MENTAL HEALTH SERVICES IN SPECIAL NEEDS PLANS
Integrated Care For Persons With Mental Disorders

James M. Verdier

SAMHSA/CMS Invitational Conference on Medicaid and Mental Health Services

Baltimore, MD
September 28, 2007
Medicare Advantage Special Needs Plans (SNPs) represent a major opportunity to better integrate Medicare and Medicaid acute and long-term care for dual eligibles.

- Background on current enrollment and location

SNPs can link limited Medicare mental health benefits with more extensive Medicaid benefits if they are able to contract with states.

State interest in contracting with SNPs to cover Medicaid benefits for duals will likely depend on state’s interest in providing Medicaid long-term care (LTC) benefits in managed care settings.
Special Needs Plans

- SNPs can specialize in serving nursing facility residents, dual eligibles, and others with severe or disabling chronic conditions (SSA, Sec. 1859(b)(6))
  - SNPs are Medicare plans and cover only Medicare services
  - Can contract with Medicaid to cover Medicaid services for duals

- Total number of SNPs in August 2007 – 478
  - Dual eligible – 321
  - Chronic or disabling condition – 73
  - Institutional – 84

- Up from 273 in July 2006
  - 226 dual eligible, 12 chronic, and 35 institutional
Special Needs Plans (Cont.)

- SNPs are Medicare Advantage (MA) managed care plans that also offer Part D prescription drug coverage (MA-PDs)

- Only 13% of SNPs are offered by parent organizations focusing exclusively on SNPs
  - Other 87% are offered by parent organizations that also offer regular MA plans

- Almost 60% of SNPs exist alongside regular MA plans offered by the same parent organization in the same service area
  - One Medicare choice in a menu of options

SNP Enrollment

- Total SNP enrollment (August 2007) – 989,112
  - Dual eligible plans – 709,665
  - Chronic or disabling condition plans – 135,903 (60,945 in PR)
  - Institutional plans – 143,544 (29,664 in Evercare)

- Up from 531,507 in July 2006

84% of total August 2007 SNP enrollment was in 9 states and Puerto Rico:
- PR, CA, PA, NY, AZ, FL, TX, MN, TN, and AL

Nearly 60 percent of total enrollment was in 10 companies.

Number of SNPs with fewer than:
- 10 enrollees – 68
- 100 enrollees – 138
- 500 enrollees – 273

SOURCE: SNP Comprehensive Reports on CMS web site
• About 200,000 of current SNP enrollment is in plans that “passively enrolled” beneficiaries from Medicaid managed care plans in 2005-2006
  – Most passive enrollment was in PA, AZ, MN, CA, TX, TN, OR, and KY
  – A one-time event; will not be repeated
SNP Enrollment Challenges

- As of January 2007, 6.3 million of 6.8 million full dual eligibles were in stand-alone prescription drug plans (PDPs) (CMS 1/30/07 report)
  - They obtain their other Medicare benefits through traditional fee-for-service (FFS) Medicare
  - About 500,000 were in MA-PD plans, mainly SNPs
  - SNPs must try to persuade duals in PDPs to move to SNPs

- Most SNPs have few ways to identify duals and market to them

- Duals can change Part D plans at any time
  - But few seemed to have moved out of PDPs into MA-PD plans since July 2006
Medicare Fee-for-Service Mental Health Benefits Are Limited

- Coinsurance is 50% for outpatient mental health care
  - 20% for most physical health benefits
  - Medicaid pays Medicare co-insurance for most dual eligibles
- Mental health care in a psychiatric hospital is limited to 190 days in a lifetime
  - No lifetime limit for care in a general hospital

- Medicare paid for only 7.3% of all mental health expenditures in 2003
  - Medicaid paid for 26.3%
  - SAMHSA, “National Expenditures for Mental Health Services and Substance Abuse Treatment, 1993-2003”, Table A.2
Medicare Part D Rx Drug Coverage

- Medicare Part D plans must include “all or substantially all” antidepressant, antipsychotic, and anticonvulsant Rx drugs in their formularies.

- Part D does not cover benzodiazepines
  - Excluded by Part D statute
  - All states cover them under Medicaid for dual eligibles

- Dual eligibles have limited Part D cost sharing
  - No premiums or deductibles
  - $1-$2.15 generic copays
  - $3.10-$5.35 brand-name copays
  - No donut hole
  - No copays after drug spending reaches $5,451
Medicaid Coverage of Mental Health Services for Dual Eligibles

- Mandatory services that may include care for those with mental illness
  - Long-term nursing facility and home health services

- Optional services
  - Psychologists (31 states)
  - Mental health rehabilitation/stabilization (45 states)
  - Inpatient hospital/nursing facility services in an IMD for those 65 and older (43 states)
  - Inpatient psychiatric services for those under 21 (48 states)
  - Targeted case management (49 states)

SOURCES: Kaiser Family Foundation Medicaid Benefits Online Database and CMS “Medicaid At-a-Glance 2005”
Medicaid Rx Drug Use By Dual Eligibles in 2002

- **Antipsychotics**
  - Used by 24% of all duals
    - 31% of disabled duals
    - 42% of all-year nursing facility residents

- **Antidepressants**
  - Used by 39% of all duals
    - 47% of disabled duals
    - 54% of all-year nursing facility residents

- **Benzodiazepines**
  - Used by 18% of all duals

**SOURCE:** Medicaid Pharmacy Benefit Use and Reimbursement, 2002, prepared by Mathematica Policy Research for CMS. Available at: http://www.cms.hhs.gov/MedicaidDataSourcesGenInfo/08_MedicaidPharmacy.asp
Potential for Fully Integrated Care For Duals in SNPs

- If SNPs are able to contract with states for full Medicaid benefits, all Medicare and Medicaid acute and long-term-care (LTC) benefits could be available from one source
  - Physical and mental health benefits could be integrated and coordinated
  - Currently being done to varying degrees in a number of states, including MN, WI, MA, AZ, TX, and others

- Obstacles
  - Most states are not yet able or willing to contract with SNPs
  - Few SNPs currently have experience managing LTC and mental health benefits
SNPs and States

- SNPs that offer only Medicare benefits may have difficulty demonstrating that they are adding value beyond what a standard Medicare managed care plan can offer.

- Partnering with states to cover Medicaid benefits is an opportunity for SNPs to add value for dual eligible beneficiaries and states.

- CMS July 27, 2006 Fact Sheet (“How To” Guides):
  - Improving Access to Integrated Care for Beneficiaries Who Are Dually Eligible for Medicare and Medicaid

- CMS Medicare Advantage applications for 2008 required SNPs to identify existing contracts with Medicaid and plans to work with states to coordinate Medicare and Medicaid services.
MedPAC June 2007 Report to the Congress
- “[W]e see that many SNPs are not taking advantage of the opportunity to better coordinate care for special needs beneficiaries. . . . [W]e do not see how dual-eligible SNPs that do not integrate Medicaid could fulfill the opportunity to coordinate the two programs.” (P. 71)
Why Would States Want to Contract With SNPs?

- Improve care coordination for dual eligibles
- Achieve administrative efficiencies
  - Fee-for-service Medicaid wrap-around coverage for duals (Medicare cost sharing, Rx drugs excluded from Part D, vision, dental, etc.) can be awkward and inefficient
    - Up-front capitation may work better
- Reduce cost shifting from Medicare to Medicaid
- Save state money
  - If SNP covers vision, dental, hearing, etc. as supplemental benefits with “savings” from below-benchmark bids, may reduce cost of Medicaid coverage of those benefits for duals
- Move toward fuller integration and better care for duals
State Interest in Contracting With SNPs

- Center for Health Care Strategies (CHCS) December 2006 survey of states (37 respondents)
  - 12 had some kind of current relationship with SNPs
  - 9 more planned a relationship in 2007-2008
  - 13 more reported some interest

- Over 85% of August 2007 SNP enrollment (minus PR) was in 16 states that currently contract with SNPs and/or cover dual eligibles in comprehensive Medicaid managed care plans
Medicaid Managed LTC

- States offering or planning to offer managed LTC in Medicaid are best prospects for partnership with SNPs

- AZ, FL, MA, MN, NY, TX, WI currently have managed LTC programs
  - For details, see 11/05 AARP Issue Brief: http://assets.aarp.org/rgcenter/il/ib79_mmltc.pdf

- CHCS has made grants to five states to help them develop integrated care programs (FL, MN, NM, NY, and WA) and is working with others, including AZ, MA, and WI
  - For details, see http://www.chcs.org/info-url_nocat3961/info-url_nocat_show.htm?doc_id=291739
What Medicaid Benefits Could Be Included in SNP Benefit Package?

- In order of increasing complexity and comprehensiveness
  - Medicare premiums and costs sharing
  - Rx drugs excluded from Part D
  - Acute care services not covered or only partially covered by Medicare
    - Vision, dental, hearing, transportation, DME, care coordination, behavioral health
  - Comprehensive care management and personal services
  - Medicaid LTC services not covered by Medicare
    - Nursing facility, home health, home- and community-based services (HCBS)

- For more detail, see October 2006 CHCS primer for states at: 
  http://www.chcs.org/publications3960/publications_show.htm?doc_id=412536
Challenges for States and SNPs

- Working with conflicting Medicare and Medicaid managed care rules
  - Rate setting and financing
  - Marketing and enrollment
  - Complaints, grievances, and appeals
  - Monitoring and reporting

- Setting capitated rates for NF and HCBS services
  - Little experience in states or in Medicare
  - Important to give incentives for more use of HCBS
  - See forthcoming CHCS report by Kronick and LLanos

- Serving beneficiaries in NFs and HCBS settings
  - Most managed care plans have little experience

Conclusion

- SNPs have the potential to integrate Medicare and Medicaid acute and LTC mental health benefits

- Only a relatively small number of states are currently in a position to contract with SNPs for extensive coverage of Medicaid benefits

- But states and SNPs should begin to work together now to lay the groundwork for further integration in future years
  - A major way for SNPs to demonstrate they are “special”

- CMS is making significant efforts to facilitate state and SNP steps toward integration