Advising the Congress on Medicare issues

The Medicare Advantage program

Scott Harrison and Carlos Zarabozo

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Today's session

- New information on plan enrollment, availability, and payments
- Data on enhanced benefits
- Data on quality

Medicare Advantage enrollment continues growing rapidly

	Enrollment / total Medicare	November enrollment		
		2008	2009	change
Total	24%	9.9m	10.9m	10%
Rural	15	1.4	1.6	14
Urban	26	8.5	9.3	9
Plan type				
HMO	15	6.5	7.0	7
Local PPO	2	0.7	1.0	42
Regional PPO	1	0.3	0.4	42
PFFS	5	2.3	2.4	7

Note: PFFS (Private fee-for-service).

Source: MedPAC analysis of CMS enrollment data.

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Percentage of Medicare beneficiaries with an MA plan available, 2005-2010

Type of plan	2005	2006	2007	2008	2009	2010
Local CCP	67%	80%	82%	85%	88%	91%
Regional PPO	N/A	87	87	87	91	86
PFFS	45	80	100	100	100	100
Any MA	84	100	100	100	100	100
Avg. number of choices	5	12	20	35	34	21
Zero-premium plan with drugs	N/A	73	86	88	94	85

Note: CCP (coordinated care plans), PFFS (private fee-for-service), MA (Medicare Advantage), zero premium plan (no enrollee premium beyond Medicare Part B premium).

Source: CMS website, landscape file.

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MA plan payment policy based on bids and benchmarks

- If bid > benchmark, Medicare pays benchmark, enrollee pays premium
- If bid < benchmark
  - Medicare keeps 25% of difference
  - enrollees get 75% as enhanced benefits
- Benchmark set at >= FFS in all counties

Benchmarks, bids, and payments relative to FFS for 2010

PRELIMINARY DATA, SUBJECT TO CHANGE

	Benchmarks/ FFS	Bids/ FFS	Payments/ FFS
All MA plans	117%	104%	113%
Plan type			
HMO	116	100	112
Local PPO	119	112	117
Regional PPO	113	109	112
PFFS	118	116	117

Note: MA (Medicare Advantage), PFFS (private fee-for-service).
Source: MedPAC analysis of CMS bid and rate data.

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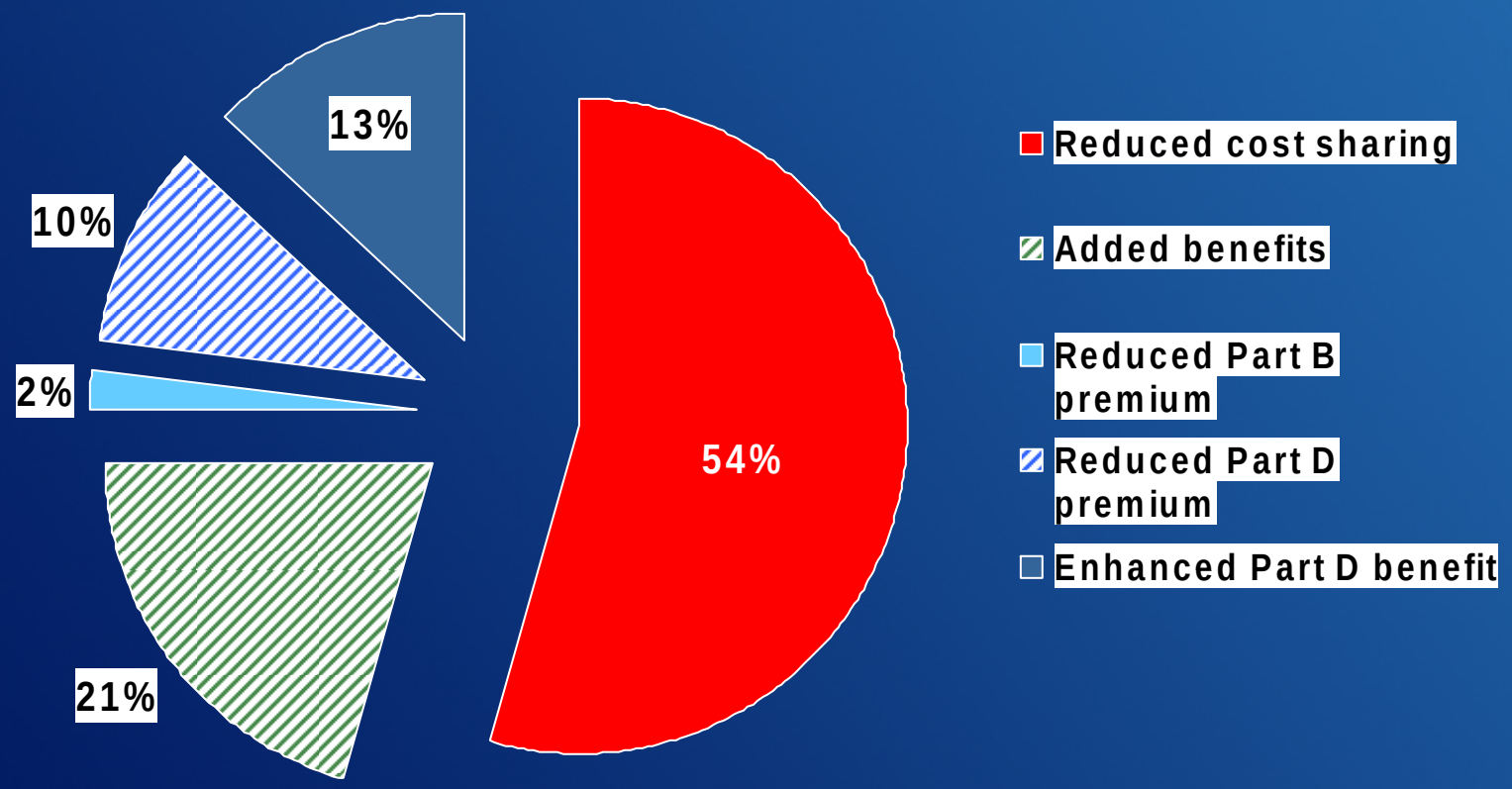
2010 benchmarks slightly lower than 2009

- 2010 benchmarks lower than 2009 by 0.5%
  - Phase-out of “hold-harmless” and IME –1.3%
  - National (FFS) growth percentage 0.8%
- Decisions on physician fee schedule affect benchmarks and our estimates

Reduced cost sharing comprises the greatest share of enhanced benefit dollars

Distribution of benefit enhancement dollars by type of benefit, all MA plans, 2010



NOTE: Data are reported on an enrollment-weighted basis using plans' projections of enrollment. Part B-only plans excluded.

Source: MedPAC analysis of plan bid data.

Enhanced benefits are highly subsidized

PRELIMINARY DATA, SUBJECT TO CHANGE

Plan type	Dollar amount of payment above FFS, pm/pm	Value of enhanced benefit pm/pm, 2010 (projected)	
		Benefit plus load (= rebate)	Benefit only (load removed)
All MA plans	**$97**	**$70**	**$63**
HMO	93	91	82
Local PPO	109	37	34
Regional PPO	99	32	30
PFFS	105	20	18

NOTE: Pm/pm (per member per month), PFFS (private fee-for-service).

Source: MedPAC analysis of plan bid data.

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MA HEDIS® results: Little change over the past year

- Most HEDIS® measures unchanged from last year ("flat" performance—NCQA)
- Continued variation in results across plans
- Newer plan scores tend to be lower

Note: HEDIS® (Healthcare Effectiveness Data and Information Set), NCQA (National Committee for Quality Assurance).

Other quality indicators in MA show positive results

- *CAHPS®* survey shows MA enrollees satisfied with their health plans and with the care they receive—same levels as last year
- *Health Outcomes Survey* continues to show most plans perform within expected ranges (all plans, in the case of physical health outcomes)
- *Flu and pneumonia vaccine* maximum rates in MA plans higher than in FFS—including for PFFS plans and regional PPOs

Note: CAHPS® (Consumer Assessment of Healthcare Providers and Systems), PFFS (private fee-for-service).

Nearly half of HMO enrollees are in plans with high star ratings in 2009

	Enrollment distribution, star rating for overall plan quality		Enrollees in unrated plans as % of total enrollment
	3.5 or higher	2.5 or below	
HMOs	49%	11%	1%
Local PPOs	46	13	8
Regional PPOs	5	58	1
Private fee-for-service	4	95	45

Note: Maximum rating is 5 stars; lowest plan rating in 2009 was 2 stars. Enrollment numbers as of September 2009.

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Commission recommendations on MA—June 2005 report to the Congress

- **Congress should:**
  - **Set the benchmarks that CMS uses to evaluate MA plan bids at 100 percent of FFS costs.**
  - **Pay-for-performance should apply in MA to reward plans that provide higher quality care.**
- **The Secretary should calculate clinical measures for the FFS program that would permit CMS to compare the FFS program with MA plans.**

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