



CHRONIC Care Act: Making the Case for LTSS in Medicare Advantage Supplemental Benefits

Anne Tumlinson, Anne Tumlinson Innovations

Nicholas Johnson, Milliman

@TheSCANFndtn | #LTSSsummit

Executive Summary

- New Medicare Advantage rules now allow insurers additional flexibility to offer long-term services and supports (LTSS) as supplemental benefits, and target these benefits to certain enrollees
 - But, insurers and LTSS providers will experience a steep learning curve in working together to provide these new benefits
 - This means each will have to learn a new language
- **Bottom Line: LTSS providers can help Medicare Advantage insurers develop new supplemental benefits but only if they learn what matters most to these organizations.**

How Medicare Advantage Insurers Compete

Medicare Advantage Is One Health Insurance Option

Two options to choose from:

Medicare Fee-For-Service ("Original" Medicare)

Federal government pays directly for healthcare costs under

- Part A: Hospital
- Part B: Physicians

Individuals may choose to buy

- Part D: Prescription Drugs
- Supplemental Insurance: Co-pays, deductibles, and other non-covered benefits under Medicare

Medicare Advantage

Private insurance companies contract with the federal government to offer plans that pay for

- Part A: Hospital
- Part B: Physicians

Individuals usually choose to enroll in plans that also offer

- Part D: Prescription Drugs

People Seek Relief from Out-of-Pocket Costs

Medicare Fee-For-Service ("Original" Medicare)

- ❑ Part A deductible: **\$1340**
- ❑ Part B annual deductible: **\$183**
- ❑ Part B coinsurance: **20%**
- ❑ Monthly Part B premium
(**optional, varies by income**)
- ❑ Monthly insurance premium for Prescription Drugs (Part D)
(**optional, varies by income and plan selection**)
- ❑ Supplemental insurance premium
(**optional, covers out of pocket costs, varies by plan selection**)

Medicare Advantage

- ❑ Monthly Part B premium
- ❑ Monthly health plan premium: **varies by plan**
- ❑ Deductibles and cost-sharing: **varies by plan**

Plans work to reduce these amounts to attract enrollees

They Also Seek Coverage for Non-Covered Benefits

✓ Medicare Advantage plans may cover these additional benefits



- Preventative care*
- Dental
- Vision
- Podiatry
- Hearing exams and aides

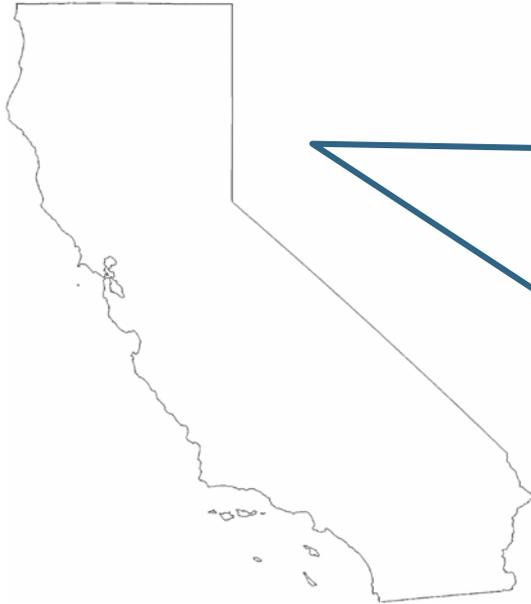
✓ New rules now allow plans to cover some types of LTSS



- Long-term services and supports

*Always covered under MA

Price and Benefits are Important in Competitive Marketplace



CALIFORNIA SNAPSHOT

Enrollment

41.3% of CA Medicare beneficiaries enrolled in Medicare Advantage

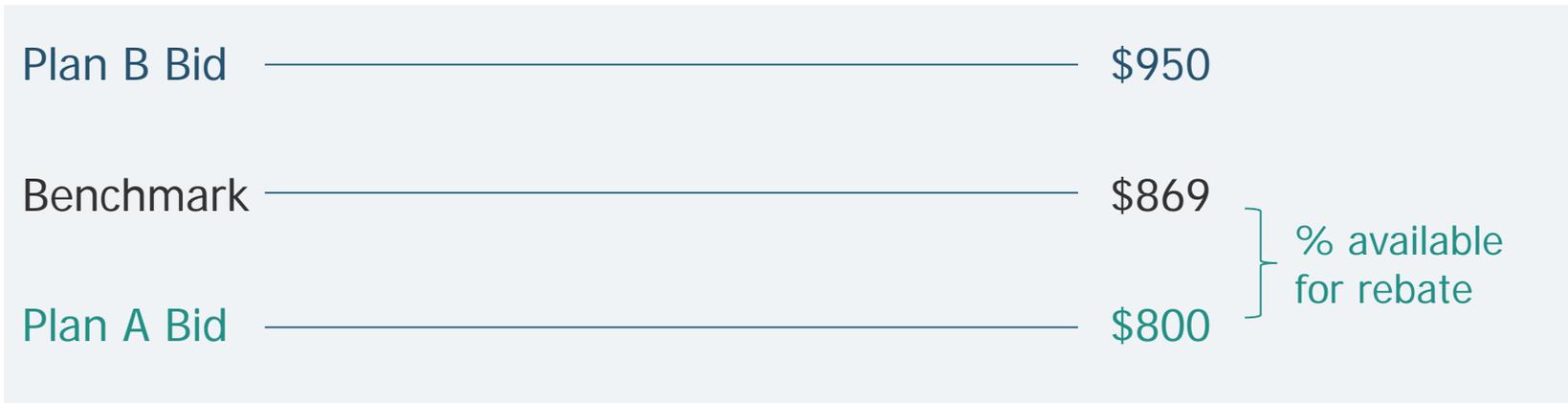
Competition

More than 60 insurers offering Medicare Advantage plans in California

Independent Physician Associations (IPA)

Heavily penetrated with IPAs, which provide services to managed care organizations on a negotiated per capita rate, flat retainer fee, or negotiated fee-for-service basis

Insurers Compete on Pricing and Benefits

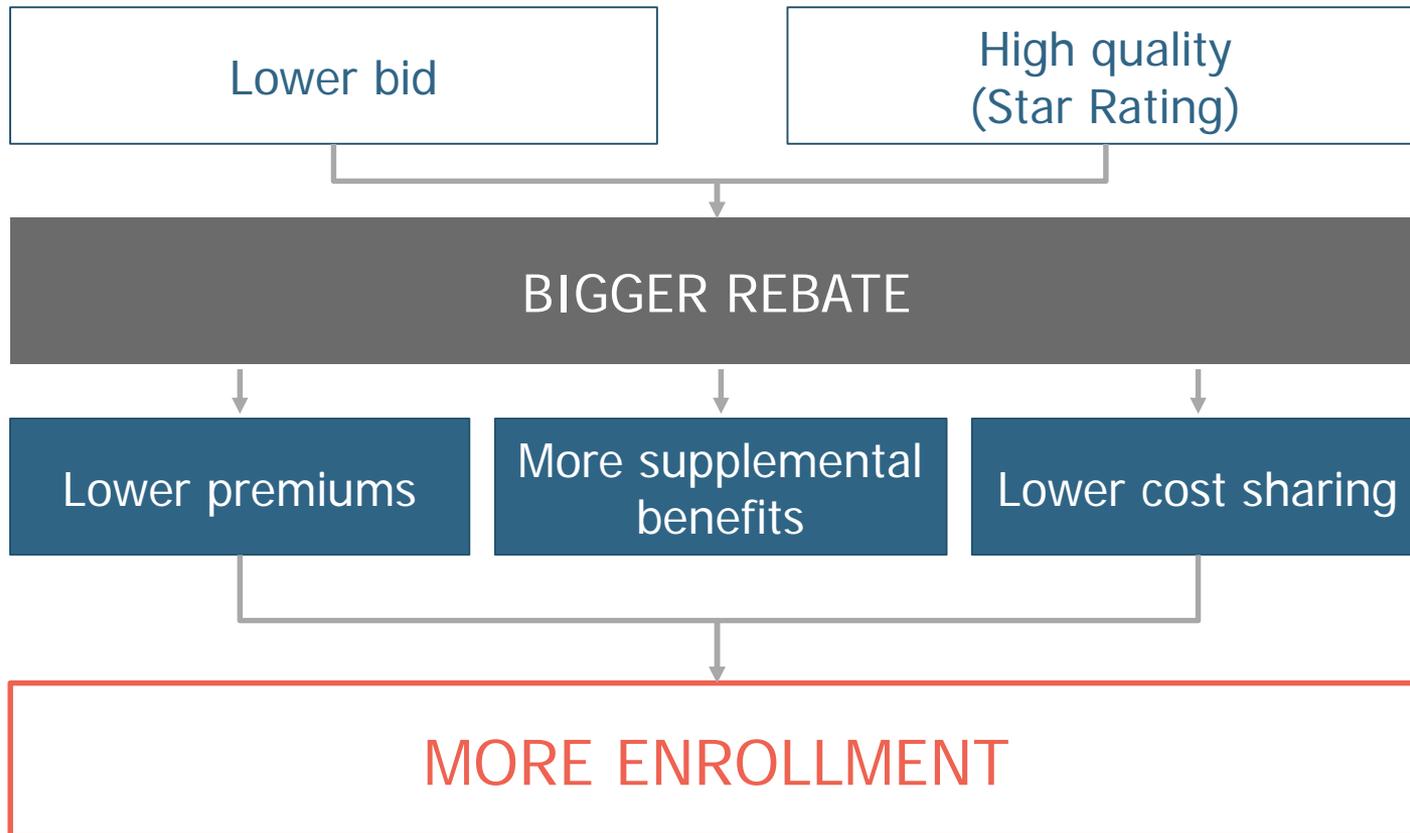


Plan A		Plan B	
Base Rate	= \$800	Base Rate	= \$869
Rebate	= $0.5 * \$69 = \34.5	Plan Premium	= \$81

Amount for reducing enrollee out of pocket spending & offering **supplemental benefits**

MORE ENROLLMENT

High Quality/Low Cost Plans Will Be More Competitive for Enrollment



Risk Adjustment Examples

	Lower risk patient	Higher need patient
Age	65	89
Diagnoses	Healthy	Lung Cancer, Diabetes, Alzheimer's
Other Characteristics	Not low income	Eligible for Medicaid
Risk Score	0.7	2.8
Risk Adjusted Monthly Payment*	$869 \text{ (Base Rate)} \times 0.7 \text{ (Risk Score)}$ = \$608	$869 \text{ (Base Rate)} \times 2.8 \text{ (Risk Score)}$ = \$2,433

*Note: Intended to be an illustrative example. The final adjusted monthly payment to plan includes reduction for coding intensity that will reduce risk score.

CMS Strict About How Health Plans Spend the Premium

Plans are required to spend at least 85% of premium on health care costs, quality improvement activities and supplemental benefits



New Rules for Supplemental Benefits

2018 CMS Rules: New Benefit Flexibility in 2019

	Old Rules		New Rules
Benefit Uniformity	Plans must offer the same benefits to enrollees of the same plan	→	Now allowed to target benefits to groups of enrollees who have certain clinical diagnoses
Supplemental Benefits	Supplemental benefit must be primarily health-related, which means, in part, <u>not</u> for the purpose of “daily maintenance”	→	Benefits are considered “primarily health-related” under a broader definition of the term

“Primarily Health Related” Means:

Benefits

- Benefit must:
 - Diagnose, prevent or treat an injury
 - Compensate for physical impairments
 - Act to ameliorate the functional/psychological impacts of injuries or health conditions; OR
 - Reduce avoidable emergency or healthcare utilization
- Must be recommended by a licensed professional as part of a care plan
- NOT health-related: cosmetic, comfort, social determinant purposes

Services

- Examples:
 - Adult Day Care Services
 - Home-Based Palliative Care
 - In-Home Support Services
 - Support for Caregivers of Enrollees
- Excluded for 2019: Meals

➤ See April 27, 2018 CMS Guidance for full list

Congress Further Expanded Supplemental Benefit Flexibility Starting in 2020

- The Bipartisan Budget Act of 2018 authorizes supplemental benefits that have a reasonable expectation of improving or maintaining health or overall function of the chronically ill beneficiary, and do not have to be “primarily health related”
- Now allowed to target benefits to “chronically ill” enrollees
 - Signals new attitude about paying for LTSS with Medicare dollars but not a blank check

The Challenges and Opportunities

New Territory for CMS and Insurers

CMS Challenges

- Prevent replacement of other program funding
- Ensure clarity in marketing and plan comparability
 - Do consumers get what they think they're getting?
 - Can they easily evaluate and compare plans?
- Consider implications for provider networks and contracting
- Competently evaluate insurer applications and bids

Insurer Challenges

- Application in the field is difficult
- Identify target population using existing data tools
- Determine how much "benefit" to provide
- Market and sell these benefits (e.g., How do you describe "adult day care"?)
- Develop new provider contracts, payment systems
- Estimate bid impact; enrollment impact

Advice for LTSS Providers from Insurers

1. Start your outreach with independent physician practices

- They are often in partnership with insurers
- They are at risk for medical spending (i.e., receive capitated payments from insurers)

2. Approach insurers with your provider partners (e.g., hospitals)

- Do you already deliver services through partnerships with other providers? Insurers are looking for operationalized programs
- Go with that partner (e.g., hospital) to talk to the insurer about your outcomes and operations

3. If you are a small organization, use your size to your advantage

- Insurers will contract with large organizations but you can be the “back-up” to help the insurer meet access and availability requirements

4. Communicate your capabilities

- Offer social work services together with home care (i.e., insurers don't want to deal with service problems)
- Be prepared with data on your quality: assurances about safeguards, training, key competencies
- Educate insurers on how your service is different from medical care (insurers won't know!)

Advice for LTSS Providers from Insurers

5. Demonstrate your ability to support good relationships between insurers and their enrollees (i.e., members)
 - Many insurers believe these new supplemental benefits could help them retain enrollees
6. Bring peer-reviewed studies to the conversation
 - Insurers will be skeptical of your data but will believe peer reviewed literature on programs similar to yours
7. Approach insurers with whom you already have a Medicaid contract
 - This makes their contracting simpler
8. Consider how your services could fit into different programs
 - For example, home care can be part of a transitional care program or a respite care program
9. Don't forget the caregivers
 - CMS explicitly allows insurers to provide "Support for Caregivers"
10. Watch for new guidance from CMS for the 2020 rate year and be ready!

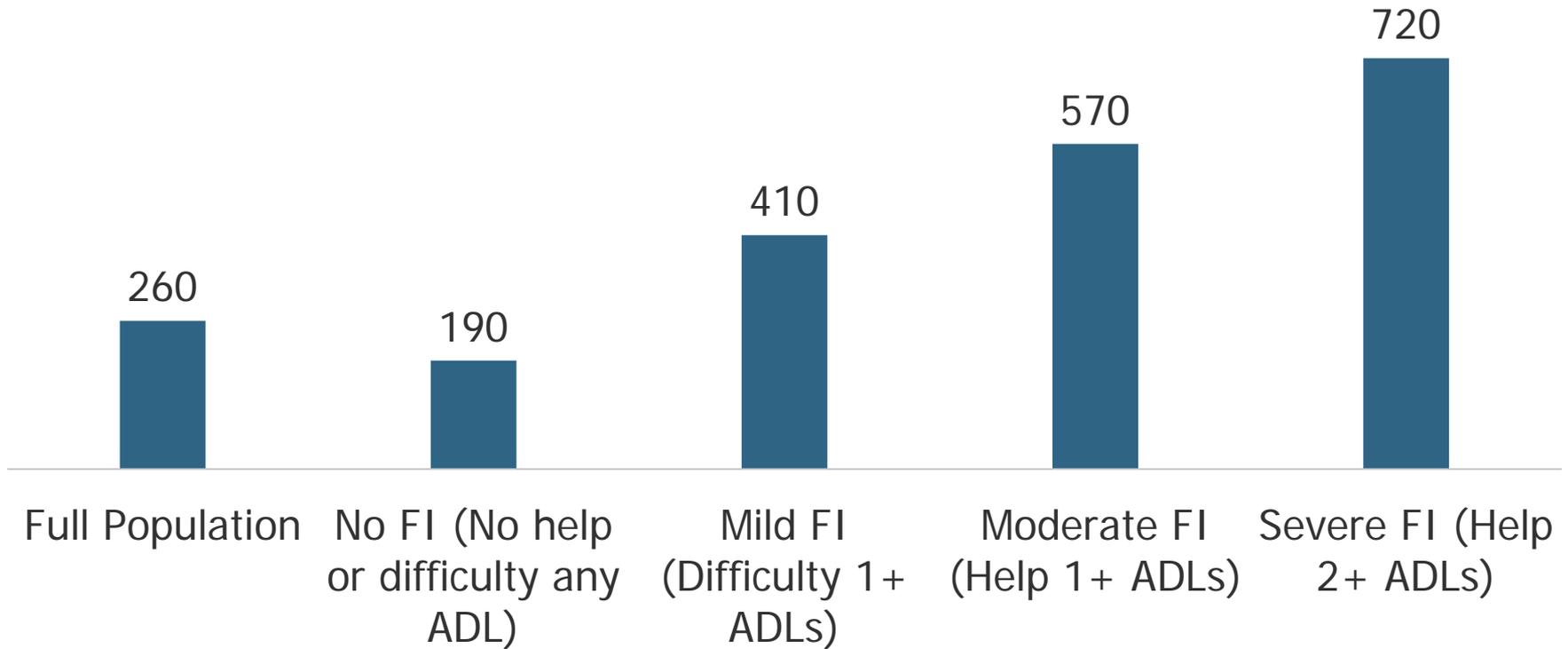
Educate Insurers About Their Enrollees' LTSS Needs

MA enrollees need LTSS at same rate as fee-for-service

How many people have ADL Challenges?		
	Medicare Advantage	Medicare Fee-For-Service
Have difficulty with 1+ ADLs (Mild FI)	34%	32%
Need help with 1+ ADLs (Moderate FI)	12%	12%
Need help with 2+ ADLs (Severe FI)	7%	7%
Diagnosed with Cognitive Impairment	7%	7%
Diagnosed with 3+ Chronic Conditions	47%	45%

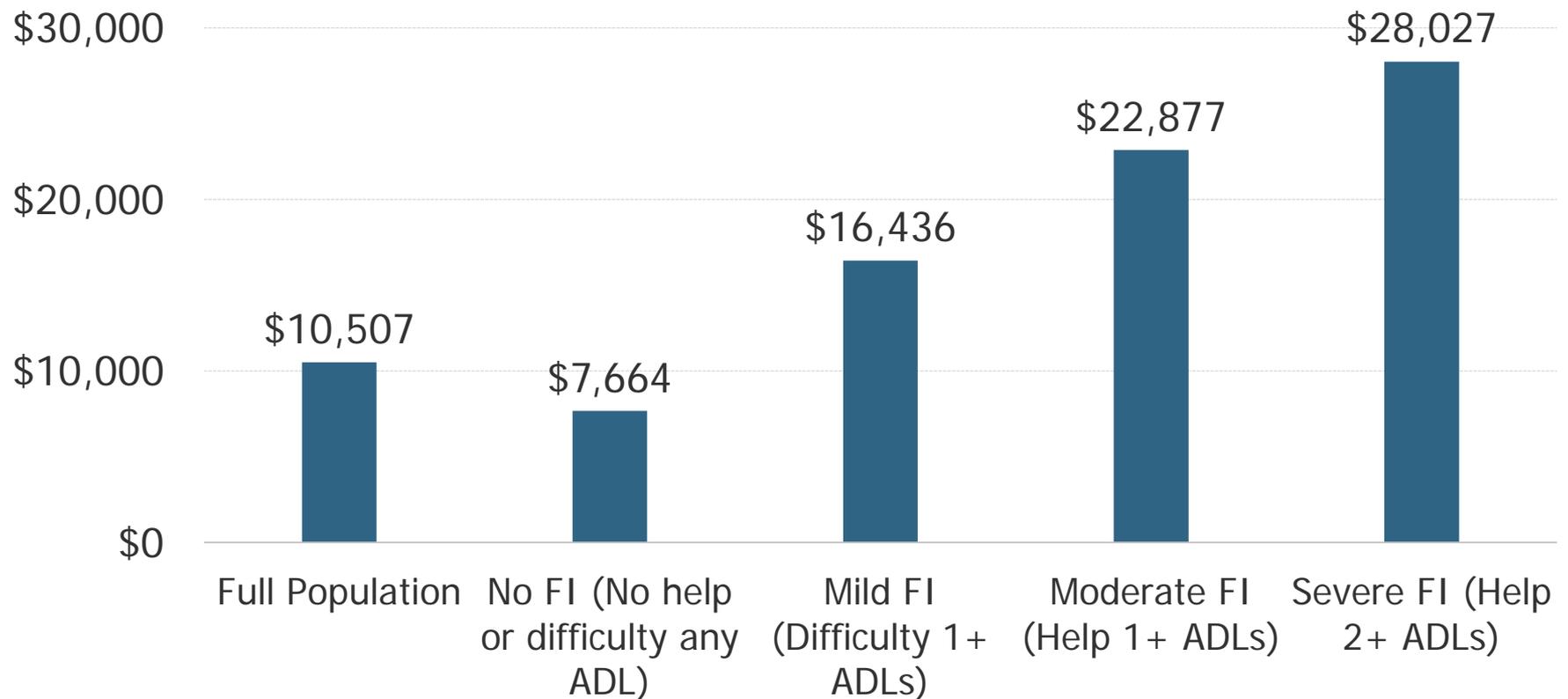
LTSS Need (Functional Impairment) Associated with High Rate of Hospital Use

Average Medicare Inpatient Admissions (admits per 1,000 enrollees), 2015



Functional Impairment Associated with High Medical Costs

Per Capita Medicare Spending, 2015

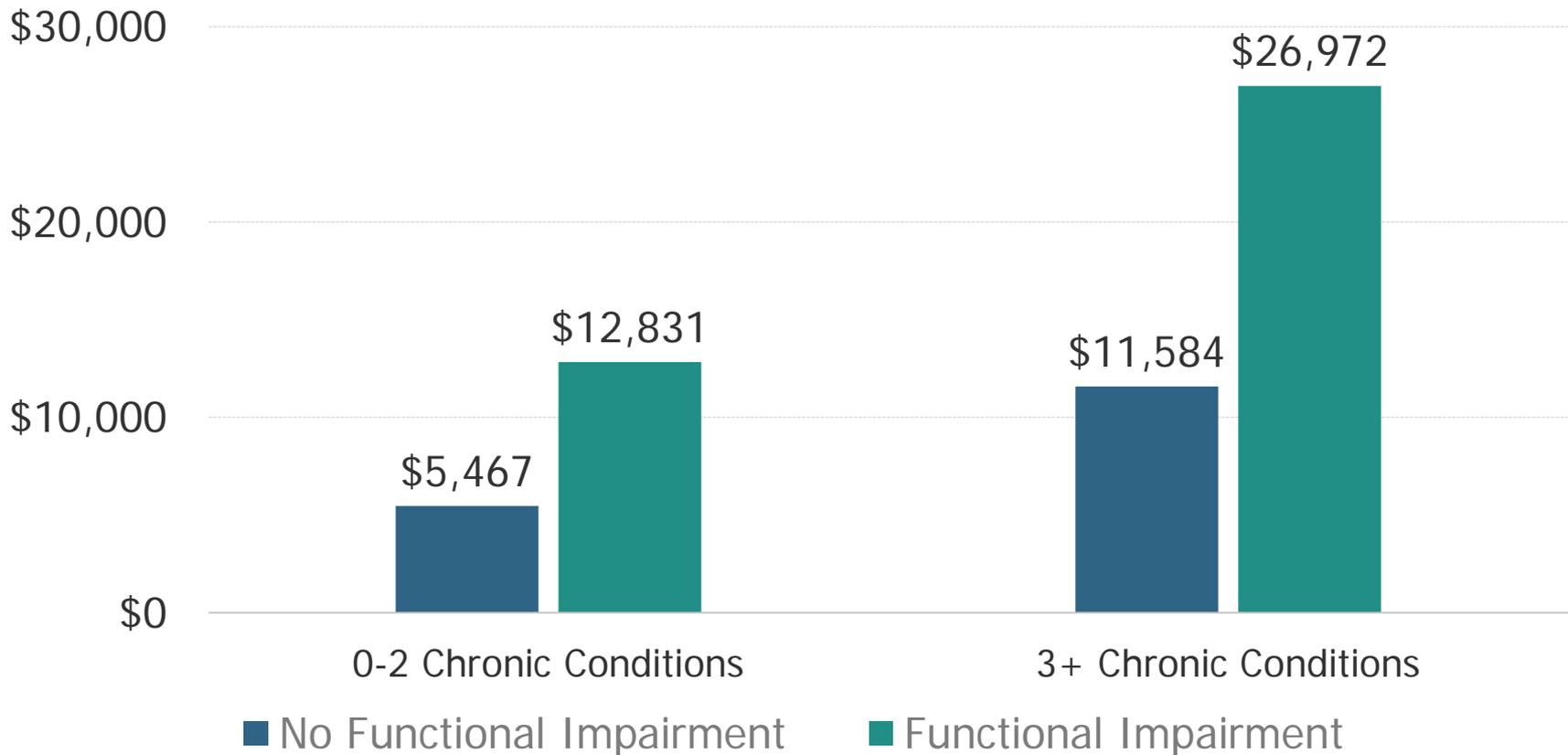


Medicare Beneficiaries with Moderate Functional Impairment Are:

- 3x as likely to be age 80+
- 2x as likely not to have graduated high school
- 2x as likely to be low income
- 3x as likely to be enrolled in Medicaid
- 2x more likely to be diagnosed with Diabetes
- 3x more likely to be diagnosed with COPD
- 4x more likely to be diagnosed with CHF

Moderate Functional Impairment Associated with High Medical Costs, Even for 3+ Chronic Conditions

Per Capita Medicare Spending, 2015





Thank you

info@annetumlinson.com

www.annetumlinsoninnovations.com



ANNE TUMLINSON
INNOVATIONS

Appreciation to Nicholas Johnson, FSA, MAAA for
review and comments.

Nick.Johnson@Milliman.com



Let us know how we did!



Select "Surveys" from WHOVA home screen

THE scan FOUNDATION 2017 CALIFORNIA SUMMIT ON LONG-TERM SERVICES & SUPPORTS
Evaluation Form

1. What are the three most important takeaways from this year's Summit?
1. _____
2. _____
3. _____

2. Please rate your overall satisfaction with the plenary sessions:

Morning Keynotes
 Excellent Very Good Good Fair Poor

Morning Panel – The Federal and State LTSS Policy Environment: Threats, Challenges, and Opportunities
 Excellent Very Good Good Fair Poor

Afternoon Plenary – Pick up the Pace, California
 Excellent Very Good Good Fair Poor

Closing Keynote
 Excellent Very Good Good Fair Poor

General comments about the plenary sessions:

3. Please indicate the morning and afternoon concurrent sessions you attended:

Morning Sessions & Workshops

- Social Media Boot Camp
- Maximizing Your Influence: tips for Nonprofit Advocates
- Cal MediConnect at Three Years
- Gadgets or Godsend: Leveraging Technology to Galvanize the Care experience
- Person-Centered Care Implementation: What? Where? How?

Look for a printed evaluation form in your program