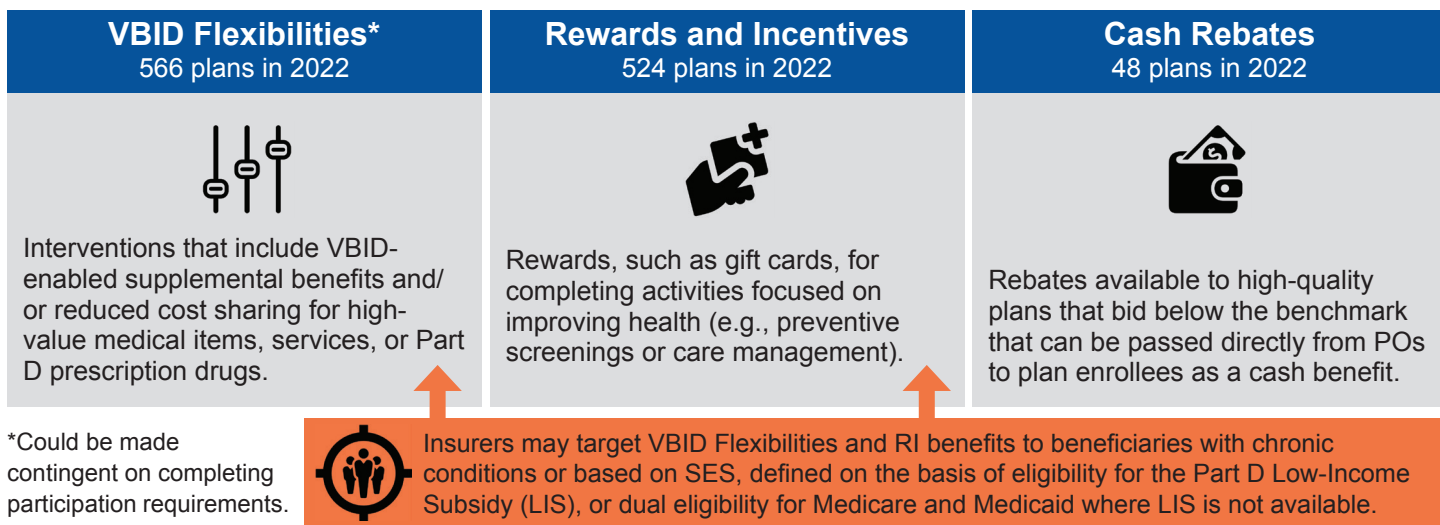


OVERVIEW

The Medicare Advantage (MA) Value-Based Insurance Design (VBID) model test enables MA insurers to offer one or more innovative benefit design options in eligible MA plans. The model aims to encourage the use of high-value care and promote healthy behavior, with goals of enhancing care quality, improving beneficiary health, and reducing spending. Most VBID benefits can be targeted based on beneficiaries' chronic conditions or socioeconomic status (SES). The figure below shows benefits available under VBID General, which includes VBID Flexibilities, Rewards and Incentives (RI), and Cash Rebates (2021 and 2022 only). A separate Hospice Benefit component is described in a companion document.



FINDINGS

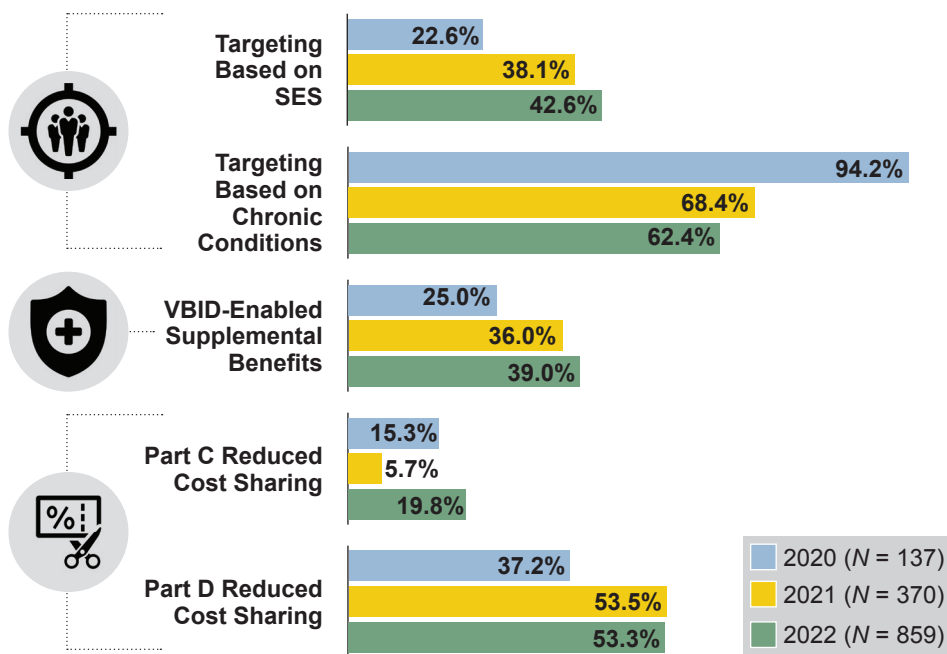
PARTICIPATION

Participation in VBID General more than doubled between 2021 and 2022, with the number of participating plans increasing from 370 to 859.

Relative to eligible nonparticipants, **INSURERS** participating in 2022 were more likely to be located in poorer areas and areas with higher MA penetration. Participating **PLANS** were more likely to be dual-eligibility special needs plans (D-SNPs) and had a greater share of non-White enrollees.

Over time, a greater share of plans have designed interventions that target beneficiaries based on **SES**, include **VBID-ENABLED SUPPLEMENTAL BENEFITS**, or offer **PART D COST-SHARING REDUCTIONS**.

Share of VBID General Plans with Specified Design Features



OUTCOMES

Participation was associated with increases in **DRUG ADHERENCE** in 2020 and **STAR RATINGS** (a measure of care quality) in 2021, consistent with the goals of the model.

The association with higher **RISK SCORES** and more **INPATIENT STAYS** in 2020 might have stemmed from increased interactions with providers that identified undiagnosed conditions and unmet need.

COSTS TO CMS reflect the total amount CMS pays for both MA and Part D (MAPD) per member per month (PMPM), including risk-adjusted plan bids, MA rebates, the Part D LIS, and reinsurance. Associated increases in 2021 were driven by increases in MA rebates, risk scores, and LIS payments; MAPD bids did not change.

Associations with higher **MAPD PREMIUMS** in 2021 and 2022 were driven by Part D premiums; in some cases, these costs were borne by CMS, which pays all or part of that premium for LIS-eligible beneficiaries.

VBID General Outcomes, 2020–2022

OUTCOME	UNIT	2020	2021	2022
Star Ratings (care quality)	Contract	Not assessed	+0.31 points (0.24, 0.38)	Not assessed
Non-insulin diabetes drug adherence	Beneficiary	+1.4 ppts. (0.9, 1.9)	Not assessed	Not assessed
Hypertension drug adherence	Beneficiary	+0.7 ppts. (0.3, 1.0)	Not assessed	Not assessed
Statin adherence	Beneficiary	+1.6 ppts. (1.3, 2.0)	Not assessed	Not assessed
Risk scores	Beneficiary	+0.07 points (0.07, 0.08)	Not assessed	Not assessed
Inpatient stays	Beneficiary	+11.9% (10.1%, 13.7%)	Not assessed	Not assessed
MAPD premiums	Plan	No change	+\$2.25 PMPM (\$0.48, \$4.03)	+\$1.33 PMPM (\$0.39, \$2.27)
Costs to CMS	Plan	No change	+\$44.90 PMPM (\$25.81, \$63.99)	Not Assessed
MAPD bids	Plan	No change	No change	No change

Note: Delays related to encounter data run-out and changes in quality reporting in 2020 (due to COVID-19) prevented assessment of every outcome in each year. "No change" = result not statistically significant at conventional levels "ppts." = percentage points. 95% confidence intervals shown in parentheses. Statistically significant values for 2020 shown in blue; for 2021 shown in yellow; and for 2022 shown in green.

IMPLEMENTATION EXPERIENCES

- In 2022, insurers generally described implementation as a minimal lift.
- Fewer implementation challenges were reported in 2022 than 2021.
- Insurers reporting challenges tended to be new to the model.
- The most-frequently mentioned challenges involved model-specific data reporting requirements and working with vendors.

KEY TAKEAWAYS

- Model participation is growing, and interventions are increasingly focused on SES-based targeting, supplemental benefits, and Part D cost-sharing reductions.
- VBID is associated with increases in beneficiary adherence, risk scores, and inpatient stays in 2020; Star Ratings and costs to CMS in 2021; and premiums in 2021 and 2022.
- Many outcomes evaluated were for 2020 only, a year in which COVID-19 caused major disruptions in health care provision; findings may evolve as the pandemic recedes.
- Implementation has gotten easier over time, especially for insurers with more than one year of experience with VBID.