Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model

Calendar Year (CY) 2022 Hospice Benefit Component Payment Methodology

Office of the Actuary, CMS
Center for Medicare & Medicaid Innovation, CMS

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Agenda

- Model Component Payment Design & Policy Objectives
- Hospice Capitation Rate Development & Payment Structure
- Proposed Changes to Capitation Rate Development for CY 2022
- Hospice Supplemental Benefits and Bid Considerations
- Timeline
- Question and Answer (Q&A)

Model Component Payment Design

Basic Benefit Capitation Rate[1] *("A/B capitation rate")* + **Monthly Hospice Capitation Rate** + **Beneficiary Rebate Amount** + **Monthly Prescription Drug Payment** *(if any)*

Under the Model Component, for all MA enrollees who elect hospice care:

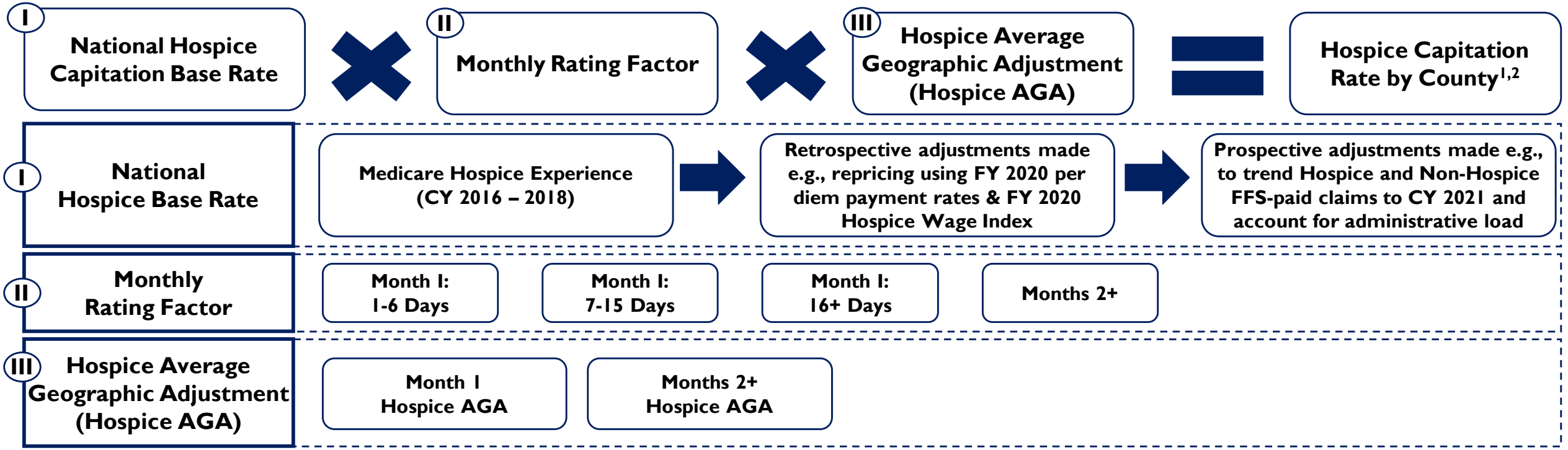
- For the first month of hospice coverage ("Month 1"), participating MA Organizations (MAOs) will receive a risk-adjusted A/B capitation payment,[1] the MA rebate amount, monthly prescription drug payment (if offering prescription drug coverage) and a hospice capitation payment
  - Month 1 hospice capitation payments will be made in a lump-sum on a quarterly basis
- For hospice stays that occur in a second calendar month and on ("Months 2+"), participating MAOs will receive a monthly hospice capitation payment, the MA rebate amount, and monthly prescription drug payment (if offering prescription drug coverage) prospectively

[1]Risk-adjusted and consistent with current law; only paid during Month 1 if as of the first of the month, an enrollee is not under hospice election status

Policy Objectives of Hospice Capitation Rates

- Create a clear, simple and transparent payment structure
- Align payment structure with Model component goals
- To the extent possible, ensure rates are cost-neutral so that the aggregate capitation equals the aggregate estimated Medicare Fee-For-Service (FFS) payment (plus an administrative load) for the contract year
- Develop rates for the hospice capitation payment consistent with MA benchmark development
- Ensure accuracy of rates while moving from four-level per diem FFS payment structure to a Model-specific monthly capitation rate

Overview of the Hospice Capitation Rate Development, CY 2021



[1] Current law sequestration will be applied as applicable.

[2] For Month 1 only, a days-in-month adjustment is applied to each county rate.

Monthly Rating Factors, CY 2021

Monthly rating factor applied so that the aggregate rate across the expected stay month distribution equals the Composite National Rate

	Hospice Enrollment in Month 1	Average Monthly Service Days	Distribution of Stay Months	Monthly Rating Factor[1]	Gross Monthly Base Rate
Month 1	1-6 Days	3.28	16%	**0.34**	$1,784
	7-15 Days	10.52	12%	**0.64**	$3,359
	16+ Days	22.62	11%	**1.02**	$5,353
Month 1 Composite		10.90	39%	0.62	$3,262
Month 2+		26.17	61%	**1.00**	$5,248[2]
CY 2021 Composite National Hospice Capitation Rate[3]		20.17	100%	0.85	$4,468

[1] Bold numbers are the Monthly Factors. The values for Month 1 Composite and Composite are based on the distribution of stay months
[2] National Hospice Capitation Base Rate
[3] Prior to Provider Cap Adjustment

Hospice Average Geographic Adjustment

The Hospice Average Geographic Adjustment (AGA):

- Accounts for regional variation in claims at the core-based statistical area (CBSA) level
- Calculated using the average of repriced per capita claim cost for each of the three experience years
- Has a separate value for Month 1 and Month 2+ because of the differences in utilization of services and length of stay by CBSAs
  - Month 1 Hospice AGA is adjusted to account for the difference in Month 1 rating tier distribution between the CBSA and national distribution ("Month 1 Tier Adjustment")
  - Month 2+ Hospice AGA is adjusted to recognize the impact by CBSA of the Hospice Provider Inpatient and Aggregate Caps

Additional Rating Adjustments, CY 2021

- Credibility adjustment for low-volume CBSAs and territories
- Service Day Utilization and Intensity Adjustment to account for historical trend in increased length of stay and decreased use of higher intensity services

Hospice Capitation Ratebook, CY 2021

Code	State	County Name	Month 1 Days 1-6	Month 1 Days 7-15	Month 1 Days 16+	Month 2+
01000	AL	AUTAUGA	1,332.43	2,508.11	3,997.30	4,633.51
01010	AL	BALDWIN	1,449.90	2,729.23	4,349.71	4,556.35
01020	AL	BARBOUR	1,478.73	2,783.50	4,436.20	4,753.53
01030	AL	BIBB	1,479.86	2,785.62	4,439.58	4,803.71
01040	AL	BLOUNT	1,479.86	2,785.62	4,439.58	4,803.71
01050	AL	BULLOCK	1,478.73	2,783.50	4,436.20	4,753.53
01060	AL	BUTLER	1,478.73	2,783.50	4,436.20	4,753.53
01070	AL	CALHOUN	1,341.18	2,524.57	4,023.53	4,954.37

Note: All rates are gross of sequestration.

Proposed Rating Changes for CY 2022

Key rating changes proposed in the CY 2022 Preliminary Hospice Capitation Payment Rate Actuarial Methodology memorandum (March 8, 2021):

- Advance experience period one year to CY 2017 – CY 2019
- Incorporate CBSAs from FY 2021 final hospice regulation, CMS-1733-F
- Base repricing of claims on FY 2021 per diem rates and hospice wage index from CMS-1733-F
- Month 2+ rates in counties not represented in CY 2021 VBID Hospice Benefit Component to be based on first-year hospice experience only. Month 2+ rates for continuing counties include carryover claims from prior calendar year.
- Month 1 tier factor for 16+ days to be 1.003 versus 1.020 in CY 2021 rates

Proposed Rating Changes for CY 2022 (cont.)

- Include beneficiaries in End-Stage Renal Disease (ESRD) status in development of historical claims
- Changes to tabulation of historical non-hospice claims:
  - Include inpatient pass through payments for direct graduate medical education (DGME), organ acquisition costs (OAC) and other non-claim payments
  - Exclude carve-out amounts consistent with MA ratebook for DGME, kidney OAC, and indirect medical expenses (IME)
- Revise assumptions for hospice claim trend, non-hospice claim trend, hospice aggregate and inpatient caps, hospice service mix adjustment, administrative expense load, and claim completion factors

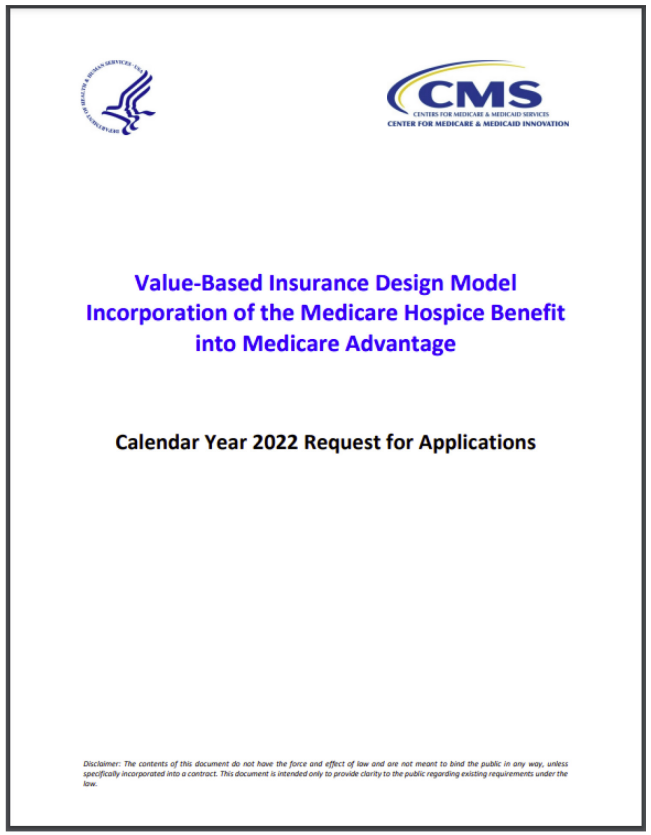
Hospice Supplemental Benefits

- Treatment similar to other supplemental benefits, but targeted to hospice enrollees only
- Certifying actuary has discretion to include or exclude the hospice membership from both mandatory supplemental and optional supplemental benefits where applicable
- Examples of hospice supplemental benefits include:
  - Coverage of primarily and non-primarily health-related services and items such as adult day care services, home and bathroom safety devices and modifications, support for caregivers of enrollees, over-the-counter (OTC) benefits, meals, transportation, coverage of utilities, room and board, personal care items and service animal expenses
  - Reductions in cost sharing, as applicable, for hospice drugs and biologicals and/or inpatient respite care
  - Reductions in cost sharing for specific transitional concurrent care drugs

Bid and Bid Pricing Tool (BPT) Considerations

- Hospice capitation payments and claims for hospice and non-hospice A/B benefits for beneficiaries while in hospice status should be excluded from the MA BPT, similar to non-VBID plans
- See PBP Category 19c – Hospice VBID
  - Beneficiary liability for cost-sharing for hospice care *(could be eliminated under Model)*
    - Prescription drug coinsurance of 5%, with maximum of $5 per script received when receiving continuous or routine home care
    - 5% coinsurance for payment made by Medicare for IRC
  - Hospice supplemental benefits

Request for Applications



Value-Based Insurance Design Model
Incorporation of the Medicare Hospice Benefit into Medicare Advantage

Calendar Year 2022 Request for Applications

Disclaimer: The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law.

Now Available:

CY 2022 Request for Applications (RFA) for the VBID Model's Hospice Benefit Component

Access the RFA on the model website at the link below.

https://innovation.cms.gov/media/document/cy-2022-rfa-vbid-hospice-benefit-component

Next Steps for MAOs

- Reach out to CMS for technical assistance at VBID@cms.hhs.gov
- Review release of hospice-specific county-level rate book and historical hospice data book in **April 2021**
- Submit your application via the Qualtrics Portal to CMS by **April 16, 2021**
- Receive provisional approval in **Mid-May 2021**
- Submit MA Bids, due **June 7, 2021**
- Execute contract addenda for Model participation in **September 2021**

Q&A

Thank you for joining us.

Please email us with any questions at:
VBID@cms.hhs.gov

CY2022 Application Materials & Resources

The below materials are available for download via a ZIP file on the Model webpage and within the Qualtrics application:

- **PDF of Application Questions:** Template to aid MAOs in preparing applications
- **Supplemental Application Instructions:** Helpful tips and application reminders
- **Required Application Summary Spreadsheet:** All MAOs are required to fill out and submit via the Qualtrics application or directly to VBID@cms.hhs.gov an Excel file that includes the proposed VBID contracts, PBPs, plan types, SNP types (if applicable), enrollment projections that are applicable to each proposed Model Component
- **Required Financial Projections Template:** All applicants are required to fill out and submit via the Qualtrics application or directly to VBID@cms.hhs.gov a PDF that outlines the projected costs for each VBID Model Component, as well as projected net savings to Medicare over the course of the Model
- **Part D Supplemental File:** MAOs proposing to reduce cost-sharing for covered Part D drugs are required to fill out and submit via the Qualtrics application or to VBID@cms.hhs.gov the "2022 VBID Model Part D Supplemental File"

Tips for a Seamless Application Submission

- **Find all resources on the VBID Model website:** https://innovation.cms.gov/initiatives/vbid, including the Request for Applications, Application link and materials
- **Submit ONE application per Parent Organization:**
  Each MAO needs to complete one application inclusive of all the Model Components, contracts, and PBPs that they to are proposing to include in the VBID Model
- **Review the Qualtrics application tips:**
  Toward the beginning of the Application, you will be asked to select the various Model Components that you propose to implement in CY2022. These selections will dictate the questions that appear throughout the rest of the Application, so please be sure to select all Model Components that are applicable to your proposed VBID program. Information that you type into the Application is saved automatically.
- **Please reach out to the VBID team with questions:** CMS is available for meetings throughout the application process. To request a meeting with the VBID Model Team, please email VBID@cms.hhs.gov. To aid in expedited scheduling, please provide requested times.

Fee-For-Service (FFS) Medicare Hospice Per Diem Rates

Code	Description	FY 2020	FY 2021
		Payment Rate*	Payment Rate**
651	Routine Home Care (RHC) (Days 1 – 60)	$194.50	$199.25
651	RHC (Days 61+)	$153.72	$157.49
652	Continuous Home Care (CHC) Full Rate = 24 hours of care	$1,395.65 ($58.15/hourly rate)	$1,432.41 ($59.68/hourly rate)
655	Inpatient Respite Care (IRC)	$450.10	$461.09
656	General Inpatient Care (GIP)	$1,021.25	$1,045.66

Notes: Hospices that do not report quality data receive a 2 percentage point reduction in their annual payment update. The base hospice experience includes impact of Service Intensity Add-on (SIA). Out-of-network hospice care must be reimbursed at FFS rates.

* Rate before sequestration: Medicare Program. FY 2020 Hospice Wage Index and Payment Rate Update and Hospice Quality Reporting Requirements. (CMS-1714-F). https://www.federalregister.gov/documents/2019/08/06/2019-16583/medicare-program-fy-2020-hospice-wage-index-and-payment-rate-update-and-hospice-quality-reporting

**Rate before sequestration: Medicare Program. FY 2021 Hospice Wage Index and Payment Rate Update. (CMS-1733-F). https://www.federalregister.gov/documents/2020/08/04/2020-16991/medicare-program-fy-2021-hospice-wage-index-and-payment-rate-update