



Special Needs Plans: Innovations in Medicare Managed Care for Dual Eligible Beneficiaries

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What are Special Needs Plans (SNPs)?

- Since the 1990's states and the federal government have experimented with managed care programs targeted to individuals with special health care and/or long term care needs on a limited basis
 - » Persons with permanent disabilities
 - » Persons of advanced age
 - » Persons with chronic illnesses
 - Special Need Plans differ from standard Medicare Advantage plan offerings
 - » Enhanced care coordination
 - » Enhanced access to specialists
 - » In some instances, enhanced coordination among benefits and payers (i.e., Medicare and Medicaid)
 - » Services tailored to specific population needs
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Three Categories of SNPs Authorized under Sec. 231 of MMA

- **Dual eligible** – Entitled to Medicare and Medicaid
 - » In March 2006, CMS announced duals SNPs could target benefit packages to subsets of duals (specific disability groups, persons with chronic illness)
 - » Marketing Focus: Broad marketing approaches such as community-based organizations, physicians, and beneficiary advocacy organizations
- **Institutional** – Individuals who reside or are expected to reside for 90 days or longer in a skilled nursing facility (SNF), nursing facility (NF), intermediate care facility for the mentally retarded (ICF/MR), or inpatient psychiatric facility
 - » Also includes those individuals living in the community who require an equivalent level of care to that of individuals in facilities
 - » Marketing Focus: Nursing facility administrators and facility residents
- **Chronic Conditions** – CMS has not yet issued a definitive definition
 - » CMS currently evaluates SNP applications on a case-by-case basis
 - » Marketing Focus: Physicians and other chronic care providers



Hypothetical Examples of SNP Enrollees and Incentives to Enroll

- SSDI eligible young adult with a severe mental illness (SMI)
 - » Care coordinators with expertise
 - » High proportion of mental health professionals in provider network
 - » Fewer utilization controls on psychiatric medications
 - » Specialized mental services that focus on preventing inpatient stays and recovery
 - Dual eligible elderly woman with rheumatoid arthritis and congestive heart failure
 - » Care coordinator who makes home visits to ensure access to and coordination of complex medical services
 - » Focus on keeping her in her own home and not a nursing home
 - » Transportation to all medical appointments
 - » Adult day services
 - » Expedited exceptions and appeals for off-label use of drugs
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SNP Requirements

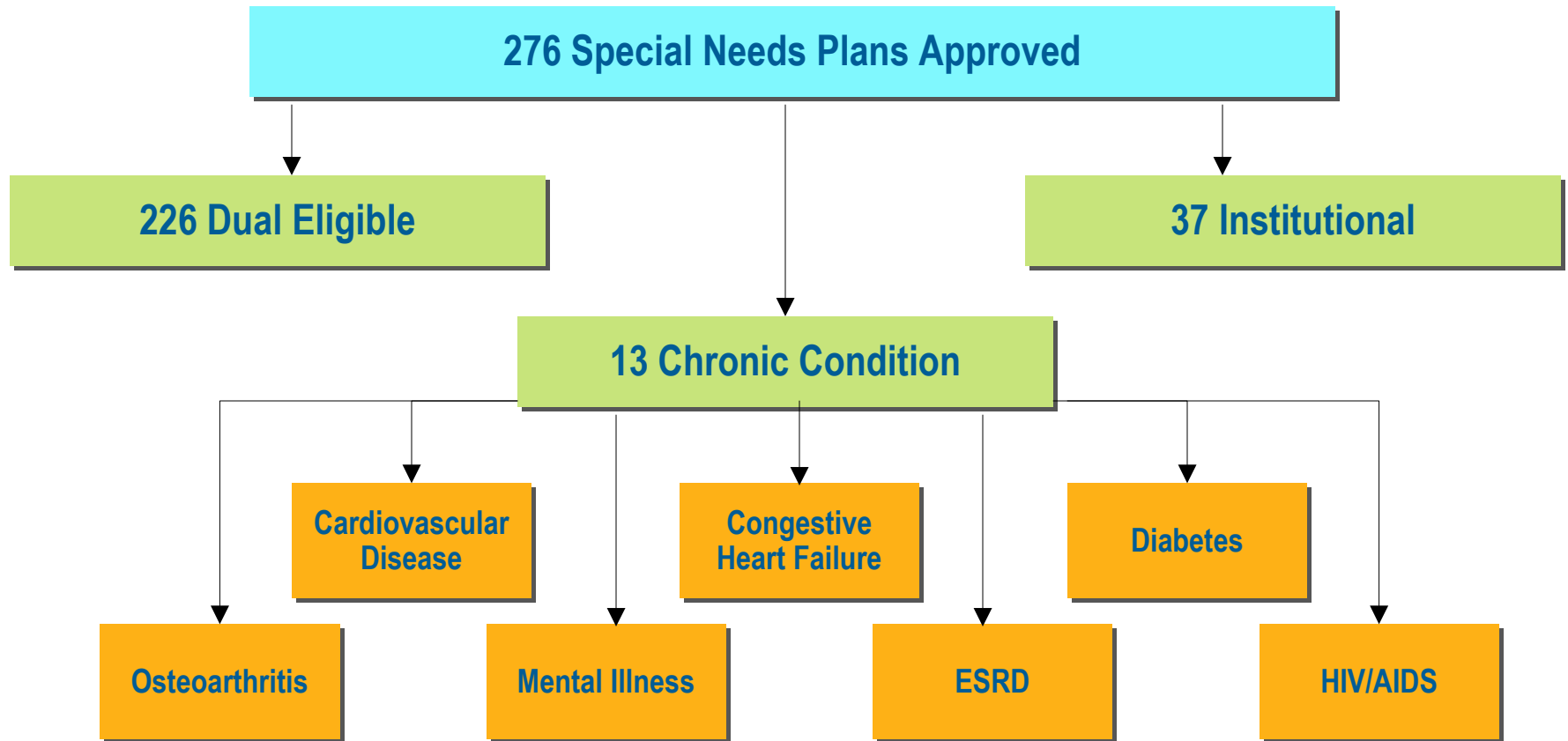
- Must be an MA plan
 - » New requirement in 2007 MA Plan application
- Offer all MA services including the Part D drug benefit
- Provide services tailored to their special needs population that go beyond standard Medicare services
- Follow MA plan marketing guidelines
- Meet all federal MA plan application requirements.
- Full dual eligibles who were prior members of Medicaid managed care plans which now offer a SNP were *passively enrolled* into their plan's SNP on January 1, 2006 (beneficiaries may voluntarily opt-out)



Commercial plan response has been moderate

- CMS signed contracts with 91 distinct corporate entities
 - » 42 states, DC, and Puerto Rico have one or more SNP offerings
 - » Statewide SNP penetration is high
 - Eight states, DC and PR have one or more SNPs in each county
 - Two states have one or more SNPs in all but one county
 - » Overall number of plan offerings is large in some states (NY - 42 & FL - 35)
 - Interest is due to
 - » Medicare Advantage Risk Adjuster and pending frailty adjuster
 - » Potential to control both Medicare and Medicaid services and dollars
 - » Potential to control both acute and long term care services
 - » Capacity to target capitation and benefit package
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Overview of 2006 Special Needs Plans by Type of Plan



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Current enrollment low, but trends point up in next 2 to 5 years

- Current Enrollment
 - » Current duals enrollment in SNPs estimated to be less than 100,000
 - » Medicare-only beneficiary enrollment in institutional or specialty SNP unclear
- 2006 potential enrollment is difficult to predict, but a few helpful benchmarks:
 - » CMS has indicated that 500,000 duals are enrolled in MA-PD plans
 - » As of mid-2004, about 700,000 duals were enrolled in some form of Medicaid managed care
 - » State, federal and commercial SNP expansion trends point to more duals being served by SNP in 2007 and 2008
 - Likely drawn from existing MA-PD and Medicaid managed care plans
- Bottom line: Ample numbers of potential beneficiaries to attract plans, at least in certain areas of the country



Trends point to SNP growth in next 2 to 5 years

■ CMS

- » McClellan publicly urged governors to consider SNPs as a tool to improve care for dual eligibles and rein in Medicaid cost growth (NGA winter meeting)
- » Established a policy team on Medicare and Medicaid integration
 - SNP is considered a key tool to expanding integration projects
 - 2007 MA application includes expanded SNP section requiring plans to submit detail on their relationships with Medicaid agencies
- » Denied managed care plans' chronic care demonstration applications instead directing them to use the 2007 MA application for SNP designation
- » Top CMS staff have publicly indicated that SNP will continue rapid growth in 2006 application cycle, especially chronic care and disability-specific SNPs

Trends point to SNP growth in next 2 to 5 years

■ States

- » SNP may present opportunities to delay or prevent nursing home placement
 - Less likely to shift existing nursing home patients into home and community based settings
- » Potential to increase pool of plans interested in providing duals coverage
 - State emphasis on Medicaid managed care expansion for aged, blind and disabled populations
- » Examples
 - AZ ALTCS 2006 RFP requires all qualified plan applicants to have SNP designation or have contractual relationship with SNP
 - Phase two of Vermont Section 1115 Long Term Care Transformation Waiver will introduce SNP
 - Avalere intelligence indicates that a significant number of other Medicaid agencies are establishing or exploring SNP relationships
 - CA (Orange Co), FL, MA, MN, MD, NM, NY, WA, WI
 - At least six other states are in early exploratory stages



Plans and Government have incentives to grow SNPs

- States and federal government see potential to reduce past challenges with integrating Medicare and Medicaid services for dual eligibles
- State focus on integration hopes to achieve greater control over Medicaid costs for duals
 - Slower and more predictable rates of cost growth for Medicaid-covered services, especially LTC
 - Higher-quality care through greater coordination among providers
 - Potential for long-range savings via disease management, prevention
- Federal interests mirror state interests, as well as invigorating Medicare managed care
- Conclusion: Plans will be there in the next few years; will dually eligible beneficiaries embrace managed care?