

## Agenda – Very Flexible

- V-BID: Motivation and Definition

Priority areas; potential collaboration with Better Care Collaborative

- Inflation Reduction Act
- OBBBA
- HSA-HDHP Reform
- Low-Value Care



**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 primary focus of reform discussions
- 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

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

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

# Better Care Collaborative: achieving a more affordable, less wasteful, safer and higher quality health care system

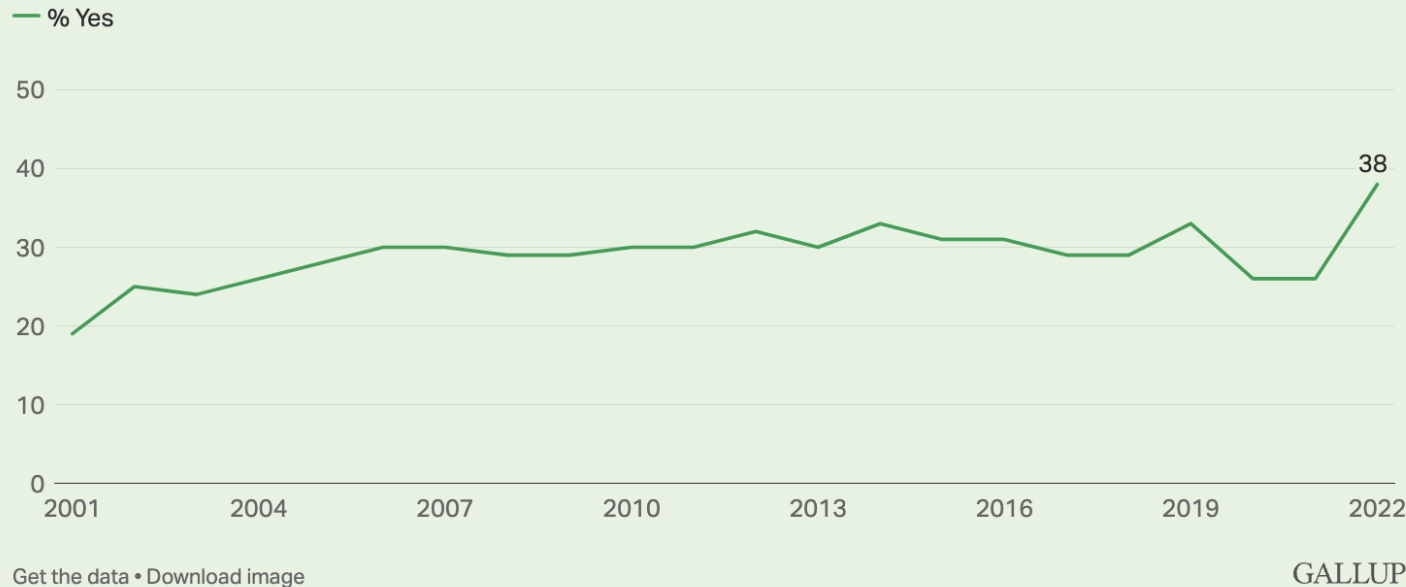
## Priority Areas:

- More Primary Care Capacity
- Reduce Administrative Burden (and Improve Patient Care)
- Accelerate Adoption of Prospective Global Payments
- Achieve Unified Collection, Sharing and Consumer-Friendly Data Use

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

## 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?



Health care costs are among the leading causes of:

- Personal debt
  - About 30 million Americans report borrowing an estimated \$74B for medical bills in 2024
- On-line fundraisers
- Personal bankruptcy

EDITORIAL | VOLUME 122, ISSUE 8, P699, AUGUST 2009

[Download Full Issue](#)

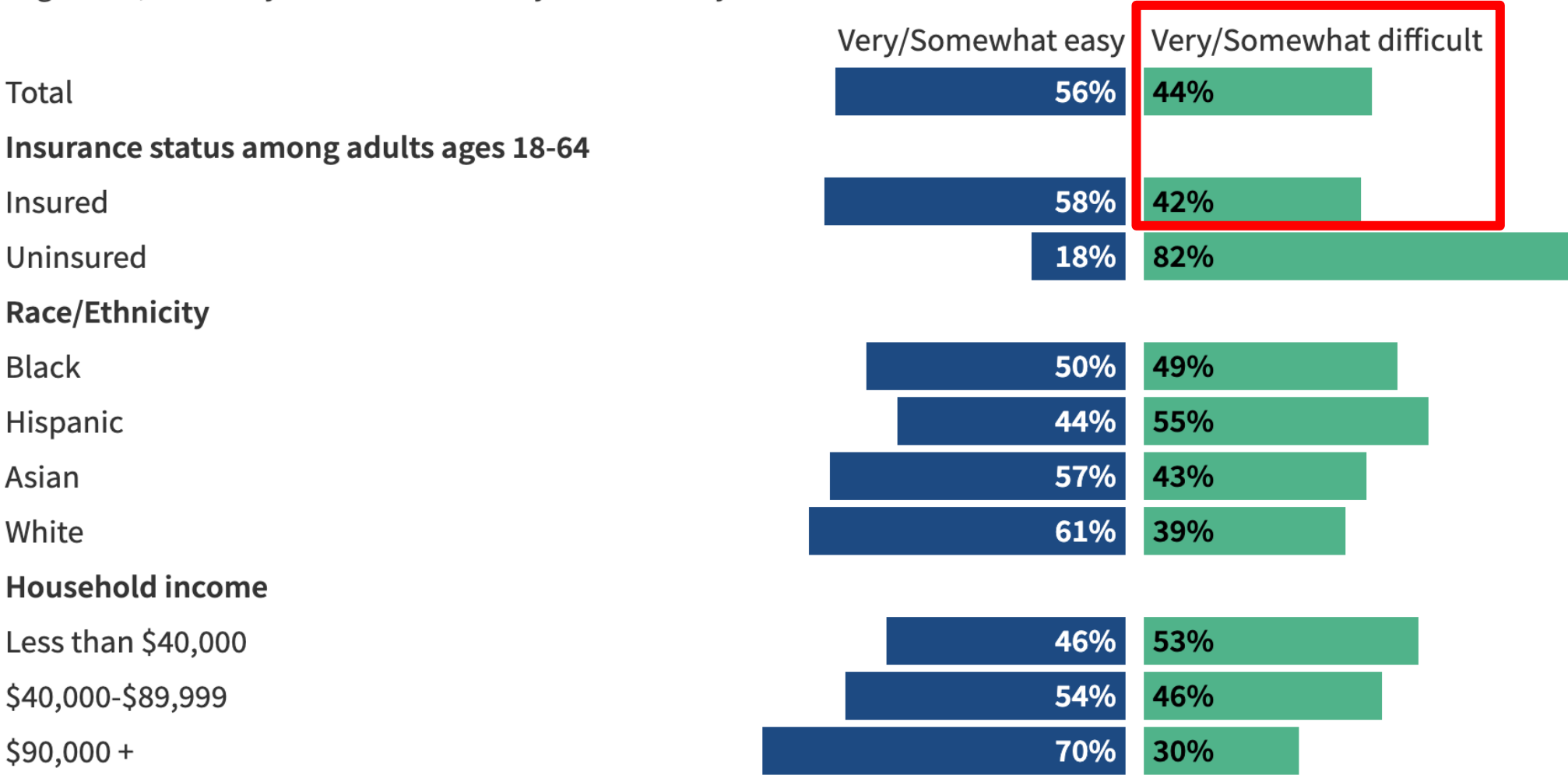
## Only in America: Bankruptcy Due to Health Care Costs

James E. Dalen, MD, MPH



# Nearly Half of Adults Say It Is Difficult To Afford Health Care Costs, Including Large Shares of the Uninsured, Black and Hispanic Adults, and Those With Lower Incomes

In general, how easy or difficult is it for you to afford your health care costs?

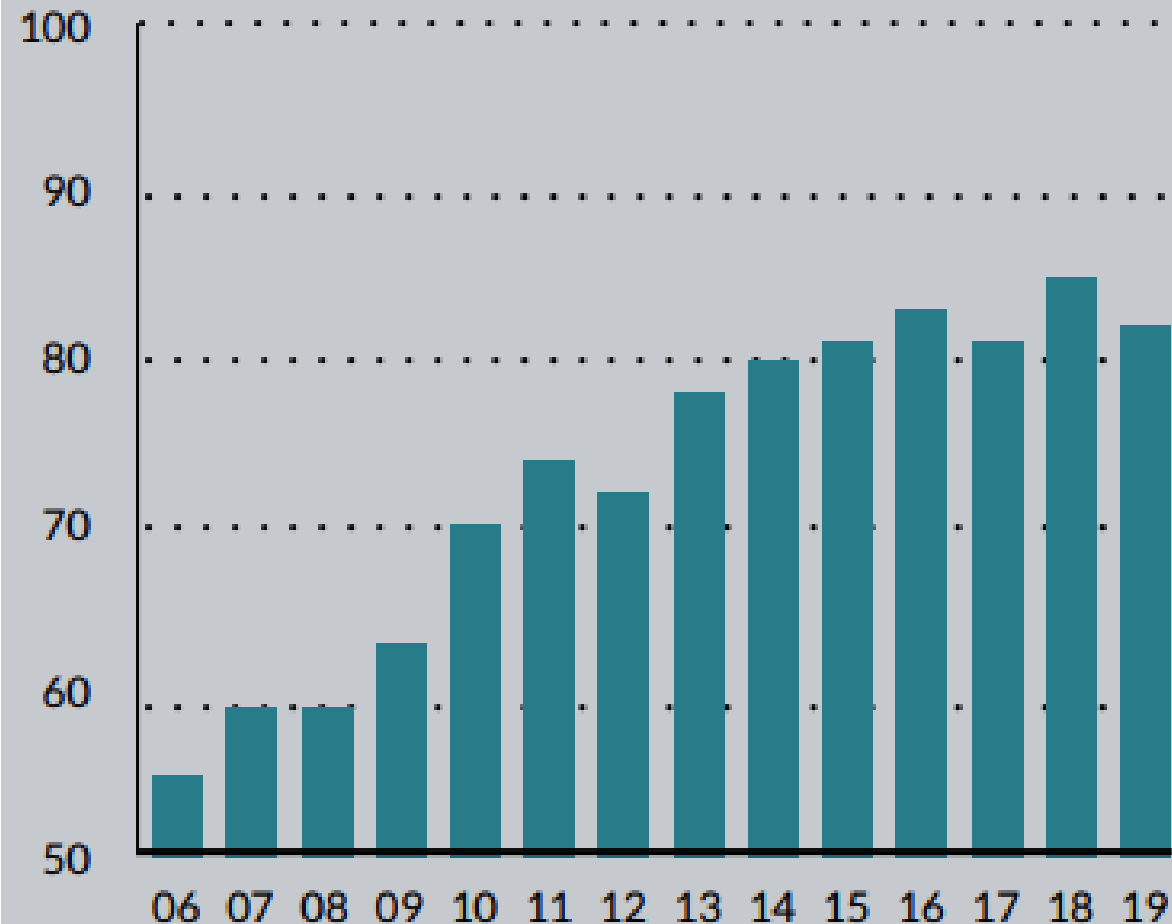


Note: See topline for full question wording.

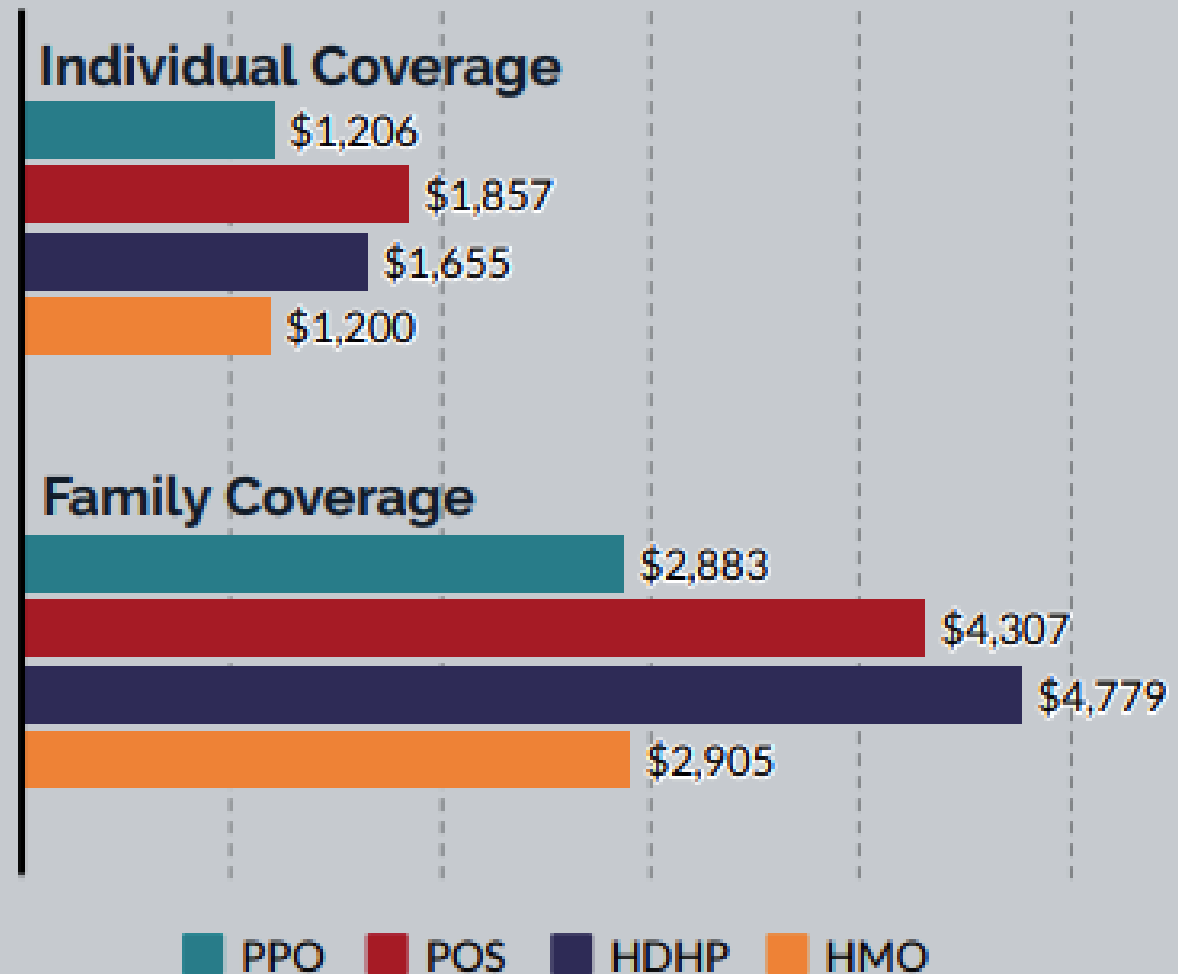
Source: KFF Health Tracking Poll (May 5-26, 2025) • [Download PNG](#)

# 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



# Out-of-Pocket Pain From High-Deductible Plans Means Skimping on Care

By [Charlotte Huff](#)

DECEMBER 9, 2025

 REPUBLISH THIS STORY



## 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, 1934-2024)

# “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

# 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
- Improves health outcomes
- Enhances equity

February 9, 2024

## **Acute Diabetes Complications After Transition to a Value-Based Medication Benefit**

J. Franklin Wharam, MD, MPH<sup>1,2,3</sup>; Stephanie Argetsinger, MS, MPH<sup>3</sup>; Matthew Lakoma, MPH<sup>3</sup>; Fang Zhang, PhD<sup>3</sup>; Dennis Ross-Degnan, ScD<sup>3</sup>

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

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## **Eliminating Medication Copayments Reduces Disparities In Cardiovascular Care**



# Putting Innovation into Action: Translating Research into Policy



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

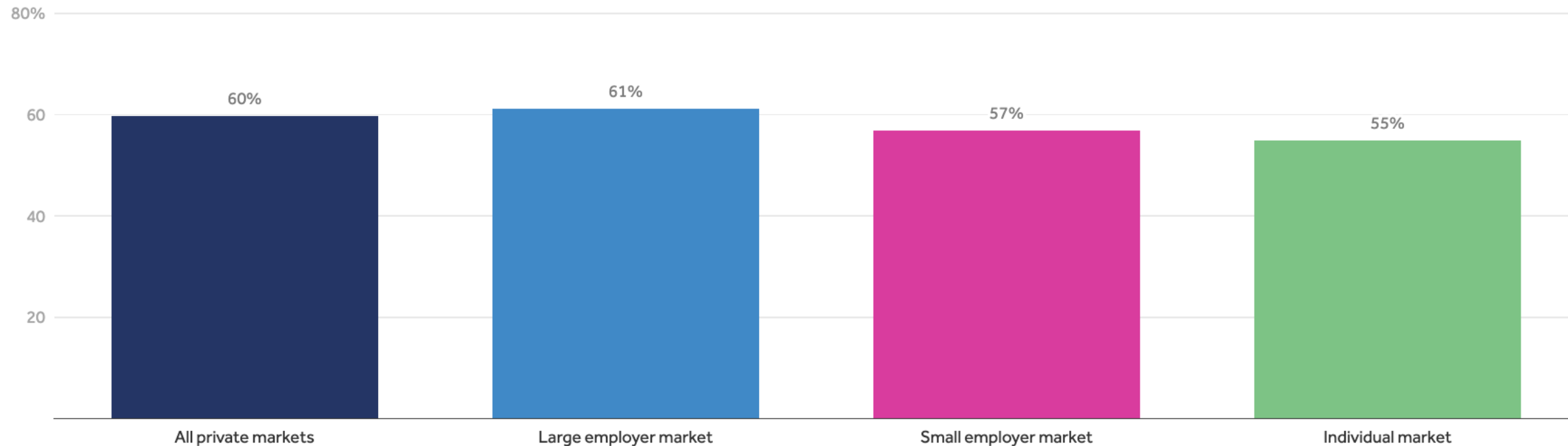
- Receiving an A or B rating from the United States Preventive Services Taskforce (USPSTF)
- Immunizations recommended by the Advisory Committee on Immunization Practices (ACIP)
- Preventive care and screenings supported by the Health Resources and Services Administration (HRSA)

By amending Sec 2713, the CARES Act of 2020 mandated COVID-19 testing and vaccines to be provided without patient cost-sharing



# About 6 in 10 privately insured people received ACA preventive care in 2018

Share of privately insured enrollees receiving preventive care, 2018



Source: KFF and RTI International analysis of 2018 Merative MarketScan and 2018 EDGE data • [Get the data](#) • [PNG](#)

## **Access to Preventive Services without Cost-Sharing: Evidence from the Affordable Care Act**

- Over 230 million Americans have enhanced access to preventive services
  - 150 million with private insurance – including 58 M women and 37 M children
    - 6 in 10 privately insured persons use preventive care in a given year
  - 61 million Medicare beneficiaries
  - Approximately 20 million Medicaid adult expansion enrollees
- A majority of studies showed increases in use of fully covered services
- Studies that included socioeconomic status reported more substantial increases in utilization of preventive services in financially vulnerable patients, suggesting that the policy reduced disparities in the delivery of preventive care

# V-BID Policies Implemented During the First Trump Administration: Considerations for the Second Trump Administration

- Medicare
- High-Deductible Health Plan Reform
- Low Value Care / VBID-X



# High Out of Pocket Costs are Common and Impactful For Medicare Beneficiaries

- One-third of Medicare beneficiaries said it was somewhat or very difficult to afford health care costs, including half of people under age 65
- More than one in four Medicare beneficiaries said health care costs made it harder for them to afford food and utility bills in the past 12 months
- More than one in five Medicare beneficiaries said they or a family member delayed or skipped needed care because of the cost in the past 12 months

# 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 (began in January 2025)
- Covers adult vaccines recommended by the Advisory Committee on Immunization Practices under Medicare Part D without cost-sharing (implemented 2023)
- Caps Medicare patients' out-of-pocket costs for insulin at \$35 per month (implemented 2023, *piloted in the first Trump Administration*)

Much more attention paid to Medicare Drug Price Negotiation





## **—Inflation Reduction Act Research Series— Medicare Part D Enrollee Out-Of-Pocket Spending: Recent Trends and Projected Impacts of the Inflation Reduction Act**

The Inflation Reduction Act's redesign of Medicare Part D will reduce enrollee out-of-pocket spending by about \$7.4 billion annually among more than 18.7 million enrollees (36 percent of Part D enrollees) in 2025 — nearly \$400 per person among enrollees who have savings in out-of-pocket costs under the IRA.

# HSA-HDHP Reform



# IRS Rules Prohibit Coverage of Chronic Disease Care Until HSA-HDHP Deductible is Met

## 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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# Three Quarters of Employers Expanded Coverage of Chronic Disease Services Allowed Under IRS Rule 2019-45, Enhancing Access for Millions of Enrollees

**New Research Finds That Expanding Pre-Deductible Coverage in Health Savings Account–Eligible Health Plans Increased Patient Compliance with Medication Regimens**

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).

# PRESS RELEASES

[Home](#) / [Media](#) / [Press Releases](#)



## House Passes Buchanan's Bill to Expand Coverage Options for Chronic Disease Treatment and Prevention

**March 4, 2025**

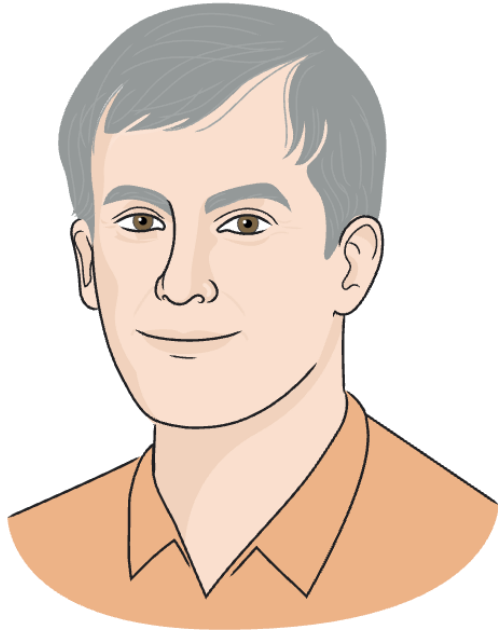
*Allows Employers Offering High Deductible Health Plans to Offer Pre-Deductible Coverage of 14 Chronic Healthcare Services*



# One Big Beautiful Bill Act (OBBBA) introduces changes to HSA-HDHPs, effective January 1, 2026

- Permanently allowing telehealth to be covered without disqualifying an HSA
- Expanding HSA eligibility to include individuals with Bronze and Catastrophic ACA plans
  - Expansion of HSA-HDHPs is fundamental element of Republican proposals to provide coverage
- Direct Primary Care (DPC) arrangements no longer prevent HSA contributions, provided their cost is within certain limits

# Paying for More Generous Coverage of High Value (Cost-effective) Care



“If you buy more things that don’t save money,  
you won’t save money.”

Michael Chernew, PhD, Harvard Medical School

# 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



## Projected Savings From Reducing Low-Value Services in Medicare

David D. Kim, PhD<sup>1,2</sup>; A. Mark Fendrick, MD<sup>3,4</sup>

# Medicare could save \$3.6B without risk to older adults, study suggests

Fewer low-value tests, scans and procedures could also save older adults \$800M in out-of-pocket costs

August 1, 2025 11:00 AM

Author | [Kara Gavin >](#)

# CMS Launches WISeR Model to reduce wasteful, low-value services



Centers for Medicare & Medicaid Services

Medicare ▾

Medicaid/CHIP ▾

Marketplace & Private Insurance ▾

Initiatives

[Home](#) > [Priorities](#) > [Overview](#) > [Innovation Models](#) > WISeR (Wasteful and Inappropriate Service Reduction) Model

## WISeR (Wasteful and Inappropriate Service Reduction) Model

# 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**



# 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/hblog20190714.437267

MAY 08, 2020 | MORE ON MEDICARE & MEDICAID

## 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.

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### High Value Generic Drug Classes with Zero Cost Sharing

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ACE inhibitors and ARBs  
Anti-depressants  
Antipsychotics  
Anti-resorptive therapy  
Antiretrovirals  
Antithrombotics/anticoagulants  
Beta blockers  
Buprenorphine-naloxone  
Glucose lowering agents  
Inhaled corticosteroids  
Naloxone  
Rheumatoid arthritis medications  
Statins  
Thyroid-related  
Tobacco cessation treatments

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### High Value Branded Drug Classes with Reduced Cost Sharing

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Anti-TNF (tumor necrosis factor)  
Hepatitis C direct-acting combination  
Pre-exposure prophylaxis for HIV (PrEP) <sup>1</sup>

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### Specific Low Value Services Considered

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Proton beam therapy for prostate cancer  
Spinal fusions  
Vertebroplasty and kyphoplasty  
Vitamin D testing

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# Enhancing Access and Affordability to Essential Clinical Services

## Priorities Aligned with Better Care Collaborative

- Keep watchful eye on future of the USPSTF/ACIP
- Expand pre-deductible coverage/reduce consumer cost-sharing on high-value, essential chronic disease services - especially if HSA-HDHP expansion becomes reality
- Identify, measure and reduce low-value care to pay for more generous coverage of high-value care
- Implement clinically-driven plan payment reform, technologies (e.g. AI) and benefit designs that increase use of high-value services and deter low value care