



Centers for Medicare & Medicaid Services

DATE: March 16, 2020

TO: All Medicare Advantage Organizations and Part D Sponsors (PDPs and MA-PDs)

FROM: Laura McWright, Deputy Director, Seamless Care Models Group
Center for Medicare and Medicaid Innovation

SUBJECT: Medicare Advantage Value-Based Insurance Design Model, Part D Payment Modernization Model, and Part D Senior Savings Model Application Process for Plan Year 2021

Summary

In December 2019, CMS released the Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model Hospice Benefit Component Request for Applications for Plan Year 2021. Today, CMS is announcing additional updates to the VBID Model that execute on the President's Executive Order 13890 on Protecting and Improving Medicare for Our Nation's Seniors. CMS is also announcing updates to the Part D Payment Modernization Model and application details for the recently announced Part D Senior Savings Model.

All VBID Model and Part D Payment Modernization Model applications are due April 24, 2020.

For the Part D Senior Savings Model, Part D Sponsors who submit a letter of intent by April 10 2020 and apply by May 1, 2020 to participate in the Model.

For all three Models, as MA organizations and Part D sponsors work to respond to enrollee needs due to the 2019 Novel Coronavirus Disease (COVID-19), where possible, CMS will work with all applicants to finalize participation as part of the annual bid submission.

Information and Requests for Applications (RFA)

Information on the VBID Model and the Model RFA for VBID and the Hospice Benefit Component are available here: <https://innovation.cms.gov/initiatives/vbid/>

Information on the Part D Payment Modernization Model and the Model RFA is available here: <https://innovation.cms.gov/initiatives/part-d-payment-modernization-model/>

Information on the Part D Senior Savings Model Plan RFA is available here: <https://innovation.cms.gov/initiatives/part-d-savings-model>

Upcoming Webinar on the VBID, Part D Payment Modernization, and Senior Savings Models

CMS is hosting a webinar to discuss all three models and the application process on Tuesday, March 24, 2020, from 3:00-4:00 ET. Please register for the webinar at this link: <https://attendee.gotowebinar.com/register/6588147635285478155>

VBID Model

Application Details

In order to facilitate a seamless application process for all interested MA organizations, CMS is dividing the Model application process described in the RFA into two parts.

First, by 11:59 ET PM on April 24, 2020, applicants must complete an application to participate in the VBID Model located on the Model's webpage. This application is inclusive of the Hospice Benefit Component of the Model, so MA organizations will only need to fill out one application to participate in the VBID Model.

Second, the final part of the application process is for provisionally approved MA organizations to confirm their participation in the Model by the bid submission date of June 1, 2020 concurrent with and as part of their plan bid submission. In addition to the bid submission requirements, MA organizations that were provisionally approved must notify CMS in writing by June 1, 2020 of any changes from their provisionally approved application, including changes to participating PBPs.

The VBID Model RFA and the VBID Hospice Benefit Component RFA guide all requirements for Model participation.

Medicare Advantage Value-Based Insurance Design (VBID) Model Background Information

All Model information, including the VBID Model and Hospice Benefit Component RFAs, webinar recordings and slides, and other Model information is available here:

<https://innovation.cms.gov/initiatives/vbid/>. MA organizations that are also interested in participating in the Hospice component of VBID, must consult the VBID Hospice Benefit Component RFA, which is available here: <https://innovation.cms.gov/Files/x/vbid-hospice-rfa2021.pdf>.

The VBID Model tests a number of complementary service delivery approaches for Medicare Advantage (MA) organization enrollees for the 2021 plan year, including:

- **Hospice Benefit:** MA organizations will be allowed to offer Medicare's hospice benefit. This change is designed to increase access to hospice services and facilitate better coordination between patients' hospice providers and their other clinicians for MA enrollees.
- **VBID Flexibilities**
 - **NEW FOR 2021: For all VBID plan enrollees—Flexibility to Share Beneficiary Rebates Savings More Directly with Beneficiaries in the Form of Cash or Monetary Rebates:** CMS is providing participating MAOs additional flexibility to choose to share rebates under section 1854 of the Act with all of their enrollees in Model PBPs through a new mandatory supplemental benefit, in the form of cash or monetary rebates upon engaging in a behavior that positively impacts health.
 - **NEW FOR 2021: Flexibility to Cover New and Existing Technologies or FDA Approved Medical Devices:** MA organizations will have the flexibility to cover new and existing technologies or FDA-Approved medical devices that do not fit into an existing benefit category as a supplemental benefit for targeted populations (chronic conditions and/or LIS status) that would receive the highest value from the new technology.
 - **For VBID Enrollees with Chronic Conditions and/or Based on Socioeconomic Status:** MA organizations will be allowed to propose reduced cost-sharing or additional supplemental

benefits, including for “non-primarily health related” items or services, for enrollees based on chronic condition, socioeconomic status, as determined by qualifying for the low-income subsidy (LIS) or both.

- **Rewards and Incentives Programs:** MA organizations will be allowed to propose broadened MA and new Part D Rewards and Incentives (RI) programs. Specifically, MA organizations may propose RI programs with allowed values that more closely reflect the expected benefit of the health-related service or activity, up to an annual limit, to better promote improved health, prevent injuries and illness, and promote the efficient use of health care resources. Participating MA organizations that offer a Prescription Drug Plan (MA-PDs) may also offer RI programs for enrollees who take covered Part D prescription drugs and who participate in disease management programs, engage in medication therapy management with pharmacists or providers, or receive preventive health services. Enrollees will be able to actively engage in understanding their medications, including clinically-equivalent alternatives that may be more cost-accessible.

Additionally, MA organizations will be required to offer all enrollees in Model PBPs improved, timely access to Wellness and Health Care Planning (WHP), including advance care planning. Each MA organization applying to participate in the VBID Model for CY2021 must submit its proposed approach to WHP for its enrollees as part of its VBID model application.

Please view the VBID Fact Sheet here as well as for additional VBID Model information:

<https://innovation.cms.gov/initiatives/vbid/>

Please view VBID Hospice Benefit Fact Sheet here: <https://www.cms.gov/newsroom/fact-sheets/medicare-advantage-value-based-insurance-design-model-calendar-year-2021-fact-sheet>

For questions, please contact the VBID Model Team here: VBID@cms.hhs.gov

Part D Payment Modernization Model

In order to facilitate a seamless application process for all interested Part D sponsors, CMS is dividing the Model application process described in the Request for Applications (RFA) into two parts.

First, by 11:59 ET on April 24, 2020, Part D sponsors must complete an application to participate in the Part D Payment Modernization Model via the application link on the Model's webpage.

Second, the final part of the application process is for provisionally approved Part D sponsors to confirm their participation in the Model by the bid submission date of June 1, 2020 concurrent with and as part of their plan bid submission. In addition to the bid submission requirements, Part D Sponsors that were provisionally approved must notify CMS in writing by June 1, 2020 of any changes from their provisionally approved application, including changes to participating PBPs.

The CY 2021 Part D Payment Modernization Model Request for Applications guides all requirements for Model participation.

Part D Payment Modernization Model Background Information

The Part D Payment Modernization Model is testing the impact of a modernized Part D program design and improved alignment on overall Part D prescription drug spending and beneficiary out-of-pocket costs. The Model is open to eligible Prescription Drug Plans (PDPs) and MA-PDs that are approved to participate, is voluntary, and will last 5 years through the 2024 Plan Year.

The Part D Payment Modernization Model tests a number of programmatic tools for Part D Sponsors and Medicare Advantage Prescription Drug Plans to better manage drug spend for enrollees for the 2021 Plan Year, including:

- **NEW FOR 2021: Medication Therapy Management + (MTM+) Program:** To improve the quality and coordination of care, participating Part D sponsors will be permitted to develop MTM+ programs, in lieu of the standard Part D MTM program. CMS is testing ways MTM programs may be developed and implemented that improve beneficiary targeting and engagement, with the aim of improving adherence, coordination of care, and understanding of a beneficiary's medication regimens.
- **NEW FOR 2021: New Flexibilities to Lower Costs for Beneficiaries: Limited initial days' supply and Cost-Sharing Smoothing:** Part D sponsors will be permitted to offer the following flexibilities:
 - 1) **Limited Initial Days' Supply:** Participating Part D sponsors may propose to limit the first fill of a new medication to a clinically and operationally feasible time frame of less than a 30-days' equivalent supply for covered Part D drugs where there is a clinical and drug utilization review rationale to do so; and
 - 2) **Smoothing of Enrollee Cost-Sharing Consistently through all Part D benefit phases:** Participating Part D sponsors may propose to CMS innovative approaches to improving access to medications, including allowing an enrollee to pay their prescription cost-sharing over time within the course of the Plan Year (e.g., installment payments).
- **Part D Rewards and Incentives Programs:** Participating Part D sponsors will be allowed to propose Part D Rewards and Incentives (Part D RI) programs that, in connection with medication use,

focus on promoting improved health, medication adherence and the efficient use of health care resources.

- **Reduction or Elimination of Cost-Sharing on Generic Drugs and Biosimilars for Low-Income Subsidy (LIS) Beneficiaries:** Participating Part D sponsors will be allowed to reduce cost-sharing for generic and biosimilar drugs for LIS beneficiaries to an amount below the statutory maximum copayment and still receive low-income cost sharing subsidy (LICS) payments that reflect the difference between the defined standard benefit's cost-sharing amount and the LIS statutory maximum copayment amount. The expectation is that Part D plan sponsors would utilize this flexibility when the net cost of the generic or biosimilar is lower than the branded therapy or biologic.
- **Plan Timeliness for Standard Initial Coverage Determinations:** Participating Part D sponsors will be permitted to increase the standard coverage determination timeframe from 72 to 96 hours for requests for drug coverage in an effort to enable Model participants, prescribers, and enrollees to increase adherence to medications at first fill, increase initial determination approvals, and decrease re-determinations. This programmatic flexibility would not apply to (a) expedited requests; (b) exceptions requests; or (c) requests for payment.

Additionally, CMS may provide participating PBPs additional *de minimis* flexibility based on a review of Part D bids. Please view the Part D Payment Modernization Model Fact Sheet here as well for additional Model information: <https://innovation.cms.gov/initiatives/part-d-payment-modernization-model/>

For questions, please contact the Part D Payment Modernization Model Team here: PartDPaymentModel@cms.hhs.gov

Part D Senior Savings Model

In order to facilitate a seamless application process for all interested Part D sponsors, CMS is dividing the Model application process described in the Request for Applications (RFA) into three parts.

First, by 11:59 ET on April 10, 2020, Part D sponsors must complete an application to participate in the Part D Senior Savings Model via the application link on the Model's webpage.

Second, by 11:59 ET on May 1, 2020, Part D sponsors must complete an application to participate in the Part D Senior Savings Model via email to PartDSavingsModel@cms.hhs.gov.

Third, the final part of the application process is for provisionally approved Part D sponsors to confirm their participation in the Model by the bid submission date of June 1, 2020 concurrent with and as part of their plan bid submission. In addition to the bid submission requirements, Part D Sponsors that were provisionally approved must notify CMS in writing by June 1, 2020 of any changes from their provisionally approved application, including changes to participating PBPs.

Part D Senior Savings Model Background Information

The Part D Senior Savings Model will test changing the Manufacturer Coverage Gap Discount Program (the "discount program") to allow Part D sponsors, through eligible, enhanced alternative plans, to offer a Part D benefit design that includes predictable copays in the deductible, initial coverage, and coverage gap phases by offering supplemental benefits that apply after manufacturers provide a discounted price for a broad range of insulins included in the Model. The Model aims to reduce Medicare expenditures while preserving or enhancing quality of care for beneficiaries, and to provide beneficiaries with additional Part D prescription drug plan (PDP) choices, for beneficiaries who receive Part D coverage through both standalone PDPs and Medicare Advantage (MA) plans that provide Part D prescription drug coverage (MA-PDs). These Model-participating plan benefit packages (PBPs) will provide stable, predictable copays for insulins that beneficiaries need throughout the different phases of the Part D benefit.

The CY 2021 Part D Senior Savings Model Plan Request for Applications guides all requirements for Model participation.

Please view the Part D Senior Savings Model Fact Sheet here as well for additional Model information: <https://innovation.cms.gov/initiatives/part-d-savings-model>

For questions, please contact the Part D Senior Savings Model Team: PartDSavingsModel@cms.hhs.gov