Fact Sheet - Value-Based Insurance Design Model Extension

Extension of the Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model: Innovating to Meet Person-Centered Needs

Overview

The Medicare Advantage (MA) Value-Based Insurance Design (VBID) model will be extended for calendar years 2025 through 2030 and will introduce changes intended to more fully address the health-related social needs of patients, advance health equity, and improve care coordination for patients with serious illness.

Addressing financial and social barriers to care and supporting care innovations continue to be key parts of the CMS Innovation Center's strategy. The model extension and changes build on the model's successes to date and encourage even greater focus on addressing health-related social needs, such as food insecurity, safe living environments, and transportation access, and enhancing the seamless delivery of care across settings.

The model is testing a broad array of changes designed to improve the quality of care for Medicare enrollees, including those with low incomes; improve the coordination and efficiency of health care service delivery; and reduce Medicare spending without compromising quality of care. The model also has a Hospice Benefit Component, which helps patients needing end-of-life care experience a seamless transition to hospice care, if desired. In 2023, the model will reach a projected 6 million people enrolled in 52 Medicare Advantage Organizations (MAOs) across 49 states, DC, and Puerto Rico. In addition, in 2023, the model's Hospice Benefit Component will reach a projected 20,000 people with serious or terminal illness enrolled in 15 MAOs across 23 states and Puerto Rico.

The VBID model began in 2017 and was previously extended in 2020. The third phase of the model that begins in 2025 will include several new policies, such as the ones outlined below:

VBID General

- MAOs in the model will be required to offer supplemental benefits to address health-related social needs in at least two of three health-related social needs areas: food, transportation and housing insecurity and/or living environment. Those benefits would be targeted to meet enrollees' needs and could include benefits such as meals beyond a limited basis, transportation to medical appointments, air conditioning units to support enrollees in areas experiencing extreme heat, and housing assistance. Under the current version of the model, MAOs can offer benefits to address health-related social needs, but they are not required. Other flexibilities, including the ability to offer reduced cost sharing for Part D drugs, will remain a core part of the model.
- The model will introduce a new flexibility for MAOs to address health-related social needs in socioeconomically disadvantaged areas, using the Area Deprivation Index (ADI), to direct benefits to enrollees in underserved communities. While existing VBID model flexibilities have allowed for focus on health-related social needs, current targeting criteria (namely Part D LIS and dual-eligible status) are based on income, and therefore, miss enrollees who still may be relatively disadvantaged, and have health-related social needs, but do not qualify for these programs.

- The model will require additional data collection to heighten CMS's understanding of how enrollees are using supplemental benefits and their impact on enrollees.

VBID Hospice Benefit Component

- Typically, Medicare enrollees who choose hospice services give up their right to receive health care services that are "curative." Under the model extension, beginning in 2025, CMS will more closely align flexibilities for concurrent care with those offered in other CMS Innovation Center models. By offering greater flexibilities for MAOs to partner with in-network providers to deliver innovation, this will allow patients to receive more person-centered care at end of life.
- When the Hospice Benefit Component was introduced, CMS required MAOs to pay for all out-of-network hospice services for their enrollees in the model because MAOs did not yet have any relationships with hospice providers. Since then, participating MAOs have developed networks of hospices that can deliver timely, comprehensive and high-quality services aligned with enrollee preferences in a culturally-sensitive and equitable fashion. Under the model extension, beginning in 2026, participating MAOs will have more flexibility to require their enrollees to only receive hospice services from hospice providers in their network, as long as the MAOs meet CMS's qualitative and quantitative network adequacy requirements. This change is expected to help ensure that model enrollees have greater care continuity and receive higher quality hospice care.

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