Understanding Patient Cost-Sharing Thresholds for High and Low-Value Care Towards the Development of a Value-Based Formulary

Abstract

Background: Value-based formularies (VBF) aim to decrease overall costs by reducing patient cost-sharing for medications that yield better outcomes while increasing cost-sharing for less effective services. Most formularies focus on the payer's perception of value and fail to incorporate patient preferences in their value assessment.

Objective: The purpose of this study is to estimate patient preferences and willingness-to-pay for high and low-value medications and inform VBF design.

Methods: A discrete choice experiment (DCE) will be conducted with 400 patients with type 2 diabetes (DM) from the University of Utah Health Plans (U of U Health Plans). A literature review and a focus group will be performed to identify the different attributes of medications that are necessary to include in the DCE. The DCE will estimate patient preferences and willingness to pay for different characteristics among medication options. A multinomial logit (MNL) model will determine the relative importance of each attribute and the beneficiaries' overall willingness-to-pay for cost-sharing. Patient's willingness-to-pay for medications with different characteristics will be assigned a monetary value and compared with their current cost-sharing status and pre-determined value by the U of U Health Plans.

Anticipated results: We anticipate that patients will want to pay more for higher-value medications (i.e. clinically efficacious, fewer side-effects, lower cost-sharing). High-value medications should also have a higher-value assessment by the U of U Health Plans formulary and lower cost-sharing. However, factors such as route of administration and brand loyalty may not be incorporated in the existing value-based assessment. In this case, our findings will yield differences between patients and stakeholders which will need to be addressed.

Conclusion: The findings of this study will provide real-world patient preferences that will inform the U of U Health Plans VBF currently in development and supportive education for all stakeholders. By aligning patient and stakeholder preferences, our study has the potential to yield improved patients outcomes and increase cost-savings to patients, beneficiaries, and health plans.