Partnering for the Future

LAN SUMMIT
Health Care Payment Learning & Action Network

205 Dialogue Session: Value-Based Insurance Design for APMs
Welcome

Mark Fendrick
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The Role of Value-Based Insurance Design to Better Align Incentives for Providers and Consumers

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Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality.

Irrespective of these advances, cutting health care spending is the main focus of reform discussions.

Underutilization of high-value services persists across the entire spectrum of clinical care.

Our ability to deliver high-quality health care lags behind the rapid pace of scientific innovation.
Flintstones Delivery
Moving from the Stone Age to the Space Age: Change the discussion from “How much” to “How well”

- Three-quarters of Americans say that our country doesn’t get good value for what it spends on healthcare

- 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

- Policy deliberations focus primarily on quality-driven alternative payment models

- Provider and consumer incentives should be aligned to drive value – but unfortunately are not

- Consumer cost-sharing is the most common policy lever
Consumer Cost-Sharing: Paying More for ALL Care Regardless of Value

Impact of Consumer Cost-sharing

- Deductibles
- Co-insurance
- Co-payments
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)
Moving from the Stone Age to the Space Age: Change the discussion from “How much” to “How well”

- Americans do not care about the cost of care; they care about what it costs them.
- “One size fits all” increases in consumer cost-sharing are ‘blunt’ instruments that reduce the use of high value care and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions.
- Provider-facing and consumer engagement initiatives must be aligned.
Implementing Clinical Nuance: 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
- Successfully implemented by hundreds of public and private payers
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)

Over 137 million Americans have received expanded coverage of preventive services
Majorities Favor Many Key ACA Provisions, But Not Its Individual Mandate

Percent who favor each of the following specific elements of the health care law:

- Allows young adults to stay on their parents’ insurance plans until age 26: 85%
- Eliminates out-of-pocket costs for many preventive services: 83%
- Provides financial help to low and moderate income Americans who don’t get insurance through their jobs to help them purchase coverage: 80%
- Gives states the option of expanding their existing Medicaid program to cover more low-income, uninsured adults: 80%
- Prohibits insurance companies from denying coverage because of a person’s medical history: 69%
- Requires nearly all Americans to have health insurance or else pay a fine: 35%

NOTE: Some items asked of half samples. Question wording abbreviated, see topline for full question wording.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted November 15-21, 2016)
Putting Innovation into Action: Translating Research into Policy
More Than One-Third of Medicare Beneficiaries Spent 20% or More of Their Income on Out-of-Pocket Costs in 2013

NOTE: Estimates based on spending and income amounts in 2016 dollars. Excludes Medicare Advantage enrollees and beneficiaries enrolled in Part A or B only. Total out-of-pocket health care spending includes spending on services and premiums for Medicare and private health insurance premiums. Income is measured on a per person basis, which for married couples is income for the couple divided in half.

SOURCE: Kaiser Family Foundation analysis based on CMS Medicare Current Beneficiary Survey 2013 Cost and Use file.
Implementing V-BID in Medicare: Policy Barriers Ahead

Why not lower cost-sharing on high-value services?

The anti-discrimination clause of the Social Security Act does not allow clinically nuanced consumer cost-sharing.
MA V-BID – 1st CMS Demonstration Allowing Cost-Sharing Reductions for Individuals with Specific Clinical Conditions

2018 Budget Expands MA V-BID Model Test to all 50 States by 2020
WASHINGTON — Congress and the Trump administration are revamping Medicare to provide extra benefits to people with multiple chronic illnesses, a significant departure from the program’s traditional focus that aims to create a new model of care for millions of older Americans.
Putting Innovation into Action: Translating Research into Policy
Value-based insurance coming to millions of people in Tricare

- **2017 NDAA:** Obama Administration - reduce or eliminate co-pays and other cost sharing for certain high services and providers.

- **2018 NDAA:** Trump Administration – reduce cost sharing for high value drugs on the uniform formulary.
Sky-High Deductibles Broke the U.S. Health Insurance System

Employers are questioning a system they say costs patients too much.

- 40% of Americans face a deductible of $1,300+
- More than are 70M Americans enrolled in an HDHP
- HDHP is only option for 13% of Americans with employer-sponsored coverage
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
However, IRS guidance requires that services used to treat "existing illness, injury or conditions" are not covered until the minimum deductible is met.

As HSA-HDHP enrollees with existing conditions are required to pay out-of-pocket for necessary services, they utilize less care, potentially resulting in poorer health outcomes and higher costs.
Potential Solution:
High Value Health Plan

Flexibility to expand IRS "Safe Harbor" to allow coverage of additional evidence-based services prior to meeting the plan deductible.
Chronic Disease Management Act of 2018

115th Congress
2d Session

S.2410 and H.R.4978
Bipartisan, Bicameral Legislation
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.
Creating ‘Headroom’ to Pay for High-Value Care
Identifying /Removing Unnecessary Services

- Discouraging the use of specific low-value services must be part of the strategy

- Unlike delay for cost offsets from improved quality, savings from waste elimination are immediate and substantial

- Identification, measurement, and removal of unnecessary cancer care has proven challenging
Reducing Low Value Care: Where to Start?

- Although much of the low-value care discussion has focused on high-cost services, low-cost items are less likely to draw attention by particular clinicians or patient advocacy groups.

- Choose services:
  - Easily identified in administrative systems
  - Mostly low value (little or no clinical nuance)
  - Reduction in their use would be barely noticed
| Multi-Stakeholder Task Force on Low Value Care Identifies 5 Commonly Overused Services Ready for Action |
|---|---|
| **1.** Diagnostic Testing and Imaging Prior to Surgery |
| **2.** Vitamin D Screening |
| **3.** PSA Screening in Men 75+ |
| **4.** Imaging in First 6 Weeks of Low Back Pain |
| **5.** Branded Drugs When Identical Generics Are Available |
Many “supply side” initiatives are restructuring provider incentives to move from volume to value:

- Medical Homes
- Electronic Medical Records
- Accountable Care Organizations
- Bundled Payments/Reference Pricing
- Global Budgets
- High Performing Networks
Unfortunately, some “demand-side” initiatives – including consumer cost sharing - discourage consumers from pursuing the “Triple Aim”
The alignment of clinically nuanced, provider-facing and consumer engagement initiatives is a necessary and critical step to improve quality of care, enhance patient experience, and contain cost growth.
“If we don’t succeed then we will fail.”

Dan Quayle
Discussion Leaders

**Rick Hess**
Executive Director, Joint Ventures Strategy & Planning, Aetna

**Pauline Lapin**
Director, Seamless Care Models Group, CMS

**Andrew Webber**
Senior Advisor, Discern Health
### Dialogue Session Objectives:

- Give Summit attendees an opportunity to provide their feedback, insight, and questions on the topic of value-based insurance design and its integration into alternative payment models.

- Create a safe environment for audience members to ask questions and share experiences with the listeners as well as their fellow audience members.

### Dialogue Session “Ground Rules”

- Audience members will be asked to share their thoughts/comments with the listeners for reactions and insights; Mark Fendrick (facilitator) will also ask questions of the audience to ask for their input and experiences.

- Audience members will be mindful of the limited time and keep questions brief in order to allow others the same opportunity.

- Listeners are not obligated to comment on all questions; In particular, listeners from CMS will not comment on open rulemaking items or any open policy related questions.
Visit the LAN Website for our Resources

https://hcp-lan.org/
Exit Survey

We want to know what you think!

Please take a moment to complete the exit survey so we can continue to improve and enrich the LAN. Use the link in Guidebook for this session to provide us your feedback.
Thank You!