

Value-Based Insurance Design Model (VBID) Fact Sheet

Calendar Year (CY) 2022

Overview

The Value-Based Insurance Design (VBID) Model tests a broad array of Medicare Advantage (MA) health plan innovations, including the incorporation of the Part A hospice benefit within the MA benefits package, under the authority of the CMS Center for Medicare and Medicaid Innovation (Innovation Center) under section 1115A of the Social Security Act.

The VBID Model began in January 2017 and will run through December 2024. The VBID Model aims to test the impact of varied service delivery and payment flexibilities in MA, that are designed to promote patient-centered care, provide greater price transparency, and increase enrollee choice and access to timely and clinically-appropriate care, with the goal of improving quality and reducing costs. Several changes have been made to the design of the VBID Model since its initial implementation in 2017, but no significant changes are being made to the Model design between CY 2021 and CY 2022.

The Model has seen significant growth over the past few years in the number of enrollees – from 280,000 Model enrollees in 2020 to over 3.7 million projected Model enrollees in 2022. Enrollees will receive additional benefits such as healthy foods and meals, transportation support, and reduced cost-sharing, and have the ability to participate in additional Part C and Part D rewards and incentives programs as part of this Model test. In 2022, 34 MA organizations (MAOs) will participate in the Model in 49 states, DC, and Puerto Rico through 1,014 plan benefit packages (PBPs), up from 30 states and Puerto Rico with 157 participating PBPs in 2020 and 45 states, DC, and Puerto Rico with 451 participating PBPs in 2021. Of the 34 MAOs participating in 2022, 13 are participating in the Hospice Benefit Component, four more than in 2021, the initial year of the Hospice Benefit Component. These 13 organizations will test the Model component through 115 PBPs (up from 53 PBPs in 2021) and in 461 counties (up from 206 counties in 2021).

Summary of the Model for CY 2022

In CY 2022, the VBID Model will test the following Model Components (see Table 1). All participating MAOs must participate in the mandatory Wellness and Health Care Planning (WHP) component of the VBID Model in CY 2022. Eligible MAOs may apply to test one or more of the other interventions summarized in Table 1.

Table 1. CY 2022 VBID Model Components

VBID Model Component	Scope	Percentage of Parent Organizations Offering VBID Model Components*
Wellness and Health Care Planning	All enrollees in all Model Plan Benefit Packages (PBPs)	100%
VBID Flexibilities targeted to beneficiaries based on chronic condition and/or socioeconomic status, which may include: <ul style="list-style-type: none"> i. Primarily and non-primarily health-related supplemental benefits, which may include new and existing technologies or FDA approved medical devices; ii. Use of high-value providers and/or participation in care management programs/disease management programs; and/or iii. Reductions in cost sharing for Part C items and services and covered Part D drugs 	For targeted enrollees in select Model PBPs	76%
Medicare Hospice Benefit Component	For all eligible enrollees in select Model PBPs	38%
Part C and Part D Rewards and Incentives Programs (RI Programs)	For targeted enrollees in select Model PBPs <i>(Participating MAOs may elect to make RI Programs available to all enrollees in Model PBPs.)</i>	24%
Offered Uniformly Across All Beneficiaries (i.e., non-targeted) <ul style="list-style-type: none"> i. Flexibility to share beneficiary rebates savings more directly with beneficiaries in the form of cash or monetary rebates 	For all enrollees in the Model PBPs	18%

* Offering in at least one PBP

Details on the VBID Model for CY 2022 and Subsequent Years

For CY 2022 and subsequent years, CMS is testing the following health plan innovations in Medicare Advantage through the VBID Model.

Wellness and Health Care Planning (WHP)

Organizations participating in the VBID Model must implement a WHP strategy to reach all enrollees in all of the PBPs 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 advance care planning), provider initiatives around WHP education, and member focused initiatives (e.g., broad communication, 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 strategy for all enrollees in all PBPs that participate in the Model.

VBID Flexibilities

For CY 2022, participating MAOs may provide non-uniform supplemental benefits (including “supplemental benefits” that are not primarily health related), such as reduced cost-sharing and/or additional benefits, to targeted enrollees. As described in detail below, MAOs may also propose to cover new and existing technologies or FDA approved medical devices. MAOs are also permitted to establish reduced cost sharing for high-value providers. MAOs may target enrollees for VBID benefits and services based on the following:

- 1) Chronic conditions(s);
- 2) Low-Income Subsidy (LIS) eligibility;¹ or
- 3) Combination of both (e.g., enrollees who are LIS eligible and have chronic condition(s)).

Hospice Benefit Component

As in CY 2021, the Medicare Part A hospice benefit is incorporated into MA as an optional part of the VBID Model for CY 2022. CMS is testing the impact on payment and service delivery of incorporating the Medicare Part A hospice benefit with the goal of creating a seamless care continuum for enrollees in the MA program for Part A and Part B services. As part of this Model test, MAOs that participate in this component will also be able to offer their enrollees additional services, including non-hospice palliative care for those not eligible for hospice care, transitional concurrent care to help ease enrollees’ transition to hospice, and hospice supplemental benefits to provide additional coverage, items, services, or supplies to support enrollees in hospice.

For MAOs that volunteer to be part of the Hospice Benefit Component, CMS will evaluate the impact on cost and quality of care for MA enrollees, including how the component improves quality and timely access to the hospice benefit, and the enabling of innovation through fostering partnerships between MAOs and hospice providers.

Please refer to CY2022 VBID Hospice Benefit Component Request for Applications (RFA) and

¹ For information on LIS eligibility and for reports that contain LIS indicators, please refer to the Plan Communication User Guide at https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-Technology/mapdhelpdesk/Plan_Communications_User_Guide.html

CY 2022 materials, such as the CY2022 Hospice Capitation Payment Rate Actuarial Methodology, rate book and data book for reference at <https://innovation.cms.gov/initiatives/vbid>, as well as additional materials and resources available on the VBID Model Hospice Benefit Component overview webpage at <https://innovation.cms.gov/innovation-models/vbid-hospice-benefit-outreach-education>.

Part C and D Rewards and Incentives Programs (RI Programs)

In order to test the cost and quality of care impact of a service delivery model that permits MAOs (including MA-PD) to provide higher-value rewards and incentives and RI programs in connection with Part D prescription drug benefits, MAOs participating in this Model for CY 2022 will continue to be permitted additional flexibility. Model participants may use rewards and incentives with a value that reflects the benefit of the service, rather than just the cost of the service up to \$600 annually, and may propose to use a RI program for the Part D benefit offered by a participating MA plan. Specifically, MAOs may propose the following RI programs in their applications for the VBID Model:

1. Use of a reward or incentive that has a value beyond the cost of the health-related service or activity itself but limited to the value of the expected benefit of using the service or item, up to an annual per enrollee limit of \$600.00 in the aggregate for all rewards and incentives, debit cards and gift cards provided under the Model in the VBID PBP;
2. For MA-PDs, a reward and incentive associated with the Part D benefit;
3. A RI program specific to participation in a disease management or transition of care program; and/or
4. Similar evidence-based RI programs approved by CMS on a case-by-case basis.

Flexibility to Cover New and Existing Technologies or FDA Approved Medical Devices

Under this component of the Model, MAOs will be permitted to provide targeted coverage for: (i) an FDA approved medical device or new technology that has a Medicare coverage determination (either national or local) where the MA plan seeks to cover it for an indication that differs from the Medicare coverage determination and the MA plan demonstrates the device is medically reasonable and necessary; and (ii) for new technologies that do not fit into an existing benefit category. Similar to the other VBID Flexibilities, this Model component will test a service delivery model that makes new supplemental benefits available on a non-uniform basis to determine whether these technologies will reduce program costs or improve the quality of care for enrollees targeted for these technologies. Under MA bidding requirements (e.g., § 422.254), MAOs must treat this coverage as a mandatory supplemental benefit that is paid using rebates as part of bid development and must factor in any projected reduction in utilization of Part A or Part B benefits in the A/B bid.

Flexibility to Share Beneficiary Rebates Savings More Directly with Beneficiaries in the Form of Cash or Monetary Rebates

Through this VBID Model component, CMS is testing whether the flexibility for participating MAOs to share rebates under section 1854 of the Social Security Act (the Act) with all of their enrollees in Model PBPs through a new mandatory supplemental benefit, in the form of cash or monetary rebates leads to decreases in costs or increases in quality. As part of the application process, the MAO must specify the amount, frequency, and the form of the cash or monetary rebate (i.e. debit card, gift card, check, etc.), and administrative plan for distributing the cash or

monetary rebate. Each MAO that chooses to offer cash or monetary rebates will have the flexibility to determine the amount of the beneficiary rebate the MAO wants to share via this supplemental benefit option; however, the MAO must notify beneficiaries, via an explicit notice, of tax consequences associated with the provision of the cash or monetary rebate. This notice must address the combined impact or consequences of the cash or monetary rebate and any Rewards and Incentives (if applicable) also provided by the MAO.

This communication was printed, published, or produced and disseminated at U.S. taxpayer expense.