

The 'Screen Door' Approach to Value-Based Insurance Design: Leveraging New HSA-HDHP Guidance and Beyond

December 18, 2019

Speakers



Mark Fendrick
Director
University of Michigan
Center for Value-Based
Insurance Design



Mike Hely
Senior Director, Legal &
Policy Services
St. Louis Area Business
Health Coalition



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN
UNIVERSITY OF MICHIGAN

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A. Mark Fendrick, MD

University of Michigan Center for Value-Based Insurance Design

www.vbidcenter.org (slides available)



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Restoring Health to the Health Care Value Debate

- 1** Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality
- 2** Irrespective of remarkable clinical advances, cutting health care spending is the main focus of reform discussions
- 3** Underutilization of high-value care persists across the entire spectrum of clinical care
- 4** 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 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**
- **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**
- **Consumer cost-sharing is a common policy lever**

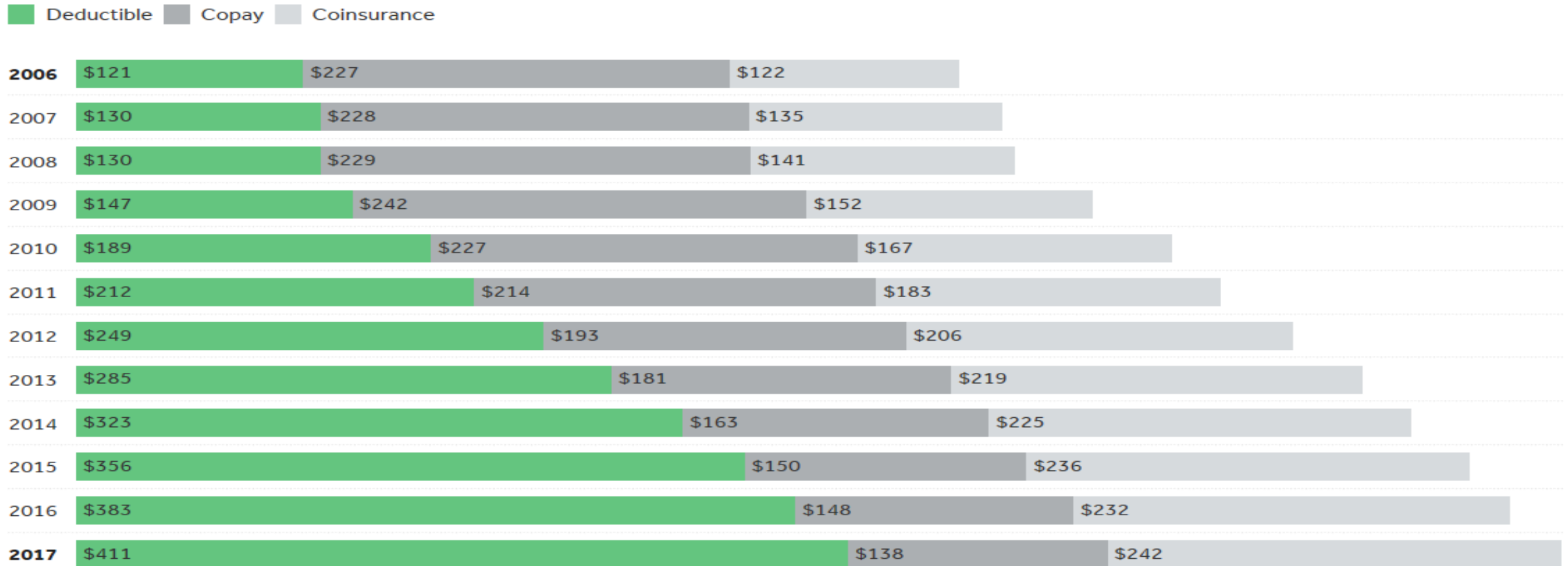
Americans Do Not Care About Health Care Costs; They Care About **What It Costs Them**

Patient Worry About Out-of-Pocket Healthcare Costs at All-Time High

A report from the Commonwealth Fund noted that patients are not confident they can afford high out-of-pocket healthcare costs.



Out-of-pocket spending among people with large employer coverage, Paying More for ALL Care Regardless of Value



Source: KFF analysis of data from IBM MarketScan Database and the KFF Employer Health Benefit Survey



“

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)

Impact of Cost-Sharing on 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*

¹Department of Health Care Policy, Harvard Medical School, Boston, MA, USA; ²Thomson Healthcare, Ann Arbor, MI, USA; ³Managed Markets Division, GlaxoSmithKline, Research Triangle Park, NC, USA; ⁴Managed Markets Division, GlaxoSmithKline, Montvale, NJ, USA; ⁵Departments of Internal Medicine and Health Management and Policy, Schools of Medicine and Public Health, University of Michigan, Ann Arbor, MI, USA.

- **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



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

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



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

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**

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



List of services and drugs for certain chronic conditions that will be 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

Chronic Disease Management Act of 2019

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.

Chronic Disease Management Act of 2019

115TH CONGRESS
2D SESSION



To

- Allows for pre-deductible coverage on high value clinical services used to manage 20 chronic diseases

their plan deductible.

n
to permit
the disease
satisfying

Where does the money come from to provide better coverage for evidence-based care?

- **Raise Premiums**

Where does the money come from to provide better for coverage for evidence-based care?

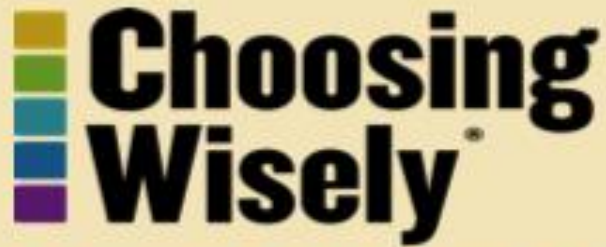
- ~~Raise Premiums~~
- Increase Deductibles, Copayments and Coinsurance

Where does the money come from to provide better coverage for evidence-based care?

- ~~Raise Premiums~~
- ~~Increase Deductibles, Copayments and Coinsurance~~
- Reduce Spending on Low Value Care



Reducing Low Value Care: Identify

The logo for "Choosing Wisely" features a vertical bar with four colored segments (yellow, green, blue, and purple) to the left of the text "Choosing Wisely" in a bold, black, sans-serif font.

An initiative of the ABIM Foundation

&



U.S. Preventive Services
TASK FORCE

Choose services:

- Easily identified in administrative systems
- Mostly low value
- 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 Low Risk Surgery



2. Vitamin D Screening



3. PSA Screening in Men 70+



4. Imaging in First 6 Weeks of Acute Low Back Pain



5. Branded Drugs When Identical Generics Are Available

V-BID X:

Better Coverage, Same Premiums and Deductibles



Increased cost-sharing on **low-value services** reduces spending...



Spinal Fusions



Vitamin D
screening tests



Proton beam for
prostate cancer

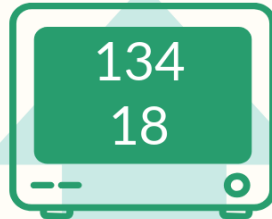


High-cost
diagnostic imaging

...and allows for lower cost-sharing and increased spending on **high-value services**



Hemoglobin
A1c tests



Blood pressure
monitors

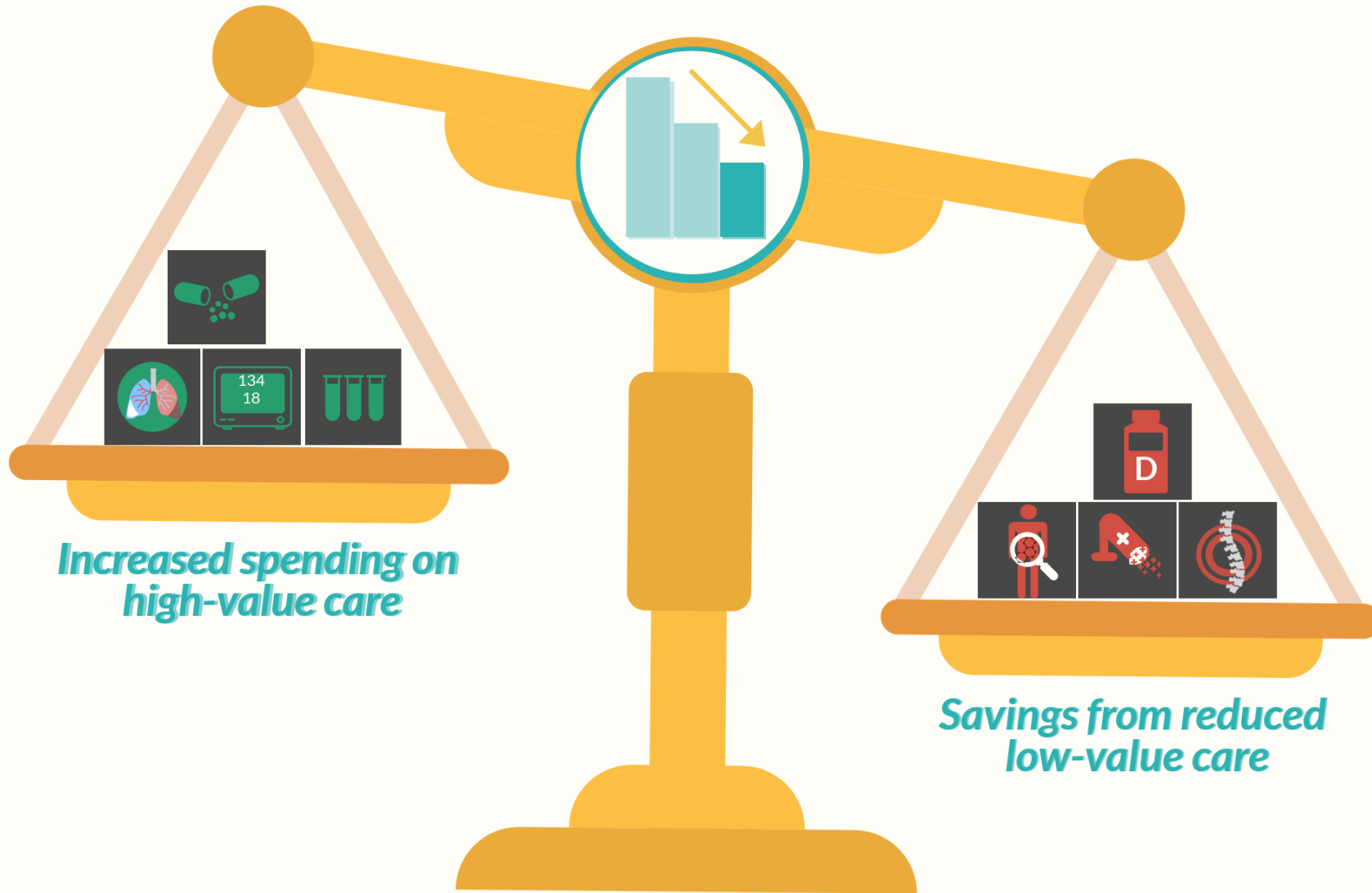


Pulmonary
rehabilitation



High-value
prescription drugs

When savings from reduced use of low-value care
exceed extra spending on high-value services,
premiums will decrease



HDHP Reform Goals

- **Expand pre-deductible coverage on high value clinical services**
 - **Determine actuarial impact of resultant increase use**
- **Identify and measure low value care**
- **Create new benefit design (e.g. V-BID X) that pays for increase spend on high value care without the need to increase premiums or deductibles**

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 visible in large yellow letters on the field. The stadium is surrounded by parking lots and some buildings. The image is used as a background for the text overlay.

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

Dan Quayle

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