

HPMS E-Mail

Date: March 4, 2024

Subject: The Future of the Hospice Benefit Component of the Value-Based Insurance Design (VBID) Model

Beginning in Calendar Year (CY) 2021, the Value-Based Insurance Design (VBID) Model allowed participating Medicare Advantage Organizations (MAOs) to include the Medicare hospice benefit in their Medicare Advantage (MA) benefits package, herein known as the Hospice Benefit Component. After carefully considering recent feedback about the increasing operational challenges of the Hospice Benefit Component and limited and decreasing participation among MAOs that may impact a thorough evaluation, CMS has decided to conclude the Hospice Benefit Component as of December 31, 2024, 11:59 PM. CMS will not accept applications to the previously released CY 2025 Request for Applications for the Hospice Benefit Component of the VBID Model.

The Hospice Benefit Component test aimed to address fragmentation in coverage rules for MA enrollees who elect hospice, and whether coverage of the Medicare hospice benefit by MAOs would lead to increases in quality of care while maintaining budget neutrality or reducing costs. The policies included within the Hospice Benefit Component, such as requiring comprehensive palliative care and enabling concurrent care and hospice-specific supplemental benefits, provided a unique opportunity for collaboration between MAOs and palliative and hospice care providers to reduce care fragmentation at the end of life. The Hospice Benefit Component catalyzed MAOs and hospice providers to collaborate to improve beneficiary care, promote greater care coordination, and advance health equity and transparency.

Over the years, CMS has heard valuable insights and perspectives about the Hospice Benefit Component from MAOs, palliative and hospice providers, people with Medicare, their caregivers, and advocates, among others. CMS sought feedback from these stakeholders regarding how testing of the inclusion of the Medicare hospice benefit in the MA benefits package is enhancing the quality and safety of care for individuals enrolled in participating MA plans.

The Center for Medicare and Medicaid Innovation's decision to discontinue the Hospice Benefit Component does not indicate whether the test has met its goals. CMS will continue its evaluations of the Hospice Benefit Component to assess this separately. Despite encountering operational challenges and limited participation, this voluntary test has played a significant role

in transforming the delivery of serious illness care in the MA program through meaningful partnerships between MAOs and hospice providers. CMS has also gained valuable insights into creating a seamless care continuum in the MA program for Part A and Part B services, inclusive of the Medicare hospice benefit. The lessons learned from the Hospice Benefit Component continue to inform collective efforts for meeting the needs of individuals with serious illnesses.

Later this year, CMS will issue additional guidance to ensure that all obligations of any impacted organization may be met in a timely and reasonable manner so that hospice beneficiaries in the Hospice Benefit Component maintain a coordinated, seamless care experience.