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**Medicare Advantage's Evolution,  
Value Proposition, and its Role  
Serving Low-Income and High-Need  
Beneficiaries**

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## ■ Topics

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1. Market Evolution and Program Profile
2. Value Proposition
3. Program's Increasing Role Serving High-Need Beneficiaries
4. How Plans Must Compete Going Forward

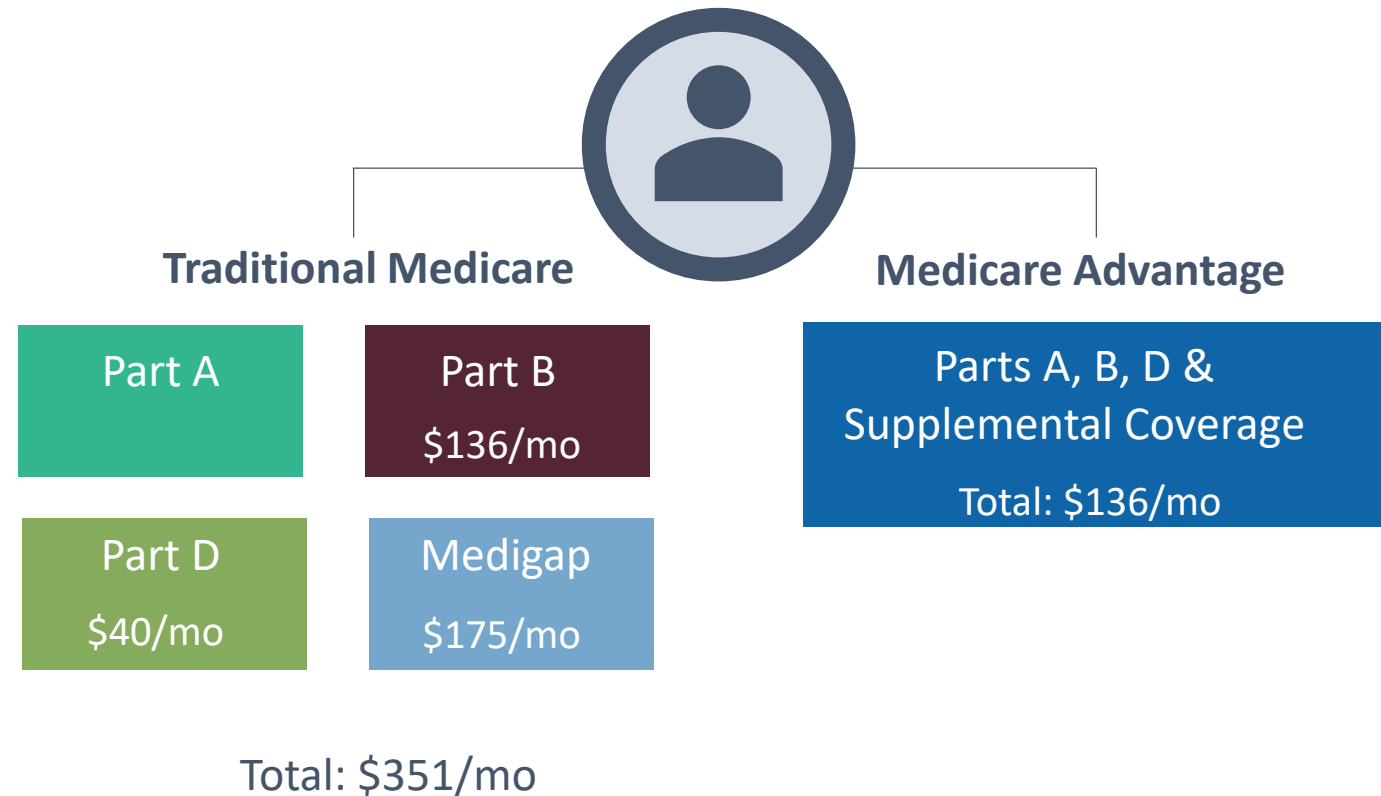
# MARKET EVOLUTION

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## ■ What is Medicare Advantage? Who do beneficiaries choose Medicare Advantage?

- Enrollment in MA is a **voluntary** decision to forego Traditional Medicare and receive benefits through a private health plan
- In addition to traditional benefits, beneficiaries often receive **supplemental benefits** that are not covered by Medicare (e.g., dental, vision, hearing, fitness)
- For **lower premiums and single source of coverage**, beneficiaries accept:
  - Closed provider networks
  - Cost-management (prior authorization, etc.)



Note: Dollar amounts are illustrative only and will vary based on beneficiary circumstances and choices.

## ■ Major Differences Between Medicare Advantage and Traditional Medicare

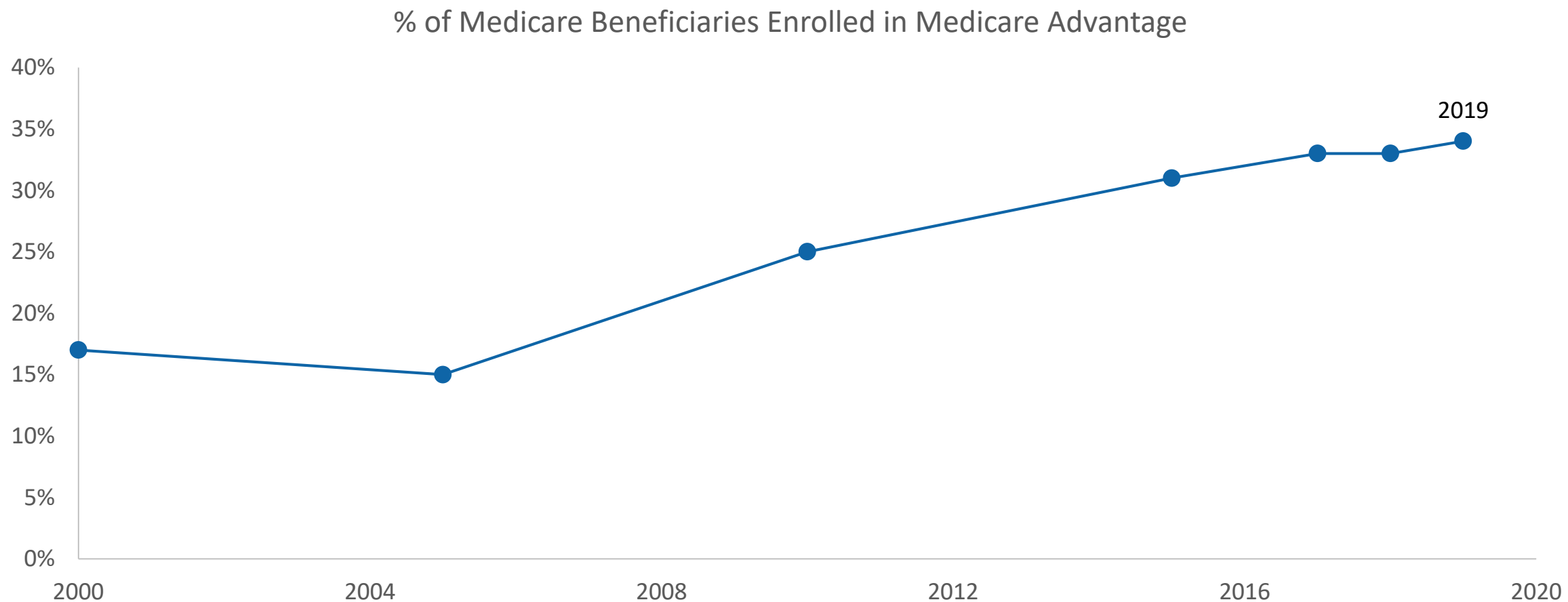
	Traditional Medicare	Medicare Advantage Plans
 Provides Medicare Statutory Benefits	✓	✓
 Pays any Medicare-participating provider	✓	Plans may establish provider networks
 Pays for wellness and preventive benefits	✓	✓
 Provides out-of-pocket cap	No	✓
 Offers supplemental benefits	No	Almost always
 Employs prior authorization	Generally not	✓
 Offers case-management and care coordination services	Generally not	✓
 Coordinates with State Medicaid Program	Generally not	Yes, in context of D-SNPs

## ■ Major Differences Between Medicare Advantage and Medicaid Managed Care

1. Multiple participants—any plan meeting CMS requirements may participate
2. Annual procurements
3. 5-Star Quality System: Premiums and benefits are a function of quality status
4. Intensive CMS review and compliance
5. Beneficiaries always have the right to opt-out: switch plans or return to Traditional Medicare
  - *Dual eligibles may change plans quarterly*

*Medicare Advantage Plans Succeed by Creating Value*

## ■ Federal Policy and Market Dynamics Are Driving Rapid Enrollment into Medicare Advantage Plans



Source: HMA Analysis of CMS Enrollment Files, 2019

## ■ Drivers of Medicare Advantage Enrollment Growth

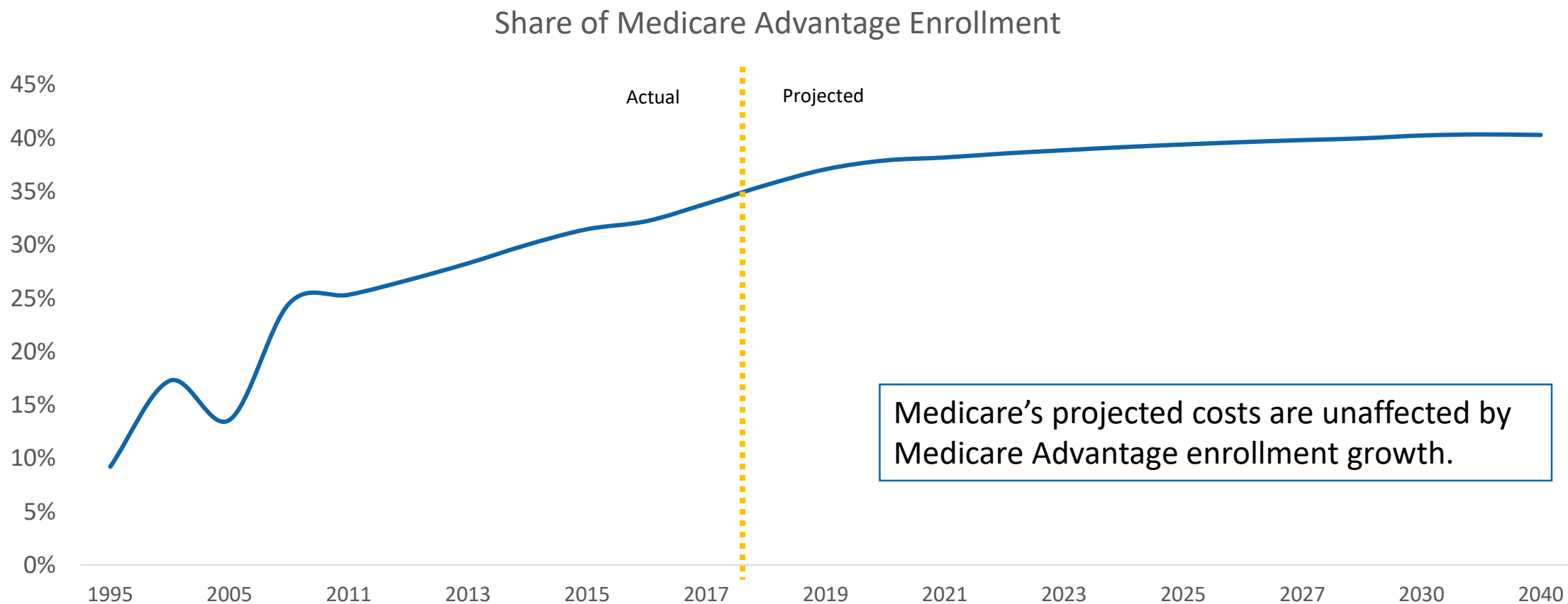
1. Favorable federal reimbursement
2. Overall Medicare population growth
3. Erosion of employer-sponsored retiree insurance; shift to Medicare Advantage products
4. Growth of Special Needs Plans (SNP)

	Growth Rate: 2014-2019
SNP Enrollment	54%
Employer-Sponsored Plan Enrollment	45%
Non-SNP, non-Employer	39%
<b>Total</b>	<b>41%</b>

Source: HMA Analysis of CMS Enrollment Files, 2019



## ■ Projected Share of Medicare Advantage Enrollees

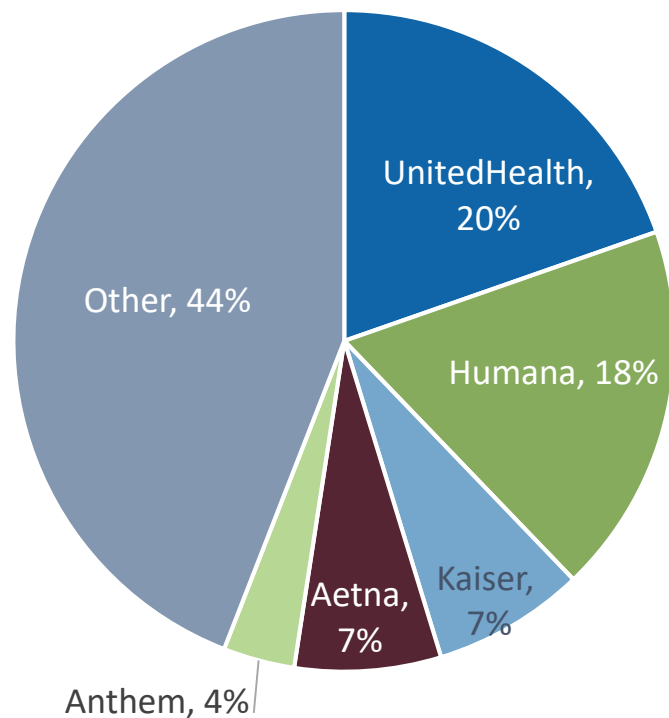


Source: 2019 Medicare Trustees Report

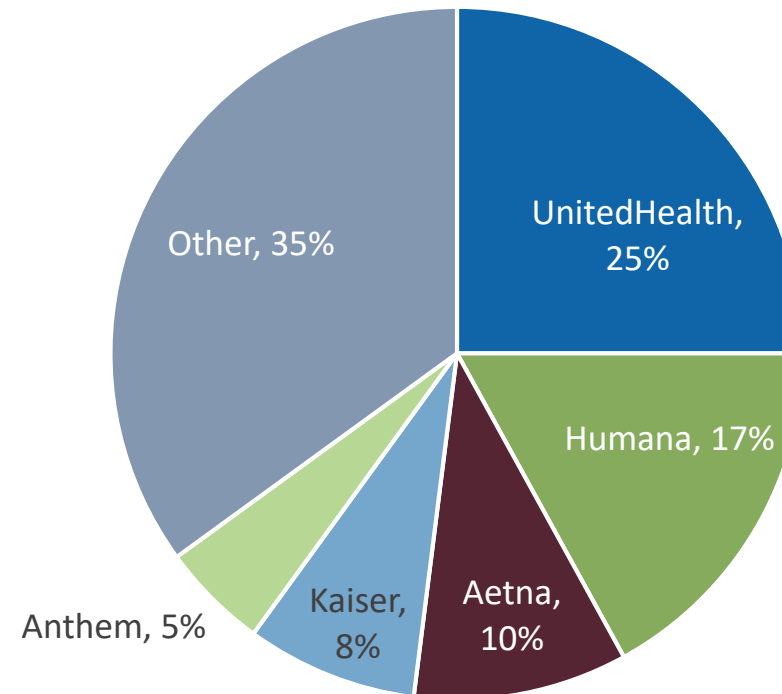
## ■ Enrollment Continues to Be More Concentrated in Five Plan Sponsors

**In 2015, five companies account for 56 percent of Medicare Advantage enrollment. Those same companies account for 65 percent of Medicare Advantage enrollment in 2019**

% of Medicare Advantage Enrollment, by Sponsor  
2015 (16.8 million enrollees)



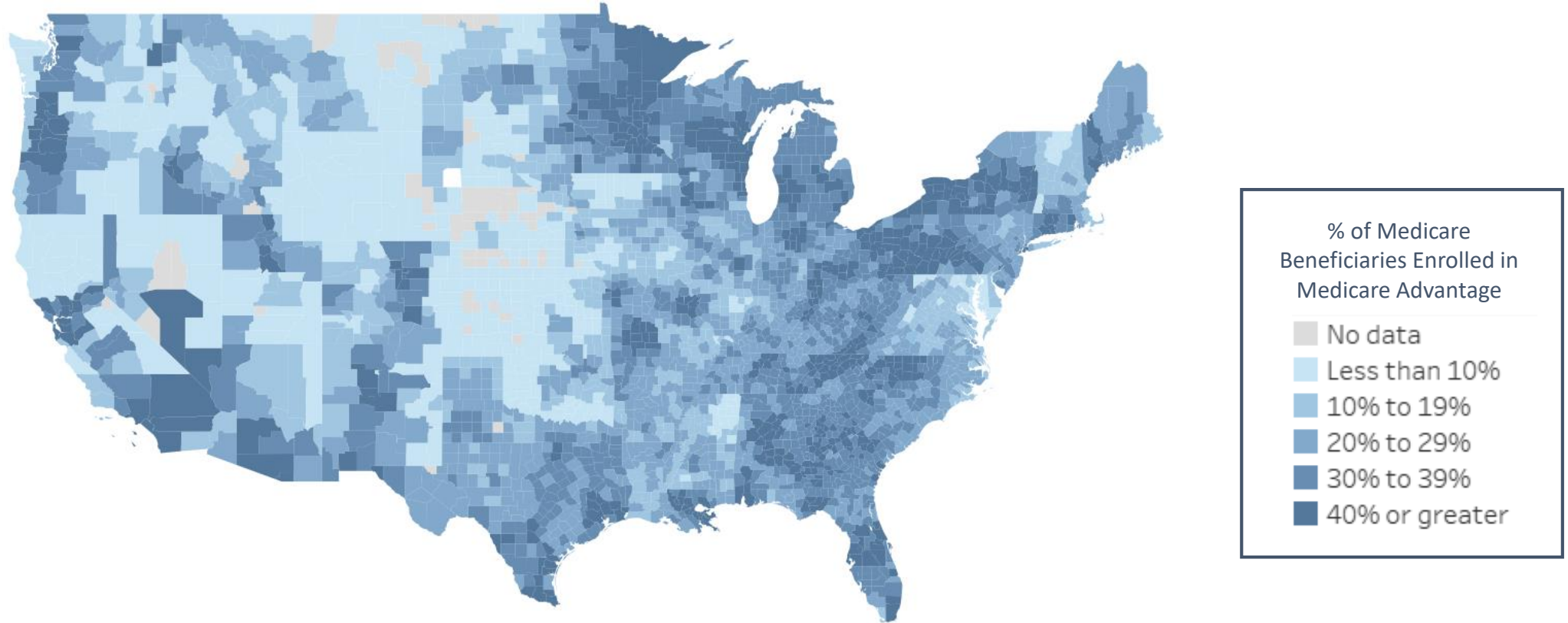
% of Medicare Advantage Enrollment, by Sponsor  
2019 (22.0 million enrollees)



Source: HMA Analysis of CMS Enrollment Files, 2019

## ■ Medicare Advantage Enrollment is Highly Concentrated, Largely in Select Urban Areas

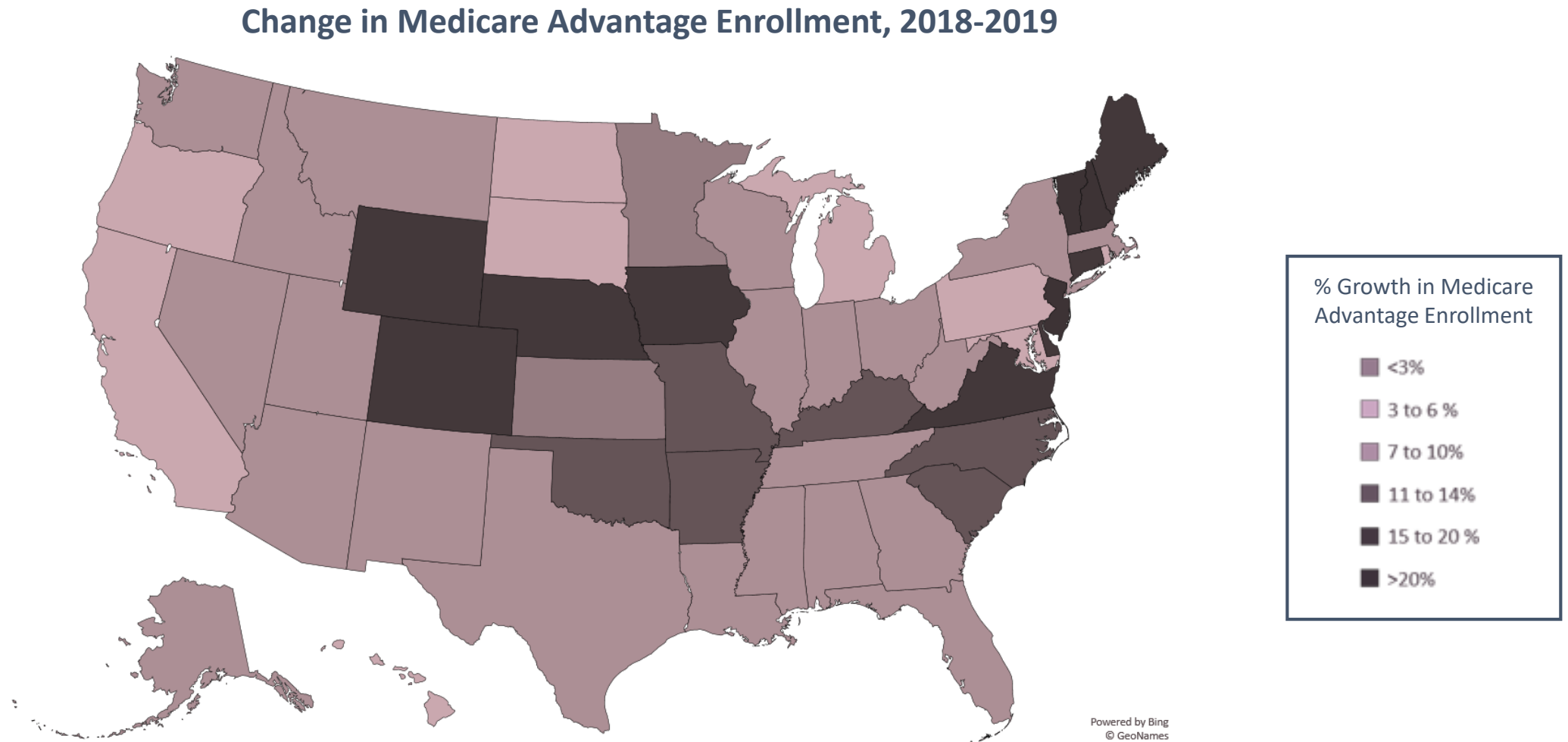
Medicare Advantage Penetration by County, 2019, Share of Total Medicare Beneficiaries



***2019 National Average = 35%***

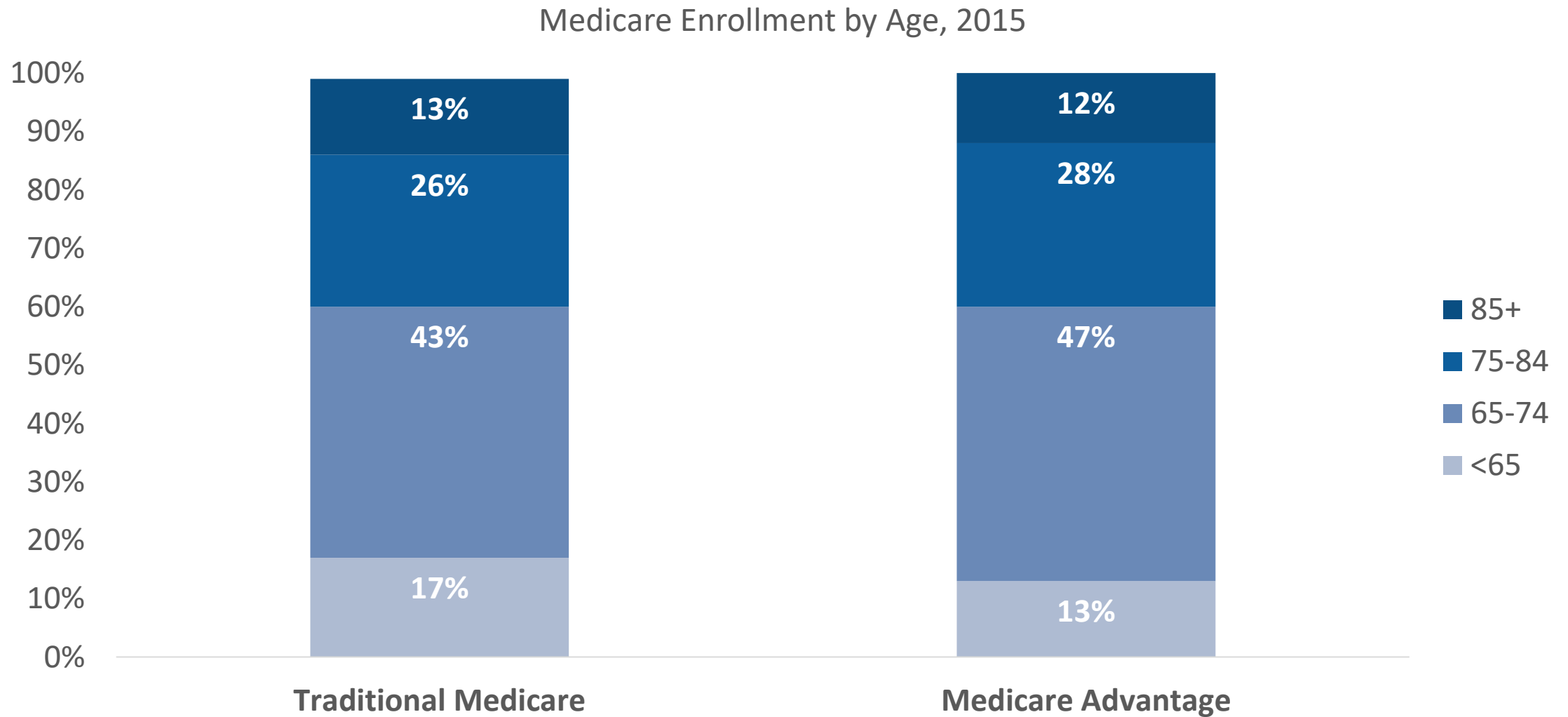
Source: HMA Analysis of CMS State/County Market Penetration Files, 2019

## Growth is Occurring in Areas with Historically Lower Levels of Medicare Advantage Enrollment



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

## ■ Age of MA Enrollees is Similar to Those in Traditional Medicare



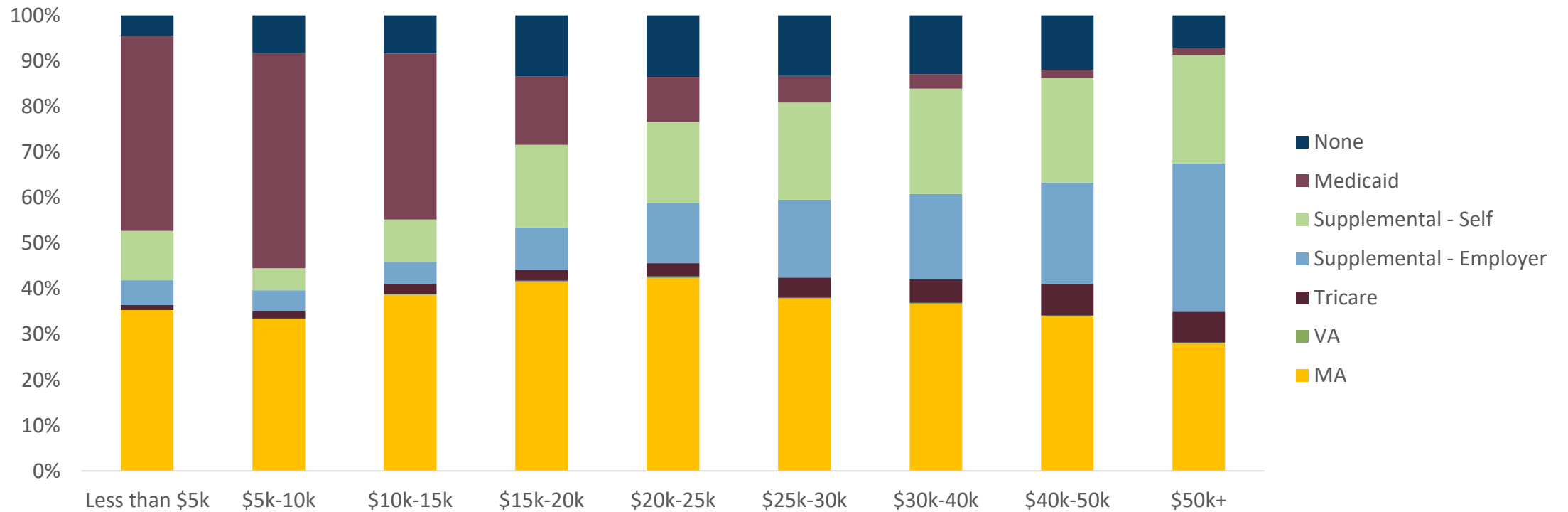
Source: Neuman P, Jacobson GA. Medicare Advantage Checkup. New England Journal of Medicine 2018;379(22):2163–72

## ■ 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%

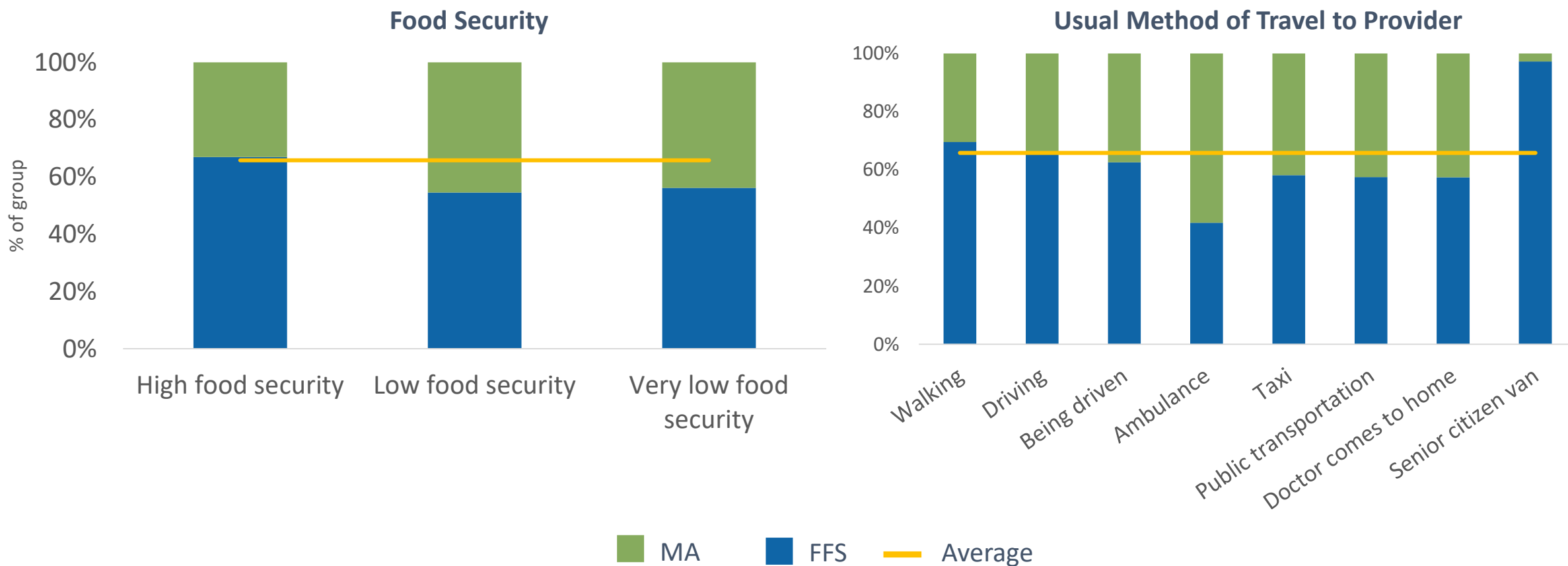
Source: Neuman P, Jacobson GA. Medicare Advantage Checkup. New England Journal of Medicine 2018;379(22):2163–72

## ■ Does Income Predict MA Enrollment?



**Compared to other sources of supplemental coverage, MA enrollment is fairly consistent across income levels, suggesting there may be other factors that are better predictors of MA**

# Medicare Survey Responses Indicate Food Security and Transportation Challenges Among Medicare Advantage Population





**VALUE**

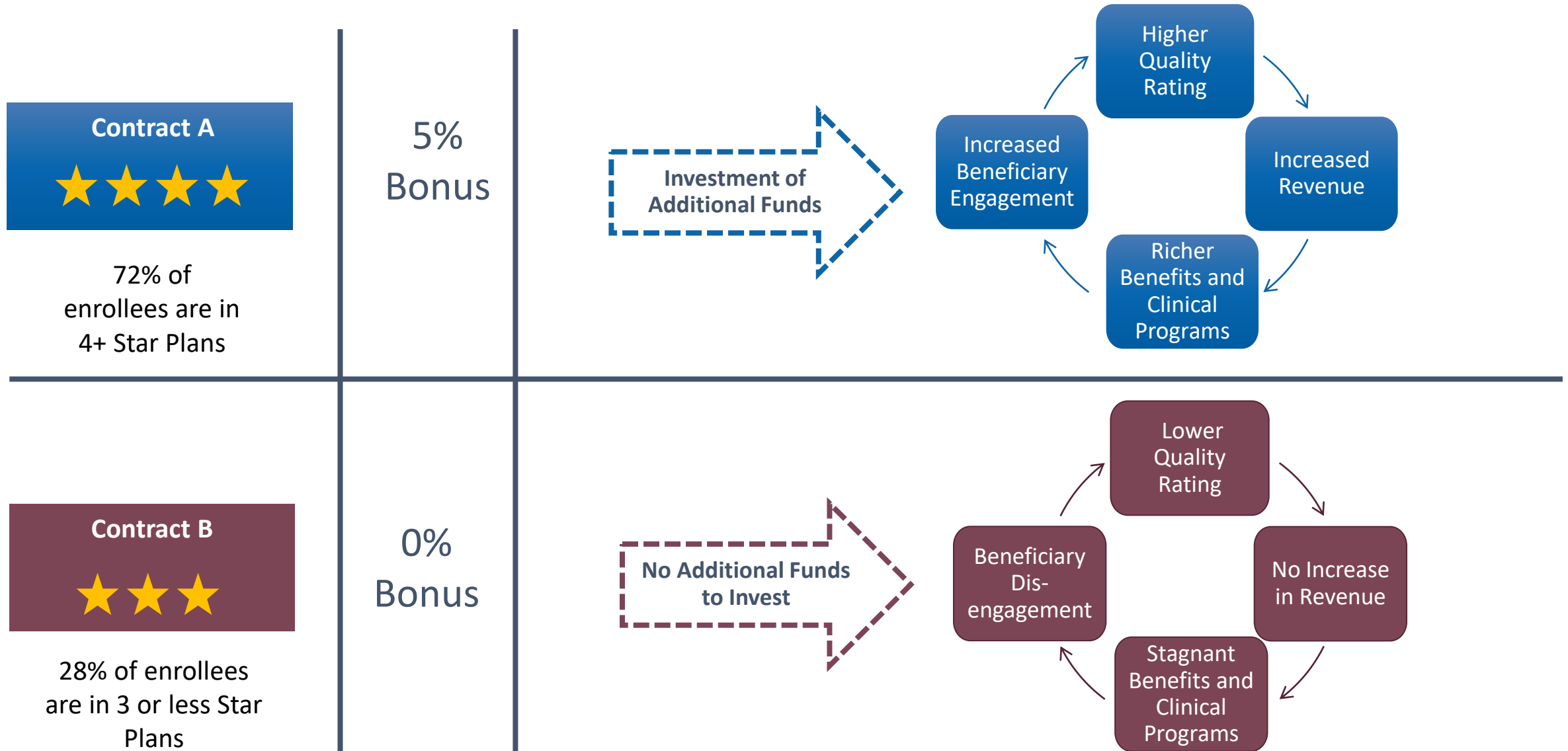
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## ■ Definitions of Value

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1. Star Ratings
2. Serving Dual Eligibles and Other High Need Beneficiaries
3. Addressing Social Determinants of Health

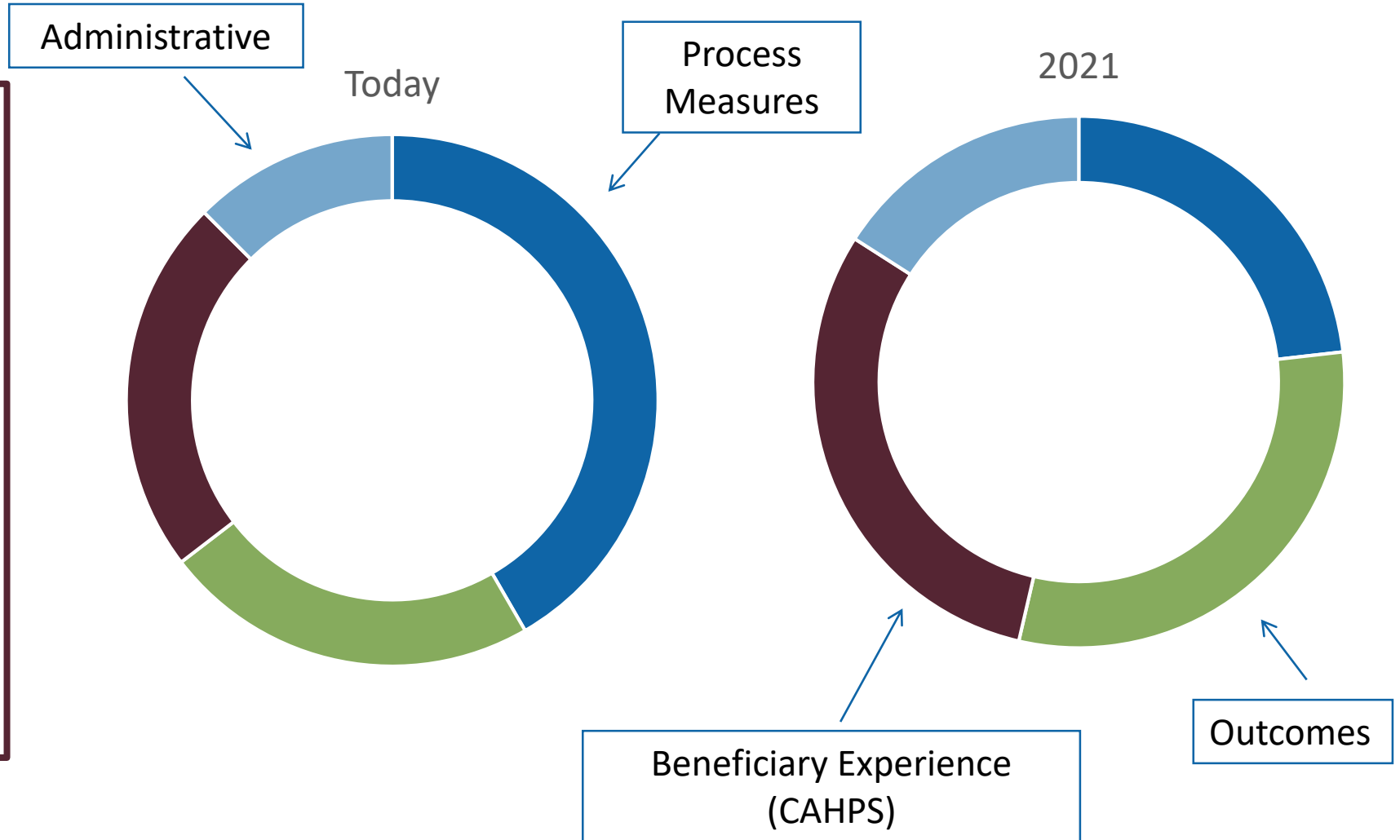
## ■ Star Ratings: MAOs with 4+ Star Rating Receive 5 Percent Bonus Payment



## ■ Composition of Star Ratings Shifting from Process Measures to Outcomes and Member Experience Measures

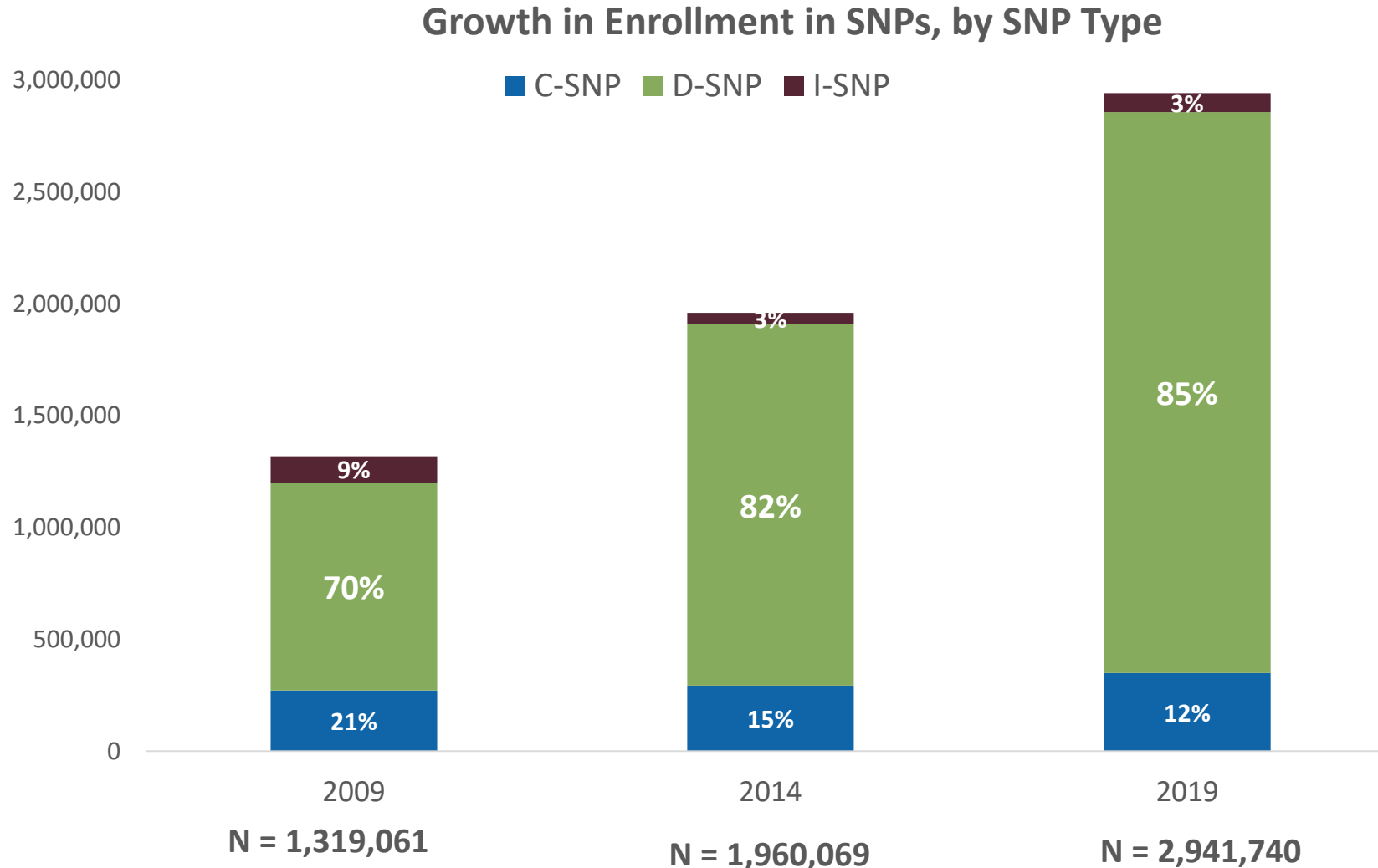
Star ratings are determined using measures and data from various sources, including:

- The Healthcare Effectiveness Data and Information Set (HEDIS)
- The Consumer Assessment of Healthcare Providers and Systems (CAHPS) Survey
- The Health Outcomes Survey (HOS)
- Other plan data, including member satisfaction, grievances and appeals, and audit findings



Note: Changes in measure category weights are illustrative only

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



- SNP enrollment has more than doubled since 2009
- The Bipartisan Budget Act of 2018 (BBA 2018) permanently authorized SNPs, and introduced provisions to strengthen the program
- CMS is affording new flexibilities to SNPs to promote growth

## ■ What is a Dual Eligible Special Needs Plan (D-SNP)?

1

### Medicare Advantage Plan

- Network Adequacy
- 5-Star Rating System
- Medicare Compliance

2



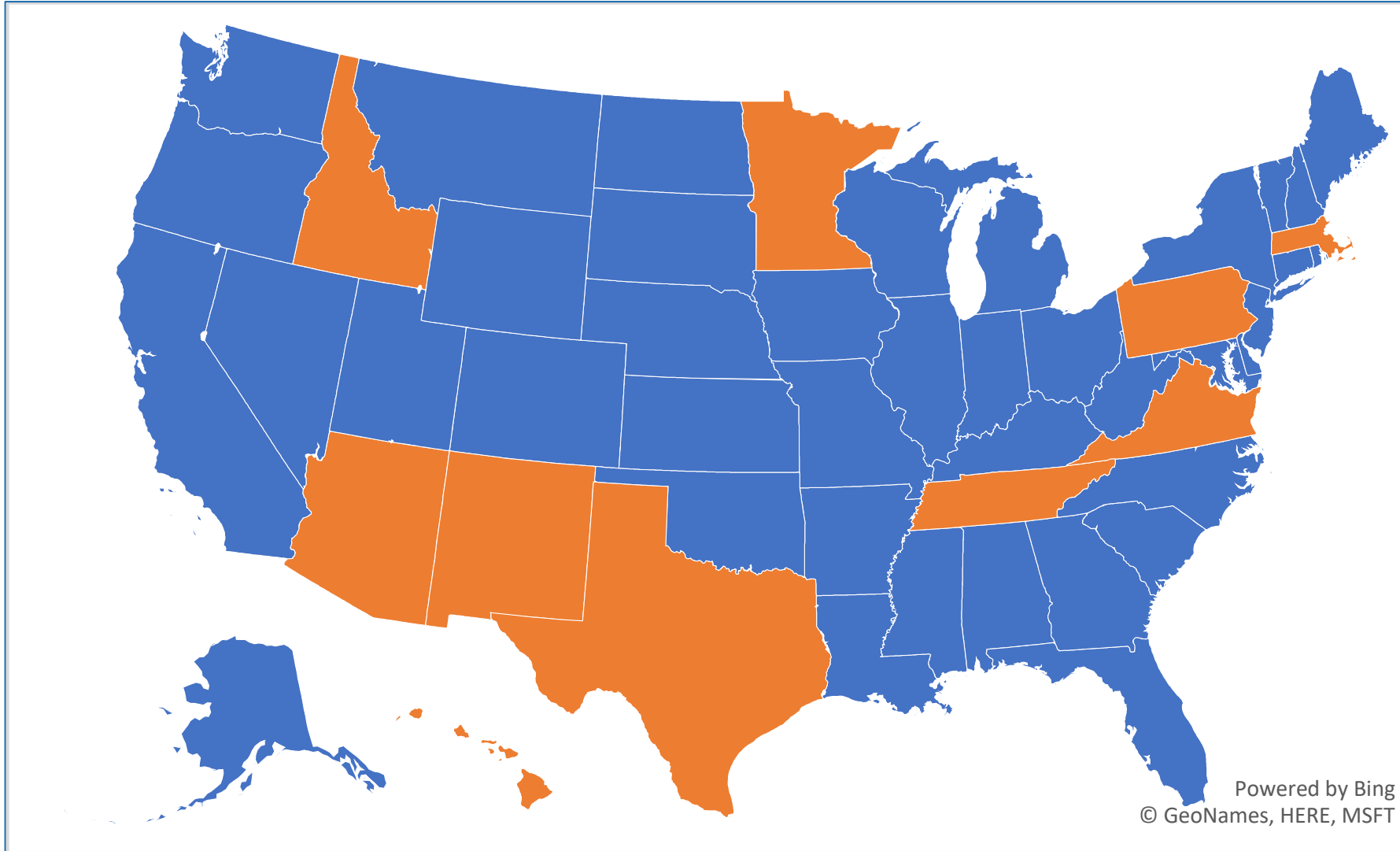
Demonstrated Adherence to  
Model of Care (overseen by CMS)

3



Contract with State to Integrate  
Medicaid Benefits

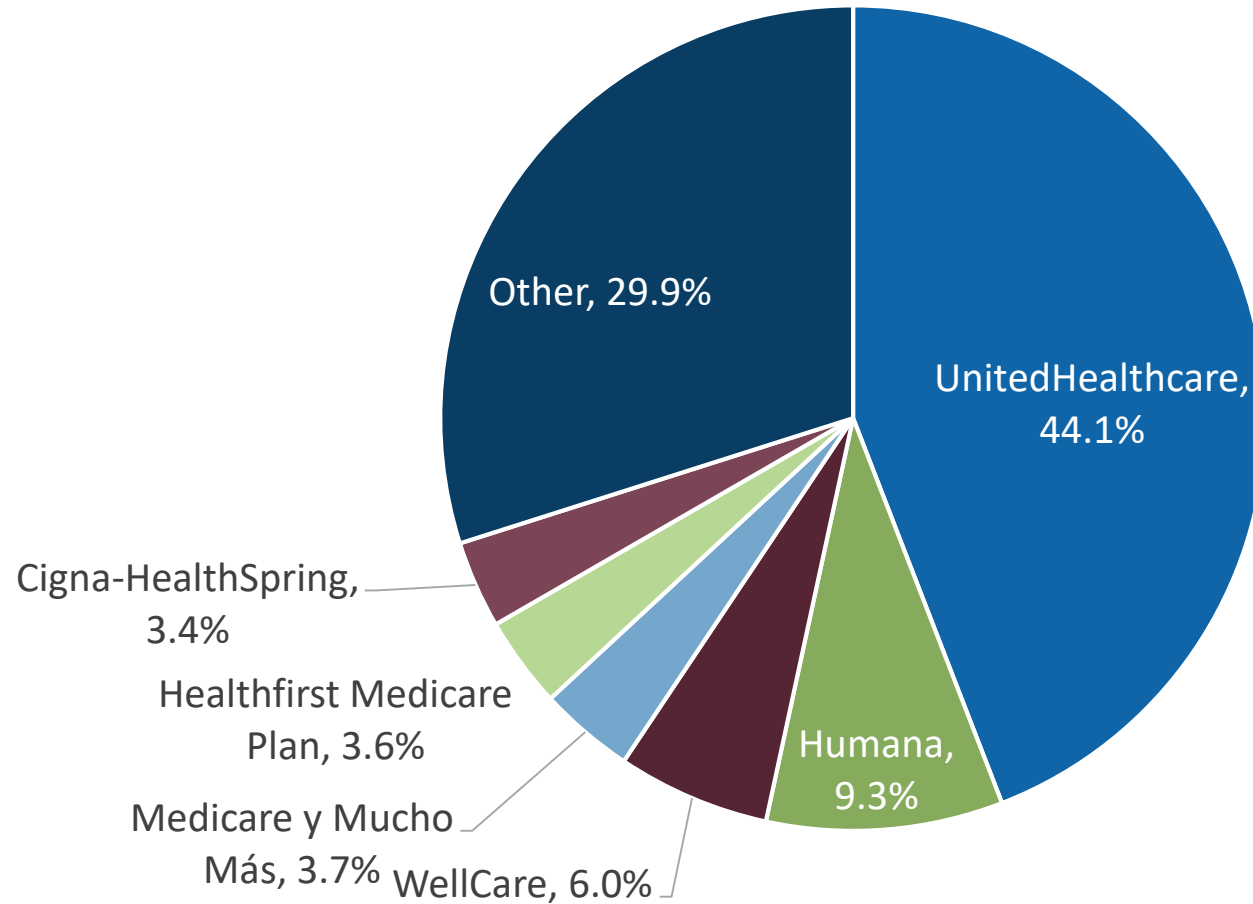
## ■ Growing Number of States Require Managed LTSS Plans to Have Companion D-SNP Products



- Ten states require Managed Care Plans that provide Long-Term Services and Supports to offer a companion D-SNP product to integrate care for dual eligibles.
- Dual eligibles are not required to receive their Medicare benefits through the D-SNP.

## UnitedHealthcare Dominates D-SNP Market

D-SNP Market Share, by Parent Organization (2019)



2.5 million total D-SNP enrollees in 2019

Source: HMA analysis of CMS Enrollment Files



## ■ Examples of Non-Medical Supplemental Benefit Offerings by Top Sponsors, 2019

	Home-Delivered Meals	Personal Care Services or Personal Home Care	Respite Care	Home-Based Palliative Care	Pest Control
Aetna (CVS)	✓	✓	✓		✓
Anthem	✓	✓	✓		✓
Humana		✓			
Kaiser				✓	
United	✓	✓	✓		✓

Source: HMA analysis of CMS Plan Benefit Package (PBP) Files.

Note: Benefits listed are not intended to be exhaustive. Benefit descriptions are based on plan submissions to CMS

## ■ 2020 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 include:

- 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

# **FUTURE DIRECTIONS**

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## ■ A few observations about the future

- Medicare Advantage plan growth will be a function of:
  - *Attracting and retaining new Medicare eligibles*
  - *Stealing market share (Traditional Medicare and other plans)*
  - *Building an infrastructure to sustain 4+ Star Status*
  - *Innovative Supplemental Benefits*
- Dual-Eligible Special Needs Plans:
  - *Strong Medicare strategy*
  - *Strong Medicaid strategy*
  - *Adherence to Innovative Model of Care*

*Medicare  
Advantage  
Plans Succeed  
by Creating  
Value*

## CONTACT ME

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