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Advising the Congress on Medicare issues

Institutional special needs plans

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Commissioners have expressed interest in taking a closer look at beneficiaries who live in nursing homes

- In October, we described the long-stay nursing home (NH) population and the long-standing concerns about the care they receive
- Private health plans could potentially be a more effective way to deliver care to these beneficiaries than traditional Medicare
- Today's presentation focuses on institutional special needs plans (I-SNPs) but also reviews the experience with other plan types

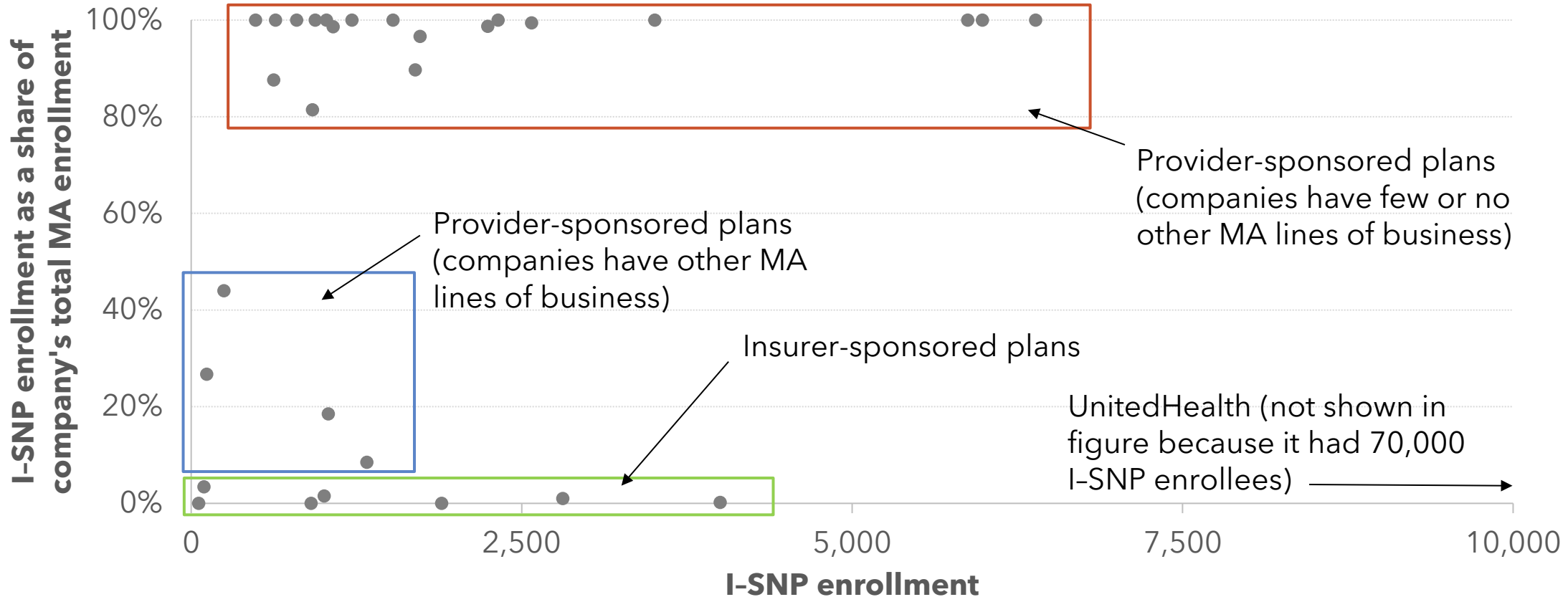
What are I-SNPs?

- Specialized Medicare Advantage (MA) plans for beneficiaries who need the level of care provided in a NH
  - In 2023, 86% of I-SNP enrollees lived in NHs and 14% lived in the community
  - Provide Medicare-covered services only
- I-SNPs are generally subject to the same rules and requirements as other MA plans
- The I-SNP market is relatively small
  - About 125,000 enrollees in 2024 (including those in the community)
  - Cover about 12% of long-stay NH residents

Key features of the I-SNP model

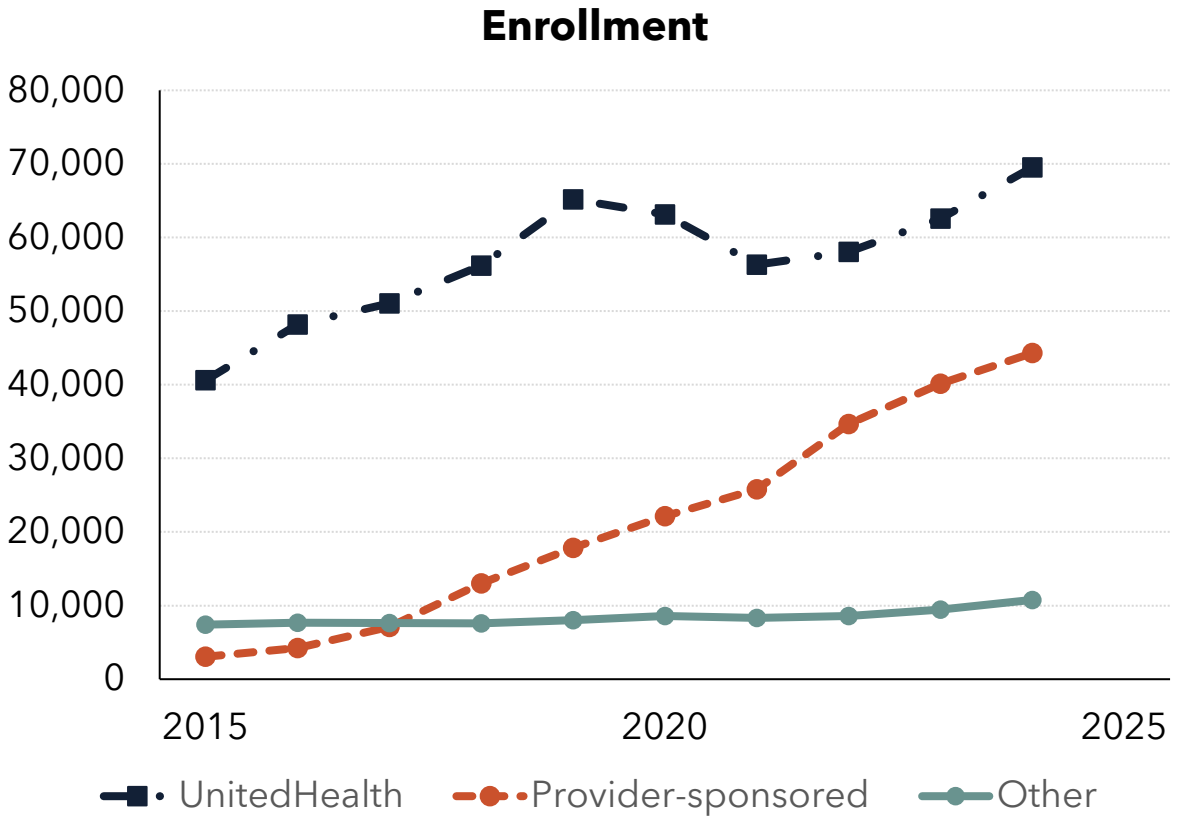
- Use nurse practitioners (NPs) to deliver more care within the NH
- Generate sufficient enrollment within participating NHs to make use of NPs cost-effective
- Reduce or eliminate financial incentives for NHs to send residents to the hospital so they qualify for skilled care
- Give NHs incentives to provide more care onsite instead of sending residents to the hospital
- Minimize revenue losses for participating NHs

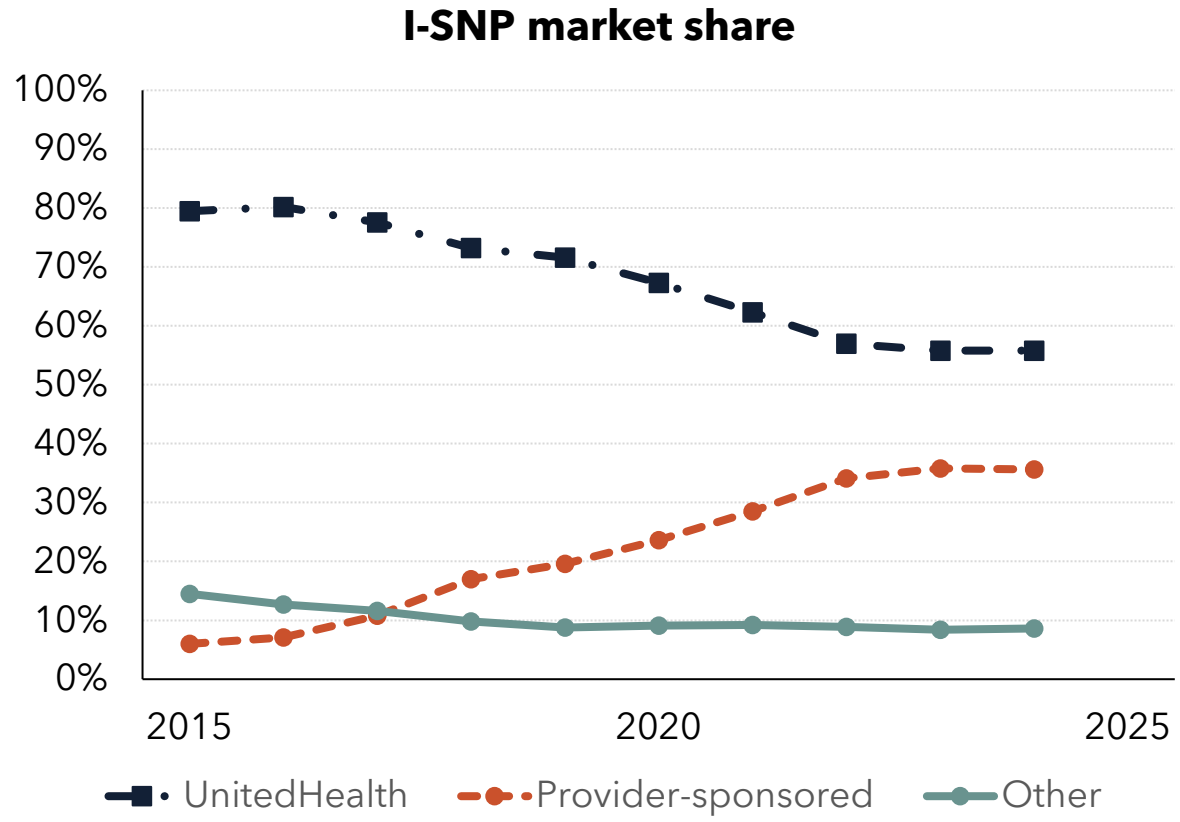
An overview of the companies that offered I-SNPs in 2024



Note: Figures are based on July data.
Source: MedPAC analysis of Medicare plan enrollment data.

Changes in I-SNP enrollment and market share



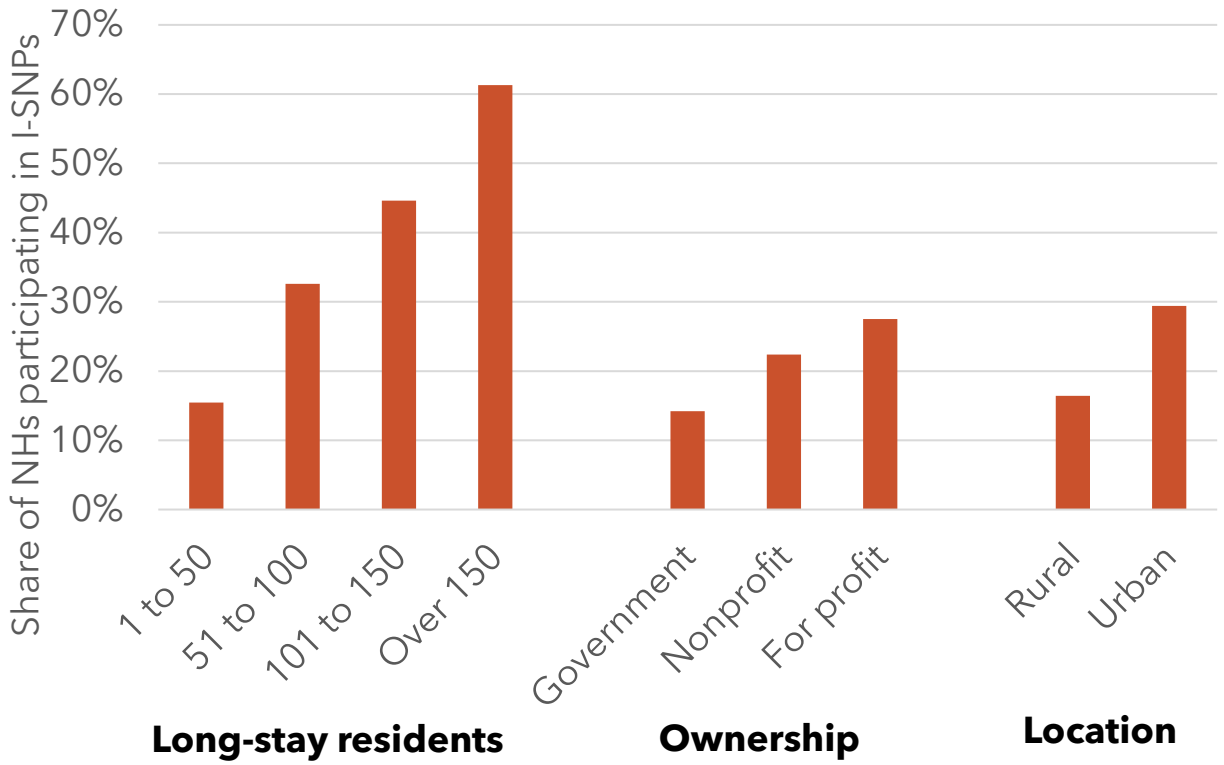


Note: Figures are based on July data.
Source: MedPAC analysis of Medicare enrollment data.

NHs play a key role in determining how much of the long-stay population has access to I-SNPs

- Long-stay residents cannot enroll in an I-SNP unless they live in a facility that participates in the plan's provider network
- In 2023, 26% of NHs participated in an I-SNP and 33% of long-stay residents lived in those facilities
- Nearly all NHs that participate work with a single insurer
- Stakeholder interviews suggest NH participation is often tied to concerns about value-based payment reforms (limited ability to earn shared savings) and MA penetration (lower payment rates and limits on skilled days)

Characteristics of nursing homes that participated in I-SNPs, 2023



Note: Figures are based on July data. We counted beneficiaries as long-stay residents if they had been in a nursing home for 90+ days.

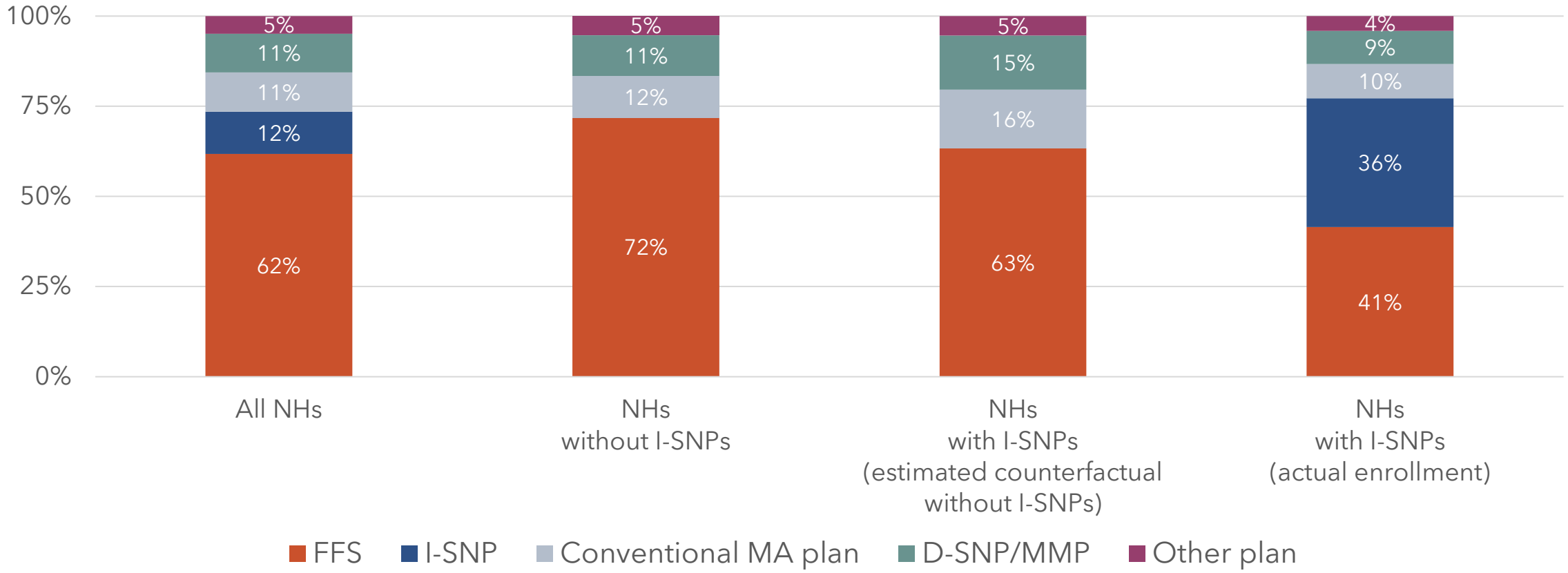
Source: MedPAC analysis of Medicare enrollment data, nursing home assessment data, and provider of service file.

- Larger NHs are much more likely to participate in I-SNPs than smaller facilities
- For-profit NHs are somewhat more likely to participate than nonprofits
- NHs in urban areas are about twice as likely to participate as rural NHs

I-SNPs modify how participating NHs are paid

- Most common approach is a combination of capitated payments and incentive payments
  - Monthly capitated payments usually cover Part A skilled care and Part B therapy and include an allowance for "skilling in place"
  - Periodic incentive payments are often tied to performance on quality metrics and/or overall Medicare spending for plan enrollees
- This approach encourages NHs to provide more care onsite where appropriate instead of sending residents to the hospital

Enrollment patterns for long-stay NH residents, by type of nursing home, 2023



Note: FFS (fee-for-service), D-SNP (dual-eligible special needs plan), MMP (Medicare-Medicaid Plan). The "counterfactual" column estimates what the enrollment pattern for NHs with I-SNPs would look like if I-SNPs were not available, based on the type of coverage that beneficiaries had before they enrolled in an I-SNP. Components may not sum to totals because of rounding.

Source: MedPAC analysis of Medicare plan enrollment data and Minimum Data Set assessment data.

Demographic differences between I-SNP enrollees and other long-stay NH residents

- Residents of participating NHs are more likely to be Black, have Medicaid, and live in an urban area
- Within participating NHs, I-SNP enrollees have longer lengths of stay (median of 42 months vs. 20 months) and lower mortality rates (20% vs. 25%) than residents who did not enroll
- More research would be needed to determine whether this selection is favorable or unfavorable for I-SNPs in terms of their risk scores and MA payments

Analysis of MA quality data provides some evidence that I-SNPs perform better than other plans

- NHs with I-SNPs performed better than non-participating NHs on 3 risk-adjusted measures of service use: acute discharges, all-cause readmissions, and ED visits
- Results should be treated with some caution
  - Could be unmeasured differences between the 2 types of NHs
  - Risk-adjustment models may be less accurate for long-stay NH residents
  - Measure specifications exclude a substantial amount of service use
- Compared to other plan types, I-SNPs had mixed performance on a limited number of clinical quality measures

Note: ED (emergency department).

Research literature on I-SNPs is limited but suggests they reduce the use of inpatient care

- Two older studies (Kane et al. 2002, McGarry & Grabowski 2019) found I-SNPs reduce inpatient use and shift some care to NH setting
- Chen & Grabowski (2024) compared NHs with "mature" I-SNPs to NHs without I-SNPs using a difference-in-differences design
  - Hospitalization rates for NHs with I-SNPs were 4 percentage points lower; the reduction occurred in the 3 years after they reached maturity
  - Mixed performance on other quality metrics, including no change in mortality
- These studies may overstate the impact of using I-SNPs on a broader scale by focusing on a subset of NHs with well-developed I-SNPs

Sources: Kane, R.L. et al. 2002. *Evaluation of the Evercare demonstration program: Final report*; McGarry, B.E., and D.C. Grabowski. 2019. Managed care for long-stay nursing home residents: An evaluation of institutional special needs plans. *American Journal of Managed Care*, 25, no. 9 (September) 438-443; Chen, A.C., and D.C. Grabowski. 2024. A model to increase care delivery in nursing homes: the role of institutional special needs plans, *Health Services Research* (October 9).

Differences in bids, rebates, and payment rates between I-SNPs and other types of MA plans, 2025

	Conventional MA plans	D-SNPs	I-SNPs
Average amount:			
Benchmarks	$1,206	$1,819	$3,035
Bids	924	1,427	2,749
Rebates	187	258	190
Total payments	1,111	1,685	2,938
As a share of benchmarks:			
Bids	77%	79%	91%
Rebates	15	14	6
Total payments	92	93	97

Note: Dollar amounts are per member per month averages.
Source: MedPAC analysis of MA bid data from CMS.

- Dollar amounts for I-SNPs are higher because long-stay NH residents have high average medical costs
- Relative to their benchmarks, I-SNPs have much higher bids and receive much lower rebates than either conventional plans or D-SNPs
- Higher bids for I-SNPs may indicate that they have higher costs or face less competitive pressure

Several factors may limit the ultimate reach of I-SNPs

- Some NHs may not be interested in participating in I-SNPs
- Insurers may not be interested in contracting with NHs where the I-SNP model of care is unprofitable
- The share of eligible long-stay residents who actually enroll in I-SNPs has consistently ranged between 35% and 40% in recent years

Experience with other Medicare plans that target beneficiaries who need a NH level of care

- Three other plan types serve this population to varying degrees
  - Dual-eligible special needs plans (D-SNPs)
  - Medicare-Medicaid Plans (MMPs)
  - Program of All-Inclusive Care for the Elderly (PACE)
- All three plan types either provide Medicaid services or coordinate with Medicaid, while I-SNPs only provide Medicare services
- Long-stay residents are a small share of overall enrollment in these plans (1% for D-SNPs, 8% for MMPs, 5% for PACE)

Experience with other Medicare plans that target beneficiaries who need a NH level of care (continued)

- Relatively little research has looked at the impact of D-SNPs on long-stay residents or NH admissions
- Evaluations of MMPs have found mixed effects on likelihood that enrollees will have a long NH stay; low participation in many states limits strength of findings
- Research on PACE has found that the program reduces inpatient stays and may delay (but not prevent) long NH stays

Next steps

- Next month: companion presentation on other Medicare efforts (besides private health plans) to improve care for long-stay NH residents
- Informational chapter in the June 2025 report to Congress

Discussion

- Questions about today's presentation
- Potential additional analyses related to I-SNPs
- Potential policies related to private health plans and NH residents that you might be interested in exploring in the future

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