

IMPLEMENTING VALUE-BASED INSURANCE DESIGN IN MEDICARE ADVANTAGE

In January 2019, the Centers for Medicare and Medicaid Services (CMS) announced transformative updates to the Medicare Advantage Value-Based Insurance Design (MA V-BID) model. These changes aim to increase choice, lower cost, and improve the quality of care for Medicare beneficiaries.

IMPROVING QUALITY AND LOWERING COSTS IN THE MEDICARE PROGRAM

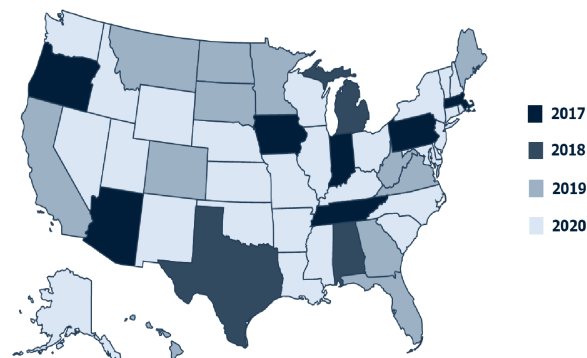
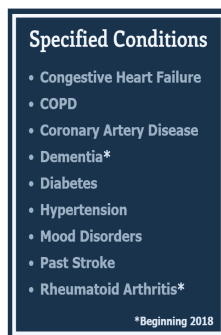
Lowering health care expenditures and ensuring access to high quality medical care for Medicare beneficiaries is a health policy priority. Value-Based Insurance Design (V-BID) is an approach to consumer cost-sharing that can improve quality of care and lower costs in the Medicare Program. The most significant opportunity for V-BID lies in the Medicare Advantage (MA) program. V-BID plans are designed with the tenants of [clinical nuance](#), recognizing that 1) medical services differ in the amount of health produced, and 2) the clinical benefit derived from a specific service depends on the consumer using it, as well as when, where and by whom the service is provided.

MEDICARE ADVANTAGE VALUE-BASED INSURANCE DESIGN MODEL TEST

In September 2015, the Centers for Medicare and Medicaid Services announced the Medicare Advantage Value-Based Insurance Design Model Test, in which select MA plans may vary benefit designs for enrollees with specified clinical conditions. The model test rolled out in nine plans on January 1, 2017. For 2018, [CMS expanded the model](#) to 10 states and included two additional clinical conditions. In 2019, the MA V-BID Demo will undergo additional expansion to include 15 new states (for a total of 25). The nationwide expansion of the CMS MA V-BID model by January 1, 2020 demonstrates growing bipartisan support for the expanded role of [V-BID](#) principles in public and private payers.

INCREASING PLAN FLEXIBILITY

In April 2018, the Centers for Medicare and Medicaid Services released a [reinterpretation](#) of the Medicare Advantage uniformity requirement. Beginning in 2020, MA plans outside of the V-BID model will be allowed to offer their beneficiaries V-BID benefit designs for Medicare Part C without being subject to the additional application and geographic limitations of the current model.



V-BID 2.0: UPDATES TO THE MEDICARE ADVANTAGE V-BID MODEL

In January 2019, The Centers for Medicare and Medicaid Services (CMS) [announced](#) transformative updates to the MA V-BID model. Beginning in 2020, MA plans may:

- Bolster rewards and incentives programs that plans can offer beneficiaries to take steps to improve their health, permitting plans to offer higher value individual rewards
- Increase access to telehealth services by allowing plans to use access to telehealth services instead of in-person visits, as long as an in-person option remains
- Allow the testing of new interventions, including Value-Based Insurance Design by Condition, Socioeconomic status, or both; Medicare Advantage and Part D Rewards and Incentives Programs; Telehealth Networks; and Wellness and Health Care Planning

The MA V-BID model will be extended through 2024 and testing of Medicare's hospice benefit in MA will begin in 2021. Special Needs Plans and Regional PPOs in all states and territories are now eligible to apply. By testing a wide range of Medicare Advantage service delivery and/or payment approaches, the MA V-BID model aims to increase choice, lower cost, and improve the quality of care for Medicare beneficiaries.

UNIVERSITY OF MICHIGAN CENTER FOR VALUE-BASED INSURANCE DESIGN

University of Michigan faculty first conceptualized and coined the V-BID concept. Since its inception in 2005, the University of Michigan Center for Value-Based Insurance Design has led efforts to develop, implement, and evaluate innovative health benefit designs that enhance the patient experience, improve quality and lower costs.

For more information, please email us at vbcenter@umich.edu or visit www.vbcenter.org.