



*Advising the Congress on Medicare issues*

# Medicare Advantage program: Status report

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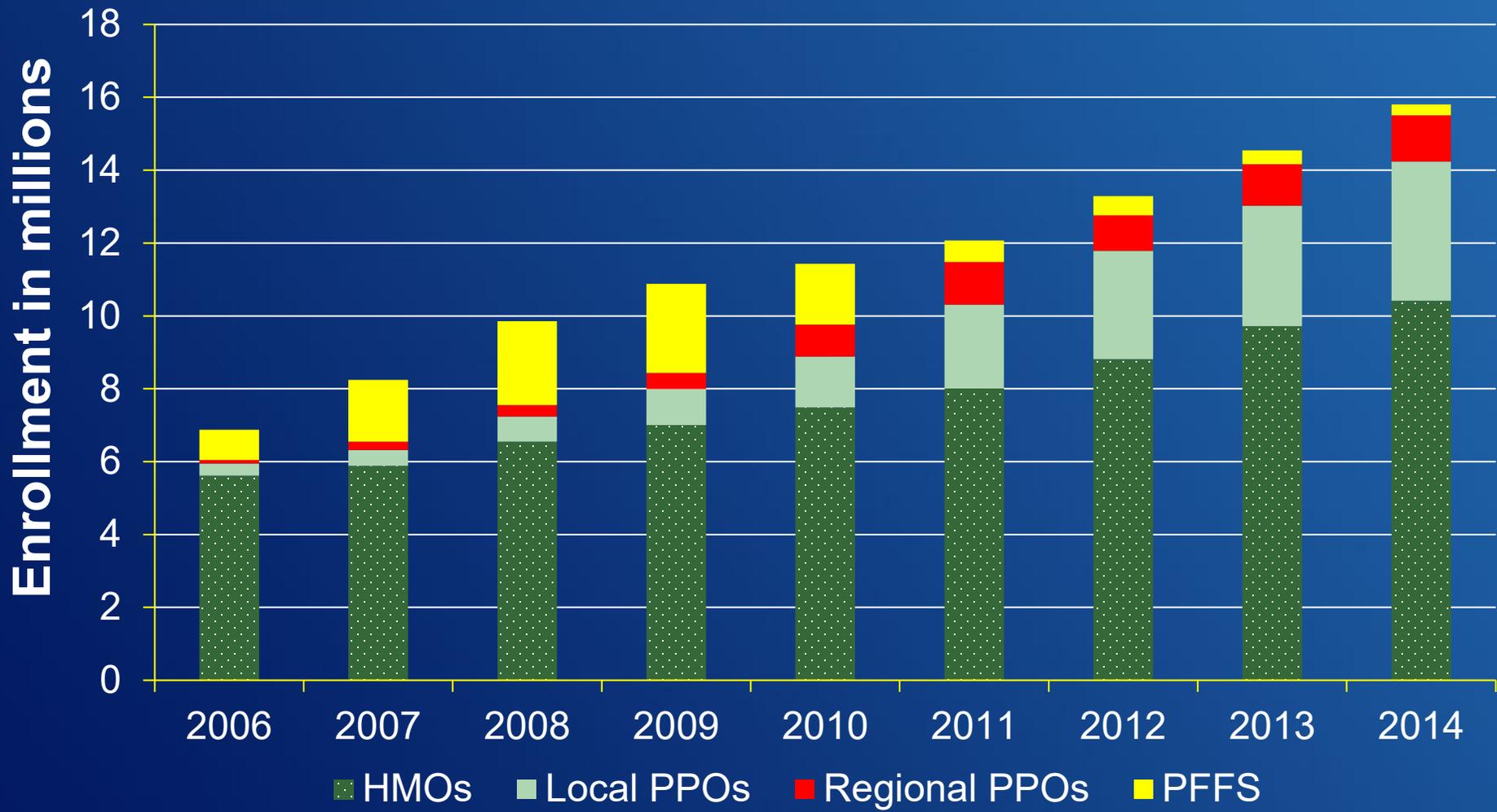
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# Today's presentation

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- Medicare Advantage status update
  - MA enrollment, availability, benchmarks, bids, payment, and risk coding intensity
  - Plan quality performance
- Policy issue
  - Improving the presentation of premium information

# MA enrollment by plan type, 2006-2014



# Percentage of Medicare beneficiaries with an MA plan available, 2005-2015

Type of plan	2005	2010	2011	2012	2013	2014	2015
Any MA	84%	100%	100%	100%	100%	100%	99%
HMO/Local PPO	67	91	92	93	95	95	95
Regional PPO	N/A	86	86	76	71	71	70
PFFS	45	100	63	60	59	53	47
Average number of choices	5	21	12	12	12	10	9
Zero-premium plan with drugs	N/A	85%	90%	88%	86%	84%	78%

Note: 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.

# Benchmarks, bids, and payments relative to FFS for 2015

	Benchmarks/ FFS	Bids/ FFS	Payments/ FFS
All MA plans	107%	94%	102%
HMO	106	90	101
Local PPO	109	107	107
Regional PPO	102	97	100
PFFS	111	108	111
Restricted availability plans included in totals above			
SNP	106	93	101
Employer groups	108	105	106

Note: MA (Medicare Advantage), PFFS (private fee-for-service), SNP (Special Needs Plan). All numbers reflect quality bonuses, but not coding differences between MA and FFS Medicare

Source: MedPAC analysis of CMS bid and rate data.

# MedPAC analysis: coding is more intense in MA than in FFS Medicare

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- MA enrollees' risk scores grew faster than scores in the FFS population and the difference grew as enrollees remained in MA longer
- CMS applies a coding intensity adjustment of about 5 percent in 2015 (minimum required by law)
- For the risk scores in the two systems to be comparable, the coding intensity adjustment should be raised to 8 percent (an additional 3 percentage points) in 2015

# MA payment summary

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- Given presence of uncorrected coding differences in MA, payments are 105 percent of FFS for 2015
  - If all coding differences were corrected, payments would be 102 percent in 2015
- Benchmarks, bids, and payments are moving down relative to FFS Medicare and extra benefits have stayed at about \$75 per month
- Some plans have demonstrated ability to provide the Medicare benefits for less than FFS Medicare

# MA quality indicators

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- Improvement in some measures, decline in several, and majority unchanged
- Measures included in the star rating system improved, but plans' average overall star ratings unchanged due to higher thresholds for 4-star level
- Decline in mental health measures, which are not in the star rating system

# Moving enrollees to higher-rated plans

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- Last year and this year, MA organizations have “crosswalked” members from plans not eligible for bonus payments to plans with a star rating at the bonus level
- In 2015, nearly 400,000 beneficiaries will be moved from a plan not eligible for bonus payments (below 4 stars) to a plans rated 4 stars or higher

# Does the star system disadvantage plans serving dually eligible beneficiaries?

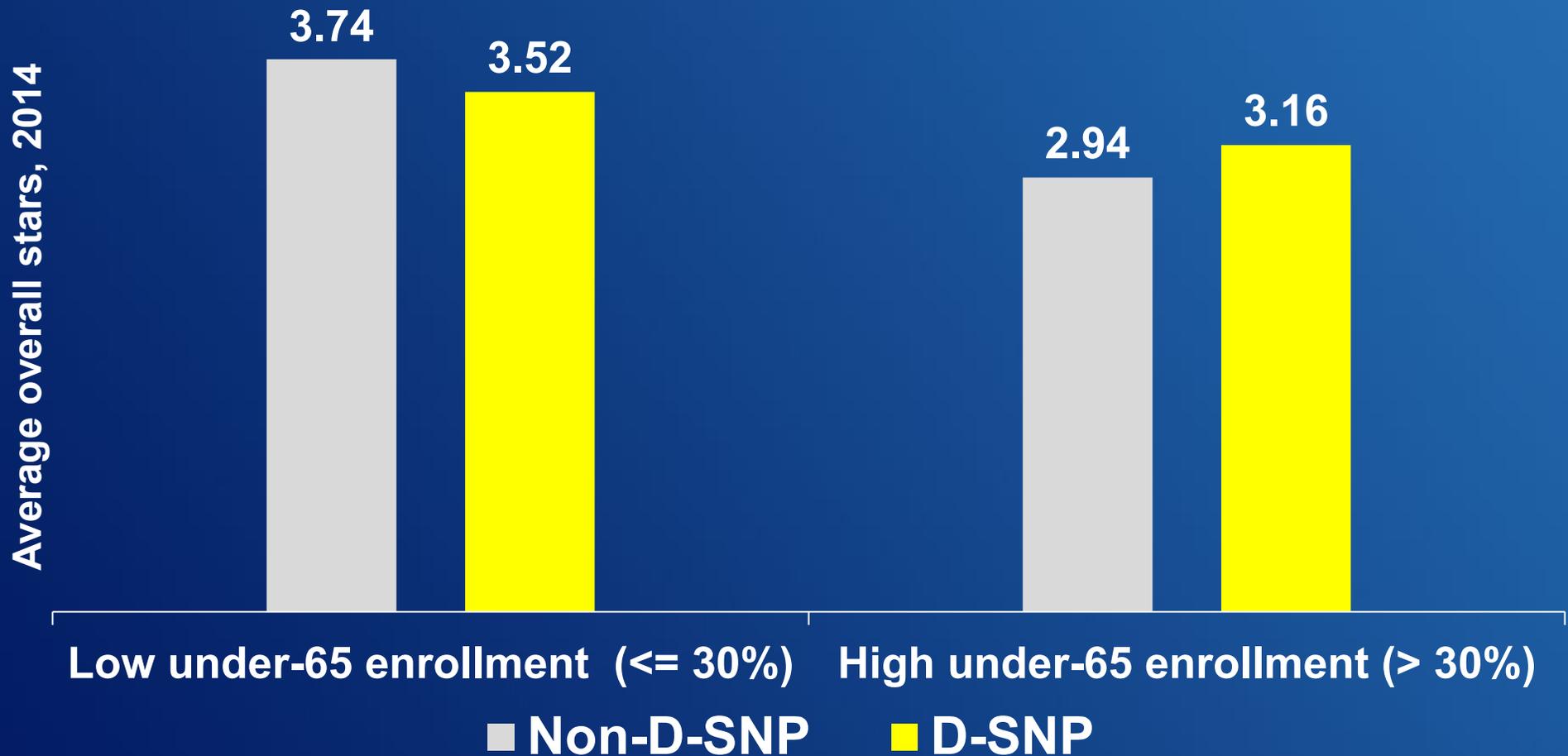
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Contracts with a majority of enrollment comprised of beneficiaries who are Medicare-Medicaid dually eligible beneficiaries have low star ratings (D-SNPs)

<b>Percent of enrollees in plans at bonus level (4 stars or above, 2015 stars)</b>	
<b>Non-D-SNP plans</b>	<b>Majority D-SNP plans</b>
63 percent	14 percent

Note: Data are preliminary and subject to change. Non-D-SNPs had D-SNP enrollment under 50 percent; majority D-SNP plans have 50 percent or more D-SNP enrollment. Enrollment data are as of September , 2014.  
Source: MedPAC analysis of CMS star data and plan reports.

# Plans with a higher share of under-65 enrollment have lower star ratings



Note: Data are preliminary and subject to change. Data exclude cost-reimbursed HMO plans, which are not eligible for bonuses, and Puerto Rico plans, which have very low star ratings. Star ratings released in the fall of 2013 (2014 stars) are used, reflecting care rendered in 2012. Plan demographic data are as of December 2012. Non-D-SNPs had D-SNP enrollment under 50 percent; D-SNPs are 50 percent or more D-SNP enrollment.

Source: MedPAC analysis of CMS star data, plan reports, and demographic data from the denominator file.

# Summary of quality and star issues

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- Star system should continue to emphasize outcomes
- Discerning improvement is difficult:  
Affected by shifts in thresholds for stars and by shifting enrollment among plans
- Under age 65 enrollment as a factor in plan performance

# Helping beneficiaries make choices by improving the display of information

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- The Medicare.gov Plan Finder web site should provide clearer information about plan premiums
- The site does not clearly state a beneficiary's total premium obligation when a plan includes a reduction in the Part B premium as an extra benefit

# The initial display has no mention of any Part B premium reduction

Estimated Annual Drug Costs:[?]	Monthly Premium: [?]	Deductibles: [?] and Drug Copay [?] / Coinsurance:[?]	Health Benefits: [?]	Drug Coverage [?], Drug Restrictions [?]	Estimated Annual Health and Drug Costs: [?]	Overall Star Rating:[?]
Retail Annual: \$756 Mail Order Annual: N/A	\$0.00 Drug: \$0.00 Health:\$0.00	Annual Drug Deductible: \$0 Health Plan Deductible: \$0 Drug Copay/Coinsurance: \$0, 3% - 50%	Doctor Choice: Plan Doctors for Most Services Out of Pocket Spending Limit: \$3,000 In-network	All Your Drugs on Formulary: No Drug Restrictions: No Lower Your Drug Costs MTM Program[?]: Yes	\$1,030	★★★★ 3.5 out of 5 stars
Retail Annual: \$3,144 Mail Order Annual: N/A	Standard Part B: \$104.90	Part B Deductible: \$147	Doctor Choice: Any Willing Doctor Out of Pocket Spending Limit: Not Applicable	N/A	\$6,600	Not Available

Monthly Premium: [?]
\$0.00
Drug: \$0.00
Health:\$0.00

- Plans that reduce the Part B premium are initially shown as plans with a plan premium of \$0.00
- There is no reference to a reduced Part B premium

# Beneficiary must select plan(s) to examine to see the effect of a Part B premium reduction

Once up to 3 plans are selected for comparison, the premium difference will be shown when a Part B premium reduction plan is available.

Monthly Premiums		Monthly Premiums		Monthly Premiums	
Part B Premium <sup>2</sup>	 \$0.00	Part B Premium <sup>2</sup>	 \$104.90	Part B Premium <sup>2</sup>	 \$44.90
Plan Premium	\$0.00	Plan Premium	\$0.00	Plan Premium	\$0.00
• Health Plan Premium	\$0.00	• Health Plan Premium	\$0.00	• Health Plan Premium	\$0.00
• Drug Plan Premium	\$0.00	• Drug Plan Premium	\$0.00	• Drug Plan Premium	\$0.00

- The screen includes expected total out-of-pocket costs (including premiums):

TOTAL ESTIMATED ANNUAL COST <sup>3</sup> : [?]	\$1,030	TOTAL ESTIMATED ANNUAL COST <sup>3</sup> : [?]	\$1,930	TOTAL ESTIMATED ANNUAL COST <sup>3</sup> : [?]	\$1,070
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# The initial display should show the total premium obligation

<b>Monthly Premium: [?]</b>
\$0.00
Drug: \$0.00
Health: \$0.00



<b>Monthly Premium: [?]</b>
This plan reduces your monthly Part B premium by the entire standard premium of \$104.90
Plan premium:
\$0.00
Drug: \$0.00
Health: \$0.00
Total monthly premium, including Part B:
\$0.00

# Beneficiaries should consider premiums as well as other out-of-pocket costs

Options compared	Beneficiary selects “In good health”		Beneficiary selects “In poor health”	
	Estimated OOP costs	Least expensive option	Estimated OOP costs	Least expensive option
FFS Medicare	\$6,600		\$13,160	
MA plan option 1 (reduces Pt B premium by \$60)	\$1,070		<b>\$1,970</b>	◀
MA plan option 2 (fully reduces Pt B premium (\$104.90))	<b>\$1,030</b>	◀	\$2,170	

Note: OOP (annual out-of-pocket costs).

Source: MedPAC extraction of information from Medicare.gov Plan Finder.

# Premium display issue

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Medicare Plan Finder should be improved to provide clearer information about total expected cost sharing and the total monthly premium.