STATEMENT FOR THE RECORD

Submitted to the
House Energy and Commerce Committee
Subcommittee on Health

Examining the Extension of Medicare Advantage Special Needs Plans
July 26, 2017

America's Health Insurance Plans
601 Pennsylvania Avenue, NW
Suite 500, South Building
Washington, D.C. 20004

America's Health Insurance Plans (AHIP) is the national association whose members provide coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access and well-being for consumers.

We appreciate the committee's interest in reauthorizing and strengthening Medicare Advantage (MA) Special Needs Plans (SNPs). We also thank the committee for strongly supporting the broader MA program. Earlier this year, more than 340 members of Congress addressed letters to the Centers for Medicare & Medicaid Services (CMS), expressing support for the MA program.

Because of the great value that SNPs deliver for the American people, we encourage Congress to permanently reauthorize all SNPs including plans for beneficiaries who are dually eligible for both Medicare and Medicaid (D-SNPs), those for beneficiaries with specified chronic conditions (C-SNPs), and those for beneficiaries who require an institutional level of care (I-SNPs). Our nation's health plans remain committed to the physical and financial well-being of America's seniors, and we are eager to work with Congress and the administration on new ways to ensure that every dollar spent serving Medicare beneficiaries delivers real value for the American people.

SNPs are Essential for Medicare Beneficiaries

SNPs serve as an essential safety net for approximately 2.4 million of our nation's most vulnerable seniors. To qualify for SNPs, seniors must be: (1) dually eligible for both Medicare and Medicaid; (2) have severe or disabling chronic conditions; or (3) qualify for an institutional level of care.

These individuals have serious health concerns, and health plans that participate in the SNP program tailor their benefits and services to address their unique needs. Beneficiaries who enroll in SNP plans can become more healthy through the use of coordinated care, disease management, and other initiatives designed to ensure high-quality, integrated care.

Research findings demonstrate that such innovations translate into better health. A *Health Affairs* study found that beneficiaries with diabetes who were enrolled in a Medicare Advantage SNP had "lower admission rates, shorter average lengths-of-stay in the hospital, lower

readmission rates, slightly lower rates of hospital outpatient visits, and slightly higher rates of physician office visits than their fee-for-service counterparts." Specifically, the study indicated that SNP enrollees had 9 percent lower hospital admission rates and 19 percent fewer hospital days, and 7 percent more office visits than beneficiaries in traditional Medicare.[1]

While SNP enrollment has nearly tripled – from 900,000 in 2007 to 2.4 million enrollees today – the quality of care has increased dramatically. The average Medicare Star Rating of SNPs, determined by CMS and awarded annually according to relative plan performance on a robust series of quality measures, increased from 3.59 in 2013 to 4.07 in 2017.

SNPs have also proven to be cost effective. Even with all of the additional benefits that enrollees receive through a SNP program, the cost to taxpayers is the same as for beneficiaries in the Medicare fee-for-service (FFS) program. Indeed, according to the Medicare Payment Advisory Commission (MedPAC), Medicare payments to SNPs in 2017 will equal 100 percent of Medicare FFS costs.[2]

Our Recommendations for Permanently Reauthorizing and Strengthening SNPs

Permanent reauthorization is good policy, and it makes good fiscal sense. SNPs have existed for more than ten years, are popular with beneficiaries, have improved quality ratings, and cost no more than Medicare FFS. Moreover, in 2017, the Congressional Budget Office estimated that permanent SNP reauthorization (as part of S. 870) would only increase federal spending by $123 million over 10 years, in comparison to a 2015 estimate of $600 million to extend the program by three years (as part of H.R. 2).[3]

SNPs were first authorized by the Medicare Modernization Act of 2003 (MMA) and implemented in 2006. In the intervening years, Congress has passed seven short-term extensions:

---

[1] Cohen, Robb, Jeff Lemieux, Jeff Schoenborn, and Teresa Mulligan. Medicare Advantage Chronic Special Needs Plan Boosted Primary Care, Reduced Hospital Use among Diabetes Patients. *Health Affairs* Vol. 31, No. 1: 110-119. January 2012. http://content.healthaffairs.org/content/31/1/110.abstract

[2] Report to Congress: Medicare Payment Policy, Chapter 13, Medicare Payment Advisory Commission, March 2017. http://medpac.gov/docs/default-source/reports/mar17_medpac_ch13.pdf?sfvrsn=0

[3] Preliminary Estimate: S. 870, Creating High-Quality Results and Outcomes Necessary to Improve Chronic (CHRONIC) Care Act of 2017, Congressional Budget Office, May 16, 2017. https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/s870withmodifications.pdf

1. The Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Extension Act of 2007 subsequently extended the SNP program from December 31, 2008, to December 31, 2009. (2008 to 2009)
2. The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) lifted the Medicare, Medicaid, and SCHIP Extension Act of 2007 moratorium on approving new SNPs and MIPPA extended the SNP program through December 31, 2010. (2009 to 2010)
3. Section 3205 of the Patient Protection and Affordable Care Act (ACA) extended the SNP program through December 31, 2013. (2010 to 2013)
4. Section 607 of the American Taxpayer Relief Act of 2012 (ATRA) extended the SNP program through December 31, 2014. (2013 to 2014)
5. Section 1107 of the Bipartisan Budget Act of 2013 (Pub. L. 113-67) extended the SNP program through December 31, 2015. (2014 to 2015)
6. Section 107 of the Protecting Access to Medicare Act of 2014 extended the SNP program through December 31, 2016. (2015 to 2016)
7. Section 206 of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) extended the SNP program through December 31, 2018. (2016 to 2018)

Continuing to reauthorize SNPs only on a short-term basis creates unnecessary disruption and hinders innovation for greater value for beneficiaries and taxpayers. Without permanent reauthorization, plans and state Medicaid programs cannot invest in longer-term initiatives such as devoting the resources necessary to integrate Medicaid benefits and coordinate care with D-SNPs. In a September 2012 report, the Government Accountability Office recognized that this uncertainty created challenges for plans and states.[4] Permanent reauthorization would increase our members' commitment to creating larger-scale innovative programs to deliver better care at a lower cost for these Americans.

In addition to supporting permanent reauthorization of SNPs, we also have joined other stakeholders in recently addressing a letter to committee leaders highlighting other priorities:

- A Workable Pathway Toward Integration: We agree that integration of Medicare and Medicaid services in D-SNPs is an important goal for states, plans, and beneficiaries. Specific consideration should be given to ensuring that states and plans have multiple pathways to work together to tailor integration. In addition, legislation should state explicitly that plans should not be penalized for state decisions that might impede integration.

[4] Medicare Special Needs Plans: CMS Should Improve Information Available about Dual-Eligible Plans' Performance, Government Accountability Office, September 2012. http://www.gao.gov/assets/650/648291.pdf

- Strengthening the Role of the Medicare-Medicaid Coordination Office (MMCO): The MMCO plays a vital leadership role for CMS, states, and plans in advancing dual integration in general. For integration to be successful over time, the MMCO should be given regulatory and guidance authority for aligning the spectrum of Medicare and Medicaid policies and procedures for plans charged with integrating benefits and services for dually eligible beneficiaries.

- Benefit Flexibility: We support policies that allow MA plans – including SNPs – to most efficiently and effectively meet the needs of chronically ill beneficiaries. This includes policies expanding the type of supplemental benefits plans can offer these beneficiaries, as well as expanding the use of Value-Based Insurance Design (VBID), which is currently being tested by the Center for Medicare and Medicaid Innovation. These policies will allow SNPs to better tailor medical and social services for their high-need enrollees.

Thank you for considering our recommendations. We also have provided the committee with additional recommendations on technical changes that would help to further improve care for those who rely on SNPs. We look forward to working with the committee as you advance legislation to reauthorize and strengthen SNPs.