Medicare Advantage Value-Based Insurance Design

New Jersey Hospital Association
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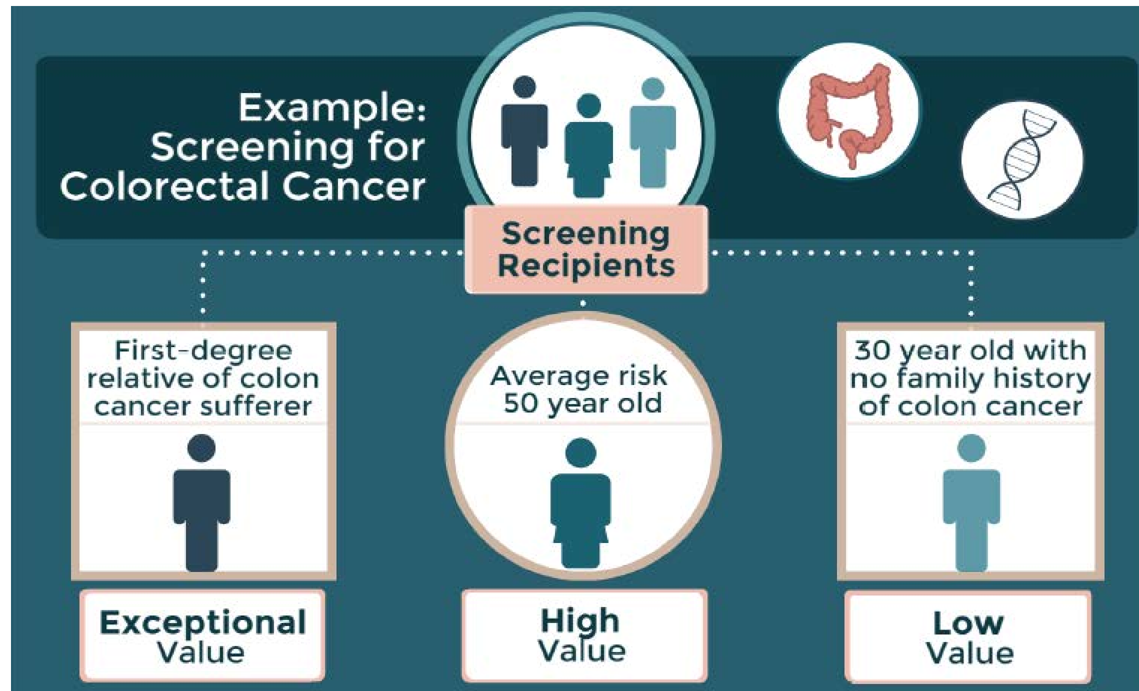
Alex Dworkowitz
Manatt, Phelps & Phillips, LLP

manatt

Context: Insurer Use of VBID Design - Coverage and Cost Sharing with "Clinical Nuance"

For VBID, the value of a service depends on who receives it, who provides it, and where it is provided. VBID benefits vary by enrollee, by provider type, or by site of care to encourage high-value utilization.



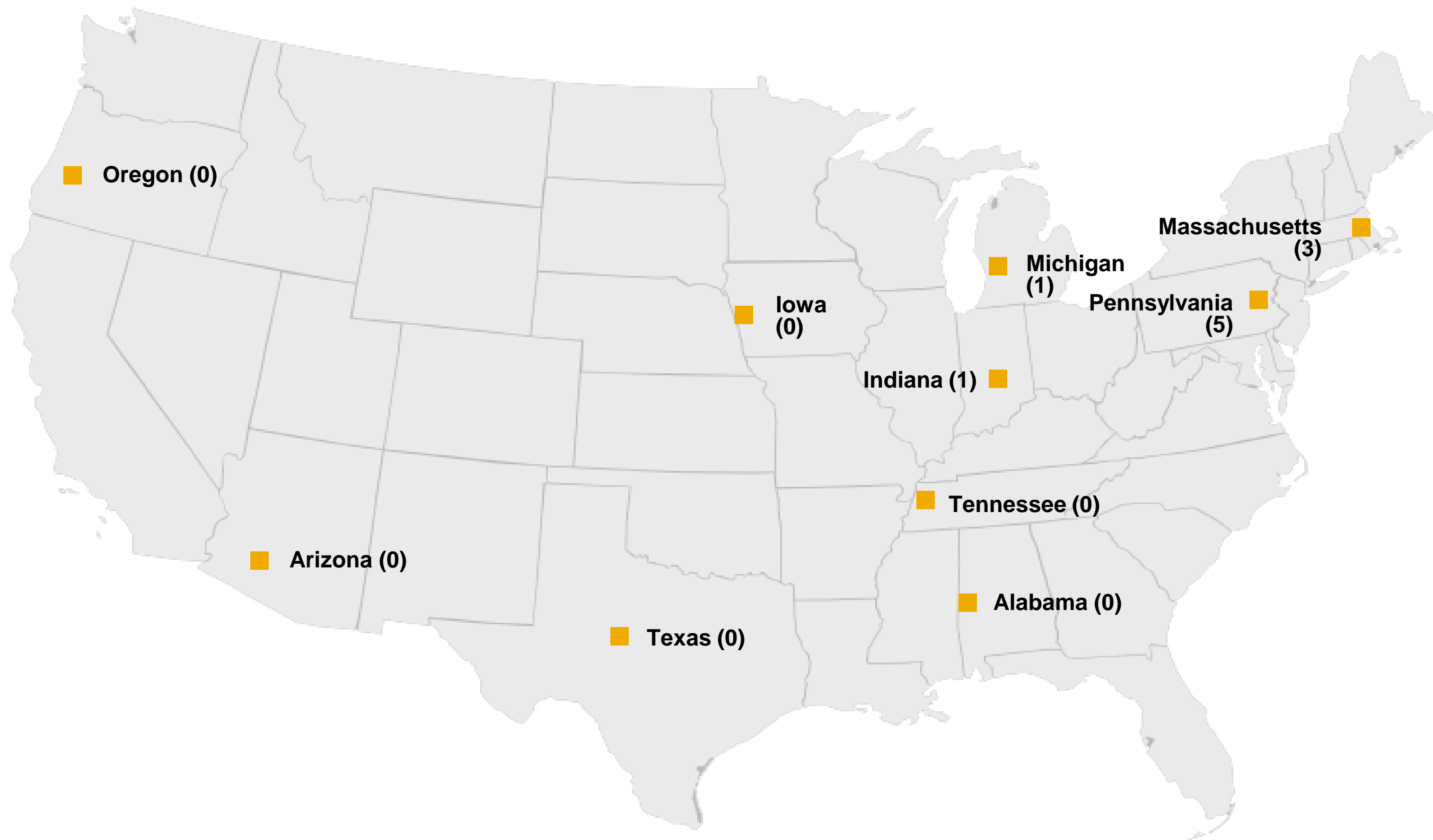
Source: University of Michigan Center for Value-Based Insurance Design

Context: CMS Started Testing VBID in Medicare Advantage in 2017

MA plans historically could not use VBID because MA and Part D "uniformity" rules require the same benefit package, at the same level of cost sharing, for all enrollees in a PBP.

- In the CMMI Medicare Advantage Value-Based Insurance Design model test, CMS has waived uniformity. MA-VBID is a five-year model test (*2017 through 2021*). CMS will test whether clinically-nuanced benefits improve enrollee health and ultimately reduce costs to CMS.
- Participating MA organizations can reduce cost sharing or give extra benefits specifically to enrollees with CMS-specified chronic conditions, and not to the membership at large.
- Benefits can be Part C or Part D and may be conditioned on wellness participation or use of high-value providers.
- Initially, test limited to 10 states, and strict boundaries on eligible conditions.

The CMMI model test is open to participants in 10 states



But the model currently has few participants (10).

Plans can tailor benefits for enrollees with specific conditions, and offer to them but not others

Diabetes	COPD	CHF
Past Stroke	Hypertension	CAD
Mood Disorders	Rheumatoid Arthritis	Dementia

- Categories defined by ICD-10 code by CMS. All members with a diagnosis must receive the VBID benefits.
- Plans can offer benefits specifically for "multiple comorbidity" categories, using each category as a building block. For example, benefits for members with both diabetes AND hypertension.
- Some sub-selection within Mood Disorders group permitted.
- CMS does not permit plans to define their own groups, or to use proprietary risk stratification.
- Changes planned for 2019.

Test gives MAOs many tools to design VBID benefits

Flexibility		Example
Reduced Cost sharing for Part C or D services		$0 copayment for eye exam for members with diabetes; $0 ACE inhibitor for members with previous AMI.
Extra supplemental benefits		Telehealth counseling for members with depression; transportation to pulmonary rehabilitation for members with COPD.
Reduced cost sharing, extra supplemental benefits when using high value provider		Free specialist visits for members with diabetes at specific endocrinologists; discounted elective cardiac procedures discounted when obtained at center of excellence.
Reduced cost sharing, extra supplemental benefits as reward for participation in disease management, wellness or other program		Elimination of primary care copays for members with arthritis who meet with case manager; free blood pressure cuff for members with hypertension who complete a health risk assessment.

This is a "carrot," not a "stick" model: No higher cost sharing or fewer benefits.

CMS Dramatically Enlarged CMMI VBID Test

In CY 2019, CMMI VBID test will be in more states and offer more flexibility.

Change

CMS is enlarging the VBID model test to encompass **15 new states**, allowing new plan types, and letting participating plans choose the types of beneficiaries that can receive benefits.

Components of Change

- **New states bring total of states to 25**. **Current**: Alabama, Arizona, Indiana, Iowa, Massachusetts, Michigan, Oregon, Pennsylvania, Tennessee and Texas. **New**: California, Colorado, Florida, Georgia, Hawaii, Maine, Minnesota, Montana, ***New Jersey***, New Mexico, North Carolina, North Dakota, South Dakota, Virginia and West Virginia.
- Special Needs Plans previously excluded. Now some (C-SNPs) may participate.
- CMS previously had a list of chronic conditions. Now participants can propose their own, as long as methodology for selecting beneficiaries is replicable.

Implication

- Not an "expansion" of VBID since CMMI has no data.
- New flexibility solves many MA plan complaints about test.

New VBID Flexibilities for All Medicare Advantage Plans

The final April 2018 Medicare Advantage rule offers limited ability for all MA Plans to use VBID benefits even outside the demonstration.

Change

CMS is reinterpreting its Medicare Advantage regulations to allow all MA plans to vary benefit packages, so long as "similarly situated enrollees (that is, all enrollees who meet the identified criteria) are treated the same."

Components of Change

- New interpretation allows reduced cost sharing, reduced deductibles, and extra benefits that vary based on disease state.
- Applies only to Part C benefits – not to Part D drugs.
- Still discriminatory to use VBID to disadvantage sicker beneficiaries.

Implication

- Further guidance expected for CY 2019 implementation.
- National scope calls into question need for CMMI VBID test.

How is the MA rule different from the CMMI test?

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Rule may give more choice in selecting beneficiaries, and probably fewer administrative burdens.

What does VBID mean for New Jersey hospitals?

We don’t yet know the extent to which MAOs will implement VBID in New Jersey. But if they do, it could have the following ramifications for hospitals:

- Lower cost sharing: Some hospitals services could be subject to lower cost sharing.
- High performing networks: MAOs could reduce cost sharing only for hospitals they deem to be high performing.
- Value-based purchasing (VBP): VBID could be used to help better achieve VBP goals. For example, if a hospital is accountable for the percentage of diabetes patients receiving a certain test, the MAO could eliminate cost sharing for that test.