

## **The Least You Need to Know:**

*CMS is accepting applications, due March 16th, from Medicare Advantage Organizations (MAOs) to participate in a project that will “carve-in” the Medicare hospice benefit to Medicare Advantage (MA) programs. This is part of the Value-Based Insurance Design (VBID) Model for calendar year 2021. By year three of the VBID Model, a hospice will have to be “in-network” with participating MAOs to continue to care for that MAO’s patients.*

## Why test carving hospice into MA plans?

- As you know, if a person enrolled in an MA program elects to receive hospice care, payment for that care is made to the hospice program by Medicare, while payment for services not related to the individual’s terminal illness and related conditions may be billed to the MA plan. The goal is to move from the current fragmented payment arrangement to an integrated and coordinated benefit package.
- The Office of Inspector General (OIG) recently estimated Part D total cost was \$160.8 million for Part D drugs that hospice organizations should have paid for.
- It gives MAOs incentive to more fully consider the needs of their members and to provide better coordinated care. It also incentivizes MAOs to develop innovative benefit designs for people with serious illnesses.
- It could simplify the complex coverage issues concerning related and unrelated care, coordination and continuity of care, and financial responsibility for care.
- MAOs may offer concurrent hospice and conventional care, as well as palliative care and shared decision-making services, increasing access and broadening the options available to hospice patients. This removes the barrier of having to “give up” on aggressive care before accessing hospice.

## *What is...* **Medicare Advantage?**

**In traditional Medicare fee-for-service, Medicare pays providers directly for health care services.** With Medicare Advantage, Medicare pays a private insurance carrier (a Medicare Advantage Organization or MAO) a per-member, per-month fee to ensure a population of Medicare beneficiaries. Enrollment in MA is voluntary. The MAO runs the MA program much like a health management organization, with “in-network” and “out-of-network” providers. MA programs can offer rewards and incentives for healthy behavior, like free gym membership, while reducing patient’s share of costs. For consumers, there is often no premium. MA enrollment is on the rise, with 34% of Medicare enrollees participating in 2019. This varies greatly from state to state, from 1% in Alaska to 71% in Puerto Rico.

**Many hospices are not familiar with Medicare Advantage, because currently, when an MA patient signs up for hospice, the hospice care reverts to Medicare fee-for-service.** In other words, it is “carved out” of the MA program. That is why hospices bill Medicare directly, and why Medicare patients can choose any hospice they want. The rest of the patient’s healthcare costs, like dental and unrelated care, remain with the MA program.

## *What is...* **Value-Based Insurance Design?**

**This model is being tested by the CMS Center for Medicare and Medicaid Innovation to reduce Medicare spending, improve the quality of care for patients, and improve the coordination of healthcare delivery.** Strategies to meet this goal can include incentives for healthy activity, discounts on generic medications, and telehealth. VBID has already been tested in MA plans in more than 20 states for select chronic conditions.

## Applying to Participate

### MAOs Applying to Participate Must Show CMS:

- How palliative care will be targeted appropriately
- How care will be coordinated for enrollees, including how providers will develop an individualized plan of care inclusive of all relevant services and providers.
- How ongoing care will be provided to patients to meet their needs as their illness progresses and needs change
- How advance care planning will be offered
- How medical, counseling, and social services will be made available as clinically necessary and appropriate
- How a seamless transition from palliative care to hospice services will be provided

## MAOs and Services

MAOs will be permitted to identify services that extend beyond the traditional Medicare hospice benefit and set a dollar amount for the aggregate coverage of services it will provide hospice patients and families. These supplemental services would be designed to reduce avoidable healthcare utilization and reduce the impact of functional decline.

### This may include:

- adult day care services
- home and bathroom safety devices and modifications
- support for caregivers of enrollees
- over-the-counter benefits
- care services, meals and transportation
- utilities, legal aid, personal care items, linens, clothing, pest control and service animal expenses
- room and board within a hospice residential facility or other residential facility
- concurrent chemo, blood transfusions and/or dialysis

## Value

### CMS will be monitoring patient and family experience and quality in the following areas:

- Palliative Care and Goals of Care Experience
- Patient Experience and Care Coordination at End of Life
- Hospice Care Quality and Utilization

### MAOs that participate in 2021 and 2022 will receive payment adjustments (more money!) based on these or similar measures:

- Proportion of patients with length of stay less than 7 days
- Rate of lengths of stay beyond 180 Days
- Transitions from hospice care, followed by death or acute care
- Days spent at home in the last six months of life
- Proportion of patient admitted to an Intensive Care Unit (ICU) in the last 30 days of life
- Access to palliative care
- Visits in the last days of life
- Part D duplicative drug utilization
- "Unrelated" care utilization

## Phasing It In

**MAOs will have the discretion to select the hospices to include in their networks. Since this is a new model, right now there are no in-network hospices.**

In 2021, the first year of the VBID model, the MAO must offer access to in-network hospice providers as well as out-of-network hospice providers. The MAOs will be encouraged to implement a consultation process to promote understanding of choices before patients access an out-of-network hospice.

Starting January 1, 2022, MAOs that participated in 2021 may implement a formal version of a consultation program and could require an MA patient to have a consult prior to accessing an out-of-network hospice provider. The patient could still go out of network, but the MAO can require that they connect with the MAO first. The MAO must communicate to patients that choose to go out-of-network that this will mean they will not receive the supplemental hospice benefits or transitional concurrent care from the out-of-network hospice. The MAO would pay the out-of-network hospice the same amount the hospice would receive from Medicare.

In 2023 and on, CMS will permit MAOs participating in the VBID Model to use a more traditional MA program network approach. There is not great detail to this yet. Participating MAOs must ensure

that there are enough in-network hospices to meet the needs of the service area. There must be at least one Medicare-certified hospice that will provide access to patients across the entire county of application and provide the full range of covered services.

Remember, the extent to which this will affect your hospice depends on whether any MAOs in your service area participate in the VBID Model. You can find the complete Request for Applications, which describes what will be expected of the MAOs and the most current summary of how the VBID Model will work at <https://innovation.cms.gov/Files/x/vbid-hospice-rfa2021.pdf>

CMS will be finalizing the Model by May 1, 2020, and MAO applicants will receive provisional approval in May. Details on MA hospice rates will be developed in the coming months.

## Actions of a Prudent Hospice™

**ONE. Check to see what percentage of Medicare enrollees in your state are MA.** There is a map at <https://www.kff.org/medicare/issue-brief/a-dozen-facts-about-medicare-advantage-in-2019/>. Clearly, the higher the percentage in your area, the more important it would be to be selected as an in-network hospice.

**TWO. Identify who your local MAOs are and find out if they are applying for the VBID Model.** If they are, inquire about being an in-network provider. Even if none of the MAOs in your area are participating in the VBID Model, discussions about collaborating for excellence in continuity of care, quality and collaboration is important for your hospice and for the MAO.

**THREE. Appoint a person at your hospice** to follow the development of the VBID Model and report to executive leadership on progress.

**FOUR. Determine whether market conditions** compel your hospice to prepare to compete for in-network status.

### Links to More Information

**VBID Updates:** <https://innovation.cms.gov/initiatives/vbid>

**2021 VBID Fact Sheet:** <https://www.cms.gov/newsroom/fact-sheets/medicare-advantage-value-based-insurance-design-model-calendar-year-2021-fact-sheet>

**Medicare Advantage Plans by Zip Code** <https://q1medicare.com/MedicareAdvantage-PartCHealthPlanMAPDStateOverview.php>



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