Project Report

Preview of Findings from the Evaluation of the "VBID General" Component of the Medicare Advantage Value-Based Insurance Design Model Test (2020–2023)

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About This Report

This preliminary summary provides a brief overview of key findings from RAND's evaluation of the Medicare Advantage Value-Based Insurance Design model test, initiated by the Center for Medicare and Medicaid Innovation (Innovation Center), for 2020 through 2023.

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Abbreviations

CMS	Centers for Medicare & Medicaid Services
COVID-19	coronavirus disease 2019
DSNP	dual eligible special needs plan
MA	Medicare Advantage
MAPD	Medicare Advantage Prescription Drug
MSB	mandatory supplemental benefit
PMPM	per member, per month
PO	parent organization
RI	Rewards and Incentives
SES	socioeconomic status
VBID	Value-Based Insurance Design
WHP	wellness and health care planning

Contents

Figures and Table

Figures

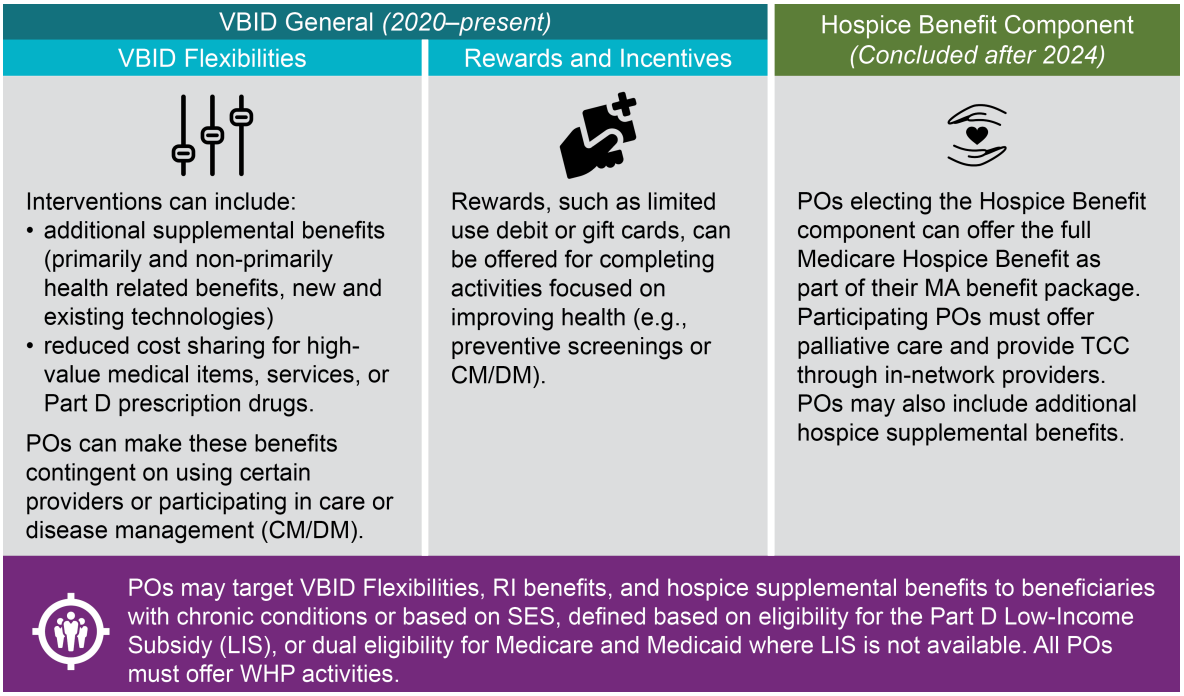
Table

Preview of Findings from the Evaluation of the "VBID General" Component of the Medicare Advantage Value-Based Insurance Design Model Test (2020–2023)

In 2020, the Center for Medicare and Medicaid Innovation (the *Innovation Center*), part of the Centers for Medicare & Medicaid Services (CMS), introduced the Medicare Advantage (MA) Value-Based Insurance Design (VBID) model test. Designed to improve quality and reduce costs in MA plans, this voluntary model allows participating insurers, known as *parent organizations* (POs), to target certain benefits (such as reduced cost-sharing or supplemental benefits to enrollees) based on diagnosis of certain chronic conditions or socioeconomic status (SES). The model also enables MA plans to offer hospice benefits directly to enrollees (outside VBID, hospice care is "carved out" of MA and provided through Original Medicare).

In 2023, the model had two main components: VBID General and the Hospice Benefit component (Figure 1). This report previews the findings related to VBID General, which includes VBID Flexibilities, such as additional supplemental benefits and reduced cost-sharing, and Rewards and Incentives (RI) programs. All model participants must offer wellness and health care planning (WHP) activities, which focus on improving awareness and availability of advance care planning, to all enrollees. Over time, some model components have been added or eliminated. For example, a subcomponent of VBID General that enabled POs to share MA rebates with beneficiaries ended in 2022. As we discuss below, there have also been important shifts in the types of plans that participate and their interventions.

Figure 1. VBID Model Components



NOTE: TCC = transitional concurrent care.

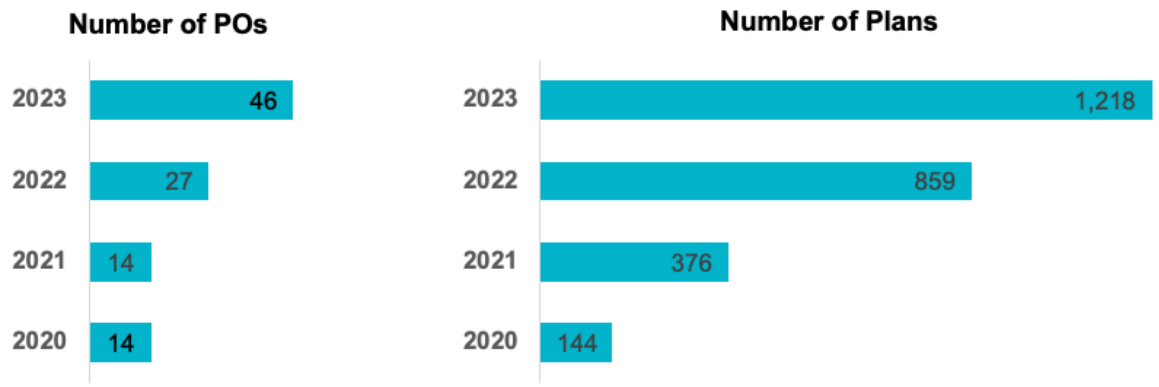
By encouraging beneficiaries to use high-value care, engage in healthy behaviors, and take proactive steps to support their health (such as meeting with care managers), VBID General may improve care quality, for example, by increasing adherence to prescribed medication. The model also aims to lower costs by reducing expensive complications that can result from unmanaged chronic conditions, inadequate use of preventive care, or missed opportunities for healthy behavior.

This report previews key evaluation findings for the period between 2020 and 2023 for VBID General, describing model participants, their interventions, and implementation experiences and summarizing the direction of key model outcomes. A future report will detail our evaluation methodology, which includes entropy-balanced difference in differences regressions that estimate the effect of VBID on a range of plan, beneficiary, and contract-level outcomes, as well as surveys and semistructured interviews with participating POs and in-network hospices. That report will also present a more nuanced description of the results summarized below.

Model Participants and Their Interventions

In 2023, 46 POs participated in VBID General, which represents more than a threefold increase since 2020 (Figure 2).

Figure 2. VBID General Participation, 2020–2023



SOURCE: Authors' analysis of VBID model test intervention and application data.

Compared with nonparticipants, POs that participated in VBID General in 2023 were more likely to be located in areas with higher MA penetration. While participating POs were more likely than nonparticipating POs to be for-profit organizations and had higher average enrollment than nonparticipants, these differences were not statistically significant.

POs that participated in 2023 offered VBID interventions in 1,218 plans, which represents more than an eightfold increase in the number of VBID General plans since 2020. There were 5,282 MA plans in existence in 2023 (Freed et al., 2022), which means that nearly one-quarter of MA plans in the country participated in VBID General that year. The share of VBID General

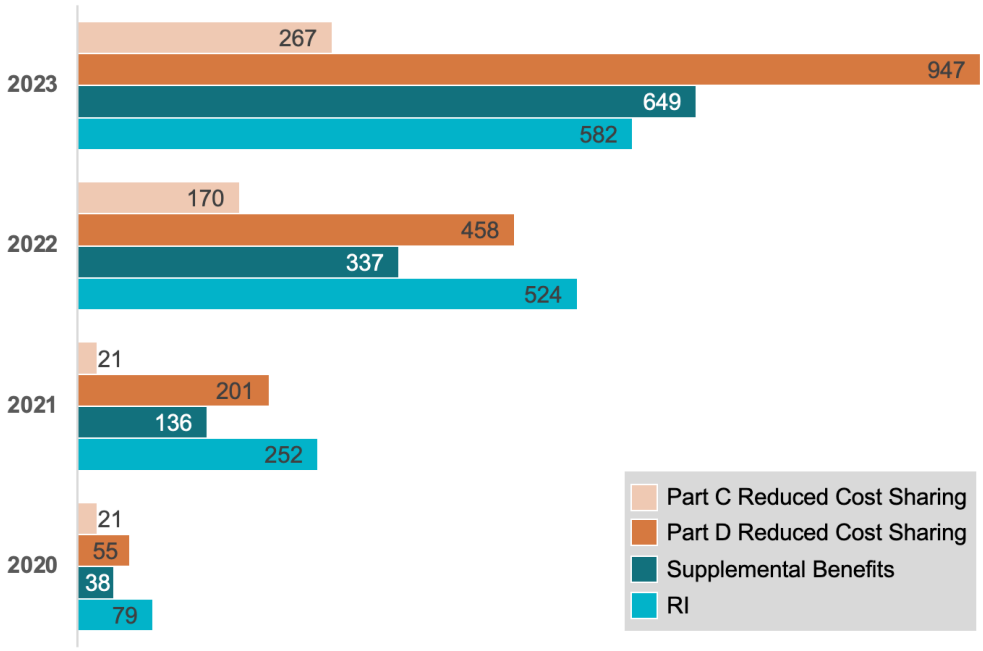
plans that were dual-eligible special needs plans (DSNPs) increased from 27.8% in 2020 to 49.7% in 2023. Most VBID-participating plans were MA plans with prescription drug benefits (Medicare Advantage Prescription Drug [MAPD] plans), as opposed to MA-only plans.

Between 2020 and 2023, the number of beneficiaries in plans that participated in VBID General increased from 1.2 million to 8.9 million, and the number of targeted beneficiaries increased from 263,000 to 5.3 million. VBID General plans had fewer non-Hispanic White enrollees and a lower average age of enrollees than nonparticipating plans.

In 2023, reduced Part D cost-sharing was the most common VBID General intervention (N = 947), followed by VBID supplemental benefits (N = 649), RI programs (N = 582), and reduced cost-sharing for Part C services (N = 267) (Figure 3). The majority of plans (70%) offering at least one supplemental benefit intervention in 2023 included both primarily health-related supplemental benefits, such as allowances for over-the-counter items and transportation to medical appointments, and non–primarily health-related supplemental benefits, such as grocery and utilities allowances. Indeed, grocery allowances, which typically are loaded on restricted use debit cards, were the most offered VBID General non–primarily health-related supplemental benefit in 2023 (635 plans offered at least one intervention with a grocery allowance). Although RI was the most common VBID General intervention in previous years, more than 90% of plans offering RI interventions in 2022 were entered into the model test by a single PO.

In 2023, about half of all VBID General plans targeted their interventions based on chronic conditions, while the other half targeted their interventions based on SES. However, there was a stark divide in targeting approach based on participating plan type: The majority of plans with SES-based targeting were DSNPs, and most plans targeting their interventions based on chronic conditions were non-DSNPs.

Figure 3. Plans Implementing Selected VBID General Interventions, 2020–2023



SOURCE: Authors' analysis of VBID model test intervention and application data.
NOTE: Plans could implement more than one intervention for more than one targeted group in a plan, so the number of plans does not equal the total number of plans participating in a given year. VBID plans with no enrollment were removed from analyses.

Implementation Experiences

The majority of POs whose representatives we interviewed considered their level of effort on VBID General implementation to be a relatively small lift in 2023. All POs reporting a small-lift implementation effort offered a Part D intervention to their low-income beneficiaries or implemented VBID in DSNPs. Representatives of several POs said that their implementation experiences varied by the intervention type, noting that Part D interventions were much easier to implement than card-delivered supplemental benefits (including healthy food and utilities), which required creating new workflows and working with new types of vendors.

Although POs continued reporting that VBID General implementation was not a major lift in 2023, our survey results show that model-specific data reporting was a moderate challenge and that working with vendors or subcontracts, communicating information about VBID benefits to beneficiaries, and administering multiple sets of benefits within a plan were considered to be slightly challenging.

Preliminary Outcomes

Our analysis suggests that VBID General was associated with improvements in care quality and adherence, as well as higher costs to CMS. Table 1 provides a broad overview of regression

results that estimated the relationship between VBID General and key outcomes. Statistically significant associations ($p < 0.05$) are reported using dark arrows; lighter arrows convey marginally significant results ($p < 0.10$).

Table 1. Associations Between VBID General and Key Outcomes, 2020–2023

Unit	Outcome	2020	2021	2022	2023
Contract	Overall Star Rating[a] (Care Quality)	Not assessed	↑ 0.20 point (0.04 to 0.35)	↑ 0.19 point (0.06, 0.32)	Not yet assessed
Beneficiary	Adherence to Cholesterol Medication	↑ +1.2 ppts. (0.4, 2.1)	↑ +0.4 ppts. (0.0, 0.8)	Not yet assessed	Not yet assessed
	Adherence to Diabetes Medication	↑ +1.1 ppts. (0.4, 1.8)	+0.4 (–0.1, 0.9)	Not yet assessed	Not yet assessed
	Adherence to Breast Cancer Screening Recommendations	↑ +2.6 ppts. (0.3, 5.0)	↑ +2.3 ppts. (0.3, 4.3)	Not yet assessed	Not yet assessed
	Part D Annual Out-of-Pocket Costs	$1 (–$7, $9)	↓ –$25 (–$16, –$33)	Not yet assessed	Not yet assessed
	Targeted Beneficiaries' Risk Scores[b]	↑ 0.06 point (0.03, 0.08)	↑ 0.07 point (0.04, 0.10)	Not yet assessed	Not yet assessed
	Inpatient Stays	↑ +3.5% (1.8, 5.1)	↑ +3.6% (1.8, 5.3)	Not yet assessed	Not yet assessed
Plan	Total Costs to CMS (PMPM)	$7 (–$10, $23)	↑ $29 ($11, $45)	↑ $25 ($6, $44)	Not yet assessed
	MA Rebates (PMPM)	↑ $6 (–$0.4, $13)	↑ $17 ($12, $23)	↑ $17 ($11, $22)	↑ $23 ($14, $30)
	Standardized MAPD Bid (PMPM)	–$4 (–$13, $5)	–$3 (–$9, $3)	↓ –$5 (–$11, $1)	↓ –$11 (–$19, –$2)
	Plan Risk Scores[b]	0.01 point (–0.01, 0.03)	↑ 0.02 point (0.00, 0.03)	↑ 0.02 point (0.00, 0.04)	Not yet assessed
	Number of Mandatory Supplemental Benefits (MSBs) Offered	–0.4 (–0.9, 0.1)	↓ –1.5 (–1.9, –1.1)	↓ –1.1 (–1.4, –0.8)	↓ –0.7 (–1.2, –0.2)
	Enrollment (% Change)	5% (-14%, 31%)	3% (–6%, 14%)	5% (–7%, 18%)	↑ 27% (8%, 51%)

NOTE: Dark blue arrows indicate $p < 0.05$. Light blue arrows indicate $p < 0.10$. PMPM = per member, per month. 95% confidence intervals are shown in parentheses. Shaded cells indicate outcomes that were analyzed for the first time in this report. The term "ppts." indicates percentage points. "Not yet assessed" means that the outcome was not analyzed in a given year but will be assessed in the future. Results for each year and outcome are derived from separate regressions. Results may differ from prior year reports due to methodological changes.

[a] Star Ratings data are for measure years 2021 and 2022 and correspond to published ("display year") data for 2023 and 2024.

[b] Beneficiary-level risk scores reflect measure years, while plan-level risk scores reflect payment year risk scores (diagnoses measured in year *t* are used for payment in year *t* + 1).

Model implementation was associated with increases in overall Star Ratings, beneficiary adherence to certain high-value drugs, and beneficiary adherence to breast cancer screening recommendations. The model was also associated with reduced Part D out-of-pocket costs for beneficiaries in 2021. These findings are consistent with VBID's goal of improving adherence to recommended care and reducing beneficiary costs. Nonetheless, the model was also associated with increases in total costs to CMS in 2021 and 2022, driven by higher rebate payments to VBID-participating plans and higher plan risk scores that adjust payment levels to account for beneficiaries' expected spending. Standardized plan bids, which capture the health care and administrative costs of covering a population with a standard level of risk, showed a statistically significant decline in 2023.

The association of the model implementation with increased risk scores occurred at both the plan and the beneficiary level and was present in multiple years. Increases in risk scores could be beneficial if the model is catching diagnoses that would have otherwise gone undetected. However, it is also possible that the model enables plans to code risk scores more intensively than they would have otherwise, without necessarily improving patient care.

One particularly surprising finding is that VBID General was associated with increased hospital inpatient utilization not related to coronavirus disease 2019 (COVID-19). Conceptually, one of the goals of VBID is to reduce beneficiaries' need for high-intensity treatments, such as inpatient stays, through better managing chronic conditions. However, some studies have found that increased access to high-value care can increase the use of inpatient services and low value care, possibly due to providers recommending additional treatments (Kaestner and Lo Sasso, 2015; Fendrick, Smith, and Chernew, 2010). It is possible that, as beneficiaries became more engaged with their care and had more interactions with the health system, their care managers and physicians may have identified a latent need for inpatient services. Although we limited the analysis to hospitalizations unrelated to COVID-19, it is also possible that unmodeled pandemic-related utilization changes may have affected our results.

Conclusions and Next Steps

VBID General continues to show promise in terms of improving beneficiary adherence and Star Ratings, but it is also associated with higher costs to CMS, driven in part by higher rebate payments to VBID-participating plans and higher risk scores. Beginning in calendar year 2025, CMS signaled that it will more closely track risk score trends in VBID-participating plans (Centers for Medicare & Medicaid Services, 2023). CMS will also include an option to target VBID General benefits based on area-level deprivation, require participating plans to offer at least two supplemental benefits that aim to address priority health-related social needs, and require participants to submit health equity plans that show how they will use the model to advance health equity.

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