

New Value-Based Insurance Design Model for Medicare Advantage Plans Is the First of Multiple Medicare Plan Innovations Anticipated from CMS

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On September 1, 2015, the Centers for Medicare & Medicaid Services (“CMS”) announced¹ the opportunity for plan sponsors to test value-based insurance design (“VBID”) in the Medicare Advantage (“MA”) market. VBID refers to efforts by health insurers to structure health plan design elements so that enrollees use clinical services that have the greatest impact on their health relative to cost.

The Medicare Advantage Value-Based Insurance Design model test (“MA-VBID model test”) for Medicare Advantage Organizations (“MA plans”) is the first of an anticipated series of innovation projects for MA and outpatient prescription drug benefit (“Part D”) plans. The MA-VBID model test project will be offered in seven pilot states—Arizona, Indiana, Iowa, Massachusetts, Oregon, Pennsylvania, and Tennessee—beginning on January 1, 2017, and will run for five years. CMS is seeking feedback on the MA-VBID model test by September 15, 2015. CMS will host an introductory webinar on September 24, 2015. The request for MA plan applications is scheduled to be released in late September. The award process is not competitive. All applicants deemed qualified will be approved.

Other areas that CMS is considering for innovation testing in the MA and Part D prescription drug markets include medication therapy management, telehealth, alternative payment models, innovations in Medicare Supplement/Gap plans, and mechanisms to achieve maximum value for high-cost specialty drugs.²

¹ CMS, Center for Medicare & Medicaid Innovation (“CMMI”), Announcement of Medicare Advantage Value-Based Insurance Design Model Test (Sept. 1, 2015), available at <http://innovation.cms.gov/Files/x/mavbid-announcement.pdf>.

² Comments by Gregory Woods, Division Director, CMS/CMMI/Division of Health Plan Innovation (“DHPI”), September 10, 2015.

Background

In October 2014, CMS issued a request for information on health plan initiatives.³ In the spring of 2015, CMS established a new Division of Health Plan Innovation (“DHPI”) within the Centers for Medicare and Medicaid Innovations (“CMMI”) to focus on health plan initiatives.⁴ The MA-VBID model test is the first project announced by DHPI. Health insurers in the commercial market are increasingly using VBID to improve the quality of care for enrollees, while simultaneously reducing costs. MA plans have historically not been allowed to incorporate VBID in their health plan offerings because of the MA “uniformity” rule, requiring that MA plan benefits and cost savings be the same for all enrollees. CMS is testing the hypothesis that allowing MA plans to incorporate VBID through offering supplemental benefits or reduced cost sharing will result in higher-quality and more cost-efficient care for the MA enrollees in the pilot states.

Description of the MA-VBID Model Test

MA plans participating in the MA-VBID model test will be required to develop interventions targeting MA enrollees with one or more of the following clinical conditions:

- Diabetes
- Chronic Obstructive Pulmonary Disease (“COPD”)
- Congestive Heart Failure
- Patient with Past Stroke
- Hypertension
- Coronary Artery Disease
- Mood Disorders

The conditions are defined by ICD-10 codes. CMS provides a list of the included ICD-10 codes with the announcement. The code list is exclusive. Participating plans may not modify their benefit design to address enrollees with conditions not included on the list or for other subgroups of enrollees. MA plans will be able to select specific combinations of the above conditions for one or more “multiple co-morbidities” groups and design VBID interventions specific to each group. VBID benefits must be available

³ CMMI, Request for Information on Health Plan Innovation Initiatives at CMS Center, *available at* <http://innovation.cms.gov/files/x/hpi-rfi.pdf>; see also Epstein Becker Green Client Alert: CMS Requests Input on Health Plan Innovation Initiative, *available at* <http://www.ebqlaw.com/news/cms-requests-input-on-health-plan-innovation-initiatives/>.

⁴ Value-Based Insurance Design Model Test, Slide Presentation by Gregory Woods, Division Director, CMS/CMMI/DHPI, September 10, 2015.

to all VBID-eligible enrollees in the selected group. CMS may add more conditions to the list for future test years.

In its fact sheet,⁵ CMS outlines the following four general approaches for MA plans to use in modifying their plan designs under this MA-VBID model test project:

1) Reduced Cost Sharing for High-Value Services

MA plans can reduce or eliminate cost sharing for high-value services or items for a targeted population, including covered Part D drugs. Examples include eliminating co-pays for eye exams for diabetics.

2) Reduced Cost Sharing for High-Value Providers

MA plans can reduce or eliminate cost sharing when enrollees are treated by providers that the plan has identified as “high value.” High-value providers can be identified across all Medicare provider types and cannot be based solely on cost. Examples include reducing cost sharing for diabetics seeing a physician with a strong record of controlling patients’ Hba1c levels.

3) Reduced Cost Sharing for Enrollees Participating in Disease Management or Related Programs

MA plans can reduce cost sharing for a service or item, including covered Part D drugs, when enrollees participate in a disease management or similar program sponsored by the MA plan. MA plans using this approach can condition the cost-sharing reductions on enrollees meeting certain participation milestones. Examples include a reduction of drug co-pays for heart disease patients who monitor and report their blood pressure on a regular basis.

4) Coverage of Additional Supplemental Benefits

MA plans can make coverage for supplemental benefits available only to targeted enrollees, with the benefits being any service consistent with existing MA supplemental benefits rules. Examples include supplemental tobacco cessation assistance for enrollees with COPD.

Under no circumstance, however, can the targeted enrollees receive fewer benefits or be required to pay higher cost sharing than other enrollees not participating in the MA-VBID model test project. Nor can the intervention discriminate against, or otherwise result in a decrease of benefits available to, enrollees who do not have the targeted conditions. CMS states that it will “reject proposals that pose an undue risk of enrollee harm or confusion, have potential to impose excessive costs on the Medicare program or are inconsistent with the implementation and evaluation objectives of the model.”

⁵ CMS, Fact Sheet, Medicare Advantage Value-Based Insurance Design Model (Sept. 1, 2015), available at <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-09-01.html>.

Eligible MA Plans

In order to participate in the MA-VBID model test project in the seven pilot states, an MA plan must:

- be a health maintenance organization (“HMO”), an HMO point-of-service (“HMO-POS”), or a local preferred provider organization (“PPO”) plan;
- have a minimum enrollment of 2,000 enrollees in the test states, with at least 50 percent of the total plan enrollment within the target states;
- not be offered in more than two states total;
- meet minimum quality thresholds, including being rated by CMS at three stars or higher and passing a program integrity screening; and
- have been offered in at least three open enrollment periods prior to the calendar year (“CY”) 2017 open enrollment period.

Conclusion

MA plans and other stakeholders should review CMS’s announcement carefully and consider submitting feedback. The results of this experiment will likely impact the use of VBID in the MA market in future years. Additionally, if eligible, interested MA plans operating in one of the seven pilot states should begin planning the types of VBID approaches that they would want to test through the pilot.

MA plans and other stakeholders should also consider sending comments to CMS regarding future areas for innovation in MA, Part D, or other managed care markets, whether on one of the topics mentioned as currently under consideration or on others of interest. CMS has expressed its interest in hearing from stakeholders on all these topics.

More information about the MA-VBID model test, including instructions for providing CMS with feedback by September 15, 2015, is available at <http://innovation.cms.gov/initiatives/VBID/>.

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*This Client Alert was authored by **Lynn Shapiro Snyder, Helaine I. Fingold, and M. Brian Hall, IV**. For additional information about the issues discussed in this Client Alert, please contact one of the authors or the Epstein Becker Green attorney who regularly handles your legal matters.*

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