

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

***Overview of Calendar Year (CY) 2024
Request for Applications (RFAs), Hospice Benefit Component
Payment Methodology, and Application Process***

February 23, 2023

*Center for Medicare & Medicaid Innovation
Centers for Medicare & Medicaid Services*



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Agenda

- CMS Introductions
- Overview of VBID Model
- What's New for CY 2024?
- CY 2024 Preliminary Hospice Benefit Component Payment Methodology
- CY 2024 Application Timeline & Process
- CMS Technical Assistance and Applicant Resources
- Question and Answer Session

Presenters

- Sibel Ozcelik, Deputy Division Director, Division of Health Plan Innovation
- Aurelia Chaudhury, Co-Lead of the VBID Model (VBID General)
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- Tzvetomir Gradevski, Co-Lead of the VBID Model (VBID Hospice)
- Richard Coyle, Office of the Actuary (OACT) Lead for VBID Hospice

Overview of VBID Model

CMS Innovation Center Statute

The CMS Innovation Center was established by section 1115A of the Social Security Act.

“The purpose of the [Center] is to test innovative payment and service delivery models to reduce program expenditures...while preserving or enhancing the quality of care furnished to individuals under such titles.”

Three scenarios for success outlined in the Statute:

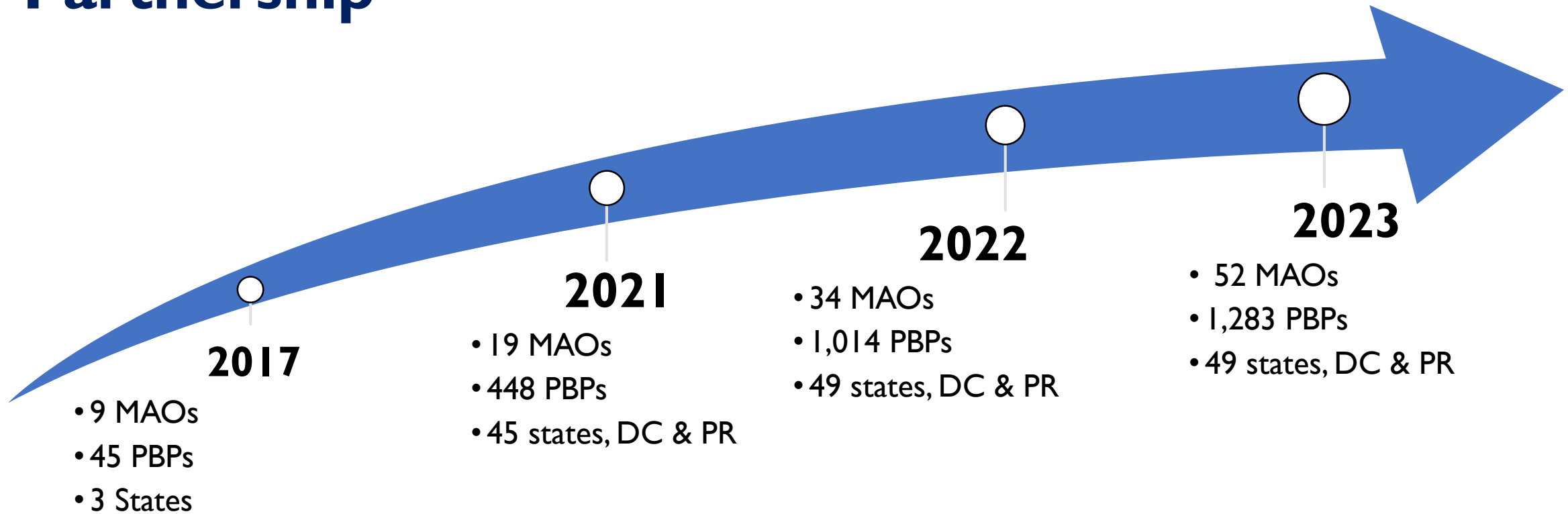
- Quality improves and costs are neutral
- Quality neutral and costs are reduced
- Quality improves and costs are reduced (best case scenario)

If a model meets one of these three criteria and other statutory prerequisites, the Statute allows the Secretary to expand the duration and scope of a model through rulemaking.

VBID Model Overview

- Testing a broad array of complementary Medicare Advantage (MA) health plan innovations through the VBID Model
- Designed to reduce Medicare program expenditures, enhance the quality of care for Medicare beneficiaries and improve the coordination and efficiency of health care service delivery
- Eligible MA Organizations (MAOs) and their plan benefit packages (PBPs) in all 50 states and territories may apply for the Model's health plan innovations annually
- Model began on January 1, 2017 and is currently set to be tested through 2024

Significant Growth in Model Adoption and Partnership



VBID Model Strategy within CMMI Portfolio

- Juxtaposed against a rapidly growing and diversifying MA Program, VBID is the **only** Part C Innovation Center Model
- VBID offers a unique opportunity to learn about approaches to increase use of high-value services and/or benefits that are customized to enrollees with greatest needs or have suboptimal take-up
- VBID's ability to target by socioeconomic status (SES), coupled with the flexibility to design health-related social needs (HRSN) solutions, will allow for greater and more meaningful insight into how underserved populations access and gain from MA benefits and Rewards and Incentives (RI) programs

As the only CMMI Innovation Model directly focused on MA, the VBID Model is a critical lever to shape the trajectory of health equity within the rapidly growing and diverse MA market.

CY 2024 VBID Model Components

Tests Complementary MA Health Plan Innovations

Targeted Benefits by Condition, Socioeconomic Status (SES), or both	MA and Part D Rewards and Incentives (RI) Programs	Wellness and Health Care Planning (WHP)	Hospice Benefit Component	New and Existing Technologies
<p>Tests the impact of targeted, reduced or eliminated cost-sharing (including for Part D drugs) or additional supplemental benefits based on enrollees:</p> <ul style="list-style-type: none"> a. Chronic Health Condition(s) b. SES c. Both (a) and (b) 	<p>Tests how R&I programs that more closely reflect the expected benefit of the health-related service or activity, within an annual limit, may impact enrollee decision-making about their health in more meaningful ways</p>	<p>Tests the impact of timely, coordinated approaches to wellness and health care planning, including advance care planning</p>	<p>Tests how including the Medicare hospice benefit in an enrollee’s MA coverage impacts financial accountability and care coordination across the care continuum</p>	<p>Tests the impact of allowing MAOs to cover new and existing FDA-approved technology not currently covered by the Medicare program</p>

What's New for CY 2024?

Summary of Key Updates

- In concert with the [CMS Innovation Center Strategy Refresh](#), VBID is continuing to evolve with an **expanded focus on health equity** that leverages Model flexibilities
- In alignment with the Innovation Center's vision for a health system that achieves equitable outcomes through high-quality, affordable and person-centered care, key updates to VBID include:

Incorporation of a Health Equity Plan requirement for all MAO applicants

Addition of new reporting requirements for supplemental benefits

Simplification of targeting criteria for hospice supplemental benefits

Continuing implementation of the Phase 2 Network Adequacy requirements

Incorporation of Health Equity Plan Requirement for All MAO Applicants

- In the last application cycle (i.e., the cycle for MAOs who wished to participate in CY 2023), only applicants for the Hospice Benefit Component needed to answer application questions related to how they would advance health equity as it relates to palliative care, transitional concurrent care, and hospice care.
- For this application cycle, all MAO applicants must answer application questions related to how they will advance health equity as it relates to all aspects of their participation in the VBID Model.
- For example, if an MAO applicant wishes to apply to participate in the Hospice Benefit Component and offer an RI program, their responses to the health equity-related questions must address how they will advance health equity through their participation in the Hospice Benefit Component **AND** their RI program.

Addition of New Reporting Requirements for Supplemental Benefits

- For CY 2024, participating MAOs will be required to report on a new set of summary-level and beneficiary-level data related to supplemental benefits.
- CMS intends to provide participating MAOs with Model Monitoring Guidelines in Fall 2023 that will detail what reporting is required per the VBID Contract Addendum during and for Model participation in 2024.
- The Model Monitoring Guidelines will describe when data should be reported, how data is being collected and should be shared with CMS, and who CMS expects to receive reporting on.

Simplification of Targeting Criteria for Hospice Supplemental Benefits

- For CY 2024, CMS has simplified the targeting criteria to allow for participating MAOs to target supplemental benefits to enrollees with a hospice election.
- In other words, the only targeting criteria available in CY 2024 for hospice supplemental benefits will be the presence of a hospice election.
- All other requirements associated with hospice supplemental benefits remain the same, as described in the CY 2024 RFA for the Hospice Benefit Component.

Continuing Implementation of the Phase 2 Network Adequacy Requirements

- For CY 2024, CMS will continue to require participating MAOs with at least two years of participation in the Model Component to create and maintain networks of hospice providers at the participating MAO level.
- This requirement is known as the minimum number of providers (MNP) requirement.
- For CY 2024, CMS will generally not require participating MAOs to resubmit unchanged information associated with the MNP requirement for the counties in the service areas of PBPs that previously satisfied the MNP requirement for CY 2023.

CY 2024 Hospice Benefit Component Payment Methodology

VBID Hospice Payment Rate Development

- Background on VBID Hospice Benefit Component Payments from CMS
- CY 2023 VBID Hospice Benefit Component Capitation Rates and Supporting Materials
- Proposed VBID Hospice Benefit Component Rating Updates for CY 2024

VBID Hospice Capitation Rate Overview

- CMS developed a hospice capitation rate generally modeled on Medicare Advantage (MA) rate setting policies:
 1. Use of base experience for multiple years
 2. Localized rates developed through use of “Average Geographic Adjustment”
 3. Base data trended to contract year
- Unlike MA, hospice capitation payments will **not** be risk adjusted
- CY 2024 hospice capitation rates at county level will be provided in April 2023

Summary of CMS Payments for Hospice Enrollees

Enrollee in hospice status as of 1st of month?	Plan participate in VBID hospice?	Payments from CMS			
		A/B Bid	MA Rebate	Hospice capitation	Part D
No (I)	No	X	X		X
No (I)	Yes	X	X	X	X
Yes	No		X		X
Yes	Yes		X	X	X

(I) Represents hospice admission that start after first of month

Gross Monthly Base Hospice Rates, 2023

Hospice enrollment month	Month 1 hospice enrollment	Gross monthly base rate, CY 2023	
		Year-1	Mature Year
1	1-5 days	\$1,879.05	\$1,879.26
1	7-15 days	\$3,537.04	\$3,536.77
1	16+ days	\$5,543.21	\$5,543.29
2+	n/a	\$5,523.63	\$5,369.32

Excerpt from CY 2023 Hospice Capitation Payment Ratebook

County Code	State	County Name	CBSA-State Identifier	Rate basis	CY 2024 Payment Rate			
					Month 1	Month 1	Month 1	Month 2+
					Days 1-6	Days 7-15	Days 16+	
01070	AL	CALHOUN	11500-AL	Mature Year Rate	\$1,513.08	\$2,847.61	\$4,463.14	\$4,931.64
01080	AL	CHAMBERS	99901-AL	Year 1 Rate	\$1,602.33	\$3,016.16	\$4,726.89	\$4,982.33
01090	AL	CHEROKEE	99901-AL	Year 1 Rate	\$1,602.33	\$3,016.16	\$4,726.89	\$4,982.33
01100	AL	CHILTON	13820-AL	Mature Year Rate	\$1,646.47	\$3,098.66	\$4,856.62	\$4,979.86
01110	AL	CHOCTAW	99901-AL	Year 1 Rate	\$1,602.33	\$3,016.16	\$4,726.89	\$4,982.33
01120	AL	CLARKE	99901-AL	Mature Year Rate	\$1,602.52	\$3,015.93	\$4,726.96	\$4,800.65

CY 2023 VBID Hospice Materials on [CMS.gov](https://www.cms.gov)

- [CY 2023 Final Hospice Benefit Component Data Book for Year-1 Rates](#)
- [CY 2023 Final Hospice Benefit Component Data Book for Mature-Year Rates](#)
- [CY 2023 Final Hospice Capitation Payment Ratebook](#)
- [CY 2023 Final Hospice Capitation Payment Rate Actuarial Methodology](#)

Proposed Rating Changes for CY 2024

Key rating changes proposed in the [CY 2024 Preliminary Hospice Capitation Payment Rate Actuarial memorandum](#) (February 17, 2023):

- Advance experience period one year to CY 2019 – CY 2021
- Month 2+ rates in counties not represented in CY 2023 VBID Hospice Benefit Component to be based on first-year hospice experience only, or Year-1 rates. Month 2+ rates for continuing counties include carryover claims from all prior years, or Mature-year rates

Proposed Rating Changes for CY 2024 (cont.)

- Hospice claims repriced to FY 2023 and then trended to CY 2024
 - Repricing of hospice claims reflect parameters from regulation, CMS-I773-F:
 - FY 2023 per diems
 - FY 2023 wage index
 - Trending to CY 2024 (see slide 24)
- Non-hospice claims trended from experience year to CY 2024 (see slide 25)
- Service day utilization and intensity adjustment (see slide 26)
- Loading for administrative costs: Part A .0001094, Part B: 0.00280 | Admin costs

Preliminary Trends for Hospice FFS-Paid Claims

Period	Hospice update
FY 2023 - FY 2024	2.80%
FY 2024 - FY 2025	3.20%

Preliminary Non-Hospice Trend to CY 2024

- Claims trended from historical experience year to calendar year 2024
- Trends based on non-ESRD fee-for-service (FFS) United States Per Capita Costs (USPCCs) from 2024 Advance Notice

Experience Year	Experience Year USPCC	CY 2024 USPCC	Trend to CY 2024
2019	\$873.40	\$1,101.81	1.2615
2020	\$835.71	\$1,101.81	1.3184
2021	\$925.22	\$1,101.81	1.1909

Service Intensity Trends, 2019 – 2021

Calendar Year	Service Days Per Stay Month (a)	Weighted Per Diem FY23 (b)	Composite (a * b)	Trend to CY 2021
2019	23.04	\$194.66	\$4,484.95	-1.93%
2020	22.99	\$192.16	\$4,417.71	-0.44%
2021	22.95	\$191.66	\$4,398.49	0.00%

CY 2024 Application Timeline & Process

Next Steps for MAOs

- 1 Reach out to CMS for technical assistance at VBID@cms.hhs.gov
- 2 Review release of hospice-specific county-level rate book in **mid-April 2023**
- 3 Submit your [application via the Qualtrics Portal](#) to CMS by **April 14, 2023**
- 4 Receive provisional approval in **Mid-May 2023**
- 5 Submit MA Bids, due **June 5, 2023**
- 6 Execute contract addenda for Model participation in **September 2023**

CY2024 Application Materials & Resources

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

Material	Description
Application Reference Template	Template with all possible application questions to aid MAOs in preparing applications
Supplemental Application Instructions	Helpful tips and application reminders
Application Spreadsheet [Required for ALL applicants]	All MAOs are required to fill out and submit in a ZIP file via the Qualtrics application 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
Net Savings Template [Required for ALL applicants]	All applicants are required to fill out and submit in a ZIP file via the Qualtrics application an Excel file that outlines the projected costs PMPM for Medicare with and without VBID interventions.
Financial Application Template [Required for ALL applicants]	All applicants are required to fill out and submit in a ZIP file via the Qualtrics application 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 [Required for SOME applicants]	<i>ONLY</i> MAOs proposing to reduce cost-sharing for some but not all covered Part D drugs are required to fill out and submit via the Qualtrics application. If an MAO proposes to reduce cost sharing for ALL Part D drugs, this file is not required.

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 CY 2024. 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 dates/times.

Thank you for joining us.

Please email us with any questions at:

VBID@cms.hhs.gov