



Advising the Congress on Medicare issues

Medicare Advantage program: Status report

Scott Harrison, Carlos Zarabozo, and Andrew Johnson
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Today's presentation

- Summary of Medicare Advantage (MA) enrollment, availability, benchmarks, bids, payment, and coding intensity
- Draft recommendations on contract consolidation and quality reporting

Summary of MA findings

- In 2017, MA enrollment grew 8%
 - 19 million enrollees
 - 32% of all Medicare beneficiaries
- In 2018, MA plans available to 99% of beneficiaries
 - Average beneficiary has 20 choices
 - \$95 average monthly rebate for extra benefits
- In 2018, estimated MA benchmarks, bids, and payments (including quality bonuses) will average 107%, 90%, and 101% of FFS spending, respectively
- Coding intensity caused MA risk scores to be 2 to 3% higher than FFS, after adjustments (not reflected above)

MA star ratings and contract consolidations

- Contracts at 4 stars or higher receive bonus payments
- Companies consolidate contracts so that “consumed” contracts receive the star rating of “surviving” contracts
- In the past 5 years, 140 consolidations, including 108 contracts moving from non-bonus status (under 4 stars) to bonus status (4 stars or higher)
 - 4.1 million enrollees moved to bonus status over the 5 years—about 20 percent of total MA enrollment
 - Highest activity at the end of 2017, with 17 contracts moved to bonus status, affecting 1.4 million enrollees—moving 8 percent of total enrollment to bonus status

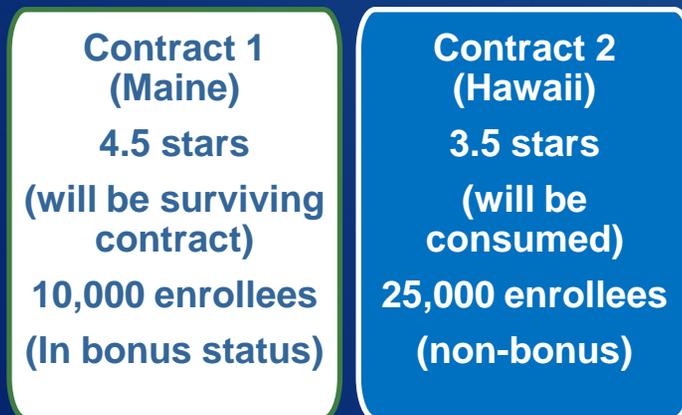
Concerns about contract consolidation to boost star ratings

- Increased program expenditures
- Inaccurate consumer information on quality in Medicare Plan Finder when surviving contract stars used instead of consumed contract stars
- Quality data not representative of performance in local area
- Unfair competitive advantage in a given market in comparative star ratings and rebates

Contract configurations before and after consolidation

Prior to consolidation:

2 contracts, 2 states, 1 plan
in each state



After consolidation:

1 contract, 2 states, 1 plan
in each state



- Current policy is that plans under a consumed contract immediately acquire the star rating of the surviving contract.

Addressing the problem

- Immediate solution whereby star ratings based on pre-consolidation configuration
- Have quality data reported under pre-consolidation configuration
- Move to quality reporting at the local geographic level

Consolidations at the end of 2017 involving separate geographic areas

- In the current cycle of contract consolidations (the end of 2017, effective January 1, 2018):
 - 17 contract consolidations in which a contract below 4 stars was consumed by a contract at or above 4 stars
 - Only one of the cases involved any overlap of service areas
 - All other cases involved distinct geographic service areas

Conclusion

- Questions/discussion on MA landscape material
- Vote on draft recommendations