



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN  
UNIVERSITY OF MICHIGAN

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

A. Mark Fendrick, MD

University of Michigan Center for  
Value-Based Insurance Design

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



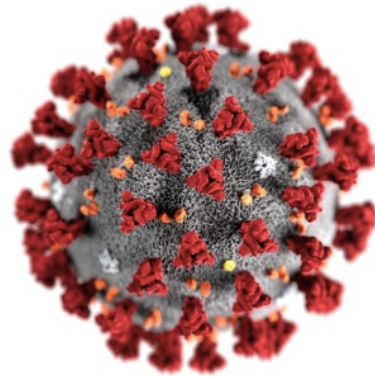
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# Health Care Costs Are a Top Issue For Purchasers and Policymakers: Solutions must protect consumers, reward providers and preserve innovation

- 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
- 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

Then Came Coronavirus...



LOW-VALUE CARE

# **A silver lining to COVID-19: Fewer low-value elective procedures**



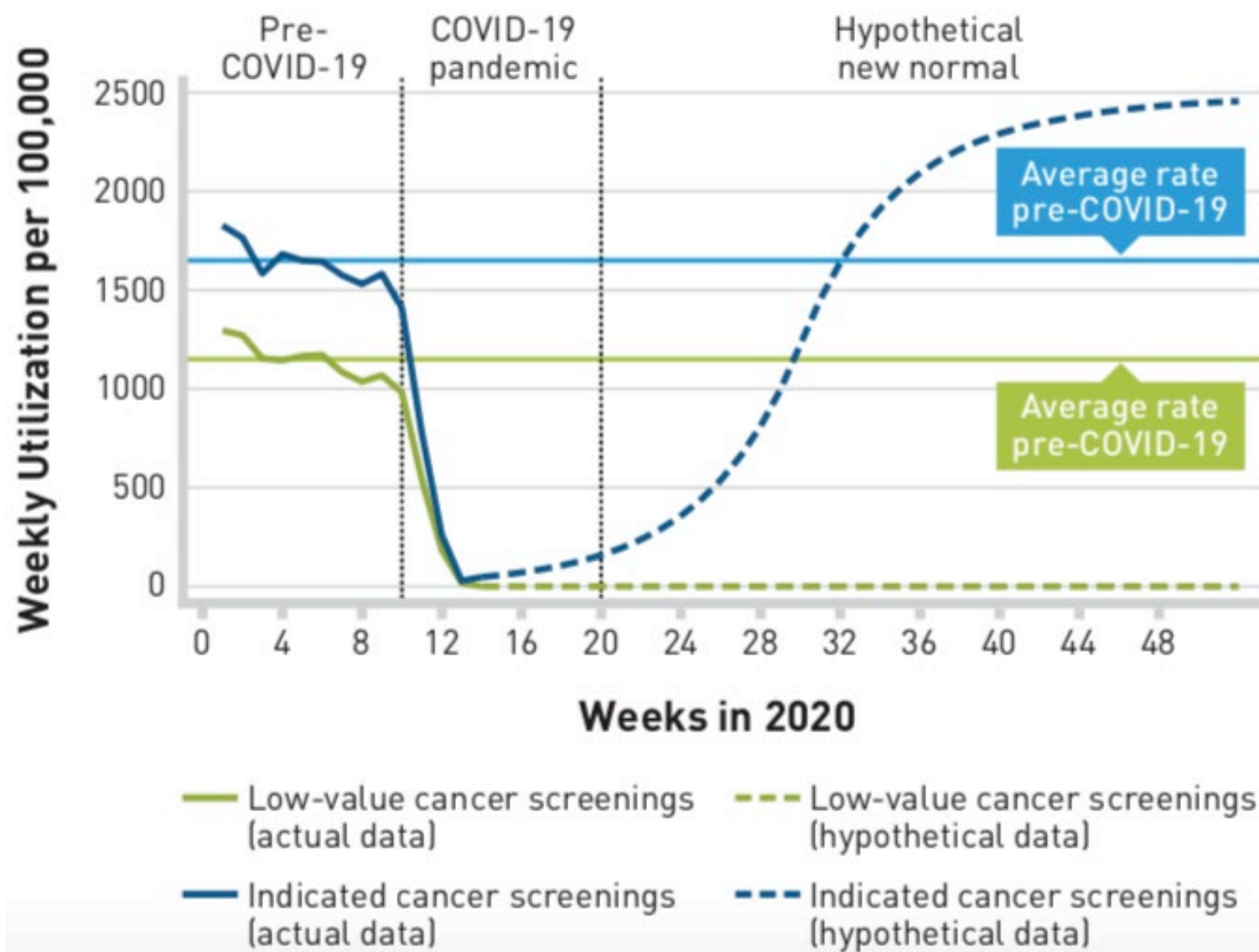
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Patient Rushed Into Unnecessary Surgery To Save Cash-Strapped Hospital [bit.ly/314r3zN](https://bit.ly/314r3zN)



# Crisis Into Opportunity: Can COVID-19 Help Set a Path to Improved Health Care Efficiency?



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

- About half of the public have skipped or postponed care because of the coronavirus outbreak
- 68% of adults report out-of-pocket costs would be very or somewhat important in their decision to get care if they had coronavirus symptoms
- Insured patients are responsible for over \$1,000 for a COVID-19 hospitalization
- 40% of Americans do not have \$400 for an expected expense
- 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

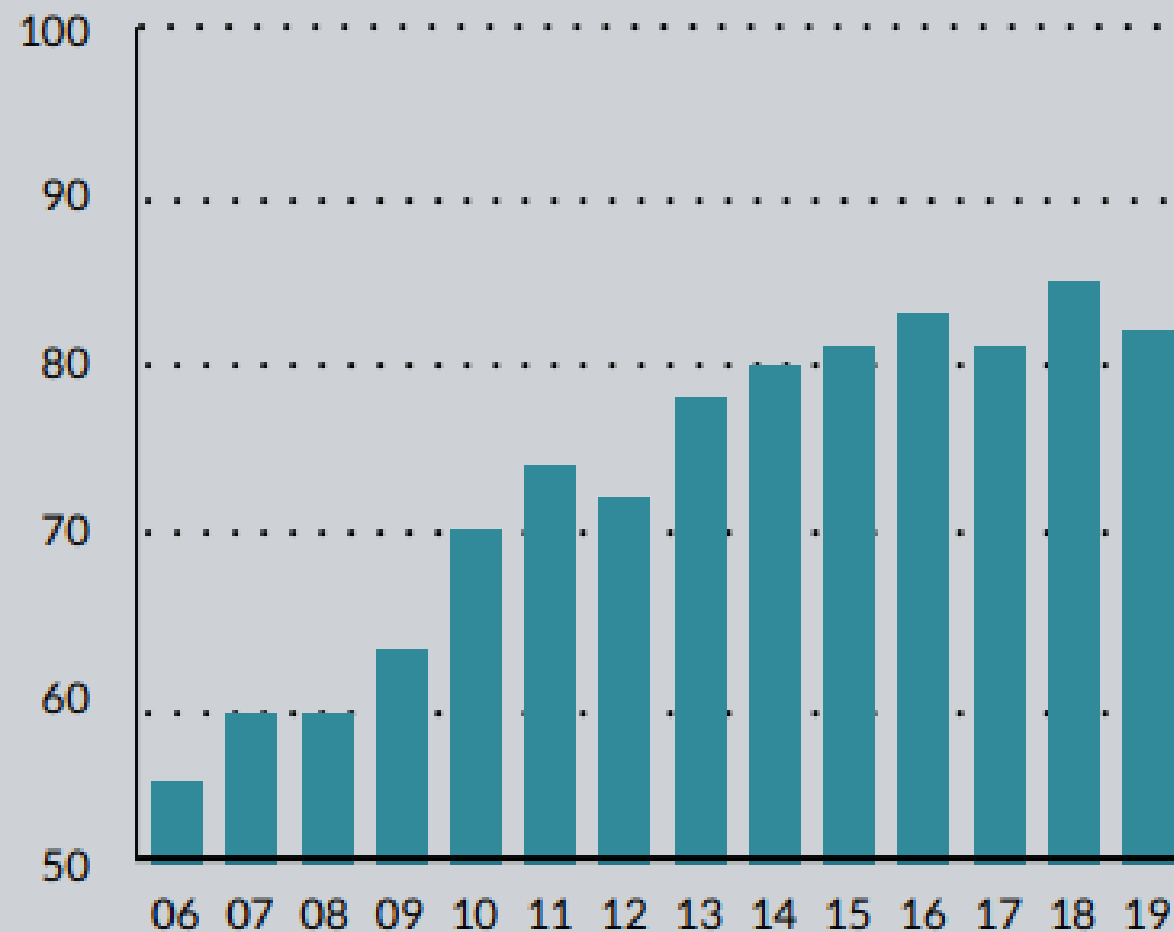




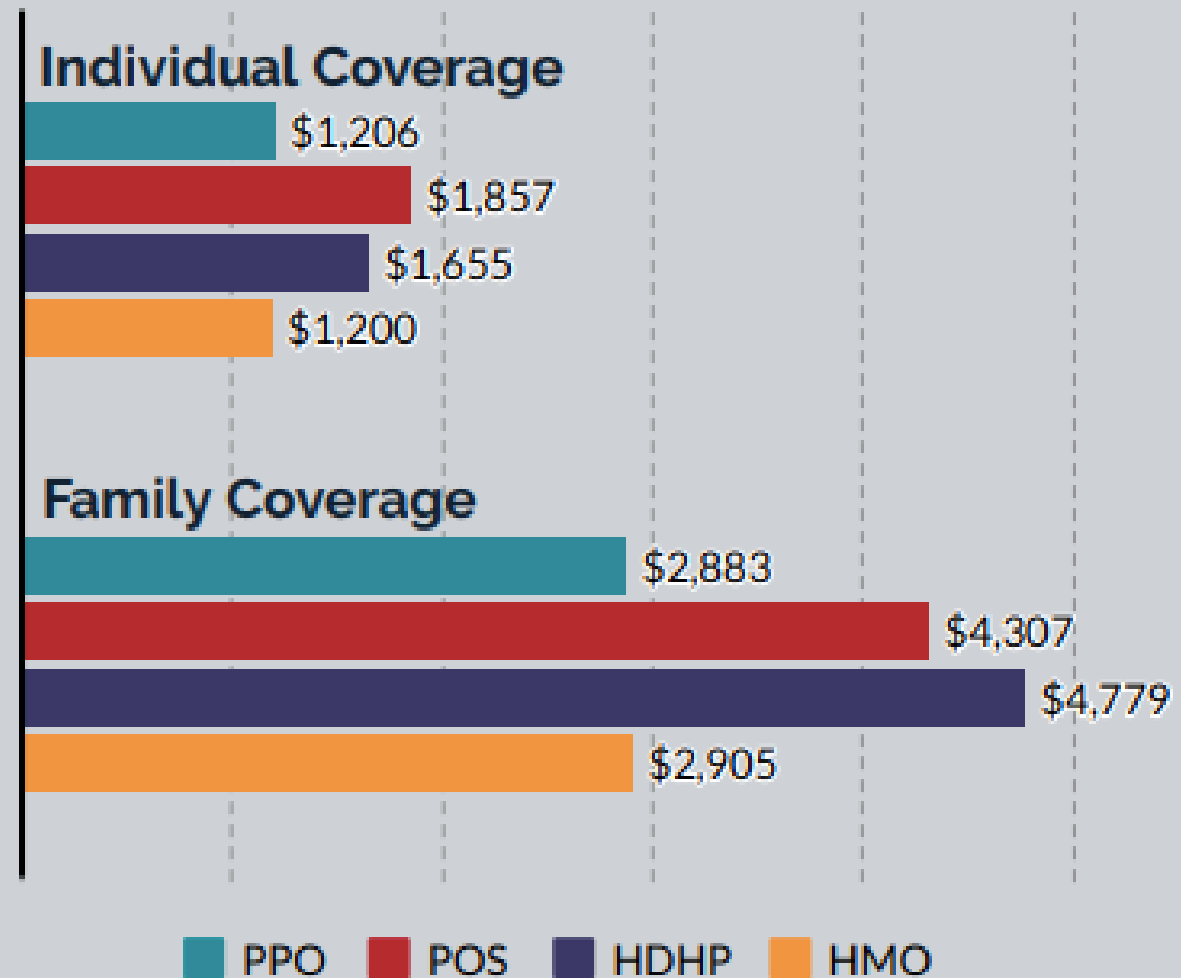


Plan deductibles have grown more than ten times faster than inflation over the last decade

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)

# Drug prices and death: New study raises another red flag on cost-sharing

A review of Medicare data suggests that a relatively modest increase in drug costs (\$10) can lead to a 33% increase in mortality.

By **Scott Wooldridge** | February 16, 2021 at 09:51 AM

## **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; high cost share for low value care
- Successfully implemented by hundreds of public and private payers



## Health Plans That Nudge Patients to Do the Right Thing



Austin Frakt

THE NEW HEALTH CARE JULY 10, 2017



### RELATED COVERAGE



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# Putting Innovation into Action: Translating Research into Policy



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



# 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 150 Million Americans have enhanced coverage for evidence-based preventive care



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

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  - CARES Act amended Section 2713, requiring all commercial plans to cover coronavirus vaccine without consumer cost-sharing

# Translating Research into Policy: Medicare



Medicare Advantage V-BID Model Test; Senior Savings Plan

# Medicare Advantage V-BID Model Test: Expanded Opportunities

## Permissible interventions:

Reduced cost-sharing 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

### Rewards and Incentives

\$600 annual limit

Increase participation

Available for Part D

### Targeting Socioeconomic Status

Low-income subsidy

Improve quality, decrease costs

### Telehealth

Service delivery innovations

Augment existing provider networks



# Translating Research into Policy: High Deductible Health Plans



IRS 2019-45: Pre-deductible Coverage Allowed for Services and Drugs for Chronic Conditions



# U.S. DEPARTMENT OF THE TREASURY

## PRESS RELEASES

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

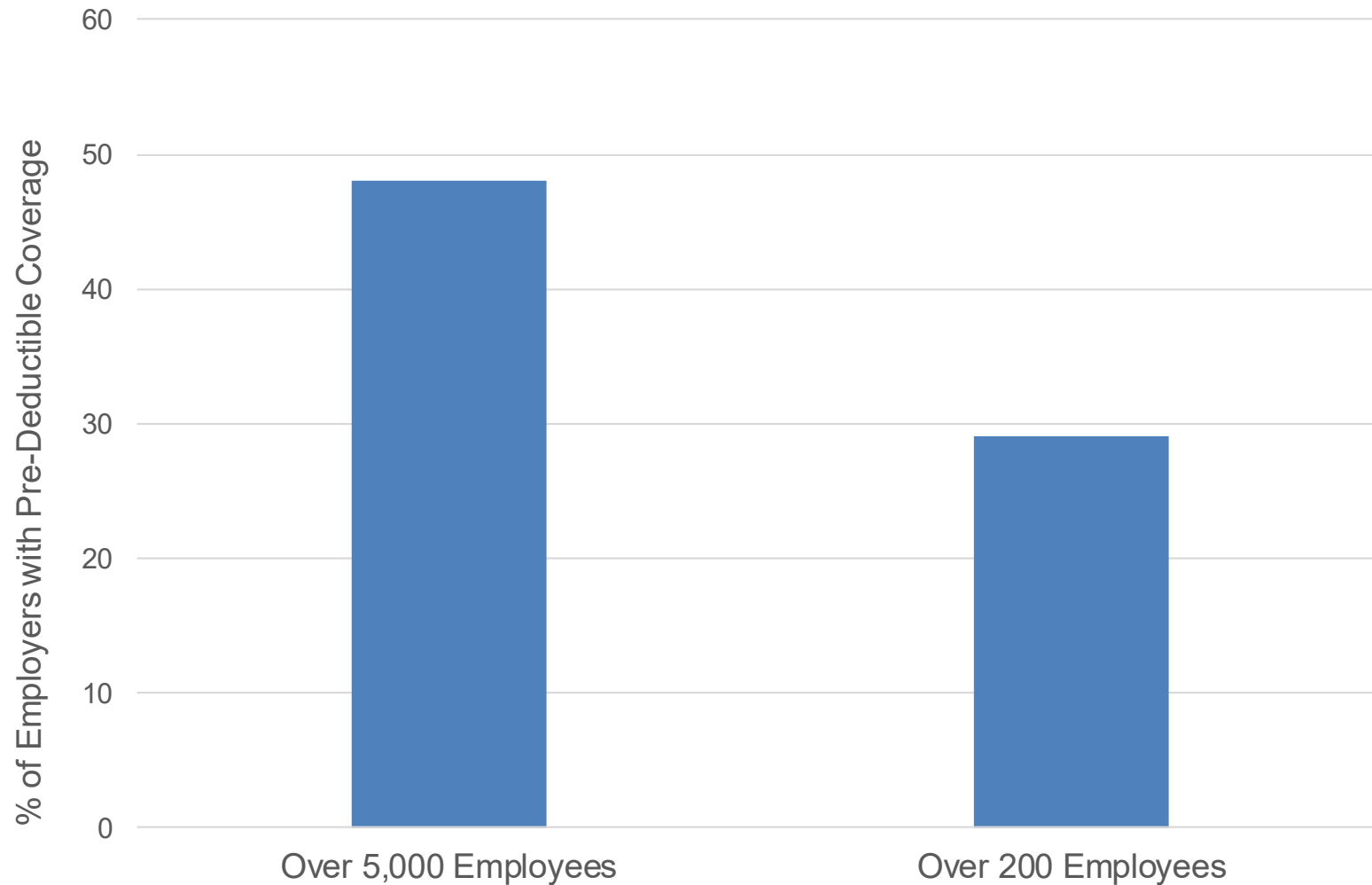


# IRS Notice 2019-45: List of services and drugs for certain chronic conditions that are classified as preventive care

<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





# 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

**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: Guiding Principles**

- **Make concrete recommendations**
- **Anticipate and address barriers**
- **Payers must be able to use template to design a V-BID product**
- **The best must not be the enemy of the good**
- **Output would be publically available**

# Identification of services:

1. **Favor services with the strongest evidence-base**
2. **Favor services that are more responsive to cost-sharing**
3. **Favor services with a high likelihood to be high- or low-value, independent of the clinical context**
4. **Focus on areas with most need for improvement**
5. **Consider equity, adverse selection, impact on special populations, and the risk pool**

# V-BID X: Project Members



- Research supported by Arnold Ventures
- Oliver Wyman provided actuarial estimates

## High-Value Services and Drugs with Highly Reduced or Eliminated Cost-Sharing

Glucometers and testing strips	Anti-thrombotic/anticoagulants
LDL testing (hyperlipidemia)	Anti-depressants
Hemoglobin A1C testing (diabetes)	Statins
Cardiac rehabilitation	Antipsychotics
INR testing (hypercoagulability)	ACE inhibitors and ARBs
Pulmonary rehabilitation	Beta blockers
Peak flow meters (asthma)	Buprenorphine-naloxone
Blood pressure monitors (hypertension)	Anti-resorptive therapy
Glucose lowering agents	Tobacco cessation treatments
Rheumatoid arthritis medications	Naloxone
Inhaled Corticosteroids	Thyroid-related
Antiretrovirals	



## **Low-Value Services with No Coverage**

Spinal fusions

Vertebroplasty and kyphoplasty

Vitamin D testing

Proton beam therapy for prostate cancer

## Commonly Used Services with Limited Value and Increased Cost-Sharing

Outpatient specialist services

X-rays and other diagnostic imaging

Outpatient labs

Outpatient surgical procedures

High-cost imaging

Non-preferred branded drugs

## V-BID X: Plan Flexibility

**The list of services and service categories used in this first iteration of V-BID X represents just one version of what such a plan design could look like.**

**Payers have significant flexibility regarding how to design a version of V-BID X. Key parameters include:**

- **Selection of high-value services for reduced cost-sharing**
  - **Level of cost-sharing reduction for high-value services**
  - **Selection of low-value services for increased cost sharing**
  - **Level of cost-sharing increase for low-value services**
  - **Determination of the actuarial value of the plan**
-

MAY 08 | MORE ON MEDICARE & MEDICAID

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

# HHS 2021 Payment Rule Strongly Endorses V-BID X

## 6. Promoting Value-Based Insurance Design

Borrowing from work provided by the Center for Value-based Insurance Design at the University of Michigan <sup>156</sup> (the Center), Table 5 lists high value services and drugs that an issuer may want to consider offering with lower or zero cost sharing. Table 5 also includes a list of low value services that issuers should consider setting at higher consumer cost sharing. High value services are those

# 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

- Blood pressure monitors (hypertension)
- Cardiac rehabilitation
- Glucometers and testing strips (diabetes)
- Hemoglobin a1c testing (diabetes)
- INR testing (hypercoagulability)
- LDL testing (hyperlipidemia)
- Peak flow meters (asthma)
- Pulmonary rehabilitation

## 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 X: More Generous Coverage of Essential Clinical Care Without Increasing Premiums or Deductibles

- Expand pre-deductible coverage/reduce cost sharing on high value clinical services
- 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:

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



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