

Value-Based Insurance Design Model (VBID) Fact Sheet CY 2021

Overview

The Centers for Medicare & Medicaid Services (CMS) is announcing a broad array of Medicare Advantage (MA) health plan innovations that will be tested in the Value-Based Insurance Design (VBID) Model under the authority of the CMS Center for Medicare and Medicaid Innovation (Innovation Center) for CY 2021.

The VBID Model began in January 2017 and will run through December 2024. The VBID Model aims to test the impact of varied service delivery and payment flexibilities in MA, that are directed at promoting patient-centered care, providing greater price transparency, increasing enrollee choice and access to timely and clinically-appropriate care, improving quality, and reducing costs.

The Model is designed to reduce Medicare program expenditures, enhance the quality of care for Medicare beneficiaries, including dual-eligible beneficiaries, and improve the coordination and efficiency of health care service delivery. Several changes have been made to the VBID Model since its initial implementation in 2017. The changes to the VBID Model aim to contribute to the modernization of the MA program. CMS is conducting this Model test through the Innovation Center under Section 1115A of the Social Security Act.

The Model has seen significant growth between 2019 and 2020, with the number of eligible beneficiaries in participating plans tripling to 1.2 million. Model geography more than quadrupled in this period and now includes participating plans in 30 states and Puerto Rico, up from seven states in 2019. In addition, MAOs participating in VBID also substantially increased their number of Plan Benefit Packages (PBPs) in the model. As such, in 2020, over 280,000 enrollees are expected to receive Model-related benefits or rewards and incentives, up from 82,000 in 2019.

Summary of the Model for CY2021

CMS announced, in January 2019, that it planned to test the incorporation of the Medicare Hospice Benefit into the MA program through the VBID Model beginning in CY 2021 in order to engage broadly with all stakeholders as the MA carve-in hospice policies were finalized. In December 2019, CMS released a Request for Applications (RFA) outlining how an MAO may participate in the Hospice Benefit Component of the Model in 2021. MAOs interested in participating in VBID in 2021 should consult the VBID Hospice Benefit Component RFA in addition to the CY 2021 VBID Model RFA, available here:

<https://innovation.cms.gov/initiatives/vbid/>.

CMS is also implementing the President's Executive Order 13890 on Protecting and Improving Medicare for Our Nation's Seniors by testing how to permit Medicare beneficiaries to share more directly in program savings by allowing participating MAOs to offer a mandatory supplemental MA benefit that is in the form of cash or monetary rebates to all enrollees in Model PBPs.

Further, CMS is also implementing the President’s Executive Order in the Model by removing any disincentives for MA plans to cover items and services that make use of new and existing technologies that are not covered by original Medicare. Under the VBID Flexibilities Model component MAOs may propose to cover new technologies that are FDA approved and that do not fit into an existing benefit category for targeted populations (chronic conditions and/or low income subsidy (LIS) status) that would receive the highest value from the new technology. MAOs may propose covering new and existing technologies as a supplemental benefit, when those items and services can save money and improve the quality of care. The difference in this Model component, as compared to the MA program, is that it allows Model participants the flexibility to limit coverage of these technologies to specific enrollee groups (based on chronic condition or LIS status).

In CY 2021, the VBID Model will test the following Model Components (see Table 1). All participating MAOs must participate in the mandatory Wellness and Health Care Planning component of the VBID Model in 2021. Eligible MAOs may apply to test one or more of the other interventions:

Table 1: CY 2021 VBID Model Components

VBID Model Component	Scope	Mandatory/Optional Component
1. Wellness and Health Care Planning	All beneficiaries; All Model PBPs.	Mandatory
2. VBID Flexibilities: a. Targeted to beneficiaries based on chronic condition and/or socioeconomic status. i. Primarily and Non-primarily health-related Supplemental Benefits, which may include new and existing technologies or FDA approved medical devices ii. Use of high-value providers and/or participation in care management programs/disease management programs iii. Reductions in cost sharing for Part C items and services and covered Part D drugs;	Participating MAOs may also limit these to select Model PBPs.	Optional

VBID Model Component	Scope	Mandatory/Optional Component
b. Offered Uniformly Across All Beneficiaries (i.e., non-targeted) i. NEW – Flexibility to Share Beneficiary Rebates Savings More Directly with Beneficiaries in the form of cash or monetary rebates	For all enrollees in the Model PBPs.	Optional
3. Part C and D Rewards and Incentives Programs (RI Programs)	For targeted beneficiaries; in select Model PBPs. (Participating MAOs may elect to make RI Programs available to all enrollees in Model PBPs.)	Optional
4. NEW - Medicare Hospice Benefit Component (Separate RFA)	For all enrollees in select Model PBPs.	Optional

CMS has extended the original performance period of the Model by three years. The Model will be tested through 2024, with opportunities to apply for participation anticipated for each year.

Information on the VBID CY 2021 Request for Applications will be available at <https://innovation.cms.gov/initiatives/vbid> and applications are open until April 24, 2020.

VBID Model for CY 2021 and Subsequent Years

For CY 2021 and subsequent years, CMS is testing the following health plan innovations in Medicare Advantage through the VBID Model.

Wellness and Health Care Planning

Organizations participating in VBID, working with their network of providers, will be required to offer each enrollee improved, timely access to Wellness and Health Care Planning (WHP), including advance care planning (ACP). Each MA organization applying for the VBID Model must submit its proposed approach to WHP for their enrollees as part of the application.

The broad scale of this WHP test, the engagement of health care provider practices within it, and the aligned efforts of private and public payers and integrated delivery systems are expected to lead to improvements in the delivery system infrastructure for accessing, maintaining, and updating advance directives. Better access to advance care planning documentation resulting from this test should improve its effectiveness and impact in avoiding unwanted and unnecessary care. Through the VBID Model, CMS will evaluate the impact on quality and cost of best practices for performing WHP in the Medicare Advantage population.

VBID Flexibilities

For CY 2021, participating MAOs may provide non-uniform supplemental benefits (including “supplemental benefits” that are not primarily health related), such as reduced cost-sharing and/or additional benefits, to targeted enrollees. As described in detail below, MAOs may also propose to cover new and existing technologies or FDA approved medical devices. MAOs are also permitted to establish reduced cost sharing for high-value providers. MAOs may target enrollees for VBID benefits and services based on the following:

- 1) Chronic condition(s);
- 2) Low-Income Subsidy (LIS) eligibility¹; or a
- 3) Combination of both (e.g., enrollees who are LIS eligible and have chronic condition(s)).

Flexibility to Cover New and Existing Technologies or FDA Approved Medical Devices

Under this component of the Model, MAOs will be permitted to provide targeted coverage for: (i) an FDA approved medical device or new technology that has a Medicare coverage determination (either national or local) where the MA plan seeks to cover it for an indication that differs from the Medicare coverage determination and the MA plan demonstrates the device is medically reasonable and necessary; and (ii) for new technologies that do not fit into an existing benefit category.

Similar to the other VBID Flexibilities, this Model component will test a service delivery model that makes new supplemental benefits available on a non-uniform basis to determine whether these technologies will reduce program costs or improve the quality of care for enrollees targeted for these technologies. Under MA bidding requirements (e.g., § 422.254), MAOs must treat this coverage as a mandatory supplemental benefit that is paid using rebates as part of bid development and must factor in any projected reduction in utilization of Part A or Part B benefits in the A/B bid.

Flexibility to Share Beneficiary Rebates Savings More Directly with Beneficiaries in the form of Cash or Monetary Rebates

Through this VBID Model component, CMS is providing participating MAOs additional flexibility to choose to share rebates under section 1854 of the Social Security Act with all of their enrollees in Model PBPs through a new mandatory supplemental benefit, in the form of cash or monetary rebates. As part of the application process, the MAO must specify the amount, frequency, and the form of the cash or monetary rebate (i.e. debit card, gift card, check, etc.), and administrative plan for distributing the cash or monetary rebate. Each MAO that chooses to offer cash or monetary rebates will have the flexibility to determine the amount of the beneficiary rebate available under section 1854 of the Act that the MAO wants to share via this supplemental benefit option; however, the MAO must notify beneficiaries, via an explicit notice, of tax

¹ For information on LIS eligibility and for reports that contain LIS indicators, please refer to the Plan Communication User Guide at https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-Technology/mapdhelppdesk/Plan_Communications_User_Guide.html

consequences associated with the provision of the cash or monetary rebate. (**Note:** *This notice must address the combined impact or consequences of the cash or monetary rebate and any Rewards and Incentives (if applicable) also provided by the MAO.*)

Part C and D Rewards and Incentives Programs (RI Programs)

In order to test the cost and quality of care impact of a service delivery model that permits MAOs (including MA-PD) to provide higher-value rewards and incentives and RI programs in connection with Part D prescription drug benefits, MAOs participating in this Model for CY 2021 will continue to be permitted additional flexibility. We anticipate that these flexibilities may also reduce barriers to greater MA plan uptake of RI programs. Applicants may propose to use rewards and incentives with a value that reflects the benefit of the service, rather than just the cost of the service up to \$600 annually, and may propose to use a RI program for the Part D benefit offered by a participating MA plan. Specifically, MAOs may propose the following RI programs in their applications for the VBID Model:

1. Use of a reward or incentive that has a value beyond the cost of the health-related service or activity itself but limited to the value of the expected benefit of using the service or item, up to an annual per enrollee limit of \$600.00 in the aggregate for all rewards and incentives, debit cards and gift cards provided under the Model in the VBID PBP.
2. For MA-PDs, a reward and incentive associated with the Part D benefit;
3. A rewards and incentives program specific to participation in a disease management or transition of care program; and
4. Similar rewards and incentives programs approved by CMS on a case-by-case basis as evidence-based and justified by MAOs.

The Medicare Part A hospice benefit will be incorporated into MA as an optional part of the VBID Model for CY 2021. CMS is testing the impact on payment and service delivery of incorporating the Medicare Part A hospice benefit with the goal of creating a seamless care continuum for enrollees in the MA program for Part A and Part B services. For MAOs that volunteer to be part of the Model, CMS will evaluate the impact on cost and quality of care for MA enrollees, including how the Model improves quality and timely access to the hospice benefit, and the enabling of innovation through fostering partnerships between MAOs and hospice providers. Please refer to CY 2021 VBID Hospice Fact Sheet for additional information on the hospice benefit component at <https://innovation.cms.gov/initiatives/vbid>.