

## Calendar Year (CY) 2023 Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model Fact Sheet

For Calendar Year (CY) 2023, the Centers for Medicare & Medicaid Services (CMS) is releasing a Request for Applications (RFA) for eligible Medicare Advantage organizations (MAOs) to apply to the Value-Based Insurance Design (VBID) Model to test innovative strategies in Medicare Advantage (MA) plan design. The CY 2023 Model is highlighting the opportunity for MAOs to better and more equitably serve patients while helping them achieve improved health outcomes.

### Overview

The Center for Medicare & Medicaid Innovation (CMS Innovation Center), under the authority of section 1115A of the Social Security Act, established the VBID Model in January 2017 and it is scheduled to run through December 2024. The Model began allowing MAOs the flexibility to vary their plan benefit designs for enrollees with a limited set of clinical conditions. Since then, the Model has expanded the permissible clinical conditions and has allowed MAOs to include additional interventions representing a broad array of value-based approaches to service delivery in MA, including the targeting of enrollees by chronic condition(s), socioeconomic status, or both, and the use of more flexible rewards and incentives.

This core Model design, which provides MAOs additional flexibilities to alter their MA benefit packages, tests whether their offering of these modified benefit packages, including those with high value services, increases the uptake of those services, reduces costs and improves quality outcomes for enrollees. In concert with the [CMS Innovation Center Strategy Refresh](#),<sup>1</sup> the VBID Model is continuing to evolve with an expanded focus on health equity that leverages Model benefit flexibilities. Examples of these flexible benefits include providing healthy food/groceries to beneficiaries and eliminating cost-sharing for Part D drugs for beneficiaries with low-incomes.

Building upon this focus on health equity, the CY 2023 RFA has several key updates, in alignment with the Innovation Center's vision for a health system that achieves equitable outcomes through high-quality, affordable and person-centered care. These include:

- Addition of the voluntary Health Equity Incubation Program;
- Targeting the benefit and reward and incentive (RI) program to interventions uniquely authorized by the Model;
- Additional guidance on defining high-value providers;
- Removal of the Cash or Monetary Rebates Component; and
- Incorporation of a health equity plan requirement and qualitative and quantitative network adequacy standards in the Hospice Benefit Component of the Model.

### Summary of Key Updates

**Health Equity Incubation Program:** The flexibilities provided in the VBID Model – including the ability of MAOs to target Model benefits and RI Programs to populations receiving the Part D Low-Income Subsidy (LIS) and those with chronic health conditions – provide a unique and far-reaching opportunity to address issues of health equity. To this end, the Innovation Center will implement learning activities around health equity in CY 2023 through a voluntary Health Equity Incubation Program. The goal of this program is to encourage testing of interventions in the most promising focus areas (e.g., addressing food and nutritional insecurity and other Health Related Social Needs (HRSN)) and optimizing the design and implementation of best practices for interventions focused on health equity. In addition, CMS aims to build

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<sup>1</sup> See the Innovation Center's Strategy Refresh here: <https://innovation.cms.gov/strategic-direction-whitepaper#:~:text=As%20part%20of%20its%20strategy,role%20in%20achieving%20these%20goals>

on and share an evidence base on quality improvement and medical savings related to health-related social needs interventions.

***Benefits Uniquely Authorized by the Model:*** For CY 2023, CMS is requiring that the VBID Model only test those interventions within each Model component (with the exception of the Wellness and Health Care Planning (WHP) Component) that are uniquely authorized by the VBID Model. CMS will not test interventions authorized through flexibilities within the broader Part C Program that fall outside of the VBID Model. Any questions and/or requests for technical assistance with VBID interventions may be sent to the VBID mailbox at [VBID@cms.hhs.gov](mailto:VBID@cms.hhs.gov).

***Defining High-Value Providers:*** Since the Model began in 2017, MAOs could make the provision of additional supplemental benefits (including reductions in cost sharing) for targeted enrollees conditional on the use of high-value providers. CMS recognizes the important role of providers who demonstrate high value through culturally competent care and increased continuity of care for enrollees in underserved areas. To that end, CMS has included further guidance about what constitutes a high-value provider for inclusion in the Model (e.g., explicitly including those who predominantly serve underserved populations or dual-eligible enrollees). Other examples include those who provide care through an Area Agency on Aging, Aging and Disability Resource Center, or Center for Independent Living.

***Removal of Cash or Monetary Rebates:*** CMS is removing the Cash or Monetary Rebates Component of the Model beginning in CY 2023 due to potential negative impacts on enrollee eligibility for means-tested benefits, based on receipt of these cash benefits under the Model. While CMS is removing this Model component for 2023, CMS strongly encourages MAOs to address the medical and social needs of enrollees who receive the Part D LIS and/or other underserved populations in designing supplemental benefits under the Model that are paid for by using the MA beneficiary rebate dollars. Through the use of the VBID flexibilities under the Model, MAOs could offer a range or combination of primarily health related and non-primarily health related benefits, for targeted enrollees, including healthy groceries, non-emergency medical transportation, transportation for non-medical needs and other innovative benefits.

CMS recommends that MAOs: (1) provide these types of benefits as part of a holistic benefit design; and (2) seek input from enrollees in structuring such benefit designs. Overall, by removing the Cash or Monetary Rebates component, CMS's goal is to ensure that the Model is focused on encouraging Model participants to use targeted supplemental benefits, with a sound evidence base, to help address medical and social needs of underserved enrollees while advancing its health equity goals.

***Updates to the Hospice Benefit Component:*** New for CY 2023, CMS will require each applicant for the Hospice Benefit Component to describe a detailed strategy for advancing health equity as part of its approach to the Hospice Benefit Component, including but not limited to applying the principles of health equity to its palliative care strategies and to its coverage and coordination of the Medicare Hospice Benefit.

Additionally, the Innovation Center is standardizing network adequacy requirements for applicants that have at least one year of experience by the start of CY 2023. In CY 2023, these participants will need to meet two Model-specific requirements: 1) create and maintain a network of hospice providers so that enrollees in each county of an MA plan's service area(s) have access to a minimum number of network hospice providers; and 2) describe their comprehensive strategy for forming a network of hospice providers to ensure that enrollees receive a set of timely, comprehensive, and high-quality services aligned with enrollee preferences in a culturally-sensitive and equitable fashion.

### Summary of the VBID Model for 2023

In CY 2023, the VBID Model will continue testing the Model components listed in Table 1. As in prior years, all participating MAOs must participate in the mandatory Wellness and Health Care Planning (WHP) Component of the VBID Model in CY 2023. Eligible MAOs may apply to test one or more of the other optional interventions summarized below.

**Table 1. CY 2023 VBID Model Components**

| <b>VBID Model Component</b>  | <b>Scope</b>  |
|--|---|
| <b>Wellness and Health Care Planning</b>   | All enrollees in all Model Plan Benefit Packages (PBPs)   |
| <b>VBID Flexibilities</b> targeted to beneficiaries based on chronic health condition and/or socioeconomic status, which may include:<br>i. Primarily and non-primarily health-related supplemental benefits, which may include new and existing technologies or FDA-approved medical devices;<br>ii. Use of high-value providers and/or participation in care management programs/disease management programs; and/or<br>iii. Reductions in cost sharing for Part C items and services and covered Part D drugs | For targeted enrollees in selected Model PBPs   |
| <b>Medicare Hospice Benefit Component</b>  | For all eligible enrollees in selected Model PBPs   |
| <b>Part C and Part D RI Programs</b>   | For targeted enrollees in selected Model PBPs ( <i>Participating MAOs may elect to make RI Programs available to all enrollees in Model PBPs.</i> ) |

### Details on the VBID Model for CY 2023

For CY 2023, CMS is testing the following health plan innovations in MA through the VBID Model.

**Wellness and Healthcare Planning (WHP):** Currently, MAOs are required under 42 CFR 422.128 to maintain written policies and procedures concerning advance directives for all adult enrollees. Building on these existing requirements regarding advance directives, organizations participating in the VBID Model must implement and report on a WHP strategy, including Advance Care Planning (ACP), to reach all enrollees in all of the PBPs included in the Model, not just those members targeted for VBID and not just in select PBPs. Examples of broader strategies include, but are not limited to, infrastructure investments around WHP (e.g., digital platforms to support ACPs), provider initiatives around WHP education, and member-focused initiatives (e.g., broad communication, outreach, and education opportunities) and enrollee rewards and/or provider incentives. Additionally, MAOs participating in the Model may have a targeted strategy for their VBID enrollees to receive WHP, provided that a targeted strategy is combined with a strategy for all enrollees in all PBPs that participate in the Model.

**VBID Flexibilities:** For CY 2023, 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. 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 health condition(s); (2) LIS eligibility;<sup>2</sup> or (3) combination of both (e.g., enrollees who are LIS eligible and have chronic health condition(s)).

**Hospice Benefit Component:** As in CYs 2021 and 2022, the Medicare Part A hospice benefit is incorporated into MA as an optional part of the VBID Model for CY 2023. CMS is testing the impact on payment and service delivery of incorporating the Medicare Part A hospice benefit into coverage by MA plans with the goal of creating a seamless care continuum for enrollees in the MA program for Part A and Part B services. As part of this Model test, MAOs that participate in this component will also be able to offer their enrollees additional services, including non-hospice palliative care for those not eligible for hospice care, transitional concurrent care through in-network providers to help ease enrollees' transition to hospice, and hospice supplemental benefits (which may be limited to enrollees who use in-network providers when approved by CMS) to provide additional coverage, items, services, or supplies to support enrollees in hospice.

For MAOs that apply and are accepted to be part of the Hospice Benefit Component, CMS will evaluate the impact on cost and quality of care for MA enrollees, including how the component 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 2023 VBID Hospice Benefit Component Request for Applications (RFA) and CY 2022 materials, such as the CY2022 Hospice Capitation Payment Rate Actuarial Methodology, rate book and data book for reference at <https://innovation.cms.gov/initiatives/vbid>.

CMS will publish updated materials for CY 2023 in the future. These additional materials and resources, along with all past materials, are available on the VBID Model Hospice Benefit Component webpage: <https://innovation.cms.gov/innovation-models/vbid-hospice-benefit-outreach-education>.

**Part C and D Rewards and Incentive (RI) Programs:** MAOs, including MAOs offering Medicare Advantage Prescription Drug Plans (MA-PDs) participating in this Model for CY 2023, will continue to be allowed to offer certain RI. Based on the programmatic waivers available with Model participation, participating MAOs may 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 an RI program for the Part D benefit offered by a participating MA plan.

**Flexibility to Cover New and Existing Technologies or FDA Approved Medical Devices:** Under this component of the Model, participating 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 MAO seeks to cover it for an indication that differs from the Medicare coverage determination and the MAO 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 whether making new supplemental benefits available on a non-uniform basis will reduce program costs or improve the quality of care for enrollees.

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<sup>2</sup> 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](https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-Technology/mapdhelppdesk/Plan_Communications_User_Guide)