

# ACA /Medicare Trends and Other Considerations



# Agenda

1. Key ACA Considerations
2. Medicare Advantage Considerations

# Key ACA Considerations

# COVID-19 Related Considerations

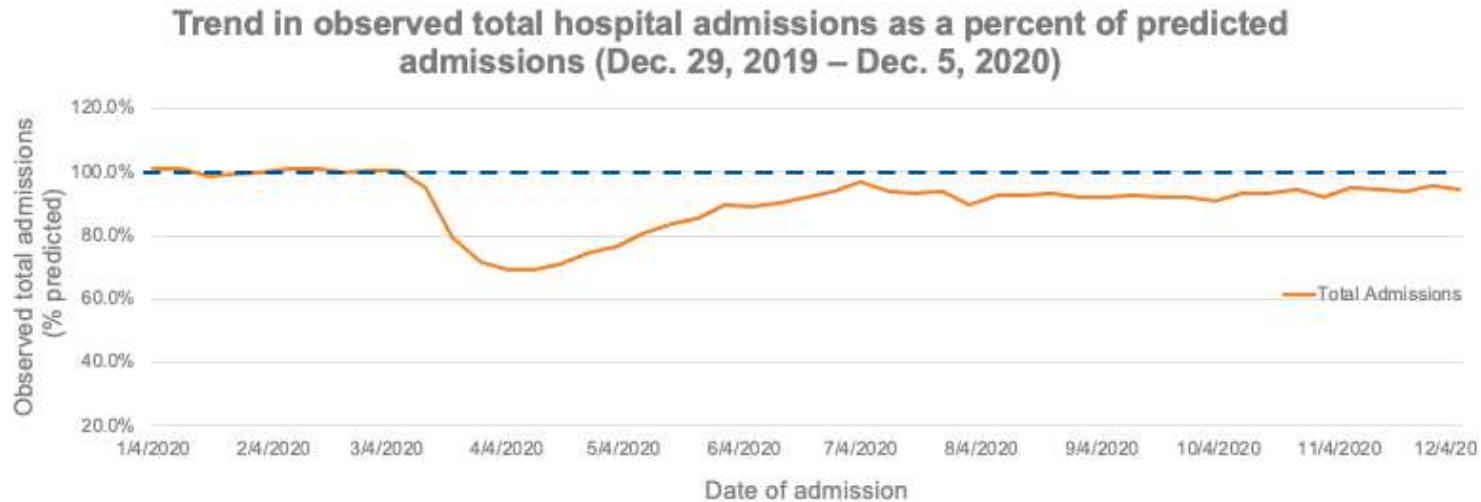
National Requirements	State Requirements
<ul style="list-style-type: none"><li>Require to cover COVID testing and related costs (recent guidance included antibody testing as a requirement)</li></ul>	<ul style="list-style-type: none"><li>New policy on COVID testing including asymptomatic coverage</li><li>Some states have gone further to also include coverage of treatment</li></ul>
<ul style="list-style-type: none"><li>Public Health Emergency expected to be extended until at least the end of 2021 (currently ends in July)*</li></ul>	<ul style="list-style-type: none"><li>Key Question of Medicaid Redetermination timing</li></ul>
<ul style="list-style-type: none"><li>Special Enrollment Periods (SEP) are available for individuals that lost major medical coverage</li></ul>	<ul style="list-style-type: none"><li>All Exchanges have included a special COVID SEP (2/15/2021 to 8/15/2021 for FFM states), which makes enrollment easier</li></ul>

\* As of May 23, 2021

# Perspectives on Cost

Figure 1

Overall Admissions Decreased in March and April but Remained Above 90% Since June



SOURCE: Epic and KFF analysis of Epic Health Record System COVID-19 related data as of January 2021.

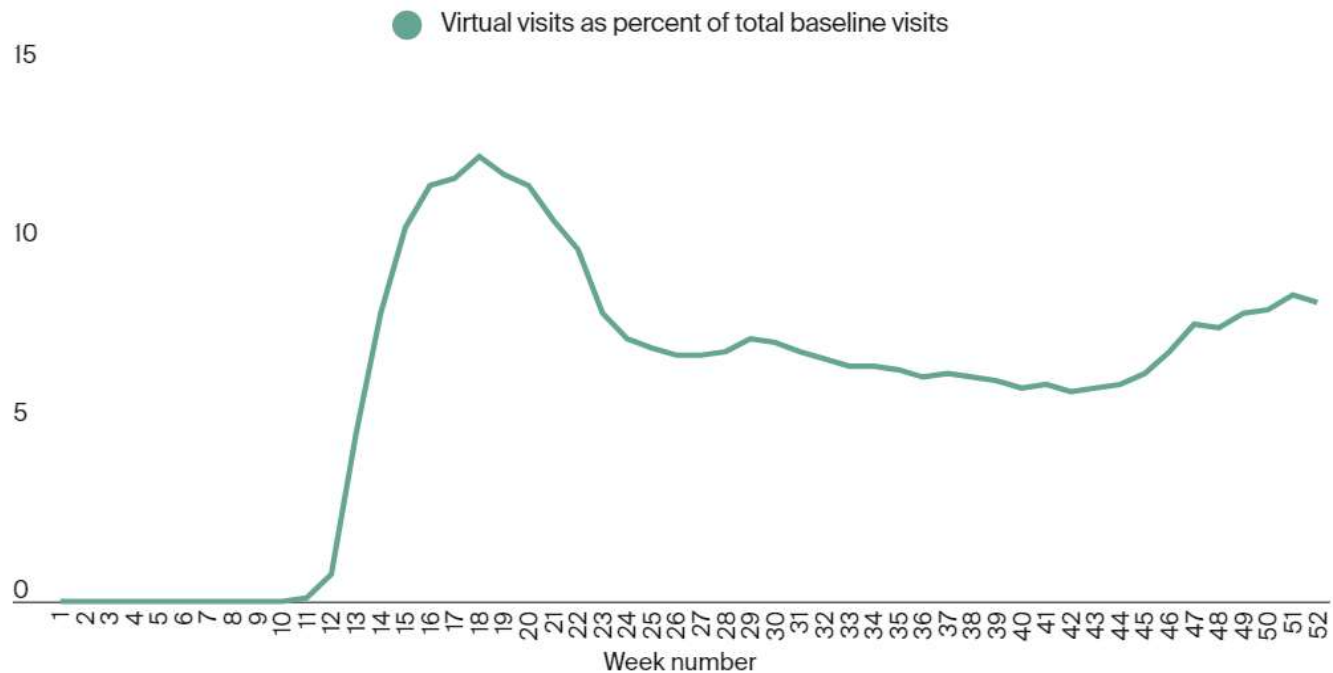


<https://www.kff.org/health-costs/issue-brief/trends-in-overall-and-non-covid-19-hospital-admissions/>

# Telehealth

## Rose rapidly, declined, and then increased

Percent change in visits from baseline



Source: Ateev Mehrotra et al., <https://www.commonwealthfund.org/publications/2021/feb/impact-covid-19-outpatient-visits-2020-visits-stable-despite-late-surge>

# American Recovery Act

## Changes to ACA Subsidy Requirements, Eligibility, and Amounts by Year

Policy	2020	2021	2022	2023
Hiatus of PTC Reconciliation	Yes	No	No	No
Unemployment Insurance Eligibility	No	Yes	No	No
Additional Subsidies	No	Yes	Yes	No

# American Recovery Act: Impact

## CBO Estimates

- Estimates of House Bill (Updated Estimates Forthcoming)

<https://www.cbo.gov/system/files/2021-02/hwaysandmeansreconciliation.pdf>

- 2021: +800K uninsured have coverage (500K through COBRA Provisions). Additional 900k who currently have coverage would receive additional subsidies
- 2022: Individual Market Enrollment
  - +1.4 million to individual market, +300k shifting from off-Exchange
- 2023- Some residual elevated enrollment after subsidies end



# American Recovery Act: Impact

## Metal Level Shifting/Silver Loading

	\$0 Premium Plan Available, %	
	Pre-ARP	Post-ARP
Bronze	66%	79%
Silver	7%	41%
Gold	6%	15%

f HC.gov states	≥100% to ≤150% of FPL	>150% to ≤200% of FPL	>200% to ≤250% of FPL	>250% to ≤300% of FPL	>300%- ≤400% of FPL	Other FPL
	2,911,517	1,792,733	1,237,493	743,696	861,755	275,490
<b>Bronze</b>	10%	21%	41%	56%	59%	45%
<b>Silver</b>	88%	76%	46%	28%	24%	44%
<b>Gold</b>	1%	3%	13%	17%	17%	11%

73% CSR

Shift?

Data from ASPE /2019 OEP PUF

# Upcoming Issues to Monitor

## Supreme Court Case (California v. Texas)

- Supreme Court ruled 7-2 that Texas didn't have standing, and did not rule on the merits of the case

## New Legislation

- Potential for Health care related legislation (Fall?)

## Biden Administration Regulations

- User Fees
- 1332 Waivers
- Other?

## States have also implemented new programs

- Georgia Reinsurance and Direct Enrollment<sup>1</sup>
- Oklahoma Medicaid Expansion
- Maryland Young Adult Subsidy
- Colorado additional CSR Subsidy

<sup>1</sup> Direct Enrollment, scheduled to start in 2023 is subject to current litigation

# Other ACA Considerations (Non-ARP)

- Importance of Public Health

## Emergency/Medicaid Redetermination

- Medicaid Expansion States - CSR enrollment may look different
- Impact on 2020/2021 Data
- Ending 2022?

- Economy

- Unemployment rate 6.0% today- projected to be 4.2% in 2022

- Initial 2022 Rate Filings

- Below Trend



# Medicare Advantage Considerations

# Medicare Considerations in 2022

Unknowns	Implications
<ul style="list-style-type: none"> <li>Sequestration levels</li> </ul>	<ul style="list-style-type: none"> <li>Until April 2020: 2%</li> <li>May 2020 to Dec 2021: 0% (CARES Act and subsequent legislation)</li> <li>2022 and beyond: 0% to 6% (6% under current law)</li> </ul>
<ul style="list-style-type: none"> <li>Public Health Emergency expected to be extended until at least the end of 2021 (currently ends in July)*</li> </ul>	<ul style="list-style-type: none"> <li>Key Question of PHE Payment Policies continuing into 2022</li> </ul>
<ul style="list-style-type: none"> <li>New Alzheimer's Part B Drug Aduhelm (aducanumab)</li> </ul>	<ul style="list-style-type: none"> <li>Direct Costs unlikely for MA, but other costs could occur in 2022</li> </ul>
<ul style="list-style-type: none"> <li>COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>See next page</li> </ul>

\* As of May 23, 2021

# Medicare Considerations in 2022 (COVID-19)

COVID-19 Vaccine assumptions built into USPCC projections

Year	% of Beneficiaries Receiving	Doses per Utilizer	Administration Cost/Dose	Drug Cost/Dose	Total Cost/Dose	Cost PMPM
2021	60%	2.2	\$25	\$3	\$28	\$3.08
2022	52%	2.0	\$28	\$60	\$88	\$7.63

Unknowns	Implications
<ul style="list-style-type: none"> <li>Vaccines</li> </ul>	<ul style="list-style-type: none"> <li>Vaccine administration payments increased to \$40 per dose</li> <li>Over 75% of seniors already fully vaccinated (we know 52% of the population won't need an initial vaccination in 2022)</li> <li>Will there be a need for booster shots? (none have been approved yet)</li> </ul>
<ul style="list-style-type: none"> <li>Pent-up Demand</li> </ul>	<ul style="list-style-type: none"> <li>CMS assumed 2% Pent-up demand in the 2022 USPCC</li> </ul>

# Perspectives on Cost

## Adjustments to Baseline

### Direct COVID-19 Costs

- Hospitalizations
  - Age variation
  - Geographic Variation
  - Market Segment
- Testing and Vaccine
  - Who Pays
  - Timing and availability
- Long-Term Care
- Anti-Viral and other Drugs
- Telemedicine (and reimbursement rates)

### Indirect Claim Cost Impacts

- Deferred Services
  - How much will come back
  - Timing and speed of recovery
- Changes in care patterns
  - Will people be afraid to seek care for minor illnesses in the future?
- Changes in morbidity mix of business
  - Economic impacts will cause shift away from employer sponsored coverage
- Changes to Medical Management processes

# COVID-19 Related Announcements

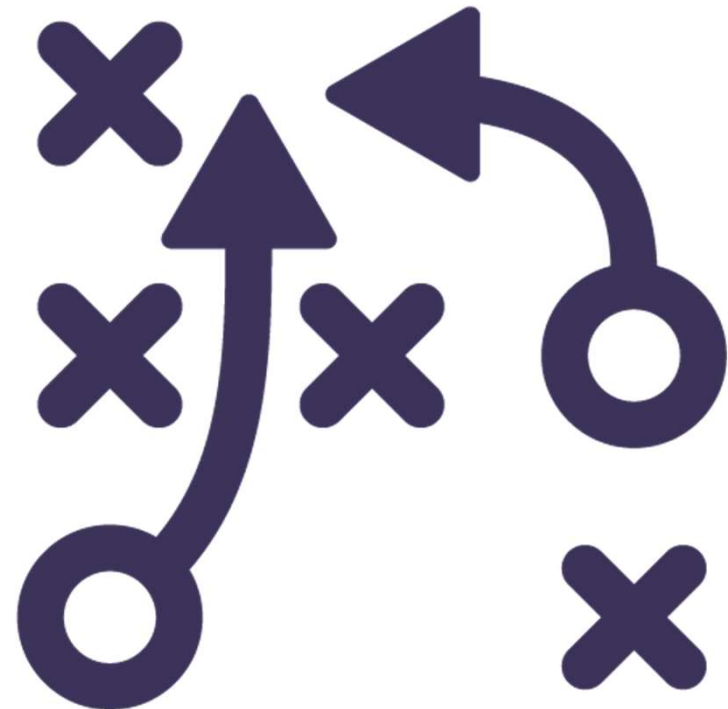
## Important Payment Provisions – MA

Non-Emergency Rules	Emergency Rules	Implications
<ul style="list-style-type: none"> <li>New Vaccines are usually covered under Medicare Part D</li> <li>Flu Vaccine is under Part B</li> </ul>	<ul style="list-style-type: none"> <li>CARES Act (third COVID-19 law) moves a future COVID-19 vaccine to Medicare Part B and requires it to be covered without cost sharing</li> </ul>	<ul style="list-style-type: none"> <li>Plans need to take this account in the MA, not PD bids for 2021 and beyond</li> <li>Since the COVID-19 vaccine costs are more than 0.1% of AAPCC, the Medicare FFS program is paying for it in 2021 and not the MAO.</li> </ul>
<ul style="list-style-type: none"> <li>Sequester applies until September 30, 2029</li> <li>Sequester reduces all CMS payments by 2% to both FFS providers and MA plans</li> </ul>	<ul style="list-style-type: none"> <li>Sequester Suspended from May 1, 2020 to December 31, 2021</li> <li>Sequestration extended until September 30, 2030</li> <li>Applies to both FFS and Medicare Advantage</li> </ul>	<ul style="list-style-type: none"> <li>2% increase in revenue for 20 months for plans and providers</li> <li>Do your provider contracts obligate you to pass on the additional revenue to providers?</li> </ul>
<ul style="list-style-type: none"> <li>IPPS Payment system applies</li> </ul>	<ul style="list-style-type: none"> <li>20% increase in Inpatient (IPPS) payments to hospitals for COVID-19 patients</li> </ul>	<ul style="list-style-type: none"> <li>Do your provider contracts obligate you to pass on the additional revenue to providers?</li> </ul>
<ul style="list-style-type: none"> <li>Plans can't enhance benefits mid-year</li> </ul>	<ul style="list-style-type: none"> <li>CMS is using enforcement discretion to allow plans to make cost sharing changes and/or introduce new benefits in response to COVID-19 in 2020</li> </ul>	<ul style="list-style-type: none"> <li>Many of these COVID-19 related changes were allowed to continue into 2021</li> </ul>



# Medicare Considerations in 2022 and Beyond

- Potential Legislation in the Fall?
  - Drug Negotiations
  - Changes to Part D Cost-Sharing
  - Additional Medicare Benefits
  - Changes to MA Benchmark/risk adjustment
- Adulhelm Impact
- New Administration
  - New Regulations
  - New Demos



## Questions?

To get a copy of this presentation or to discuss any of this material, please contact any of the presenters today:

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