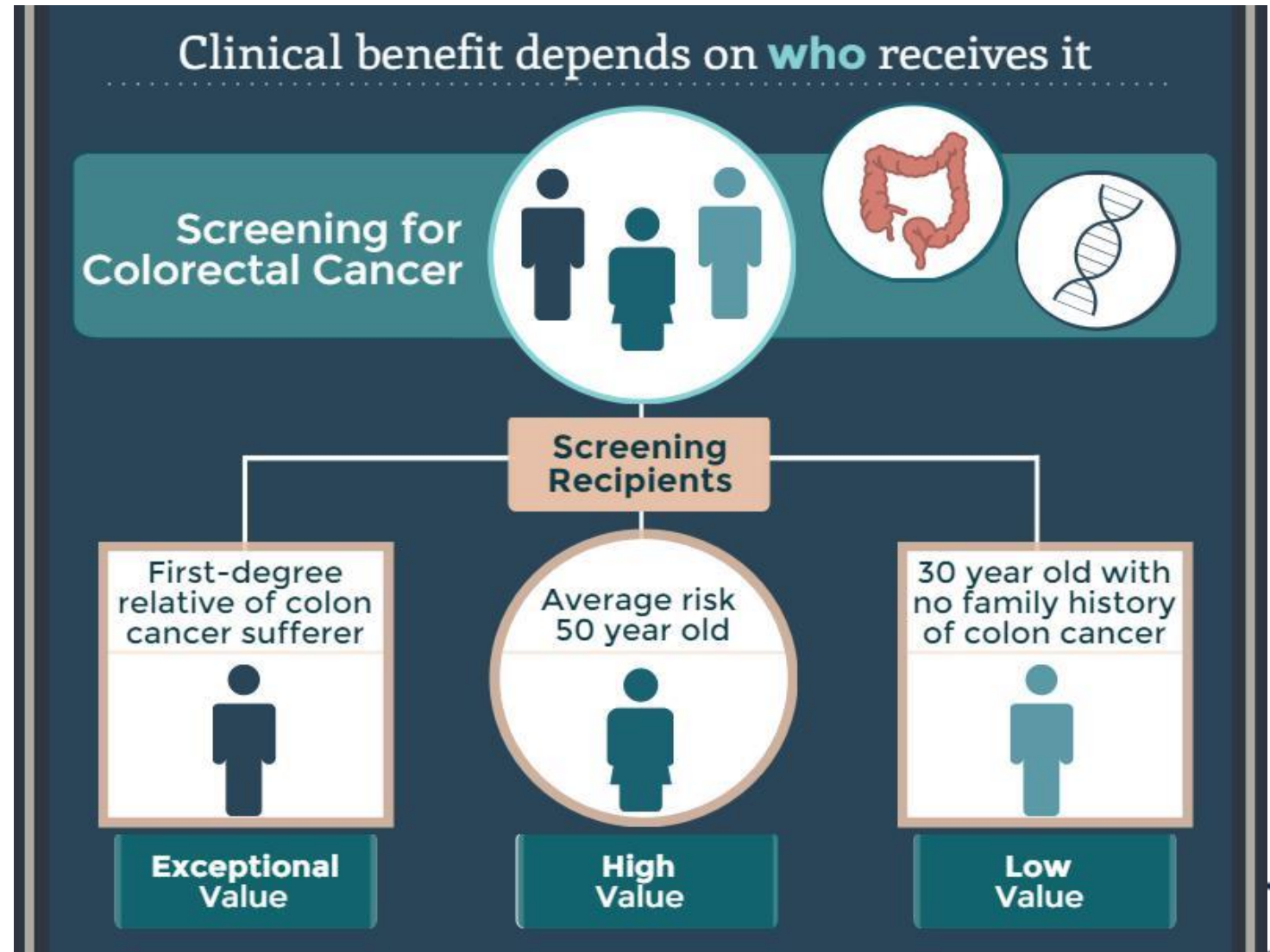
# V-BID:

## 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

# A Clinically Nuanced Alternative to “Blunt” Consumer Cost-sharing: A Role for V-BID in Colorectal Cancer Screening

The clinical benefit derived from a specific service depends on the consumer using it, as well as when, where, and by whom, the service is provided.



# ACA Sec 2713: Selected Preventive Services be Provided without Cost-Sharing

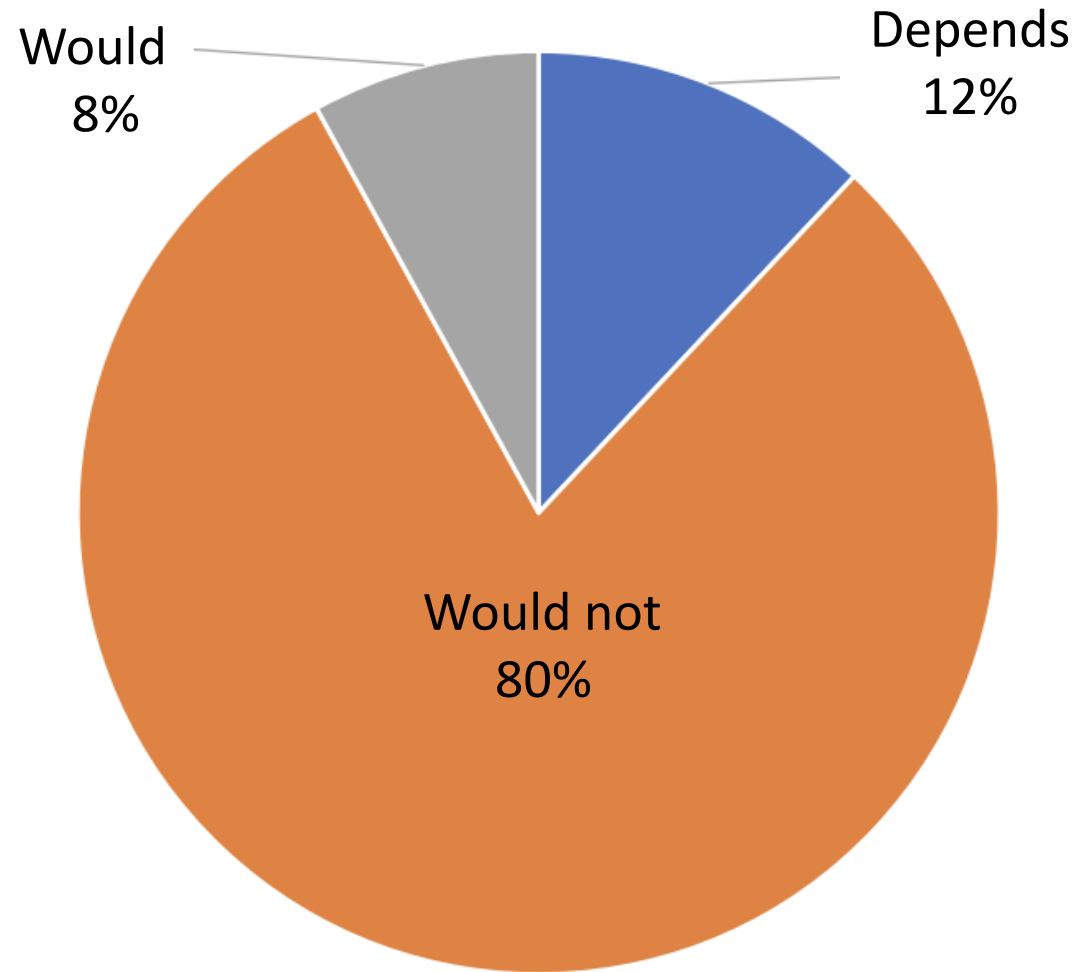
- Receiving an A or B rating from the United States Preventive Services Taskforce (USPSTF)
  - Screening for depression in the adult population, including pregnant and postpartum persons as well as older adults.
  - Screening for major depressive disorder (MDD) in adolescents aged 12 to 18 years.
- Immunizations 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

- Several outstanding questions remain, but it is possible that this ruling will mean that employers will no longer have to provide first-dollar coverage for the 52 services that have received an “A” or “B” rating from the U.S. Preventive Services Task Force
- 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, high cholesterol and diabetes.



# Percentage of Employers That Would Impose Cost Sharing for Preventive Services if Allowed by Law



Source: Employee Benefit Research Institute (EBRI) Pulse Survey of Health Benefits Decision Makers, n=25, representing over 600,000 employees.

# COVID-19 Testing and Vaccines Provided without Cost-sharing



# Colorectal Cancer: Screening

May 18, 2021

## Recommendation Summary

Population	Recommendation	Grade
Adults aged 50 to 75 years	The USPSTF recommends screening for colorectal cancer in all adults aged 50 to 75 years. See the "Practice Considerations" section and Table 1 for details about screening strategies.	<b>A</b>
Adults aged 45 to 49 years	The USPSTF recommends screening for colorectal cancer in adults aged 45 to 49 years. See the "Practice Considerations" section and Table 1 for details about screening strategies.	<b>B</b>
Adults aged 76 to 85 years	The USPSTF recommends that clinicians selectively offer screening for colorectal cancer in adults aged 76 to 85 years. Evidence indicates that the net benefit of screening all persons in this age group is small. In determining whether this service is appropriate in individual cases, patients and clinicians should consider the patient's overall health, prior screening history, and preferences.	<b>C</b>

# Your Free Cancer Screen Shows Trouble: What If You Can't Afford the Follow-Up?

- New research shows that out-of-pocket costs are common and non-trivial for necessary follow-up testing after initial no-cost cancer screening test.
  - Breast<sup>1</sup>
  - Cervical<sup>2</sup>
  - Colorectal<sup>3</sup>
  - Lung<sup>4</sup>

JAMA Network Open. 2021;4(8):e2121347

Obstetrics & Gynecology. E-pub ahead of print. 2021. doi:10.1097/AOG.0000000000004582

JAMA Network Open. Accepted for publication

JACR E-pub ahead of print. 2021.DOI:<https://doi.org/10.1016/j.jacr.2021.09.015>

# **FAQS ABOUT AFFORDABLE CARE ACT IMPLEMENTATION PART 51, FAMILIES FIRST CORONAVIRUS RESPONSE ACT AND CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT IMPLEMENTATION**

January 10, 2022

**Q7: Are plans and issuers required to cover, without the imposition of any cost sharing, a follow-up colonoscopy conducted after a positive non-invasive stool-based screening test or direct visualization test (e.g., sigmoidoscopy, CT colonography)?**

Yes. A plan or issuer must cover and may not impose cost sharing with respect to a colonoscopy conducted after a positive non-invasive stool-based screening test or direct visualization screening test for colorectal cancer for individuals described in the USPSTF recommendation. As stated in the May 18, 2021 USPSTF recommendation, the follow-up colonoscopy is an integral part of the preventive screening without which the screening would not be complete.<sup>31</sup> The follow-up colonoscopy after a positive non-invasive stool-based screening test or direct visualization screening test is therefore required to be covered without cost sharing in accordance with the requirements of PHS Act section 2713 and its implementing regulations.

# Medicare Advantage V-BID Model Test

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





# 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



# Lilly plans to slash some insulin prices, expand cost cap

By TOM MURPHY   yesterday

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# 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

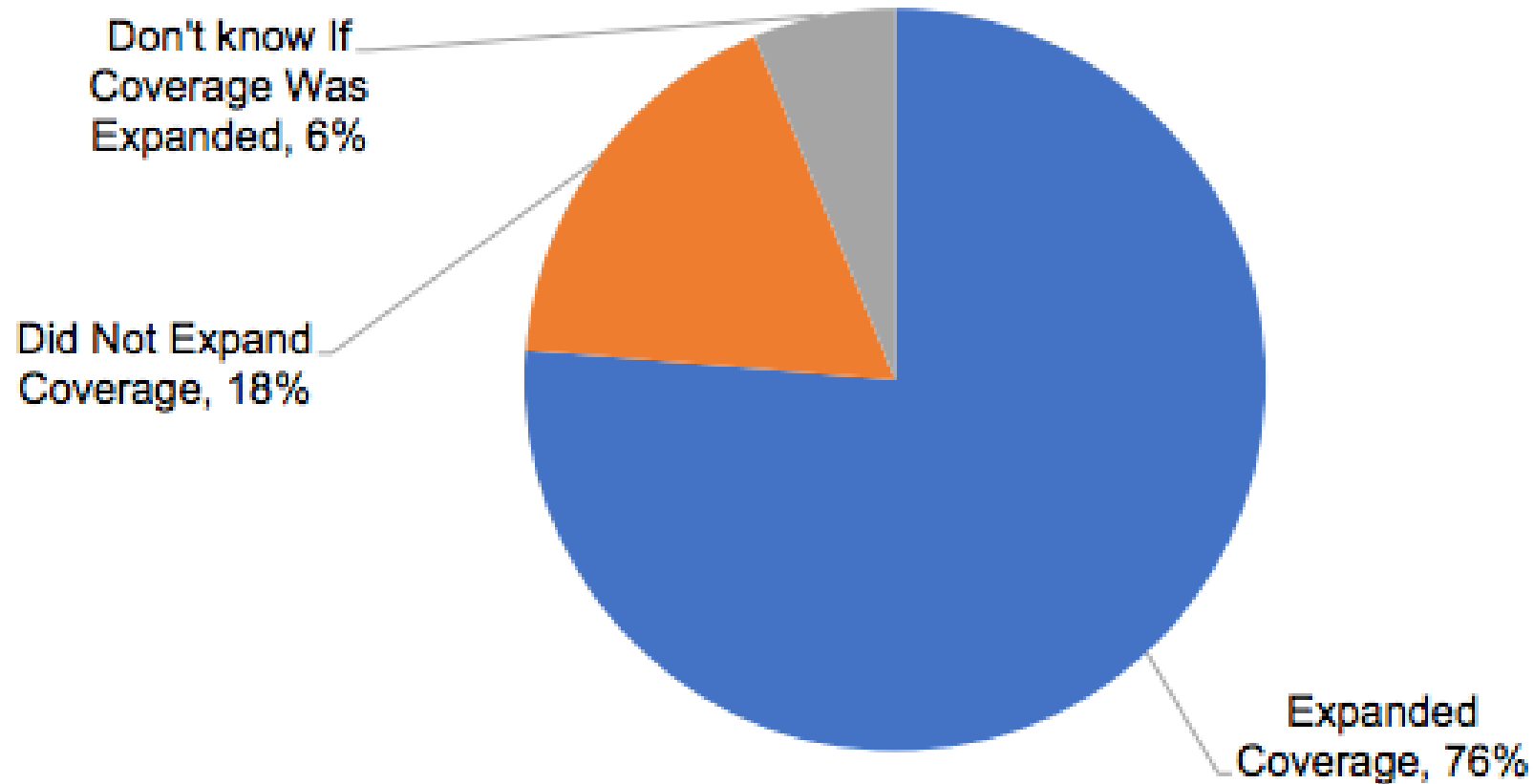
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# List of services and drugs for certain chronic conditions that will be classified as preventive care under Notice 2019-45

<b>Preventive Care for Specified Conditions</b>	<b>For Individuals Diagnosed with</b>
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: Employee Benefit Research Institute survey.

# 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

- 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

# 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: 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**

**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



# 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**

MAY 08, 2020

MORE ON MEDICARE & MEDICAID

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

# State Exchanges Using V-BID X Principles to Enhance Equity

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



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

Diabetes - 01/01/23

Pediatric mental and behavioral health - 01/01/24

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

- Expand pre-deductible coverage/reduce consumer cost-sharing on essential services
  - Generous coverage likely not enough to increase use and reduce disparities
- 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

# 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**

# Enhancing Access and Affordability to Essential Clinical Services: Better Patient-Centered Outcomes, Enhanced Equity and Improved Efficiency

- Expand pre-deductible coverage/reduce consumer cost-sharing on high-value clinical COVID-19 related care and other essential chronic disease services
- Identify, measure and reduce low-value care to pay for more generous coverage of high-value care
- Align clinically-driven plan payment reform, technologies and benefit designs (i.e., V-BID X) to increase use of high-value services and deter low value care

Thank you

Questions?

[www.vbidcenter.org](http://www.vbidcenter.org)

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