



SCHOOL OF PUBLIC HEALTH
UNIVERSITY OF MICHIGAN

CENTER FOR VALUE-BASED INSURANCE DESIGN

Inaugural Dr. Bernard Rubin Lecture in Rheumatology

“Smarter Benefits, Better Care: How Value-Based Insurance Design
Improves Access to High Value Services”

A. Mark Fendrick, MD

University of Michigan Center for Value-Based Insurance Design

www.vbidcenter.org



**I PUBLISHED
BUT STILL PERISHED**

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

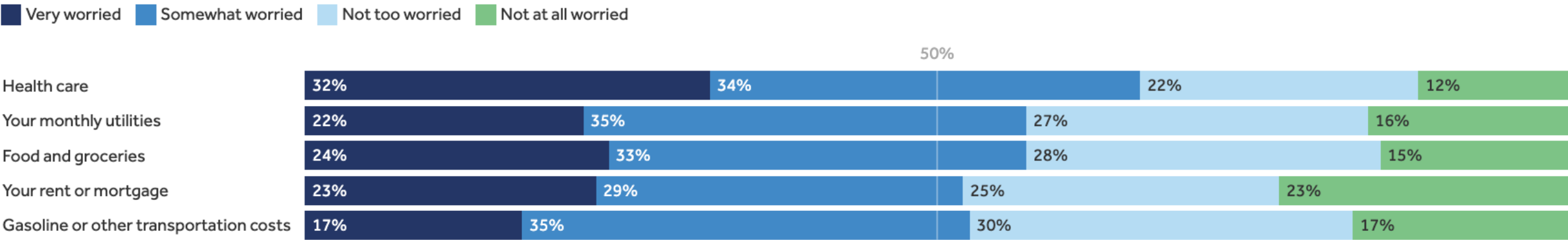


Moving from the Stone Age to the Space Age: Change the health care cost discussion from “How much” to “How well”

- 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

Healthcare Costs Remain Top of Mind for Many Americans

How worried, if at all, are you about being able to afford each of the following for you and your family?



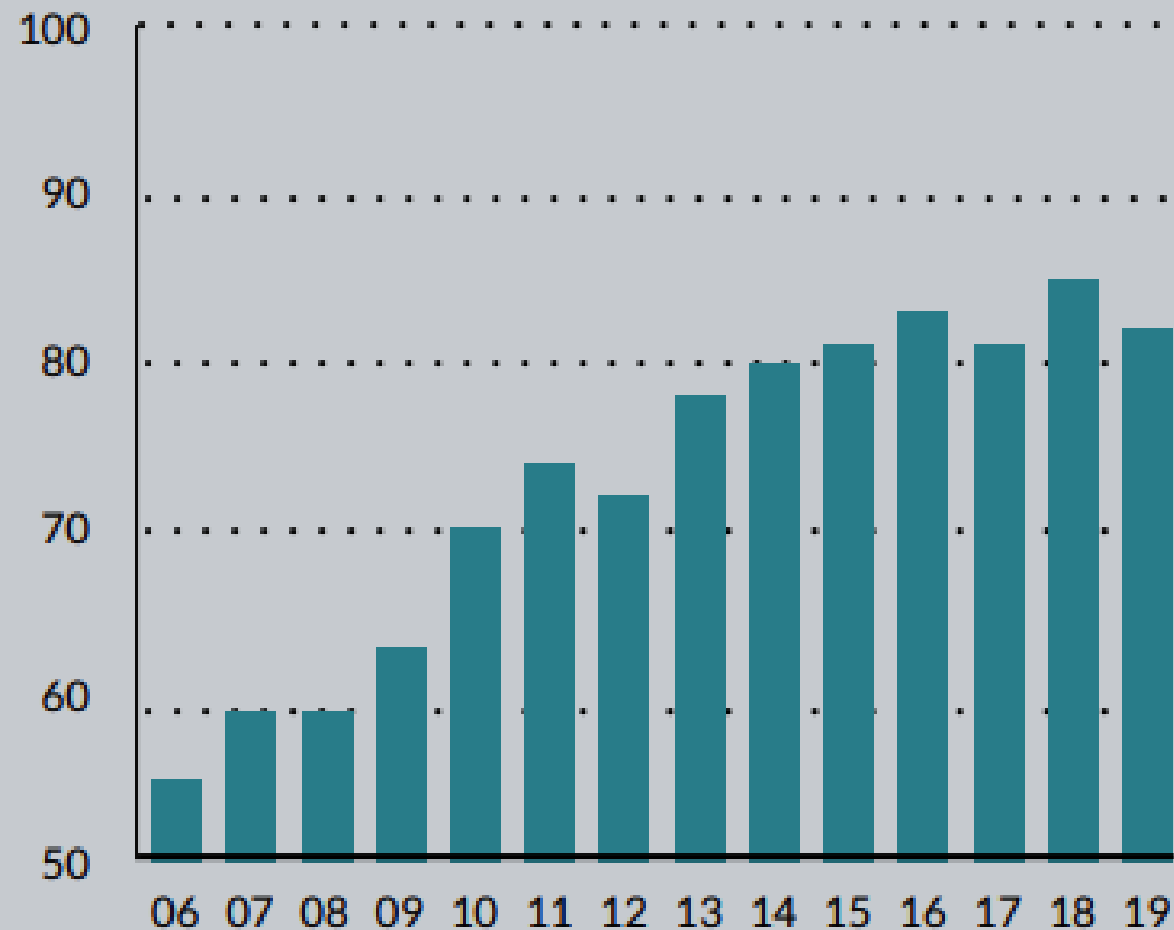
Note: Healthcare includes the cost of health insurance and out-of-pocket costs for things like office visits and prescription drugs. Monthly utilities include electricity or heat. See topline for full question wording.

Source: KFF Health Tracking Poll (January 13-20, 2026) • [Get the data](#) • [PNG](#)

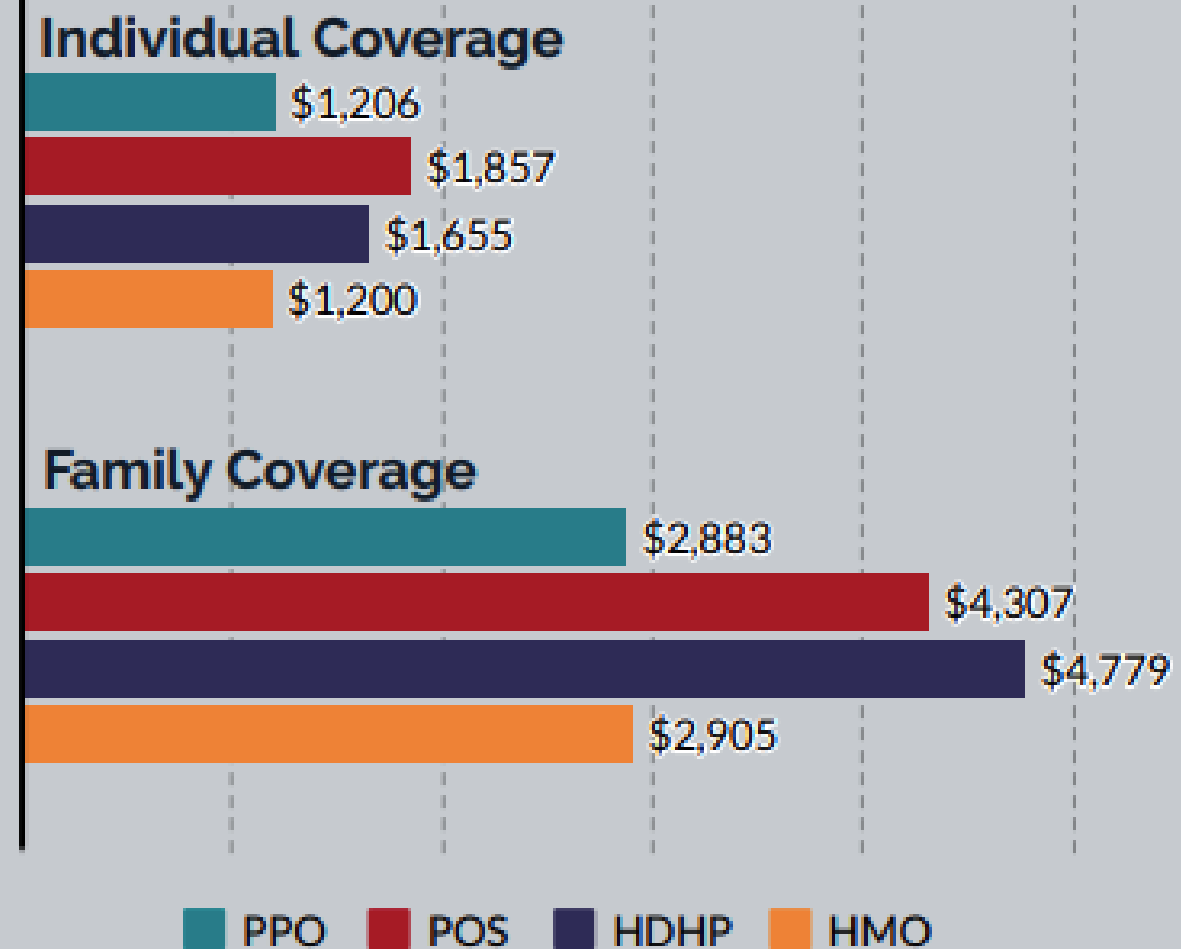
Peterson-KFF
Health System Tracker

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



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

The New York Times

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

July 7, 2022

U.S. Adults' Ability to Afford Healthcare at a Five-Year Low

An estimated 2.8 million more Americans reported inability to afford healthcare in 2025 compared with 2024

Healthcare costs are the leading causes of:

- Personal debt
 - 30 million Americans borrowed an estimated \$74B 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

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, 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

Rheumatology patients are not “immune” to cost-related access barriers

Cost-Related Medication Behaviors for Patients With and Without Systemic Autoimmune Rheumatic Diseases

Patients with Systemic Autoimmune Diseases had more self-reported cost-related medication behaviors, and those who reported medication unaffordability received fewer disease-modifying drugs and had more emergency room visits.

Alternative to “Blunt” Consumer Cost-Sharing: A Clinically Nuanced Approach

A “**smarter**” cost-sharing approach that encourages consumers to use more high value services and providers, but discourages the use of low value ones

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^{1,2,3}; Stephanie Argetsinger, MS, MPH³; Matthew Lakoma, MPH³; Fang Zhang, PhD³; Dennis Ross-Degnan, ScD³

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

Research demonstrates that V-BID and patient support programs improve access, medication adherence, and clinical outcomes in Rheumatology patients

Patient Support Program Increased Medication Adherence with Lower Total Health Care Costs Despite Increased Drug Spending

Diana Brixner, PhD; David T. Rubin, MD; Philip Mease, MD; Manish Mittal, PhD; Harry Liu, PhD; Matthew Davis, MA; Arijit Ganguli, MBA, PhD; and A. Mark Fendrick, MD

Participation in an innovative patient support program reduces prescription abandonment for adalimumab-treated patients in a commercial population

Continuity of Care Within a Single Patient Support Program for Patients with Rheumatoid Arthritis Prescribed Second or Later Line Advanced Therapy

A. Mark Fendrick · Philip Mease · Matthew Davis · Pankaj Patel ·
Wes Matthias · Dominic Nunag · Manish Mittal

Higher Medication Adherence and Lower Opioid Use Among Individuals with Autoimmune Disease Enrolled in an Adalimumab Patient Support Program in the United States

A. Mark Fendrick · Dendy Macaulay · Debbie Goldschmidt ·
Harry Liu · Diana Brixner · Tauseef Ali · Manish Mittal

V-BID:

Rare Bipartisan Political and Broad Multi-Stakeholder Support

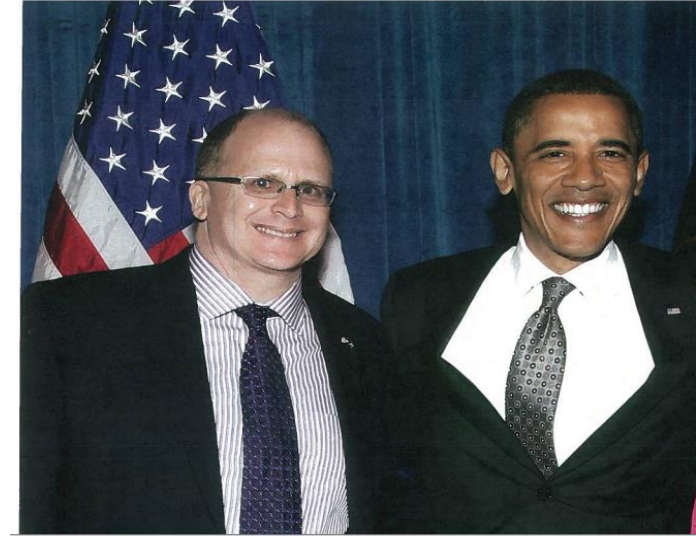
- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- Commonwealth Fund
- NBCH
- American Fed Teachers
- Families USA
- AHIP
- AARP
- DOD
- BCBSA
- National Governor's Assoc.
- US Chamber of Commerce
- Bipartisan Policy Center
- Kaiser Family Foundation
- American Benefits Council
- National Coalition 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)





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
 - 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

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



This content is available to subscribers.

PERSPECTIVE

Preventive Care at the Supreme Court

Author: Nicholas Bagley, J.D. [Author Info & Affiliations](#)

Published July 23, 2025 | DOI: 10.1056/NEJMp2506684 | Copyright © 2025

- Supreme Court upheld the ACA preventive care mandate
- HHS secretary can exercise control over the task force



Medicare

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 those 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 (implemented 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)



Impact of V-BID Elements in the Inflation Reduction Act of 2022

If you make people pay less for something, they will buy more of it

July 24, 2023

Insulin Fills by Medicare Enrollees and Out-of-Pocket Caps Under the Inflation Reduction Act

Rebecca Myerson, MPH, PhD¹; Dima M. Qato, PharmD, MPH, PhD²; Dana P. Goldman, PhD³; John A. Romley, PhD³

“The IRA cap on cost-sharing was associated with increases in the total number of insulin fills for Medicare enrollees.”

Research Letter | Health and the 2024 US Election

May 23, 2024

Shingles Vaccination in Medicare Part D After Inflation Reduction Act Elimination of Cost Sharing

Dima M. Qato, PharmD, MPH, PhD^{1,2}; John A. Romley, PhD^{2,3}; Rebecca Myerson, MPH, PhD^{2,4}; [et al](#)

“Following IRA implementation, Part D shingles vaccinations increased by 46%.”



—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



PREVENTIVE CARE COVERED

Dollar one



CHRONIC DISEASE CARE

NOT covered until deductible is met



FORTUNE

COMMENTARY · MEDICAL COSTS

If you have insurance, you shouldn't be paying full price for insulin

BY MARK FENDRICK AND DAVID A. RICKS

January 29, 2020 at 4:06 PM EST





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 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

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).

Internal Revenue Service Notice 2024-75: Expands the list of preventive care benefits permitted to be provided by a high deductible health plan

- Oral Contraceptives; including OTC
- Male Condoms
- Breast Cancer Screening
- Continuous Glucose Monitors

Chronic Disease Management Act: Expands Services and Drugs for Chronic Conditions Classified as Preventive Care

117TH CONGRESS
1ST SESSION

S. 1424

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.

IN THE SENATE OF THE UNITED STATES

APRIL 28, 2021

Mr. THUNE (for himself and Mr. CARPER) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

“If You Buy More Things that Don’t Save Money, You Won’t Save Money”
How do We Pay for More Generous Coverage of High Value Care?

How do We Pay for More Generous Coverage of High Value Care?

Approaches to reduce medical spending:

- Decrease eligibility for health insurance 😞
- Increase premiums for health insurance 😞
- Raise deductibles and copayments for insured – ‘tax on the sick’ 😞
- Utilization management 😞
- Reduce spending on low value care

All cost-saving options - except for low value care - lead to negative clinical outcomes

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

The Utilization and Costs of Grade D USPSTF Services in Medicare, 2007–2016

Carlos Irwin A. Oronce, MD, MPH^{1,2}, A. Mark Fendrick, MD³, Joseph A. Ladapo, MD, PhD⁴, Catherine Sarkisian, MD, MSPH^{5,6}, and John N. Mafi, MD, MPH^{4,7} 

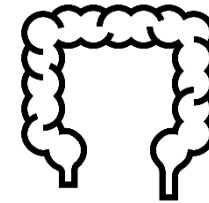
The 7 most commonly ordered USPSTF D rated services are used over **30 million times a year** at a cost to the Medicare program of **over \$500 Million annually**



Prostate cancer screening ≥ 70 years



Cervical cancer screening > 65 years



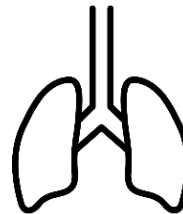
Colon cancer screening >85 years



Cardiovascular screening in low risk patients



Asymptomatic bacteriuria screening



COPD screening



Vitamin D to prevent falls among older women



Projected Savings From Reducing Low-Value Services in Medicare

David D. Kim, PhD^{1,2}; A. Mark Fendrick, MD^{3,4}

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

How Do We Pay for More Generous Coverage of High Value Care?

HealthAffairs

TOPICS

JOURNALS ▾

FOREFRONT

MORE CONTENT

MEDICARE

FOREFRONT

Reframe The Role Of Prior Authorization To Reduce Low-Value Care

A. Mark Fendrick • July 11, 2022

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



WISeR (Wasteful and Inappropriate Service Reduction) Model

Examples of selected items and services include:

- skin and tissue substitutes;
- implantation of electrical nerve stimulators;
- knee arthroscopy for knee osteoarthritis

V-BID X:

Better Coverage, Same Premiums and Deductibles



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.

High Value Generic Drug Classes with Zero Cost Sharing

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

High Value Branded Drug Classes with Reduced Cost Sharing

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

Specific Low Value Services Considered

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

Put Patients First

Enhancing Access and Affordability to Essential Clinical Services

- Expand pre-deductible coverage/reduce consumer cost-sharing on high-value, essential chronic disease services
- Identify, measure and reduce low-value care to pay for more generous coverage of high-value care
- Implement *clinically-driven* plan payment reform, technologies and benefit designs that increase use of high-value services and deter low value care

An aerial photograph of a large, oval-shaped stadium, likely a football or soccer stadium, with a green field in the center. The word "MICHIGAN" is written in large, yellow letters across the field. The stadium is surrounded by parking lots, roads, and some trees. The sky is clear and blue.

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

Dan Quayle

Thank you

Questions?

www.vbidcenter.org