

MEDICAID MANAGED CARE: OPPORTUNITIES AND IMPLICATIONS OF STATE EXPANSIONS FOR SPECIAL NEEDS PLANS

James M. Verdier
Mathematica Policy Research, Inc.

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Introduction and Overview

- **Medicare Advantage Special Needs Plans (SNPs) represent a major opportunity to better integrate Medicare and Medicaid acute and long-term care for dual eligibles**
- **SNPs face major challenges in enrolling dual eligibles**
 - **Over 90 percent are now in stand-alone prescription drug plans (PDPs)**
- **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**
 - **Medicaid acute care benefits for duals are now very limited**

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
- 276 SNPs approved by CMS for 2006
 - 226 for dual eligibles
 - 37 for those in institutions
 - 13 for those with chronic conditions
- 43 states have one or more approved SNPs
 - Most have little enrollment unless duals were “passively enrolled” from existing Medicaid managed care plans

SNP Enrollment Challenges

- **As of May 7, 2006, 5.9 million of 6.4 million full dual eligibles were enrolled in PDPs**
 - **Receive Rx drugs and other Medicare benefits on a fee-for-service (FFS) basis**
 - **About 500,000 are in Medicare managed care plans, including SNPs**
- **How can SNPs identify duals in PDPs, market to them, and enroll them?**
 - **States can help, but SNPs need to offer benefits and services for duals beyond what they can get in Medicare FFS**

Options for Building SNP Enrollment

- **Some SNPs have benefitted from passive enrollment from Medicaid managed care plans**
 - **Based on press accounts, about 200,000 duals in about a dozen states were passively enrolled in SNPs in 2005-2006**
 - ◆ **About 100,000 in PA, with most of the rest in AZ, CA, MA, MN, NY, TX, WI**
 - ◆ **One-time event**
- **Companies that own both SNPs and PDPs in the same geographic area have contact info for duals in their PDPs (e.g., United, Humana, WellCare)**
- **SNPs can work through physicians, clinics, community organizations, nursing facilities**
- **States can send mailings to duals in PDPs informing them of SNPs and other options**

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**
 - **Disease management and coordination of Medicare benefits is common in Medicare managed care plans**
- **Partnering with states to cover Medicaid benefits is an opportunity for SNPS to add value for dual eligible beneficiaries and states**
 - **Including only Medicaid acute care benefits (dental, vision, transportation) adds limited value**
 - **Real opportunity is in adding Medicaid long-term care (LTC) benefits**
 - ◆ **Home- and community-based services (HCBS) and nursing facility (NF) services**

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/rqcenter/il/ib79_mmltc.pdf
- Center for Health Care Strategies (CHCS) has made grants to five states to help develop integrated care programs (FL, MN, NM, NY, and WA) and is working with five others (AR, MD, MI, RI, and VA)
 - For details, see http://www.chcs.org/info-url_nocat3961/info-url_nocat_show.htm?doc_id=291739

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
- **Serving beneficiaries in NFs and HCBS settings**
 - Most managed care plans have little experience
 - Evercare has extensive experience with NFs, but less with HCBS

Conclusion

- **SNPs present a major opportunity to improve care for dual eligibles and other Medicare beneficiaries**
- **Cooperation among states, SNPs, and CMS is needed to achieve the full promise of SNPs**
- **CHCS and others are working to help facilitate this cooperation**
- **Mathematica is preparing congressionally mandated evaluation of SNPs for CMS**
 - **Due to Congress by December 31, 2007**