

Recommendations on the future of the Social Health Maintenance Organization (S/HMO) project (mandated study)

ISSUE: What has been the experience of beneficiaries enrolled in Social Health Maintenance Organization (S/HMO) plans? Should the S/HMOs be converted to standard Medicare+Choice plans?

KEY POINTS: This paper discusses the demonstration of the S/HMO and includes draft recommendations. MedPAC is required to submit a report to the Congress containing recommendations regarding the demonstration no later than six months after the Secretary submits his final report on the S/HMO.

The Secretary submitted reports to the Congress in February 2001 and February 2003 on the future of the S/HMO demonstration. The February 2001 report presented options and recommended converting the S/HMO demonstration plans into standard Medicare+Choice plans. The February 2003 report presented final evaluation results and no recommendations. CMS proposed in March 2003 phasing in Medicare+Choice risk adjustment with a frailty adjustment for S/HMOs. This paper discusses the results of the evaluation and presents draft recommendations on conversion of the S/HMOs to Medicare+Choice and risk adjustment for frail populations.

The CMS final report on the S/HMO demonstration was submitted to the Congress on February 28, 2003.

ACTION: Staff will present information on the evaluation of the S/HMO demonstration and draft recommendations. The Commission needs to make a decision on its recommendations at this meeting because the report is due in August and there will be no public meetings until September.

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