



Keys to Succeeding in the Medicare Advantage Market

SOUTHEASTERN ACTUARIES CONFERENCE/
ACTUARIES CLUB OF THE SOUTHWEST



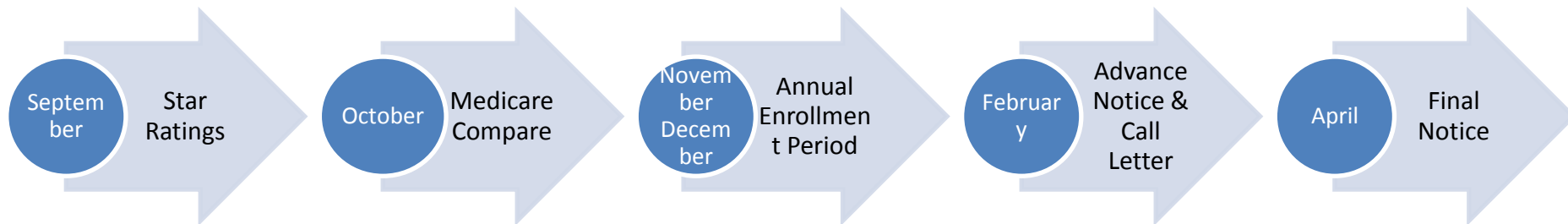
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Timeline



- Resources play a key role in determining timeline
- Large carriers are creating proformas as early as October
- At a minimum, the goal should be to have the Straw Man completed prior to the release of the final benchmarks in early April



Revenue - How Do I Know My Risk Scores Are Accurate?



- Year-over-year comparisons of own experience
 - Compare risk scores over time
 - Group membership by the following categories
 - New-to-Medicare
 - New-to-Your-Plan
 - Existing
 - Dis-enrolled
 - Compare medical expense and risk scores over time
 - Do medical costs and risk scores move in the same direction when they change?
 - Compare risk scores across your plans

Revenue - How Do I Know My Risk Scores Are Accurate?

- CMS has released risk scores by:
 - Plan
 - County
 - Part C / Part D

Latest risk scores are for 2014, released 12/18/2015

<https://www.cms.gov/Medicare/Medicare-Advantage/Plan-Payment/Plan-Payment-Data-Items/2014-payment-data.html>

- Compare relationship of FFS costs by county released with the rate book to understand expense (risk) relationships between counties.



Revenue



Overall Star Rating	Rebate %
<3.5 Stars	50%
3.5 Stars \leq Star Rating <4.5 Stars	65%
>4.5 Stars	70%
Low Enrollment Plan	65%
New Contract Under a New Parent Organization	65%

Overall Star Rating	Quality Bonus Payment (QBP) Percentage
≥ 4.0 Stars	5.0%
Low Enrollment Plan	3.5%
New Contract Under a New Parent Organization	3.5%

Revenue – Steps for Successful Stars Improvement

Improvement Area	#	Step for Success	Challenges and Common Problems
Evaluating Measures for Improvement	1	Establish a Stars Improvement Team	<ul style="list-style-type: none"> A balance between getting input from multiple functional areas and productivity is needed. Executive sponsorship is needed for buy in from the rest of the health plan.
	2	Identify Measures in Need of Improvement	<ul style="list-style-type: none"> This is the easiest step. Most plans know which measures need improvement.
	3	Evaluate Reason(s) for Poor Performance	<ul style="list-style-type: none"> Brainstorm with the Stars Improvement Team. Try to divide the reasons into two broad categories <ol style="list-style-type: none"> Care is provided, but data/evidence of the care is not collected. Care is not provided.
	4	Develop a Strategy for Measure Improvement	<ul style="list-style-type: none"> This step is often skipped. Plans often develop improvement plans for individual measures without looking at all measures as a whole. Successful Stars and quality improvement requires support from the entire organization and provider network, so a strategy is needed to plan for how these groups will be included in improvement activities.
	5	Identify Measures of Focus for Improvement Efforts	<ul style="list-style-type: none"> A thoughtful approach needs to be taken for the measures of focus. The lowest performing measures are not always the best measures for focus.

Revenue – Steps for Successful Stars Improvement

Improvement Area	#	Step for Success	Challenges and Common Problems
Planning for Improvement	6	Develop a Performance Measure Improvement Plan	<ul style="list-style-type: none"> Some plans implement activities without planning. Some plans spend significant time preparing to implement performance improvement activities and miss opportunities because of the planning Planning is needed, but activities have to move forward. Improvement activities that have been successful for one plan may have a different impact on a different plan.
	7	Implement the Plan	<ul style="list-style-type: none"> Implementing the plan can be delayed by over planning and problematic by under planning.



Revenue – Steps for Successful Stars Improvement

Improvement Area	#	Step for Success	Challenges and Common Problems
Monitoring/Modifying Measure Improvement	8	Monitor the Results of the Plan	<ul style="list-style-type: none"> • Many plans only look at the year over year change or don't monitor at all. • Executive leadership often wants quick impact on rates, but for some activities, rates may take years to change.
	9	Evaluate the Success of the Performance Improvement Plan	<ul style="list-style-type: none"> • Goals need to be set prior to improvement plan implementation and a cost/benefit analysis should be done on improvement plans as a whole and on individual improvement initiatives as possible.
	10	Modify the Plan Based on Issues Identified in the Evaluation	<ul style="list-style-type: none"> • Many plans are trying many new activities. • Some activities will be hugely successful and others will not be as successful. • Plans should modify measure improvement initiatives as needed and as able.

Revenue – Stars Timeline

Data Source	2014	2015				2016				2017				2018	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
CAHPS		Measurement Period				Reporting Period		Star Ratings Published		MA Bid Preparation and Submission				MA Rates and Plans based on Star Ratings	
Health Outcome Survey (HOS)	Measurement Period	Reporting Period													
HEDIS		Measurement Period				Reporting Period									
Independent Review Entity		Measurement Period				Reporting Period									
Complaint Tracking Module		Measurement Period				Reporting Period									

Know Your Beneficiaries / Know Yourself

- Member-level medical loss ratios
- What is your specialty
 - Duals?
 - Chronic Conditions?
 - Rural versus suburban areas
- Monitor this business
 - Monthly/Quarterly reporting
 - Part D
 - MA



Part D

Prescription Drug Trends

- National Average Benchmark
- Catastrophic Phase / Reinsurance

Revenue Pressure on MA-PD Plans?
Aggressive Assumptions?
Managing High Cost Drugs



Questions?

