Integrated Care Resource Center

UPDATE

Highlights of federal and state integrated care initiatives, Medicare and Medicaid news, and new ICRC resources

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ABOUT THE INTEGRATED CARE RESOURCE CENTER

The Integrated Care Resource Center (ICRC) is a national initiative of the Centers for Medicare & Medicaid Services to help states improve the quality and cost-effectiveness of care for Medicare-Medicaid enrollees.

The state technical assistance activities are coordinated by Mathematica Policy Research and the Center for Health Care Strategies. For more information, visit the ICRC website.

Integrated Care Update

Financial Alignment Initiative Evaluation Briefs

On March 21, the Centers for Medicare & Medicaid Services (CMS) released three issue briefs with early results of the Medicare-Medicaid Financial Alignment Initiative:

- **Early Findings on Care Coordination in Capitated Medicare-Medicaid Plans under the Financial Alignment Initiative**. This brief provides an overview of care coordination activities and early findings on successes and challenges of providing care coordination services for capitated model demonstrations in nine states (CA, IL, MA, MI, NY, OH, SC, and VA) implemented between October 2013 and February 2015. The brief focuses on major elements of the care coordination process, including care coordination entities and individual care coordinators, health risk assessments, individualized care plans, interdisciplinary care teams, and care coordination data systems.
- **Beneficiary Experience: Early Findings from Focus Groups with Enrollees Participating in the Financial Alignment Initiative**. This brief, made possible with funding from the CMS Office of Minority Health as part of the evaluation of the Financial Alignment Initiative, describes the experiences of beneficiaries who are users of long-term services and supports (LTSS) and/or behavioral health services. Focus groups were conducted between May 2015 and April 2016 and included enrollees of demonstrations in six states (CA, IL, MA, OH, VA, and WA). The brief contains findings on common themes identified by focus groups, including the experiences of racial, ethnic, and linguistic minorities. While participants' satisfaction with the demonstrations varied, the evaluators found that experiences were generally similar across racial and ethnic groups.
- **Special Populations Enrolled in Demonstrations under the Financial Alignment Initiative**. This brief, also made possible with funding from the CMS Office of Minority Health, examines findings from surveys and focus groups conducted in Massachusetts and Washington from mid to late 2015 and early 2016. It describes the experiences of beneficiaries who are users of LTSS and/or behavioral health services, with a focus on the experience of racial, ethnic, and linguistic minorities. In both Massachusetts and Washington, beneficiary satisfaction did not appear to vary along racial or ethnic lines.

MedPAC Report to Congress: Medicare Payment Policy

The Medicare Payment Advisory Commission (MedPAC) March 2017 Report to the Congress makes recommendations on payment updates and potential reforms in payment systems in nine fee-for-service (FFS) sectors, including three that are particularly relevant for dually eligible beneficiaries: skilled nursing facility (SNF) services, home health care

services, and hospice services. The report also assesses Medicare payment adequacy and potential reforms in the Part C Medicare Advantage (MA) managed care program and the Part D prescription drug program. The following are highlights that may be of interest to states and health plans serving dually eligible beneficiaries:

- **Skilled nursing facility services.** MedPAC recommends that there be no increase in SNF payments in 2018 and 2019 and that the SNF payment system be revised to reduce overpayment for therapy services and underpayment for medically complex patients. MedPAC notes that Medicare margins (the difference between Medicare payments and provider costs) for SNF services have been over 10 percent for 16 years in a row and were 12.6 percent in 2015, and that payments to SNFs by MA plans are substantially lower than FFS payments – 23 percent lower in the case of four publicly traded MA companies.
- **Home health services.** MedPAC recommends a 5 percent decrease in the base rate for 2018 and a two-year rebasing beginning in 2019 to eliminate "chronic overpayments." MedPAC notes that Medicare margins for free-standing home health agencies averaged 16.5 percent between 2001 and 2014, and were 15.6 percent in 2015. Since Medicare payments to home health agencies are based on episodes of care, agencies are able to lower their costs by lowering the number of visits provided per episode. They can also increase their payments per episode by adding more therapy visits, a factor in the payment system that MedPAC recommends ending.
- **Hospice.** MedPAC recommends that Congress eliminate the 1 percent statutory increase in the hospice payment rates scheduled for 2018, noting that the projected Medicare margin of 7.7 percent for 2017, although down a bit from the 8.2 percent margin in 2014 because of policy changes in 2015 and 2016, is still adequate. MedPAC reiterates its June 2013 suggestion that hospice payments be reduced by 3 to 5 percent for patients in nursing facilities to take into account the overlap in responsibilities between the hospice and nursing facilities. It also reiterates its March 2014 recommendation that hospice be included in the MA benefits package in order to give plans greater incentives to develop and test new models aimed at improving end-of-life care.
- **Part C Medicare Advantage.** MedPAC estimates that payment to MA plans, including Special Needs Plans, will average 100 percent of FFS expenditures in 2017, reflecting the completion of the phased-in reduction of MA payments required by the Affordable Care Act of 2010. MedPAC also discusses the continued consolidation of multiple MA plans into single contracts, which MA organizations may be undertaking to improve star ratings and obtain higher bonus payments. MedPAC notes that this kind of consolidation can make it more difficult to evaluate program quality and decreases the usefulness of star ratings in helping beneficiaries compare plans. MedPAC reiterates its March 2010 recommendation that quality measures be reported by market areas and compared with FFS results in those same areas.
- **Part D prescription drugs.** MedPAC continues to express concern about growing costs in Part D, specifically citing increased spending on reinsurance for high-cost enrollees and increased prices for brand-name drugs. MedPAC notes its June 2016 recommendations to address growing Part D costs by lowering Medicare's individual reinsurance payments in the catastrophic phase from 80 percent to 20 percent and providing more incentives for use of lower cost drugs. MedPAC also continues to note concern about the effectiveness of plans' medication therapy management (MTM) programs for enrollees with multiple chronic conditions and high drug costs. MedPAC is concerned that stand-alone prescription drug plans – those not part of a comprehensive Medicare Advantage managed care plan – do not have financial incentives to engage in MTM activities that, for example, increase adherence to

appropriate medications. In addition, MedPAC says, physicians may be reluctant to accept recommendations from stand-alone drug plans with which they have no direct relationship. MedPAC says it plans to monitor the progress of CMS's enhanced MTM model, which was launched this year in five regions of the country and includes payment incentives and regulatory flexibility aimed at addressing these continuing concerns.

MACPAC Report to Congress on Medicaid and CHIP

The Medicaid and CHIP Payment and Access Commission (MACPAC) March 2017 Report to Congress examines policy issues related to: (1) health insurance coverage for children; (2) payment to safety-net hospitals; and (3) monitoring access to care under managed care and FFS. Chapter 4 provides an overview of state approaches to monitoring access for managed care populations and FFS populations and how states propose to monitor access in the future. The monitoring methods used by states described in this chapter may be of interest to states considering options for developing coordinated access monitoring approaches across Medicaid FFS and managed care for their dually eligible population.

March 2017 Enrollment in Medicare-Medicaid Plans

Between February and March 2017, total Medicare-Medicaid Plan enrollment in the ten states (CA, IL, MA, MI, NY, OH, RI, SC, TX, and VA) currently implementing capitated model financial alignment demonstrations increased from 397,051 to 399,048 as shown in ICRC's table Monthly Enrollment in Medicare-Medicaid Plans by Plan and by State, March 2016 to March 2017.

March 2017 Enrollment in PACE Organizations

PACE organizations provide comprehensive medical and social services to frail, community-dwelling individuals age 55 and older, most of whom are Medicare-Medicaid enrollees. As shown in ICRC's table Program of All Inclusive Care for the Elderly (PACE) Total Enrollment by State and by Organization, there were a total of 38,090 individuals enrolled in 123 PACE organizations in March 2017, operating in 32 states.

New Resources on the ICRC Website

- Exploring Community-Based Organizations' (CBOs) Role as a Delivery System Partner to Support Vulnerable Populations (Integrated Care Resource Center/March 2017) This webinar provides an overview of the Administration for Community Living's initiative to improve the business acumen of CBOs and features perspectives from a CBO and a health plan on building contractual relationships with integrated programs. Recording

News and Key Upcoming Dates

News	
February 15	CY 2018 applications due for Medicare Advantage Prescription Drug Plans. Also, Model of Care submission period ends for SNPs and MMPs.
Mid-March	MedPAC and MACPAC reports to Congress released.
Key Upcoming Dates	
April 3	Final Call Letter and announcement of MA capitation rates and Part D payment policies for CY 2018 released.