



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN

UNIVERSITY OF MICHIGAN

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

A. Mark Fendrick, MD

**University of Michigan Center for
Value-Based Insurance Design**

www.vbidcenter.org



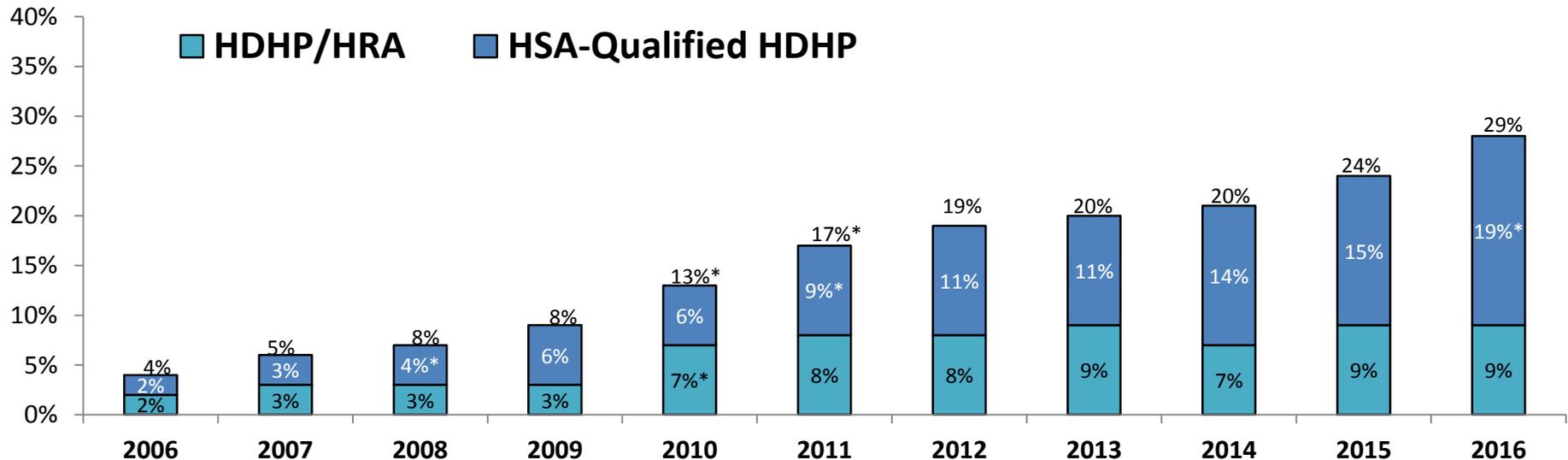
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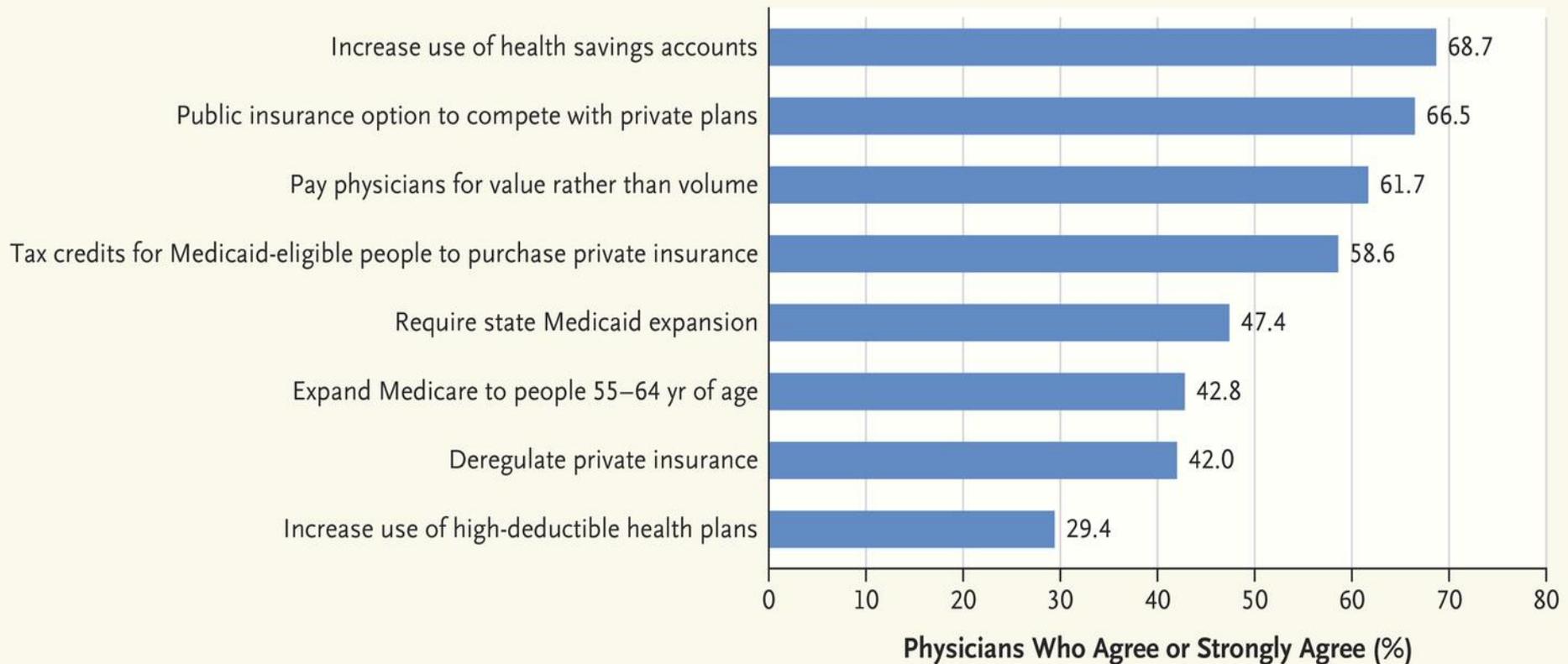


Making HSA-HDHPs Great (Again ;)

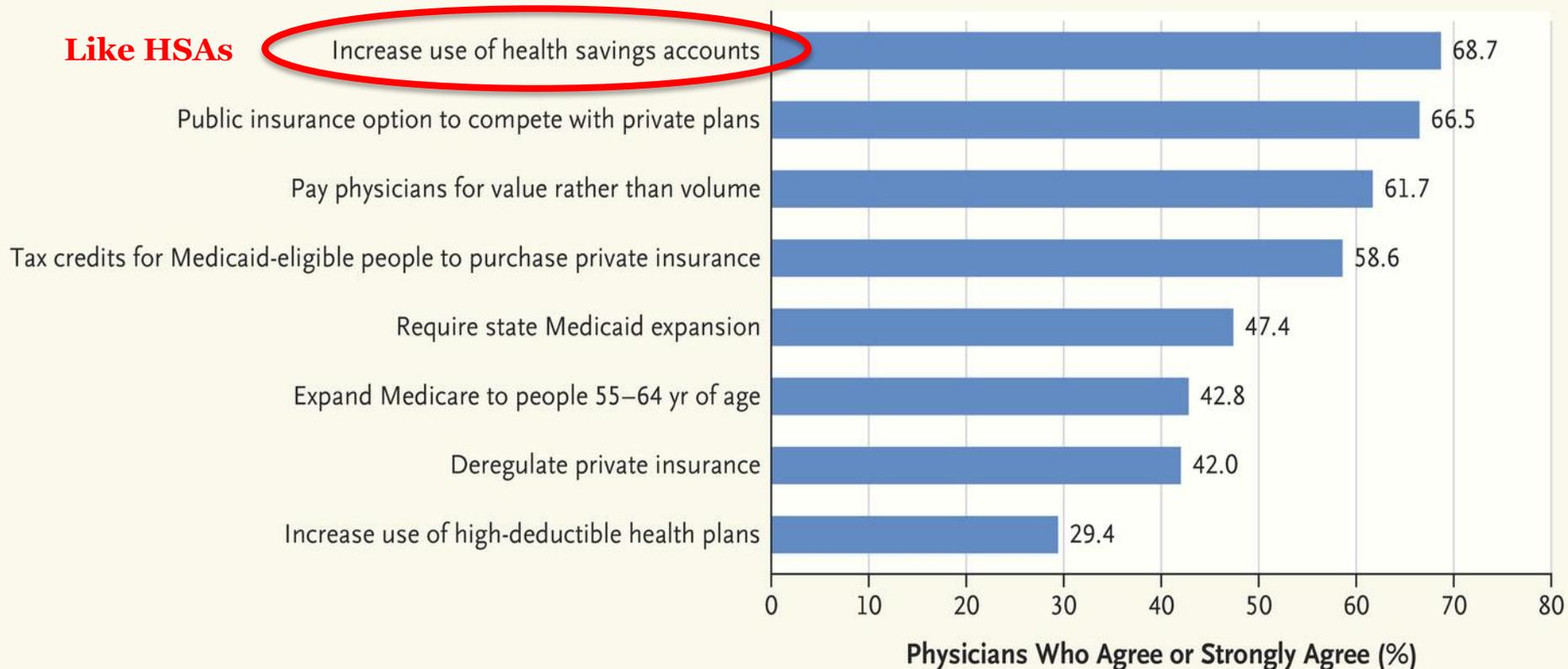
- **Cutting health care spending is the principle focus of reform deliberations**
- **HSA-HDHPs are a popular policy lever to achieve this goal**



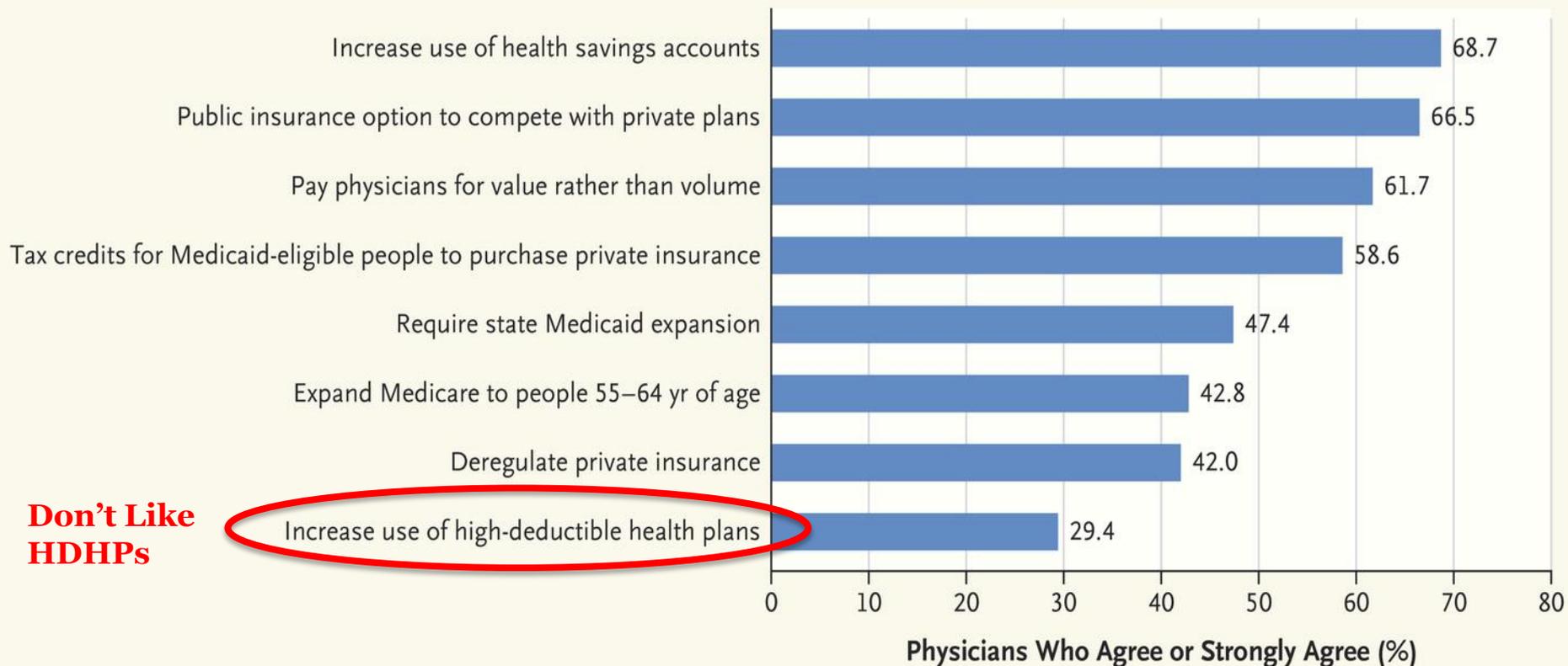
Physician Support of Health Reform Proposals



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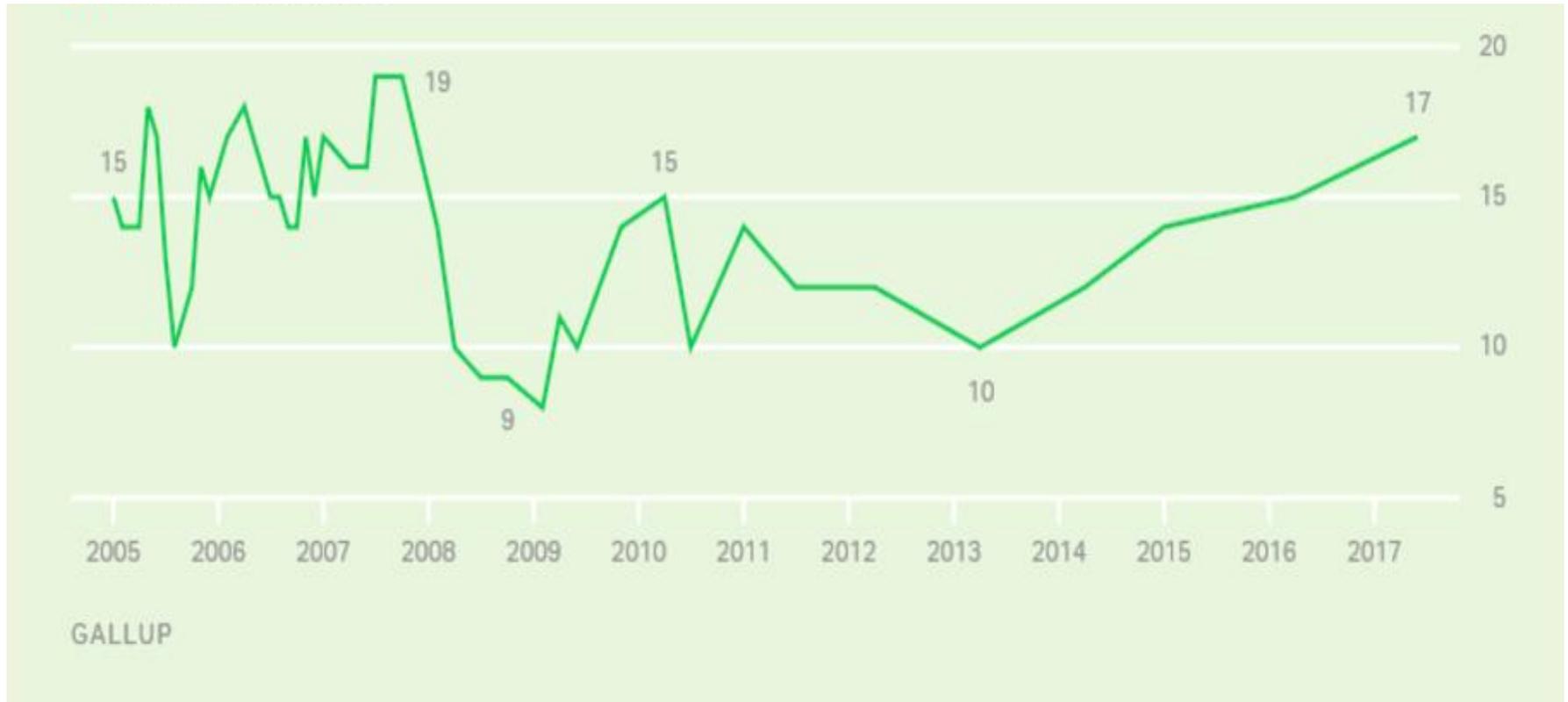


Physician Support of Health Reform Proposals



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

<http://www.gallup.com/poll/212780/cost-healthcare-americans-top-financial-concern.aspx>

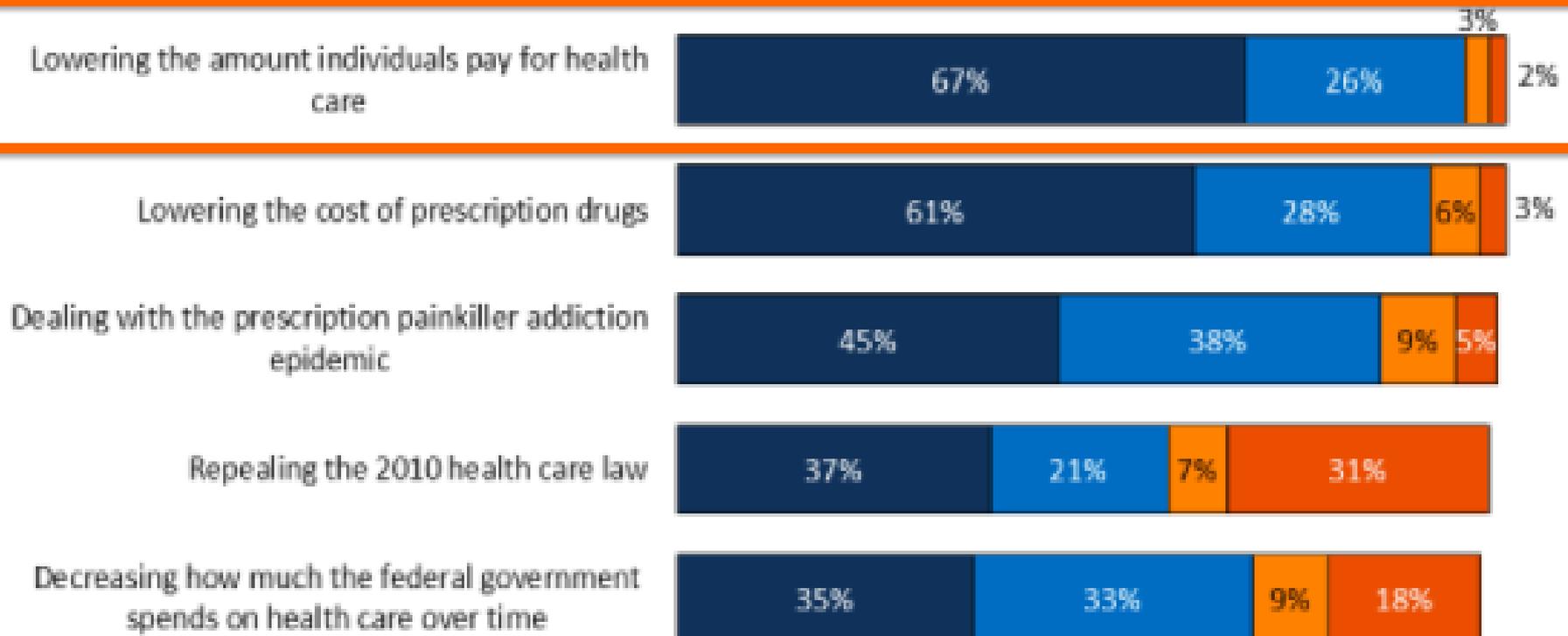


Americans Do Not Care About Health Care Costs; They Care About What It Costs Them

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?

■ Top priority ■ Important but not a top priority ■ Not too important ■ Should not be done



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, 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.

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



Austin Frakt

THE NEW HEALTH CARE JULY 10, 2017



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



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THE NEW HEALTH CARE

JULY 10, 2017

No V-BID in HSA-HDHPs



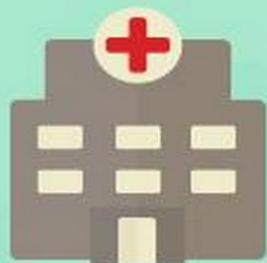
***IRS Safe Harbor Guidance allows zero
consumer cost-sharing for specific
preventive services***

INCLUDING:

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

www.irs.gov/pub/irs-drop/n-04-23.pdf

However, IRS guidance requires that services used to treat
"existing illness, injury or conditions"
are not covered until the minimum deductible is met



office visits



diagnostic tests



drugs

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?

January 25, 2017

By Tracey Walker

- **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.

DRAFT

EXECUTIVE ORDER

**REDUCING THE COST OF MEDICAL PRODUCTS AND ENHANCING AMERICAN
BIOMEDICAL INNOVATION**

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

Discussion

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