Value-Based Insurance Design Model: Hospice Benefit Component

Calendar Year (CY) 2024 Technical and Operational Guidance on the Conclusion of the Hospice Benefit Component

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1. Background

In 2021, the Centers for Medicare & Medicaid Services (CMS) began testing the inclusion of the Part A Hospice Benefit within the Medicare Advantage (MA) benefits package through the Hospice Benefit Component of the Value-Based Insurance Design (VBID) Model. This test has allowed CMS to assess the impact on costs, care delivery and quality of care, especially for palliative and hospice care, when participating MA plans are financially responsible for Medicare-covered hospice care along with the vast majority of other Parts A and B benefits. On March 4, 2024, CMS announced that the Hospice Benefit Component will conclude as of December 31, 2024 at 11:59 PM.[1]

This document serves as technical guidance for Medicare Advantage Organizations (MAOs) currently participating or that formerly participated in the Hospice Benefit Component and Medicare certified hospice providers ("hospice providers").

This document covers the following topics:

- Financial Responsibility for Care Provided During and Immediately After a Hospice Election
- Network Adequacy Requirements
- MAO Communication to Enrollees and Providers
- Transitional Concurrent Care
- Hospice Supplemental Benefits
- Palliative Care
- Operations and Claims
- Monitoring and Data Collection

The guidance covers CMS's requirements and expectations for the remainder of the Hospice Benefit Component's operations through Calendar Year (CY) 2024 along with requirements and expectations for operations on and after January 1, 2025. This document supplements the Amendment to Addendum to Medicare Managed Care Contract for Participation in the Medicare Advantage Value-Based Insurance Design Model CY 2024 ("Amendment to the CY 2024 Contract Addendum"). Certain sections from the Amendment to the CY 2024 Contract Addendum are referenced below, but note that these references may not be applicable to the amendments to the CY 2021, CY 2022, and/or CY 2023 contract addenda because those provisions are either labelled differently or do not exist in the other versions. Defined terms used in this guidance have the meanings given in the Addendum.

Unless explicitly identified and revised by this guidance, the various guidance about the Hospice Benefit Component remains in effect through CY 2024. This includes the CY 2024 Request for Applications for the Hospice Benefit Component of the VBID Model, VBID Hospice Benefit Component Monitoring Guidelines, VBID Model Hospice Benefit Component Phase 2 Network Adequacy Guidance, VBID Communications and Marketing Guidelines, and Final Hospice Capitation Payment Rate Actuarial Methodology. The most recent versions of these documents can be found here:
https://innovation.cms.gov/innovation-models/vbid.

MAOs, hospice providers, and others are encouraged to email the VBID Model team (VBID@cms.hhs.gov) directly with questions on this technical and operational guidance.

[1] https://www.cms.gov/priorities/innovation/innovation-models/vbid/vbid-hospice-announcement

2. Financial Responsibility for Care Provided During and Immediately After a Hospice Election

As per the CY 2024 Addendum to the Medicare Managed Care Contract for Participation in the MA VBID Model (CY 2024 Addendum), throughout CY 2024 participating MAOs must continue to provide the full scope of hospice care, as defined at Section 1861(dd) of the Act and required by implementing regulations at 42 CFR Part 418 to all hospice enrollees in VBID Plan Benefit packages (PBPs) participating in the Hospice Benefit Component; provide hospice care in accordance with each enrollee's choice to elect or revoke the hospice benefit in accordance with Section 1812(d) of the Act and 42 CFR §§ 418.24 and 418.28; and treat hospice care as a basic benefit for purposes of compliance with regulations in 42 CFR Part 422, except for regulations that have been expressly waived.

Per Article I Section D of the Amendment to the CY 2024 Contract Addendum, MAOs participating in the Hospice Benefit Component must continue to cover all hospice elections for beneficiaries in participating PBPs for care delivered through December 31, 2024. Starting with services provided on or after January 1, 2025, financial responsibility for hospice coverage for MA enrollees that were covered through the Hospice Benefit Component will revert to Original Medicare (that is, the Medicare FFS program). More details are available in the Operations and Claims section of this document. For any hospice election on or after January 1, 2025, by an MA enrollee, Medicare-covered hospice benefits will be through the Medicare FFS program, consistent with applicable law, including 42 CFR §§ 418.1 through 418.405.

CMS will continue to make the hospice capitation payment to MAOs for hospice enrollees whose Hospice Election started under the Model as per Appendix 3 of the CY 2024 Addendum. CMS shall pay the Hospice capitation amount in a lump-sum retrospectively to the MAO on a periodic basis determined at CMS's sole discretion.

Beginning January 1, 2025, the regulation at 42 CFR § 422.320 will apply as to payment to MAOs that have participated in the Hospice Benefit Component for any MA enrollee that elects or has elected hospice.

3. Network Adequacy Requirements

In CY 2024, MAOs with Mature-Year PBPs will no longer be subject to the Model Phase 2 Network Adequacy requirements minimum number of providers for mature year PBPs.[2] All Model participants will be held to the Model Phase 1 network adequacy requirements as outlined in the Section 2.6 of the CY 2024 VBID Hospice Request for Applications (RFA). To satisfy Model Phase 1 Network Adequacy Requirements, participating MAOs must offer access to in-network hospice providers by contracting with at least one hospice provider for the service area, regardless of whether the MAO has a Mature-Year PBP, and by covering hospice care furnished by out-of-network hospice providers consistent with Article III of the Amendment to the CY 2024 Contract Addendum.[3]

All participating MAOs must continue through CY 2024 to provide access to a network of hospice providers that are certified by Medicare to provide hospice care. Participating MAOs must cover all hospice care furnished by either in-network hospice providers or out-of-network (non-contracted) hospice providers to a hospice enrollee who is enrolled in a VBID PBP that is participating in the Hospice Benefit Component. MAOs must notify CMS of any hospice provider terminations that meet any of the following:

(i) go beyond individual or limited provider terminations that occur during the routine course of plan operations; or

[2] https://www.cms.gov/files/document/vbidhospicephase2networkadequacyguidance.pdf
[3] https://www.cms.gov/priorities/innovation/media/document/vbid-cy-2024-rfa

(ii) affect or would affect the MAO's ability to meet the minimum requirement of one in-network hospice provider for a PBP.

Notification to CMS must happen at least 90 calendar days prior to the effective date of the termination in the same manner as if the change were a significant change to the provider network under Chapter 4, Section 110.1.2 of the Medicare Managed Care Manual[4] regardless of whether such changes are considered "significant" with respect to the network-at-large. This notice must be provided via email to VBID@cms.hhs.gov. More communication details can be found in the Communication Requirements section below.

4. MAO Communications to Enrollees and Providers

All MAOs participating in the Hospice Benefit Component in CY 2024, as well as MAOs that participated in previous years and have hospice enrollees with ongoing hospice elections that have continued into 2024, are required to notify all hospice providers that have billed them about the conclusion of the Hospice Benefit Component. For beneficiaries who are on hospice while covered by previously or currently participating PBPs, the MAO must notify beneficiaries of changes to hospice coverage through personalized outreach. Additionally, MAOs will be required to notify beneficiaries of changes to hospice coverage through the annual notice of change (ANOC) for CY 2025 as per the CY 2025 Communication and Marketing Guidelines. As part of the ANOC, as described in the CY 2025 Communication and Marketing Guidelines, MAOs must communicate differences in cost-sharing between the plan's cost-sharing structure for hospice care, supplemental benefits, transitional concurrent care, and/or palliative care in CY 2024 compared to CY 2025 in Original Medicare. Article IV of the Amendment to the CY 2024 Contract Addendum contains these requirements. Please reference Appendix 3 of the CY 2025 VBID Model Communications and Marketing Guidelines for more information.[5]

MAOs must comply with 42 CFR 422.111(e) and make a good faith effort to provide written notice of a termination of a contracted hospice provider at least 30 calendar days before the termination effective date to all enrollees who are patients seen on a regular basis by the provider whose contract is terminating, irrespective of whether the termination is for or without cause. The Model-participating MAO must provide documentation to the enrollee, their representative, and providers as needed to ensure a smooth transition without interruptions to care or billing.

Under 42 CFR 422.112(b), MAOs offering coordinated care plans, including Model-participating MAOs, must ensure continuity of care and integration of services through arrangements with contracted providers, including policies that specify under what circumstances services are coordinated and the methods for coordination that include specific items listed in the regulation. Model-participating MAOs must ensure that such policies include notifying the enrollee's hospice provider and other providers that the MAO's coverage of the hospice election has ended, including for any transitional concurrent care or hospice supplemental benefits. CMS encourages hospice and other healthcare providers furnishing services to an enrollee who has elected hospice to participate actively in the continuity of care process to ensure the enrollee faces limited disruptions and no barriers to care. The enrollee's access to the Medicare-participating hospice provider of their choice must be maintained.

In addition to communications with enrollees and hospice providers, transitioning MAOs are required to inform other members of their provider network about the MAO's transition out of the Hospice Benefit

[4] https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c04.pdf
[5] https://www.cms.gov/files/document/vbid-cy25-marketing-guidelines.pdf

Component VBID Model participation if notification could enhance or increase beneficiary engagement and care transitions such as around the availability of continuity of care for a period of time.

5. Transitional Concurrent Care

Transitional concurrent care must continue to be provided to qualifying beneficiaries until the termination of the Hospice Benefit Component on December 31, 2024. Due to the termination of the Hospice Benefit Component, transitional concurrent care will not be available after December 31, 2024. As set forth in section 1812(d)(2) of the Act and reflected at 42 CFR 418.24(b)(2), beneficiaries who elect hospice care waive all rights to have payment made for any services "related to the treatment of the individual's condition with respect to which a diagnosis of terminal illness has been made" except for services provided by the beneficiary's designated hospice, or another hospice under arrangements made by his or her designated hospice or the individual's attending physician (if the attending physician is not an employee of the designated hospice).

As per the CY 2024 VBID Hospice RFA, and as reflected in participating MAOs' approved proposals for participation in the Hospice Benefit Component for CY 2024, participating MAOs must continue to offer transitional concurrent care throughout CY 2024. Participating MAOs must work with in-network hospice providers and in-network non-hospice providers to make available transitional concurrent care services necessary to address continuing care needs, as clinically appropriate, for the treatment of hospice enrollees' terminal illness and related conditions. Section 2.3 of the CY2024 VBID Hospice RFA and Appendix 3, section 4(a) of the CY2024 Addendum include additional details on the transitional concurrent care strategy and network limitation. Model-participating MAOs may only provide coverage for transitional concurrent care services when an enrollee chooses an in-network hospice provider, as such services are intended to be provided to the enrollee on a transitional basis in a setting where the enrollee's care can be closely coordinated.

6. Hospice Supplemental Benefits

Hospice Supplemental Benefits must continue to be provided to qualifying beneficiaries through the termination of the Hospice Benefit Component on December 31, 2024. As per section 2.4 of the CY 2024 VBID Hospice Benefit Component RFA, participating MAOs may offer a broad set of mandatory supplemental benefits for enrollees who elect hospice (hereafter "hospice supplemental benefits") in addition to any mandatory supplemental benefits offered to all or other targeted enrollees in the plan. Hospice supplemental benefits will only be available through the termination of the Hospice Benefit Component on December 31, 2024.

Under the Hospice Benefit Component, CMS may, consistent with the waiver of uniformity in the Addendum, Appendix 1, permit participating MAOs to limit these hospice supplemental benefits to enrollees who have elected hospice and use in-network hospice providers. If approved in an MAOs application that hospice supplemental benefits are to be available to enrollees who have elected hospice and use in-network hospice providers, then these supplemental benefits must continue to be limited to in-network providers as per the approved CY 2024 application.

7. Palliative Care

As required by Appendix 3, section B(3) of the CY 2024 Addendum, Model-participating MAOs must develop and implement a strategy regarding access to and delivery of palliative care services for enrollees with serious illness who are either not eligible for or who have chosen not to (or not yet chosen to) receive hospice services. Participating MAOs must continue to provide palliative care services as described in their approved proposals for participation in the Hospice Benefit Component throughout CY 2024.

In April 2018, CMS provided guidance for all MAOs that home-based palliative care services not covered under Original Medicare could instead be covered as a supplemental benefit.[6] Specifically, this guidance continues to apply to stand-alone services provided to enrollees of Model-participating MAOs with serious illness who are not eligible for hospice services (e.g., stand-alone palliative nursing and social work services in the home not covered by Medicare Part A or Part B). Palliative care offerings through the Model will only be available through the termination date of December 31, 2024. If MAOs are interested in continuing to offer palliative care in future years, CMS can offer technical guidance upon request.

8. Operations and Claims

For hospice care that began under a participating PBP, for services provided prior to January 1, 2025, hospices should follow current Model billing procedures and requirements. Consistent with the Model to date, Notices of Election (NOE), Notices of Termination/Revocation (NOTR), and all hospice claims must be submitted (1) to the Medicare contractor for informational purposes, monitoring and evaluation (irrespective of network status), and (2) to Model-participating plans so that they can to make timely payment to hospice providers (in the case of in-network hospice providers, if in alignment with contractual agreements). Aligned with Original Medicare claims processing, Model-participating MAOs may include similar timely filing requirements for hospice providers stated in 42 CFR 418.24 and described in further guidance within the Medicare Claims Processing Manual, Ch. 11.

For hospice elections that extend beyond the termination date (December 31, 2024), of the Hospice Benefit Component, hospice providers should not discharge any patient solely because of their coverage in a plan participating in the Hospice Benefit Component prior to CY 2025. For those hospice elections that continue, no new NOEs will be required, and timely filing requirements for hospice providers stated in 42 CFR 418.24 and described in further guidance within the Medicare Claims Processing Manual, Ch. 11 will continue to apply. For hospice elections that began under the Model and continue into CY 2025, for services that occur in CY 2025 and beyond hospices must follow the requirements under Original Medicare as described in the Medicare Claims Processing Manual, Ch. 11.

Under Original Medicare, hospice providers are subject to two payment caps—one for inpatient care, and another for aggregate payments. The number of days of inpatient care a hospice provider furnishes is limited to not more than 20% of total patient care days. The hospice aggregate cap amount limits payments to a hospice provider to the cap amount (updated annually by CMS pursuant to 42 CFR 418.309) multiplied by the number of Medicare patients served. Of importance, Model-participating MAOs' enrollees' hospice experience will not be included in either payment cap calculation. In CY 2025, Original Medicare retains responsibility for the hospice coverage and the payment caps will apply.

9. Monitoring and Data Collection

Participating MAOs continue to be required to submit all monitoring data and information as described in the CY 2024 VBID Hospice benefit Component Monitoring Guidelines.[7] As per the CY 2024 Addendum, participating MAOs shall ensure the timely transfer of any data or files to CMS necessary for evaluation, transition or close-out of the MAO's model-related activities, and shall comply with all other CMS-specified close-out procedures and related Model Technical and Operational Guidance. This data reporting may continue into CY 2025 and beyond until all participation data has been collected.

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[6] CMS HPMS Memo. Reinterpretation of "Primarily Health Related" for Supplemental Benefits. April 27, 2018. https://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/HPMS/HPMS-Memos-Archive-Weekly-Items/SysHPMS-Memo-2018-Week4-Apr-23-27

[7] https://www.cms.gov/files/document/vbid-cy24-hospice-monitoring-guidelines.pdf

CMS will continue to make Hospice Utilization Reports for CY 2024 hospice enrollee detailed claim data available to participating MAOs as per Appendix 3 section G(2) of the CY 2024 Addendum.