

OVERVIEW

The Value-Based Insurance Design (VBID) model test enables Medicare Advantage (MA) insurers to offer one or more benefit flexibilities, such as reduced cost-sharing or additional supplemental benefits, in participating plans. Most VBID benefits can be targeted based on beneficiaries' chronic conditions or socioeconomic status (SES), which is defined based on eligibility for the Part D Low-Income Subsidy (LIS) or dual eligibility for Medicare and Medicaid where LIS is not available. The model tested whether VBID benefit flexibilities could support patient-centered care and price transparency, increase enrollee choice and access to timely and clinically appropriate care, improve quality, and reduce costs. The figure below shows benefits available under the VBID General component in 2023, which include VBID Flexibilities and Rewards and Incentives (RI) programs. A Cash or Monetary Rebates option was in effect in 2021 and 2022 only. A separate Hospice Benefit component is described in a companion document.

VBID General Benefit Design Options That Existed in 2023

VBID Flexibilities (1,025 plans)



Interventions that include VBID-enabled **SUPPLEMENTAL BENEFITS; PART C REDUCED COST-SHARING** for high-value medical items, and services; and/or **PART D REDUCED COST-SHARING** for prescription drugs. Benefits can be made contingent on completing participation requirements, such as care or disease management.

Rewards and Incentives (582 plans)



Rewards, such as gift cards, for completing activities focused on improving health (e.g., preventive screenings or participation in Medication Therapy Management).

FINDINGS

PARTICIPATION

Between 2020 and 2023, the number of plans participating in VBID General increased from 144 to 1,218. The number of targeted beneficiaries in these plans increased from 263,000 to 5.3 million.

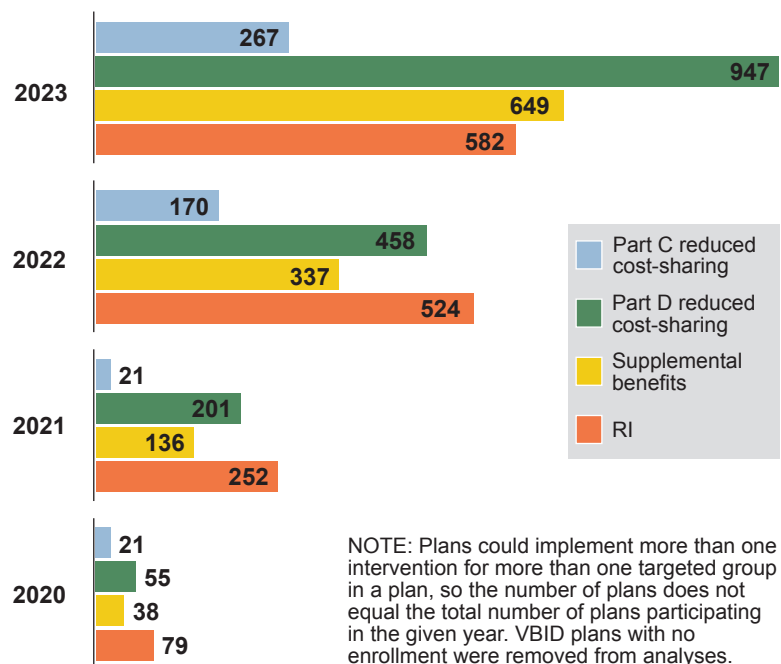
Relative to eligible nonparticipants, participating **PLANS** were more likely to be Dual Eligible Special Needs Plans (DSNPs). The share of VBID General plans that were DSNPs increased from 28% in 2020 to 50% in 2023.

PART D REDUCED COST-SHARING was the most implemented intervention in 2023, followed by **SUPPLEMENTAL BENEFITS** and **RI**. In previous years, **RI** was the most common VBID General intervention implemented by plans. Supplemental benefits, such as grocery, utility, and gas allowances, administered through restricted-use debit cards became more prominent in 2023.

IMPLEMENTATION EXPERIENCES

- In 2023, insurers continued describing implementation as a relatively small lift, especially if they offered Part D reduced cost-sharing interventions to low-income beneficiaries or implemented VBID in DSNPs.
- Part D reduced cost-sharing interventions were much easier to implement than card-delivered supplemental benefits, such as healthy food and utilities.
- Insurers considered model-specific data reporting, working with vendors, communicating information to beneficiaries, and administering multiple sets of benefits within a plan to be either moderate or slight challenges.

Most Common VBID General Interventions, by Plan Count



OUTCOMES




VBID General was associated with increases in **DRUG ADHERENCE** in 2020 and 2021 and **STAR RATINGS** (a measure of care quality) in 2021 and 2022, consistent with the goals of the model. The model was also associated with lower **PART D OUT-OF-POCKET (OOP) COSTS** in 2021.

Other outcomes associated with the model included more **INPATIENT STAYS**, higher **RISK SCORES** among targeted beneficiaries (both in 2020 and 2021), and higher plan-level risk scores (in 2021 and 2022).

COSTS TO CMS reflect the total amount that CMS pays for both MA

and Part D (MAPD) per member per month (PMPM), including risk-adjusted plan **BIDS**, **MA REBATES**, the **PART D LIS**, and **REINSURANCE**. Associations with increased costs to CMS in 2021 and 2022 were driven primarily by increases in MA rebates and risk scores; MAPD bids declined in some years.

Associations Between VBID General and Key Outcomes, 2020–2023

Unit	Outcome	2020	2021	2022	2023
Contract 	Overall Star Rating ^a (care quality)	Not assessed	↑ 0.20 point (0.04, 0.35)	↑ 0.19 point (0.06, 0.32)	Not yet assessed
Beneficiary 	Adherence to cholesterol medication	↑ +1.2 pts. (0.4, 2.1)	↑ +0.4 pts. (0.0, 0.8)	Not yet assessed	Not yet assessed
	Adherence to diabetes medication	↑ +1.1 pts. (0.4, 1.8)	↑ +0.4 (−0.1, 0.9)	Not yet assessed	Not yet assessed
	Adherence to breast cancer screening recommendation	↑ +2.6 pts. (0.3, 5.0)	↑ +2.3 pts. (0.3, 4.3)	Not yet assessed	Not yet assessed
	Part D annual OOP costs	\$1 (−\$7, \$9)	↓ −\$25 (−\$16, −\$33)	Not yet assessed	Not yet assessed
	Targeted beneficiaries' risk scores ^b	↑ 0.06 point (0.03, 0.08)	↑ 0.07 point (0.04, 0.10)	Not yet assessed	Not yet assessed
	Inpatient stays	↑ +3.5% (1.8, 5.1)	↑ +3.6% (1.8, 5.3)	Not yet assessed	Not yet assessed
Plan 	Total costs to CMS (PMPM)	\$7 (−\$10, \$23)	↑ \$29 (\$11, \$45)	↑ \$25 (\$6, \$44)	Not yet assessed
	MA rebates (PMPM)	↑ \$6 (−\$0.4, \$13)	↑ \$17 (\$12, \$23)	↑ \$17 (\$11, \$22)	↑ \$23 (\$14, \$30)
	Standardized MAPD bid (PMPM)	−\$4 (−\$13, \$5)	−\$3 (−\$9, \$3)	↓ −\$5 (−\$11, \$1)	↓ −\$11 (−\$19, −\$2)
	Plan risk scores ^b	0.01 point (−0.01, 0.03)	↑ 0.02 point (0.00, 0.03)	↑ 0.02 point (0.00, 0.04)	Not yet assessed

NOTES: Dark blue arrows indicate $p < 0.05$. Light blue arrows indicate $p < 0.10$. PMPM = per member per month. 95% confidence intervals are shown in parentheses. Shaded cells indicate outcomes that were analyzed for the first time in this report. ppts. = percentage points.

^a Star Ratings data are for measure years 2021 and 2022 and correspond to published ("display year") data for 2023 and 2024.

^b Beneficiary-level risk scores reflect measure years, while plan-level risk scores reflect payment year risk scores (diagnoses measured in year t are used for payment in year $t + 1$).

KEY TAKEAWAYS

- Between 2020 and 2023, model participation grew, especially among DSNPs. In 2023, the most implemented intervention was Part D reduced cost-sharing, followed by supplemental benefits.
- Implementation continues to be relatively easy, but data reporting and vendor relationships remain challenging. Implementation experiences vary by intervention type; supplemental benefits administered with restricted-use debit cards are the most burdensome.
- VBID General was associated with increases in (1) beneficiary adherence, risk scores, and inpatient stays in 2020 and 2021 and (2) Star Ratings and costs to CMS in 2021 and 2022. In 2022, the model was also associated with reduced Part D OOP costs for targeted beneficiaries.