

HEALTH MANAGEMENT ASSOCIATES



Initiating a Successful Medicare Advantage Plan

Strategic, Operational and Planning Considerations

W W W . H E A L T H M A N A G E M E N T . C O M

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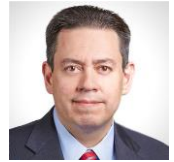
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■ Key Webinar Takeaways

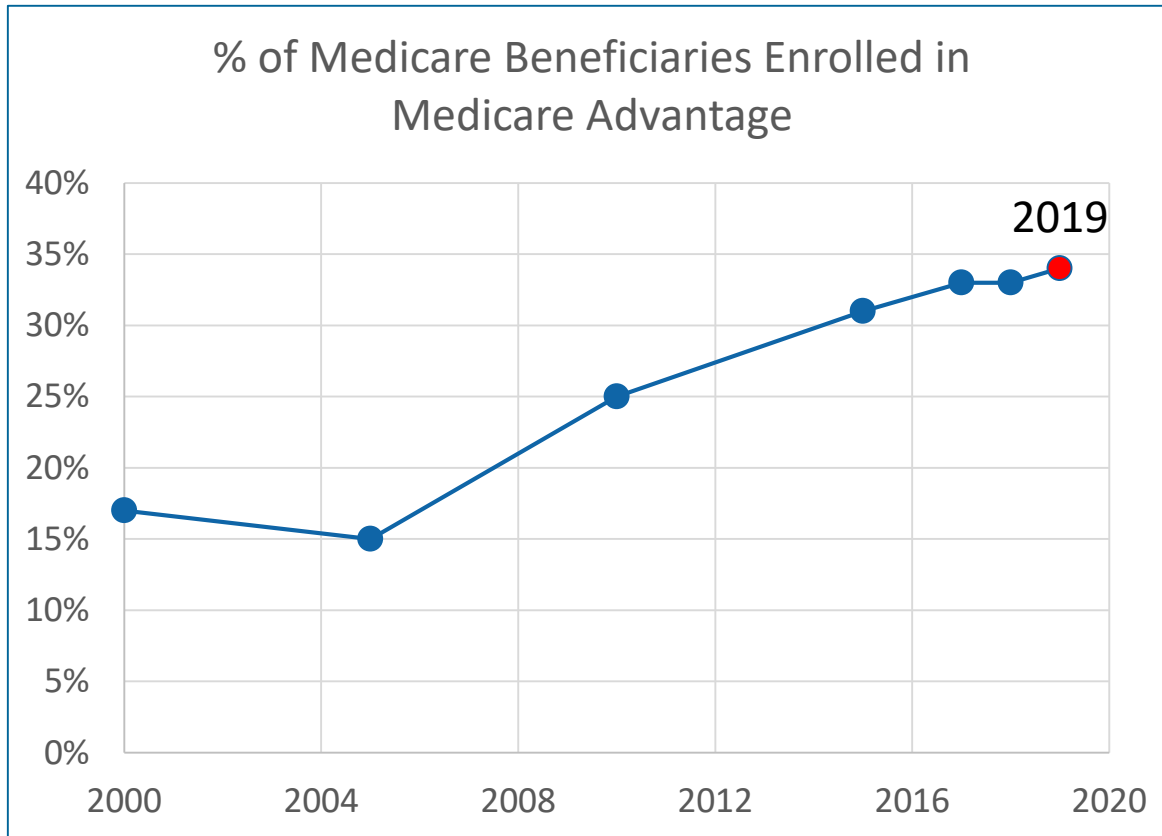
1. Understand the Evolving National Medicare Advantage Policy and Market Landscapes
2. Assess MA Strategic Business Considerations
3. Understand the Unique Market Opportunities of Special Needs Plans
4. Plan for Successful Launch or Expansion in 2021

NATIONAL MEDICARE ADVANTAGE TRENDS

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■ Medicare Advantage Growth and Market Composition

MA enrollment has more than doubled over the past 10 years
(absolute and share of total)



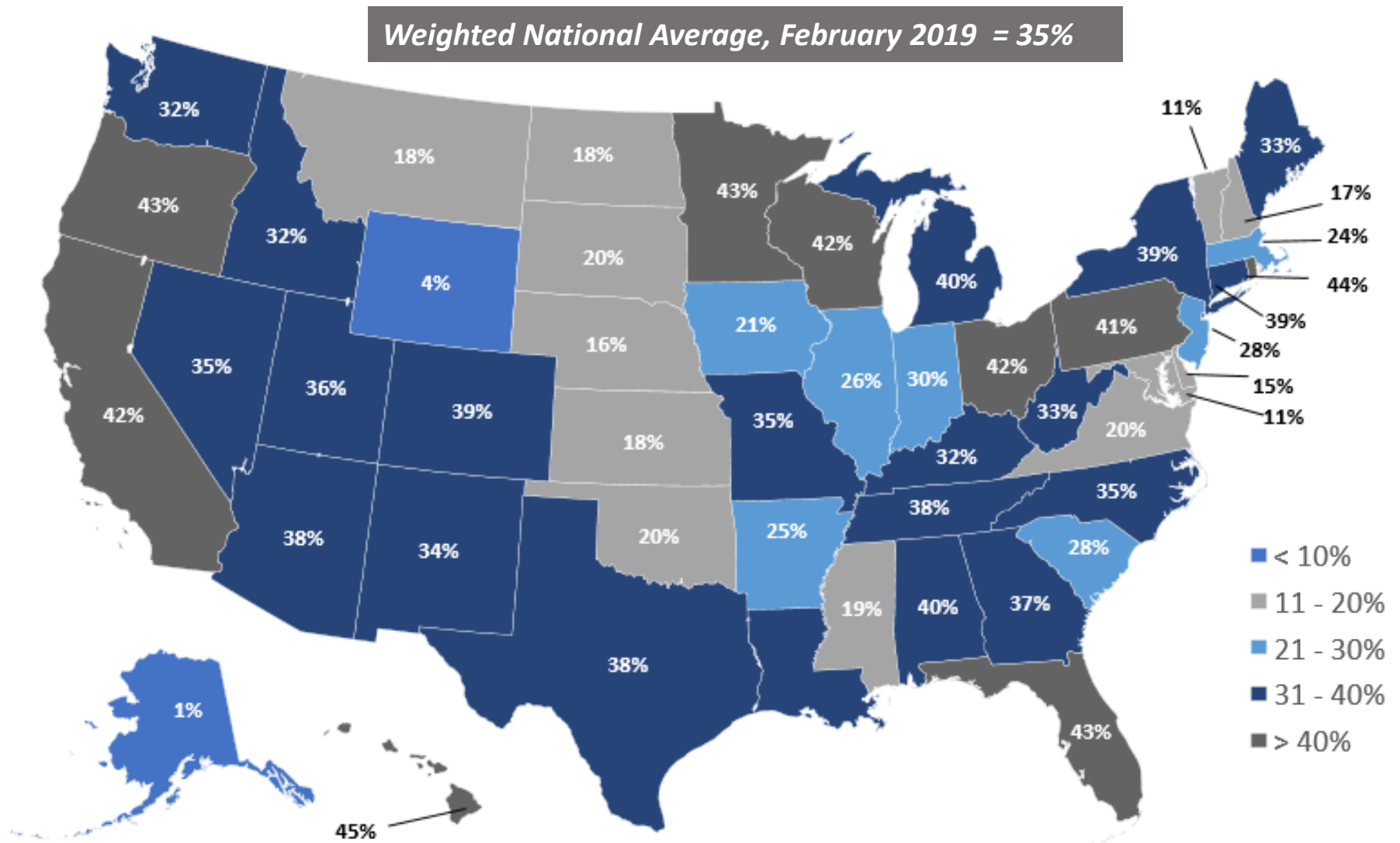
Strategic Question 1:
What role does Medicare Advantage business play in my organization's overall strategic objectives?

Five companies account for 65% of MA enrollment in 2019:

- United Health – 25%
- Humana – 17%
- Aetna (CVS Health) – 10%
- Kaiser – 8%
- Anthem – 5%

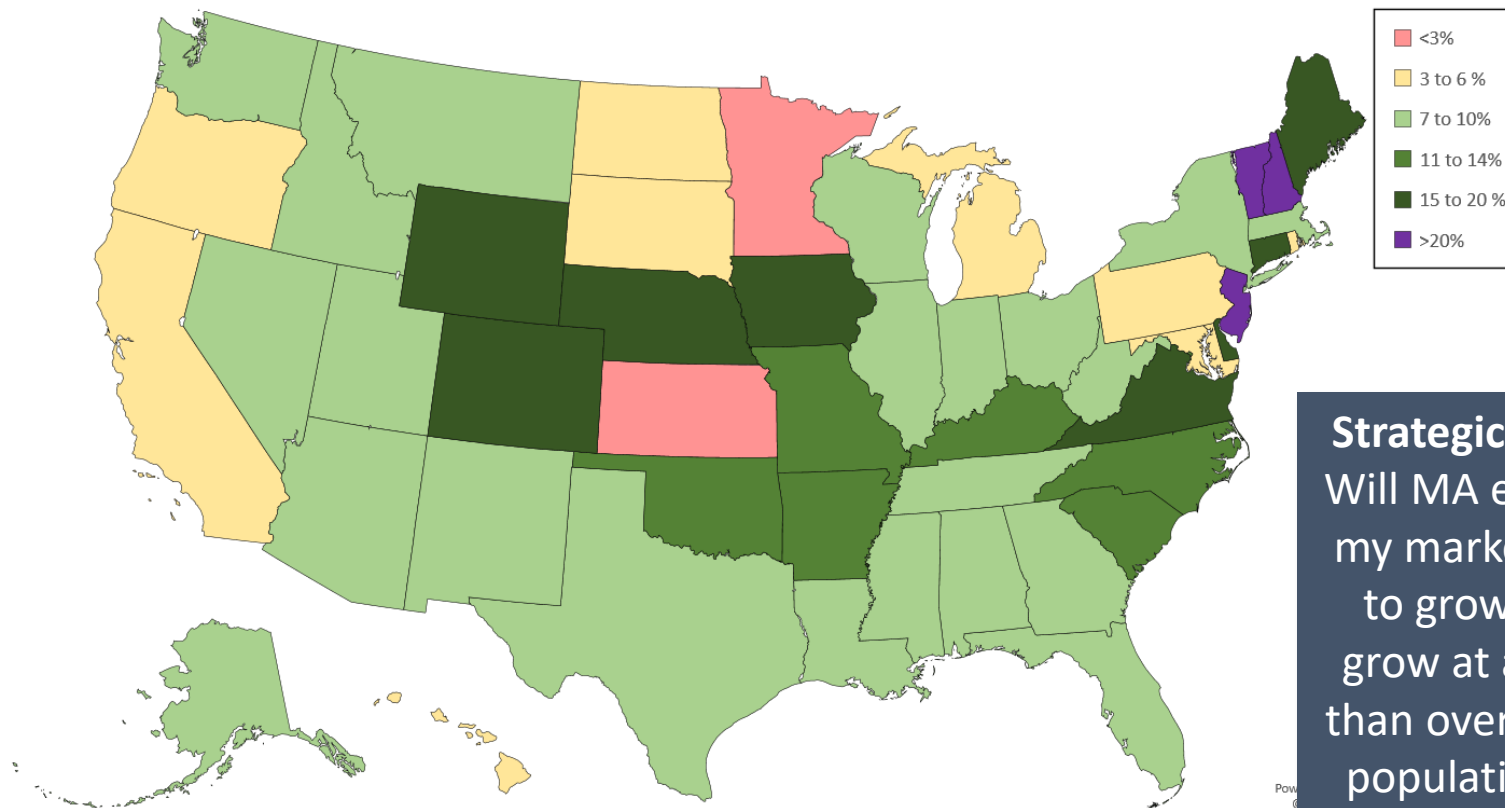
Source: HMA Analysis of CMS Enrollment Files, 2019

2019 Medicare Advantage Enrollment Varies Across the US



Source: HMA Analysis of CMS State/County Market Penetration Files, 2019

Change in Medicare Advantage Enrollment from 2018 to 2019



Strategic Question 2:
Will MA enrollment in my markets continue to grow and will it grow at a rate faster than overall Medicare population growth?

Source: HMA Analysis of CMS State/County Market Penetration Files, 2018 - 2019

■ Health Status of MA Beneficiaries is Similar to Traditional Medicare

	Traditional Medicare Beneficiaries	Medicare Advantage Enrollees
Health Measures		
Self-reported Health Status		
Excellent/Very Good	43%	46%
Good	30%	30%
Fair	19%	18%
Poor	8%	6%
Cognitive Impairment	35%	32%
Functional Impairment	39%	36%

Source: Neuman P, Jacobson GA. Medicare Advantage Checkup. New England Journal of Medicine 2018;379(22):2163–72

■ Medicare Beneficiary Demographics

Strategic Question 3:
What are the demographics
of the population that I will
be serving?

	Traditional Medicare Beneficiaries	Medicare Advantage Enrollees
Age		
<65	17%	13%
65-74	43%	47%
75-84	26%	28%
85+	13%	12%
Income		
<\$10,000	13%	13%
\$10,000-\$19,999	26%	29%
\$20,000-\$39,999	32%	34%
\$40,000+	29%	24%
Race		
White	77%	71%
Black	9%	11%
Hispanic	7%	13%
Other	6%	6%



STRATEGIC BUSINESS CONSIDERATIONS

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Why Become a Medicare Advantage Sponsor



Medicare Advantage Plan Type

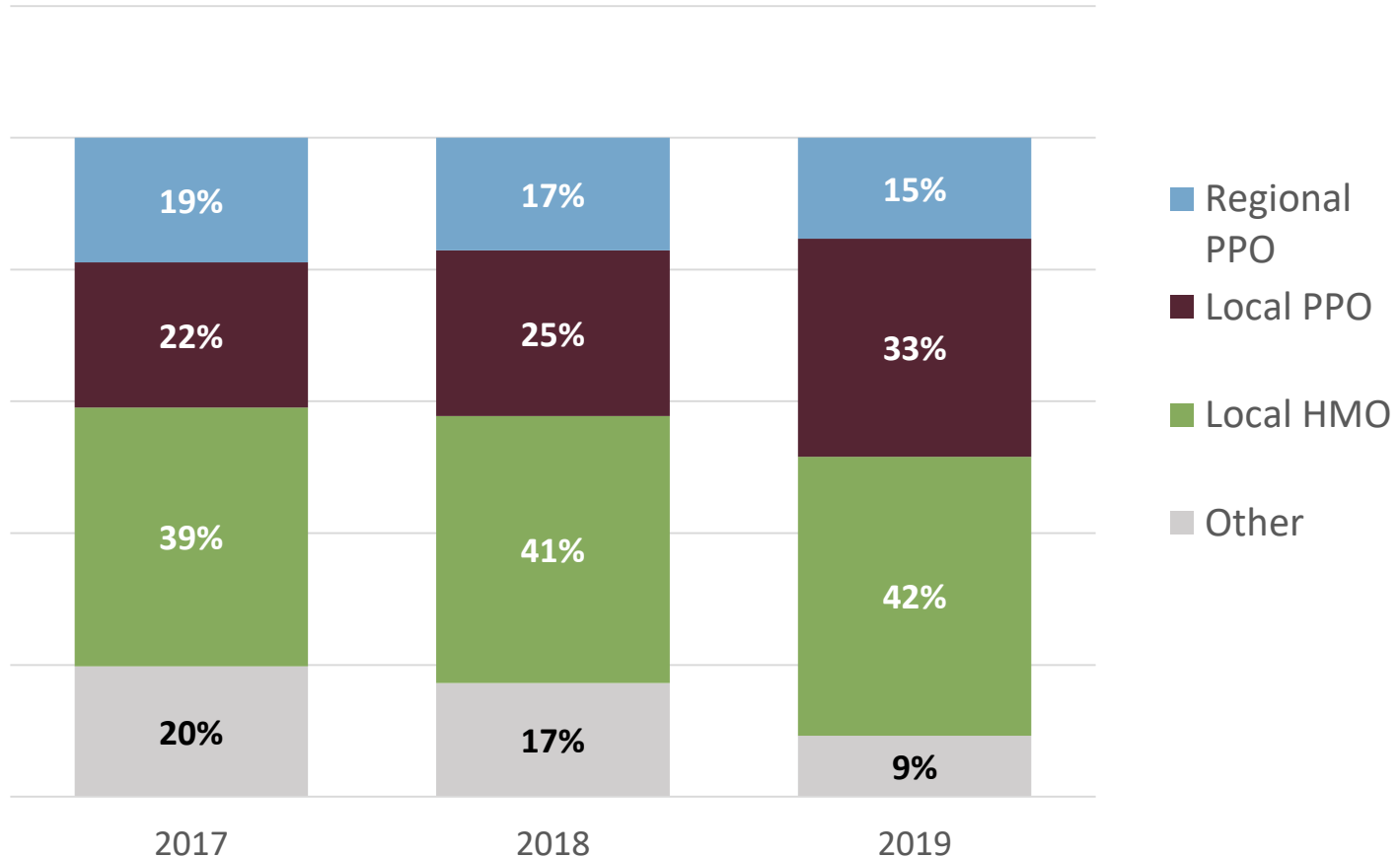
Product Design

Operational Capabilities

Star Rating

■ MA Plan Types

Availability of plan types, 2017 - 2019



Source: HMA Analysis of CMS Landscape Files, 2017 - 2019

■ HMO vs. Local PPO vs. Regional PPO

Strategic Question 4:
Which MA Plan types align with my overall strategic objectives and internal competencies?

HMO

- Tightly coordinated network of providers
- Beneficiaries are covered for in-network provider services. Out of network services are not covered.
- CMS network adequacy standards including all specialists and ancillary providers (Specialists, SNFs, DME, Pharmacies, etc.)
- Beneficiaries may have to switch physicians
- Generally have lower premium and cost share

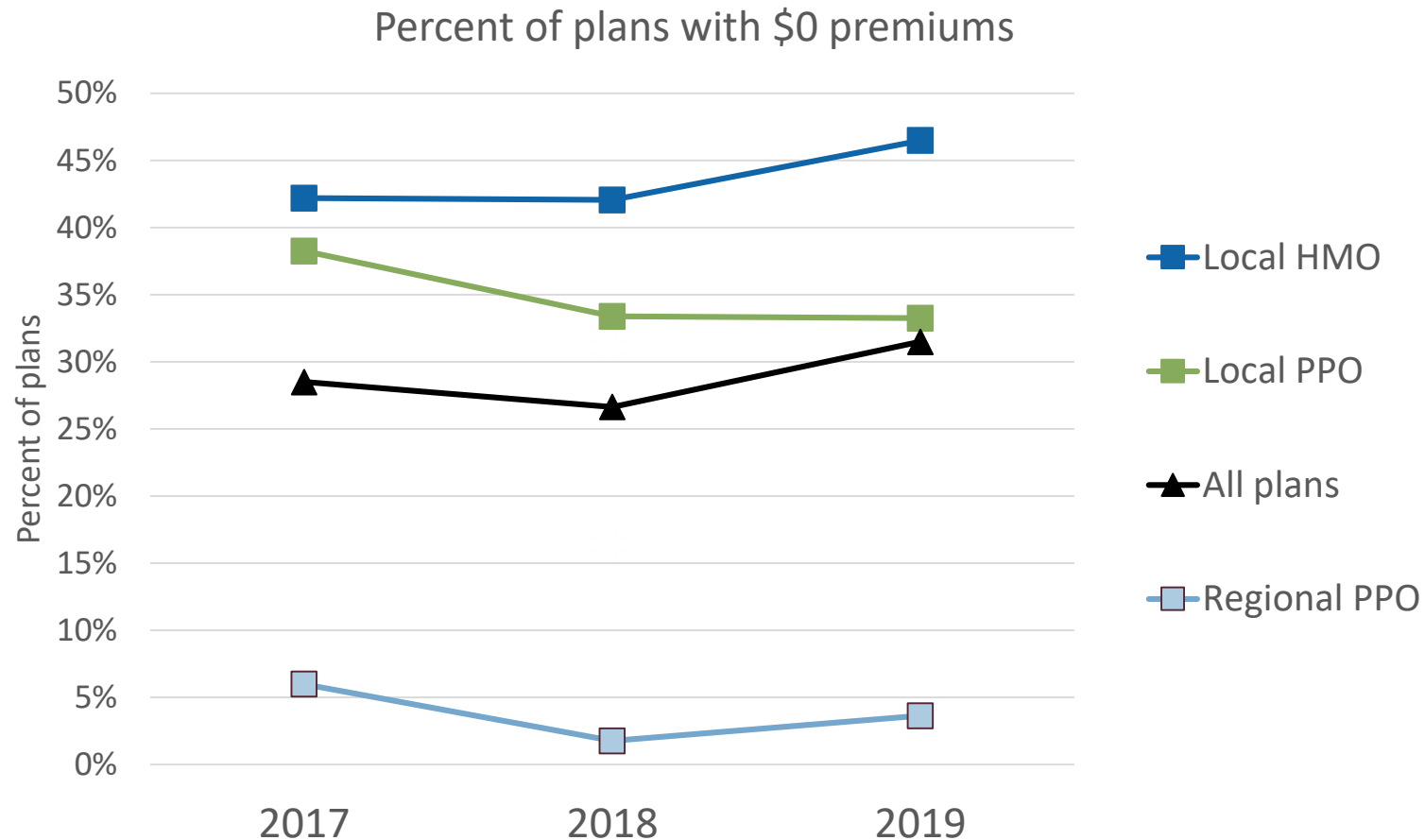
Local PPO (LPPO)

- PPO designs allow for out of network coverage
- CMS network adequacy standards similar to HMO
- Broader network of providers needed
- Potential to pay out of network providers 100% of Medicare
- Beneficiaries less likely to have to switch physicians but may pay higher fee to access their physicians

Regional PPO (RPPO)

- PPO designs allow for out of network coverage
- May deviate from CMS network access standards but must file by CMS regions
- Enrollees who receive plan-covered services in non-network areas of an RPPO must be covered *at in-network cost-sharing levels*
- Beneficiaries less likely to have to switch physicians

■ Percent of Plans with Zero Premium Offerings



Source: HMA Analysis of CMS Landscape Files, 2017 - 2019

■ Non-Medical Supplemental Benefits

- CMS now provides Medicare Advantage plans flexibility to provide non-medical supplemental benefits non-uniformly to chronically-ill beneficiaries
- Rules/requirements:
 - Payment rates kept the same (i.e., no new money)
 - Beneficiaries must have one or more specified chronic conditions or illnesses (financial need or social risk factors is not a criteria)
 - Benefit must have a *reasonable* expectation to improve or maintain health or overall function related to chronic condition or illness
 - May include capital or structural improvements to homes
 - Plans must incur a non-zero direct medical cost for the service
 - Plans are expected to develop objective criteria and maintain documentation for determining need
 - Plans must determine coverage and offer rights of appeal, similar to medical services

■ MA Plan Functions

Strategic Question 5:
Which MA functions should we build vs. buy?
Which vendor should we partner with?

Management, Product, Marketing and Sales

Business Line Leadership

Product Development

Marketing

Sales

Appointment and Commission

Vendor and Delegation Oversight

Compliance

Legal and Licensure

Grievances and Appeals

Finance, Reporting and Analysis

Member Billing and Financial
Reconciliation

Statutory Accounting

Reporting

Actuarial

Accounting and Finance

Analytics

COB, Subrogation and Recoveries

Stop Loss and Reinsurance

Systems

■ MA Plan Functions

Strategic Question 6:
And is there a glidepath for
internalizing those capabilities?

Health Plan Operations

Claims

Encounter Data

Enrollment

Benefit Configuration

Member Services

Member materials

Provider Services

Provider Network

Provider Configuration

Credentialing and Recredentialing

Portals – Member and Provider

Medical Management and Quality

Utilization Management and Prior
Authorization

Disease Management

Case Management

Transitions of Care

24 Hour Nurse Line

Models of Care

Quality

Stars

Risk Adjustment

Pharmacy

■ Medicare Star-Ratings—Reflection of Program Priorities

Star-Ratings Measures with Weight 3 or Above

Measure	Category	Weight	Source
Improving or Maintaining Physical Health	Outcome	3	HOS
Improving or Maintaining Mental Health	Outcome	3	HOS
Diabetes Care—Blood Sugar Controlled	Intermediate Outcome	3	HEDIS
Plan All-Cause Readmissions	Outcome	3	HEDIS
Health Plan Quality Improvement	Improvement	5	Star Ratings
Drug Plan Quality Improvement	Improvement	5	Star Ratings
Medication Adherence for Diabetes Medications	Int. Outcome	3	PDE data
Medication Adherence for Hypertension (RAS antagonists)	Int. Outcome	3	PDE data
Medication Adherence for Cholesterol	Int. Outcome	3	PDE data

CAHPS' Measures of Patient Experience and Complaints will increase from weight of 1.5 to 2.0

Strategic Question 7:
Is my organization prepared for success in Stars?

The background of the slide is a solid blue color. Overlaid on this is a faint, semi-transparent image of a blue folder or binder. Inside the folder, several white papers are visible, some with handwritten notes in blue ink. Several pens and pencils are also visible, scattered across the papers. The overall aesthetic is professional and clean.

SPECIAL NEEDS PLANS

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■ Types of Special Needs Plans

Chronic Condition Special Needs Plans

Institutional Special Needs Plans

Dual Eligible Special Needs Plans

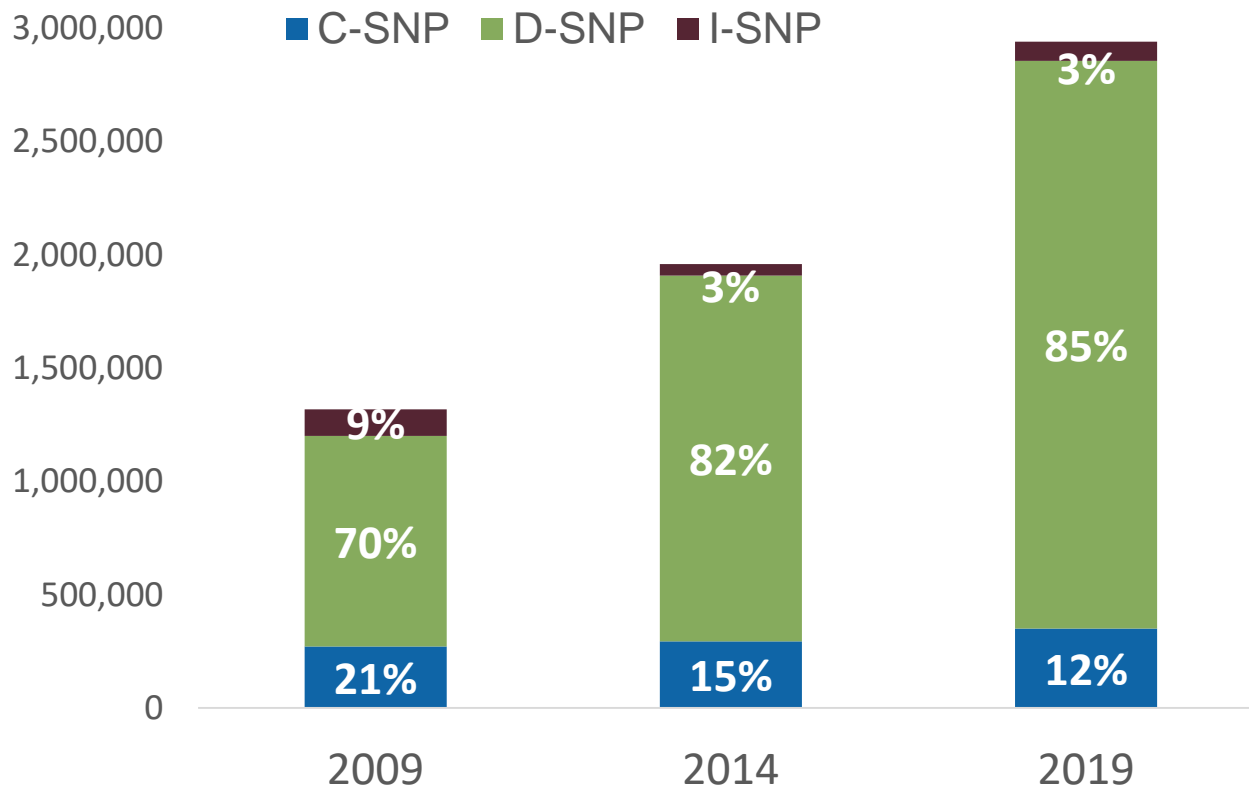
D-SNP

FIDE
SNP

HIDE
SNP

■ Special Needs Plans (SNPs) Are the Fastest Growing Type of Plan

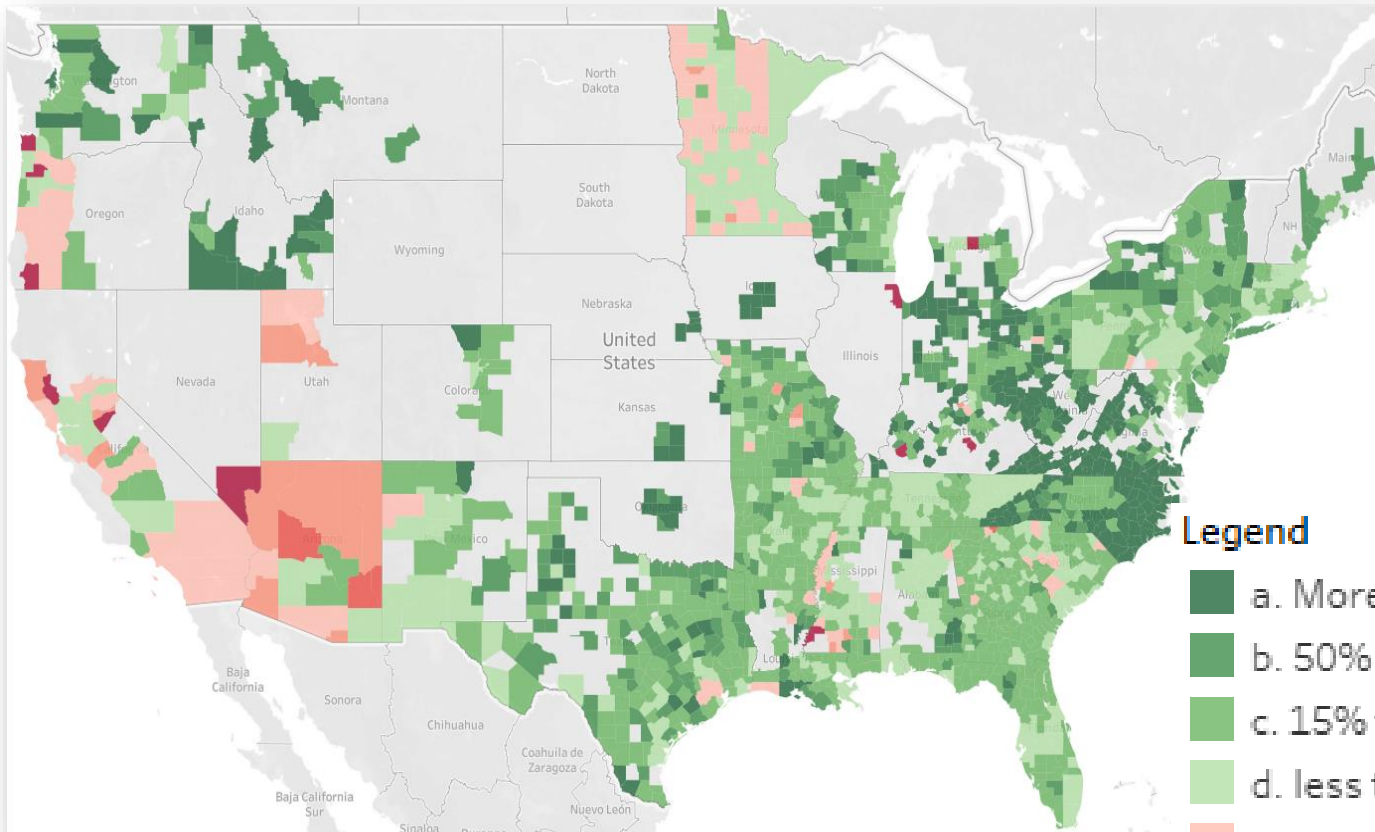
Growth of Enrollment by SNP Type



Strategic Question 8:


Should my MA portfolio include a D-SNP as part of my state Medicaid and duals strategy or provider network strategy?

Source: HMA Analysis of CMS Enrollment Files, 2019



■ Special Needs Plans Requirements and Considerations

- Model of Care
 - MOC1: Description of SNP Population
 - MOC2: Care Coordination
 - MOC3: Provider Network
 - MOC4: Model of Care Quality Measurement and Performance Improvement
- D-SNP - State Medicaid Agreement
 - Requirements vary state-by-state
 - Due in July, the year prior to effective date

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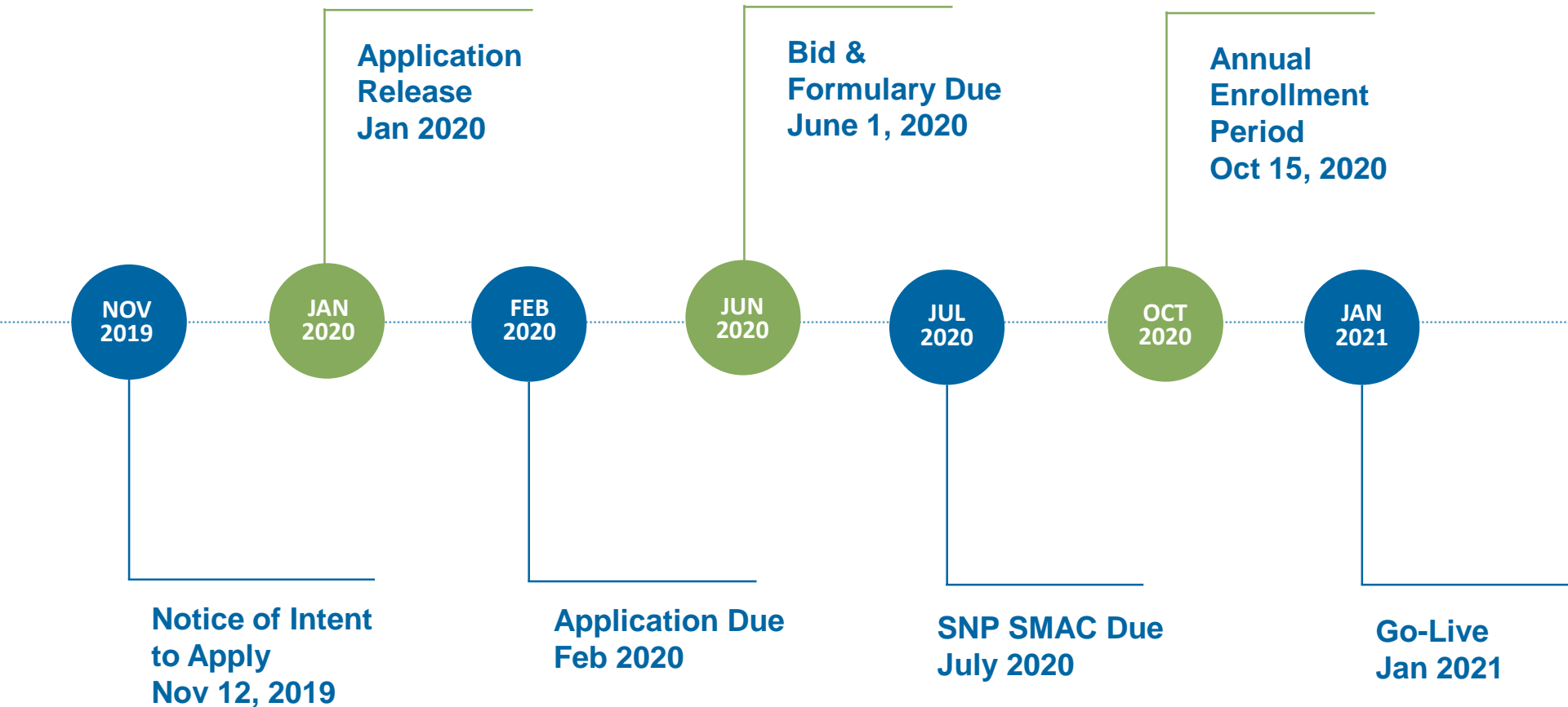
PLANNING AND FEASIBILITY

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■ Business Planning Calendar

MA Specific Milestones	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Feasibility and Due Diligence								■	■	■	■	
Notice of Intent to Apply											■	
Network Development	■	■			■	■	■	■	■	■	■	■
Application Development - HPMS Upload	■	■	■									
Application Approval					■	■						
Rates and Product Development												
Call Letter Rate Announcement (Advance and Final)		■		■								
Bid Preparation and Submission	■	■	■	■	■	■	■	■				
Product Development		■	■	■	■	■	■					
Marketing Materials Development and Dist'n								■	■	■	■	■
Annual Election Period (AEP)										■	■	■
Other Requirements												
Risk Adjustment	■	■	■	■	■	■	■	■	■	■	■	■
Star Quality Ratings									■	■		
Member materials (ANOC, EOC, Provider Directories, ID cards)	■						■	■	■	■		
Compliance and Monitoring	■	■	■	■	■	■	■	■	■	■	■	■
Hiring, Training and Operational Readiness	■	■	■	■	■	■	■	■	■	■	■	■

CMS New & Expansion Application Timeline for 2021



■ Strategic Considerations: Summary of Key Questions

1

What role does Medicare Advantage business play in my organization's overall strategic objective?

2

Will MA enrollment in my markets continue to grow and will it grow at a rate faster than overall Medicare population growth?

3

What are the demographics of the population that I will be serving?

4

Which MA Plan types align with my overall strategic objectives and internal competencies?

5

Which MA functions should we build vs. buy? Which vendor should we partner with?

6

Is there a glidepath for internalizing those capabilities?

7

Is my organization prepared for success in Stars?

8

Should my MA portfolio include a D-SNP as part of my state Medicaid and duals strategy or provider network strategy?

■ Presenters



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