

Reducing Low Value Care in a Post Pandemic World

A. Mark Fendrick, MD

University of Michigan Center for
Value-Based Insurance Design

www.vbidcenter.org



@um_vbid

Hail to the Frontline

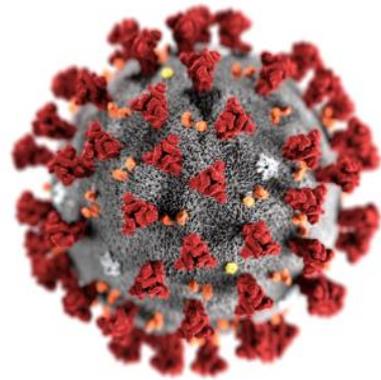
So many selfless people are doing truly wonderful things to successfully defeat this pandemic. Thank you.



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

- Everyone (almost) agrees there is enough money in the US health care system; we just spend it on the wrong services and in the wrong places
- Policy deliberations focus primarily on alternative payment and pricing models
- 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

Then Came Coronavirus...





The Onion 

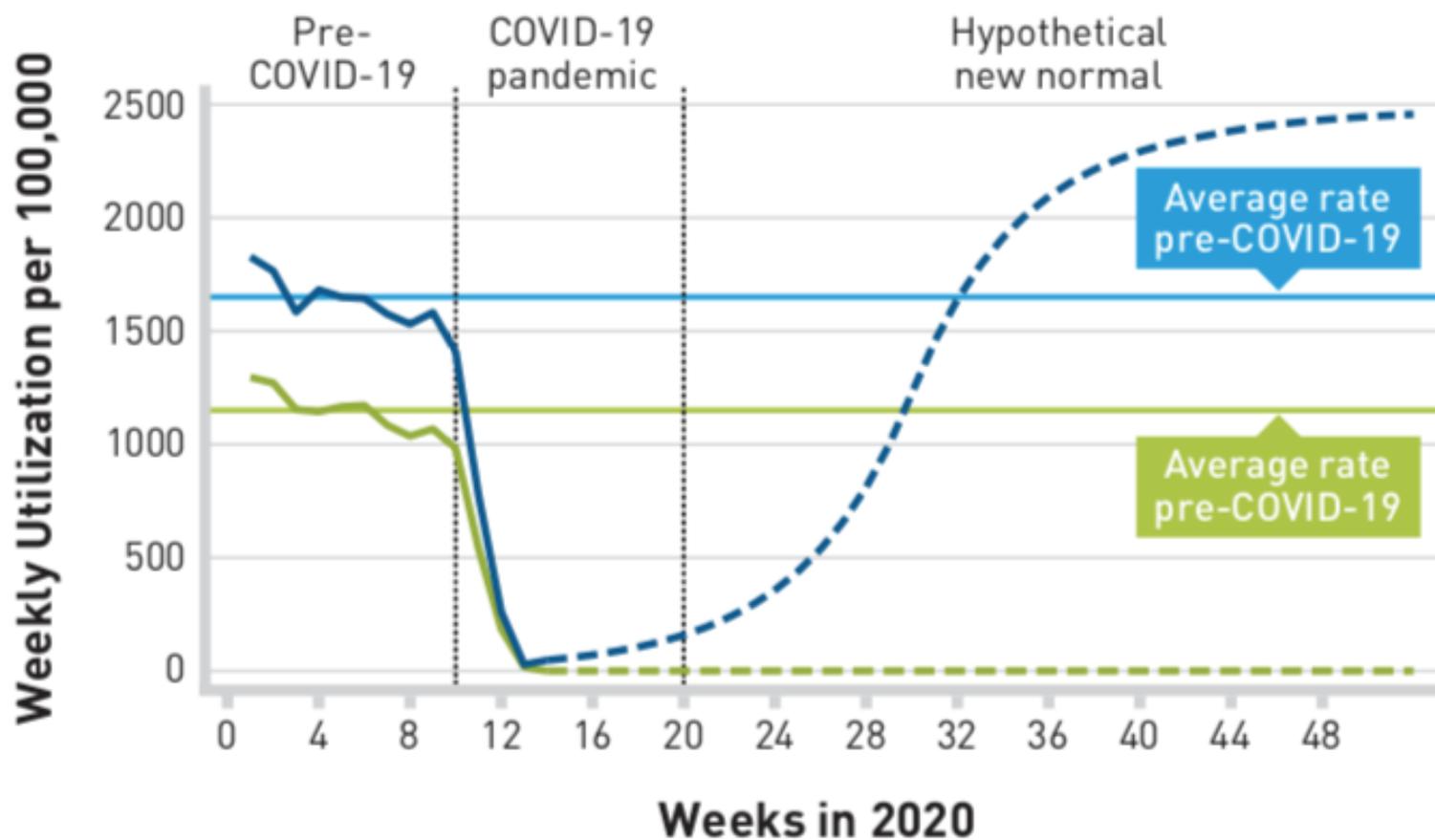
@TheOnion



Patient Rushed Into Unnecessary Surgery To Save Cash-Strapped Hospital bit.ly/314r3zN



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



— Low-value cancer screenings (actual data)

— Indicated cancer screenings (actual data)

- - - Low-value cancer screenings (hypothetical data)

- - - Indicated cancer screenings (hypothetical data)

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

- Build on existing alternative payment models that base reimbursement on patient-centered outcomes. increase reimbursement for high-value services and reduce or cease payment for known low-value care
- Leverage the widespread adoption of electronic health records (EHRs) to make it easier to order high-value care with simplified processes and discourage the use of low-value care with alerts
- Align patient cost-sharing with the value of the underlying services; reduce out of pocket cost on high value services and increase patient cost on **low value care**

Paying for More Generous Coverage of High Value Care: Reduce Spending on Low Value Care



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

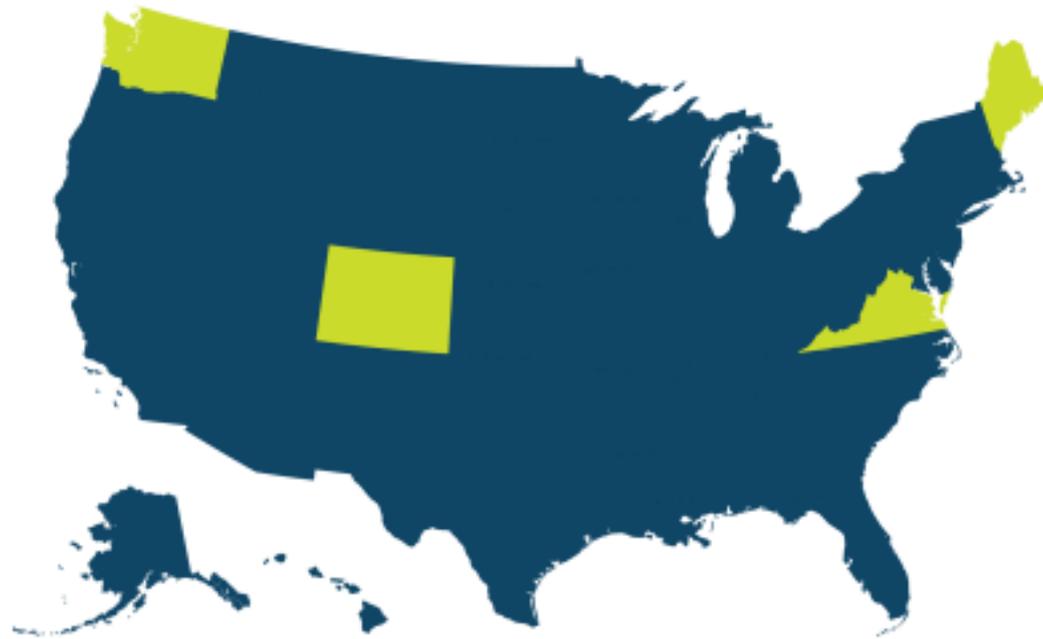


Branded drugs when identical
generics are available

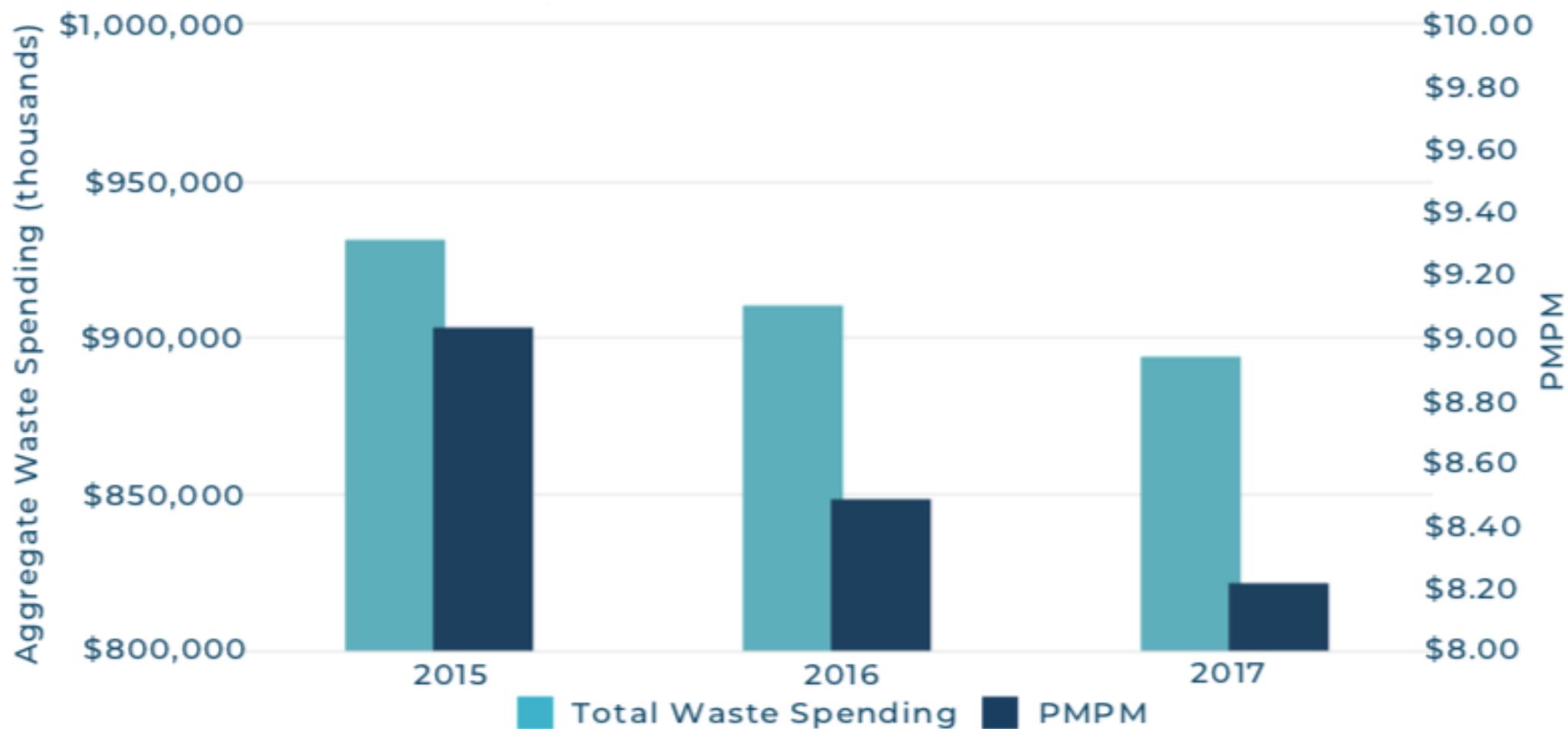


Low-back pain imaging
within 6 weeks of onset

Utilization and Spending on Low-Value Medical Care Across Four States



Total Spending on 47 Low-Value Services by Four States in Medicaid and Commercial Plans, 2015-2017



Notes: this figure shows total spending (sum of plan and patient spending) on the 47 low-value services for commercial and Medicaid only, across three years for all four states: Colorado, Maine, Virginia, Washington.

Spending on 47 Low-Value Services in Medicaid and Commercial Plans in 2017 by Patients and Plans



Notes: spending in thousands \$. These figures only represent Maine, Colorado, and Virginia. Washington did not separately report patient and plan spending, estimated allowed spending based on standard pricing for Medicaid and commercial plans

Spending on “Top 10” Commercial and Medicaid Low-Value Services by Volume in 2017

2017	Total Spend on "Top 10" LVC Services	PMPM	% Total Medicaid and Commercial Waste Spending
Maine	\$49,659	\$6.67	78%
Washington*	\$278,236	\$8.69	80%
Colorado	\$160,125	\$5.65	73%
Virginia	\$179,322	\$4.37	68%
Total	\$667,343	\$6.13	70%

Notes: total spending in thousands \$. PMPM = total spending on the top 10 services divided by total member months (Appendix 3) provided by the states for 2017. These data only include Medicaid and commercial spending. *Washington does not report plan and patient spending separately.

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**



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	

High-Value Branded Drug Classes with Reduced Cost-Sharing

Pre-exposure prophylaxis for HIV

Hepatitis C direct-acting combination

Anti-TNF

Low-Value Services with No Coverage

Spinal fusions

Vertebroplasty and kyphoplasty

Vitamin D testing

Proton beam therapy for prostate cancer

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 Michigan¹⁵⁶ (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

Enhancing Access and Affordability to Essential Clinical Services: A Need to Reduce Low Value Care in the 'New Normal'

- Expand pre-deductible coverage/reduce consumer cost-sharing on high-value clinical COVID-19 related care and other essential chronic disease services
- Identify, measure and reduce low-value care to pay for more generous coverage of high-value care
- Implement clinically-driven plan payment reform, technologies and benefit designs that increase use of high-value services and deter low value care

Multi-stakeholder Efforts to Reduce Low Value Care: Smarter Care Virginia



<https://www.vahealthinnovation.org/scv/>