

# Smarter Health Care Coalition

## 2021 Strategic Plan

***The Smarter Health Care Coalition*** represents a broad-based and diverse group of health care innovators, including consumer groups, employers, patient advocacy organizations, health plans and life science companies. Our goal is to leverage our combined perspectives and experiences to achieve smarter health care that improves the patient experience, particularly through integrating benefit design innovations and patient engagement within broader delivery system reform.

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### A Brief History of V-BID and the Smarter Health Care Coalition

#### ***Bicameral and Bipartisan Support***

The Smarter Health Care Coalition is centered on idea that consumer cost-sharing should be based on the clinical value of a service or prescription, otherwise known as [value-based insurance design](#) (V-BID). The term was coined by researchers at the University of Michigan [Center for Value-Based Insurance Design](#). For almost two decades, V-BID has enjoyed bipartisan and bicameral support in health policy reform. The simple idea that health plans and government payers should reduce patient out-of-pocket costs for high value services and medicine has expanded into numerous areas of health care delivery reform, from high deductible health plans coupled with Health Savings Accounts to social determinants of health.

Following an advocacy campaign launched by the Coalition, in 2017, CMS announced a [Medicare Advantage V-BID demonstration](#) that would further accelerate the core elements of V-BID – one of the few models developed by the Obama Administration and [expanded](#) by the Trump Administration. The Coalition looks forward to partnering with the Biden Administration to continue making it easier for seniors to access high-value prescriptions and services.

#### ***Advancing Value-Based Principles Amidst a Global Pandemic***

The world was just beginning to learn the words “COVID-19” and “coronavirus” when the Smarter Health Care Coalition held our annual Summit in the Kennedy Caucus Room in the Senate Russell Building in January 2020. The unlikely idea that a pandemic would sweep the globe soon became a brutal reality – killing hundreds of thousands of people, shutting down economies, forcing millions to lose their jobs, and making schools and workplaces virtual. As the country reacted, value-based design principles featured prominently in the private, Congressional, and Administration response to mitigate the pandemic.

In early March 2020, private health plans began to announce partial or full coverage for COVID-19 testing and related services. Soon after, the Families First Coronavirus Response Act and the CARES Act both contained V-BID provisions eliminating cost-sharing for COVID-19 testing and future vaccinations. The bill also allowed temporary flexibility to Health Savings Account-eligible plans to offer telehealth services pre-deductible. Surveys showed that [68 percent of adults](#) reported out-of-pocket costs would be important in their decision to get care if they had symptoms of COVID-19 – emphasizing the public health importance of reducing financial barriers to high-value care. The

Coalition will continue to strategize and work with stakeholders and policymakers to explore how to incentivize vaccine completion and other critical care during the pandemic.

In addition to the Coalition's work promoting value-based design principles in the COVID-19 response, we also advocated for broader V-BID adoption in health reform. For example, the Coalition continued to work closely with champions in Congress to introduce bills to expand the 2019 Internal Revenue Service (IRS) list of medications and services that can be covered [pre-deductible](#) in plans with an Health Savings Account. The Coalition released a [white paper](#) on social determinants of health in 2020, working at the cutting edge of where population health and benefit design intersect. The Coalition hosted a virtual event for policymakers, stakeholders, and the media underscoring the importance of V-BID in efforts to reduce low-value care – especially in light of the pandemic. Further, the Coalition also worked with our Congressional champions to promote legislation to extend uniformity rule flexibility within Medicare Advantage plans to prescription drug plans as well.

## V-BID in 2021

*Building on the success of V-BID and the Coalition's advocacy in 2020, below is a draft of the Coalition's strategic plan for 2021, informed by the results of a member survey conducted in November 2020.*

The role of V-BID will be substantial in 2021 as a new administration looks to find bipartisan compromise on key health care issues, especially related to affordability and access. We look forward to working closely with the IRS, CMS, and CMMI, in addition to our V-BID champions in Congress.

### Social Determinants of Health

Addressing social determinants of health (SDOH) is a key priority for the coalition. SDOH are the upstream conditions and environments in which people live that contribute to the health and well-being of communities. While broadly defined, the Coalition has identified opportunities to align innovation in value-based insurance design with efforts to address SDOH.

**Status:** In the summer of 2020, the Coalition published a novel white paper identifying the role V-BID could play in addressing SDOH. The paper identifies the areas of key overlap between V-BID concepts and social determinants of health, including the role that health care should play in addressing social *needs* specifically. The Coalition's recommendations in the white paper focus on how commercial and managed care plans could address social needs through benefit design, namely supplemental benefits and wellness programs. In addition to unveiling the white paper, the Coalition held a round table addressing how employers could play a role in social determinants of health through benefit design.

**Next Steps:** the Coalition will engage policymakers on this topic and recruit congressional champions to socialize ideas and advance policies to reduce social disparities.

### Reducing Low-Value, Harmful Care

"Low-value care" comes with potential harm for patients, significant costs to taxpayers, and

unnecessary out-of-pocket costs for patients. However, to date, there are no multi-stakeholder coalitions dedicated to bipartisan policy change to [de-adopt](#) established low-value care at the federal level, creating an opportunity for leadership. The Coalition has identified Section 4105 of the Affordable Care Act as an avenue for the Secretary of HHS to exercise existing authority to prevent harmful care, reallocate health care resources, and increase quality.

**Status:** The Coalition continued to socialize the concept of getting more health out of every health care dollar spent by prioritizing high-value care and potentially limiting low-value care. We amplified a previous [letter](#) to Secretary Azar advocating for the use of existing legislative authority to reduce low-value care in the Medicare program to move us toward a “smarter” health care system in a [joint op-ed](#) in The Hill featuring co-director Katy Spangler and Dr. Mark Fendrick on the importance of V-BID in prioritizing high-value care after COVID-19. We continued educating Congressional staff about this issue by echoing this message during a virtual briefing that featured MedPAC Chairman, Dr. Michael Chernew.

**Next Steps:** The Coalition will continue to socialize the harmful consequences for patients with the provision of low-value care, as well as cultivate and advocate policy recommendations on low-value care, including conversations with MedPAC and the incoming administration. We will update the [SHCC letter](#) we sent to Secretary Azar on low-value care in Medicare for the new administration.

### **Health Savings Account-Eligible High Deductible Health Plans**

A key priority of the Coalition is removing barriers imposed on Health Saving Account-eligible high deductible health plans that prevent broader adoption of value-based benefits. Many large employers are implementing innovative changes to their benefit designs as ways to improve quality and lower costs. Unfortunately, HSA rules limit the applicability of these designs. As such, the Coalition continues work to expand the HSA-eligible HDHP preventive care safe harbor to ensure access to high value services and prescription drugs pertaining to chronic disease prevention.

#### **Background**

- President Trump issued an Executive Order in July 2019 directing the Secretary of the Treasury to issue guidance to expand the preventive care safe harbor in Health Savings Account (HSA)-eligible high-deductible health plans (HDHPs). Treasury issued the guidance via [Notice 2019-45](#) in July 2019. The guidance includes an appendix that lists 14 items and services that plans and employers may offer pre-deductible, including insulin and other glucose lowering agents, glucometers, inhalers, statins, and others.
- Continuous congressional advocacy secured introduction of the Chronic Disease Management Act of 2019 (CDMA)(S. 1948) in the Senate by Sen. John Thune (R-SD) and Sen. Tom Carper (D-DE), followed by the introduction of the companion bill in the House of Representatives (H.R. 3709) by Rep. Earl Blumenauer (D-OR) and Rep. Tom Reed (R-NY).
- CDMA was most recently re-introduced by Senators Thune and Carper as the Chronic Disease Management Act of 2020 (S. 3200). This updated version of the bill incorporated helpful changes to reflect IRS Notice 2019-45. We continued to advocate

for the inclusion of CDMA in legislative vehicles, including COVID-19 relief bills. The Coalition sent a [letter](#) to congressional leadership to take up the bill as part of a larger relief effort.

**Next Steps:** The Coalition will continue advocacy efforts to promote policies that allow for coverage of services and drugs to treat certain chronic diseases on a pre-deductible basis in HSA-eligible HDHP arrangements, with a particular focus on the connection between cost-sharing relief and COVID-19 recovery. The Coalition will also work with employer and health plan members to encourage plan design changes that allow pre-deductible coverage of chronic disease prevention.

### **VBID in Medicare Advantage**

The Coalition continues to work closely with the Center for Medicare and Medicaid Innovation (CMMI) to ensure the Medicare Advantage V-BID Demonstration is successful and to provide recommended improvements to encourage greater participation. The Coalition looks forward to working with a new director of CMMI as various aspects of the demonstration are developed, implemented, and evaluated for potential learnings, diffusion, and expansion. In addition, the Coalition will revisit its previous recommendations and make necessary revisions and additions for 2021, including a letter to the new administration highlighting the bi-partisan success of the MA V-BID demonstration.

### **Extending Flexibility of Uniformity Requirements in Medicare Part D**

The Coalition supports lowering cost sharing for Medicare beneficiaries in the Part D program by extending the flexibility of “uniformity requirements” in Medicare Advantage to the prescription drug program. In July 2019, Sen. John Thune (R-SD) and Sen. Tom Carper (D-DE) [filed an amendment](#) for consideration during the Senate Finance Committee [Prescription Drug Pricing Reduction Act \(PDPRA\) of 2019](#) mark-up to extend the MA uniformity flexibility to MA-Part D plans. The Coalition will continue to work closely with Senators Thune and Carper to advocate for extending the MA uniformity flexibility to MA-Part D plans. We will also work with the Biden Administration to advance this policy via regulation.