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Implementing Value Based Insurance Design in the States: Advocacy Considerations and Policy Options

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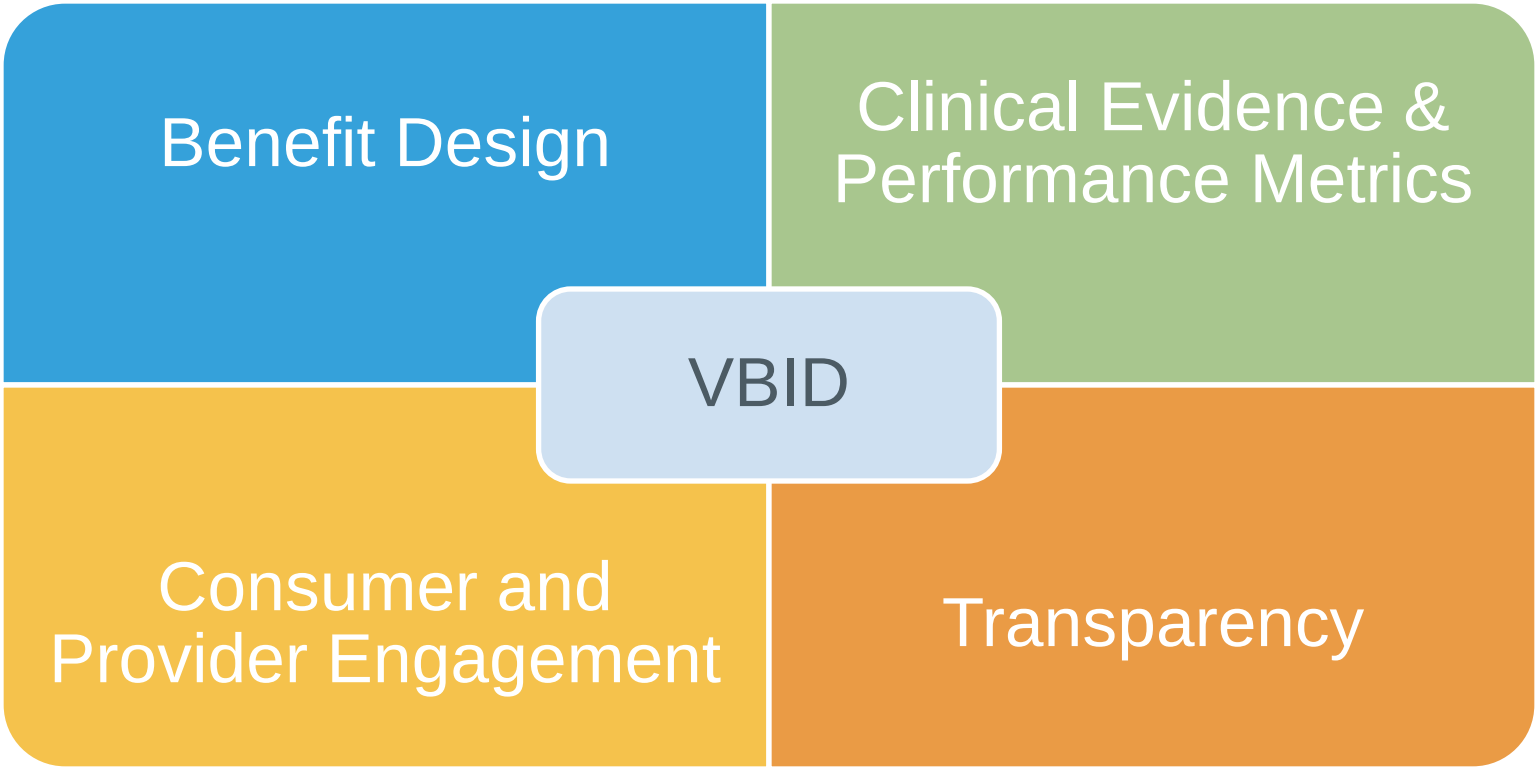
Building Blocks of Consumer Friendly VBID



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Advocacy Considerations to Build Consumer Friendly VBID

- Focus on High Value Care
- Ensure Benefits are Based on Evidence
- Don’t Confuse VBID with Wellness Programs

Focus on Greatest Need- High Value Care

Removing cost barriers to high value care is high need, low consumer risk

Increased cost-sharing for low-value care is much higher risk

- Many services aren't universally low value to all patients
- Providers- NOT consumers- drive most treatment decisions

Plans should never focus solely on disincentives to discourage use of low-value care

- At minimum, focus on both high and low-value services

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Ensure Benefits are Based on Evidence

Benefit design should be informed by strong clinical evidence, not just consideration of cost

Plans must have easy exceptions process for patients to access highest value care based on their personal needs

- E.g. Reduced cost-sharing for specialty drug if lower-cost, high value option is ineffective

Create public transparency in benefit design

- State clinical advisory panels dictate permissible plan design or help review plan design
- Add clinic evidence reporting requirements w/ plan submission
- Third-party comparative effectiveness research (ICER, U of M VBID Center)

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Don’t Confuse VBID with Wellness Programs

Value-Based Insurance	Wellness Penalties
Evidence Based	Not-Evidence Based
Cost-sharing based on clinical value of care	Cost-sharing based on participation in program or achieving health goals
Never alters premiums	Higher premiums for enrollees with health risks/who cannot participate
Lowers cost-sharing for high value care for enrollees with related health risks	**Raises cost-sharing** for enrollees with health risks/who cannot participate

Mary

Age: 57 years old
Chronic condition: Diabetes

Mary gets coverage through her job at Company X. Even with an additional part-time job, she still can't afford both her health insurance premiums and the copayment for medications. Therefore, she cannot always afford to refill her prescriptions.

Company X

Health plan costs:
$250 premium/month
$30 copayments on medications

Company X wants to design a health plan to help its employees manage their chronic conditions.

SCENARIO 1 Reward/penalty program		SCENARIO 2 Value-based insurance design
$50 discount on monthly premium No copayment on certain prescriptions to manage chronic conditions	BENEFIT	No copayments for high-value services and drugs Reduced copayments for name-brand versions of recommended medications Free health coaching
Annual physical 15 in-person health coaching sessions a year	PARTICIPATION REQUIREMENT TO RECEIVE BENEFIT	None
	EFFECT ON MARY	
Mary is not eligible for the program because her second job prevents her from attending all 15 health coaching lessons.	SUMMARY	Since there are no participation requirements, Mary is able to benefit from the value-based insurance design program.
Maintains $250 premium and $30 copayment for prescriptions.	COST	No copayments for high-quality medications. Premium remains at $250 a month.
Mary still can't fill her prescriptions due to cost. Her risk for complications increases.	HEALTH	Mary refills prescriptions when needed and sticks to her treatment regimen. Her risk for complications is reduced.

What are the state policy options for expanding value-based insurance design?

Implementing Value-Based Insurance Design Statewide

Plan Mandate Legislation: Require all health plans to provide first dollar coverage or reduced cost-sharing for certain high value services

- Expands on Section 2713 of ACA: No cost-sharing for preventive services
- Could apply to individual market, small group market, Medicaid
- Requires establishing clinical advisory body to identify services
- Transparency and opportunity for public input critical

Example: Massachusetts Legislation H. 948: "Barrier Free Care- No Co-pay Bill"

Implementing Value Based Insurance Design in Exchanges

QHP Certification Standards: Require insurers to include VBID elements in QHPs (or at least one QHP at each metal level)

- **Option 1:** Set minimum requirements (e.g. the number of health conditions VBID must target)
- **Option 2:** Prescribe the health conditions that VBID should target, leave flexibility in design
- **Option 3:** Prescribe the services that must be covered at reduced (or increased) cost-sharing

Standardized Plans: Develop standardized plan designs that carriers are required to sell and that incorporate VBID cost-sharing

Plan Selection Tools: Build marketplace website tools that advertise VBID in QHPs as incentive to insurers to include in plan design

View from State Exchange: Maryland

Maryland VBID Taskforce, Health Quality & Cost Council

Established in 2014: Developed draft definition of VBID plan and policy options for implementation in Exchange

Proposed Definition of VBID Plan (must include all elements):

1. Incentives to use high value services for at least 3 medical conditions;
2. At least 3 wellness incentives (incentives could be health risk assessment, weight loss class, tobacco cessation class, etc); and
3. Disincentives to discourage low value services for at least 3 medical conditions

Proposed Policy Options: Exchange encourage *or* require all QHPs (or at least one QHP per issuer per metal level) to meet VBID plan definition

Current Status:

- Concerns with definition among consumer groups
- Policy options still being considered by exchange committees

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Expanding VBID in Employer Coverage

SIM Grant/State Transformation Activities:

- ME and CT include VBID in SIM grant
- Focus on expanding voluntary VBID take-up in employer plans
- State Activities: VBID template plans, consumer education tools, and other resources for employers to use

Experience in Maine SIM:

- VBID Work Group run by Maine Health Management Coalition
- Developing template VBID plan, recommendations on wellness incentives and wellness benefits (e.g. coverage of Diabetes Prevention Program)

State Employee Plans: Oregon Public Employees' Benefit Board

- VBID implemented in 2011
- Decreased cost-sharing for chronic disease medication and office visits, added coverage of weight management services
- Additional copay for services considered overused, including sleep studies, advanced imaging, spinal injections

Federal Demonstrations: VBID in Medicare Advantage

Medicare Advantage Value Based Insurance Design Model Demo:

- 7 States (AZ, IN, IA, MA, OR, PA, and TN)
- Limited to 7 chronic conditions
  - Diabetes, COPD, Congestive Heart Failure, Hypertension, Coronary Artery Disease, History of Stroke, Mood Disorders
- Only allows reduced cost-sharing and added benefit; no increased cost-sharing
- Does allow wellness requirements for reduced cost-sharing
- Starts in 2017, CMMI accepted proposals from plans through January 2016

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Addressing Concerning Policy Proposals

Problem: Policy focused on increasing cost-sharing for low-value care

- Strive for minimum balance, inclusion of reduced cost-sharing for high-value services
- Limit the number of services w/ increased cost-sharing, ensure they are truly low-value
- Include exceptions process

Problem: Decreased cost-sharing contingent on meeting wellness requirements

- Make wellness requirements minimally burdensome, not tied to achieving health goals
- Provide full year to meet wellness requirements, impact following plan year
- Include exceptions process

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Additional Resources

Families USA Resources:

Principles for Consumer Friendly Value-Based Insurance Design: http://familiesusa2.org/assets/pdfs/VVBID-Brief.pdf

Key Difference between Wellness Reward/Penalty Programs and Value-Based Insurance Design: http://familiesusa2.org/assets/pdfs/health-system-reform/VBID-Wellness-Programs.pdf

State Resources:

Health Care for All Massachusetts, *Barrier Free Care- The No-Copay Bill:* https://www.hcfama.org/legislative/barrier-free-care-no-copay-bill

Maine Health Management Coalition, *Value Based Insurance Design Resources*: http://www.mehmc.org/employers/vbid/

CMMI, Medicare Advantage Value-Based Insurance Design Demo: https://innovation.cms.gov/initiatives/vbid/

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Thank You!

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