

DUAL ELIGIBLE POPULATIONS AND SPECIAL NEEDS PLANS

Current and Future Strategies

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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% 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
- Total number of SNPs – 273 (7/1/06)
 - ◆ Dual eligible – 226
 - ◆ Chronic or disabling condition – 12
 - ◆ Institutional – 35
- Early Snapshot of SNP activity in Boston, Phoenix, and Miami (June 2006 Mathematica MedPAC report)
 - http://www.medpac.gov/publications/contractor_reports/Jun06_MA_SNP.pdf

SNP Enrollment

- Total SNP enrollment (7/1/06) – 531,507
 - Dual eligible plans – 439,412
 - Chronic or disabling condition plans – 69,939 (68,609 in PR)
 - Institutional plans – 22,156 (19,643 in Evercare/United)
- 88% of total SNP enrollment is in 9 states and Puerto Rico
 - PR, PA, AZ, MN, TX, CA, NY, TN, FL, OR
- About half of SNP enrollment is in plans that “passively enrolled” beneficiaries from Medicaid managed care plans
 - Most passive enrollment is in PA, AZ, MN, CA, TX, TN, and OR
- Number of SNPs with fewer than:
 - 10 enrollees – 46
 - 100 enrollees – 102
 - 500 enrollees – 167

SOURCE: CMS 7/26/06 annual enrollment report by plan

SNP Enrollment Challenges

- As of June 11, 2006, 6.1 million of 6.5 million full dual eligibles were in stand-alone PDPs
 - About 500,000 were in MA-PD plans, mainly SNPs
- Most SNPs have few ways to identify duals and market to them
 - CMS efforts to enable duals to stay in current PDPs for 2007 will put fewer of them “in play”
- 75% of seniors in a recent poll said they do not intend to switch Part D plans
 - 10% say they might switch and 13% are unsure
 - ◆ Medicare Rx Education Network survey, reported on September 14, 2006

Options for Building SNP Enrollment

- 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 help SNPs identify duals and inform duals about integrated care options
 - “CMS encourages states to promote the benefits of enrollment into integrated managed care products for duals, while not directly marketing any one particular Medicare managed care plan.”
 - ◆ July 19, 2006 CMS Marketing “How To” Guide

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 Fact Sheet (“How To” Guides)
 - *Improving Access to Integrated Care for Beneficiaries Who Are Dually Eligible for Medicare and Medicaid*
 - ◆ <http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=1912>

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
- Center for Health Care Strategies (CHCS) has made grants to five states to help them 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

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
- 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
- Move toward fuller integration

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 forthcoming CHCS primer on Medicare Advantage rate setting and risk adjustment

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

Conclusion

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