Integrated Care Resource Center

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Spotlight: Highlights from MedPAC and MACPAC June 2018 Reports to Congress

MedPAC Examines Topics Related to Integrating Care for Dually Eligible Beneficiaries

In Chapter 9 of its June 2018 Report to Congress, the Medicare Payment Advisory Commission (MedPAC) provides an update on the status of the Financial Alignment Initiative demonstrations; discusses the increase in states using Medicaid managed care for dually eligible beneficiaries, including managed long-term services and supports (MLTSS); summarizes the various types of Medicare managed care plans that serve dually eligible beneficiaries and how these options differ; and shares policy options for encouraging the development of integrated plans.

- **Update on the Financial Alignment Initiative Demonstrations.** MedPAC provides an update on the status of the demonstrations operating in 11 states, covering a wide array of topics including enrollment, health plan participation, quality of care, and service use, among others. Highlights include:

    - **Enrollment and opt-out rates.** MedPAC notes approximately 29 percent of eligible beneficiaries were enrolled as of June 2017. (See table on page 251 for state-specific enrollment, eligibility, and participation rates.) MedPAC also found that certain demographic groups were more likely to opt out than others, and beneficiaries who remained in the demonstration tended to be healthier than those who opted out or disenrolled within the first few months, something MedPAC has seen in other managed care programs that feature voluntary enrollment.

    - **Quality of care.** Despite delays in the demonstrations evaluations, early findings suggest the demonstrations are having moderately positive effects, with reductions in the use of hospital services and increases in the use of community-based long-term services and supports (LTSS) compared to institutional LTSS (pp. 246-264).

- **Growth in Medicaid Managed Care for Dually Eligible Beneficiaries.** MedPAC describes the increased enrollment of dually eligible beneficiaries in Medicaid managed care, including in MLTSS programs, and suggests that, given the growth of MLTSS programs and state interest in better integrating Medicare and Medicaid services, health plans that provide both Medicare and Medicare services are “probably the most feasible approach for pursuing closer integration” (pp. 264-266).

- **Medicare Plans that Serve Dually Eligible Beneficiaries Differ in Key Respects.** In addition to the Medicare-Medicaid Plans (MMPs) in the demonstrations, Medicare has three other types of health coverage that coordinate Medicare and Medicaid benefits for dually eligible beneficiaries: (1) Dual Eligible Special Needs Plans (D-SNPs); (2) Fully Integrated Dual Eligible Special Needs Plans (FIDE SNPs); and (3) the Programs of All-Inclusive Care for the Elderly (PACE), all of which differ in key respects. For example, D-SNPs may cover Medicaid services if required to do so by the states with which they contract, or they may simply cover Medicare cost-sharing or no Medicaid benefits at all. In contrast, FIDE SNPs must cover substantially all and PACE must

cover all Medicaid services. Using CMS data, MedPAC estimates that in 2016 about eight percent of full benefit dually eligible beneficiaries were enrolled in the demonstrations, D-SNPs with a high level of integration with a Medicaid plan, FIDE SNPs, or PACE (pp. 242 and 266-270).

- **Competition between D-SNPs and MMPs.** MedPAC notes that allowing D-SNPs and MMPs to operate in the same geographic areas has been problematic in some states, since insurers and insurance brokers may have financial incentives to favor D-SNPs in some instances, hindering efforts to encourage dually eligible beneficiaries to enroll in the more highly integrated MMPs (pp. 270-276).

- **Potential Policies to Encourage the Development of Integrated Plans.** MedPAC analyzes three potential policies that it says would help encourage the development of integrated plans: (1) limiting how often dually eligible beneficiaries can change their coverage; (2) limiting enrollment in D-SNPs to dually eligible beneficiaries who receive full Medicaid benefits; and (3) expanding the use of passive and default enrollment into integrated D-SNPs when beneficiaries become eligible for Medicare. Collectively, MedPAC says, "these policies would improve care coordination and continuity of care, require D-SNPs to focus on dual eligibles who stand to benefit the most from integrated care, and encourage more dual eligibles to enroll in plans with higher levels of Medicare-Medicaid integration" (p. 244). MedPAC notes that CMS recently issued new regulations limiting the ability of dually eligible beneficiaries to change their coverage and expanding the availability of passive and default enrollment (pp. 276-283).

MACPAC Looks at State Medicaid MLTSS Programs

In Chapter 3 of its June 2018 Report to Congress, the Medicaid and CHIP Payment and Access Commission (MACPAC) provides an update on state adoption of Medicaid MLTSS programs. As of January 2018, 24 states operate 41 MLTSS programs that they have implemented for several reasons, including rebalancing LTSS spending, improving beneficiary experience through increased care coordination, reducing or eliminating waiting lists for home- and community-based services (HCBS), and/or containing costs and improving budget predictability. Some key points of interest for states in this chapter include:

- **Identification of D-SNP/MLTSS Alignment as a Priority Area for MACPAC Work Moving Forward.** MACPAC discusses state options for aligning MLTSS programs with D-SNPs to integrate care for dually eligible beneficiaries. MACPAC will focus future work on identifying the key components of integrated care models, how states and plans have overcome integration barriers, and whether integration strategies can be replicated in other states (pp. 67-69).

- **An update on MLTSS Quality Measure Development.** MACPAC explains the need for appropriate measures for monitoring the quality and value of MLTSS programs. MACPAC describes progress in measure development and highlights sources for MLTSS quality measures (pp. 63-64).

- **Important Factors in Implementing Successful MLTSS Programs.** MACPAC identifies four key elements to successful MLTSS program implementation: (1) a carefully planned, deliberate, incremental program launch; (2) appropriate training for impacted providers; (3) stakeholder engagement (with beneficiaries, advocates and providers); and (4) a payment policy that allows plans to incent participation of high quality LTSS providers (pp. 59-60).

- **Key Considerations in Rate Setting and Payment Incentives.** MACPAC presents considerations for states developing MLTSS payment policies. These include accounting for the

range of services and diversity of beneficiary populations and using MLTSS payment systems to promote program goals, such as rebalancing of institutional and community care. MACPAC also acknowledges challenges for MLTSS rate setting (e.g., use of a variety of different assessments to determine functional ability for different populations) (pp. 60-61).

Network Adequacy Standards: MACPAC shares seven criteria used by states to evaluate HCBS network adequacy (p. 58).