

# Medicare Advantage Opportunities

Home Care Association of Washington  
2019 Annual Conference



Nick Johnson, FSA, MAAA  
Principal & Consulting Actuary  
Milliman Inc.

2 MAY 2019

1

---

---

---

---

---

---

---

---

## Executive Summary

- Insurers offering Medicare Advantage (MA) plans compete for enrollees through lower cost-sharing than traditional Medicare, low or \$0 premiums, and/or "supplemental" or extra benefits
- New rules now allow insurers additional flexibility to offer long-term services and supports (LTSS) as supplemental benefits
- Health plans and LTSS providers will experience a steep learning curve in working together to provide these new benefits

Milliman

2

2

---

---

---

---

---

---

---

---

## Agenda

- Medicare Overview
- Medicare Advantage Revenue
- Medicare Advantage Supplemental Benefits

Milliman

3

3

---

---

---

---

---

---

---

---

# Medicare Overview

4

---

---

---

---

---

---

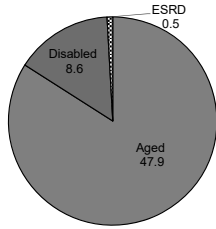
---

---

## Medicare Beneficiaries

Medicare Enrollment by Eligibility Group, in millions  
CY2016

- ❑ **Aged**
  - Age 65 or older
- ❑ **Disabled**
  - Under 65 and qualify for SSDI
- ❑ **Specific diseases**
  - ESRD
  - ALS



Milliman

5

---

---

---

---

---

---

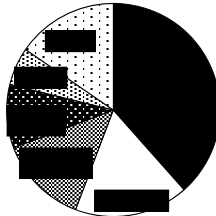
---

---

## Medicare Coverage

Medicare Benefit Payments by Type of Service  
CY2016

- ❑ **Part A – Hospital insurance**
  - Inpatient hospital
  - SNF
  - Home Health
- ❑ **Part B – Medical insurance**
  - Physician services
  - Outpatient hospital
  - Other – DME, ambulance, etc.
- ❑ **Part D – Prescription drug insurance**



Note: Excludes Part C and Part D payments to managed care organizations  
Source: US Dept. of Health and Human Services  
<http://www.cms.gov/medicare/benefits-reimbursement/benefits-by-service/2017.asp>

Milliman

6

---

---

---

---

---

---

---

---

6

### Medicare Coverage Options

<p><b>Traditional Medicare</b> ("Original" or "FFS")</p> <ul style="list-style-type: none"> <li>Federal government (CMS) pays for healthcare services directly:             <ul style="list-style-type: none"> <li>Part A</li> <li>Part B</li> </ul> </li> <li>Individuals may purchase additional coverage:             <ul style="list-style-type: none"> <li>Part D</li> <li>Medicare Supplement</li> </ul> </li> </ul>	<p><b>Medicare Advantage</b></p> <ul style="list-style-type: none"> <li>Private health insurers contract with CMS to provide coverage for:             <ul style="list-style-type: none"> <li>Part A</li> <li>Part B</li> <li>Part D (typically)</li> <li>Additional benefits (frequently)</li> </ul> </li> </ul>
--	---

Milliman

---

---

---

---

---

---

---

---

7

### Medicare Cost Sharing

<p><b>Traditional Medicare</b> ("Original" or "FFS")</p> <ul style="list-style-type: none"> <li>Part A deductible: \$1364</li> <li>Part B premium: \$135.50/month</li> <li>Part B deductible: \$185</li> <li>Part B coinsurance: 20%</li> <li>Part D premium: varies</li> <li>Part D cost sharing: varies</li> <li>Medicare Supplement premium: varies</li> </ul>	<p><b>Medicare Advantage</b></p> <ul style="list-style-type: none"> <li>Part B premium: \$135.50/month</li> <li>Health plan premium: varies (often \$0)</li> <li>Deductibles and coinsurance: varies</li> </ul>
---	---

Milliman

---

---

---

---

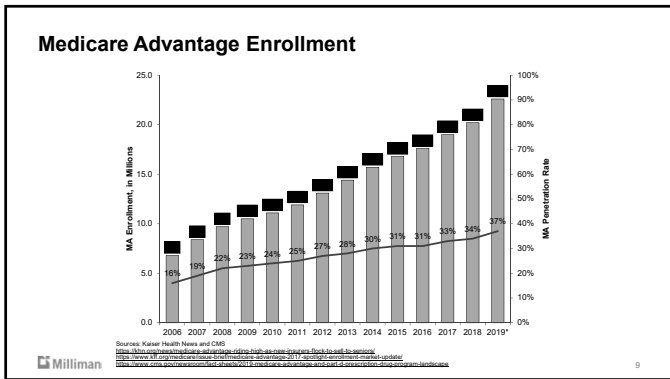
---

---

---

---

8




---

---

---

---

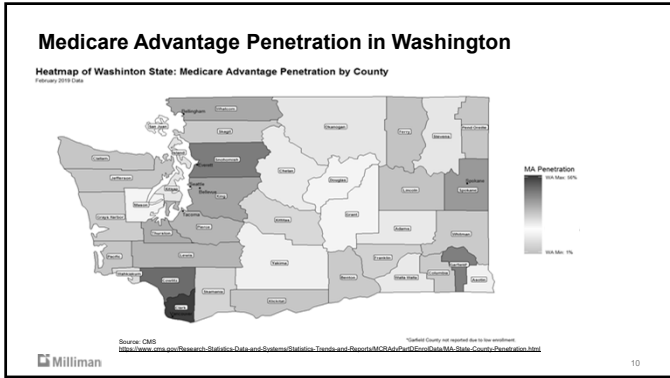
---

---

---

---

9



10

---

---

---

---

---

---

---

---

## Medicare Advantage Revenue

11

---

---

---

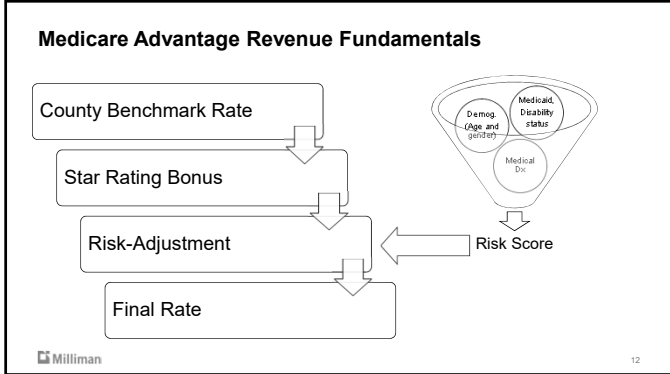
---

---

---

---

---



12

---

---

---

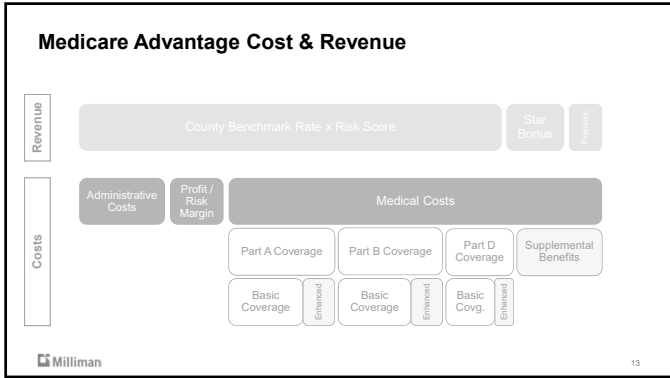
---

---

---

---

---



13

---

---

---

---

---

---

---

---

### Medicare Advantage Supplemental Benefits

14

---

---

---

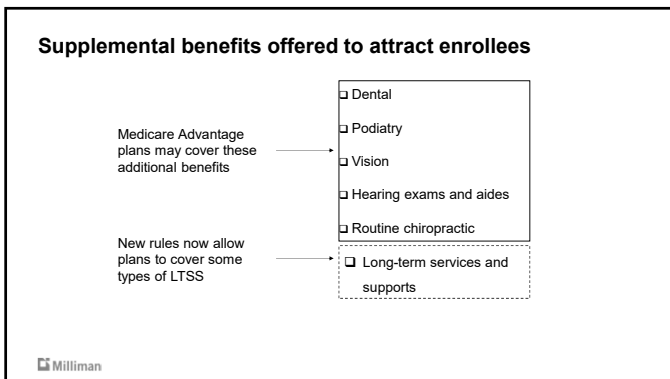
---

---

---

---

---



15

---

---

---

---

---

---

---

---

### Supplemental benefit requirements

Requirement	Old interpretation	New interpretation (2019)
<b>Primarily Health Related</b>	<ul style="list-style-type: none"><li>Prevents, cures or diminishes an illness or injury.</li><li>Benefits that served only daily maintenance purposes were not considered primarily health related</li></ul>	<ul style="list-style-type: none"><li>Diagnose, prevent or treat an illness or injury, or compensate for physical impairments.</li><li>Act to ameliorate the functional and/or psychological impact of injuries or health conditions.</li><li>Reduce avoidable emergency and health care utilization</li></ul>
<b>Benefit Uniformity</b>	<ul style="list-style-type: none"><li>Same benefits offered to all enrollees</li><li>Same cost sharing offered to all enrollees</li></ul>	<ul style="list-style-type: none"><li>Allowed to target benefits to groups of enrollees who have certain clinical diagnoses.</li><li>Similarly situated individuals treated uniformly.</li></ul>

Milliman

16

---

---

---

---

---

---

---

---

### Additional flexibility in 2020

- Special supplemental benefits for the chronically ill (SSBCI)
- The Bipartisan Budget Act of 2018 authorizes SSBCI
  - Target benefits to "chronically ill" enrollees
  - Do not have to be "primarily health related"
  - Must only have a reasonable expectation of improving or maintaining health or overall function of the chronically ill beneficiary

Milliman

17

---

---

---

---

---

---

---

---

### New allowable supplemental benefits

- Adult Day Care Services
- Home-Based Palliative Care
- In-Home Support Services
- Support for Caregivers of Enrollees
- Medically-Approved Non-Opioid Pain Management
- Stand-Alone Memory Fitness Benefits

Source: CMS  
April 27, 2018 RFPMB Memo

Milliman

18

18

---

---

---

---

---

---

---

---

### New supplemental benefit take-up rate in 2019

Supplemental Benefit	# Plans Offering Benefit	# WA Plans Offering Benefit
Adult Day Care	0	0
Home-Based Palliative Care	29	2
In-Home Support Services	51	0
Medically-Approved Non-Opioid Pain Management	22	0
Stand-alone Memory Fitness Benefit	0	0
<b>Total</b>	<b>102</b>	<b>2</b>

Source: Milliman report commissioned by Better Medicare Alliance. Review of Contract Year 2019 Medicare Advantage Supplemental Health Care Benefit Offerings.



19

---

---

---

---

---

---

---

---

---

---

### Financial and operational hurdles

- Timing of guidance (2019)
- No new revenue
- Benefit cost containment
- Provider contracting
- Systems implementation



20

20

---

---

---

---

---

---

---

---

---

---

### Opportunities

- Increase enrollment
- Star ratings
- Risk score improvement
- Health outcomes



21

21

---

---

---

---

---

---

---

---

---

---

## Caveats and Limitations

*This presentation is intended for educational purposes only and does not replace independent professional judgment. Nothing in this material should be construed as legal advice or strategic recommendations. Milliman does not provide legal advice, and recommends that attendees consult with their legal advisors regarding legal matters, including the interpretation of federal statutes, state law and related policies and guidance.*

*This presentation is intended to support discussion regarding Medicare Advantage Supplemental Benefits during the 2019 Home Care Association of Washington (HCAW) Annual Meeting on May 2, 2019 and is not complete without oral comment. Values are not to be relied upon and are for discussion purposes only.*

*The views expressed in this presentation are those of the presenters, and not those of Milliman or the HCAW. Nothing in this presentation is intended to represent a professional opinion or be an interpretation of actuarial standards of practice.*

*In preparation of this presentation, the author relied upon the accuracy of researched data and information. The author has not audited this information, although it has reviewed it for reasonableness. If the underlying data or information is inaccurate or incomplete, portions of this presentation may likewise be inaccurate or incomplete.*

 Milliman

22

22

---

---

---

---

---

---

---

---

## Thank you

**Nick Johnson**  
nick.johnson@milliman.com  
206.504.5941

23

---

---

---

---

---

---

---

---