

Medicare Advantage

Understanding the Health Insurance Business (Part 3)

Wednesday, September 19, 2018

3:00 PM ET - 3:30 PM ET

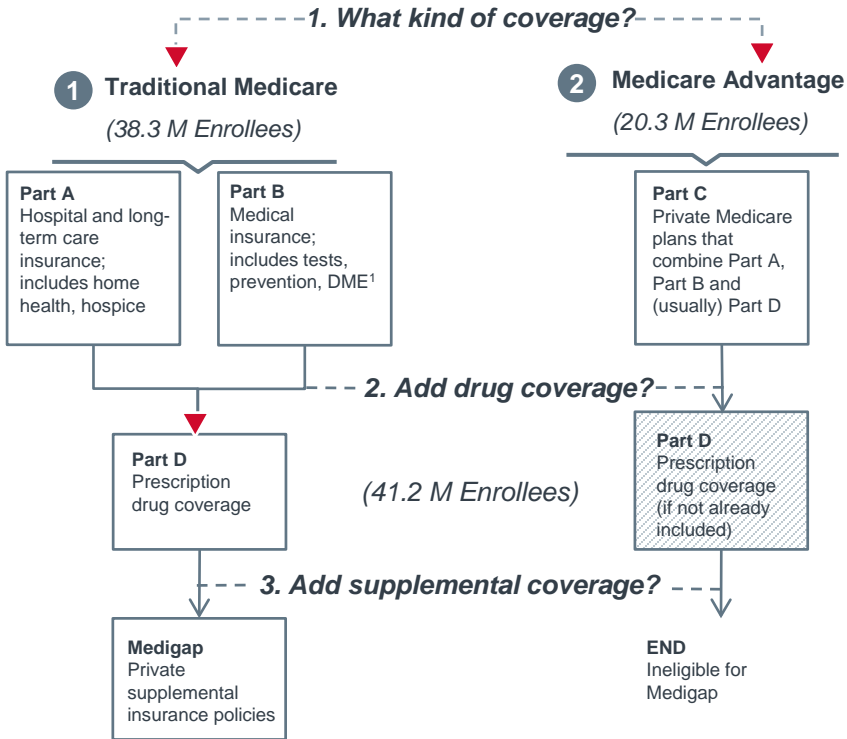


Natalie Trebes
Consultant
The Advisory Board Company
trebesn@advisory.com

- 1 Overview of Business Line
 - 2 Major Trends Impacting Medicare Advantage Plans
 - 3 Understanding Key Advisory Board Resources
 - 4 Questions
-

Medicare Contains Several Coverage Options

Medicare Coverage Options



Medicare in Brief, 2017

- Federally-funded insurance for seniors (65+) and disabled
- Part A funded through payroll deductions
- Part A: No premium; \$1,316 deductible, coinsurance only for extended inpatient stays
- Parts B, C, D have monthly premiums, deductibles, coinsurance/copays

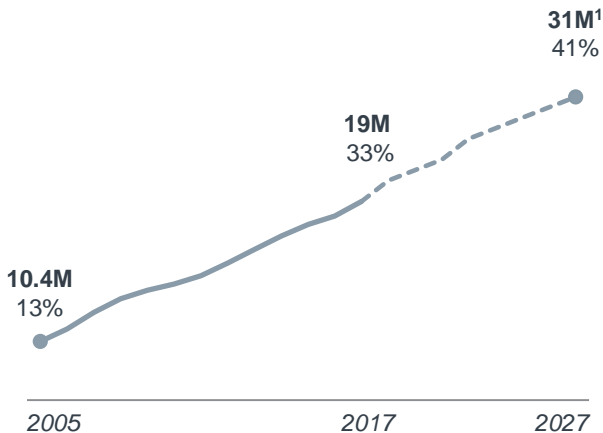
1) 1) Durable medical equipment.

Source: "Medicare 2017 costs at a glance," CMS, <https://www.medicare.gov/your-medicare-costs/costs-at-a-glance/costs-at-a-glance.html>; "Medicare Enrollment Dashboard," CMS, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMSProgramStatistics/Dashboard.html>; Health Plan Advisory Council interviews and analysis.

Medicare Advantage Continues Record Growth

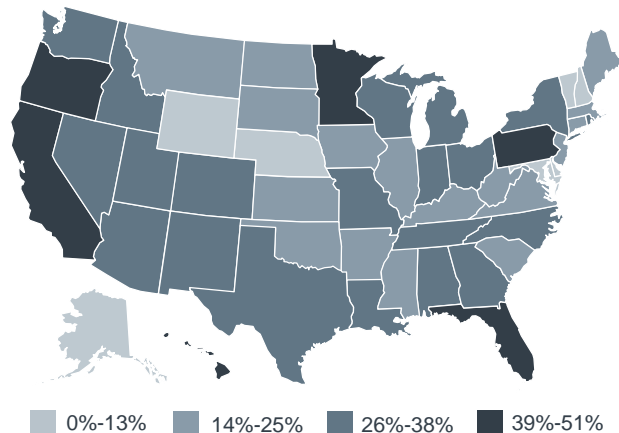
MA Enrollment to Nearly Double by 2025

Total Enrollment and Percentage of Total Medicare Population



MA Penetration Varies by State, 2017

Total MA Enrollment as a Percent of Total Medicare Population



71% MA enrollment growth since 2010

Source: "Medicare Advantage: Total Enrollment," Kaiser Family Foundation, <https://www.kff.org/medicare/state-indicator/ma-total-enrollment/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22%22sort%22:%22asc%22%7D>; "Medicare Advantage Fact Sheet," Kaiser Family Foundation, <http://kff.org/medicare/fact-sheet/medicare-advantage-fact-sheet/>; "Medicare Congressional Budget Office's January 2017 Baseline," CBO, <https://www.cbo.gov/sites/default/files/recurringdata/51302-2017-01-medicare.pdf>; Health Plan Advisory Council interviews and analysis.

1) Projected.

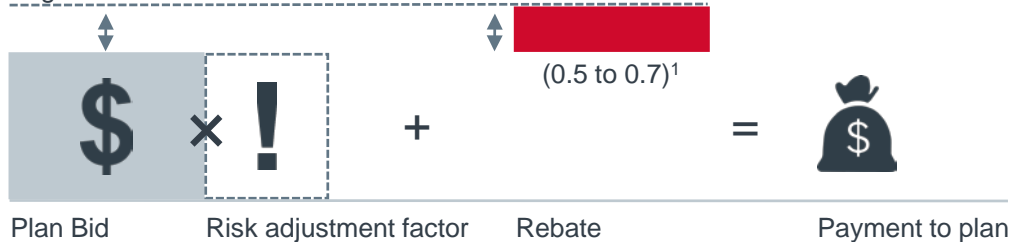
Medicare Advantage Payment a Multi-Step Process

Plans Required to Use Rebate to Supply Supplemental Benefits

Medicare Advantage Plan Payment Process

Illustration Showing Plan Bid Below Benchmark

Regional or local Medicare benchmark



Examples of Supplemental Benefits Offered Through Rebates



Gym membership



Dental



Vision



Reduced cost sharing

1) Plan share of rebate varies by star rating.

Seniors May Have a Lot More to Shop For

CMS Increases Coverage Flexibility to Reduce Medical Costs

CMS' Finalized Changes to Medicare Advantage 2019



Custom(ish) Benefit Design

- Plans can design **disease-specific benefits** for enrollees with chronic or high-risk conditions



Supplemental Benefit Expansion

- Supplemental benefits can cover **services that diagnose, prevent or improve** effects of health conditions

Example Plan Services



Reduced co-pays for diabetic enrollees



Additional tobacco cessation sessions for enrollees with COPD



Transportation to primary care appointments



Temporary and portable mobility ramps for in-home safety

POLITICO

“Should Medicare pay for toothpaste and shoes?”

Source: CMS, “CMS Finalizes Policy Changes and Updates for Medicare Advantage and the Prescription Drug Benefit Program for Contract Year 2019 (CMS-4182-F)”, April 2018 <https://www.cms.gov/newsroom/fact-sheets/cms-finalizes-policy-changes-and-updates-medicare-advantage-and-prescription-drug-benefit-program>; Foley & Lardner LLP, “Direct Provider Contract Alternative Payment Model - CMS/CMMI Issues Request for Information” April 2018; Health Plan Advisory Council interviews and analysis; <https://www.politico.com/agenda/story/2018/09/12/medicare-preventative-social-needs-000688>.

- 1 Overview of Business Line
 - 2 Major Trends Impacting Medicare Advantage Plans
 - 3 Understanding Key Advisory Board Resources
 - 4 Questions
-

Success Requires Juggling Multiple Priorities

Common Medicare Advantage Plan Operational Priorities



Accurate member risk coding

Greater reimbursement for riskier member populations



Attracting and retaining enrollees

Increased revenue from member enrollment



Closing care gaps

Higher quality rating for managing and screening members

Challenges to Success

- Collaborating with providers to collect member health information
- Compelling members to complete HRAs
- Maintaining and increasing quality ratings
- Keeping premiums steady
- Recruiting providers to close clinical gaps
- Capturing member attention

What Is Risk Adjustment?

Process Assigns Member Risk Score Using Previous Year Diagnoses

Purpose of Risk Adjustment



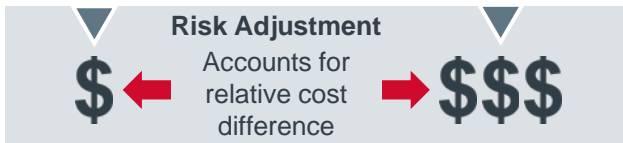
Member 1

- 66 years old
- No chronic illnesses



Member 2

- 73 years old
- Diabetes and hypertension



The Cost of Undercoding in Medicare Advantage

“From a coding perspective, these plans are often paid **\$2,000 less than they should be paid** for these members because of under-reporting of ICD-9 codes.”

Al Lewis, Disease Management Purchasing Consortium

Factors Contributing to Risk Score



Diagnoses



Age



Sex

Casual Relationship Lacking

Few Clear-Cut Wins in Risk Adjustment

Efforts to Improve Coding Accuracy

Coding Intervention

Direct Provider Incentives



Conducive Conditions

Plans with **dominant market share** that can offer substantial incentives

Barriers to Success

Providers working with more than 10 plans unlikely to be interested in one payer's incentives

Coding Education



Providers **at-risk** for total cost; **smaller** provider groups needing support

Larger provider groups who have not yet assumed global risk

Embedded Coders



Provider practices that contain a **majority** of plan's membership

Larger practices with own coders or small practices that outsource billing operations

Home Assessments



New Medicare Advantage members

Employed members and elderly members that have recent utilization

Success Requires Juggling Multiple Priorities

Common Medicare Advantage Plan Operational Priorities



Accurate member risk coding

Greater reimbursement for riskier member populations



Attracting and retaining enrollees

Increased revenue from member enrollment



Closing care gaps

Higher quality rating for managing and screening members

Challenges to Success

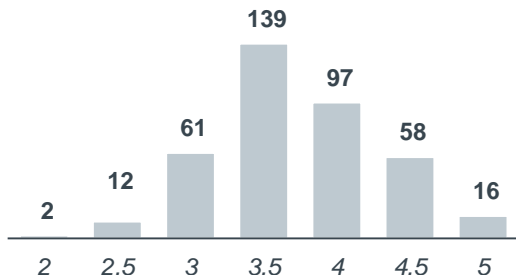
- Collaborating with providers to collect member health information
- Compelling members to complete HRAs
- Maintaining and increasing quality ratings
- Keeping premiums steady
- Recruiting providers to close clinical gaps
- Capturing member attention

Are Stars Worth the Investment?

Majority of Members in 3+-Star Plans

Distribution of Plan Star Ratings, 2018

Number of Plans by Part C Ratings¹



73%

Projected enrollees in 4+ star
MA-PD plans for 2018



Contracts that retained a 4+ Star rating from 2014 to 2016 experienced more than **5 times the enrollment growth** of those that lost a 4+ Star rating

¹) For all data analysis, only plans with reported Part C data to generate a star rating included.

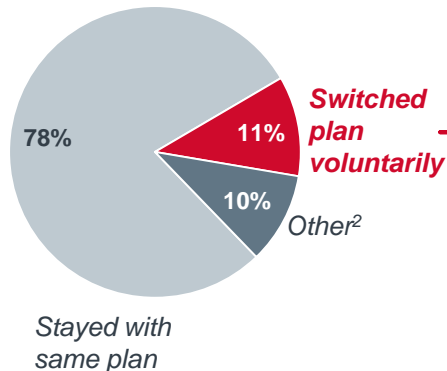
Source: "Part C and D Performance Data," CMS, <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/PerformanceData.html>; "Medicare offers improved access to high-quality health coverage choices in 2018," CMS, <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2017-Press-releases-items/2017-10-11.html>; McKinsey Center for U.S. Health System Reform, "Addressing the 2017 Medicare Advantage Star ratings," http://healthcare.mckinsey.com/sites/default/files/Intelligence-Brief_2017-Medicare-Stars-Performance.pdf; Health Plan Advisory Council interviews and analysis.

Switching Relatively Low

But Those That Switch Do So For Lower Premiums and Better Quality

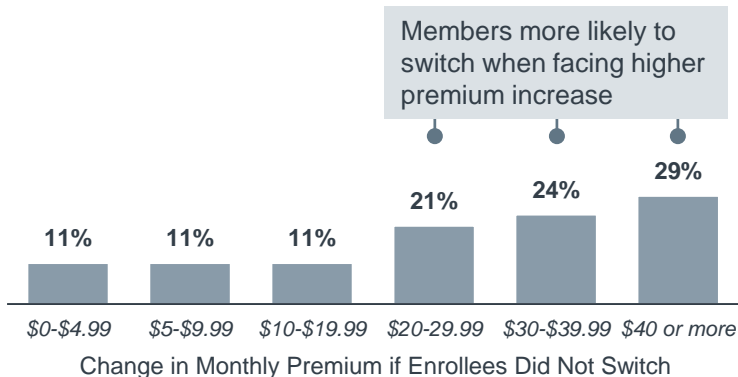
Distribution of MA Enrollees

By Switching Status, 2013-2014¹

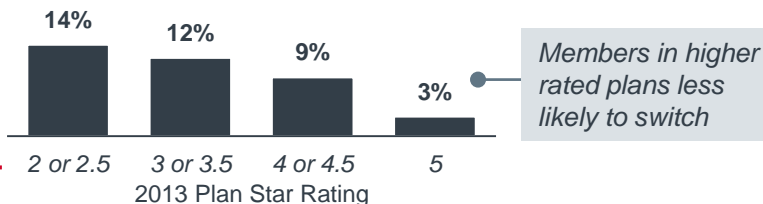


MA Enrollees Voluntarily Switching Plans

By Premium Increase, 2013-2014



By Star Rating, 2013-2014



1) Numbers don't sum to 100 percent because of rounding.

2) Includes members who died, switched to traditional Medicare, or involuntarily switched.

Success Requires Juggling Multiple Priorities

Common Medicare Advantage Plan Operational Priorities



Accurate member risk coding

Greater reimbursement for riskier member populations



Attracting and retaining enrollees

Increased revenue from member enrollment



Closing care gaps

Higher quality rating for managing and screening members

Challenges to Success

- Collaborating with providers to collect member health information
- Compelling members to complete HRAs
- Maintaining and increasing quality ratings
- Keeping premiums steady
- Recruiting providers to close clinical gaps
- Capturing member attention

Closing Care Gaps A Key Piece of Stars Strategy

Five Part C Stars Domains and Metric Areas

**Staying Healthy:
Screening, Tests,
and Vaccines**



Screening and vaccines rates, maintaining physical and mental health

**Managing Chronic
(Long Term)
Conditions**



Medication review, functional status, chronic condition care, and all-cause readmissions

**Member
Experience with
Health Plan**



Accessibility and timeliness of care, care coordination and customer service

**Member
Complaints and
Changes in the
Health Plan's
Performance**



Plan quality improvement, as well as member retention and complaints

**Health Plan
Customer Service**



Appeals review process and call center capacity

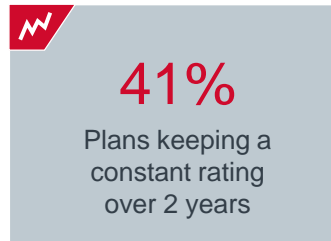
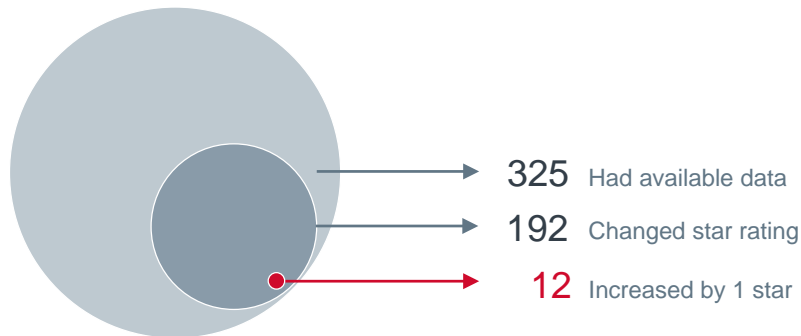
Care Gaps



Closing care gaps also essential for managing member costs

Hard to Budge on Stars

Plan Star Performance, 2014-2016¹



Barriers to Closing Care Caps



Recruiting providers

- Plan data confusing and untimely
- Closing gaps may not be worth provider time



Capturing member attention

- Plan communication confusing
- Members uninterested in plan engagement

(Hook)ing Members

Annual Wellness Visit Focus Scales Marketing Efforts

Orchid Health Plan¹ Program Staff Responsibility



Marketing and risk staff work together on member roadmaps



Analytics staff generate member lists with next action items



Dedicated marketing staff create member “hooks” for identified actions

Sample Email

To: sam.liebl@gmail.com

From: orchid@orchid.com

Subject: Take 3 minutes to schedule your free visit!

Happy New Year, Sam!

We're excited to see you for your annual wellness visit this year. Take 5 minutes to schedule your visit with Dr. Smith [here](#). Looking forward to seeing you!

1) Pseudonym.

Adaptive Learning

Mass Customization Built on Consistent Messages

Roadmap Examples for Orchid MA Beneficiaries

	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>
<i>Betty,</i> Age 65	<ul style="list-style-type: none"> • Email: Schedule your Annual Wellness Visit • Please discuss: HRA, diabetes, breast cancer screening, colonoscopy cancer screening 	<i>Betty went to her wellness visit.</i>	Email: Check your blood sugar, schedule diabetes follow-up appointment	<i>Betty goes to provider and has new medication issues.</i>	Phone Follow-up: See your doctor for medication reconciliation.
<i>Phil</i> Age 71	<ul style="list-style-type: none"> • Letter: Schedule your Annual Wellness Visit • Please discuss: HRA, monitoring mental health, colonoscopy cancer screening 	<i>Phil did not schedule wellness visit.</i>	Phone Follow-up: Schedule your Annual Wellness Visit	<i>Phil went to his wellness visit and scheduled follow up with behavioral health specialist.</i>	Phone Follow-up: Schedule your colonoscopy screening.

Star Power

Redesigned Messaging Yields Significant Bonus

“

Knowing What You Want Your Members To Do

“If our communications confuse health plan and health system individuals, even using the jargon that we all understand, how do we expect consumers in the individual marketplace to understand what we’re saying? We had to figure out a way of simplifying the message, not only so that people can consume it, but so that **we understand what we actually want them to do.**”

Vice President, Quality

~

Orchid’s Strong Improvements in Quality Performance

30%

Medicare Advantage members getting annual wellness visits, up from 6%

1.5 stars

Increase in 1 year of strategy implementation

- 1 Overview of Business Line
 - 2 Major Trends Impacting Medicare Advantage Plans
 - 3 Understanding Key Advisory Board Resources
 - 4 Questions
-

Other Health Plan Advisory Council Resources



The Medicare Advantage Stars Improvement Guide

A custom toolkit for improving stars performance



How to Give Providers the Data They Want

Three steps to better data sharing with providers



New Partnerships for Risk Adjustment Accuracy

Tactics to encourage provider and member behavior that supports your risk adjustment strategy.



Three Major Avenues for Growth in Medicare Advantage

Quick insight on Medicare Advantage growth

Contact us at hpac@advisory.com for access to more resources on Medicare Advantage needs and priorities



- 1 Overview of Business Line
 - 2 Major Trends Impacting Medicare Advantage Plans
 - 3 Understanding Key Advisory Board Resources
 - 4 Questions
-