



CENTERS FOR MEDICARE & MEDICAID SERVICES

DATE: February 19, 2019

TO: All Medicare Advantage Organizations and Prescription Drug Plan Sponsors

FROM: Laura McWright
Deputy Director, Seamless Care Models Group, Center for Medicare and Medicaid Innovation, Centers for Medicare and Medicaid Services

SUBJECT: Part D Payment Modernization Model and Medicare Advantage Value-Based Insurance Design Model Application Process

Summary

CMS announced transformative updates to the Medicare Advantage Value-Based Insurance Design (VBID) Model and the beginning of the Part D Payment Modernization Model on Friday, January 18, 2019. This memo provides additional information and application details for the VBID and the Part D Payment Modernization Models.

Information and Request for Applications

Information on the VBID model and the model Request for Applications is available here: <https://innovation.cms.gov/initiatives/vbid>

Information on the Part D Payment Modernization Model and the model Request for Applications is available here: <https://innovation.cms.gov/initiatives/part-d-payment-modernization-model/>

Application Details

Part D Payment Modernization Model

In order to facilitate a seamless application process for all interested organizations, CMS is dividing the Model application process described in the Request for Applications into three parts.

First, by 11:59 EDT on March 15th, 2019, eligible organizations must submit to CMS, via email to PartDPaymentModel@cms.hhs.gov, a non-binding notice of intent to participate in the Part D Payment Modernization Model. The non-binding notice of intent should be a PDF on the organization's letterhead signed by an authorized individual at the organization.

In order to provide CMS information important to its operational planning, the notice of intent should include the following information, even if preliminary:

- Parent Organization
- Contract(s)
- Plan Benefit Package(s) (PBPs)
- Prescription Drug Plan region(s) for each PBP
- Enrollment for each PBP
- Contact information, including email address and phone number, for the primary point of contact and plan compliance officer(s)
- Yes/No indication for inclusion of a proposed Part D Rewards and Incentives program.

If yes in terms of offering a Part D Rewards and Incentives program, plans have the option to seek CMS review of their proposal in this stage by including full details for their proposal prior to submission of the final application information to occur concurrent with the organization's bid submission as discussed below.

Second, by late April, CMS intends to provide provisionally approved organizations with additional details on the programmatic flexibilities being tested under the Model as part of the application process. Interested organizations may also reach out to CMS with proposed formulary management questions as part of seeking clarification on flexibilities for managing catastrophic coverage phase spending.

At the same time, CMS intends to also provide provisionally approved organizations with the statistical and methodological approach that will be used in creating the spending target benchmark and calculating each organization's model performance. To clarify, CMS is **not** requiring any changes to Part D bids, nor is CMS requiring organizations to submit bid information to CMS prior to the bid submission deadline. Spending target benchmarks will be determined in 2021, after the federal reinsurance subsidy reconciliation process is complete for CY2020. Consistent with the model's goal of reducing Part D spending during the catastrophic phase of the benefit the expectation is that participating plans will seek to more effectively manage the Part D benefit as a whole making use of the flexibilities afforded to them.

Third, the final part of the application process is for provisionally approved organizations to confirm their participation in the Model by the bid submission date of **June 3, 2019** concurrent with and as part of their plan bid submission. In addition to the bid submission requirements, organizations that were provisionally approved must notify CMS in writing by June 3, 2019 of:

- 1) any changes from their provisionally approved notice of intent, including changes to participating PBPs; and
- 2) any proposed Part D Rewards and Incentives programs.

Organizations that did not previously fully described any proposed Part D Rewards and Incentives programs will be required to do so as part of the application concurrent with bid submission. Similarly, if not previously provided, organizations will be required at that time to

provide the qualitative and quantitative narrative descriptions of their proposed theory of action to decrease total Part D spending as described in the Request for Applications.

As part of this final step, provisionally approved model participants will put final application details in the model application portal. The Part D Payment Modernization Model Request for Applications guides all requirements for model participation.

VBID Model

Applications for the VBID Model are due by **March 15, 2019** (extended from March 1, 2019).

The CY 2020 application period is now open and CMS is accepting applications from eligible Medicare Advantage Organizations.

Additionally, as announced, CMS will test the carve-in of the Medicare hospice benefit into Medicare Advantage as part of the VBID model beginning in CY 2021. In support of achieving the goal of providing greater coordination of care, CMS seeks to continue our stakeholder engagement on this VBID component and will hold an interactive webinar in Spring 2019. Through this webinar, CMS intends to provide an opportunity for dialogue between CMS and a broad stakeholder community. Additional details on how to register for this webinar will be made available through the VBID model website.

Medicare Advantage Value-Based Insurance Design (VBID) Model Background Information

All model information, including the VBID Request for Applications (RFA), the application portal, webinar recordings and slides, and other model information is available here: <https://innovation.cms.gov/initiatives/vbid/>. The deadline for applications is 11:59pm EDT on **March 15, 2019**.

The VBID Model tests a number of complementary service delivery approaches for Medicare Advantage (MA) organization enrollees for the 2020 plan year, including:

- **VBID by Chronic Condition and/or Socioeconomic Status:** MA organizations will be allowed to propose reduced cost-sharing or additional supplemental benefits, including for “non-primarily health related” items or services, for enrollees based on chronic condition, socioeconomic status, as determined by qualifying for the low-income subsidy (LIS) and/or having dual-eligible status, or both. Organizations may also propose allowing additional “non-primarily health related” supplemental benefits for all enrollees by chronic condition, with or without a socioeconomic status component.
- **Rewards and Incentives:** MA organizations will be allowed to propose broadened MA and new Part D Rewards and Incentives (RI) programs. Specifically, organizations may propose RI programs with allowed values that more closely reflect the expected benefit of the health-related service or activity, up to an annual limit, to better promote improved health, prevent injuries and illness, and promote the efficient use of health care resources. Participating MA organizations that offer a Prescription Drug Plan (MA-PDs) may also offer RI programs for enrollees who take covered Part D prescription drugs and who

participate in disease management programs, engage in medication therapy management with pharmacists or providers, or receive preventive health services. Enrollees will be able to actively engage in understanding their medications, including clinically-equivalent alternatives that may be more cost-accessible.

- **Telehealth Networks:** MA organizations will be allowed to propose telehealth services within certain specialties in lieu of in-person visits to meet MA network adequacy requirements. Organizations must ensure that enrollee choice is preserved meaning that enrollee access to an in-person visit, if that is the enrollee's preference and choice, must be maintained. CMS expects that this will provide MA organizations with an opportunity to enter into underserved markets, including rural areas where there may be few to no MA plan choices.

Additionally, MA organizations will be required to offer enrollees improved, timely access to Wellness and Health Care Planning (WHP), including advance care planning. Each MA organization applying to participate in the VBID Model for CY2020 must submit its proposed approach to WHP for its enrollees as part of its VBID model application.

Hospice: Beginning in the 2021 plan year, the VBID Model will also test allowing MA organizations to offer Medicare's hospice benefit. This change is designed to increase access to hospice services and facilitate better coordination between patients' hospice providers and their other clinicians.

Please visit the VBID Model website for more information:

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

To access the application portal please visit: <https://app1.innovation.cms.gov/hpicustom>

Please view the VBID Fact Sheet here: <https://www.cms.gov/newsroom/fact-sheets/value-based-insurance-design-model-vbid-fact-sheet-cy-2020>

For questions please contact the VBID Model Team here: VBID@cms.hhs.gov

Part D Payment Modernization Model Background Information

All model information, including the Request for Applications (RFA), the application portal, webinar recordings and slides, and other model information will be available here: <https://innovation.cms.gov/initiatives/part-d-payment-modernization-model/>. The deadline for the initial notice of intent is 11:59pm EDT on **March 15, 2019**.

The Part D Payment Modernization Model will test the impact of a modernized Part D program design and improved alignment on overall Part D prescription drug spending and beneficiary out-of-pocket costs. The Model is open to eligible Prescription Drug Plans and MA-PDs that are approved to participate, is voluntary, and will last 5 years, beginning with the 2020 plan year.

As part of the Model, CMS will provide participants with additional programmatic tools, including Part D Rewards and Incentives programs, to increase engagement with enrollees, with the goal of promoting better enrollee understanding of: (1) their Part D benefit, including out-of-

pocket and total drug costs; and (2) clinically-equivalent therapeutic options. The goal of these efforts is to improve beneficiary access to lower cost, effective medications while promoting medication adherence and affordability. Links to important information and resources can be found below.

Please visit the Model website for more information: <https://innovation.cms.gov/initiatives/part-d-payment-modernization-model/>

Please view the Fact Sheet here: <https://www.cms.gov/newsroom/fact-sheets/part-d-payment-modernization-model-fact-sheet>

For questions, please contact the Part D Payment Modernization Model Team here: PartDPaymentModel@cms.hhs.gov