

February 16, 2011

Assistant Secretary Phyllis C. Borzi Office of Health Plan Standards and Compliance Assistance **Employee Benefits Security Administration** Room N-5653 U.S. Department of Labor 200 Constitution Avenue, NW. Washington, DC 20210

Director Steve Larson Center for Consumer Information and Insurance Oversight Department of Health and Human Services Room 445-G Hubert H. Humphrey Building 200 Independence Avenue, SW. Washington, DC 20201

Commissioner Douglas H. Shulman Internal Revenue Service P.O. Box 7604 Ben Franklin Station Washington, DC 20044

Attention: Value-Based Insurance Design (VBID), HHS-OS-2010-002, REG-120391-10-VBID

Dear Assistant Secretary Borzi, Director Larson and Commissioner Shulman:

On behalf of the American Academy of Family Physicians (AAFP), which represents more than 97,600 family physicians and medical students nationwide, I am writing in response to the Request for Information Regarding Value-Based Insurance Design in Connection With Preventive Care as published in the December 28, 2010 Federal Register.

The AAFP has been a longstanding advocate for the elimination of cost-sharing for preventive health services. As such, the AAFP supports provisions in the Affordable Care Act relating to preventive care and we share the Administration's interest in promoting high-value, clinically effective, evidence-based preventive care. As discussed in greater detail in the AAFP's September 17, 2010 letter responding to the Coverage of Preventive Services under the Affordable Care Act interim final rule, the AAFP agrees that patients should be offered information regarding in-network versus out-of-network providers. However, the AAFP remains concerned that many existing networks were developed, or subsequently reduced in size, based solely on cost or efficiency parameters and, by their very nature, are more a reflection of cost considerations than of value-based design. The AAFP continues to be concerned over unintended consequences of value-based insurance design (VBID).

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For example, a proliferation of efficiency-based networks would negatively impact an already strained primary care base and threaten the ability of family physicians to provide preventive services to their patients. Therefore, we suggest adding language clearly stating that value is not solely a function of costs.

The AAFP is pleased to assist with the development of VBID guidance and we provide the following response to Question #13 which directly pertains to physicians, "How are prescribing physicians/other network providers informed of VBID features and/or encouraged to steer patients to value based services and settings?"

Physicians are currently evaluated by health plans on several quality and efficiency measures, including the use of generic drugs. Generally speaking, physicians are informed of this evaluation either through a payer sponsored web portal or through a letter from the payer to the physician. Unfortunately, these evaluations are often plagued with inaccuracies since the physician assessment is based only on claims data. Patients often, for one reason or another, fail to fill prescriptions or are induced by a drug manufacturer to buy a brand name drug. When this occurs, physicians are then penalized for not writing the appropriate number of generic prescriptions since this information about the patient's inaction or choice is not apparent in the claims data.

Furthermore, the use of established networks, co-pays, and deductibles steers patients more than other factors to one physician over another. Therefore tracking VBID metrics currently benefits only the payer and as such usually does not improve the quality of patient care. While the AAFP encourages patients to have a greater interest in their care, realistically patients often receive only the healthcare services that the patient can afford. It remains to be determined how the removal of patient co-pays for preventive services will influence how patients are guided to one particular provider over another.

However, the AAFP continues to encourage efforts to bolster primary care and alternative delivery and payment systems. The AAFP strongly supports enhancements in the delivery of health care through the Patient-Centered Medical Home (PCMH). By acknowledging the patient as the focal point in a PCMH, with a personal physician working with a team to coordinate care, we know we can positively impact a patient's overall health while constraining health spending. In PCMH pilots, both in the private sector as well as in Medicaid programs, it has been demonstrated that the PCMH model creates significant savings to the system. It equally has been shown that, to foster adoption of PCMH, paying for on-going care management is essential to enable physicians to provide the most effective patient care. In fact, such care coordination and care management fees represent payment for care received in PCMH just as much as do traditional fee-for-service claims. We therefore urge the inclusion of the PCMH into future VBID guidance.

We appreciate the opportunity to provide these comments and make ourselves available for any questions or clarifications you might need. Please contact Laura Schmidt, Private Sector Advocacy Specialist at 913-906-6000, extension 4134 or lschmidt@aafp.org.

Sincerely,

Lori J. Heim, MD, FAAFP

Board Chair