



# **Value-Based Insurance Design: Which Approaches Are Best For Consumers**

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November 10, 2014

- Why VBID matters to consumers
- Key Advocacy Considerations to Build Consumer-Friendly VBID
- Policy and Advocacy Opportunities

# VBID in a world of rising deductibles

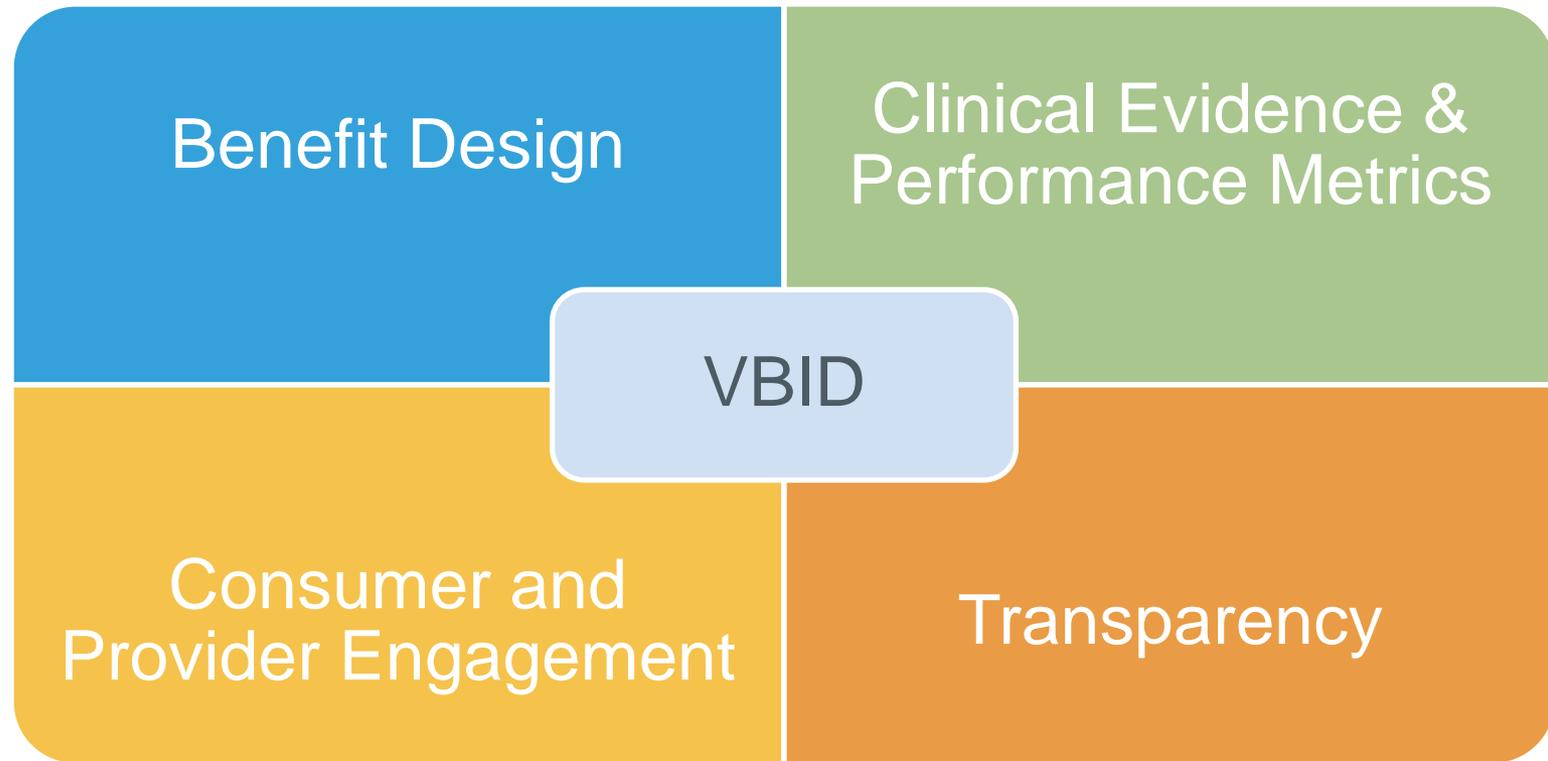
High deductibles/out-of-pocket costs becoming more common, posing barrier to care

Families USA report on individual market coverage in 2014:

- More than 50% of people had deductibles of \$1,500 or more
- One in four adults went without needed care due to affordability problems
- Tests, treatment, follow up care and prescription drugs most common care forgone

*VBID critical to reducing barriers to care that high deductibles pose*

# Building Blocks of Consumer Friendly VBID



# Advocacy Considerations to Build Consumer Friendly VBID

- Focus on High Value Care
- Who benefits from VBID?
- Ensuring Benefits are Based on Evidence
- VBID and Wellness Programs
- Value-Based Networks

## 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

## VBID for Chronic Conditions – Be Inclusive

- Common to focus on diabetes, heart disease, asthma
- Push out to other populations: Cancer, MS, Rheumatoid Arthritis, HIV

## Apply VBID Principles to Basic Care

- Reduced cost-sharing for office-based care, basic diagnostic tests and medications
- Promotes early detection and treatment of disease
- Very important in high deductible coverage

Unique challenges in Exchange coverage- AV constraints

# Ensuring Benefits are Based on Evidence

VBID should be built on strong clinical evidence, not just consideration of cost

- Highest value treatment isn't always the least expensive option or same for everyone

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

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

Creating public transparency on benefit design

- Reporting requirements w/ plan submission
- Advisory committee review of plan design
- Third-party comparative effectiveness research (ICER, U of M VBID Center, state taskforce recommendations)

# Differentiating VBID from Wellness Programs

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

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

Value Based networks add provider tiers and potential confusion for consumers- need robust education efforts

Value-Based Networks must be based on robust quality and performance metrics- not just cost

- Easy to understand quality performance info shared with consumers

Value-based networks need network adequacy protections

- Must be adequate network of high value providers to meet community
- Access to higher tier provider at lower cost-sharing where consumers can't access timely care from high value provider

## Exchange Plan Standards:

- Require or encourage issuers to include set VBID elements in QHPs
- Develop standardized QHP offerings w/ VBID elements
- *Ex: MD Exchange VBID Taskforce*

## State Plan Mandates:

- Legislation to require first dollar coverage of certain high value services
- *Ex: MA H. 948: “Barrier Free Care- No Co-pay Bill”*

## Work Directly with Friendly Insurers:

- Can you encourage voluntary adoption?
- Lift up positive experience of VBID plans, benefits to carriers

### Medicare Advantage Value Based Insurance Design Demo:

- 7 States (AZ, IN, IO, MA, OR, PA, and TN)
- Limited to 7 chronic conditions, only allows reduced cost-sharing and added benefit
- Starts in 2017, CMMI accepting plan applications now

### State Innovation Models/State Transformation Activities:

- NY and CT include VBID in SIM grant
- Including VBID as compliment to provider payment reform

# Additional 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>

*Non-Group Health Insurance: Many Insured Americans with High Out-of-Pocket Costs Forgo Needed Health Care:* <http://familiesusa.org/product/non-group-health-insurance-many-insured-americans-high-out-pocket-costs-forgo-needed-health>

*Designing Silver Plans with Affordable Out-of-Pocket Costs for Lower– and Moderate-Income Consumers:* <http://familiesusa.org/product/designing-silver-health-plans-affordable-out-pocket-costs-lower-and-moderate-income>

*Standardized Health Plans: Promoting Plans with Affordable Upfront Out-of-Pocket Costs:* <http://familiesusa.org/product/standardized-health-plans-promoting-plans-affordable-upfront-out-pocket-costs>

# Questions?

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