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**CENTER FOR MEDICARE & MEDICAID INNOVATION**

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**DATE:** August 10, 2016

**TO:** All Medicare Advantage Organizations

**FROM:** Hoangmai Pham, MD, MPH  
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Center for Medicare & Medicaid Innovation

**SUBJECT:** Medicare Advantage Value-Based Insurance Design Model Test – Advanced Notice of CY 2018 Model Changes

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This memorandum announces changes to the Medicare Advantage Value-Based Insurance Design (MA-VBID) model test for contract year (CY) 2018.

Participants in the MA-VBID model test will begin to offer value-based insurance design benefits on January 1, 2017. For full information on the MA-VBID model test, please visit the model website: [innovation.cms.gov/initiatives/vbid/](http://innovation.cms.gov/initiatives/vbid/).

CMS requested feedback to facilitate the improvement of the MA-VBID model test for model years two through five (contract years 2018 through 2021). In response to that feedback and other considerations, CMS is making the changes described below to the model test's design, beginning with participation in CY 2018.

More detail on these changes will follow in the CY 2018 Request for Applications, anticipated to be released later this year. In addition to these changes, CMS may make technical changes to the application process or clarifications to the Request for Application and other model documents, intended to improve efficiency, amplify or clarify CMS policy and streamline the application process. CMS expects the application process for the model test for CY 2018 to generally resemble the CY 2017 process, and interested organizations are encouraged to begin preparing submissions on that basis.

## Changes for CY 2018

- New applicants: CMS will reopen the application window and accept CY 2018 applications to the MA-VBID model test from organizations not participating in CY 2017. CMS will also accept proposals from organizations participating in CY 2017 to modify the VBID benefits offered, or to add or remove Plan Benefit Packages (PBPs). CMS expects to reopen the application window again in future years.
- New states: CMS will conduct the model test in three additional states: Alabama, Michigan and Texas. These states will be in addition to the current model tests states: Arizona, Indiana, Iowa, Massachusetts, Oregon, Pennsylvania, and Tennessee.
- New targeted clinical conditions: MA organizations may propose to offer VBID benefits in CY 2018 to enrollees with Rheumatoid Arthritis and Dementia. CMS is defining the rheumatoid arthritis group to include all enrollees with diagnoses included in the rheumatoid arthritis HEDIS value set, with the option to include enrollees otherwise excluded from that value set due to HIV and pregnancy, if clinically appropriate. The dementia group is defined as all enrollees with diagnoses included in the CMS Chronic Conditions Warehouse Alzheimer's Disease and Related Disorders or Senile Dementia algorithm, available at <https://www.cwdata.org/web/guest/condition-categories>. When conducting clinical review of proposals submitted by organizations for the dementia population, CMS will specifically consider whether the proposal exposes this population to increased risk of unnecessary drugs, particularly the use of atypical antipsychotics, or other risk of harm unique to this population.

These two new targeted condition categories are in addition to the previously included targeted clinical conditions: diabetes, congestive heart failure, chronic obstructive pulmonary disease (COPD), past stroke, hypertension, coronary artery disease, mood disorders. Organizations may also offer VBID benefits to enrollees with combinations of any of the nine categories.

- Revision to the mood disorder category: Participating organizations may select from amongst the ICD-10 codes originally proposed by CMS for the CY 2017 Mood Disorder category to create a smaller group suitable to the participant's proposed intervention. Organizations taking this option must select all ICD-10 codes from within a chosen code category. For example, an organization wishing to focus on Depressive Episodes (F32) may not select only F32.0 ("Major depressive disorder, single episode, mild"), but must provide benefits to all F32 codes in the CMS MA-VBID Mood Disorder code set. Organizations selecting F32 or F34 may also propose to include all codes from within those categories, instead of just those included in the CMS MA-VBID Mood Disorder code set.

- Minimum Plan Benefit Package (PBP) size: Currently, model-participating PBPs must have 2000 enrollees or more, with exceptions permitted upon request to CMS. Starting in CY 2018, provided that an MA organization participates in the model test with at least one PBP with enrollment over 2,000 enrollees, the minimum enrollee requirement for each additional PBP from that MA organization (or other MA organizations with the same parent organization) to participate without an exception from CMS is 500 enrollees.

Please direct any questions regarding this memorandum or the MA-VBID model test to [MAVBID@cms.hhs.gov](mailto:MAVBID@cms.hhs.gov).

This is a memorandum only. This memorandum is issued solely for information and planning purposes; it does not constitute a Request for Proposal, applications, proposal abstracts, or quotations. This memorandum does not commit the government to contract for any supplies or services or make a grant award. This memorandum should not be construed as a commitment or authorization to incur cost for which reimbursement would be required or sought. Further, CMS is not seeking proposals through this memorandum and will not accept unsolicited proposals.