

114TH CONGRESS
1ST SESSION

S. 1396

To establish a demonstration program requiring the utilization of Value-Based Insurance Design in order to demonstrate that reducing the copayments or coinsurance charged to Medicare beneficiaries for selected high-value prescription medications and clinical services can increase their utilization and ultimately improve clinical outcomes, enhance beneficiary satisfaction, and lower health care expenditures.

IN THE SENATE OF THE UNITED STATES

MAY 20, 2015

Mr. THUNE (for himself and Ms. STABENOW) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To establish a demonstration program requiring the utilization of Value-Based Insurance Design in order to demonstrate that reducing the copayments or coinsurance charged to Medicare beneficiaries for selected high-value prescription medications and clinical services can increase their utilization and ultimately improve clinical outcomes, enhance beneficiary satisfaction, and lower health care expenditures.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Value-Based Insurance
3 Design Seniors Copayment Reduction Act of 2015”.

4 **SEC. 2. FINDINGS.**

5 Congress makes the following findings:

6 (1) A growing body of evidence demonstrates
7 that increases in patient-level financial barriers (in-
8 cluding deductibles, copayments, and coinsurance)
9 for high-value medical services (such as prescription
10 medications, clinician visits, diagnostic tests, and
11 procedures) systematically reduces the use of such
12 services. Savings attributable to cost-related, de-
13 creased utilization of specific services may lead to an
14 increase in total medical expenditures due to in-
15 creased use of other related clinical services, such as
16 hospitalizations and emergency room visits.

17 (2) Empirical research studies demonstrate that
18 reductions in beneficiary out-of-pocket expenses for
19 high-value prescription medications and clinical serv-
20 ices can mitigate the adverse health and financial
21 consequences attributable to cost-related decreased
22 utilization of high-value services.

23 (3) Financial barriers to prescription medica-
24 tions and clinical services that are deemed to be
25 high-value should be reduced or eliminated to in-
26 crease their use.

1 (4) Value-Based Insurance Design is a method-
2 ology that adjusts patient out-of-pocket costs for
3 prescription medications and clinical services accord-
4 ing to the clinical value, not exclusively the cost.
5 Value-Based Insurance Design is based on the con-
6 cept of clinical nuance that recognizes—

7 (A) prescription medications and clinical
8 services differ in the clinical benefit provided;
9 and

10 (B) the clinical benefit derived from a spe-
11 cific prescription medication or clinical service
12 depends on the clinical situation, the provider,
13 and where the care is delivered.

14 (5) The current “one-size-fits-all” copayment or
15 coinsurance design for prescription medications and
16 clinical services provided under the Medicare pro-
17 gram does not recognize the well-established value
18 differences in health outcomes produced by various
19 medical interventions.

20 (6) The establishment by Medicare of copay-
21 ment and coinsurance requirements using Value-
22 Based Insurance Design methodologies will improve
23 patient-centered health outcomes, enhance personal
24 responsibility, and afford a more efficient use of tax-
25 payer dollars.

1 **SEC. 3. DEMONSTRATION PROGRAM.**

2 (a) IN GENERAL.—Not later than 1 year after the
3 date of enactment of this Act, the Secretary of Health and
4 Human Services (in this section referred to as the “Sec-
5 retary”) shall establish a demonstration program to test
6 Value-Based Insurance Design methodologies in Medicare
7 Advantage plans under part C of title XVIII of the Social
8 Security Act for beneficiaries with chronic clinical condi-
9 tions.

10 (b) DEMONSTRATION PROGRAM DESIGN.—

11 (1) IN GENERAL.—The Secretary shall select
12 not less than 2 Medicare Advantage plans to partici-
13 pate in the demonstration program under this sec-
14 tion.

15 (2) REQUIREMENTS.—A Medicare Advantage
16 plan selected to participate in the demonstration
17 program under paragraph (1) shall meet the fol-
18 lowing requirements:

19 (A) The plan offers a coordinated Medicare
20 Part D drug benefit.

21 (B) The plan and the Medicare Advantage
22 organization offering the plan meet such other
23 criteria as the Secretary determines appro-
24 priate.

25 (c) EXPANSION OF DEMONSTRATION PROGRAM.—

26 The Secretary shall expand the demonstration program by

1 issuing regulations to implement, on a permanent basis,
 2 the components of the demonstration program that are
 3 beneficial to Medicare beneficiaries and the Medicare pro-
 4 gram, unless the report under subsection (e) or (f)(3) con-
 5 tains an evaluation that the demonstration program under
 6 this section—

7 (1) increases Medicare program expenditures
 8 for beneficiaries participating in the demonstration
 9 program; or

10 (2) decreases the quality of health care services
 11 provided to Medicare beneficiaries participating in
 12 the demonstration program.

13 (d) VALUE-BASED INSURANCE DESIGN METHOD-
 14 OLOGY.—

15 (1) VALUE-BASED INSURANCE DESIGN.—For
 16 purposes of this section, “Value-Based Insurance
 17 Design” is a methodology for identifying specific
 18 prescription medications and clinical services for
 19 which copayments or coinsurance should be reduced
 20 or eliminated due to the high-value and effectiveness
 21 of such medications and services for specific clinical
 22 conditions.

23 (2) REDUCTION OF COPAYMENTS AND COINSUR-
 24 ANCE.—Under the demonstration program, a Medi-
 25 care Advantage organization, using Value-Based In-

1 surance Design methodologies, shall identify each
2 prescription medication and clinical service for which
3 the amount of the copayment or coinsurance payable
4 should be reduced or eliminated.

5 (3) REDUCTION OF COPAYMENTS AND COINSUR-
6 ANCE TO ENCOURAGE USE OF SPECIFIC CLINICAL
7 SERVICES.—Under the demonstration program, the
8 Medicare Advantage organization, using Value-
9 Based Insurance Design, may lower cost-sharing
10 under the plan for the purpose of encouraging en-
11 rollees to use prescription medications and clinical
12 services (such as preventive care, primary care, spe-
13 cialty visits, diagnostic tests, procedures, and dura-
14 ble medical equipment) that such organization has
15 identified as high-value for the management of speci-
16 fied clinical conditions in paragraph (5). Any such
17 variation on copayment or coinsurance by a Medi-
18 care Advantage organization must occur on an an-
19 nual basis and be evidence-based.

20 (4) REDUCTION OF COPAYMENTS AND COINSUR-
21 ANCE TO ENCOURAGE USE OF SPECIFIC HIGH-PER-
22 FORMING PROVIDERS.—Under the demonstration
23 program, the Medicare Advantage organization,
24 using Value-Based Insurance Design, may lower
25 cost-sharing under the plan for the purpose of en-

1 couraging enrollees to use providers that such orga-
 2 nization has identified as high-performing based on
 3 quality metrics. Any such variation on copayment or
 4 coinsurance by a Medicare Advantage organization
 5 must occur on an annual basis.

6 (5) SPECIFIC CLINICAL CONDITIONS.—In iden-
 7 tifying clinical conditions for purposes of paragraph
 8 (3), the Medicare Advantage organization shall, at a
 9 minimum, consider the services utilized across the
 10 spectrum of care in the management of the following
 11 clinical conditions:

12 (A) Asthma.

13 (B) Atrial fibrillation.

14 (C) Deep venous thrombosis.

15 (D) Cancer.

16 (E) Chronic obstructive pulmonary disease.

17 (F) Chronic renal failure/End stage renal
 18 disease.

19 (G) Congestive heart failure.

20 (H) Ischemic heart disease/Myocardial in-
 21 farction.

22 (I) Depression.

23 (J) Diabetes mellitus.

24 (K) Hyperlipidemia.

25 (L) Hypertension.

1 (M) Osteoporosis.

2 (N) Stroke.

3 (O) Tobacco abuse disorder.

4 (6) PROHIBITION OF INCREASES OF COPAY-
5 MENTS AND COINSURANCE.—A Medicare Advantage
6 plan selected to participate in the demonstration
7 program under paragraph (1) may not raise cost-
8 sharing on any item or service to discourage its use.

9 (e) REPORT ON IMPLEMENTATION.—

10 (1) IN GENERAL.—Not later than 1 year after
11 the date of the enactment of this Act, the Secretary
12 shall submit to Congress a report on the implemen-
13 tation by the Secretary of the demonstration pro-
14 gram under this section.

15 (2) ELEMENTS.—The report required by para-
16 graph (1) shall include the following:

17 (A) A statement setting forth each medica-
18 tion and clinical service identified pursuant to
19 subsection (d)(3).

20 (B) For each such medication or clinical
21 service identified pursuant to subsection (d)(3),
22 a statement of the amount of the copayment or
23 coinsurance required to be paid for such service
24 and the amount of the reduction from previous
25 cost-sharing levels.

(C) For each such high-performing provider identified pursuant to subsection (d)(4), a statement of the amount of the copayment or coinsurance required to be paid for such clinician visit and the amount of the reduction from previous cost-sharing levels.

(f) REVIEW AND ASSESSMENT OF UTILIZATION OF VALUE-BASED INSURANCE DESIGN METHODOLOGIES.—

(1) IN GENERAL.—The Secretary shall enter into a contract or agreement with an independent, nonbiased entity having expertise in Value-Based Insurance Design to review and assess the implementation of the demonstration program under this section. The review and assessment shall include the following:

(A) An assessment of the utilization of Value-Based Insurance Design methodologies referred to in subsection (d).

(B) An analysis of whether reducing or eliminating the copayment or coinsurance for each medication and clinical service identified pursuant to subsection (d)(3) resulted in increased adherence to medication regimens, increased service utilization, improvement in qual-

1 ity metrics, better health outcomes, or enhanced
2 beneficiary experience.

3 (C) An analysis of the cost-savings result-
4 ing from reducing or eliminating the copayment
5 or coinsurance for each medication or clinical
6 service so identified.

7 (D) An analysis of whether reducing or
8 eliminating the copayment or coinsurance for
9 each high-performing provider identified pursu-
10 ant to subsection (d)(4) resulted in improve-
11 ment in quality metrics, better health outcomes,
12 or enhanced beneficiary experience.

13 (E) An analysis of the cost-savings result-
14 ing from reducing or eliminating the copayment
15 or coinsurance for each high-performing pro-
16 vider so identified.

17 (F) Such other matters as the Secretary
18 considers appropriate.

19 (2) REPORT.—The contract or agreement en-
20 tered into under paragraph (1) shall require the en-
21 tity concerned to submit to the Secretary a report on
22 the review and assessment conducted by the entity
23 under that paragraph in time for the inclusion of the
24 results of such report in the report required by para-
25 graph (3).

1 (3) REPORT TO CONGRESS.—Not later than 3
2 years after the date of the enactment of this Act, the
3 Secretary shall submit to Congress a report on the
4 review and assessment conducted under this sub-
5 section. The report shall include the following:

6 (A) A description of the results of the re-
7 view and assessment.

8 (B) Such recommendations as the Sec-
9 retary considers appropriate for enhancing the
10 utilization of the methodologies referred to in
11 subsection (d)(1) so as to reduce copayments
12 and coinsurance paid by Medicare beneficiaries
13 for high-value prescription medications and
14 clinical services furnished under the Medicare
15 program and to otherwise improve the quality
16 of health care provided under such Medicare
17 program.

18 (g) WAIVER.—The Secretary may waive such provi-
19 sions of titles XI and XVIII of the Social Security Act
20 as may be necessary to carry out the demonstration pro-
21 gram under this section.

22 (h) IMPLEMENTATION FUNDING.—For purposes of
23 carrying out the demonstration program under this sec-
24 tion, the Secretary shall provide for the transfer from the
25 Federal Hospital Insurance Trust Fund under section

1 1817 of the Social Security Act (42 U.S.C. 1395i) and
2 the Federal Supplementary Insurance Trust Fund under
3 section 1841 of the Social Security Act (42 U.S.C. 1395t),
4 including the Medicare Prescription Drug Account in such
5 Trust Fund, in such proportion as determined appropriate
6 by the Secretary, of such sums as may be necessary.

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