

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services 7500  
Security Boulevard, Mail Stop 00-00-00  
Baltimore, Maryland 21244-1850



Centers for Medicare & Medicaid Services

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DATE: March 1, 2022

TO: All Medicare Advantage Organizations

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

SUBJECT: Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model Application Process for Calendar Year (CY) 2023

**Summary:** Today, CMS released the Request for Applications (RFA) for the CY 2023 VBID Model, including the CY 2023 RFA for the Hospice Benefit Component of the VBID Model. Additionally, CMS released the CY 2023 Preliminary Hospice Capitation Payment Rate Actuarial Methodology for the Hospice Benefit Component of the VBID Model. This memo provides information on what is new for CY 2023 as well as application details for MA Organizations (MAOs) interested in applying to participate in the VBID Model, including offering the Medicare hospice benefit. It also includes details on upcoming webinars. **All VBID Model applications will be due on April 15, 2022.**

**Information and Requests for Applications:** Information on the VBID Model, the RFAs for VBID and its Hospice Benefit Component, and the CY 2023 Preliminary Hospice Capitation Payment Rate Actuarial Methodology for the Hospice Benefit Component are available here: <https://innovation.cms.gov/initiatives/vbid/>.

**Application Details:** To participate in any component of the VBID Model, MAOs must complete both a CMMI application and include the necessary information in their CY 2023 bid submission.

*CMMI Application:* By 11:59 PM PT on April 15, 2022, applicants must complete an online application to participate in the VBID Model. The online application and associated application materials will be located on the Model's webpage and accessible [here](#) in early March 2022. While the application includes all VBID Model Components, MAOs may select which voluntary Model components they wish to include. All MAOs participating in the Model must include the Wellness and Health Care Planning (WHP) Component in their application. CMMI will review all applications to ensure eligibility and alignment with Model requirements and will provide plans with provisional approvals.

*Bid Submission:* The final part of the application process is for provisionally approved MAOs to confirm their participation in the Model by the bid submission date of Monday, June 6, 2022, concurrent with and as part of their plan bid submission. In addition to the bid submission requirements, MAOs that were provisionally approved must notify CMS in writing by June 6, 2022 of any changes from their provisionally approved application, including changes to their existing participating PBPs.

The CY 2023 VBID Model and VBID Hospice Benefit Component RFAs provide all requirements for Model participation. 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/>.

### **What is New for the VBID Model in CY 2023?**

Building upon a focus on health equity, the CY 2023 RFA has several key updates, in alignment with the Innovation Center's vision for a health system that achieves equitable outcomes through high-quality, affordable and person-centered care. These include:

- Addition of the voluntary Health Equity Incubation Program;
- Targeting the benefit and reward and incentive (RI) program to interventions uniquely authorized by the Model;
- Additional guidance on defining high-value providers;
- Removal of the Cash or Monetary Rebates Component; and
- Incorporation of a health equity plan requirement and qualitative and quantitative network adequacy standards in the Hospice Benefit Component of the Model.

***Health Equity Incubation Program:*** The flexibilities provided in the VBID Model – including the ability of MAOs to target Model benefits and RI Programs to populations receiving the Part D Low-Income Subsidy (LIS) and those with chronic health conditions – provide a unique and far-reaching opportunity to address issues of health equity. To this end, the Innovation Center will implement learning activities around health equity in CY 2023 through a voluntary Health Equity Incubation Program. The goal of this program is to encourage testing of interventions in the most promising focus areas (e.g., addressing food and nutritional insecurity and other Health Related Social Needs (HRSN)) and optimizing the design and implementation of best practices for interventions focused on health equity. In addition, CMS aims to build on and share an evidence base on quality improvement and medical savings related to health-related social needs interventions.

***Benefits Uniquely Authorized by the Model:*** For CY 2023, CMS is requiring that the VBID Model only test those interventions within each Model component (with the exception of the WHP Component) that are uniquely authorized by the VBID Model. CMS will not test interventions authorized through flexibilities within the broader Part C Program that fall outside of the VBID Model. Any questions and/or requests for technical assistance with VBID interventions may be sent to the VBID mailbox at [VBID@cms.hhs.gov](mailto:VBID@cms.hhs.gov).

***Defining High-Value Providers:*** Since the Model began in 2017, MAOs could make the provision of additional supplemental benefits (including reductions in cost sharing) for targeted enrollees conditional on the use of high-value providers. CMS recognizes the important role of providers who demonstrate high value through culturally competent care and increased continuity of care for enrollees in underserved areas. To that end, CMS has included further guidance about what constitutes a high-value provider for inclusion in the Model (e.g., explicitly including those who predominantly serve underserved populations or dual-eligible enrollees). Other examples include those who provide care through an Area Agency on Aging, Aging and Disability Resource Center, or Center for Independent Living.

***Removal of Cash or Monetary Rebates:*** CMS is removing the Cash or Monetary Rebates Component of the Model beginning in CY 2023 due to potential negative impacts on enrollee eligibility for means-tested benefits, based on receipt of these cash benefits under the Model. While CMS is removing this Model component for 2023, CMS strongly encourages MAOs to address the medical and social needs of enrollees who receive the Part D LIS and/or other underserved populations in designing supplemental benefits under the Model that are paid for by using the MA beneficiary rebate dollars. Through the use of the VBID flexibilities under the Model, MAOs could offer a range or combination of primarily health related and non-primarily health related benefits, for targeted enrollees, including healthy groceries, non-emergency medical transportation, transportation for non-medical needs and other innovative benefits.

CMS recommends that MAOs: (1) provide these types of benefits as part of a holistic benefit design; and (2) seek input from enrollees in structuring such benefit designs. Overall, by removing the Cash or Monetary Rebates component, CMS's goal is to ensure that the Model is focused on encouraging Model participants to use targeted supplemental benefits, with a sound evidence base, to help address medical and social needs of underserved enrollees while advancing its health equity goals.

***Updates to the Hospice Benefit Component:*** New for CY 2023, CMS will require each applicant for the Hospice Benefit Component to describe a detailed strategy for advancing health equity as part of its approach to the Hospice Benefit Component, including but not limited to applying the principles of health equity to its palliative care strategies and to its coverage and coordination of the Medicare Hospice Benefit.

Additionally, the Innovation Center is standardizing network adequacy requirements for applicants that have at least one year of experience by the start of CY 2023. In CY 2023, these participants will need to meet two Model-specific requirements: 1) create and maintain a network of hospice providers so that enrollees in each county of an MA plan's service area(s) have access to a minimum number of network hospice providers; and 2) describe their comprehensive strategy for forming a network of hospice providers to ensure that enrollees receive a set of timely, comprehensive, and high-quality services aligned with enrollee preferences in a culturally sensitive and equitable fashion.

### **What is the Same for 2023?**

As in prior years, the VBID Model will test a number of complementary service delivery approaches for Medicare Advantage (MA) organization enrollees for the 2023 plan year, including:

- **Hospice Benefit:** MAOs will be allowed to offer Medicare's hospice benefit. MAOs will also be able to offer additional services to their hospice enrollees, including transitional concurrent care to help ease transitions to hospice, non-hospice palliative care to support the needs of enrollees not eligible for hospice care, and hospice supplemental benefits to enhance the Medicare hospice benefit. This benefit component is designed to increase access to hospice services and facilitate better coordination between patients' hospice providers and their other clinicians for MA enrollees.

Additional information and resources specific to the Hospice Benefit Component are available here: <https://innovation.cms.gov/innovation-models/vbid-hospice-benefit-outreach-education> and on the VBID Model home page under the "CY 2023 Materials" subheading here: <https://innovation.cms.gov/innovation-models/vbid>.

- **VBID Flexibilities:**
  - **For VBID Enrollees with Chronic Conditions and/or Based on Socioeconomic Status:** MAOs 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.
  - **Flexibility to Cover New and Existing Technologies or FDA Approved Medical Devices:** MAOs 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.
- **Rewards and Incentives Programs:** MAOs will be allowed to propose broadened MA and new Part D Rewards and Incentives (RI) programs. Specifically, MAOs 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 MAOs 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.

- **Wellness and Health Care Planning:** Additionally, participating MAOs must implement a WHP strategy, that includes Advance Care Planning (ACP) to reach all enrollees in all of the PBP included in the Model, not just those members targeted for VBID and not just in select PBPs. Examples of broader strategies include, but are not limited to, infrastructure investments around WHP (e.g., digital platforms to support ACP), provider initiatives around WHP education, and member focused initiatives (e.g., broad communication [such as providing information on how enrollees can access WHP services in the Evidence of Coverage and/or other materials provided to enrollees that describe their benefits], and outreach and education opportunities). Additionally, MAOs participating in the Model may have a targeted strategy for their VBID enrollees to receive WHP provided that a targeted strategy is combined with a broader strategy for all enrollees in Model-participating PBPs.

### Upcoming Webinars

The CY 2023 VBID Model and Hospice Benefit Component Overview Webinar, including a review of the CY 2023 preliminary payment design related to the Hospice Benefit Component, will be held on March 10, 2022, from 3-4 PM ET. Please register for this webinar at this link [here](#).

Office Hours will be held on April 5, 2022, from 3-4 PM ET to offer attendees an opportunity to ask questions related to the VBID Model, the Hospice Benefit Component, and the Model application process. Please register for this office hour session at this link [here](#).

For additional information, visit the [VBID overview page](#) or contact [VBID@cms.hhs.gov](mailto:VBID@cms.hhs.gov).

### Other Health Plan Innovation Webinars

The CY 2023 Part D Senior Savings Model Overview Webinar will be held on March 9, 2022 at 3 PM ET. This webinar will provide an overview of the Model and the Part D Sponsor application process, as well as include a Q&A session for interested Part D Sponsors. Please register [here](#) to participate in this webinar.

For additional information, visit the [PDSS Model website](#) or contact [PartDSavingsModel@cms.hhs.gov](mailto:PartDSavingsModel@cms.hhs.gov).