



CENTER FOR HEALTH VALUE INNOVATION

INFORMATION EXCHANGE FOR
VALUE-BASED DESIGN

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This afternoon, leaders of the University of Michigan Center for Value-Based Insurance Design and the Center for Health Value Innovation provided testimony to the State of Michigan House of Representatives' Committee on Public Employee Health Care Reform. This committee was created by House Speaker Andy Dillon (D-Redford Township) in August 2009 to analyze his proposal to overhaul public employee health care in Michigan, H.B. 5345.

In prepared remarks, Dr. A. Mark Fendrick, Co-director of the Center for Value-Based Insurance Design at the University of Michigan, told the Committee that “the goal of the health care system is to improve health, not save money” and urged the Committee to “support programs that produce the most amount of health for the dollars spent.” He said that while containing costs is an essential objective in health care reform, “our health care budgetary target should not be how little to spend, but be a value-driven, goal-oriented approach” similar to that used in other sectors of the economy. He noted that the principles of value-based insurance design, which seek to align financial incentives through the use of copayments and premiums, could strengthen benefit programs by removing barriers to important high-value medical services. Dr. Fendrick urged the Committee to “restore health to the health care reform debate.”

In her testimony to the Committee, Ms. Cyndy Nayer, President and CEO of the non-profit [Center for Health Value Innovation](#), articulated the levers of value-based design—and provided snapshots of the most compelling strategies for improving health for every American and bending the cost trend for every healthcare stakeholder. She cited several public and private organizations that implemented value-based principles in their health benefits and wellness programs. The approaches used, described in detail in her recently published book *Leveraging Health* advance adoption of value-based programs. Nayer told the committee, “Michigan has always been a national center for innovation—it’s one reason why we in the Center are focused on your progress.” She recommended the committee to reframe the questions asked. “The real question we should be asking is ‘How much health will that dollar buy?’ not ‘How much health care...?’ Health care must be the tool to getting more health—for our people, our communities, and our economy.”

H.B. 5345, the “Michigan Health Benefits Program Act,” would consolidate health benefits for public employees in Michigan. Under the legislation, a 13-member board would be appointed to create four to six health insurance options that would be made available to public employees across all forms of state government. The board would include one independent member with expertise in value-based insurance design.

The Center for Value-Based Insurance Design was established in 2005 to develop, evaluate, and promote value-based insurance initiatives in order to ensure efficient expenditure of health care dollars and maximize benefits of care. www.vbidcenter.org

The Center for Health Value Innovation has grown into the nation’s premier organization dedicated to sharing the evidence of improved health and economic outcomes through value-based designs for sustainable health and financial improvement. www.vbhealth.org