



Special Needs Plans

Presentation to the National Health Policy Forum
November 18, 2005

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What is a Special Needs Plan?

Sec. 231(c) RESTRICTION ON ENROLLMENT PERMITTED.—
Section 1859 (42 U.S.C. 1395w-29) is amended by adding at the end
the following new subsection:

“(f) RESTRICTION ON ENROLLMENT FOR SPECIALIZED MA
PLANS FOR SPECIAL NEEDS INDIVIDUALS.—In the case of a
specialized MA plan for special needs individuals (as defined in
subsection (b)(6)), notwithstanding any other provision of this part and
in accordance with regulations of the Secretary and for periods before
January 1, 2009, ***the plan may restrict the enrollment of individuals
under the plan to individuals who are within one more classes of
special needs individuals.***”

Medicare's Past Experience with Special Needs Plans

	Financial	Service Delivery
Program for All-Inclusive Care of the Elderly (PACE)	Medicare and Medicaid Capitation; acute and LTC services	Community organizations; provider teams
Social HMO (S/HMO) Demonstration	Medicare capitation (Medicaid capitation where available); acute and some LTC services.	HMOs and LTC organizations; case managers
EverCare Demonstration	Medicare capitation. Acute care only	HMOs; provider teams; case managers
Minnesota Senior Health Options (MSHO) Demonstration	Medicare and Medicaid capitation; acute and most LTC	HMOs and geriatric care systems; care coordinators
Wisconsin Partnership Program Demonstration	Medicare and Medicaid capitation; acute and LTC	Community organizations; provider teams

Source: Congressional Research Service, "Federal and State Initiatives to Integrate Acute and Long-Term Care: Issues and Profiles." January 22, 2001.



Congressional Intent for Special Needs Plans

- Provide common authorization for limited demonstration programs
 - » Evercare Demonstration
 - » S/HMO Demonstration
- Expand plans' ability to provide focused care programs to vulnerable populations
- Provide a limited authorization (2004-2008) due to concerns about federal costs
 - » CBO agreed to score the provision as budget neutral under a limited authorization (i.e., 5 years)

CMS has defined 3 types of SNPs

- **Dually eligible** – entitled to Medical Assistance under Title XIX.
- **Institutionalized** – individuals who reside or are expected to reside for 90 days or longer in a long term care facility, including skilled nursing facility (SNF), nursing home (NF), SNF/NF, intermediate care facility for the mentally retarded (ICF/MR), or inpatient psychiatric facility.
 - » Also includes those individuals living in the community who require an equivalent level of care to that of individuals in facilities.
- **Beneficiaries with chronic conditions** – CMS has not yet issued a definitive definition. CMS evaluated on a case-by-case basis by considering appropriateness of target population, clinical programs and expertise, and how SNP will cover the full spectrum of the target population without discriminating against the sicker members.

■ ■ ■ CMS Requirements (cont.)

- Be affiliated with or be an MA plan
- Offer all MA services including the Part D drug benefit
- Provide services tailored to their special needs population that go beyond Medicare services
- Follow MA plan marketing guidelines
- Meet all federal MA plan application requirements.
- Full dual eligibles who were prior members of Medicaid managed care plans which now offer a SNP will be passively enrolled into their plan's SNP on January 1, 2006 (beneficiaries may voluntarily opt-out)

CMS policy officials have highlighted the robust plan response

“We’re particularly pleased about the emphasis in these plans on improving care for chronically ill beneficiaries. MA plans can offer “Special Needs” plans to our frail and high-cost beneficiaries, including those who are institutionalized, dually eligible for Medicare and Medicaid, or who have other chronic illnesses. Already, more than 40 plans are offering Special Needs plans in 2005, and we expect an even larger number of these plans next year.”

CMS Administrator Mark McClellan



Implications of SNPs

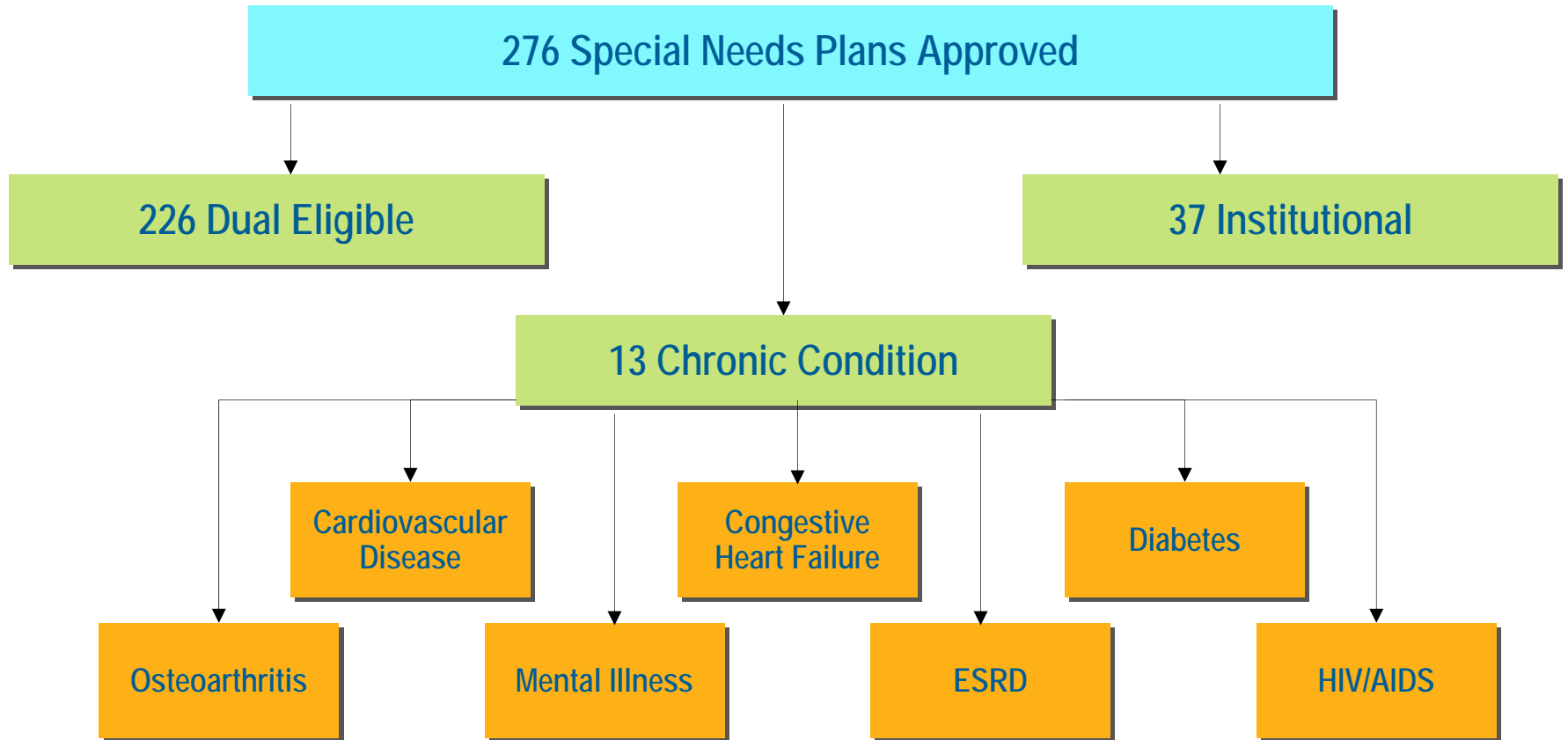
- Ease the transition of dual eligibles and institutionalized beneficiaries into Medicare Part D, for both beneficiaries and providers
- SNPs may be able to solve past challenges with integrating Medicare and Medicaid services for dual eligibles
- Greater opportunities to shift nursing home patients into home and community based settings



Enrollment in Special Needs Plans

- SNPs must meet Medicare Advantage requirements, including application requirements, bids, and quality criteria, but are allowed to limit enrollment.
- SNPs may choose to cover:
 - » Special needs target population exclusively
 - » Disproportionate percentage – the percentage of the special needs target population in the plan is greater than the percentage that occurs nationally in the Medicare population (virtually no plan chose this option)
- Passive enrollment was approved for some plans

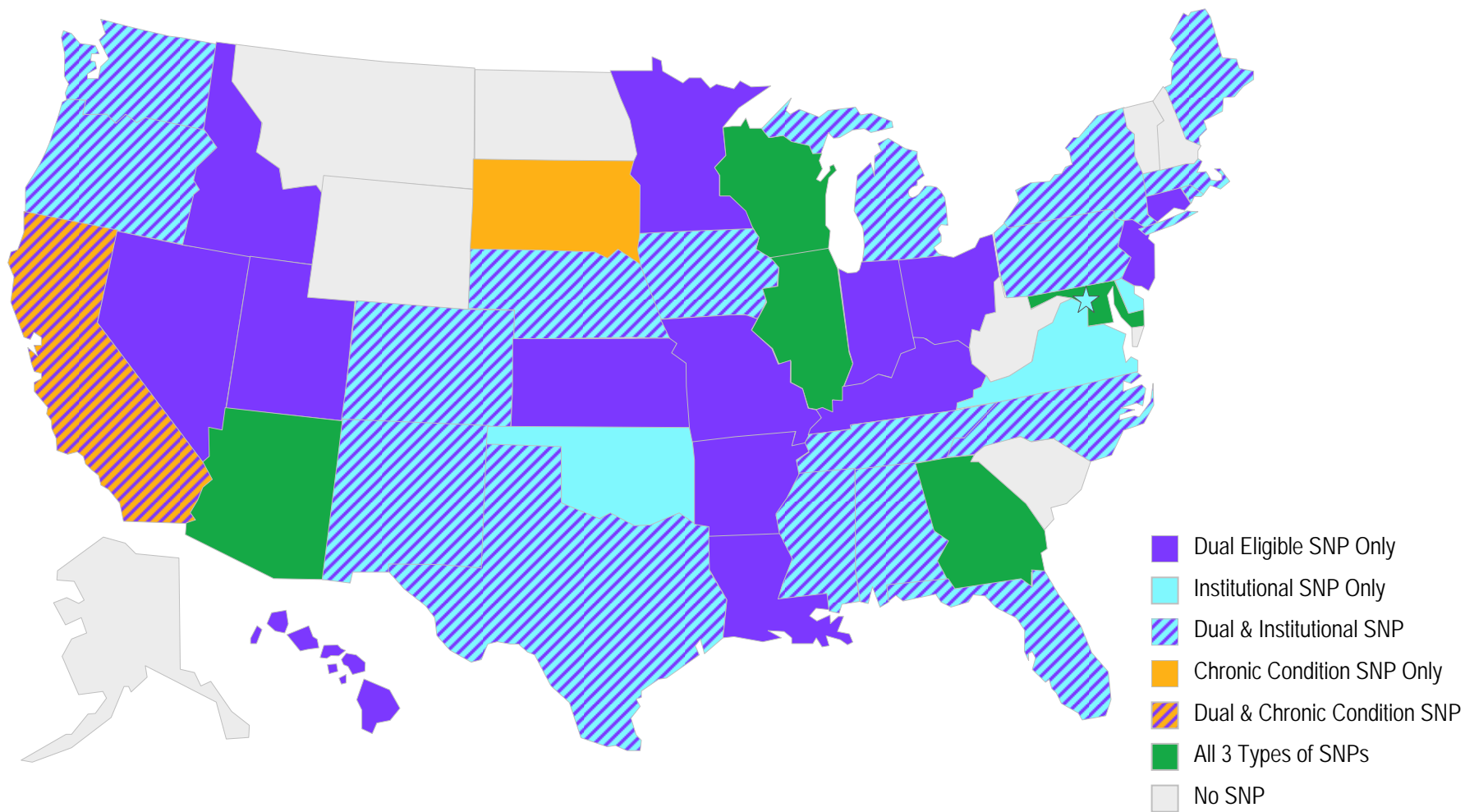
Overview of Special Needs Plans Approved for 2006



■■■ Market response for 2006 plans was strong

- CMS signed contracts with 91 distinct corporate entities
- 42 states, DC, and Puerto Rico have one or more SNP offerings
- Statewide SNP penetration is high
 - » Eight states, DC and PR have one or more SNPs available in each county
 - » Two states have one or more SNPs in all but one county
- Overall number of plan offerings is large in many states
 - » For example, NY has 42 SNPs and FL has 35

Multiple types of SNPs will be offered in many states in 2006



2006 SNP Plans for California

Universal Care	Counties:LA,OC,SB,Riv ,Ven,Kern	Dual-eligible
Universal Care	Counties: LA, OC, SB,Riv, Kern, Ventura	Chronic Or Disabling Condition
Pacificare of California/Secure Horizons	Los Angeles County	Dual-eligible
Pacificare of California/Secure Horizons	Orange County	Dual-eligible
Pacificare of California/Secure Horizons	Riverside and San Bernardino Counties	Dual-eligible
Health Net of CA	L.A., Kern, Orange, Riverside and San Bernardino	Dual-eligible
Health Net of CA	Riverside and San Bernardino Counties	Chronic Or Disabling Condition
Blue Cross of California	Selected Counties	Dual-eligible
Chinese Community Health Plan	San Francisco County	Dual-eligible

■■■■ Evaluation before permanent authorization

(e) REPORT TO CONGRESS.—Not later than December 21, 2007, the Secretary shall submit to Congress a report that assesses the impact of specialized needs plan for special needs individuals on the cost and quality of services provided to enrollees. ***Such report shall include an assessment of the costs and savings to the medicare program as a result of amendments made by subsections (a), (b), and (c).***



Questions for consideration

- Do SNPs provide superior access to pharmaceuticals than PDPs for vulnerable populations?
 - » More open formularies? Fewer restrictions on access?
 - How will concentration of SNPs in certain geographic areas impact the stability of the Part D prescription drug benefit?
 - How will the emergence of SNPs impact PACE?
 - Do SNPs provide enhanced benefits at a lower cost to federal taxpayers?
 - » Will Congress and CMS consider the costs/savings to Medicaid in addition to Medicare?
 - Will SNP authorization fall into “CMS demonstration limbo” limiting plans ability to predict payment stability?
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