



Advising the Congress on Medicare issues

Medicare Advantage program: status report

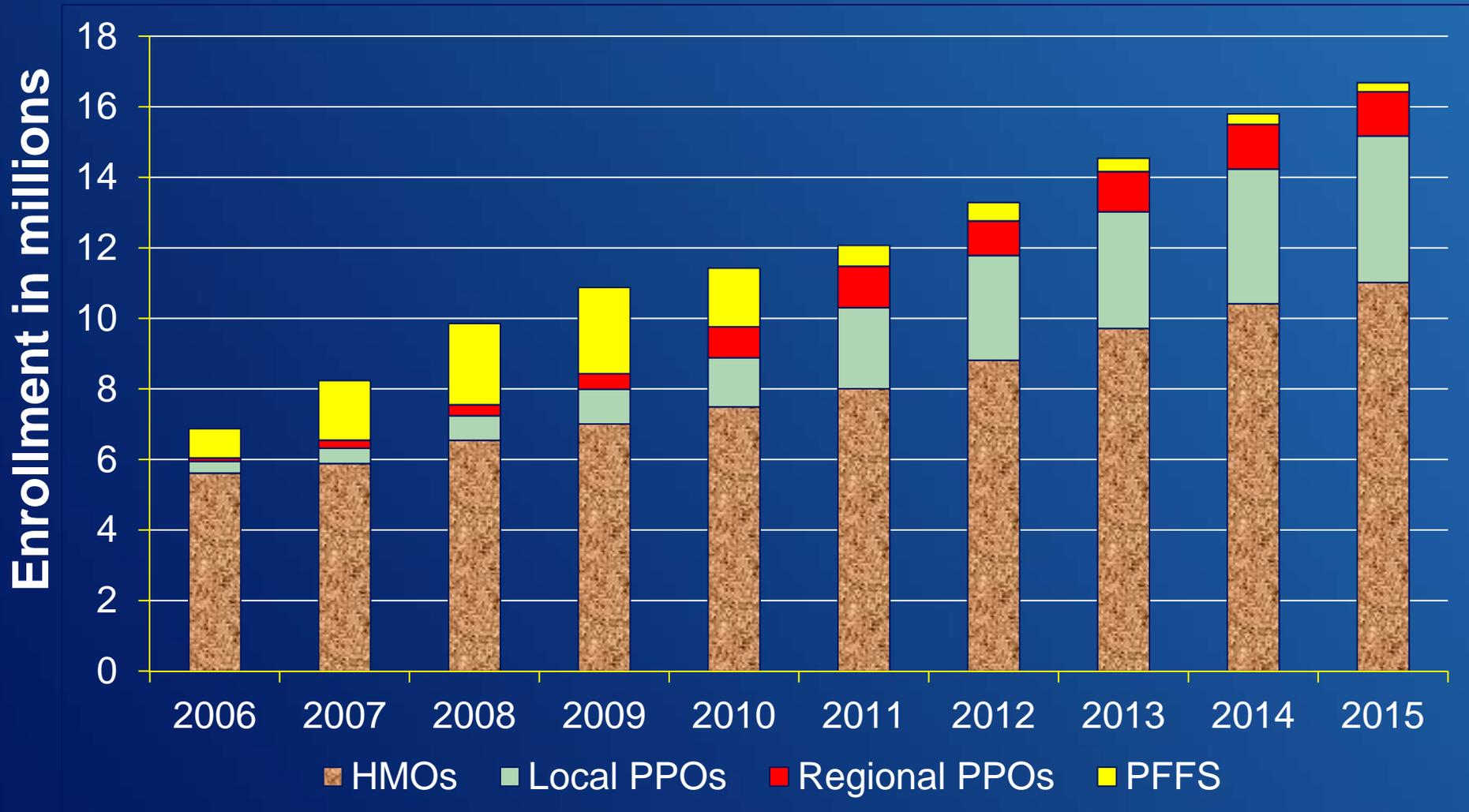
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December 10, 2015

Today's presentation

- Status report on Medicare Advantage (MA) enrollment, availability, benchmarks, bids, and payment
 - Policy issue – inter-county benchmark equity
- MA market structure
- Update on plan quality performance
- Risk adjustment and coding intensity
 - Policy issue – coding intensity adjustment

MA enrollment by plan type, 2006-2015



Percentage of Medicare beneficiaries with an MA plan available, 2010-2016

Type of plan	2010	2011	2012	2013	2014	2015	2016
Any MA	100%	100%	100%	100%	100%	99%	99%
HMO/ Local PPO	91	92	93	95	95	95	96
Regional PPO	86	86	76	71	71	70	73
PFFS	100	63	60	59	53	47	47
Avg. number of choices							
County weighted	21	12	12	12	10	9	9
Beneficiary weighted	30	26	19	19	18	17	18
Average rebate for non-employer, non-SNP plans							
	\$74	\$83	\$85	\$81	\$75	\$76	\$81

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.

Draft – subject to change

Benchmarks, bids, and payments relative to FFS for 2016

	Benchmarks/ <u>FFS</u>	Bids/ <u>FFS</u>	Payments/ <u>FFS</u>
All MA plans	107%	94%	102%
HMO	106	90	101
Local PPO	109	105	108
Regional PPO	103	98	101
PFFS	111	108	110
Restricted availability plans included in totals above			
SNP	105	94	101
Employer groups	108	103	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.

Summary of MA program status

- MA enrollment continues to grow faster than Medicare FFS
- Improvement in some measures of plan availability, including rebates
- Progress toward financial neutrality with Medicare FFS
- But...

Inter-county benchmark inequities

Measuring county-level FFS spending for use in MA benchmarks

- CMS calculates spending for beneficiaries in Part A or Part B
- MA enrollees must have both Part A and Part B
- Average spending higher for beneficiaries with Part A and Part B than for Part A or Part B
- In counties with above/below average share of Part A and Part B FFS spending over/under-estimated
- Solution would be complicated, more work needed, we asked CMS to work on the issue and consider relief for disadvantaged counties

Inter-county MA benchmark inequities (continued)

- Double quality bonuses
 - Based on 2004 benchmarks
 - 236 urban counties affected
 - Pays twice for the same quality performance
- Benchmark caps
 - Based on 2010 benchmarks
 - Affect over 1,400 counties
 - Usually reduces quality bonus
- To improve equity, caps and double bonuses could be eliminated together

MA market structure

- Enrollment in MA is relatively concentrated
 - In 2015, the top 4 organizations have 54 percent of the enrollment; the top 10, 69 percent
 - In 2007, the top 10 organizations had 61 percent of MA enrollment
- More companies are participating in each county
 - In 2007, the average number of companies offering HMOs or PPOs per county was 2.6; in 2015 it is 3.2

MA quality and star ratings

- Quality indicators generally remained stable over the last year, with a few measures improving
- On a net basis, a slightly higher number of enrollees will be in bonus plans when comparing 2015 and 2016 star ratings
- For 2016, about 900,000 enrollees are being moved to bonus-level contracts through contract consolidations
- For plans that had star ratings for both 2015 and 2016, the enrollment-weighted average star rating changed very little

Health Risk Assessments

- HRAs identify health risks, disease, disability
 - Important part of care coordination and planning
- Of all HCCs identified on an HRA in 2012:
 - 63% Included in risk adjustment through a related encounter
 - 6% Related encounter not in risk adjustment
 - 31% No other related encounter
- Number of HCCs with no related encounter varies significantly across MA plans

Data are preliminary and subject to change.

HRAs and non-Medicare services

- **Services not covered by Medicare**
 - Financed through Medicare rebates paid to MA plans and enrollee premiums
 - Not financed through risk adjustment
- **Services not covered by Medicare may reduce spending on Medicare services**
 - Leads to reduced MA plan bids
 - Leads to increased Medicare rebates and additional non-Medicare-covered services

Coding intensity

- MA risk score growth higher than FFS growth
 - 8% in 2013 and 9% in 2014, cumulative
- 2017 coding intensity impact will be 6 to 9%
 - New model reduced difference by 2 to 3 percent
 - Difference accumulates 1 percent annually
- CMS has applied the minimum adjustment required by law in prior 3 years
 - Minimum adjustment for 2017 is 5.66 percent

Commission discussion

- Chairman's draft recommendation #1 –
Benchmarks
- Chairman's draft recommendation #2 –
Coding intensity
- Questions / clarifications?
- Other issues?