Since 2021, the voluntary Medicare Advantage (MA) Value-Based Insurance Design (VBID) model has allowed MA insurers to offer a hospice benefit within their plans. Outside VBID, hospice care is not included in MA plans’ benefit packages and is paid through traditional Medicare. The Hospice Benefit component consolidates responsibility and accountability for the cost, quality, and outcomes of MA beneficiaries in hospice with the intent of aligning service use with beneficiary needs and preferences, reducing use of acute care services, and lowering costs of care at the end of life.

Insurers participating in the Hospice Benefit component:
- must offer palliative care, such as 24/7 access to interdisciplinary care teams
- must offer transitional concurrent care (TCC), which allows beneficiaries selecting in-network hospices to continue receiving some curative care after they elect hospice
- may offer hospice supplemental benefits, such as reduced cost sharing for hospice drugs and inpatient respite care.

This document summarizes evaluation results for the Hospice Benefit component of the VBID model based on available 2021 and 2022 data. A companion document focuses on the evaluation results for other components of the VBID model.
Value-Based Insurance Design (VBID) Model
Hospice Benefit Component, 2021–2022

Findings at a Glance

BENEFITS AND SERVICES
Uptake of services through the Hospice Benefit component continued to be low in 2022.

- Use of PALLIATIVE CARE was lower than insurers expected
- Less than 1% of beneficiaries electing hospice received TCC
- About 6.5% of beneficiaries electing hospice received one or more HOSPICE SUPPLEMENTAL BENEFITS

IMPLEMENTATION EXPERIENCES

INSURERS’ implementation challenges were greater for new participants than continuing ones and included:
- administrative processes
- communicating with hospices
- creating and maintaining a hospice network.

HOSPICES included:
- additional administrative processes, especially claims submission
- insurers’ reporting requirements
- few beneficiaries referred for TCC.

OUTCOMES
The Hospice Benefit component was not associated with changes in hospice enrollment or care patterns in 2021.

However, participation was associated with a small, statistically significant increase in CARE QUALITY (about 3% in 2021), as assessed by a summary measure of caregiver-reported hospice care experiences based on the Consumer Assessment of Healthcare Providers and Systems (CAHPS) Hospice Survey. This finding appears to be driven primarily by reported care experiences for beneficiaries who live in Puerto Rico.

Participation was also associated with lower MAPD BIDS (about 3%, 2021 and 2022), increased MANDATORY SUPPLEMENTAL BENEFITS (MSB) COSTS (about 29% in 2021 and a marginally significant 12% in 2022), and a marginally statistically significant reduction in MAPD PREMIUMS (about 17%, 2021).

MSB costs increased while premiums were held constant or decreased because participating plans received larger MA rebates and allocated a substantial share of those rebates to spending on MSB costs.

Hospice Benefit Component Outcomes, 2021–2022

<table>
<thead>
<tr>
<th>OUTCOME</th>
<th>UNIT</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAHPS (care quality)</td>
<td>Beneficiary</td>
<td>+2.59 points (0.39, 4.79)</td>
<td>Not assessed</td>
</tr>
<tr>
<td>MAPD bids</td>
<td>Plan</td>
<td>–$18.39 PMPM (–$31.98, –$4.80)</td>
<td>–$23.23 PMPM (–$34.58, –$11.89)</td>
</tr>
<tr>
<td>MSB costs</td>
<td>Plan</td>
<td>+$12.18 PMPM ($2.72, $21.63)</td>
<td>+$5.82 PMPM (–$1.02, $12.66)</td>
</tr>
<tr>
<td>MAPD premiums</td>
<td>Plan</td>
<td>–$4.49 (–$9.37, $0.39)</td>
<td>No change</td>
</tr>
</tbody>
</table>

Note: 95% confidence intervals shown in parentheses. Statistically significant values shown for 2021 in yellow (or light yellow for marginal significance) or for 2022 in green (or light green for marginal significance).

KEY TAKEAWAYS
- Hospice Benefit component participation is growing, but uptake of palliative care, TCC, and hospice supplemental benefits continued to be low in 2022.
- Hospices and new insurers reported substantial implementation challenges, but insurers with more than one year of experience with VBID reported fewer challenges, suggesting that implementation is becoming easier over time.
- The proportion of beneficiaries receiving care from in-network hospices grew from 2021 to 2022.
- Participation in the Hospice Benefit component was not associated with changes in hospice enrollment in 2021.
- Participation in the Hospice Benefit component was associated with reductions in combined MAPD bids in 2021 and 2022 and reductions in combined MAPD premiums in 2021.

This document summarizes an evaluation report prepared by an independent contractor. To learn more about the MA VBID Model and to download the Evaluation of Phase II of the MA VBID Model Test Report, visit https://innovation.cms.gov/innovation-models/vbid.