



DATE: March 13, 2024

TO: All Medicare Advantage Organizations

FROM: Laura T. McWright, Deputy Director, Seamless Care Models Group, Center for Medicare and Medicaid Innovation

SUBJECT: Medicare Advantage (MA) Value-Based Insurance Design (VBID) Model
Application Screening and Scoring Process for Calendar Year (CY) 2025

As noted in the Calendar Year (CY) 2025 Value-Based Insurance Design (VBID) Request for Applications (RFA) and the December 2023 [CMS blog post](#), *Charting a Path for the Medicare Advantage Value-Based Insurance Design Model: Innovating to Meet Person-Centered Needs*, the CMS Innovation Center has taken immediate action to revise certain aspects of the VBID Model's design to both strengthen our understanding of cost drivers, and to ensure the Model has the right tools in place to be responsive to evaluation findings and statutory requirements. The actions stated in the CY 2025 VBID RFA include: adding new reporting requirements related to risk score trends and utilization of supplemental benefits; incorporating additional participation eligibility requirements related to program integrity and compliance to better align with the Medicare Advantage (MA) Program; requiring, as part of the Model's financial requirements, participating plans to show net savings to CMS over the course of CY 2025 and over the course of the Model, including risk score trends attributable to the Model; and incorporating additional changes to standardize the focus on health-related social needs across participants. CMS also stated in the CY 2025 VBID RFA that it reserves the right to reject any organization, plan benefit package (PBP), or proposal in order to preserve the integrity of the Medicare Program, the welfare of beneficiaries, or the efficient and advantageous administration of the Model, including considerations related to costs to the Medicare Program. Additionally, CMS signaled that Model participation may be competitive.

Today, through this memorandum, CMS is taking an additional action to address evaluation findings and is announcing its decision to have a competitive VBID application process for CY 2025. As part of this memorandum, CMS is releasing the VBID Model application screening and scoring process and rubric for the CY 2025 VBID Model competitive application process. All VBID Model applications are due by April 12, 2024, 11:59 PM PT.

CMS's use of a competitive application process is in alignment with the CY 2025 VBID RFA and the CMS December 2023 blog post and is a critical action in ensuring the success of CMS's model test under section 1115A of the Act and safeguarding against increasing costs or decreases in quality of care. The VBID Model continues to be a vital part of CMS's overall strategy to ensure the MA program meets the health care and health-related social needs of MA enrollees,

reaching millions of low-income beneficiaries, while contributing to the long-term stability of the Medicare program. The competitive application, described below, will serve to strengthen the Model as CMS continues to test the non-uniform targeting of Part C supplemental benefits and reduced or eliminated cost sharing for Part D drugs, as well as Part D Rewards and Incentives (RI) Programs.

Overview of the Application Screening and Scoring Process and Rubric: Once the application window has closed on April 12, 2024, CMS will engage in a detailed application review process to ensure that all applications are reviewed fairly and consistently, and that accepted applications are in compliance with all model terms, goals, beneficiary protections, and program integrity requirements as identified in the CY 2025 VBID RFA. The eligibility screening and application review process will consist of two review phases, with a total of four components.

Phase One Review: The first phase of the application process includes:

1. Application Completeness Review; and
2. Screening for Eligibility and Program Integrity Risks.

This Application Completeness Review will ensure all parts of the application are fully completed and all accompanying documentation is provided. Applications with blank, placeholder responses that do not address the questions, or missing key materials (e.g., financial memorandum) will not be accepted. If the MAO fails this component of the review, the VBID Model application will be rejected.

VBID Model applicants are responsible for ensuring that their applications are complete and accurate. Extremely limited opportunities will be provided to clarify responses where a reasonable attempt was made to fill out the response.

The Screening for Eligibility and Program Integrity Risks will consist of ensuring the MAOs are compliant with CMS requirements identified in the 2025 VBID RFA. These include requirements related to plan type, length of plan existence, fiscal soundness, Star Ratings, inclusion of the required HRSN supplemental benefits, savings, bankruptcy issues, compliance actions, and sanctions. If an applicable MAO, contract(s) or PBP(s) fails this component of the review, that MAO, contract(s), or PBP(s) of the VBID Model application will be rejected.

CMS will not consider exception requests as part of the CY 2025 application process. MAOs and their contract-PBPs applying to participate for CY 2025 must strictly meet the eligibility criteria as outlined in the CY 2025 VBID RFA.

Phase Two Review: The second phase of the application process includes:

3. Scoring of Application Content and Potential for Savings; and
4. Determination for Provisional Approval.

After the initial application completeness review and screening for eligibility and program integrity risks posed by the applicant and its Contract-PBPs, remaining MAOs and Contract-PBPs will undergo Scoring of Application Content and Potential for Savings.

As part of this, CMS will score applications in the following categories:

1. Application Content Section
 - a. Permissibility of application proposals
 - b. Support for quality improvement
 - c. Health equity plan
 - d. Innovation
2. Potential for Savings Section
 - a. Value of VBID benefits and/or RI Programs
 - b. Expectation of medical cost savings (excludes savings driven by reduced bid margin)
 - c. Support for savings

The Application Content Section has a maximum score of 40 points, and the Potential for Savings Section has a maximum score of 60 points. An MAO will be denied participation in the VBID Model under any of the following two conditions:

- A. If the Application Content Section receives a score lower than **24**; and/or
- B. If the Potential for Savings Section receives a score lower than **36**.

The chart below provides the specific items scored, the materials CMS will review during the scoring, and the maximum number of points that may be allocated to each scored item. Except for the Support for Quality Improvement, Support for Savings, and Value of VBID Benefits and/or VBID Rewards and Incentives (RI) Programs criteria, each item will be scored as exceptional (all available points), acceptable, or poor (minimum available points), based only on the information in the original application.

The Support for Quality Improvement and Support for Savings categories will consider whether the MAO presents evidence that **all** VBID Benefits and VBID RI Programs offered 1) have beneficial impact on quality and 2) drive medical cost decreases, excluding savings driven by reduced bid margin.

The Value of VBID Benefits and/or VBID RI Programs criteria will rank the per member per month (PMPM) and the per engaged beneficiary per month (PEBPM) value of VBID Benefits and/or VBID RI Programs and sort acceptable applications into quintiles. Applications where the value of the VBID Benefits and/or VBID RI Programs are not supported in other sections of the application will not be sorted into a quintile but assigned 0 points in this category.

VBID Model application review will include, but is not limited to, whether all RFA requirements are met, interventions are permissible and required information is provided, attestations are complete and signed, targeting criteria are permissible, all questions are fully answered, additional clarifications are needed, and applicable studies, data, bibliographies are present to demonstrate and/or support impact on quality and costs. The innovation category will be scored based on the use of the new CY 2025 VBID targeting mechanism (place of residence in the most underserved Area Deprivation Index (ADI) areas), and whether proposals are uniquely authorized by the Model.

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

VBID Model applications that are found to be satisfactory based on the assessment of application content and potential for savings are reviewed for Determination of Provisional Approval. As in past years, CMS will issue provisional approvals ahead of the bid submission due date.

Technical Assistance: To provide MAOs with support for the VBID Model, CMS will provide technical assistance through March 29, 2024. To further ensure fairness of the review process, CMS will begin its review of all applications only after the application deadline.

Webinars: Office Hours will be held on Tuesday, March 19, 2024, from 3:00 - 4:00 PM ET to offer attendees an opportunity to ask questions related to the VBID Model and its application process. Please register for this office hour session at this [link](#).

For additional information, visit the [VBID Model website](#) or contact VBID@cms.hhs.gov.