

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



Disclaimer

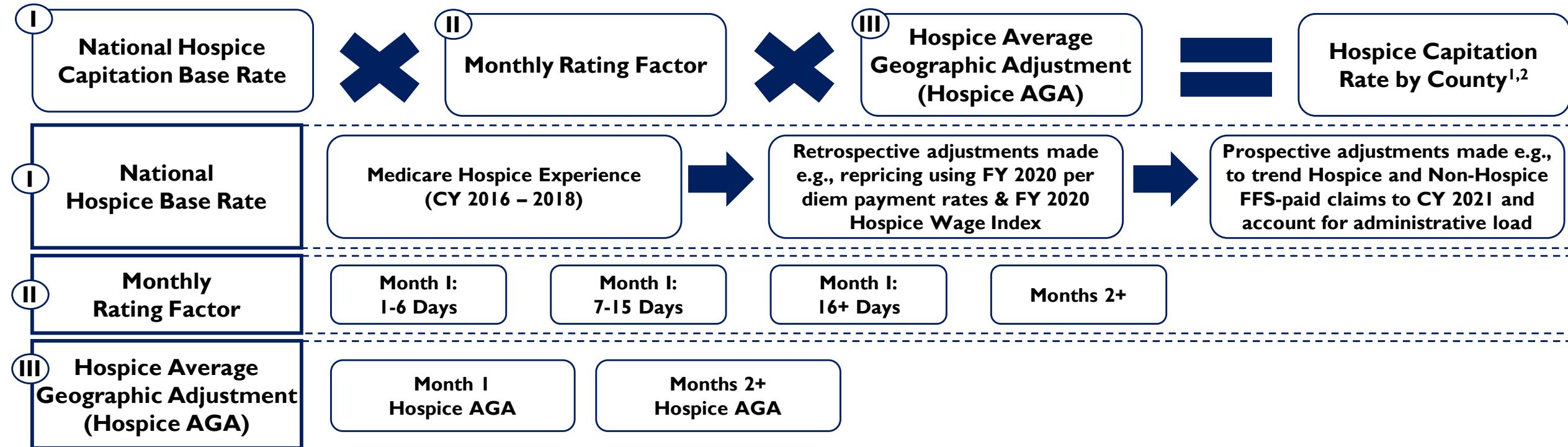
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Agenda

- Key Assumptions Supporting CY 2022 VBID Hospice Rates
- Overview of Materials Posted on [CMS.gov](https://www.cms.gov)
- Question and Answer (Q&A)

Overview of the Hospice Capitation Rate Development, CY 2021



¹ Current law sequestration will be applied as applicable.

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

National Average Values, Year-1 Rates

	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	16.11%	0.340	\$1,827.78
	7-15 Days	10.49	11.74%	0.640	\$3,440.53
	16+ Days	22.65	11.23%	1.003	\$5,391.96
Month 1 Composite ²		11.01	39.09%	0.621	\$3,336.56
Month 2+		26.25	60.91%	1.000	\$5,375.83
CY 2022 Composite National Hospice Capitation Rate ³		20.30	100.00%	0.852	\$4,578.69

¹ Bold numbers are the monthly rating factors used.

² Values are based on the distribution of stay months.

³ This amount represents the national hospice capitation base rate for year-1 rates.

National Average Values, Year-2 Rates

	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	11.42%	0.349	\$1,827.11
	7-15 Days	10.49	8.32%	0.657	\$3,439.57
	16+ Days	22.65	7.96%	1.030	\$5,392.33
Month 1 Composite ²		11.01	27.70%	0.637	\$3,336.10
Month 2+		26.98	72.30%	1.000	\$5,235.27
CY 2022 Composite National Hospice Capitation Rate ³		22.56	100.00%	0.900	\$4,709.21

¹ Bold numbers are the monthly rating factors used.

² Values are based on the distribution of stay months.

³ This amount represents the national hospice capitation base rate for year-2 rates.

Hospice Trend CY 2019, Year-1 Rates

- Historical claims repriced to FY 2021 and projected to CY 2022
- Claims incurred in first 9 months of year trended to FY '22; otherwise trended to FY '23
- Trend rates: FY '22 / FY '21= 1.023; FY '23 / FY '22: 1.033

Service	Incurred month	Trend from FY '21	Distr. of Stay Days	FY '21 avg. per diem	CY '22 avg. per diem
RHC 1-60	Jan '19 - Sep '19	1.0230	37.44%	\$199.25	\$203.83
RHC 61+	Jan '19 - Sep '19	1.0230	26.03%	\$157.49	\$161.11
Non-RHC	Jan '19 - Sep '19	1.0230	1.72%	\$1,000.18	\$1,023.19
RHC 1-60	Oct '19 - Dec '19	1.023*1.033	13.58%	\$199.25	\$210.56
RHC 61+	Oct '19 - Dec '19	1.023*1.033	20.60%	\$157.49	\$166.43
Non-RHC	Oct '19 - Dec '19	1.023*1.033	0.64%	\$974.74	\$1,030.07
Composite value			100.00%	\$198.48	\$205.26
Trend: CY '22 / FY '21					1.0342

Non-Hospice Claim Trend

- Claims trended from historical calendar year to calendar year 2022
- Trends based on non-ESRD United States Per Capita Costs (USPCCs) from Announcement of Calendar Year 2022 Medicare Advantage Capitation Rates and Part C and Part D Payment Policies

Calendar Year	Base Year USPCC	CY 2022 USPCC	Trend to CY 2022
2017	\$822.82	\$1,028.38	1.2498
2018	\$852.81	\$1,028.38	1.2059
2019	\$883.97	\$1,028.38	1.1634

Non-Hospice Claim Pass-Throughs and Claim Carve-outs

- Adjustments are consistent with development of Medicare Advantage (MA) Ratebook
- Claim pass-throughs represent estimate of payments made to hospital for direct graduate medical education (DGME), organ acquisition costs, and other non-claim base payments
 - In aggregate pass-through payments equal to 1.99 percent of non-hospice claims and 0.17 percent of total claims
- Claim carve-outs represent payments made directly by Medicare on behalf of MA plans
 - Carve-outs include pass-through amounts for DGME, kidney acquisition costs (KAC), and indirect medical education (IME)
 - In aggregate, the claim carve-outs equal 0.24 percent of total claims; 0.10 percent for DGME and KAC; and 0.14 percent for IME

Claim Completion Multipliers

- Multiplier for hospice claims based exclusively on claim run-out
- Multiplier for non-hospice claims includes factors for both claim run-out and for claims paid outside the system

Claim Type	2017	2018	2019
Hospice FFS-paid claims	1.00000	1.00000	1.00000
Non-hospice FFS-paid claims	1.01770	1.01770	1.01760

Service Intensity Trends, 2017 – 2019

- Represents historical trend in average service days and per diem costs based on FY 2021 rates
- Given low average annual trend, CY 2022 rates do not reflect trend for service intensity

Calendar Year	Service Days per stay month	Weighted per diem FY '21	Combined trend
2017	22.62	\$186.73	N/A
2019	23.05	\$183.58	N/A
Annual trend	0.95%	-0.85%	0.09%

Aggregate and Inpatient Hospice Caps

- Historical claims experience is gross of aggregate and inpatient caps
- Adjustment applied to Month 2+ Average Geographic Adjustment (AGA)
- Revenue-weighted average impact of aggregate cap is -0.84 percent and inpatient cap is -0.01 percent

CY 2022 VBID Hospice Materials on [CMS.gov](https://www.cms.gov)

- [CY 2022 VBID-Hospice Supplemental File for CBSA Descriptions](#) (March 2021)
- [CY 2022 Final Hospice Benefit Component Data Book for Year-1 Rates](#)
- [CY 2022 Final Hospice Benefit Component Data Book for Year-2 Rates](#)
- [CY 2022 Final Hospice Capitation Payment Ratebook](#)
- [CY 2022 Final Hospice Capitation Payment Rate Actuarial Methodology](#)

CY 2022 Hospice Benefit Component Data Books

- Tabs Summary 20XX include historical claim, utilization, and cost and per capita costs repriced to FY 2021 and trended to CY 2022
- Tab Hospice AGA Summary illustrates development of Average Geographic Adjustment (AGA) for both Month 1 and Months 2+ rates
- Tabs Data Dictionary- 20xx Summary and Data Dictionary - Hospice AGA provide description of fields included in respective tabs
- Tab Sample Calc – Hospice AGA illustrates the development of the AGA factors for a specified CBSA
- Tab DGME, IME, and KAC factor includes the CBSA-level carveout factors

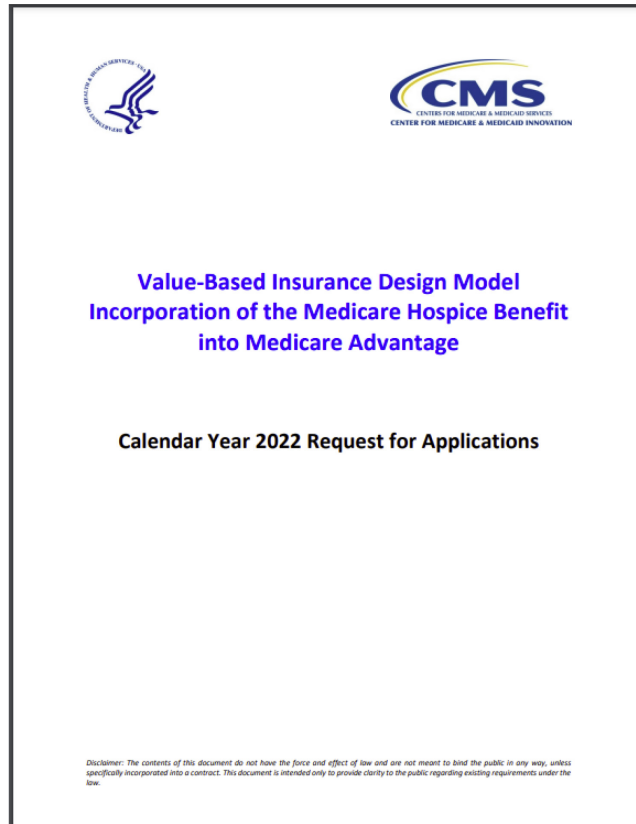
Excerpt from CY 2022 Hospice Capitation Payment Ratebook

SSA Code	State	County Name	CBSA-State Identifier	Indicator of Year 1 or Year 2 Rate	CY 2022 Payment Rates			
					Month 1 Days 1-6	Month 1 Days 7-15	Month 1 Days 16+	Month 2+
06140	CO	Delta	99906-CO	Year 1 Rate	1,675.01	3,152.95	4,941.27	5,148.33
06150	CO	Denver	19740-CO	Year 2 Rate	1,731.03	3,258.70	5,108.76	5,045.56
06160	CO	Dolores	99906-CO	Year 1 Rate	1,675.01	3,152.95	4,941.27	5,148.33
06170	CO	Douglas	19740-CO	Year 2 Rate	1,731.03	3,258.70	5,108.76	5,045.56
06180	CO	Eagle	99906-CO	Year 1 Rate	1,675.01	3,152.95	4,941.27	5,148.33
06190	CO	Elbert	19740-CO	Year 2 Rate	1,731.03	3,258.70	5,108.76	5,045.56
06200	CO	El Paso	17820-CO	Year 2 Rate	1,725.47	3,248.23	5,092.35	4,989.74

Illustration of Development of Payment Rates for Delta, CO

Rating Item	Month 1 Days 1-6	Month 1 Days 7-15	Month 1 Days 16+	Month 2+
a. National base rate	\$5,375.83	\$5,375.83	\$5,375.83	\$5,375.83
b. Average Hospice Geographic Adjustment (HAGA)	0.9171	0.9171	0.9171	0.9584
c. Monthly rating factor	0.340	0.640	1.003	1.000
d. Carve-out factor	0.0773%	0.0773%	0.0773%	0.0773%
e. Rate [a * b * c * (1-d)]	\$1,675.01	\$3,152.95	\$4,941.27	\$5,148.33

Request for Applications



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
- 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**