The Future of Medicare
Special Needs Plans

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Exhibit 1

Background on Cal MediConnect

- **3-year demonstration between California and the federal government.**
  - Part of California’s larger Coordinated Care Initiative (CCI)
- **Goal:** Improve alignment and coordination of Medicare and Medicaid for dual eligibles
- **Will be implemented in 8 counties:**
  - Alameda, L.A., Orange, Riverside, San Bernardino, San Diego, San Mateo, & Santa Clara
- **Eligible populations**
  - Includes full dual eligibles only
    - Excludes some beneficiaries in 1915(c) waivers (NF/AH, IHOW, ALW, and HIV/AIDS), beneficiaries with developmental disabilities, people with other public or private insurance (e.g., veterans), people who do not “continuously meet” Share of Cost, and (in general) people with ESRD
    - Excludes beneficiaries in select rural zip codes
  - No more than 456,000 beneficiaries will be eligible for the demonstration
    - Enrollment in L.A. capped at 200,000
### Cal MediConnect rules for passive enrollment

#### Staggered passive enrollment
- Began in April in LA, RV, SB, SD, SM
- Will begin in Santa Clara in January, and Alameda and Orange Counties in July 2015
- Cal MediConnect plans cannot pay agents or brokers

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>Example</th>
<th>Eligible enrollees subject to passive enrollment?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare FFS</td>
<td>Medicare FFS</td>
<td>✔️</td>
</tr>
<tr>
<td>D-SNP participating in Cal MediConnect</td>
<td>Health Net D-SNP in L.A. County</td>
<td>✔️</td>
</tr>
<tr>
<td>D-SNP not participating in Cal MediConnect</td>
<td>Easy Choice D-SNP in L.A. County</td>
<td>✗</td>
</tr>
<tr>
<td>Alternative Health Care Service Plan</td>
<td>Kaiser Permanente D-SNP</td>
<td>✗</td>
</tr>
<tr>
<td>Fully Integrated Dual Eligible SNP (FIDE-SNP)</td>
<td>SCAN D-SNP</td>
<td>✗</td>
</tr>
<tr>
<td>Other Medicare Advantage plan</td>
<td>Blue Shield of California</td>
<td>✗</td>
</tr>
</tbody>
</table>

**NOTE:** AL is Alameda, OR is Orange, LA is Los Angeles, SB is San Bernardino, SD is San Diego, SC is Santa Clara, RV is Riverside, and SM is San Mateo

### Exhibit 3

**D-SNP enrollees who will be passively enrolled in Cal MediConnect in January 2015**

<table>
<thead>
<tr>
<th>Health plan</th>
<th>Counties health plan is operating Cal MediConnect</th>
<th>D-SNP enrollees in counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda Alliance</td>
<td>AL</td>
<td>6,425</td>
</tr>
<tr>
<td>Cal Optima</td>
<td>OR</td>
<td>14,650</td>
</tr>
<tr>
<td>Care 1st</td>
<td>LA, SB, SD</td>
<td>13,228</td>
</tr>
<tr>
<td>CareMore</td>
<td>LA, SC</td>
<td>1,582</td>
</tr>
<tr>
<td>Community Health</td>
<td>SD</td>
<td>1,442</td>
</tr>
<tr>
<td>Health Net</td>
<td>LA, SD</td>
<td>23,661</td>
</tr>
<tr>
<td>IEHP Health Access</td>
<td>RV, SB</td>
<td>11,558</td>
</tr>
<tr>
<td>LA Care</td>
<td>LA</td>
<td>8,697</td>
</tr>
<tr>
<td>Molina</td>
<td>LA, RV, SB, SD</td>
<td>6,983</td>
</tr>
<tr>
<td>San Mateo</td>
<td>SM</td>
<td>8,462</td>
</tr>
</tbody>
</table>

**NOTE:** AL is Alameda, OR is Orange, LA is Los Angeles, SB is San Bernardino, SD is San Diego, SC is Santa Clara, RV is Riverside, and SM is San Mateo.

**SOURCE:** Strategic Health Group analysis of September 2014 CMS Medicare Advantage/Part D Contract and Enrollment Data, Monthly Enrollment by Contract/Plan/State/County.
### Exhibit 4

**Opt-out rates among passively enrolled Medicare FFS enrollees have been high**

*As of September 2014*

<table>
<thead>
<tr>
<th>County</th>
<th>Total beneficiaries opting-out</th>
<th>Percent of passively enrolled beneficiaries opting-out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>47,748</td>
<td>45%</td>
</tr>
<tr>
<td>Riverside</td>
<td>5,253</td>
<td>31%</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>5,615</td>
<td>32%</td>
</tr>
<tr>
<td>San Diego</td>
<td>10,242</td>
<td>35%</td>
</tr>
<tr>
<td>San Mateo</td>
<td>1,425</td>
<td>31%</td>
</tr>
</tbody>
</table>

**Dual eligibles who opt-out cannot select a D-SNP (either participating or not-participating)**

- Enrollment in D-SNPs is frozen in participating counties
- Dual eligibles opting-out can only select another MA (non-SNP) plan, Medicare FFS or PACE plan; all are required to join a Medi-Cal managed care plan to receive Medi-Cal benefits

*SOURCE: Cal MediConnect Enrollment Dashboard, September 2014.*
Switching among Medicare Advantage and Part D plans tends to be low

Percent of Part D enrollees who switched plans, 2006-2010

- Did not switch plans: 87%
- Switched plans: 13%

Background and methods of focus groups with seniors

- Purpose: To understand how seniors choose and change their Medicare private plans
- Included groups of 6-8 seniors in 4 cities: Memphis, Baltimore, Seattle, Tampa
  - Groups were stratified by income
  - Participants varied by plan parent company, age, race, gender, and health
- Cities selected to reflect diversity in the following factors:
  - Medicare Advantage penetration rates
  - Percent enrolled in plans with no premium
  - Number of choices available

Seniors find choosing plans to be frustrating, confusing and exhausting

That’s what gets me, they wait until we retire to make it complicated. [...] now all of the sudden I have all of these Advantage programs and I have to do a spreadsheet.
- Senior in Memphis, TN

I went online. I had papers taped together, it was six feet wide, of the different companies and circles and arrows.
- Senior in Baltimore, MD

It feels like pushing a rock up a hill. There’s too much detail but not enough detail at the same time. They all have different charts. You can’t just line them all up.
- Senior in Seattle, WA

Many seniors say they are hesitant to change plans unless completely necessary.

"When I call about it and ask for information I get such strange ideas about how I should get information from different providers and then analyze it and compare it like I'm some kind of computer or something. I can't do that."  
-Senior in Tampa, FL

"At our age, as we get older we learned that the grass is not really greener on the other side. We're very cautious about changing to something else that is unfamiliar when we have that [which is ] known in front of us."  
– Senior in Tampa, FL

"And because I feel that I did my homework to the hilt initially, that should remain good for me."  
-Senior in Baltimore, MD

Most seniors say they will go to considerable lengths to make their existing plan work.

"I would go to the doctor, my primary. I would tell him, look, this is the situation, they are no longer going to pay for it, you need to send me something that’s comparable."

-Senior in Tampa, FL

Seniors say cost is important, but define cost differently

A couple of scripts are like “Phew. It’s the meds or the car payment, what do I do?”
- Senior in Baltimore, MD

I want my money’s worth if they are going to take my Social Security.
- Senior in Seattle, WA

I look at the cap and then I want to look at the hospitalization. What I care about is if I have a major issue and go in the hospital and my out of pocket [is] $2,500 dollars or $5,000 dollars.
- Senior in Memphis, TN

Some, but not all, seniors say keeping their doctor is important

I figure if someone has gone through medical school and has their diploma on the wall, chances are they know enough about what is wrong with me to treat me. I'm not that committed to one particular doctor. Now if I get some serious ailment I may change my mind overnight.

-Senior in Tampa, FL

I'm going to stick with the plan—no, I'm sticking with my doctor.

– Senior in Memphis, TN

Some, but not all, seniors say the reputation of the plan is important

“I wouldn’t go to Bob’s discount liquor and used clothing store for Part D insurance coverage.”
-Senior in Memphis, TN

“When I chose my current one I chose it because of the credibility of AARP; they were bound to be my advocate.”
– Senior in Baltimore, MD

“To me, plans are commodities. It is just the numbers on it. I don’t care if it said General Motors on it.”
– Senior in Tampa, FL

Some seniors say the marketing of the plan is important.

And then suddenly there’s a [TV] commercial that tells you some valuable information, that’s more useful than any other way. Because that’s what most people are doing when they’re at home alone. I can’t go out and go to a meeting. I just can’t do it.

– Senior in Baltimore, MD

Seniors say they do not use the star quality ratings to choose a plan

"I haven’t seen that, and I’m online every day and I never paid attention to that.
-Senior in Seattle, WA

"I’ve never used [star ratings] because I presume that they are doing some weighting of these factors to get to those stars and my only factor that I care about is cost. It’s like those lists of best places to live. You don’t know what they are weighting.
-Senior in Tampa, FL

Many seniors say they rely on agents or brokers to select and switch plans.

This is the thing, it’s really best for a professional to do your checking. Because if you don’t get a professional you don’t have the capability of finding out what you need to know.
-Senior in Baltimore, MD

Yes, she [my agent] is enrolling me now. Thank god I found her because I would be in the looney bin if I hadn’t.
-Senior in Memphis, TN

Seniors say they also consult medical professionals about plan choices, with mixed results

What I plan to do is list all my drugs and take it to Walgreens. They say they will do it for you instead of going to Medicare.gov. You take your list and they will find the best plan for you.
-Senior in Tampa, FL

I’ve asked my doctor some questions about what he can do, and he says, “Well, consult your book.”
-Senior in Seattle, WA

Seniors say they also consult with family, friends, and others

I research everything. God deals with everything else.
- Senior in Seattle, WA

We have a lot of friends who do research, so we did a lot of networking. It works.
- Senior in Baltimore, MD

My adopted daughter ... she had to come home. She did all the checking. She is like an FBI agent. I trust her.
- Senior in Seattle, WA

Exhibit 17

Summary and takeaways

About 450,000 dual eligibles could be enrolled in Cal MediConnect
• What will this mean for D-SNPs?

Among passively enrolled, many are opting-out
• Why are they opting out?
• Who is remaining in?

Data suggest that those who are not passively enrolled are unlikely to switch
• How will the initiative overcome seniors’ hesitancy to change their care arrangements?

Most seniors say they rely on advice from others to make decisions about their care arrangements
• What advice will seniors receive about Cal MediConnect?

Seniors need [...] support. They need help that’s not just a matter of getting phone numbers and how to work the computer. They need actual, personalized help, that doesn’t cost money.
-Senior in Seattle, WA