Medicare Advantage program: Status report

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January 11, 2018

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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)

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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

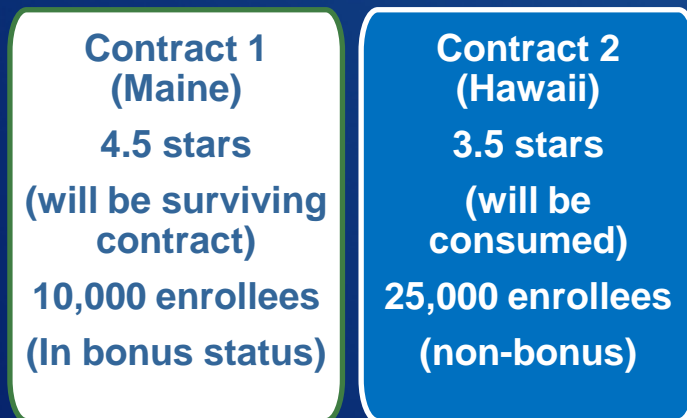# Concerns about contract consolidation to boost star ratings

- 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
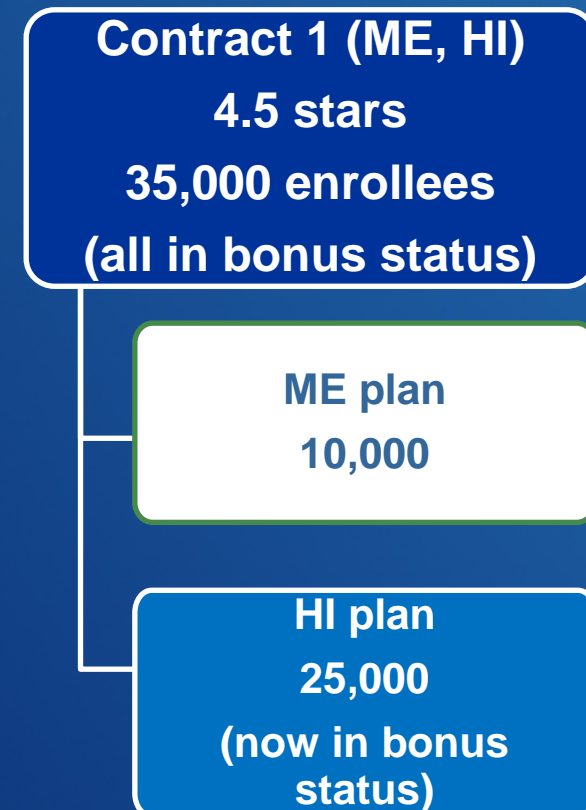
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Contract configurations before and after consolidation

Prior to consolidation:
2 contracts, 2 states, 1 plan in each state

Contract 1 (Maine)

4.5 stars

(will be surviving contract)

10,000 enrollees

(In bonus status)

Contract 2 (Hawaii)

3.5 stars

(will be consumed)

25,000 enrollees

(non-bonus)

After consolidation:
1 contract, 2 states, 1 plan in each state

Contract 1 (ME, HI)

4.5 stars

35,000 enrollees

(all in bonus status)

ME plan

10,000

HI plan

25,000

(now in bonus status)

- **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

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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

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Conclusion

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

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