



MAKING HEALTH CARE BETTER

NASI 2015 Summer Academy

Medicare Advantage

How Does it Work?

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ACHP Member Plans



Medicare Advantage – A Brief Overview

- The MA program allows Medicare beneficiaries the option to receive their benefits through private plans rather than the traditional fee-for-service (FFS) Medicare program.
- Private MA plans receive a monthly per enrollee (capitation) payment from Medicare to provide all Part A and Part B benefits to the plan's enrollees.
 - The payment is adjusted for the enrollee's demographics (e.g., age, gender) and health status.
- Many MA plans also include the Part D drug benefit.

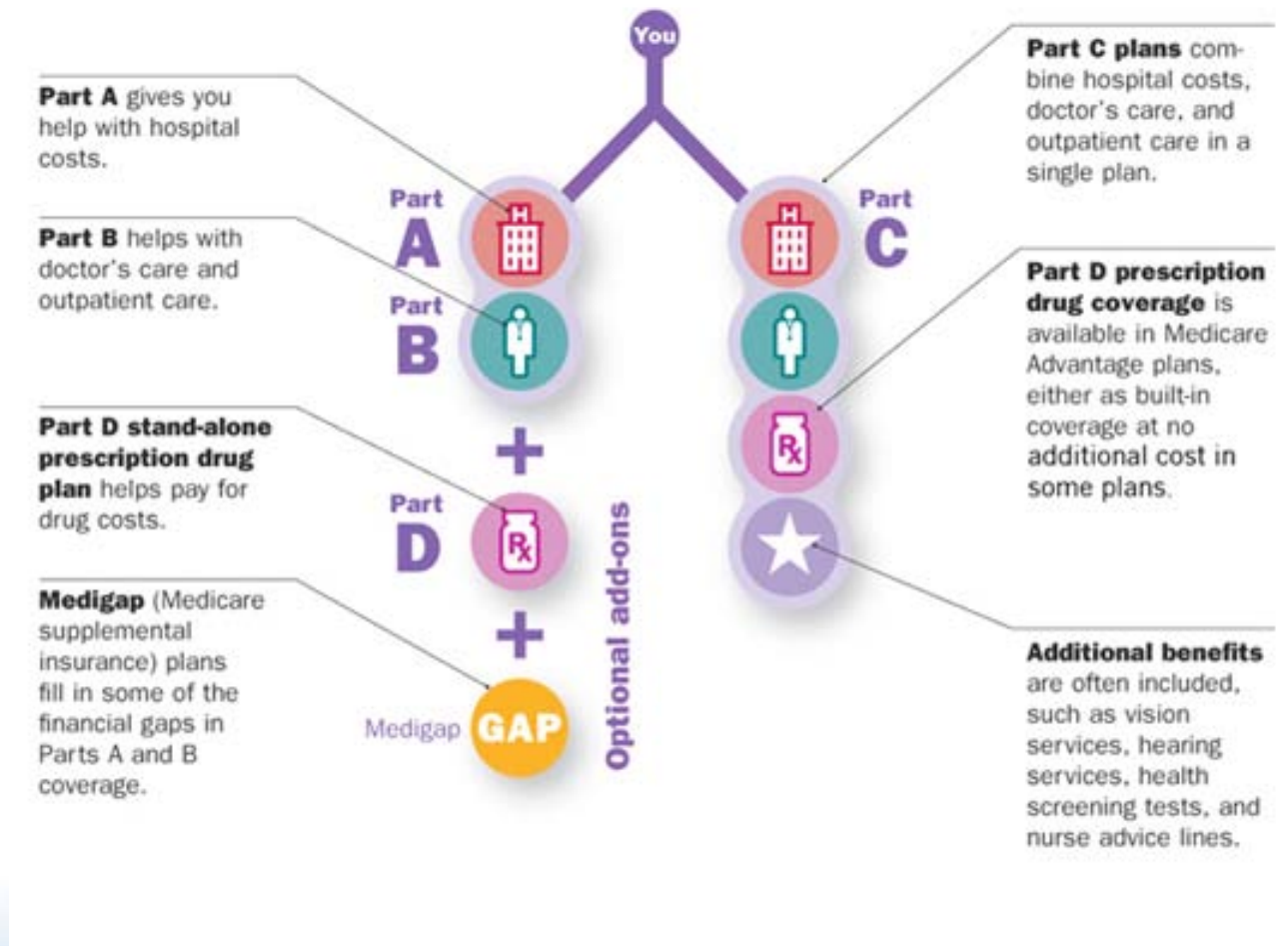
Comparing FFS and MA

FFS MEDICARE	Medicare Advantage
Government pays providers directly for Medicare (Parts A & B) services provided to a beneficiary	Government pays private plans to furnish Medicare benefits to a beneficiary who enrolls
Beneficiary is not limited to a specific provider network	MA plan may direct enrollees to a network of providers
Beneficiary pays monthly Part B premium	Beneficiary pays an MA plan premium (which can be \$0) plus the Part B premium
Most beneficiaries buy Medigap or have another source of supplemental coverage (e.g. employer) to help pay FFS cost sharing*	Because MA plans require lower cost-sharing than FFS and provide some additional benefits, MA enrollees do not buy supplemental coverage

*Only about 10% of Medicare beneficiaries have Medicare only. The rest have FFS + supplemental or MA. About 14% also have Medicaid.

<http://www.medpac.gov/documents/publications/jun14databookentirereport.pdf?sfvrsn=1>

Choosing Between FFS and MA



Extra Benefits Provided by MA Plans

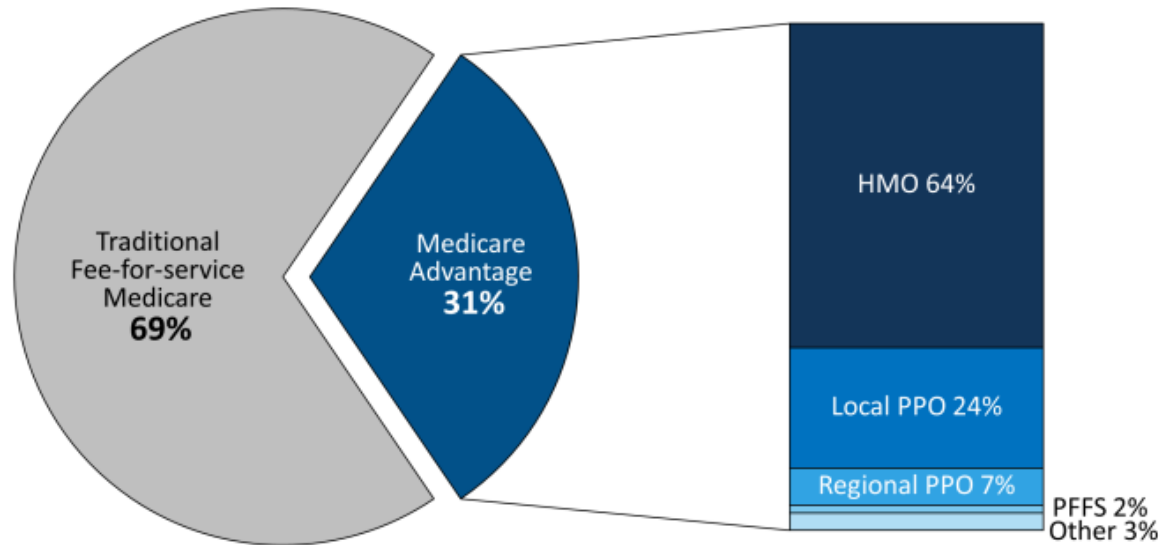
- MA plans may supplement FFS benefits by reducing enrollee cost-sharing requirements.
- They may also provide coverage of non-Medicare benefits including:
 - Vision
 - Hearing
 - Dental
 - Health and wellness programs

Enrollees Can Choose Different Types of Plans

HMOs and local PPOs account for the majority of MA enrollment

Figure 2

Distribution of Enrollment in Medicare Advantage Plans, by Plan Type, 2015



Total Medicare Advantage Enrollment, 2015 = 16.8 Million

NOTE: PFFS is Private Fee-for-Service plans, PPOs are preferred provider organizations, and HMOs are Health Maintenance Organizations. Other includes MSAs, cost plans, and demonstration plans. Includes enrollees in Special Needs Plans as well as other Medicare Advantage plans.

SOURCE: Authors' analysis of the Centers for Medicare and Medicaid Services (CMS) Medicare Advantage enrollment files, 2015.



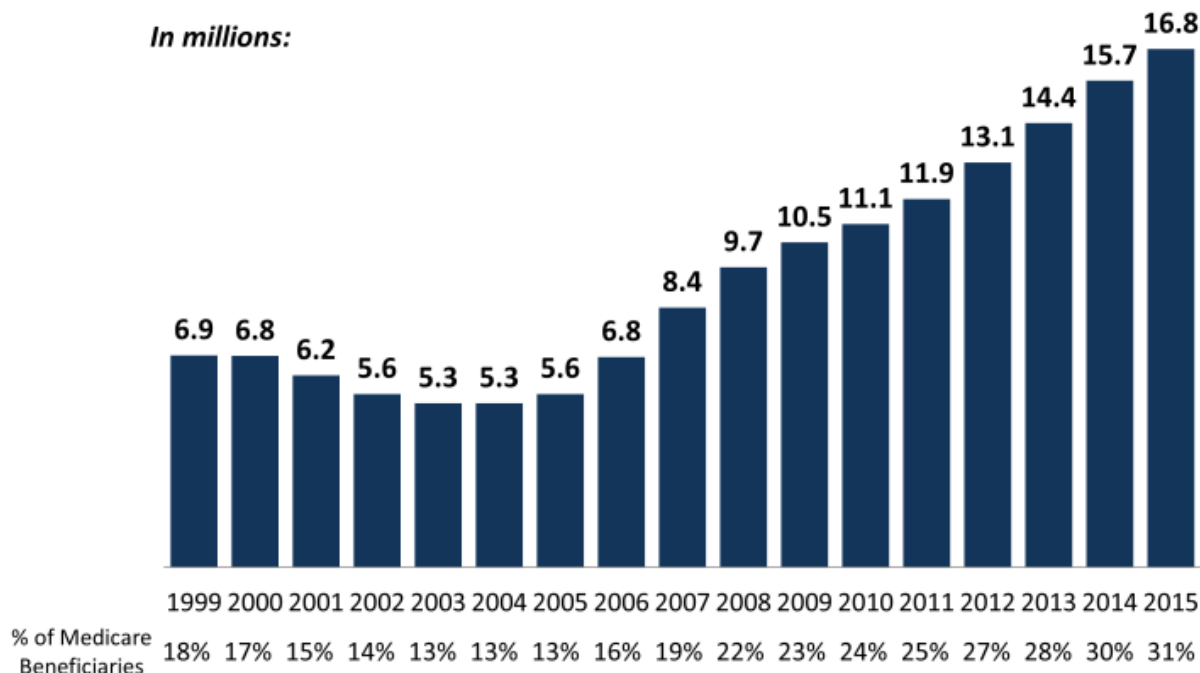
Medicare Advantage Enrollment

**31% (16.8 million) of Medicare beneficiaries are in MA -
50% increase from 2010**

Figure 1

Total Medicare Private Health Plan Enrollment, 1999-2015

In millions:



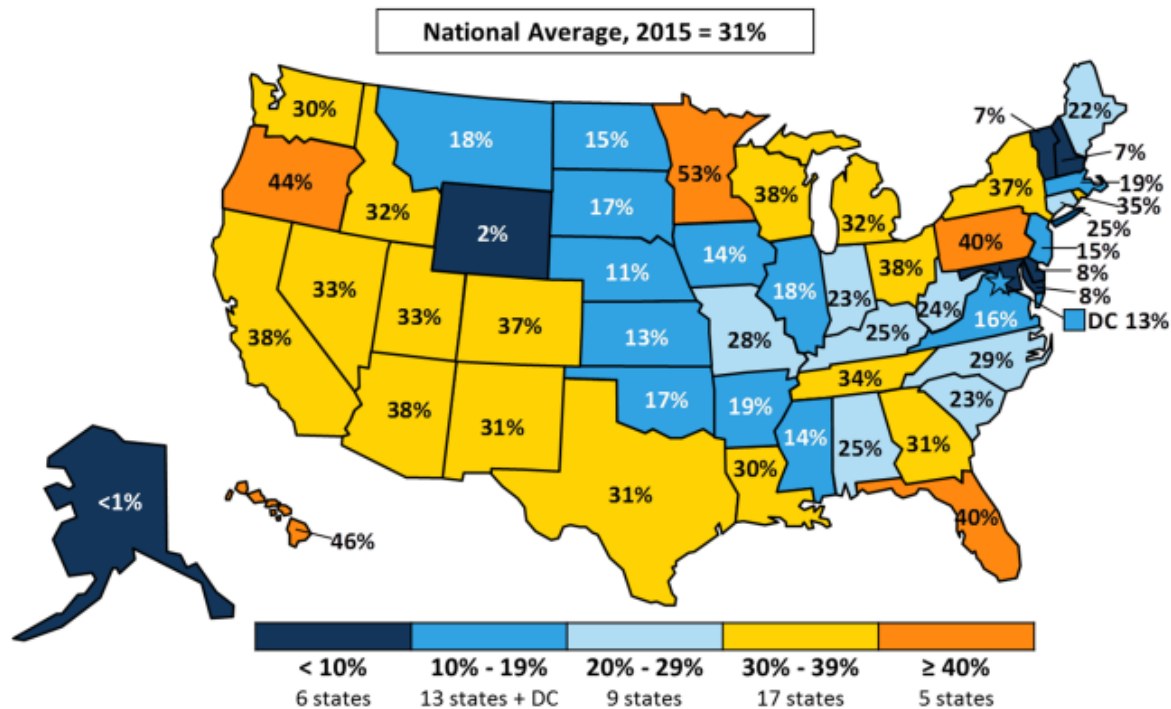
NOTE: Includes MSAs, cost plans, demonstration plans, and Special Needs Plans as well as other Medicare Advantage plans.
SOURCE: Authors' analysis of CMS Medicare Advantage enrollment files, 2008-2015, and MPR, "Tracking Medicare Health and Prescription Drug Plans Monthly Report," 1999-2007; enrollment numbers from March of the respective year, with the exception of 2006, which is from April.



MA Enrollment Varies by State

Figure 5

Share of Medicare Beneficiaries Enrolled in Medicare Advantage Plans, by State, 2015



NOTE: Includes MSAs, cost plans and demonstrations. Includes Special Needs Plans as well as other Medicare Advantage plans.
 SOURCE: Authors' analysis of CMS State/County Market Penetration Files, 2015.



Medicare Advantage Financing

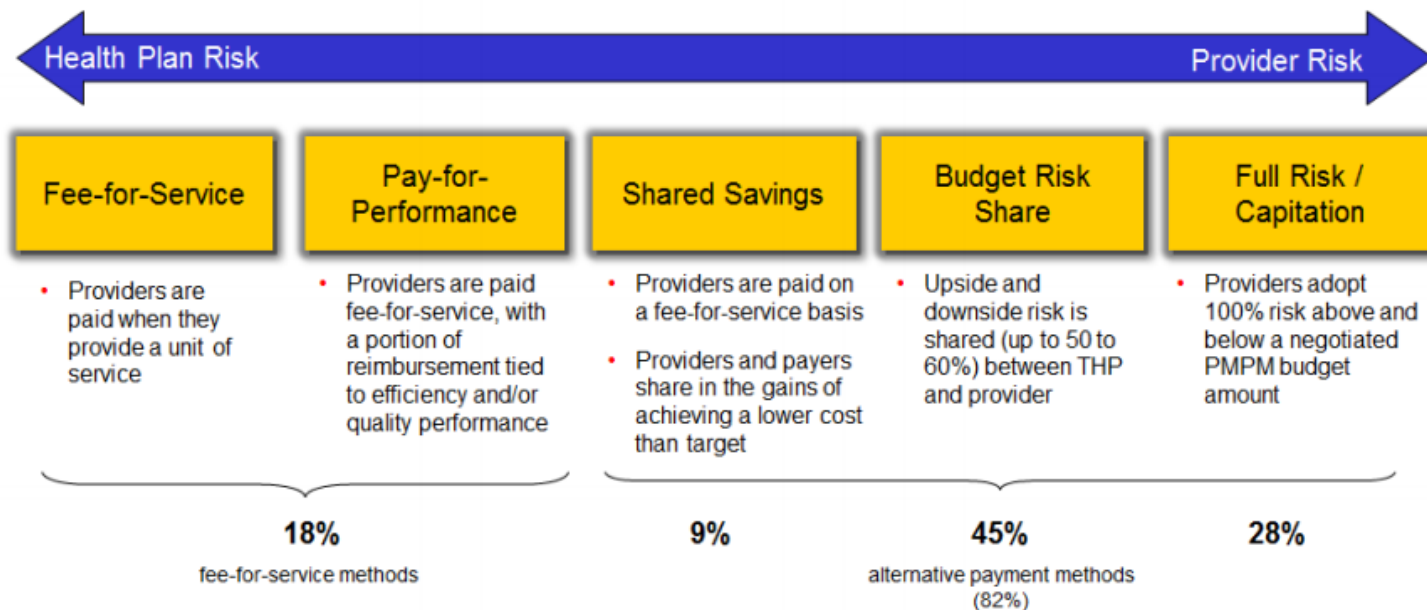
- Payments for the MA program are made in appropriate portions from the Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) trust funds. There is no separate trust fund for MA.
- For 2015, Medicare payments to MA plans are expected to total \$172 billion, accounting for close to 30 percent of all Medicare spending.
- Spending projected at \$3 trillion over 10 years.

MA Delivery System Innovations

- MA plans have the flexibility to implement delivery system innovations to provide coordinated, quality care.
- These may include:
 - paying providers for high quality, efficient care
 - managing care for patients with complex conditions
 - ensuring coordinated transitions from one care setting to another
 - using telehealth and remote monitoring technologies

Innovations in Physician Payment - Example

Tufts Health Plan Value Based Global Payment Strategy



ACHP, Moving Beyond Fee for Service, 2013, www.achp.org/publications/moving-beyond-fee-for-service/

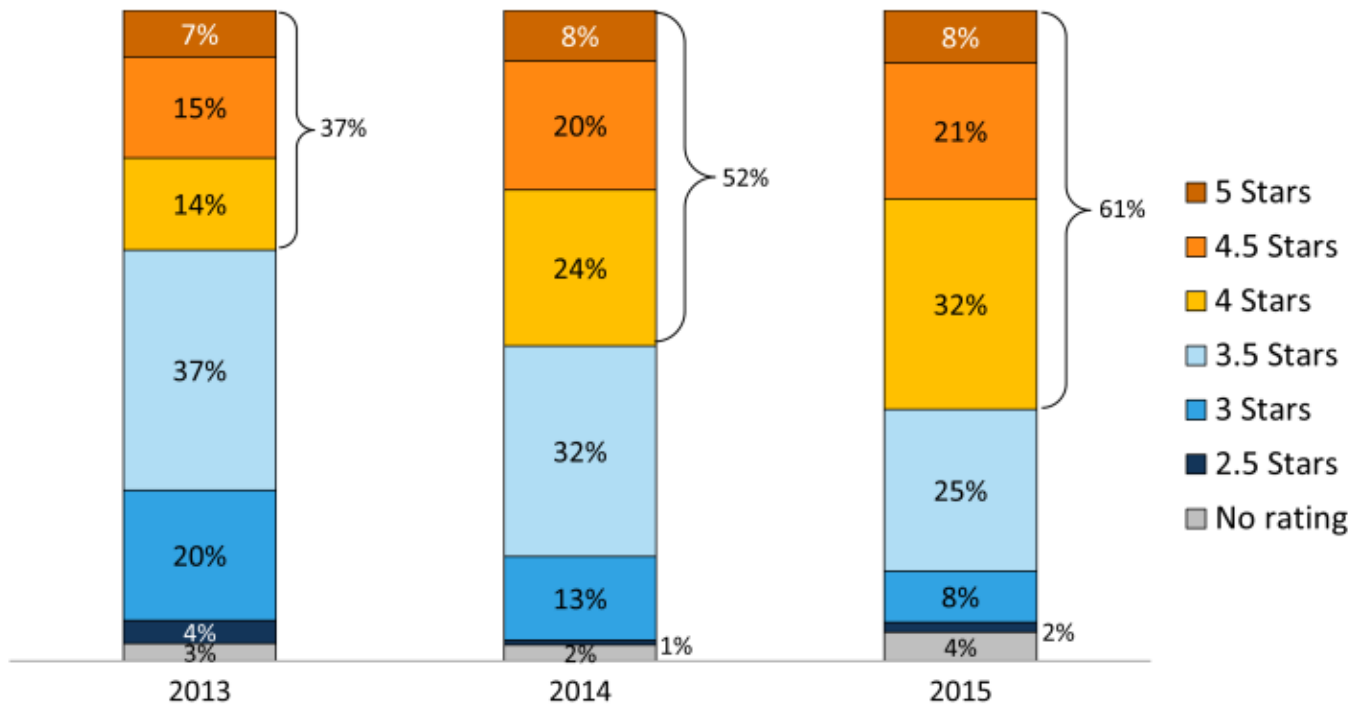
Medicare Advantage – Paying for Value

- MA plans are evaluated every year on measures of clinical quality, patient satisfaction, and customer service. Plans receive a star rating of 1 to 5 stars.
- The star ratings help enrollees compare options in their area through www.medicare.gov.
- MA plans that receive a star rating of 4 stars and above receive quality incentive payments.

Paying for Value Works: Improvements in MA Plan Quality

Figure 13

Enrollment in Medicare Advantage Contracts, by Contracts' Star Quality Rating, 2013-2015



NOTE: Excludes SNPs, employer-sponsored (i.e., group) plans, demonstrations, HCPPs, PACE plans, and plans for special populations. Totals may not add to 100% due to rounding. Less than 1% of enrollees were in plans with 2 stars in 2013 and 2014.
 SOURCE: Authors' analysis of CMS's Landscape and Enrollment Files for 2013 – 2015.



Questions/Discussion

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