MINTZ

Medicare to Refine and Expand its Value-Based Insurance Design Model

August 15, 2016 | Blog |

VIEWPOINT TOPICS

- Health Care

RELATED PRACTICES

RELATED INDUSTRIES

On August 10, 2016, the Centers for Medicare and Medicaid Services (CMS) released **a memorandum** through its Center for Medicare and Medicaid Innovation announcing changes to the Medicare Advantage Value-Based Insurance Design (MA-VBID) model for 2018.

VBID is an umbrella term for benefit plans that structure enrollee cost-sharing and other plan characteristics in a way that encourages the enrollee to utilize high value health care services that are likely to improve their health status. The concept has been used by commercial insurers for years, but only became possible in the MA landscape after the Affordable Care Act granted CMS the authority to test new benefit models.

MA-VBID in Contract Year 2017 (CY 2017)

The MA-VBID model test is set to begin on January 1, 2017, at which time organizations offering MA plans in Arizona, Indiana, Iowa, Massachusetts, Oregon, Pennsylvania and Tennessee, will be permitted to offer varied benefit designs for enrollees suffering from conditions in certain clinical categories. These clinical categories include diabetes, congestive heart failure, chronic obstructive pulmonary disease (COPD), past stroke, hypertension, coronary artery disease, and mood disorders. Plans will also be able to propose VBID plans addressing combinations of these categories. For each group of enrollees, plans will be able to vary benefit designs using one or more of four approaches: (1) reduced cost-sharing for high-value services; (2) reduced cost-sharing for high-value providers; (3) reduced cost-sharing for enrollees participating in disease management or related programs; or (4) coverage of additional supplemental benefits.

Changes to MA-VBID in Contract Year 2018 (CY 2018)

In its recent memorandum, CMS confirmed that it will reopen the application window and accept applications for CY 2018 from organizations not participating in CY 2017. CMS will also allow participants in CY 2017 to propose modifications to their VBID benefits for CY 2018.

CMS also announced the following changes for plans offered in CY 2018:

- Expansion of States and Clinical Conditions. The model will expand to Alabama, Michigan and Texas and will include two additional clinical categories: rheumatoid arthritis and dementia. CMS notes in its memorandum that proposals to cover dementia will face increased scrutiny in order to determine whether the proposal exposes the patient population to increased risk of unnecessary drugs such as atypical antipsychotics. This is not surprising given CMS' recent efforts to curb the unnecessary use of antipsychotics in dementia sufferers.
- Flexibility in Treating Mood Disorders. Participating organizations will have additional flexibility to focus on specific conditions within the mood disorders category. Participants will be able to select from among the ICD-10 codes originally proposed by CMS for the CY 2017 mood disorder category.
- Minimum Plan Size. CMS is also changing the minimum enrollment requirement. For CY 2017, CMS will generally limit the model to benefit packages with a minimum of 2,000 enrollees within the state. However, in CY 2018, participants with at least one plan satisfying the 2,000 enrollee threshold will be permitted to offer additional benefit packages provided they have at least 500 enrollees.

CMS has promised that further details will be provided in its CY 2018 Request for Applications, which it intends to release later this year. In the meantime, CMS will be hosting a webinar on the CY 2018 changes on August 24, 2016. We will continue to report on developments in the MA-VBID program as they occur.

Authors