

# Piloting Medicare Mandatory Enrollment Into Coordinated Care

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# Background

- This edition of the 5 Slide Series previews a forthcoming Menges Group paper about the need for Medicare to pilot a coordinated care program that more closely resembles Medicaid's key features.
- Medicare's coordinated care program, Medicare Advantage, could be more effective.
  - The unmanaged fee-for-service (FFS) model option is kept available as a coverage option for all beneficiaries.
  - As a result, Medicare health plans typically expend significant taxpayer resources on marketing and on additional benefits to entice beneficiaries out of the FFS setting, a setting most beneficiaries (66.4% currently) nonetheless remain in. The FFS setting offers **minimal structure to measure and improve quality, monitor and facilitate access to care, and utilize cost-effective treatments.**
- Under Medicare Advantage, all health plans meeting program application requirements are welcome to participate. This has resulted in beneficiaries being offered a large and confusing array of health plan options. Several dozen Medicare Advantage plans operate in most urban counties.
- Medicaid MCO contracting programs, conversely, typically use a mandatory enrollment model (removing the FFS option), permit only minimal marketing activities, and use a competitive procurement process whereby only the 3-5 most qualified MCOs serve a given county/region. These contracts are reprocured every few years. The procurements drive quality service and innovation.

# Key Design Features of Medicaid and Medicare Managed Care are Widely Divergent

	<b>Medicaid Managed Care</b>	<b>Medicare Advantage</b>
<b>Enrollment Model</b>	Mandatory Enrollment into Participating MCOs, Fee-For-Service Setting No Longer Available for Most Subgroups	Voluntary Enrollment (Fee-For-Service Remains Available)
<b>Health Plan Participation</b>	MCOs Selected Through a Competitive Procurement Process (for most beneficiaries, five or fewer MCO options are available)	All Organizations Successfully Fulfilling Application Process Participate (dozens of MCO options are often available)
<b>Marketing</b>	Most Marketing Activities are Prohibited	While Some Marketing Activities are Prohibited, Extensive Marketing is Allowed
<b>Benefits Packages</b>	Minimal Variation Exists (Medicaid coverage is relatively comprehensive with minimal cost sharing)	Extensive Variation Across Plans Exists (alternative benefits and cost sharing configurations)

# Minimal Marketing Expenditures Occur In the Medicaid Managed Care Industry

- We compared CY2016 financial statements of 12 Medicare-dominated MCOs with those of 12 Medicaid-dominated MCOs, tabulating per member per month (PMPM) marketing expenditures and these costs as a percentage of the health plans' total premium revenue.
- In Medicare Advantage, 1.94% of premium was expended on marketing activities, prior to factoring in marketing staff costs (which were not discernible on the statements). Across the Medicare MCOs, *18 times* the share of premium revenue was dedicated to marketing relative to the Medicaid-focused MCOs (0.11%).

	# of Plans	Net Premium Revenue, 2016	Expenditures on Marketing, Advertising, and Commissions, 2016	Marketing, Advertising, and Commissions PMPM	Marketing, Advertising and Commissions as Percentage of Net Premium Revenue
Medicare Dominant MCOs (88% of 2016 premium revenue from Medicare Advantage)	12	\$12,122,312,970	\$234,928,439	\$12.51	1.94%
Medicaid Dominant MCOs (100% of 2016 premium revenue from Medicaid)	12	\$12,202,726,925	\$12,883,073	\$0.34	0.11%
Ratio, Medicare to Medicaid		0.99	18.2	36.7	18.4

# 18 Counties Have Over 100,000 Medicare Beneficiaries With Over Half Currently Enrolled In Medicare Advantage

- Given the large degree to which Medicare Advantage has taken hold already, some of these counties (and adjacent counties) could be excellent pilot sites for a Medicare mandatory enrollment coordinated care program, using a competitive procurement to select a small set of top-qualified health plans.
  - Counties would have the option to participate in the pilot program; those doing so could share in program savings 50/50 with CMS.
- Mandatory Medicaid MCO enrollment occurs in all but three of these counties currently.
- On average across these 18 counties, there are 32.2 Medicare Advantage MCO options and 4.8 Medicaid MCO options.

County Name	State Name	Medicare Eligibles, July 2019	Medicare Advantage Enrollees, July 2019	Penetration Rate (percentage enrolled in Medicare Advantage)	Number of Medicaid Plans Available	Number of Medicare Plans Available
Miami-Dade	Florida	489,199	325,701	66.6%	9	43
Monroe	New York	161,976	107,038	66.1%	6	24
Erie	New York	202,620	122,291	60.4%	7	41
Allegheny	Pennsylvania	271,647	163,562	60.2%	4	40
El Paso	Texas	132,782	79,285	59.7%	5	15
San Bernadino	California	319,469	179,718	56.3%	2	36
Bronx	New York	222,281	124,550	56.0%	10	38
Multnomah	Oregon	137,533	75,595	55.0%	4	30
Riverside	California	403,281	218,289	54.1%	2	37
Hidalgo	Texas	108,305	58,120	53.7%	3	17
Kent	Michigan	112,713	60,419	53.6%	6	29
Broward	Florida	348,883	184,444	52.9%	4	43
Guilford	North Carolina	100,819	53,243	52.8%	N/A	22
Pasco	Florida	144,718	75,771	52.4%	4	35
Jefferson	Alabama	138,472	71,851	51.9%	N/A	20
Summit	Ohio	117,463	60,866	51.8%	4	53
Jefferson	Colorado	116,747	60,328	51.7%	2	23
Polk	Florida	168,109	84,827	50.5%	6	34

# Medicaid's Evolution Was Spurred by Mandatory Enrollment Pilot Programs

- Mandatory enrollment was controversial and was pilot-tested in several market areas (e.g., in California, Ohio, Pennsylvania) during the 1980s. The pilot programs' success led to states being given the option to utilize this model more extensively. Several chose to do so, and their results were also successful.
- Nationwide, most Medicaid beneficiaries are enrolled in a coordinated *system of coverage* through capitation contracting with MCOs, including nearly all Medicaid beneficiaries in several states.
- Procurements are increasingly utilized by state Medicaid agencies to select a manageable number of top-qualified MCOs and to spur innovation.
- States' contract requirements for their Medicaid MCOs are continually being scaled up in areas such as value-based purchasing, social determinants of health, physical and behavioral health integration, and quality.
- Medicare policymakers are encouraged to follow a similar trajectory to modernize this critical program and strengthen its ability to deliver on access, quality, and cost effectiveness objectives.
  - In many important respects, including eligibility stability, enrollment continuity, and a robust base of provider participation, Medicare is even more conducive to this model than Medicaid.
  - Our forthcoming paper will lay out the recommended approach in much further detail.

# 5 Slide Series Overview

Our 5 Slide Series is a monthly publication whereby we briefly discuss/address a selected topic outside the confines of our client engagements. Note that this Edition, while back-dated to May 2019, was produced in August and uses July 2019 Medicare enrollment data.

To be added to our list to receive these as they are published (or to be removed), please email us at [jmenges@themengesgroup.com](mailto:jmenges@themengesgroup.com) or call 571-312-2360.

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