Defining the Role of SNPs in 2011 and 2012

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Introduction and Overview

- Overview of current SNP marketplace
- Impact of health care reform on SNPs and other coordinated care options for dual eligibles
- SNP opportunities in 15 states developing dual eligible demonstration projects
- Current state use of managed care and SNPs for dual eligibles
- Managed long-term care opportunities and challenges for institutional and dual eligible SNPs
- Prospects for chronic condition SNPs
- MedPAC and MACPAC focus on dual eligibles
Current SNP Marketplace

- **SNPs in May 2011**
  - 298 dual eligible SNPs with 1,078,416 enrollees
  - 92 chronic condition SNPs with 174,338 enrollees
  - 65 institutional SNPs with 79,658 enrollees
  - 455 total SNPs and 1,332,412 total enrollees

- **80 percent of SNP enrollment was concentrated in 10 states and Puerto Rico in May 2011**
  - PR, CA, FL, NY, PA, TX, AZ, GA/SC, MN, and TN
  - PR accounted for nearly 18 percent of total SNP enrollment
  - 70 percent of enrollment was in 13 companies
    - Largest enrollment outside of PR was in United, Care Improvement Plus, HealthSpring, Kaiser, Humana, SCAN, and Healthfirst

- **55 percent of SNPs had fewer than 500 enrollees in May 2011**

Current SNP Marketplace (Cont.)

- SNP trends
  - Total SNP plans and enrollees
    - 2007: 477 plans, 1.1 million enrollees
    - 2008: 762 plans, 1.3 million enrollees
    - 2009: 699 plans, 1.4 million enrollees
    - 2010: 562 plans, 1.3 million enrollees
    - 2011: 455 plans, 1.3 million enrollees
  - Plans are consolidating and enrollment growth is flattening

- SNPs are paid in the same way as other Medicare Advantage plans, but have more care management and performance reporting requirements
  - For details, see: https://www.cms.gov/SpecialNeedsPlans/
  - MA reimbursement is scheduled to be reduced starting in 2012

- Total SNP enrollment (1.3 million) is 11 percent of total current MA enrollment of 12.2 million
  - MA covers 25 percent of 48 million Medicare enrollees
Impact of Health Care Reform on SNPs

- SNP authority extended through 2013
  - P.L. 111-148, Section 3205

- Dual eligible SNPs must have a contract with states by January 1, 2013 “to provide [Medicaid] benefits, or arrange for benefits to be provided” (MIPPA 2008, Sec. 164)
  - May include long-term care services
  - But states are not required to contract with SNPs

- Dual SNPs that are fully integrated, including capitated contracts for Medicaid LTC and other services, are eligible for a special “frailty adjustment” to their rates, beginning in 2011 (similar to PACE frailty adjustment)
  - CMS is also required to consider additional payment adjustments in 2011 for chronic condition SNPs and others serving high-risk beneficiaries
Impact of Health Care Reform on Coordinated Care Options for Duals

- Federal Coordinated Health Care Office established in CMS to improve coordination of care for dual eligibles
  - P.L. 148, Section 2602
  - Goals are to more effectively integrate Medicare and Medicaid benefits for duals and improve coordination between the federal government and states
  - Specific responsibilities include “Supporting state efforts to coordinate and align acute care and long-term care services for dual eligible individuals with other items and services furnished under the Medicare program”

- Center for Medicare and Medicaid Innovation (Sec. 3021)
  - Models to be tested include “Allowing States to test and evaluate fully integrating care for dual eligible individuals in the State, including the management and oversight of all funds under the applicable titles with respect to such individuals”
  - May be option for states with no or low managed care penetration
The Federal Coordinated Health Care Office (renamed the Medicare-Medicaid Coordination Office) and the Center for Medicare and Medicaid Innovation are partnering to help states develop integrated care programs for dual eligibles.

CMS selected 15 states on April 14, 2011 to receive contracts of up to $1 million each to help them plan dual eligible demonstration projects:
- States selected were CA, CO, CT, MA, MI, MN, NY, NC, OK, OR, SC, TN, VT, WA, and WI
- Planning contracts will be for 18 months, and demonstrations will start in 2012

SNPs are one option for coordinating care for duals; states will be considering others.
Dual Eligible Demo States Considering SNPs

- Based on a review of January 2011 proposals from 15 states selected in April 2011 to receive contracts
  - State plans may have become more focused since January

- States currently contracting with SNPs for Medicaid services
  - CA, CO, MA, MN, NY, OR, TN, WA, WI

- States considering contracting with SNPs for dual eligible demonstration
  - CA, MA, MN, NY, OR, TN, WA, WI

- State is requesting to receive Medicare payments for duals directly from CMS
  - MA, MI, OK, OR, TN, WI, VT
Duals Enrolled in Medicaid and Medicare Managed Care Plans

- Approximately 12 percent of duals were enrolled in comprehensive capitated *Medicaid* managed care plans in 2009
  - Largest numbers were in CA (196,000), TN (187,000), AZ (94,000), TX (86,000), MN (50,000), NM (31,000), and OR (31,000)
    - Source: statehealthfacts.org, “Total Dual Eligible Enrollment in Medicaid Managed Care, as of June 30, 2009.” Includes only enrollees in HIO and MCO plans.

- About 15 percent of full duals are enrolled in Medicare Advantage (MA) managed care plans, mostly in SNPs
  - CMS has not published data on enrollment by full duals in MA plans, so this is a rough estimate
Managed Long-Term Care Opportunities for SNPs

- More than half of all nursing facility residents are dual eligibles
  - 77% of Medicaid spending on duals is for long-term care (LTC)
    • 51% institutional; 26% community

- Care is highly fragmented and poorly coordinated
  - Medicare pays for short-term post-hospital SNF stays, Rx drugs, and physician services
  - Medicaid pays for long-term NF care and alternative home- and community-based services (HCBS)
  - Medicaid has little or no information on Medicare-provided services

- Incentives and resources for coordinated and cost-effective LTC for duals are not well aligned
  - Costs of avoidable hospitalizations for dual eligibles fall on Medicare, so Medicaid has few incentives to invest in programs to reduce hospitalizations
  - Nursing facilities benefit financially if dual eligible Medicaid residents are hospitalized and return after three days at higher Medicare SNF rate
  - Medicaid has lost access to Rx drug information needed to manage and coordinate care, and is generally not informed about hospitalizations
Managed LTC Opportunities (Cont.)

- Dual eligible and institutional SNPs that cover Medicaid long-term services and supports could:
  - Benefit financially from reduced Medicare-paid hospitalizations
  - Use part of those savings to fund improved care in nursing facilities and in the community that could further reduce avoidable hospitalizations
  - Manage Rx drugs in LTC settings more effectively and use information on Rx drug use to improve care management
  - Increase availability of community-based Medicaid services and reduce unnecessary use of Medicaid nursing facility services, if Medicaid capitated rates provided appropriate incentives for community care
  - Provide “one-stop shopping” for all Medicare and Medicaid acute and long-term care services for dual eligibles
Managed LTC Challenges

- Few SNPs and states have experience with managed LTC
- Medicaid LTC providers (nursing facilities and HCBS providers) often oppose managed care
- Organized dual eligible beneficiaries may also be opposed
  - The most organized and vocal beneficiaries may be managing their own care more effectively than SNPs could manage it for them
    - Not necessarily representative of all dual eligible beneficiaries
- Return on investment for states is long-term and hard to measure and explain
- Institutional SNPs face special challenges
  - Hard to build enrollment (nursing facilities must agree to contract with SNP, and then residents must choose the SNP)
  - Enrollment is low and declining; heavily concentrated in Evercare SNPs
- For more details, see March 2010 Mathematica policy brief
Prospects for Chronic Condition SNPs

- 92 CC-SNPs in May 2011, down from 153 in May 2010
  - Enrollment dropped from 210,078 to 174,338

- Starting in January 2010, CMS required CC-SNPs to specialize in serving beneficiaries with just one of 15 “severe or disabling” chronic conditions
  - For example:
    - Cancer, chronic heart failure, dementia, diabetes, HIV/AIDS, chronic lung disorders, chronic and disabling mental health conditions
  - Some exceptions when multiple conditions are “commonly co-morbid and clinically linked”
    - For example:
      - Diabetes and chronic heart failure
      - Stroke and cardiovascular disorders
  - For details see CMS 2010 Call Letter, March 30, 2009, pp. 36-38
MedPAC and MACPAC Focus on Dual Eligibles

- New Mathematica report for MedPAC summarizes care coordination efforts in nine states (AZ, MD, MA, MN, NM, NC, OK, VT, and VA) and site visits to MA, NM, and NC
  - James M. Verdier, Melanie Au, and Jessica Gillooly, “Managing the Care of Dual Eligible Beneficiaries: A Review of Selected State Programs and Special Needs Plans,” October 15, 2010

- MedPAC June 2011 Report to the Congress
  - Includes a chapter on dual eligibles and state efforts to coordinate their care
    - Also reviews D-SNP Models of Care submitted to CMS
  - Next steps will include examination of opt-out policies to increase enrollment in integrated care programs

- Medicaid and CHIP Payment and Access Commission (MACPAC) is also looking at dual eligible issues
  - June 2011 Report to the Congress focuses on Medicaid managed care more generally
  - More intensive work on dual eligibles will follow
Conclusions

- Dual eligibles in general have greater care needs and less ability to navigate the health care system than other Medicare and Medicaid beneficiaries
  - The “system” they must navigate is highly complex and poorly coordinated

- SNPs and other capitated managed care plans that include all Medicare and Medicaid benefits for dual eligibles can improve their care and reduce overall expenditures

- Substantial obstacles to expansion of managed care for duals currently exist
  - Most legal and regulatory obstacles are on the Medicare side, but there are political obstacles on the Medicaid side in many states
  - Voluntary enrollment in Medicare managed care limits enrollment
  - Inability to share in Medicare savings limits state interest

- The new CMS Medicare-Medicaid Coordination Office is actively working to help reduce these obstacles