

Medicare

Managed Care Savings

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Going Beyond the Numbers

Agenda

What is Managed Care Savings and why is it useful?

How can one measure managed care savings?

What are some challenges and considerations?

Wakely study and observations on 2016 experience.

Questions



What is Managed Care Savings?

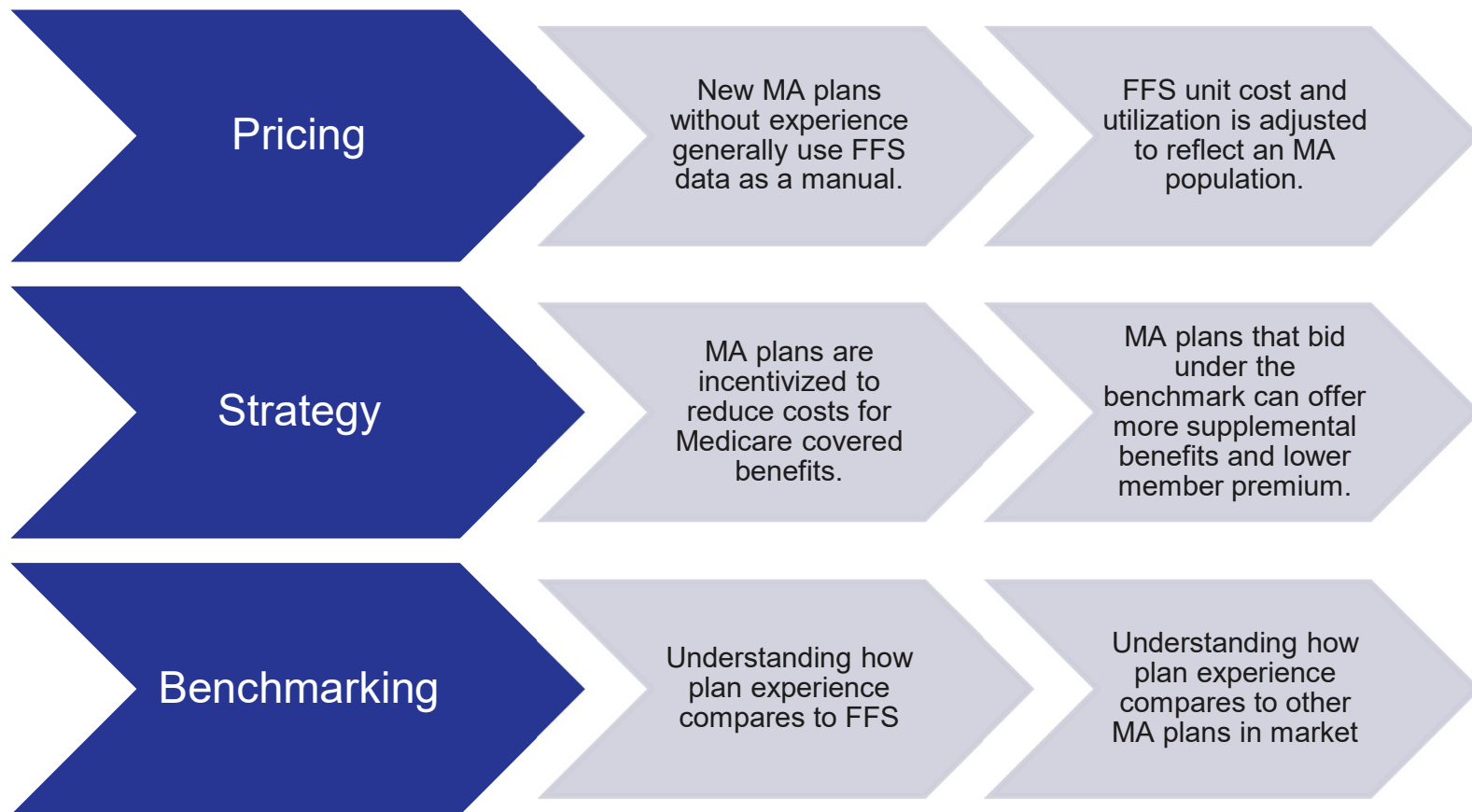
Are there cost savings for Medicare covered benefits if offered through Medicare Advantage, relative to Fee-for-Service?

What are some reasons this is true?

- Value based care initiatives
- Care management programs
- Beneficiary education/incentives
- Market strategy

What is Managed Care Savings?

Why is it useful?



How is it measured?

Wakely MCS study

MA Data

Worksheet 1 Data from
2018 BPT

CMS County Enrollment
Files

Adjust Data to consistent
utilization type

Remove Outliers

Normalize to 1.0 risk
score

FFS Data

2016 FFS Data

Organize claims at WS1
service category level

Remove Hospice, ESRD,
Part A and Part B only

Normalize to 1.0 risk
score

Comparison

Aggregate FFS data with
same member
distribution as MA

Filter data by plan
type/SNP type/region

Compare both 1.0 unit
cost and utilization

Considerations and Limitations

Unit Cost vs Utilization

MA Coding Pattern

Counting Differences

MA Contracting

Credibility

Mix of Population

Observations in 2016 study

Nationwide (non-PR) – General Enrollment – All plan types

Service Category	Utilization Relativity	Unit Cost Relativity	Total Cost Savings	MA Allowed	FFS Allowed
Inpatient	0.706	1.028	0.73	\$218.21	\$300.74
Skilled Nursing Facility	0.505	0.875	0.44	\$33.03	\$74.73
Home Health	0.277	1.261	0.35	\$17.43	\$49.98
Ambulance	0.735	1.063	0.78	\$9.53	\$12.19
DME	2.683	0.209	0.56	\$14.37	\$25.69
Outpatient - ER	0.789	1.308	1.03	\$28.37	\$27.48
Outpatient - Surgery	0.429	1.652	0.71	\$47.03	\$66.41
Outpatient - Other	0.792	0.997	0.79	\$70.77	\$89.58
Professional	0.634	1.114	0.71	\$199.42	\$282.23
Part B Rx	1.666	0.288	0.48	\$39.21	\$81.58
Other Part B	5.007	0.482	2.41	\$2.93	\$1.21
Total			0.67	\$680.30	\$1,011.82

Example of why Unit Cost vs Utilization matters.

OP - ER

	MA	FFS	Relativity	
Utilization/1000		456	577	0.789
Unit Cost		\$747.22	\$571.32	1.308
Allowed PMPM		\$28.37	\$27.48	1.032

- Utilization savings – less members going to ER.
- Mix of services is significantly higher in MA.
- Partially driven by contracting.

Observations in 2016 study

Total Savings by Region

Service Category	Northeast	Southeast	Midwest	Southwest	West
Inpatient	0.74	0.72	0.73	0.69	0.75
Skilled Nursing Facility	0.49	0.38	0.46	0.39	0.45
Home Health	0.45	0.30	0.41	0.25	0.32
Ambulance	0.74	0.74	0.75	0.81	0.92
DME	0.60	0.50	0.53	0.53	0.62
Outpatient - ER	0.85	1.16	0.99	1.11	1.17
Outpatient - Surgery	0.89	0.76	0.75	0.49	0.53
Outpatient - Other	0.81	0.63	0.84	0.79	0.91
Professional	0.70	0.63	0.74	0.80	0.82
Part B Rx	0.60	0.47	0.52	0.33	0.35
Other Part B	2.21	1.29	2.09	2.22	3.38
Total	0.70	0.63	0.70	0.65	0.71

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Questions?