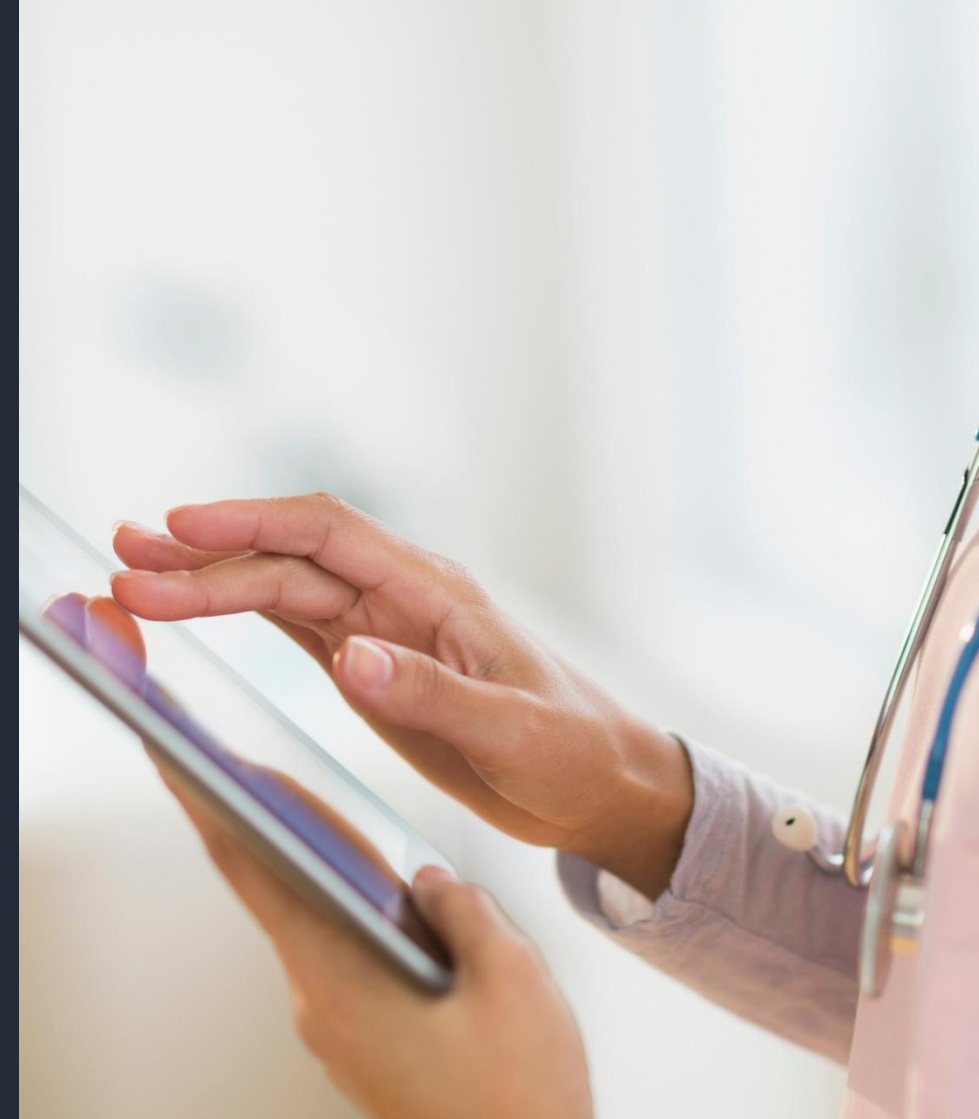


# Did you VBID your MA bid?

A discussion of insights and challenges as we prepare for 2026 Bids

Greg Sgrosso, FSA, MAAA  
Luis Maldonado, FSA, MAAA  
Eleanor Hill, FSA, MAAA  
Kelsey Sorum, ASA, MAAA

DECEMBER 11, 2024



# Agenda

- Non-Uniform Benefit Flexibility Opportunities
- Overview of Medicare Advantage Value-Based Insurance Design (VBID) Model
- Insights from CY 2025 VBID application process
- Data and reporting requirements
- Area Deprivation Index (ADI)
  - What is it?
  - MA enrollee eligibility study
  - Risks and opportunities

# Presenters



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**ASA, MAAA**

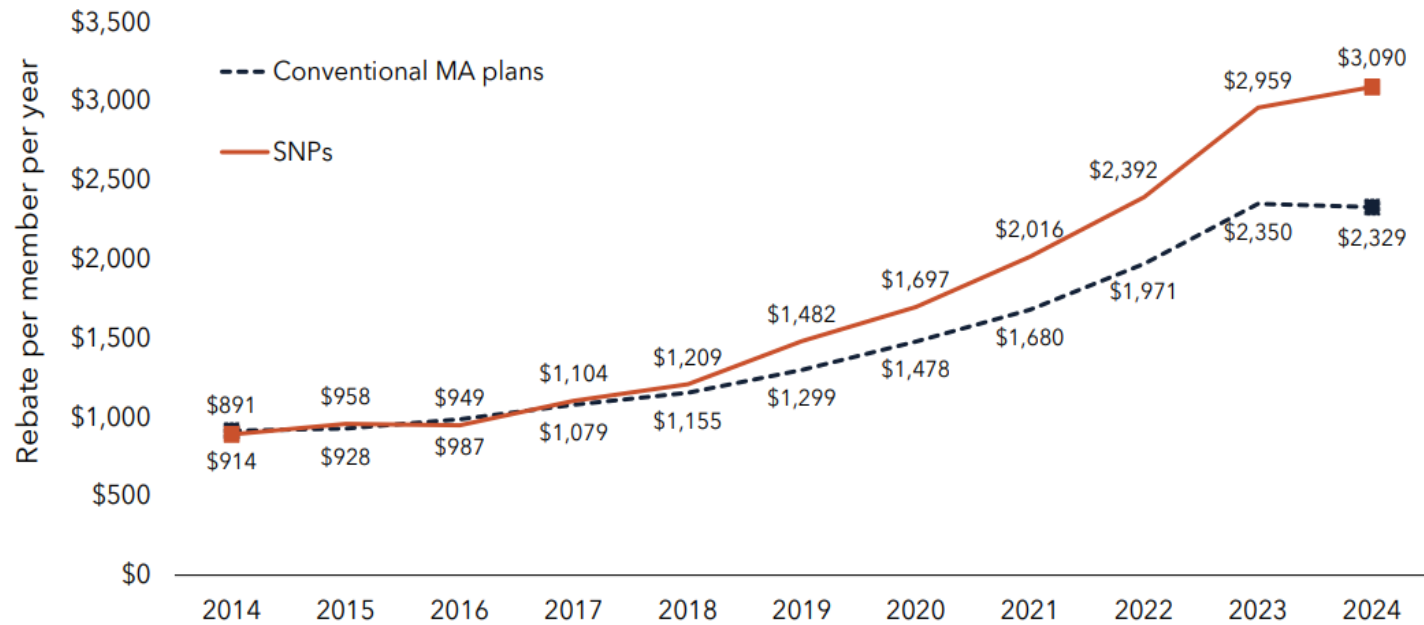
Associate Actuary

[Kelsey.Sorum@milliman.com](mailto:Kelsey.Sorum@milliman.com)

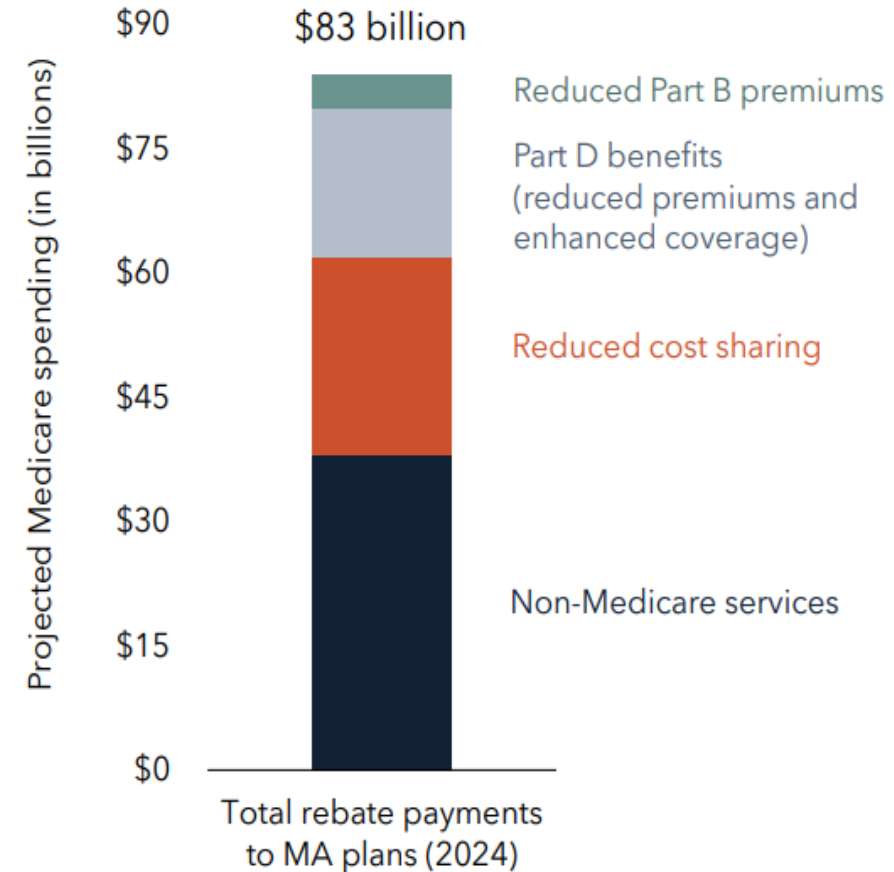
# Non-uniform Benefit Flexibility Opportunities

# MA Rebates fund supplemental benefits in Medicare Advantage

## MA rebates have more than doubled since 2018



**Note:** SNP (special needs plan). "Conventional MA plans" excludes employer group plans and special needs plans. "SNPs" excludes employer group plans and non-SNPs. Figure excludes plans that do not offer a prescription drug benefit. Dollar amounts are nominal figures, not adjusted for inflation.  
**Source:** MedPAC analysis of data from CMS on plan bids, 2014-2024.



Source: <https://www.medpac.gov/wp-content/uploads/2023/10/MA-supp-benefits-MedPAC-Oct-2024-SEC.pdf>

# Benefit Flexibility Opportunities

## Primarily Health Related (PHR)

Item or service used to:

- Diagnose
- Compensate for physical impairment
- Acts to ameliorate the functional/psychological impact of injuries or health conditions
- Reduces avoidable emergency and healthcare utilization

## Uniformity Flexibility (UF)

- Offered to those who meet specific medical criteria
- Allows MAOs to
  - Reduce cost sharing or deductibles for certain covered benefits
  - Offer specific tailored supplemental benefits

## Special Supplemental Benefits for the Chronically Ill (SSBCI)

- Bipartisan Budget Act of 2018
- Offered to eligible chronically ill enrollees
- Provides a reasonable expectation of improving or maintaining the health or overall function of the chronically ill enrollee

## Value-Based Insurance Design (VBID)

- Flexibility to use certain varied supplemental benefit designs or financial incentives for certain chronic conditions and/or LIS qualification
- CMS Demonstration program renewed from 2025 to 2030

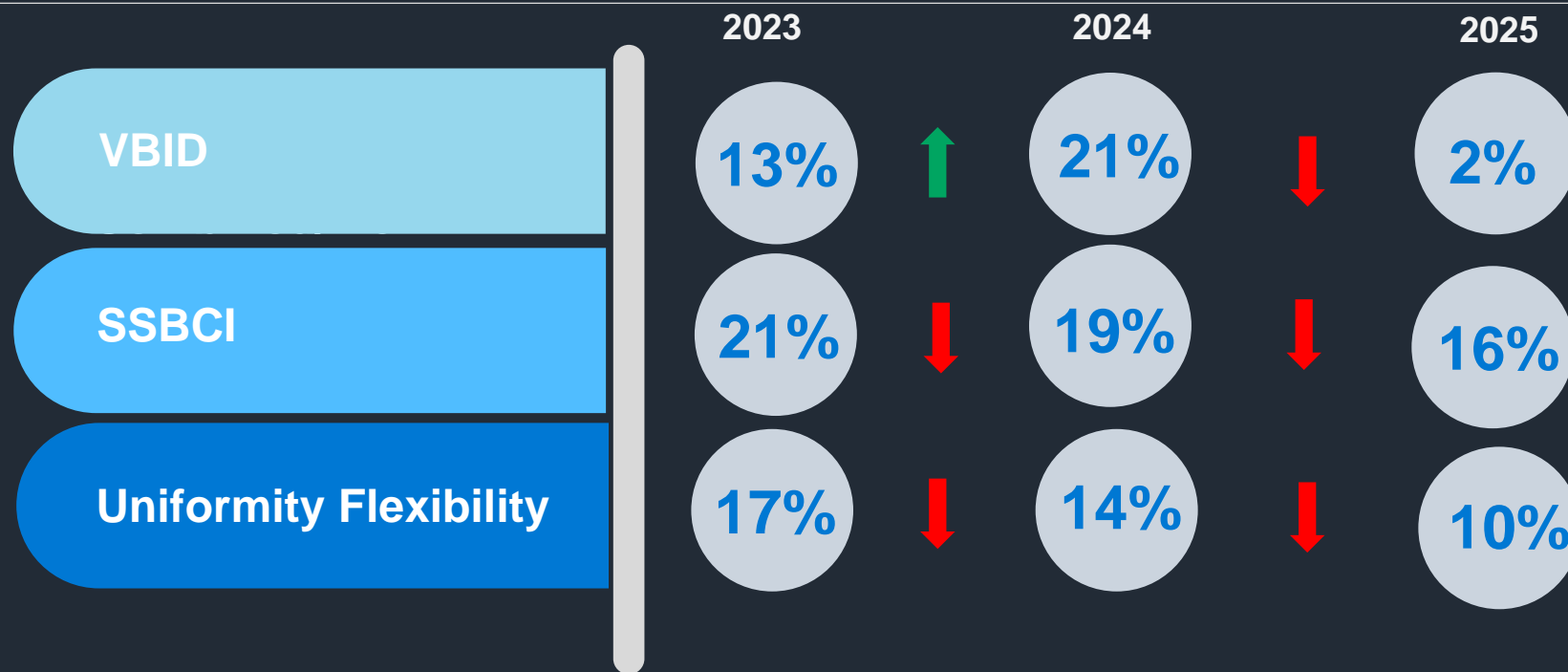
# Non-Uniform Benefit Flexibility Options

Option Characteristic	UF	SSBCI	VBID
Flexibility for Part C benefits	■	■	■
Flexibility for Part D Benefits			■
May offer non-primarily health-related benefits		■	■
May target benefits by disease state (chronic conditions)	■	■	■
May target benefits by socioeconomic status			■
Subject to pre bid CMS application process			■

# Non-Uniformly Offered Supplemental Benefit Trends – Non-SNP Enrollees

VBID, SSBCI, and Uniformity Flexibility Coverage

Percent of Enrollees in Plans offering Benefit Flexibilities Types, Nationwide – Non-SNP Enrollees



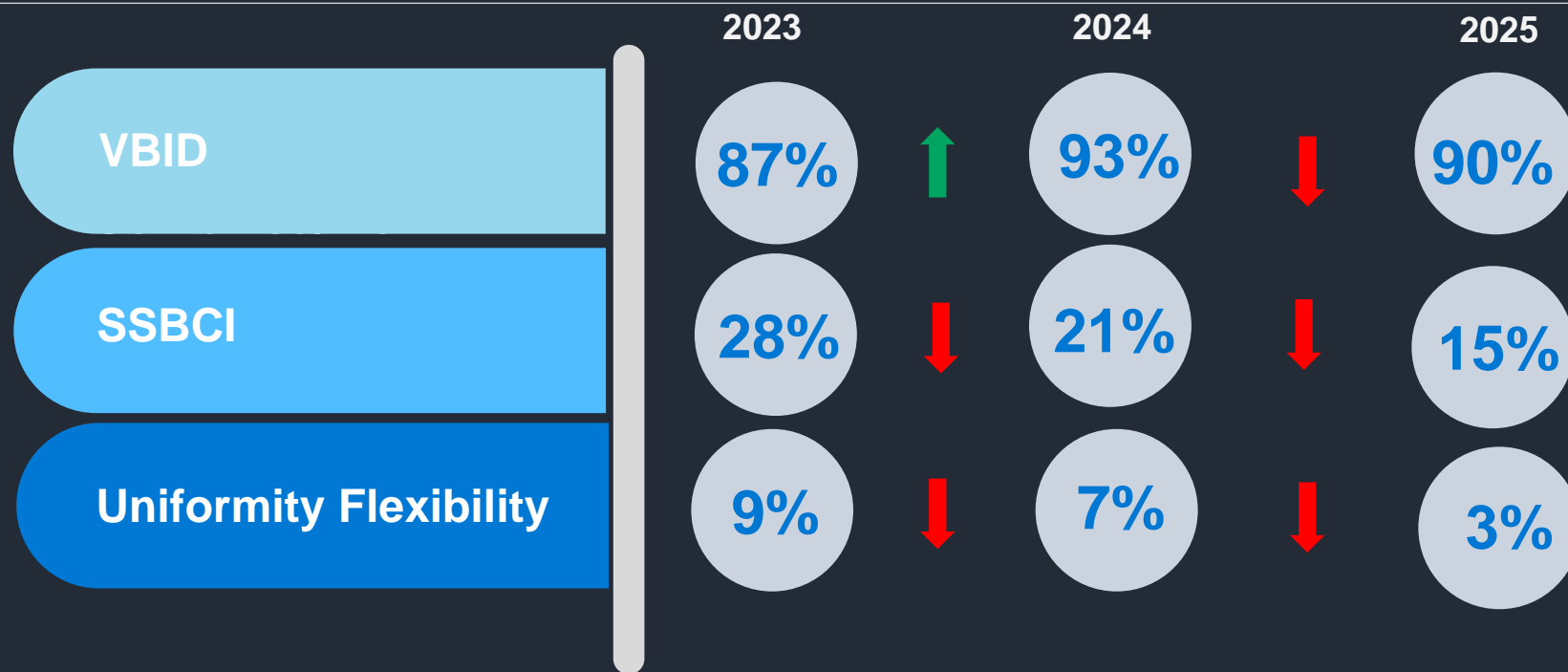
Source: Milliman MACVAT®



# Non-Uniformly Offered Supplemental Benefit Trends – D-SNP Enrollees

VBID, SSBCI, and Uniformity Flexibility Coverage

Percent of Enrollees in Plans offering Benefit Flexibilities Types, Nationwide – D-SNP Enrollees



Source: Milliman MACVAT®

# Overview of Medicare Advantage Value-Based Insurance Design (VBID) Model

# VBID: Goals and Flexibilities

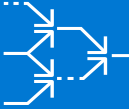
The VBID Model tests potential improvements in quality of care and reductions in costs by addressing health inequities in MA through the additional flexibilities allowing participating MAOs to offer and target supplemental benefits to underserved enrollees.




## Goals of VBID



- Improving quality of care and achieving equitable health outcomes for all VBID Model beneficiaries.
- Financial goal of net savings to Medicare expenditures without any net increase in costs for plan enrollees attributable to the VBID elements in bidding year and over the life of the Model.



## VBID Flexibilities



- Reduced Part C or D cost sharing or additional supplemental benefits based on chronic condition(s), socioeconomic status, or both
- Use of high-value providers and/or participation in CM/DM programs
- Part D R&I program
- Most offer a minimum of two HRSN benefits selected from the categories of food and nutrition; transportation; and housing and living environment

Source: <https://www.cms.gov/priorities/innovation/vbid-cy25-rfa-fs>

# History of the VBID Program

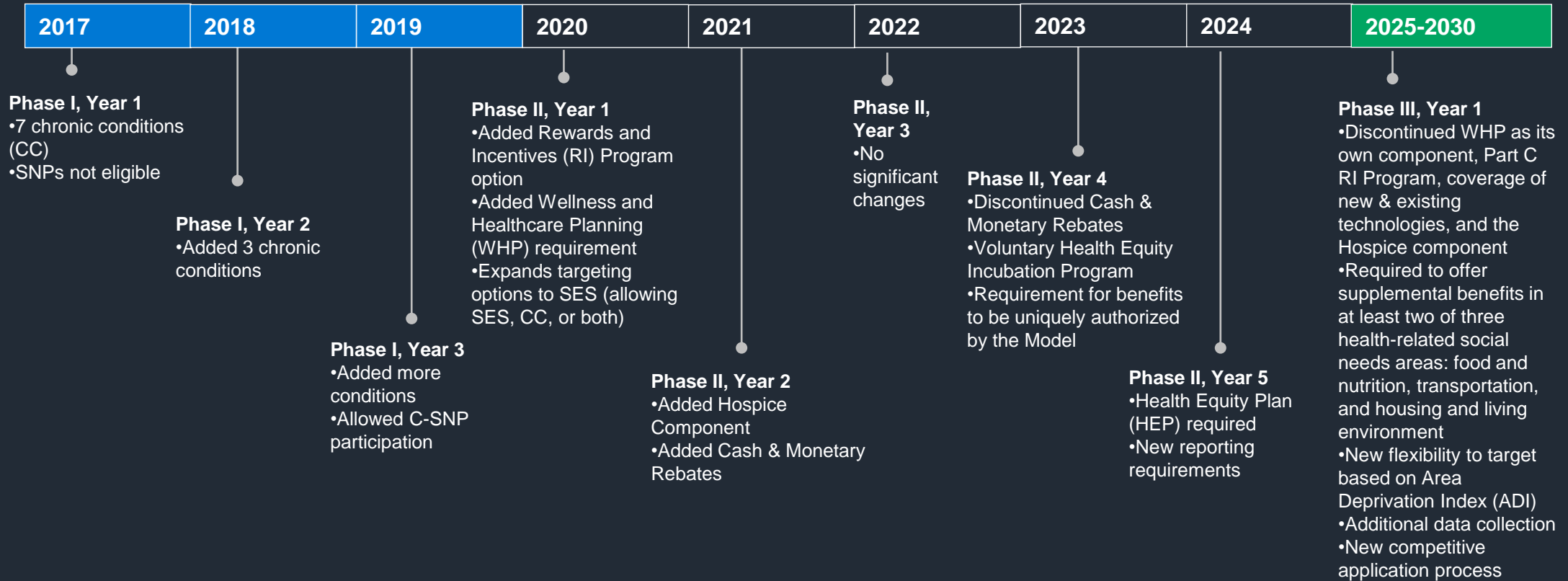


**PHASE I:** May offer reduced cost sharing or additional supplemental benefits to individuals with **select chronic conditions** who use **high-value providers** or who **participate in care/disease management programs**.

**PHASE II:** Includes the benefit flexibilities from Phase I, in addition to new Benefit Design Innovations (BDI) components and a Hospice component. Open to **all states** and **all SNP types**, and allows targeting based on **socioeconomic status (SES)**.

**PHASE III:** Includes changes intended to more fully address the health-related social needs of patients, advance health equity, and improve care coordination for patients with serious illness.

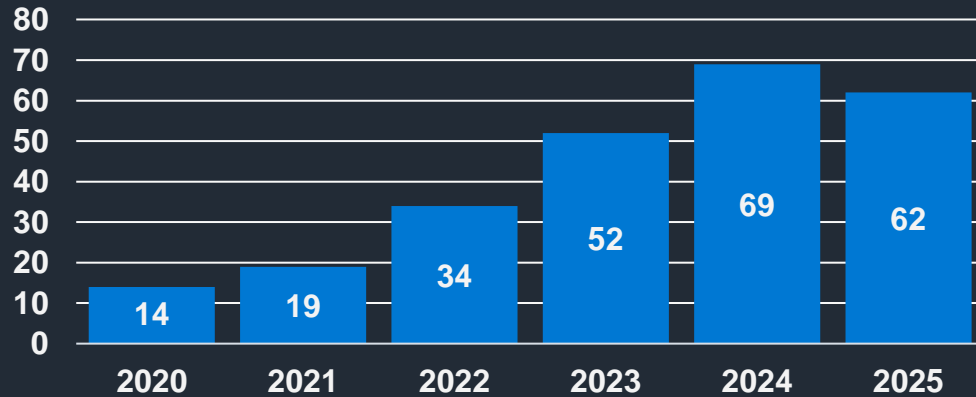
# History of the VBID Program



# VBID: Competitive Landscape

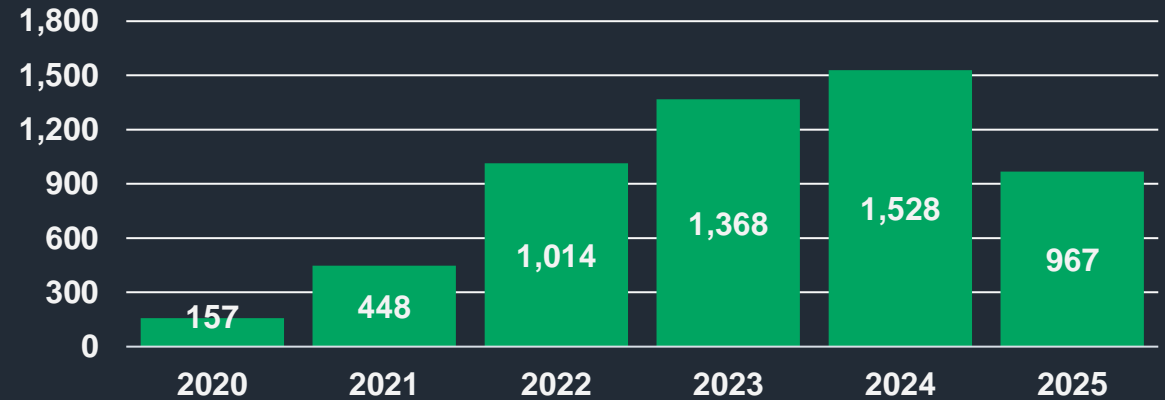
Significant growth in Model Adoption and Partnerships up to 2024

### Number of MAOs Participating in the VBID Model



The number of MAOs participating in the VBID model increased 5x between 2020 and 2024 but decreased by 10% for 2025.

### Number of PBPs Participating in the VBID Model



The number of PBPs participating in the VBID model increased ~10x between 2020 and 2024 but decreased by 36% for 2025.

Sources:

<https://innovation.cms.gov/media/document/vbid-oash-acl-webinar-slides-10-07-2021>

<https://innovation.cms.gov/files/reports/vbid-yr1-evalrpt-fg.pdf>

<https://www.cms.gov/newsroom/press-releases/cms-releases-2022-premiums-and-cost-sharing-information-medicare-advantage-and-prescription-drug>

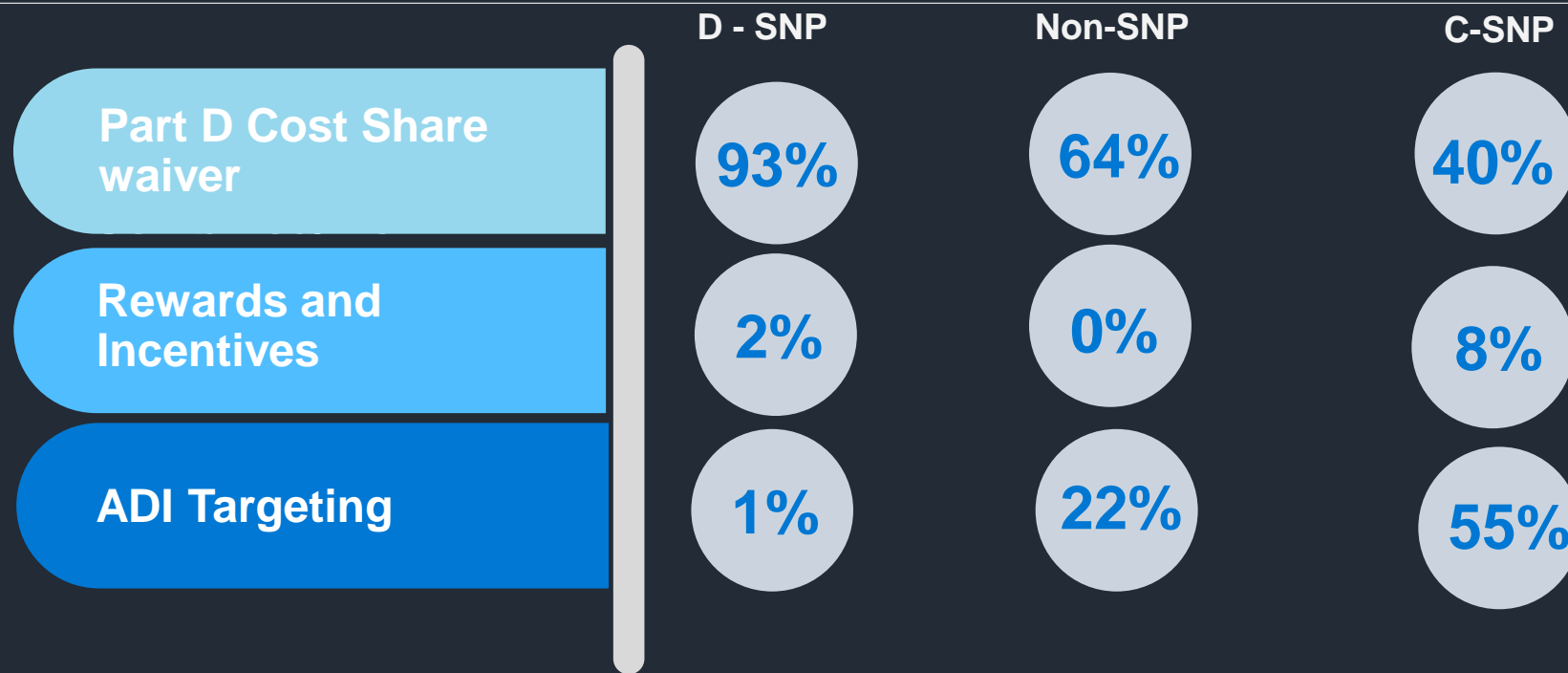
<https://www.cms.gov/newsroom/fact-sheets/medicare-advantage-value-based-insurance-design-model-calendar-year-2023-model-participation>

<https://www.cms.gov/newsroom/fact-sheets/calendar-year-2024-participation-medicare-advantage-value-based-insurance-design-model-innovating>

<https://www.cms.gov/newsroom/fact-sheets/medicare-advantage-value-based-insurance-design-model-calendar-year-2025-model-participation>

# VBID Program participation for 2025 by Plan Type

## Percent of Enrollees in Plans participating in specific VBID flexibilities



Source: 2025 Milliman MACVAT®

# 2025 VBID: Significant changes to the program

In 2025, CMS made major changes to VBID, particularly to the application process

1

## New templates

Application Spreadsheet

Financial Application (with expanded requirements)

2

## New Scoring system

Competitive system

Defined point and categories

Limited definition or guidance

Emphasis on medical cost savings

3

## New Eligibility Requirements

Minimum 3.0 star rating

Minimum of 2 HRSN benefits

No exceptions

4

## Eliminated Options

Part C rewards and incentives

New technologies

Hospice



# VBID Financial Application

The financial projection must be supported by four specific documents:

(1) Financial Application Memorandum;

- i. Executive Summary
- ii. VBID Values per Beneficiary
- iii. Projected Costs from Model Participation
- iv. Projected Savings from Model Participation
- v. Other Quantitative and Qualitative Support - For each VBID Model Intervention offered, please include relevant data, evidence, bibliography, and/or studies of an MAO's VBID experience to demonstrate the intervention's expected impact on quality.

(2) Net Savings Template(s);

(3) Excel Application; and

4) Actuarial Certification.

# CMS VBID Scoring System

Scoring Category	Materials to Review	Max Points
<b>Application Content</b>		
Permissibility of Application Proposals	<b>VBID App Spreadsheet:</b> Tables 5.1.1-6.3.1	<b>10</b>
Support for Quality Improvement	<b>Financial Memo and related documents</b>	<b>10</b>
Health Equity Plan	<b>VBID App Spreadsheet:</b> Tab 4, All applicable questions	<b>10</b>
Innovation	<b>VBID App Spreadsheet</b> Tables 5.1.1-6.3.1	<b>10</b>
<b>Potential for Savings</b>		
Value of VBID Benefits and/or VBID RI Programs	<b>Financial Memo and related documents</b>	<b>20</b>
Expectation of Medical Cost Savings	<b>Financial Memo and related documents</b>	<b>20</b>
Support for Savings	<b>Financial Memo and related documents</b>	<b>20</b>

Plan must receive 24 of 40 points

Plan must receive 36 of 60 points

# Insights from VBID 2025 Application Process

# Overview of Key Insights from the Application Process



**Supporting savings assumptions**



**Demonstrating savings in mature plans**



**Potential roadblocks with timing and transparency**



**Flexibility in refiling**

# Supporting Savings Assumptions

## Importance of having supportive articles and sources

- Projections of costs and potential savings from VBID rely substantially on sources
- Well researched sources will ensure more buy-in and understanding among stakeholders

## Teams should agree on achievable assumptions for savings

- Setting realistic assumptions results in better projections

“This memorandum should provide an explanation of the **cost and savings drivers**... It should include **actuarial support for assumptions** made and the expected timeframe of utilization changes, including relevant data, **evidence, bibliography**, or studies of an MAO’s VBID experience.”

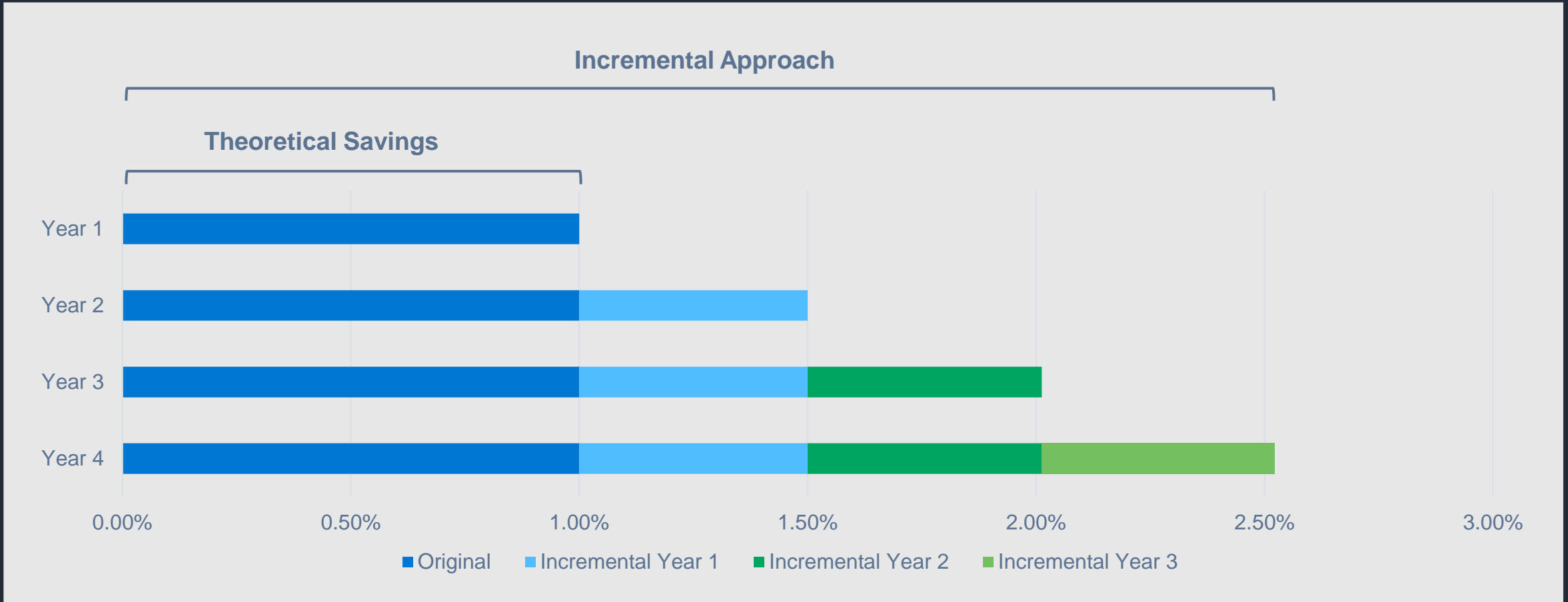
- CY2025 VBID Model Financial Application Template

<https://www.cms.gov/priorities/innovation/innovation-models/vbid>

*CY 2025 VBID Model Application Materials (ZIP)*

# Demonstrating Savings in Mature Plans

As VBID programs mature, showing incremental savings in projection years becomes more challenging



# Potential Roadblocks with Timing and Transparency

## 1

### Timeline of Communications and Instructions

- Initial instructions given in March
- Quick turnaround for initial application submission date in 2<sup>nd</sup> week of April

## 2

### Open-ended Nature of the Financial Savings Template

- Financial memo template is open-ended
- Leaves a lot to open interpretation for applications
- Expertise and a nuanced approach are important in prepping the analysis

## 3

### Lack of Feedback on Applications

- No scores released for participating MAOs
- No feedback provided on any application weak points

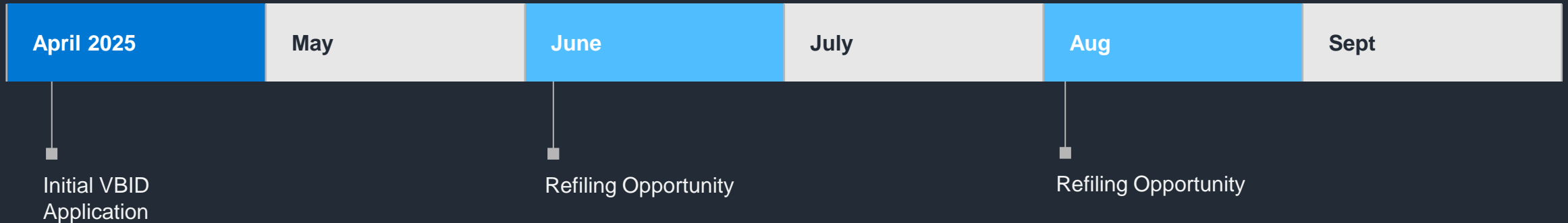
# Flexibility in Refiling

## Flexibility of Resubmitting in June and August

- Flexibility pertains to making meaningful changes to the benefits from the initial VBID application in April

## Certifying Actuary

- Determines what constitutes a significant change
- CMS allows the certifying actuary's discretion





# New Data and Reporting Requirements

# Monitoring Requirements

1 ✨

Benefit Crosswalk including Plan Characteristics and VBID Component Information

2 ◆

Beneficiary-level Data Reporting on VBID Flex Targeting and RI Targeting and Receipt

3 ◆

Beneficiary-level Data Reporting on Focus Area Supplemental Benefits

4 ◆

VBID Flex Supplemental Benefits Summary Report

5 ◆

Beneficiary-level Health Related Social Needs (HRSN) assessment data reporting

6 ◆

Associated contract-PBP-segment level HRSN assessment key

7 ●

Health Equity Plan (HEP) Progress Report

8 ●

Area Deprivation Index (ADI) reporting

9 ●

Member engagement strategy (MES) monitoring report

✨ CMS provided, MAO to review

◆ Text file layout provided, upload to CMMI Portal

● Survey response upload to Qualtrics

<https://www.cms.gov/priorities/innovation/innovation-models/vbid>

CY 2025 Materials – Monitoring Guidelines and Appendices

# Changes in Reporting Requirements

**Significant Changes  
from CY2024 to CY2025**



## **Beneficiary-level Focus Area Supplemental Benefits and the Benefit Crosswalk files**

Now cover both non-VBID and VBID Flex Focus Area Supplemental Benefits



## **Benefit Crosswalk Structure Revised**

Now more granular intervention information



## **Beneficiary-level HRSN Assessment Data Reporting**

Now mandatory, previously voluntary



## **ADI Reporting and MES Monitoring Reports**

New files for 2025 participants

# Reporting Timeline

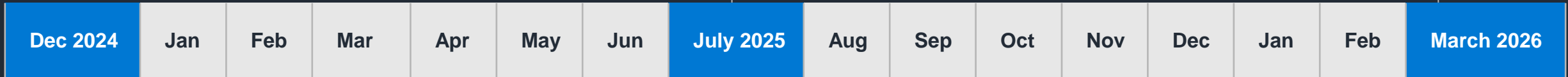
## Test Data Submission via the CMMI Portal

Mandatory for new 2025 VBID-General participating MAOs; optional for others

- (2) Beneficiary-level VBID Flex and RI targeting/receipt
- (3) Beneficiary-level data on VBID and non-VBID Focus Area Supps
- (4) VBID Flex Supp Benefits Summary Report
- (5) Beneficiary-level HRSN
- (6) PBP-Level HRSN

## Annual submission via the CMMI Portal

Mandatory for all 2025 MAOs



- (1) Benefit Crosswalk – pre-populated by MS

- (2) Beneficiary-level VBID Flex and RI targeting/receipt
- (3) Beneficiary-level data on VBID and non-VBID Focus Area Supps
- (5) Beneficiary-level HRSN

- (7) HEP Progress Report
- (8) ADI Reporting
- (9) Member Engagement Strategy (MES)

## Annual submission via Qualtrics

Mandatory for all relevant CY 2025 MAOs

# What is the Area Deprivation Index (ADI)?

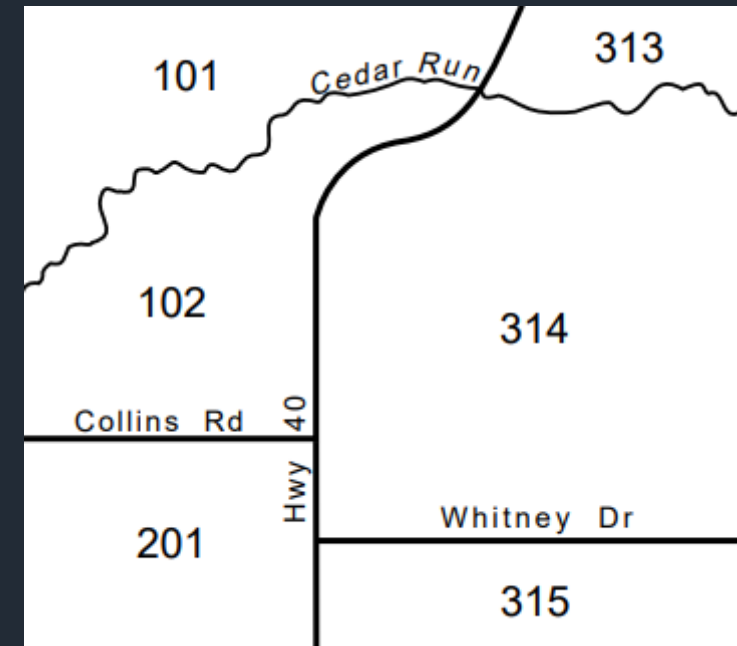
# What is ADI?

- Evaluates social disadvantage across neighborhoods
- Rank rather than raw score
- Neighborhoods determined by census block numbering
- Measured at the state and national level

Source: <https://www.neighborhoodatlas.medicine.wisc.edu/>

<https://www2.census.gov/geo/pdfs/reference/GARM/Ch11GARM.pdf>

## Census Block Numbering Example



# How is ADI Determined?



- <9 Years of Education
- $\geq 12$  Years of Education



- White Collar Occupation
- Median Family Income
- Income Disparity



- Median Home Value
- Median Gross Rent
- Median Monthly Mortgage
- Owner Occupied Household



- Unemployment Rate
- 150% Poverty Level
- 100% Poverty Level



- Single Parent Family
- Crowding

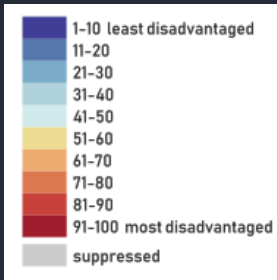
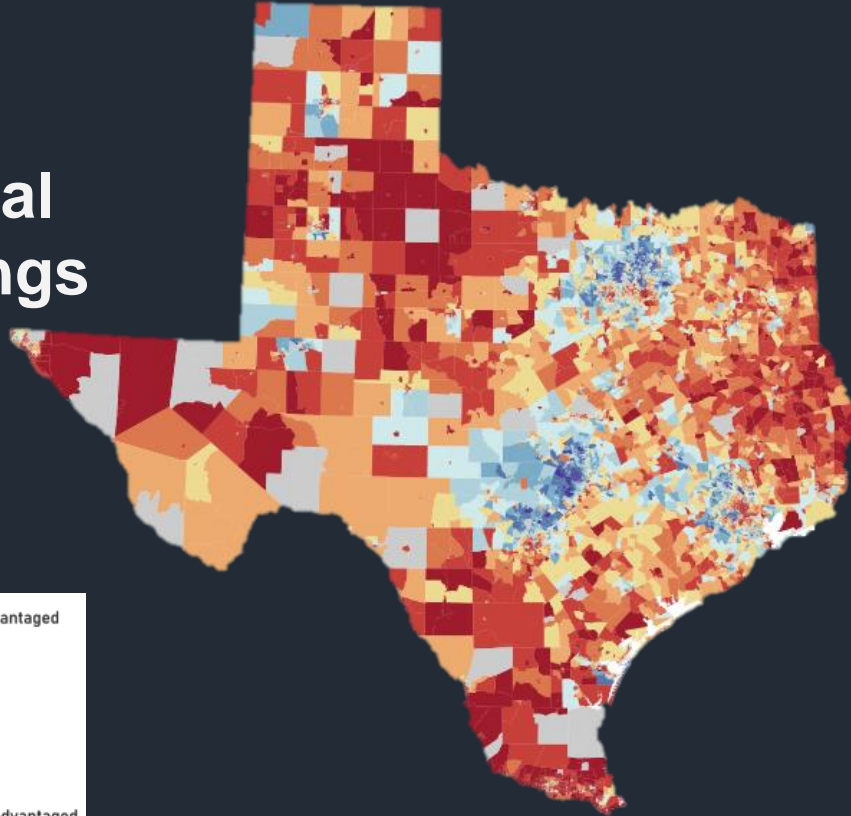


- No Car
- No Plumbing
- No Phone

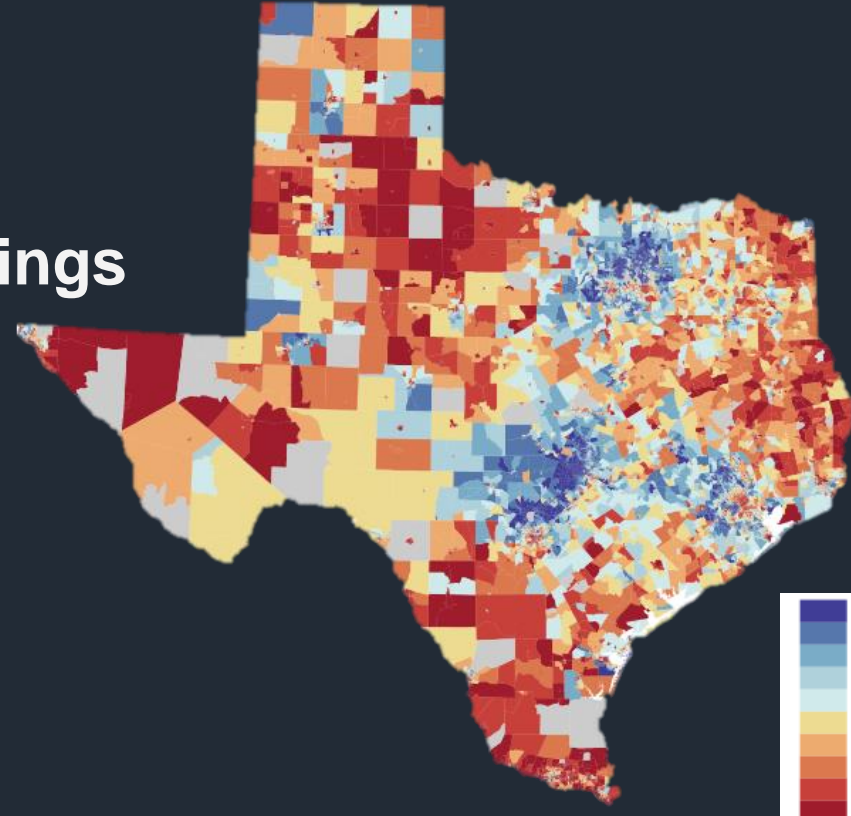
# National Rankings vs. State Rankings

Texas

2022  
National  
Rankings



2022  
State  
Rankings



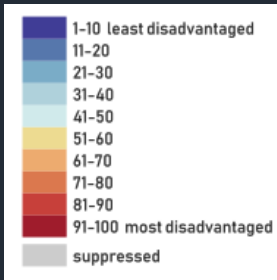
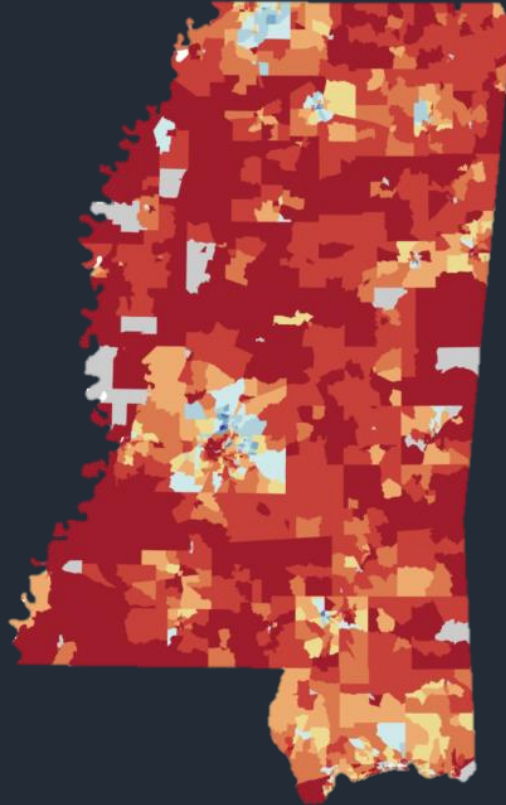
Source: <https://www.neighborhoodatlas.medicine.wisc.edu/>



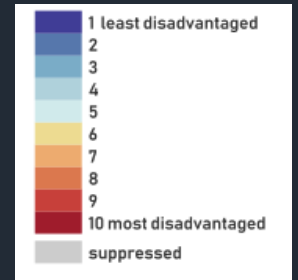
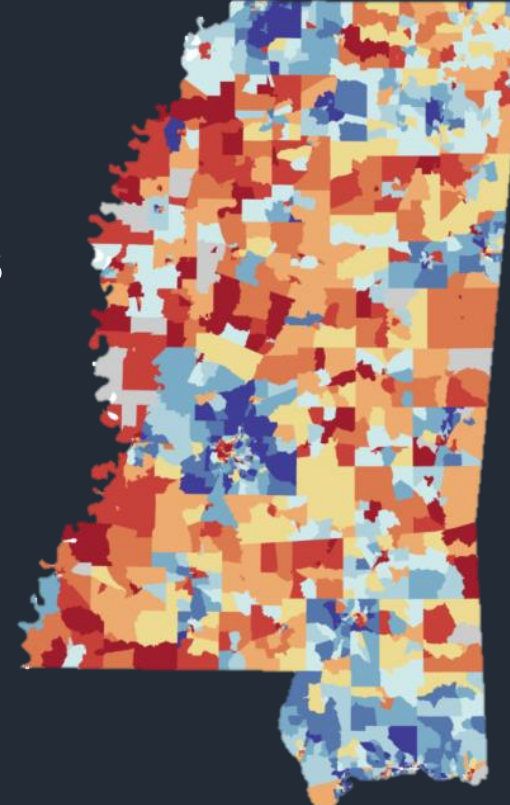
# National Rankings vs. State Rankings

Mississippi

## 2022 National Rankings



## 2022 State Rankings



Source: <https://www.neighborhoodatlas.medicine.wisc.edu/>

# MA Enrollee Eligibility Study: Methodology

# Enrollee Eligibility Study Methodology



## Area Deprivation Index Data book (ADI Data book)

- Released by CMS with CY2025 VBID Materials
- July 2023 Enrollment
- ADI eligible based on least restrictive constraint
  - 7<sup>th</sup> - 10<sup>th</sup> decile at nationwide or state level
- Assumed midpoint for masked values



## Mapped 2024 Plan Details onto ADI Data book

- 2024 Milliman MACVAT®
- Reflects current targeting strategy in 2024 benefit year



## Identify Targeting Category

- Enrollees counted once based on hierarchy\*
  1. No current VBID, SSBCI, or UF
  2. Current VBID (Socioeconomic Status)
  3. Current VBID (Chronic Condition)
  4. SSBCI or UF (Chronic Condition)

- Not all enrollees enrolled in a plan offering VBID, SSBCI, or UF benefits are eligible to receive those benefits.
- Current VBID (chronic condition) also includes beneficiaries who are targeted based on both socioeconomic status and chronic condition.

# Enrollee Eligibility Study Methodology



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- Current VBID (chronic condition) also includes beneficiaries who are targeted based on both socioeconomic status and chronic condition.

# MA Enrollee Eligibility Study: Results

“The ADI Data Book shows that approximately **52% of Medicare Advantage beneficiaries** in July 2023, or 13.6 million, lived in neighborhoods that would meet the minimum requirement for targeting under VBID.”

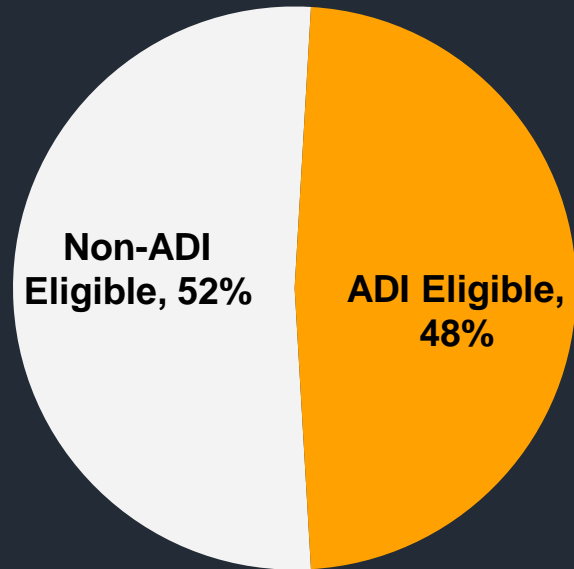
- Lindsay Kotecki & Tanisha Benjamin

Area Deprivation Index introduced to the Medicare Advantage Value-Based Insurance Design Model for CY 2025.

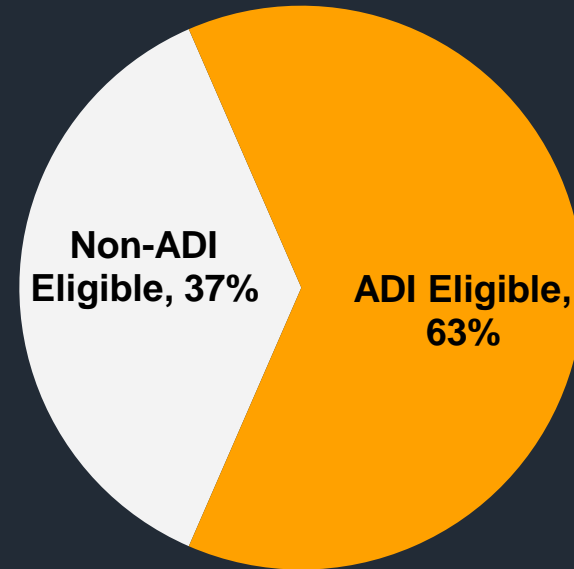
# ADI eligibles by Plan Type

MA enrollees meeting minimum eligibility under ADI and enrolled in a plan that covers VBID, SSBCI, and/or UF in 2024

## Non-SNP Enrollees



## SNP Enrollees



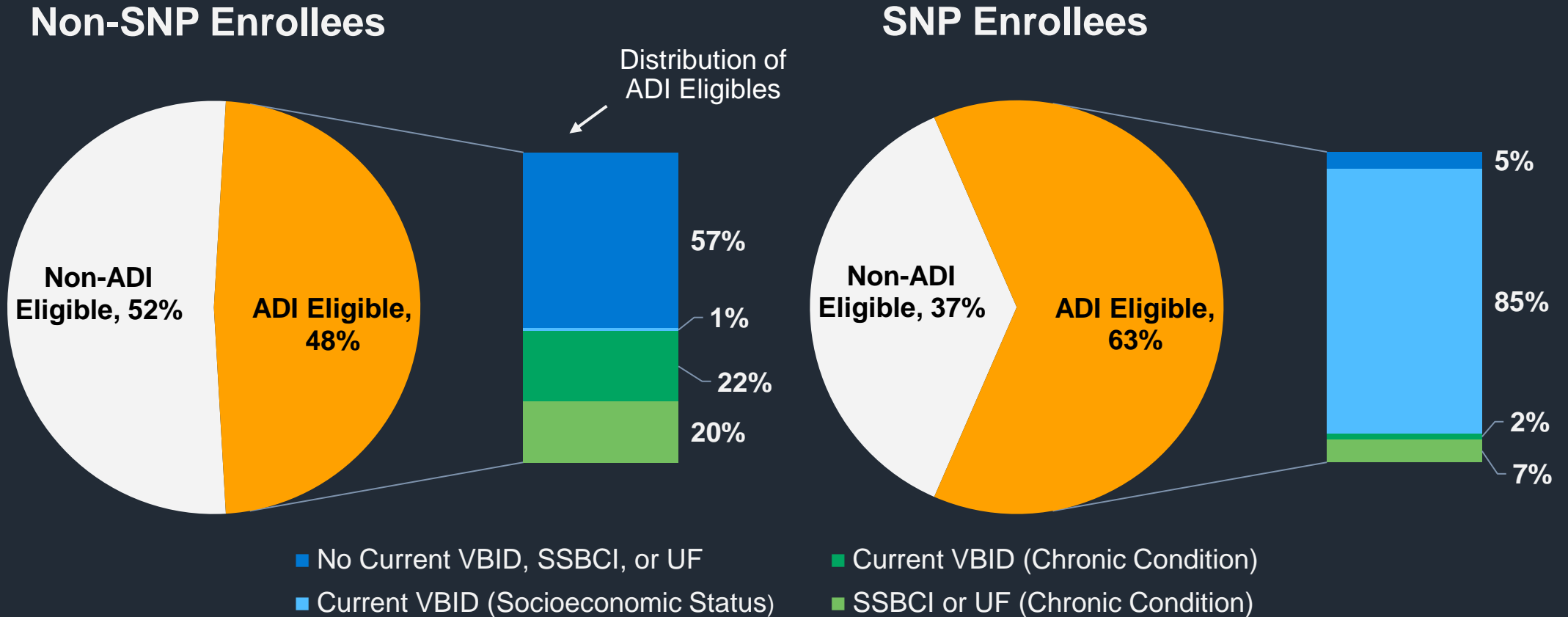
Note: Not all enrollees enrolled in a plan offering VBID, SSBCI, or UF benefits are eligible to receive those benefits.

Source: Lindsay Kotecki & Tanisha Benjamin. Area Deprivation Index introduced to the Medicare Advantage Value-Based Insurance Design Model for CY 2025.



# ADI eligibles by Plan Type

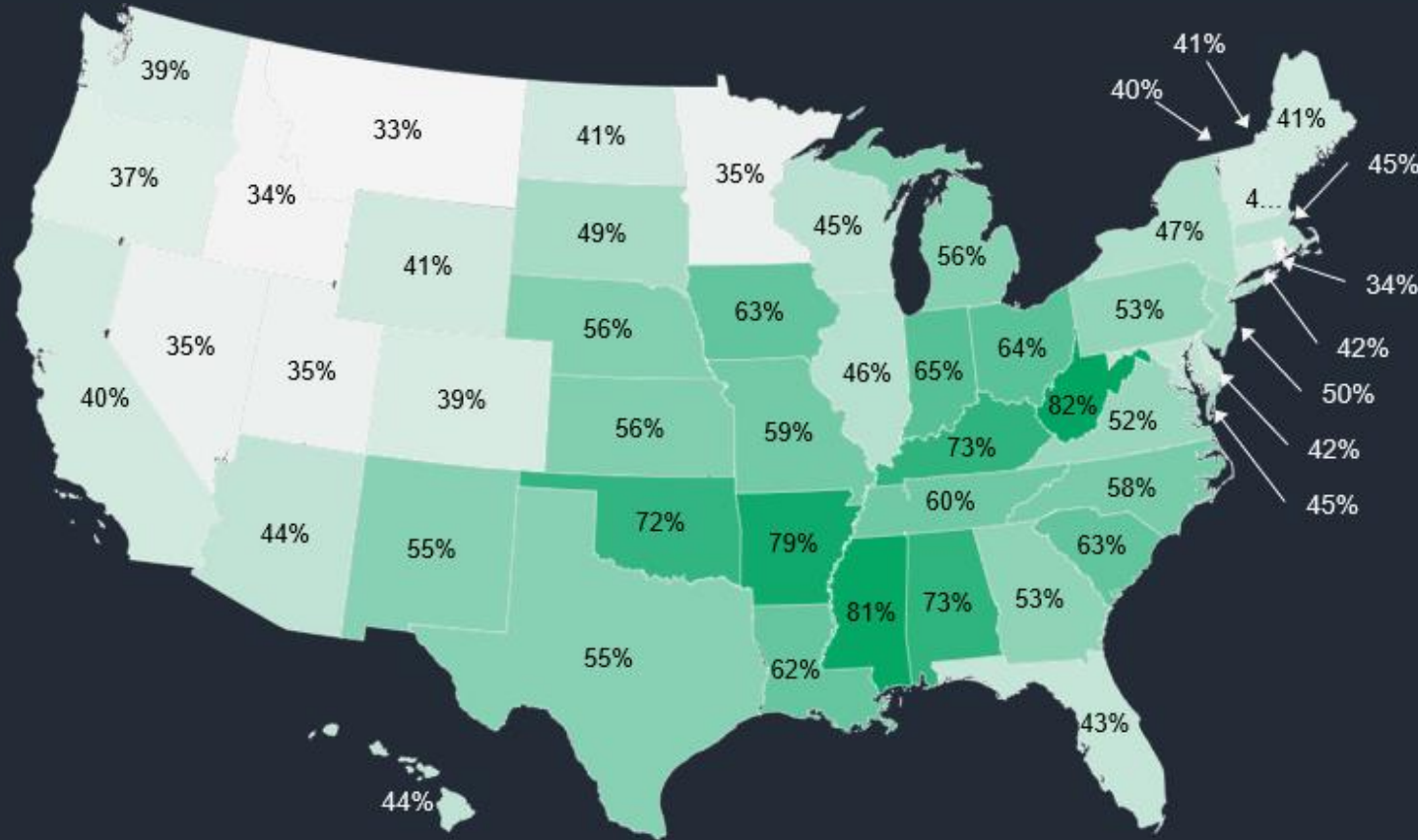
MA enrollees meeting minimum eligibility under ADI and enrolled in a plan that covers VBID, SSBCI, and/or UF in 2024



Note: Not all enrollees enrolled in a plan offering VBID, SSBCI, or UF benefits are eligible to receive those benefits.

Source: Lindsay Kotecki & Tanisha Benjamin. Area Deprivation Index introduced to the Medicare Advantage Value-Based Insurance Design Model for CY 2025.

# Percentage of Current MA Enrollees Residing in Minimum Qualifying ADI Neighborhoods at the State Level








MAOs in states with high density have a unique opportunity to offer VBID benefits to a large portion of enrollees



NOTE: MINIMUM-QUALIFYING ADI NEIGHBORHOODS ARE IN STATE ADI DECILES 7 TO 10 OR NATIONAL PERCENTILES 61 TO 100, AS REPORTED IN THE ADI DATA BOOK USING JULY 2023 ENROLLMENT. AN AVERAGE OF 5.5 ENROLLEES ARE ASSUMED TO RESIDE IN CELLS WHERE DATA IS MASKED DUE TO LOW VOLUME.

Source: Lindsay Kotecki & Tanisha Benjamin. Area Deprivation Index introduced to the Medicare Advantage Value-Based Insurance Design Model for CY 2025.

# ADI Targeting - Risks and Opportunities

# ADI Targeting - Risks and Opportunities

Scenario	Level
Implementation and administrative requirements	
Competitive advantage	
Member confusion / abrasion	
Member engagement	
Selection considerations	

 Opportunity  
 Risk

“This new targeting criteria has the potential to reach a **whole new cohort** of enrollees who have not historically met the eligibility criteria under other targeting options.”

- Lindsay Kotecki & Tanisha Benjamin

Area Deprivation Index introduced to the Medicare Advantage Value-Based Insurance Design Model for CY 2025.

# Q&A





# Thank you

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