Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model

Overview of Calendar Year (CY) 2025, Request for Applications (RFAs), Hospice Benefit Component Payment Methodology, and Application Process

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Center for Medicare & Medicaid Innovation
Centers for Medicare & Medicaid Services

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Agenda

- CMS Introductions
- Overview of the VBID Model
- What's New for CY 2025?
- Hospice Benefit Component Payment Methodology
- CY 2025 Application Timeline, Process and Resources
- Question and Answer Session

Presenters

- Liz Fowler, CMS Deputy Administrator and Director of the CMS Innovation Center
- Anna Rosenblatt, Communications Lead of the VBID Model
- Yixuan Song, Co-Lead of the VBID Model
- Megan Coufal, Co-Lead of the VBID Model
- Michael de la Guardia, Acting Deputy Director, Division of Health Plan Innovation
- Julia Driessen, Evaluation Lead for the VBID Model
- Richard Coyle, Office of the Actuary (OACT) Lead for VBID-Hospice

CMS Innovation Center Statute

The CMS Innovation Center was established by section 1115A of the Social Security Act.

> *"The purpose of the [Center] is to test innovative payment and service delivery models to reduce program expenditures…while preserving or enhancing the quality of care furnished to individuals under such titles."*

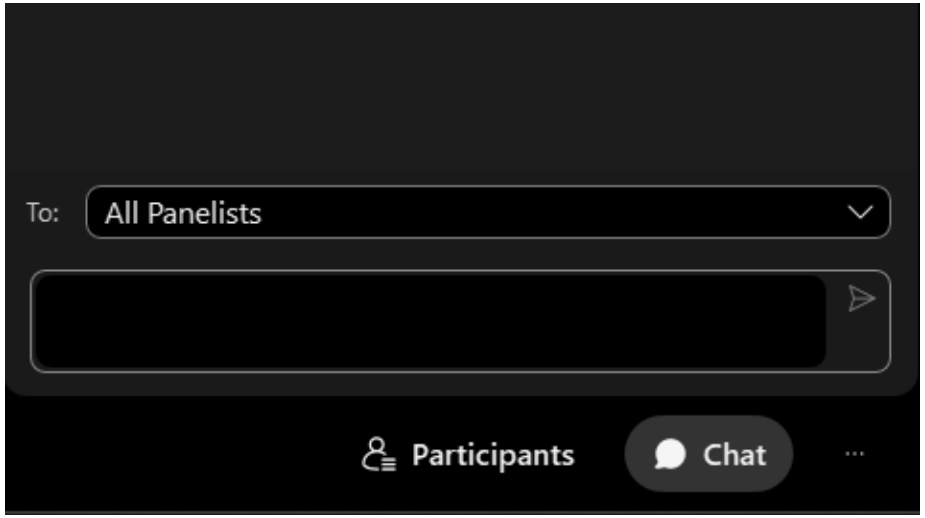
Three scenarios for success under Statute:

1. **Quality improves; cost neutral**
2. **Quality neutral; cost reduced**
3. **Quality improves; cost reduced (best case)**

If a model meets one of these three criteria and other statutory prerequisites, the statute allows the Secretary to expand the duration and scope of a model through rulemaking

How to Submit Questions

- Questions can be submitted through the WebEx chat.
  - Select "Chat" followed by "All Panelists."
- The VBID Model Team will review submitted questions and provide answers. Some questions may require additional research, and a reply will be shared via email.



Overview of the VBID Model

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Overview of the VBID Model

Model began on January 1, 2017, continues to evolve in its design and is set for testing through 2030

Tests an array of Medicare Advantage (MA) health plan innovations that have the potential to lower Medicare spending while improving the quality of care for people with Medicare

Eligible MA Organizations (MAOs) and their plan benefit packages (PBPs) in all 50 states and territories may apply annually to participate in the Model

CY 2025 VBID Model Components

Tests Complementary MA Health Plan Innovations

VBID Flexibilities (VBID-Flex)	Part D Rewards and Incentives (RI) Programs	Hospice Benefit Component
Tests the impact of targeted, reduced or eliminated cost-sharing (including for Part D drugs) or additional supplemental benefits based on enrollees: a) Chronic health condition(s) b) Low-income subsidy (LIS) eligibility (or, in the territories, dual eligibility for both Medicare and Medicaid) c) Place of residence in the most underserved Area Deprivation Index (ADI) areas d) Combination of (a), (b) and/or (c)	Tests how Part D R&I programs that, in connection with medication use, focus on promoting improved health, medication adherence, and the efficient use of health care resources	Tests how including the Medicare hospice benefit in an enrollee's MA coverage impacts financial accountability and care delivery and quality of care, especially for palliative and hospice care

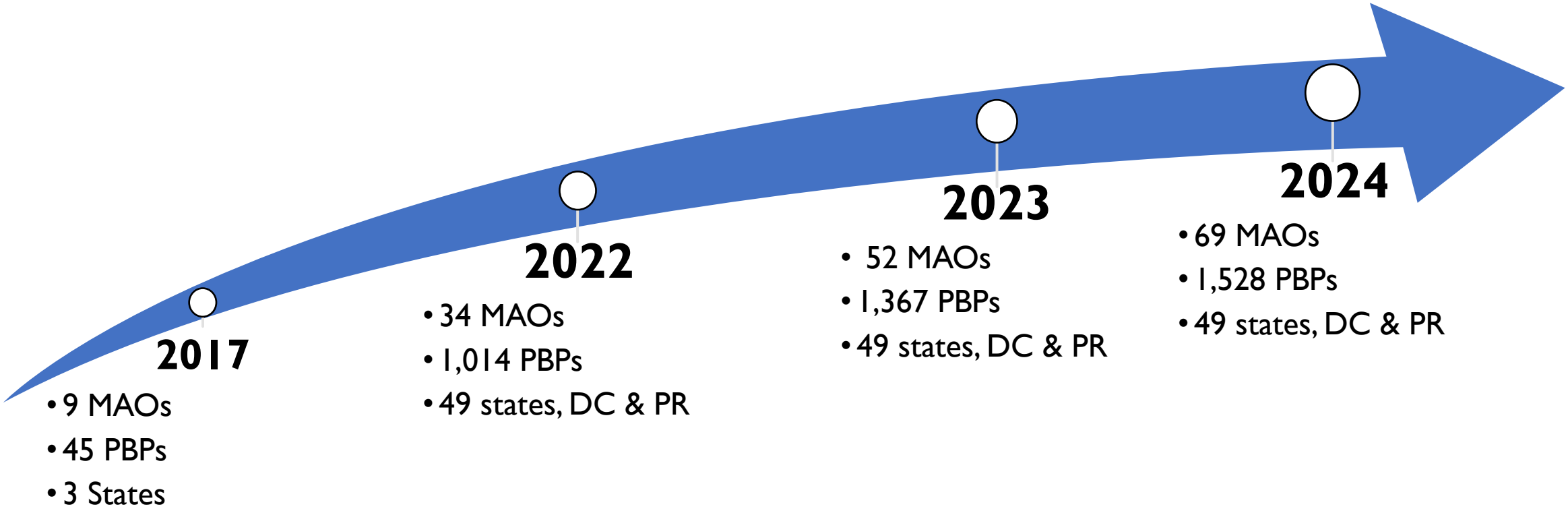
Hospice Benefit Component Design

Aims to enable a seamless care continuum that improves quality and timely access to palliative and hospice care in a way that fully respects beneficiaries and caregivers

- Maintains the full scope of the current Medicare hospice benefit
- Focuses on improved access to palliative care
- Enables concurrent care for hospice enrollees
- Permits additional supplemental benefits for hospice enrollees to meet end-of-life care needs
- Promotes care transparency and quality through actionable, meaningful measures
- Maintains choice and improves access to hospice
- Utilizes a budget neutral payment approach to facilitate all the above aims

Significant Growth in Model Adoption and Partnership

- Since its launch in 2017, the VBID Model continues to grow in participation: in 2024, VBID will reach an estimated 8.7 million beneficiaries, compared to 96,000 in 2017.
- The most common interventions include Part D cost-sharing reductions targeted to low-income beneficiaries (projected to reach 7.6 million beneficiaries) and food and nutrition-related supplemental benefits (projected to reach 7.3 million beneficiaries).



VBID Results to Date and Path Forward

VBID's Results to Date

In September 2023, CMS released an early Model evaluation report with some initial 2020-2022 findings. Results suggest that:

- ✓ VBID plans leverage the Model as a tool for the direct provision of supplemental benefits that address needs among underserved beneficiaries
- ✓ VBID plans are associated with modest increases in quality of care
- ✓ VBID's most common intervention, eliminating Part D prescription drug cost sharing, is associated with greater adherence to treatment
- × VBID plans had an increase in targeted enrollees' risk scores relative to comparable non-VBID plans
- × VBID contracts were associated with increased rebates from improved Star Ratings, relative to comparable non-VBID contracts
- × Increase in risk scores and rebates drove higher Medicare costs associated with VBID contracts/plans

VBID's Path Forward

VBID continues to evolve, taking immediate action to revise certain aspects of the VBID Model's design to both strengthen our understanding of cost drivers, and to ensure the model has the right tools in place to be responsive to evaluation findings and statutory requirements:

- ✓ Strengthened focus and prioritization on health equity
- ✓ Incorporation of participation eligibility requirements in support of program integrity and compliance
- ✓ Updated savings goals via Model financial requirements
- ✓ Increased data transparency and oversight

Request for Information (RFI) for VBID

Responses to CMS VBID blog[1] and RFI[2] *now* due February 16, 2024, 11:59 PDT.

I. Advancing Health Equity by Best Identifying and Meeting Needs

- The VBID Model continues to look for opportunities to provide enrollees with more person-centered care and interventions
- Seeks feedback on testing additional flexibilities to target enrollees in underserved areas by the presence of health-related social needs (HRSNs) in future

II. Expanding Access to Higher Quality Hospice Care

- Seeks comment from interested parties on how to structure the future access to hospice care policies, how to continue to encourage comprehensive, high-quality networks, and how to continue to implement Model-specific network adequacy standards that better align with traditional MA requirements

[1] https://www.cms.gov/blog/charting-path-medicare-advantage-value-based-insurance-design-model-innovating-meet-person-centered
[2] https://www.cms.gov/files/document/vbid-cy25-rfi.pdf

A Deeper Dive into What's New for CY 2025

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Prioritization of Health Equity

- In concert with the CMS Innovation Center Strategy Refresh, VBID is continuing to evolve with an **expanded focus on health equity** that leverages Model flexibilities
- In alignment with the Innovation Center's vision for a health system that achieves equitable outcomes through high-quality, affordable and person-centered care, key updates to VBID include:

Incorporation of a Health Equity Plan requirement for all MAO applicants*

Addition of new targeting flexibilities including Area Deprivation Index (ADI)

New requirements for supplemental benefits to meet beneficiary needs

Health Equity Incubation Program for shared learning

Continued focus on Part D reduced cost sharing to support drug affordability

Exploration of HRSN Screening data in MA*

*Continuation of CY 2024 policy

ADI Targeting Mechanism

Overview: Aligned with other CMS initiatives, the VBID Model is introducing **a new flexibility for MAOs to direct benefits to beneficiaries living in high ADI areas.** This will enable MAOs to focus on geographic disadvantage and address HRSNs among the non-duals population through evidence-based benefits tailored to community-identified needs.

	Details
Targeting Mechanism	• MAOs may use national and/or state ADI indices for targeting • MAOs can target enrollees residing in the most underserved ADI areas (state deciles 7-10, national percentiles 61-100) • All qualifying ADI census block groups within the plan benefit package (PBP) service area must be targeted • Resource: Please see the VBID Model Website for an ADI Data Book
Eligible Benefits / Interventions	• Functions like other VBID Flex targeting mechanisms (e.g., LIS) in that supplemental benefits and Part C/D reduced cost sharing can be targeted
Additional Policies to Center Enrollee / Community Voice	• MAOs that choose to target VBID benefits based on ADI must leverage the input of one or more Enrollee Advisory Committees (EACs) per state to inform the design and/or implementation of ADI-targeted benefits • The RFA encourages MAOs to also consider community needs assessments, HRSN data, and opportunities to deliver VBID benefits in ways that consider the potential community strengths and resource gaps of the most underserved ADI areas (e.g., food deserts), and partnerships with community-based organizations

Requirement for Addressing Priority HRSNs

Overview: Requiring participating plans to offer benefits in the categories of food and nutrition, transportation, and housing and living environment will improve CMS's ability to test and evaluate the impact of these benefits on health and quality outcomes, including health equity, and Medicare program costs.

	Details
Core Policy	• All applicants are required to offer a minimum of two HRSN benefits selected from the categories of food and nutrition, transportation, and housing and living environment in each participating PBP. • Benefits addressing the priority HRSNs may be offered in combination with other benefits, such as benefits with a shared maximum benefit amount administered through a flex spending card.
Exceptions	• MAOs applying to ONLY the Hospice Benefit Component are exempt. • Recognizing that MAOs may be offering supplemental benefits that address priority HRSNs in the MA Program, those supplemental benefits can be used to satisfy this requirement for participating PBPs. BUT supplemental benefits used to satisfy this requirement are subject to summary-level and beneficiary-level data collection and reporting as described in section 3.3 of the VBID RFA and must be identified in the VBID Application.

Modified Participation Requirements

Overview: The CY 2025 RFA includes certain modifications to promote participation by higher quality plans that can achieve the Model goals, including producing savings for the Medicare Program.

	Details
Program Integrity	• Additional program integrity screens and requirements to align with the MA program, including a requirement that in the 12 months prior to the date of application submission, the MAO's contract offering the PBP has not met or exceeded 13 points for compliance actions for any one contract as outlined in 42 CFR §§ 422.502(b)(1) and 423.502(b)(1).
Quality	• Participating PBP's contracts must have at least a three-star overall quality rating for the most recently available year.
Financial Requirements	• As part of the financial requirement, plans must show net savings to CMS due to participation over the course of the calendar year and over the course of the model, net of risk score trends attributable to the model.

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Other Key Updates Aligned to VBID's Path Forward

- Beginning in CY 2025, WHP is discontinued as a discrete component and instead will be integrated into each MAO's HEP.
- The Part C RI Program, as a VBID Model component, is discontinued beginning in CY 2025, given the similar ability to offer Part C RI Programs authorized through flexibilities within the broader MA Program outside the Model, which diminishes the opportunity for a robust test of the VBID Model (note: Part D RI will continue in CY 2025).
- The flexibility to cover new and existing technologies and FDA-approved medical devices is discontinued beginning in CY 2025 given limited participation by MAOs, which does not allow for meaningful evaluation of the intervention.
- Modifying monitoring and data collection to better support evaluation and furthering understanding of drivers of improved quality and cost reductions.
- Clarifying term "transitional concurrent care" to "concurrent care" to indicate broader flexibility for MAOs in designing concurrent care programs.

CY 2025 Hospice Benefit Component Payment Methodology

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VBID Hospice Payment Rate Development

Background on VBID Hospice Benefit Component Payments from CMS

CY 2024 VBID Hospice Benefit Component Capitation Rates and Supporting Materials

Proposed VBID Hospice Benefit Component Rating Updates for CY 2025

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VBID Hospice Capitation Rate Overview

- CMS developed a hospice capitation rate generally modeled on Medicare Advantage (MA) rate setting policies:
    1. Use of base experience for multiple years
    2. Localized rates developed through use of "Average Geographic Adjustment"
    3. Base data trended to contract year
- Unlike MA, hospice capitation payments will **not** be risk adjusted
- CY 2025 hospice capitation rates at county level will be provided in April 2024

Summary of CMS Payments for Hospice Enrollees

Enrollee in hospice status as of 1st of month?	Plan participate in VBID hospice?	Payments from CMS			
		A/B Bid	MA Rebate	Hospice capitation	Part D
No (1)	No	X	X	No data	X
No (1)	Yes	X	X	X	X
Yes	No	No data	X	No data	X
Yes	Yes	No data	X	X	X

(1) Represents hospice admission that start after first of month

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Gross Monthly Base Hospice Rates, 2024

Hospice enrollment month	Month 1 hospice enrollment	Gross monthly base rate	
		Year-1	Mature Year
1	1-5 days	$1,927.64	$1,927.39
1	7-15 days	$3,628.50	$3,628.35
1	16+ days	$5,686.55	$5,686.55
2+	N/A	$5,669.54	$5,495.84

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CY 2024 VBID Hospice Materials on CMS.gov

- CY 2024 Final Hospice Benefit Component Data Book for Year-1 Rates
- CY 2024 Final Hospice Benefit Component Data Book for Mature-Year Rates
- CY 2024 Final Hospice Capitation Payment Ratebook
- CY 2024 Final Hospice Capitation Payment Rate Actuarial Methodology

Proposed Rating Changes for CY 2025

Key rating changes proposed in the

CY 2025 Preliminary Hospice Capitation Payment Rate Actuarial memorandum:

- Advance experience period one year to CY 2020 – CY 2022
- Month 2+ rates in counties not represented in CY 2024 VBID Hospice Benefit Component to be based on first-year hospice experience only, or Year-1 rates. Month 2+ rates for continuing counties include carryover claims from all prior years, or Mature-year rates.

Proposed Rating Changes for CY 2025 (cont.)

- Hospice claims repriced to FY 2024 and then trended to CY 2025
  - Repricing of hospice claims reflect parameters from regulation, CMS-1773-F:
    - FY 2024 per diems
    - FY 2024 wage index
  - Trending to CY 2025 (see slide 28)
- Non-hospice claims trended from experience year to CY 2025 (see slide 29)
- Service day utilization and intensity adjustment (see slide 30)
- Change in payment reduction for non-compliance with quality reporting requirements (see slide 31)
- Trend in hospice aggregate cap (see slide 32)

Preliminary Trends for Hospice FFS-Paid Claims

Period	Hospice update
FY 2024 - FY 2025	2.80%
FY 2025 - FY 2026	2.90%

Preliminary Non-Hospice Trend to CY 2025

- Claims trended from historical experience year to calendar year 2025
- Trends based on non-ESRD fee-for-service (FFS) United States Per Capita Costs (USPCCs) from 2025 Advance Notice

Experience Year	Experience Year USPCC	CY 2025 USPCC	Trend to CY 2025
2020	$854.35	$1,133.45	1.3267
2021	$948.12	$1,133.45	1.1955
2022	$986.43	$1,133.45	1.1490

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Utilization and Intensity Trends, 2020 – 2022

- Trends applied from base experience for CY 2020 and CY 2021 to CY 2022

Calendar Year	Service Days Per Stay Month (a)	Weighted Per Diem FY24 (b)	Composite (a * b)	Trend to CY 2022
2020	22.98	$198.40	$4,559.20	-0.28%
2021	22.94	$197.88	$4,539.28	+0.16%
2022	23.06	$197.16	$4,546.60	0.00%

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Reduction in Payments for Non-compliance with Quality Reporting Requirements, FY2024

- Claims experience reflects penalty of 2 percent for non-compliance with reporting requirements, which increased to 4 percent starting with FY 2024
- Adjustment of -0.15 percent applied at national level

Item	Impact
a. Estimated national payment reduction for failure to meet hospice quality reporting requirements, FY 2024 (million)	$41.2
b. Estimated hospice spending, FY 2024 (million)	$27,745.8
c. National impact of increase payment reduction for failure to meet hospice quality reporting requirements: -[a / (a+b)]	-0.15%

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National Aggregate Cap Recoveries and Hospice Spending by Cap Year, 2016-2022 (millions)

Cap Year	Aggregate cap	Hospice spending	Cap ratio
2016	$181.3	$17,106.8	1.06%
2017	$184.6	$18,020.7	1.02%
2018	$285.0	$19,107.0	1.49%
2019	$391.2	$20,811.8	1.88%
2020	$418.2	$22,212.5	1.88%
2021	$468.4	$22,997.1	2.04%
2022	$106.1	$23,604.5	0.45%

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Aggregate Cap Adjustment to VBID Hospice Capitation Rates

- Aggregate cap adjustment applied at CBSA-level
- Cap adjustment for CY 2023 and CY 2024 hospice capitation rates based on experience for period 2018-2020
- Proposed cap adjustment for CY 2025 hospice capitation rates based on experience for period 2020-2021
  - Cap experience for 2022 determined to be incomplete

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CY 2025 Application Timeline, Process and Resources

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Next Steps for MAOs

Ongoing Basis	Reach out to CMS for technical assistance at VBID@cms.hhs.gov
February 16, 2024	Submit responses to the VBID Request for Information to CMS
March 19, 2024	Mark your calendar for Application Office Hours (webinar)
Early April 2024	Review release of hospice-specific county-level rate book
April 12, 2024	**Submit your (NEW) streamlined application to CMS**
Mid-May 2024	Receive provisional approval
June 3, 2024	Submit MA Bids
September 2024	Execute contract addenda for Model participation

Tips for a Seamless Application Submission

- **Find all resources on the VBID Model website:** https://www.cms.gov/priorities/innovation/innovation-models/vbid, including the Request for Applications, Application link, and supplemental materials when available.

- **Submit ONE application per Parent Organization:** Each MAO needs to complete one application inclusive of all the Model Components, contracts, and PBPs that they to are proposing to include in the VBID Model.

- **Please reach out to the VBID team with questions:** CMS is available for meetings throughout the application process to provide technical assistance. To request a meeting with the VBID Model Team, please email VBID@cms.hhs.gov. To aid in expedited scheduling, please provide requested dates/times.

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Question and Answer

Thank you for joining us!

For questions that come up after our session, please email us at VBID@cms.hhs.gov

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