

Spotlight: New Medicare Advantage Rates and Guidance: Implications for States Seeking to Better Integrate Services for Medicare-Medicaid Enrollees

On April 6, 2015, the Centers for Medicare & Medicaid Services (CMS) released the [Calendar Year \(CY\) 2016 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter](#). (The [CY 2016 advance notice and draft call letter](#) were issued on February 20, 2015.)

The April 6 announcement includes relevant information for states participating in capitated model financial alignment demonstrations or contracting with Medicare Advantage (MA) Dual Eligible Special Needs Plans (D-SNPs). Following are highlights by topic area:

Medicare-Medicaid Plans (MMPs)

- **Applicability of Final Call Letter Provisions to MMPs.** On April 7, CMS issued a [memorandum](#) providing guidance on which sections of the 2016 Final Call Letter apply to MMPs in whole and in part.

D-SNPs

- **Administrative Flexibility for Highly Integrated D-SNPs.** CMS plans to develop model notices and marketing materials in collaboration with stakeholders that better communicate the benefits of integrated Medicare-Medicaid products to D-SNP beneficiaries. CMS is also open to adding state-specific information to model D-SNP non-renewal notices to provide a single notice that explains both Medicare and Medicaid enrollment options (p. 113).
- **Timeline for Application of CMS Termination Authority for Low Performing Contracts.** CMS has updated the timeline for terminating contracts of organizations that fail to achieve at least three stars on their Part C or Part D performance for three consecutive years. In February 2016, CMS will send non-renewal notices to plans rated below three stars for CY 2014, CY 2015, and CY 2016. CMS will send notices to affected beneficiaries in March 2016, advising them that they will need to choose a new plan for 2017 in the fall 2016 annual election period (pp. 82-83).

Medicare Advantage Rates

- **Expected Average Change in MA Rates.** In an April 6 [fact sheet](#), CMS estimated that the average MA plan payment will increase by 1.25 percent in CY 2016 as a result of updated data in the April announcement, compared to an estimated decline of -0.95 in the February Advance Notice.
- **Frailty Adjustment for PACE Organizations and Fully Integrated Dual Eligible (FIDE) SNPs.** The frailty factors used to calculate PACE and FIDE SNP rates will remain the same in CY 2016

as they were in CY 2015 (pp. 31-32). The actual frailty factors can be found on pp. 23-24 of the February 20, 2015 [Draft Call Letter](#).

Other Topics

- **Medicare Advantage Star Ratings.** CMS has decided not to move forward with the proposal to reduce the weights on a subset of measures for the 2016 star ratings to account for the impact of Medicare-Medicaid enrollees since the vast majority of commenters did not support the proposal. CMS will continue to perform additional research and collaborate with stakeholders to determine what is driving the observed differences in star ratings for Medicare-Medicaid enrollees and/or beneficiaries eligible for the Low Income Subsidy (pp. 101-106).
- **Standardizing Health Risk Assessment (HRA).** CMS strongly encourages all MA organizations, including D-SNPs and MMPs, to ensure HRAs include all of the components in the [Centers for Disease Control and Prevention's \(CDC\) Model HRA](#) beginning in CY 2016. CMS notes that plans may include other components or elements in their HRAs to most appropriately assess the needs of their enrollees. CMS notes in the [April 7 memorandum to MMPs](#) that, while MMPs should continue to comply with the HRA requirements in their three-way contracts, CMS is interested in how these requirements for HRAs are compatible or incompatible with the CDC Model HRA (pp. 142-144).

Related Resources

- [Medicare Advantage Enrollment Processes: D-SNP New Entries, Service Area Changes, Terminations, Non-Renewals, and Seamless Conversions](#) (Integrated Care Resource Center/March 2014) This document summarizes a telephone discussion among states, CMS, the National Association of Medicaid Directors, and ICRC regarding D-SNP non-renewals, service area changes, terminations, new entries, seamless conversions, and passive enrollment.
- [Medicare Advantage D-SNP Non-Renewals, Service Area Changes, Terminations, and New Entries: CMS Requirements and State Options](#) (Integrated Care Resource Center/February 2014) This tool outlines Centers for Medicare & Medicaid Services requirements and state contracting options under a variety of situations affecting Medicare Advantage Dual Eligible Special Needs Plans.

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