Advising the Congress on Medicare issues

Medicare Advantage program: Status update, and employer bid and hospice policies

Scott Harrison, Carlos Zarabozo, and Kim Neuman

December 13, 2013

MEDPAC

Today’s presentation

- Medicare Advantage status update
  - MA enrollment, availability, benchmarks, bids and payment
  - Plan quality performance
- Chairman’s draft recommendations
  - Employer-group plan payments
  - Inclusion of hospice benefits in MA

MEDPAC

Medicare Advantage enrollment 2012-2013

	Share of 2013 total Medicare enrollment	November MA enrollment		2012 - 2013 change
		2012	2013	
Total	**28%**	**13.3**	**14.5**	**9%**
HMO	19	8.8	9.7	10
Local PPO	6	3.0	3.3	11
Regional PPO	2	1.0	1.1	16
PFFS	1	0.5	0.4	-26
Urban areas	30	11.6	12.7	9
Rural areas	18	1.8	1.9	12

Note: PFFS (Private fee-for-service) , HMO (Health Maintenance Organization), PPO (Preferred Provider Organization).

Source: MedPAC analysis of CMS enrollment data.

MEDPAC

Percentage of Medicare beneficiaries with an MA plan available, 2005-2014

Type of plan	2005	2010	2011	2012	2013	2014
Any MA	84%	100%	100%	100%	100%	100%
Local CCP	67	91	92	93	95	95
Regional PPO	N/A	86	86	76	71	71
PFFS	45	100	63	60	59	53
Avg. number of choices per county	5	21	12	12	12	10
Zero-premium plan with drugs	N/A	85%	90%	88%	86%	84%

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, and plan bid submissions.

MEDPAC

Benchmarks, bids, and payments relative to FFS for 2014

	Benchmarks/ FFS	Bids/ FFS	Payments/ FFS
All MA plans	112%	98%	106%
HMO	112	95	105
Local PPO	113	108	110
Regional PPO	109	102	106
PFFS	114	110	111
Restricted availability plans included in totals above			
SNP	113	101	107
Employer groups	112	107	109

Note: MA (Medicare Advantage), PFFS (private fee-for-service), SNP (Special Needs Plan).

Source: MedPAC analysis of CMS bid and rate data.

MEDPAC

MA quality indicators

- Majority of measures were unchanged/stable, including
  - Intermediate outcome measures such as control of blood pressure
  - Patient experience measures—enrollee ratings of plan and its providers
- A number of measures improved, including
  - Process measures such as cancer screenings
  - Performance on hospital readmission rates
  - Part D drug adherence measures

Better-performing plans receive bonus payments

- Plans receive bonuses based on overall star rating
  - Star rating measures various aspects of plan performance—clinical quality, patient experience/access, and contract performance
  - Different weights assigned by type of measure
  - Maximum overall rating is 5 stars
- Under statute, only plans at 4 stars or higher would have received bonuses in 2014
- Under program-wide demonstration (continuing through 2014), plans at 3 stars or higher receive bonuses

Star ratings are improving, with more enrollees in higher-rated plans

Star ratings	Year 2014 bonus status (last year of demonstration)	Year 2015 bonus status (statutory provisions apply)
	Enrollees in bonus plans	Enrollees in bonus plans
4, 4.5 or 5 stars	36%	51%
		Non-bonus plans
3 or 3.5 stars	59%	48%
	Non-bonus plans	
Below 3 stars	5%	1%

Note: Enrollment as of September 2013 for MA plans with a star rating. Enrollment shares shown assume same plan distribution as in September 2013. Data exclude cost-reimbursed HMO plans, which are not eligible for bonuses.

Source: MedPAC analysis of CMS star ratings and enrollment data.

MEDPAC

Comparison of employer-group and non-employer plans for 2014

	Employer-group plans	Non-employer plans
Median bid/benchmark	0.99	0.87
Average MA bid/FFS spending	1.07	0.97
Average MA payment/FFS spending	1.09	1.06

Source: Plan bids for 2014 submitted to CMS in 2013
Note: Bids are risk-adjusted and weighed by projected plan enrollment.

MEDPAC

Employer-group plan option discussed last meeting

- Calculate national bid-to-benchmark ratio for non-employer plans
- Apply ratio to each employer-group plan’s county-based benchmark to arrive at “bid”
- Add resulting quality-based rebate

MEDPAC

Discussed option with MA industry

- Industry pointed out how the employer-group plans rely more heavily on PPOs than HMOs
- It would not be unreasonable to account for this difference
- Modified option would calculate separate LPPO and HMO bid-to-benchmark ratios

Hospice carve-out from MA

- When MA enrollees elects hospice, FFS pays for hospice and FFS and MA split responsibility for unrelated care
- MA plans have full financial responsibility for end-of-life care for some enrollees but not others depending on whether they elect hospice
- In contrast to MA:
  - Medicare FFS pays for hospice and ACOs have financial accountability for hospice
  - Most private insurers include hospice in their benefits package

Including hospice within the MA benefits package

- Including the Medicare hospice benefit within the MA benefits package would:
  - Give plans responsibility for the full continuum of care
  - Permit plans to offer concurrent care as a supplemental benefit if they wished to do so
- How could this be operationalized?
  - Full hospice benefit would be included in MA benefits package
  - Plan payments for all members would increase to reflect responsibility for a broader set of services
  - Plans and providers would need lead time to negotiate contracts and establish networks