High Value Health Plan:
Making HSA-HDHPs Great (Again ; )

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Cutting health care spending is the principle focus of reform deliberations.

HSA-HDHPs are a popular policy lever to achieve this goal.
Physician Support of Health Reform Proposals

- Increase use of health savings accounts: 68.7%
- Public insurance option to compete with private plans: 66.5%
- Pay physicians for value rather than volume: 61.7%
- Tax credits for Medicaid-eligible people to purchase private insurance: 58.6%
- Require state Medicaid expansion: 47.4%
- Expand Medicare to people 55–64 yr of age: 42.8%
- Deregulate private insurance: 42.0%
- Increase use of high-deductible health plans: 29.4%
Physician Support of Health Reform Proposals

**Like HSAs**
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Physicians Who Agree or Strongly Agree (%)
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Don’t Like HDHPs

*V-BID*
Healthcare Costs are Americans' Top Financial Concern

% of Americans saying ‘health care costs’ to open ended question asking most important financial problem

Source: Gallup poll, June 7-11, 2017
Americans Do Not Care About Health Care Costs; They Care About What It Costs Them

### Lowering Out-of-Pocket Costs Is Top Health Care Priority

Should each of the following things Donald Trump and the next Congress might do when it comes to health care be a top priority, an important but not a top priority, not too important, or should it not be done?

<table>
<thead>
<tr>
<th>Health Care Priority</th>
<th>Top priority</th>
<th>Important but not a top priority</th>
<th>Not too important</th>
<th>Should not be done</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowering the amount individuals pay for health care</td>
<td>67%</td>
<td>26%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Lowering the cost of prescription drugs</td>
<td>61%</td>
<td>28%</td>
<td>6%</td>
<td>3%</td>
</tr>
<tr>
<td>Dealing with the prescription painkiller addiction epidemic</td>
<td>45%</td>
<td>38%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Repealing the 2010 health care law</td>
<td>37%</td>
<td>21%</td>
<td>7%</td>
<td>31%</td>
</tr>
<tr>
<td>Decreasing how much the federal government spends on health care over time</td>
<td>35%</td>
<td>33%</td>
<td>9%</td>
<td>18%</td>
</tr>
</tbody>
</table>
Impact of Cost-Sharing

• Increasing consumer cost sharing reduces the use of both high and low value services
• Worsens disparities and adversely affect health, particularly among economically vulnerable individuals and those with chronic conditions

Effects of Increased Patient Cost Sharing on Socioeconomic Disparities in Health Care

Michael Chernew, PhD 1 Teresa B. Gibson, PhD 2 Kristina Yu-Isenberg, PhD, RPh 3 Michael C. Sokol, MD, MS 4 Allison B. Rosen, MD, ScD 5, and A. Mark Fendrick, MD 5

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Value-Based Insurance Design (V-BID)

• Sets consumer cost-sharing level on clinical benefit – not acquisition price – of the service
  – Reduce or eliminate financial barriers to high value services

• Successfully implemented by hundreds of public and private payers

• ACA
• Medicare Advantage
• TRICARE
Health Plans That Nudge Patients to Do the Right Thing
V-BID: Broad Multi-Stakeholder Support

- HHS
- CBO
- SEIU
- MedPAC
- Brookings Institution
- The Commonwealth Fund
- NBCH
- American Fed Teachers
- Families USA
- AHIP
- AARP
- DOD

- 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

Health Plans That Nudge Patients to Do the Right Thing

No V-BID in HSA-HDHPs
IRS Safe Harbor Guidance allows zero consumer cost-sharing for specific preventive services

INCLUDING:

☑ periodic health evaluations/screenings
☑ routine prenatal and well-child care
☑ child and adult immunizations
☑ tobacco cessation programs
☑ obesity weight-loss programs

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.
Are high-value health plans the wave of the future?

• Lower premiums compared to most PPO and HMO plans
• Pre-deductible coverage of additional evidence-based services to leads to better clinical outcomes
• Substantially reduces total health care spending
• Provides millions of Americans a plan option that better meets their clinical and financial needs
H.R. 5652: "Access to Better Care" Act

114th Congress
2d Session

H. R. 5652

IN THE HOUSE OF REPRESENTATIVES

Bipartisan legislation amends IRS Code to allow HDHPs the flexibility to provide coverage for services that manage chronic disease prior to meeting the plan deductible.
6. Internal Revenue Service.

The Commissioner of the Internal Revenue Service shall update the preventive care safe harbor under Section 223(c)(2)(C) of the Internal Revenue Code to include services or benefits, including medications, intended to prevent chronic disease progression or complications, for the purpose of helping patients adhere to clinical regimens and thereby reducing costs of healthcare.
Draft executive order would enhance high-deductible coverage for chronic disease care

By Shelby Livingston | June 26, 2017

While all eyes were on Senate Republicans last week as they rushed to assemble their bill to repeal the Affordable Care Act, a draft version of a White House executive order surfaced that would allow patients enrolled in high-deductible health plans to access care for chronic conditions before they meet their deductible. Patients enrolled in high-deductible plans linked to tax-exempt health
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