Chris Wing

CEO, SCAN Health Plan

Energy and Commerce Health Subcommittee Testimony

July 26, 2017

Chairman Burgess, Ranking Member Green and Members of the Subcommittee:

Thank you very much for the opportunity to come before you today regarding extending Medicare Advantage programs for special needs beneficiaries.

SCAN has been designing programs for complex chronically-ill and frail seniors since 1984, more than 20 years before the advent of special needs plans. SCAN began as a community initiative to provide seniors with social services to help them continue to live independently in the community despite their mounting health challenges.

Today SCAN serves about 185,000 seniors throughout California, making us the fifth largest not-for-profit Medicare Advantage plan in the United States.

When it comes to special needs plans, we “cover the waterfront.”

We are a fully integrated dual eligible special needs plan - the only one in California outside of the duals demonstration.

We have an institutionally equivalent special needs plan, meaning that all of our beneficiaries in that plan qualify for a nursing home under California standards, yet each person is able to continue living independently in the community with our support.

We also have three chronic illness special needs plans -- for heart, diabetes and end stage renal disease.

Like the rest of the health insurance industry, SCAN supports permanence for all SNPs. SCAN comes at this subject from a special vantage point.

SCAN was a Social HMO for 22 years before that demonstration program evolved into what are now SNPs. We have seen over three decades how tailoring care to meet the special needs of seniors is the right approach.

The care is better. The cost is less. Let me give you one example.

SCAN asked the research firm Avalere Health to compare SCAN's dual eligible patient population to fee-for-service duals. Using CMS' five percent sample, Avalere found 5,500 fee-for-service duals in California who had the exact same conditions as each of SCAN's 5,500 duals over a two year period. We called it The Doppelgänger study.

What did Avalere find?

First-time hospital admissions for the SCAN population were 14 percent lower than for the fee-for-service population, and hospital re-admissions were 25 percent lower. Not only did the extra care provided by the SCAN special needs plan provide better care by eliminating hospitalizations and re-hospitalizations, but it saved the government a significant amount of money.

It is clear that duals, who are the system's most in need and most expensive group of patients, are significantly helped by special needs plans. That is why we support permanency for D-SNPs.

We also strongly support moving D-SNPs on an expedited schedule toward full integration, as your legislation proposes. Now, plans should not be penalized if existing state law and regulations present barriers to full integration. But we urge Congress to work with the NGA, the Medicaid Directors, CMS and CMMI, patient groups and plans to smooth out current barriers and move to full integration as quickly as possible.

C-SNPs have also succeeded in giving patients better care through added benefits and specialized networks not available through straight MA. We think C-SNPs have earned permanency.

And we are happy that the committee is proposing to make I-SNPs permanent. However, let me point out one flaw with the current I-SNP structure.

As I said, SCAN runs an Institutional Equivalent special needs plan, meaning all of our members qualify for a nursing home, yet we strive to keep those beneficiaries in their own home and community. However, our plan has shrunk dramatically over the years because we are not allowed by law to give eligible beneficiaries the home and community-based benefits they need to lead independent lives. To get those long-term services and supports, they have to spend down their assets and go on Medicaid.

To rectify that, we strongly urge the committee to consider including legislation introduced in the last Congress by Representatives Leonard Lance and Kurt Schrader here on the Energy and Commerce Committee as well as Representatives Linda Sanchez and Pat Meehan on Ways and Means.

Their legislation would create a demonstration program to target a limited amount of additional Medicare funding toward frail individuals who are on the verge of spending down their income and becoming dually eligible. It would allow them to receive home and community-based services, which is not allowed today. The aim will be to postpone them going into a

nursing home, spending down their assets and then going on Medicaid where they will become hugely more expensive.

This demonstration will allow these individuals to stay in their homes where they and their families want them to stay, preserving their dignity and comfort. And it would be a major step toward cost savings and entitlement reform.

Finally, I want to strongly support the provision in your bill which grants increased flexibility to all plans, not just SNPs, to use supplemental benefits for non-medical services.

That means, for instance, that plans can purchase air conditioners for those with asthma or COPD to reduce emergency room visits -- and wouldn't that be a relief during this hot D.C. summer. This is a major advancement in plan flexibility, and I wanted to call attention to it because with all the concentration on SNPs, it might get overlooked.

It says to plans: you have taken financial responsibility for these chronically-ill seniors. Give them what they need to stay healthy and enjoying their lives.

The legislation you are considering is hugely important and holds the potential to make life better for millions. Thank you for your work and your time.