

# Value-Based Insurance Design in Medicare Advantage

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## Key Facts

- Value-Based Insurance Design promotes the use of high-value services to improve health outcomes and reduce costs.
- Value-Based Insurance Design reduces cost-sharing for high-value services to encourage, and better enable beneficiaries to use clinically recognized, effective care.
- Better Medicare Alliance urges Congress or CMS to expand the testing of the MA-VBID Model to enable plans in all states to participate.

## Policy Recommendation

Attention to providing the most effective care, particularly to those with chronic conditions, is important to achieving improved outcomes and quality of life, while containing costs. Innovative models of care, through benefit design and increased patient engagement should be encouraged and tested to identify successful models that could be more broadly implemented in Medicare Advantage. Better Medicare Alliance urges Congress or CMS to expand the MA-VBID Model demonstration to enable participation in all states. In addition, CMS should work with health plans and providers to identify and address barriers in the current test design to improve the Model and increase participation of plans and providers.

## Flexibility in Plan Design in Medicare Advantage

Medicare Advantage focuses on primary care, early intervention, care coordination, and wellness programs to slow disease progression and improve health status, particularly for beneficiaries with chronic conditions. Medicare Advantage provides all Traditional Fee-For-Service (FFS) Medicare benefits. Like FFS Medicare, Medicare Advantage provides the same benefits to all beneficiaries. Standard benefits have been important to ensure all beneficiaries have access to all the care they need. Yet, there is increasing evidence that customized care tailored to individual health needs ensures beneficiaries are able to make use of care that improves outcomes, eliminates waste, and reduces costs. Medicare Advantage, using an innovative demonstration called Value-based insurance design (VBID), has been leading the way in testing this concept.

## Principles of Value-Based Insurance Design

Value-based insurance design promotes quality and access to care by reducing cost-sharing for high-value services for targeted group of beneficiaries. This flexibility encourages and enables utilization of services that are clinically recognized as effective for beneficiaries with specific clinical conditions.

## Medicare Advantage Value-Based Insurance Design Model

The Center for Medicare & Medicaid Innovation (CMMI) is testing value-based insurance design in the Medicare Advantage Value-Based Insurance Design (MA-VBID) Model. The MA-VBID Model is being implemented over a five-year period from January 1, 2017 through December 31, 2021. The MA-VBID Model is currently allowed in seven states: Arizona, Indiana, Iowa, Massachusetts, Oregon, Pennsylvania, and Tennessee. Alabama, Michigan and Texas will be added in 2018. Beneficiaries with diabetes, congestive heart failure, chronic obstructive pulmonary disease (COPD), past stroke, hypertension, coronary artery disease, mood disorders, dementia, rheumatoid arthritis are included in the MA-VBID Model.

## Support for Expanding MA-VBID

In May 2017, the U.S. Senate Committee on Finance unanimously passed an amended version of S. 870, the CHRONIC Care Act of 2017, which would expand testing of the MA-VBID Model to enable plans in every state to participate. On April 6, 2017, H.R. 1995, the V-BID for Better Care Act of 2017 was introduced in the House of Representatives to expand the MA-VBID Model demonstration to every state. The bill was introduced with bipartisan sponsorship and referred to the House Ways and Means and Energy and Commerce Committees.

**More information on the demonstration can be found on the Centers for Medicare & Medicaid Services website [here](#) and the University of Michigan Center for Value-Based Insurance Design [here](#).**