Launch of the Integrated Exclusively Aligned Enrollment (EAE) D-SNP Program

CAHP: California Advancing and Innovating Medi-Cal (CalAIM): 2023

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MARCH 29, 2023

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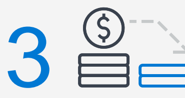
3 

D-SNP financial drivers

Introductions

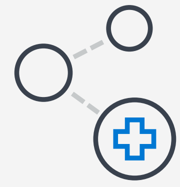
Milliman representation

Nicholas Johnson, FSA, MAAA
Principal and Consulting Actuary

Matt Kridgen, FSA, MAAA
Associate Actuary

Maureen Tressel Lewis, MBA
Principal and Healthcare Management Consultant

Milliman health discipline



Serves the full spectrum of health market clients

Provides actuarial and consulting support for 30+ state Medicaid/Exchange programs

Proprietary database of health claim data for 80 million lives

Consults to a majority of the health payers in the U.S.

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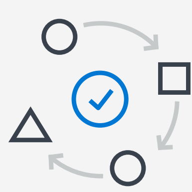
Milliman health discipline

Consults to the 50 largest health providers in the U.S.

Supports 19 out of the top 20 pharmaceutical manufacturers



Certifies nearly 50% of Medicare Part C/D bids nationally

Provides predictive analytics for hundreds of clients

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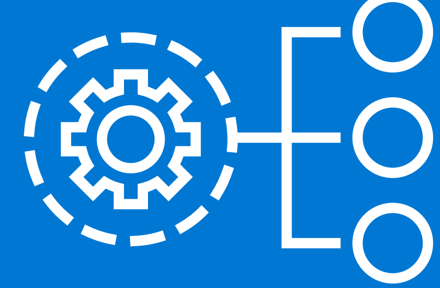
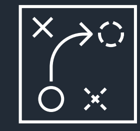
D-SNP and CalAIM Overview



CalAIM Dual integration plan

Principles

- Full **managed care** for dual eligible beneficiaries
- **Aligned enrollment** in Medi-Cal and Medicare managed care plan



Details

- Dual eligible beneficiaries enrolled in Medi-Cal MCPs
    - LTC carve-in
- MCPs to operate EAE D-SNP
    - Aligned enrollment
    - Auto-enroll newly Medicare-eligible Medi-Cal members
    - Close D-SNP enrollment to non-MCP D-SNPs

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CalAIM Dual integration timeline

Transition from **CMC/CCI** to statewide **EAE D-SNP + MLTSS**

December 2022	January 2023	January 2024	January 2026	January 2027
Discontinue CCI/CMC, transition to EAE D-SNPs in 7 CCI counties.	Mandatory enrollment of dual eligible beneficiaries into managed care. Institutional LTC carved into Medi-Cal managed care.	EAE D-SNPs available in 5 additional counties. New commercial managed care plan contracts effective.	Medi-Cal managed care plans in non-CCI counties required to operate EAE D-SNPs.	Implement MLTSS statewide in Medi-Cal managed care

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D-SNP implementation timeline

CMS Key Dates

2022 | 2023 | 2024 | 2025

Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Notice of Intent to Apply (NOIA) Recommended date for HPMS access

Application & MOC due

Network HSD tables due

Bids Due to CMS

CMS execute contracts where bids approved and meets readiness

AEP

GO-LIVE: Enrollment effective date

MCO Roadmap

- Capabilities and Financial Assessment
- Strategic planning, develop operations, contract, and partner(s) alignment
- CMS application, bids, and MOC
- Operational readiness & execution

Compliance gap closure and move toward leading practices

Staff planning and functional realignment

Form cross functional D-SNP project team; develop multi-year implementation work plan

Targeted hiring plan

Systems/ Infrastructure development plan

Provider engagement and network development

Monitor/reassess financial feasibility as key decisions made

Develop sales and marketing strategy and plan

CMS application activities

Develop training plan and materials

Marketing commences

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General D-SNP attributes

- **Medicare Advantage Plan,** covers all parts of Medicare, including Part D prescription drug coverage, and may offer extra benefits
  - Enrolls only dual eligible beneficiaries
  - Contract with the state Medicaid agency
  - Develops and implements a Model of Care
  - Arrange to provide Medicaid benefits

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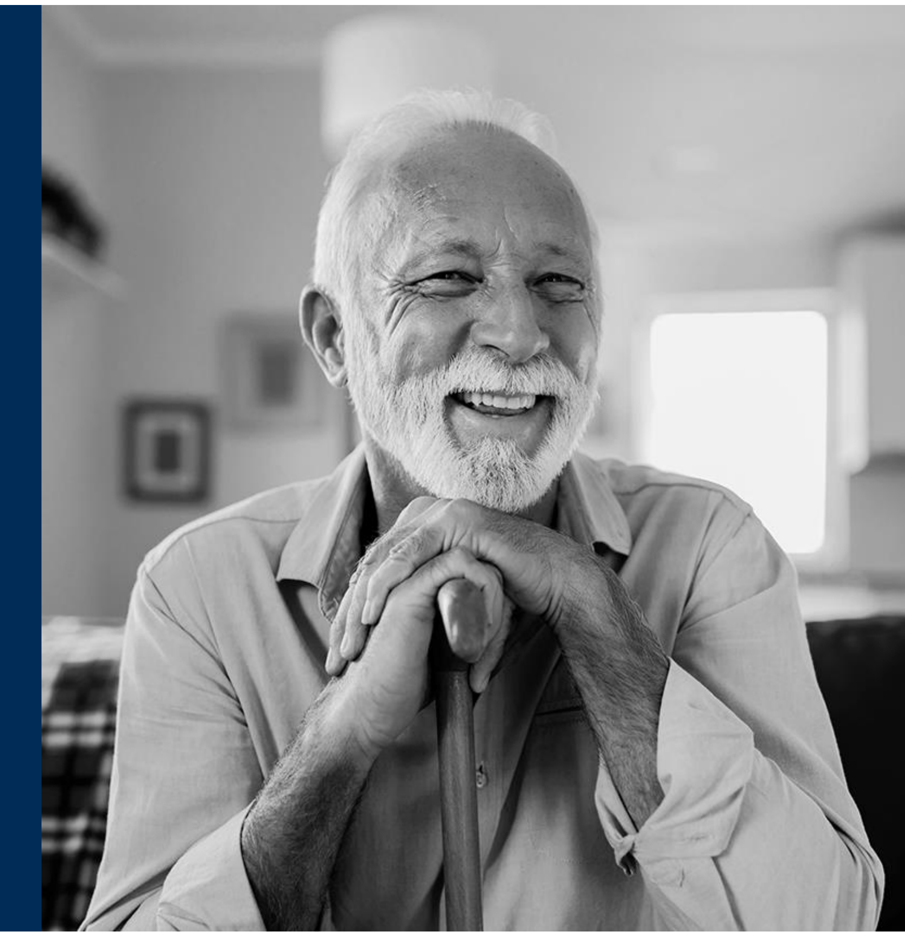
California EAE D-SNP attributes

- All MCPs must offer EAE D-SNP
  - Other D-SNP enrollment not permitted
- EAE D-SNP enrollees must also be in Medi-Cal plan from same health plan
  - Medi-Cal plan follows EAE D-SNP plan choice
  - Auto-enroll new Medicare-eligible Medi-Cal members into EAE D-SNP
- State-specific MOC requirements
- Integrated member materials



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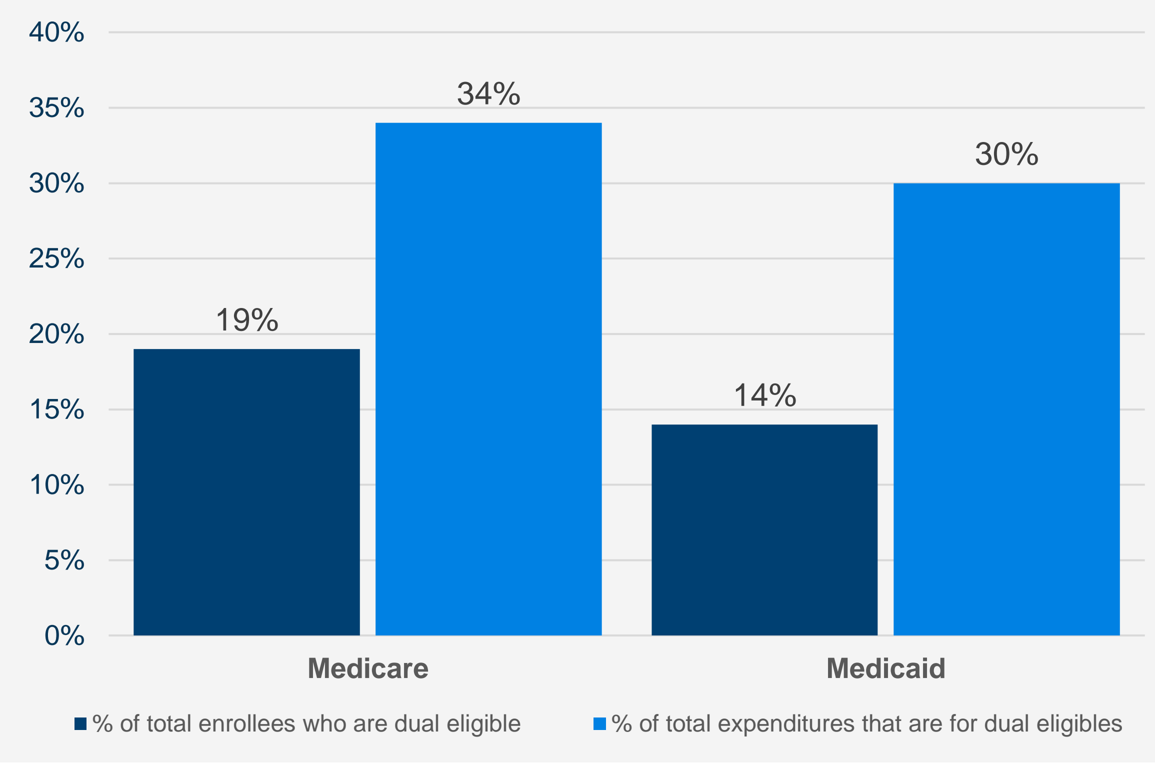
Dual eligible beneficiaries

Population profile

- Over 12 million nationally
  - 1.4 million in California (2020)
- Duals have **higher prevalence** of many health conditions than either Medicare-only and Medicaid-only peers
- Duals have a different demographic makeup than the general Medicare and general Medicaid population

Sources: Medicare-Medicaid Coordination Office Fiscal Year 2021 Report to Congress (cms.gov)
Working with Medicare Medicare 101 (integratedcareresourcecenter.com)



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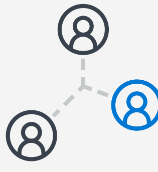
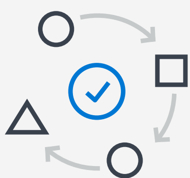
Integration opportunities

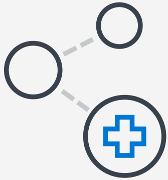
Financing



Care management and coordination



Health plan operations



Providers

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D-SNP financial drivers

Key drivers of financial success

Membership /Admin

Star Rating

Medical Manageme nt

Provider Contracting

Risk Scores

Financial Success

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Financial structure of Medicare Advantage

Medicare FFS costs for Medicare-covered services × Star rating adjustment × Plan risk score

Reduced via medical management

=

Medicare Advantage benchmark

=

Managed costs for Medicare-covered services + Administrative costs + Supplemental benefits +

Excess Part D premium + Savings retained by CMS + Margin

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Star rating basics

Ratings are based on 38 measures intended to quantify quality and performance

Designed to:

Provide beneficiaries meaningful quality information

Reward high quality MAO contracts, includes significant financial incentives

Ratings vary by 1.5 to 5.0, new or low enrollment plans receive default ratings

CAHPS and HEDIS data, plus data submitted to CMS, support the star rating

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Star rating basics

Significantly lagged data collection, up to 3 years until data affects revenue

Each measure belongs to one of five domains, measures and domains are weighted differently, weights are periodically updated

Benchmarks or “cut points” for performance in each measure are updated annually, set at whole star level

Ratings for each category are aggregated to get final star rating

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Impact of star rating

2022 Star Rating	Quality Bonus Payment for 2023	2023 Rebate Percentage
4.5+ stars	5%	70%
4.0 stars	5%	65%
3.5 stars	0%	65%
Less than 3.5 stars	0%	50%
New / low enrollment	3.5%	65%

- Critical to achieve 4.0 stars
- Requires significant operational investment starting at plan inception

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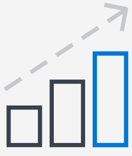
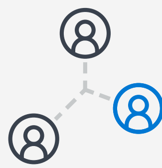
Risk score basics



CMS uses Hierarchical Condition Category (HCC) model



Risk scores are based on demographic information, diagnosis data, and income/disabled status

Diagnoses from a given year determine the risk score in the next year (prospective model)

CMS regularly updates the risk score models, proposed significant update for 2024

Risk score financial impact

1% increase to risk score

=

0.5% - 1% increase to revenue

Complete and accurate coding and submission to CMS is essential

Plans need to invest in

- infrastructure
- provider relationships
- member engagement

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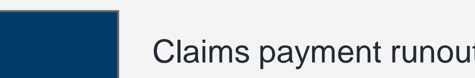
Typical risk score timeline

Payment Periods	2020												2021												2022												2023						
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J
Initial																									X																		
Mid-Year																																X											
Final																																											X



Incurred dares

Claims payment runout

X Month 2022 MMR score is updated and a settlement is received from/paid to CMS

An individual's risk score generally only changes when a new run is done (not month to month)

A plan's risk score changes monthly as new enrollees enter and some members leave.

MA data and revenue timing

CMS submissions and data collections

Plan year -3	Plan year -2	Plan year -1	Plan year	Plan year +1
Stars: Healthcare Effectiveness Data and Information Set (HEDIS) data collected	Stars: Consumer Assessment of Healthcare Providers and Systems (CAHPS) data collected from March to June	Risk Score Diagnoses: incurred this year Bid: initially in June and updated in August	Risk Score Diagnoses: incurred prior year Part D Claims: incurred this year	Risk Score Diagnoses: incurred 2 years prior Part D Claims: incurred prior year

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Summary and Questions

Keys to financial success for MA organizations

Star Rating Improvement

- Critical to achieve 4.0 stars

Risk Score Coding Improvement

- Focus on complete and accurate coding of diagnoses to improve encounter risk scores

Minimize Administrative Expenses

- Regulatory burden may make this difficult

Effectively Manage Care

- Results in favorable claims costs and star rating

Manage Unit Cost

- Achieved through competitive provider and PBM contracts

Questions?

- Thank you for your time

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Caveats, limitations, and qualifications

The information these slides is provided for the educational use of participants of the California Association of Health Plans (CAHP) CalAIM seminar, taking place on March 29, 2023. It should not be considered complete without the oral comments that accompany the presentation. It is intended to provide the audience with an actuarial perspective on D-SNPs. All figures in this presentation are illustrative and for educational purposes only. It would not be appropriate to use this information for any other purpose.

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Actual costs and impacts associated with the proposed policy change will vary from our projections for many reasons. Differences between the results of this analysis and actual experience will depend on the extent to which future experience conforms to the assumptions made in the calculations. It is certain that actual experience will not conform exactly to the assumptions used. Actual amounts will differ from projected amounts to the extent that actual experience is higher or lower than expected. Experience should continue to be monitored on a regular basis, with modifications to estimates as necessary.

This analysis has relied on data from CMS as well as other proprietary and publicly-available sources. If the underlying data or information is inaccurate or incomplete, the results of this analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. We have not audited or verified this data and other information. Such a review was beyond the scope of our assignment.