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
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
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.
### Overall Star Rating

<table>
<thead>
<tr>
<th>Overall Star Rating</th>
<th>Rebate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;3.5 Stars</td>
<td>50%</td>
</tr>
<tr>
<td>3.5 Stars ≤ Star Rating &lt; 4.5 Stars</td>
<td>65%</td>
</tr>
<tr>
<td>&gt;4.5 Stars</td>
<td>70%</td>
</tr>
<tr>
<td>Low Enrollment Plan</td>
<td>65%</td>
</tr>
<tr>
<td>New Contract Under a New Parent Organization</td>
<td>65%</td>
</tr>
</tbody>
</table>

### Quality Bonus Payment (QBP) Percentage

<table>
<thead>
<tr>
<th>Overall Star Rating</th>
<th>Quality Bonus Payment (QBP) Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥4.0 Stars</td>
<td>5.0%</td>
</tr>
<tr>
<td>Low Enrollment Plan</td>
<td>3.5%</td>
</tr>
<tr>
<td>New Contract Under a New Parent Organization</td>
<td>3.5%</td>
</tr>
</tbody>
</table>
# Revenue – Steps for Successful Stars Improvement

<table>
<thead>
<tr>
<th>Improvement Area</th>
<th>#</th>
<th>Step for Success</th>
<th>Challenges and Common Problems</th>
</tr>
</thead>
</table>
| **Evaluating Measures for Improvement** | 1 | Establish a Stars Improvement Team | • 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 | • This is the easiest step.  
• Most plans know which measures need improvement. |
| | 3 | Evaluate Reason(s) for Poor Performance | • Brainstorm with the Stars Improvement Team.  
• Try to divide the reasons into two broad categories  
  1. Care is provided, but data/evidence of the care is not collected.  
  2. Care is not provided. |
| | 4 | Develop a Strategy for Measure Improvement | • 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 | • 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

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| Planning for Improvement  | 6 | Develop a Performance Measure Improvement Plan    | • 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                                | • Implementing the plan can be delayed by over planning and problematic by under planning.                                                                                                                                                                                                                                                                                                                                 |
## Revenue – Steps for Successful Stars Improvement

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</tr>
</thead>
<tbody>
<tr>
<td>Monitoring/Modifying Measure Improvement</td>
<td>8</td>
<td>Monitor the Results of the Plan</td>
<td>• Many plans only look at the year over year change or don’t monitor at all.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Executive leadership often wants quick impact on rates, but for some activities, rates may take years to change.</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Evaluate the Success of the Performance Improvement Plan</td>
<td>• 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.</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Modify the Plan Based on Issues Identified in the Evaluation</td>
<td>• Many plans are trying many new activities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Some activities will be hugely successful and others will not be as successful.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Plans should modify measure improvement initiatives as needed and as able.</td>
</tr>
</tbody>
</table>
## Revenue – Stars Timeline

<table>
<thead>
<tr>
<th>Data Source</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAHPS</td>
<td></td>
<td>Measurement Period</td>
<td>Reporting Period</td>
<td>Star Ratings Published</td>
<td>MA Bid Preparation and Submission</td>
</tr>
<tr>
<td>Health Outcome Survey (HOS)</td>
<td></td>
<td>Measurement Period</td>
<td>Reporting Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HEDIS</td>
<td></td>
<td>Measurement Period</td>
<td>Reporting Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Review Entity</td>
<td></td>
<td>Measurement Period</td>
<td>Reporting Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complaint Tracking Module</td>
<td></td>
<td>Measurement Period</td>
<td>Reporting Period</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Measurement Period**: Period in which data is collected.
- **Reporting Period**: Period in which data is reported.
- **Star Ratings Published**: Period in which Star Ratings are published.
- **MA Bid Preparation and Submission**: Period in which MA Bid is prepared and submitted.

**Data Source**: 2014, 2015, 2016, 2017, 2018

**Measurement Period**: Q1, Q2, Q3, Q4

**Reporting Period**: Q1, Q2, Q3, Q4
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
Prescription Drug Trends
  • National Average Benchmark
  • Catastrophic Phase / Reinsurance

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