



## Value-Based Insurance Design (VBID) Model – Implementation of the Hospice Benefit Component

MLN Matters Number: MM11754 **Revised**

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Related CR Transmittal Number:  
**R10170DEMO**

Related Change Request (CR) Number: 11754

Effective Date: **January 1, 2021 - When the Hospice Election Start Date is on or after January 1, 2021 and prior to January 1, 2025**

Implementation Date: October 5, 2020

**Note: We revised this article on June 10, 2020, to reflect a revised CR 11754 issued on June 9. We revised the article to add a note to the effective date. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.**

### PROVIDER TYPE AFFECTED

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This MLN Matters Article is for hospice care and other providers submitting claims to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries who have elected hospice and are enrolled in Medicare Advantage (MA) plans participating in the voluntary Value-Based Insurance Design (VBID) Model's hospice benefit component.

### PROVIDER ACTION NEEDED

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This article informs you of the implementation of the hospice benefit component associated with the VBID Model, being tested by the Centers for Medicare & Medicaid Services (CMS) Innovation Center and starting in Calendar Year (CY) 2021. The hospice benefit component of the Model will be tested through CY 2024. **Thus, the Model test will apply when the Hospice Election Start Date is on or after January 1, 2021 and prior to January 1, 2025.**

Please make sure your billing staffs are aware of this update as **providers MUST still submit claims for these services to Medicare.** Non-contracting providers must also submit the same billing forms used to bill original Medicare to plans participating in the VBID Model's hospice benefit component for payment.

### BACKGROUND

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CMS announced in January 2019 that beginning in CY 2021, through the voluntary VBID Model,

participating MA organizations could include the Medicare hospice benefit in their benefits package.

Currently, enrollees may enroll into MA and have access to all original Medicare benefits plus additional supplemental benefits beyond what original Medicare covers. When a MA enrollee elects hospice, Fee-For-Service (FFS) Medicare becomes responsible for coverage of most services while the MA organization retains responsibility for certain services (e.g. supplemental benefits). This hospice “carve-out” from MA results in an additional set of coverage rules for MA enrollees who elect hospice and fragments accountability for care and financial responsibility across the care continuum.

Under the hospice benefit component of the VBID Model, a beneficiary enrolled in an MA plan participating in the VBID Model’s hospice benefit component has elected hospice, **all of his or her Medicare benefits continue to be covered by the plan; they do not revert to FFS**. The Medicare hospice benefit, through the participating MA organization, will cover all hospice care from the effective date of election (on or after January 1, 2021) to the date of discharge or revocation. During the hospice election, the participating plan also covers attending physician services and all care unrelated to the terminal illness. Upon discharge or revocation, the participating plan continues to cover the beneficiary through the end of the month when the beneficiary revokes or is discharged from hospice alive.

CMS believes the policies being tested through this Model represent an opportunity for Medicare beneficiaries who choose MA and elect hospice, as well as their families and caregivers, to experience a more seamless transition to hospice care, with improved coordination of care.

**Billing and Coverage:** For services provided to a beneficiary enrolled in a plan participating in the VBID Model’s hospice benefit component, Medicare will deny payment for all claims with dates of service during a hospice election (with a hospice election start date on or after January 1, 2021 through December 31, 2024) and upon discharge or revocation, through the end of the month. Providers MUST still submit claims for these services to Medicare and can expect the following messaging:

- Claim Adjustment Reason Code (CARC) 96: Non-covered charge(s)
- Remittance Advice Remark Code (RARC) MA73: Information remittance associated with a Medicare demonstration. No payment issued under Fee-For-Service Medicare as patient has elected managed care
- Group Code CO

Plans participating in the VBID Model’s hospice benefit component will be responsible for coverage of the above services. The list of MA Organizations participating in the Hospice Benefit Component of the VBID Model in CY 2021 will be made public on the VBID Model website in the Fall of 2020, which is available at <https://innovation.cms.gov/innovation-models/vbid>.

**Note for Non-Contracting Providers of a Plan Participating in the VBID Model’s Hospice**

**Benefit Component:** Plans participating in the VBID Model's hospice benefit component are required to reimburse non-contracting providers at least the original Medicare rate for Medicare covered services. In situations when plans must pay the Medicare amount, plans must accept from providers the same billing forms used to bill original Medicare.

Since MA Organizations must use certified Medicare providers of services – 1852(a)(1)(A) of the Act and 42 CFR 422.204(b)(3) – when a provider of services is under an Original Medicare sanction such as DPNA (denial of payment for new admissions), the MA Organizations will need to make other arrangements for admissions of MA plan enrollees until that Original Medicare sanction is lifted.

## ADDITIONAL INFORMATION

The official instruction, CR 11754, issued to your MAC regarding this change is available at <https://www.cms.gov/files/document/r10170demo.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

If you have questions regarding the VBID Model, please contact [VBID@cms.hhs.gov](mailto:VBID@cms.hhs.gov).

## DOCUMENT HISTORY

Date of Change	Description
June 10, 2020	We revised the article to reflect a revised CR 11754 issued on June 9. We revised the article to add a note to the effective date. Also, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.
May 29, 2020	Initial article released.

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