

Insurers in Three States to Test Medicare Managed Care Quality Program

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- CMS received applications from plans in just three of seven pilot states for the quality program
- 179 House Republicans say CMS Innovation Center has “exceeded its authority”

Oct. 4 (BNA) -- Health plans in just three of seven eligible states applied and won approval to participate in a Medicare Advantage test program aimed at improving quality and reducing costs in 2017.

The nine health insurers (operating a total of 11 participating plans) selected for the Medicare Advantage Value-Based Insurance Design (MA-VBID) model in its first year, 2017, are:

- BCBS of Massachusetts, Fallon Community Health Plan and Tufts Associated Health Plan in Massachusetts;
- Geisinger Health Plan, Aetna, Independence Blue Cross, Highmark and UPMC Health Plan in Pennsylvania; and
- Indiana University Health Plan in Indiana.

The CMS's Center for Medicare and Medicaid Innovation announced the plans Oct. 3.

The CMS received eligible applications from insurers in only three of the seven states that could have participated in 2017, and the agency said it will open up the application process in 2018 to Medicare Advantage plans in the four other states—Arizona, Iowa, Oregon and Tennessee—as well as Alabama, Michigan and Texas, according to background information provided to Bloomberg BNA by the Centers for Medicare & Medicaid Services in an e-mail Oct. 4.

Value-based insurance design (VBID) is one of numerous health plan benefit and payment models authorized by the Affordable Care Act that the federal government is experimenting with to help the high-cost U.S. health-care system operate more efficiently. Plans may choose to add extra coverage or eliminate cost sharing for items or services, including Part D drugs, for a given target population.

More Clinical Categories to Be Added

Beginning Jan. 1, 2018, rheumatoid arthritis and dementia will be added to seven other clinical categories for which participants may offer benefits, and the test model will be open to new applicants, the CMS said in a release. In addition, adjustments will be made to existing clinical categories and the minimum enrollment size will be changed for some Medicare Advantage plans and Medicare Advantage plans offering Part D drug benefits (MA-PD).

The other clinical categories covered in the program in 2017 are diabetes, chronic obstructive pulmonary disease, congestive heart failure, patients with past strokes, hypertension, coronary artery disease and mood disorders.

The CMS will test VBID in Medicare Advantage for five years and measure whether it encourages enrollees to use health-care services in a way that improves their health and reduces cost beginning Jan. 1 for five years.

Only certain MA and MA-PD plan types are eligible for the test program, the CMS said. The agency will generally restrict the model test to plans rated at three stars or higher for quality with a minimum enrollment of 2,000 enrollees in the test states.

'Needed More in Medicare Advantage.'

"It's a great development, and we'd like to see it evolve even faster," John Gorman, chairman of Medicare Advantage consulting company Gorman Health Group, told Bloomberg BNA in an e-mail Oct. 3. "VBID is needed more in Medicare Advantage than anywhere else."

Common health insurance features like copayments and deductibles "work against the members' and the plans' interests as economic barriers to access," Gorman said.

For seniors and the disabled, "'skin in the game' leads to worse health and greater disparities of care," he said. In the past six years Medicare Advantage beneficiaries' out-of-pocket costs grew more than 20 percent while office visits declined and hospital admissions rose, he said.

VBID approaches are increasingly used in the commercial market and evidence suggests that the inclusion of clinically nuanced VBID elements in health insurance benefit design may be an effective way of improving the quality of care while reducing cost for Medicare Advantage enrollees with chronic diseases, the CMS said.

This fall, the agency expects to release a request for applications from Medicare Advantage and Medicare Advantage Part D plans to offer VBID benefits in 2018, it said.

179 Republicans Say CMMI Overreaching

While the MA VBID program is voluntary, 179 House Republicans sent a letter Sept. 29 to acting CMS Administrator Andy Slavitt and Chief Medical Officer Patrick Conway saying that the CMMI "has exceeded its authority" to test voluntary health-care payment and delivery models as evidenced by three recently proposed mandatory models.

The letter cited a final rule published by the CMS Nov. 24, 2015, requiring at least 800 hospitals in 67 geographical areas to participate in the comprehensive care joint replacement (CJR) bundled payment model for hip and knee replacements; a March 8 proposed rule requiring thousands of providers treating millions of patients across the country to comply with a new drug payment model under Part B of Medicare; and a July 25 announcement requiring providers in a quarter of all metropolitan areas to participate in bundled payments for some cardiac conditions and expanding the CJR model to include more hip services.

The CMMI's actions have “potentially negative effects on patients, especially our vulnerable seniors,” by limiting access for beneficiaries, furthering provider consolidation and reducing provider participation in Medicare, the letter said. “We insist CMMI stop experimenting with Americans' health, and cease all current and future planned mandatory initiatives,” it said, asking the center to limit the size and scope of future demonstrations.

But while House Republicans say the CMMI is overreaching its authority by requiring providers to participate in some programs, they have called for expanding the VBID program to all 50 states in their “Better Way” program, Mark Fendrick, developer of the value-based insurance design concept and director of the University of Michigan's Center for Value-Based Insurance Design, told Bloomberg BNA Oct. 4.

“There is strong bipartisan support” for the value-based insurance design initiative, Fendrick said. “I don't know of any other CMMI initiative that has been called on to be expanded by the majority party in Congress.”

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For More Information

The Medicare Advantage Value-Based Insurance Design Model fact sheet is at <http://src.bna.com/i6M>.

The Sept. 29 letter from 179 House Republicans to Slavitt and Conway is at <http://src.bna.com/i65>.

Information on the GOP's “Better Way” health care proposals is at <http://vbidcenter.org/press-release-gop-health-plan-calls-for-expanded-role-of-v-bid/>.

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