DRIVE HEALTH INITIATIVE

Deliver Results, Innovation and Value for *Everyone*

STATEMENT FOR THE RECORD

SUBMITTED TO THE

House Ways & Means
Health Subcommittee

Medicare Advantage Hearing on Promoting Integrated and Coordinated Care for Medicare Beneficiaries

June 7, 2017

Submitted by the DRIVE Health Initiative
https://drivehealth.org/

In recent years, many large employers have worked to implement value-driven plan designs, develop value-based payment models for providers, and incentivize employees to seek the highest quality and most efficient care. In order to have the maximum impact on the quality and affordability of care throughout the health care system, however, it is essential for the Federal government to align its programs with private-sector purchasing strategies. This alignment will produce the kind of clear and consistent market signal needed to fully transform the delivery system into one focused on value.

We need policymakers to recognize the Federal government's role in moving the U.S. toward a value-based health care system, grounded in market-based strategies and buttressed by healthy competition, transparency, and consumer engagement. Private-sector innovations can inform Medicare policy, which – if adopted – can drive change throughout the health care system, benefitting Medicare enrollees and taxpayers.

The DRIVE Health Initiative – a partnership between The ERISA Industry Committee (ERIC) and the Pacific Business Group on Health (PBGH) – was developed and launched to promote the use of value-based purchasing strategies. Our goals are to share information with policymakers on the value-based care strategies that private-sector employers are already adopting, and to encourage Congress and the Administration to consider changes in the law and regulations that will reduce health care costs and improve quality.

Value-Based Insurance Designs Offered by Private-Sector Employers

For decades, private-sector employers have sought to offer to their employees high-quality health care coverage at an affordable price. However, the ever-increasing cost of medical services has made it difficult for employers to offer affordable benefits, while also remaining competitive in a growing, global marketplace. In response to these challenges, employers have adopted innovative strategies to manage their health care spending, while also enabling them to improve health outcomes for their employees and families. One strategy that has proven effective in improving health outcomes and lowering costs is value-based insurance design.

In short, a value-based insurance design allows an employer to reduce or waive cost-sharing requirements if an employee is accessing high-value services. This approach is intended to encourage employees to obtain necessary medical care, while discouraging utilization of unnecessary medical services – this is especially important in cases of chronically ill patients. Employers have utilized value-based insurance designs to encourage the following:

- Use of specialty medications to manage chronic conditions;
- Use of high-performing medical providers that meet high standards of quality, patient experience, and total cost of care (e.g., "centers of excellence"); and
- Participation in worksite wellness programs.

Use of specialty medications to manage chronic conditions

Several private-sector employers have put into place a value-based insurance design that lowers cost-sharing for certain specialty medications. This type of plan design ensures that certain high-risk employees who need the specialty drugs to manage their chronic illnesses can access these medications. Under the traditional tiered drug formulary, high-risk employees are often discouraged from accessing specialty drugs because of increased cost-sharing for these much-needed medications. This often results in neglect and mismanagement of their chronic illness, ultimately resulting in higher health care spending and worsening health. By using a value-based plan design which lowers the cost-sharing for necessary medical care – for example, lowering the cost-sharing for specialty drugs so high-risk employees can better manage a chronic condition – private-sector employers have reduced their health benefits spending while also improving outcomes for the patient.

Here's how these employers did it: Employers partnered with their providers to identify particular specialty medications that consistently deliver outstanding value for specific medical conditions such as rheumatoid arthritis, HIV, multiple sclerosis, and cancer. In response, these employers lowered the cost-sharing for those specialty medications that were found to be effective in managing these conditions. While specialty medicines used to manage chronic conditions may come at a cost, those costs pale in comparison to the catastrophic costs associated with failure to manage a chronic condition – usually culminating in extremely expensive hospital stays, surgical procedures, recoveries and the therapies – in addition to the serious tolls taken on patients, as well as the missed work and reduced productivity that results. Making it easier and more affordable for these patients to access their specialty medications not only benefited the employer in the form of lower health care spending and increased productivity, but high-risk employees are living better lives because of their participation in an appropriate chronic care management regime.

Use of high-performing medical providers that meet high standards of quality, patient experience, and total cost of care

Another way employers are using value-based plan designs is by reducing the cost-sharing for medical services obtained through "centers of excellence." These providers are typically health systems that have met the highest standards of achievement for treating a specific disease (e.g., cancer or heart disease) or providing medical services for a particular episode (e.g., hip and knee replacements or spine care). The idea is to encourage employees to select medical providers with high quality ratings and experience for a given procedure or medical condition, by providing a financial incentive to employees who choose to receive care from those providers.

A good example of the use of value-based insurance design is the Employers Centers of Excellence Network (ECEN), which is managed by the Pacific Business Group on Health on behalf of large employers. If an employee or family member chooses to receive care at one of the designated centers of excellence, the deductible and coinsurance are waived. As a result, program participation has been very high, and it has achieved outstanding results:

- Patients have achieved better outcomes with lower rates of preventable complications;
- Patients who chose another hospital instead of one of the centers of excellence were nine times more likely to be readmitted to the hospital;
- Patients have better quality of life, less pain, and better function;
- Employers and their employees have saved millions of dollars by avoiding unnecessary services; and
- 100% of participating patients would recommend the ECEN joint replacement program.

Participation in various worksite wellness programs

There is yet another way employers are deploying value-based insurance designs: An employer may create a program to encourage employees to quit smoking, or participate in health risk assessments and biometric screenings, or enroll in a disease management program. By providing incentives to obtain preventive care and adhere to wellness visits and treatments such as medications to control blood pressure or diabetes at low to no cost, private-sector employers save money by reducing future expensive medical procedures. And, employees are living happier and healthier lifestyles.

Value-Based Insurance Design in Medicare Advantage Plans

The DRIVE Health Initiative believes Congress has the opportunity to allow Medicare Advantage plans to mirror what private-sector employers are already doing. More specifically, we believe Congress can learn from private-sector employers and allow Medicare Advantage plans to offer the same type of value-based plan design programs:

- To encourage the use of specialty medications to better manage chronic conditions;
- To promote access to high-value, high-quality medical providers; and
- To encourage healthy behaviors through wellness/preventive services.

As of January 1, 2017, Medicare Advantage plans are already on their way to adopting value-based insurance design models through the Medicare Advantage Value-Based Insurance Design Model (the "MA VBID Model"). The DRIVE Health Initiative believes that the MA VBID Model will show policymakers in Congress and in the Department of Health and Human Services (HHS) that offering value-based insurance designs that reduce cost-sharing (1) for accessing high-value services, (2) for accessing high-value providers, and (3) for enrollees participating in preventive/disease management programs, can improve health outcomes and lower health care costs not only for the Federal government, but also for Medicare Advantage enrollees.

The DRIVE Health Initiative urges Congress to expand the MA VBID Model to all 50 States. The DRIVE Health Initiative also urges Congress to continue funding – and supporting – the Centers for Medicare and Medicaid Innovations (CMMI), to ensure that the MA VBID Model (and other related value-based care and shared-risk models) continue to be piloted, and ultimately implemented nationwide.

The DRIVE Health Initiative intends to serve as a constructive resource for Congress and CMMI in the areas of value-based insurance designs, alternative provider payment models, and better performance measures. We will share data and evidence on innovations launched by private-sector employers, and we will provide guidance on how these innovations can be incorporated into our nation's public and private health programs so we can continue to move to a value-based health care system.