

Getting Started: What SHIPs Need to Know

Planning for Changes to the Medicare Advantage Landscape

Introduction

The Affordable Care Act of 2010 helps ensure that Americans will have access to quality, affordable health care. The legislation reduces payments to private Medicare Advantage plans as a way to “level the playing field” between private insurance companies and Original Medicare. Although the new payment levels do not go into effect until 2012, SHIP programs and beneficiaries will want to begin planning for the potential changes to the Medicare Advantage landscape sooner rather than later.

This tool is designed to help SHIPs understand the changes to Medicare Advantage as a result of final health reform legislation as well as to consider how anticipated changes will affect their program operations, including volunteer recruitment, training, community outreach, and partnerships. This tool includes three sections:

- I. Health Reform and Medicare Advantage Plans
 - II. The Changing Medicare Advantage Landscape
 - III. SHIP Program Operations
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I. Health Reform and Medicare Advantage Plans

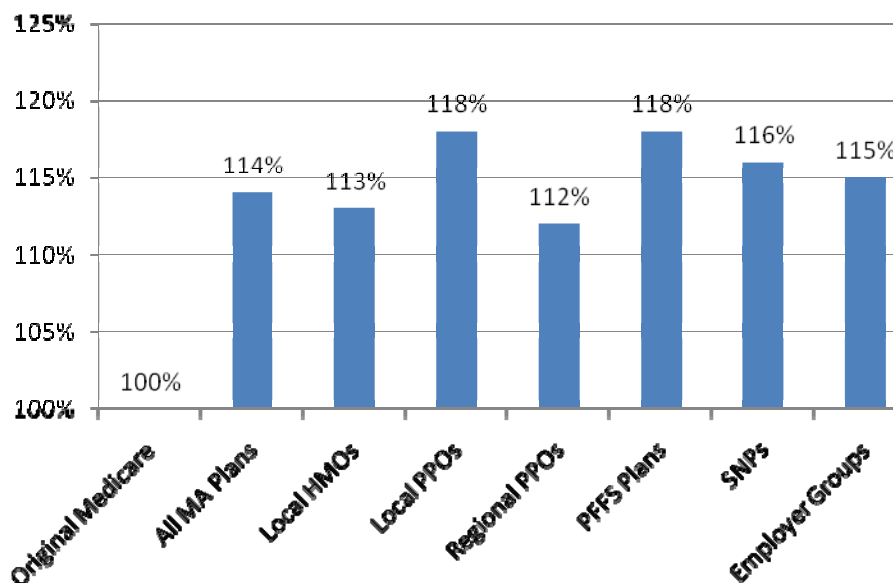
While the new health reform legislation does not cut Medicare benefits, it does gradually reduce overpayments to Medicare Advantage (MA) plans – which have historically been paid, on average, 14 percent more by the federal government than Original Medicare (see Figure 1). The reductions in overpayments will help extend the life of the Medicare Part A Trust Fund, which prior to the legislation’s enactment, was projected to be inadequate to pay full benefits by as early as 2017.

The reduction in overpayments to MA plans will begin in 2012; however, for the 2011 plan year, payment to plans will remain at the same levels as for 2010. Beginning in 2012, plans will be paid under a new formula that adjusts for geographic variations. Payment reductions will be phased in over 3 to 7 years, depending on the magnitude of the changes.

All MA plans must continue to provide the benefits guaranteed by Medicare. Beginning in 2012, high-quality MA plans, defined as those that receive 4 or more stars on a 5-star scale based on data currently collected, will receive bonus payments for their performance.

In addition, effective in 2011, the legislation prohibits MA plans from imposing higher cost-sharing requirements for some Medicare covered benefits – including chemotherapy, dialysis services, and skilled nursing care – than those charged under Original Medicare. Finally, the legislation requires MA plans that provide extra benefits to give priority to cost-sharing reductions, wellness and preventive care, and lastly, benefits not covered under Medicare.

Figure 1. Estimated Payments to Medicare Advantage Plans Relative to Original Medicare, 2009



Source: [Medicare Advantage Fact Sheet](#), Kaiser Family Foundation (November 2009).

II. The Changing Medicare Advantage Landscape

In 2009, almost one-quarter of Medicare beneficiaries were enrolled in Medicare Advantage (MA) plans. Since 2003, the number of Medicare beneficiaries enrolled in private MA plans has nearly doubled from 5.3 million to 10.2 million in 2009. Enrollment rates vary by state, ranging from a low of 1 percent in Alaska to a high of 41 percent in Oregon.¹

Reductions in overpayments to MA plans will likely have some impact on the MA market and landscape, and will affect how some beneficiaries access their Medicare benefits. Although it is not clear exactly what the impact will be on the MA landscape, past experience (with the Medicare+Choice program) is a strong indicator of how the

¹ [Medicare Advantage Fact Sheet](#), Kaiser Family Foundation (November 2009).

private insurance companies that offer MA plans will react in response to the new payment levels. Plans may:

- reduce the level of extra benefits available to all enrollees;
- increase the amount of money that enrollees pay out-of-pocket such as their monthly premiums;
- stop offering the plan in certain areas of the country; or
- exit the MA market altogether.

Other potential changes may arise as a result of the payment reductions. For example, some companies and plans that choose to remain in the MA market may use more aggressive marketing practices to retain and/or increase their market share. Additionally, although the payment reductions do not go into effect until the 2012 plan year, some companies and plans may begin to make changes for the 2011 plan year, which will likely surface during the Annual Enrollment Period (AEP) in the fall of 2010. As a result, some beneficiaries may need to closely examine their options this fall.

Whatever the changes, a key point to remember is that change creates an opportunity for clients to review how they receive their Medicare benefits, and to choose the option that best meets their financial and health care needs. All Medicare beneficiaries will need to carefully assess and understand their options in order to make sound decisions. HAP has several resources to help clients make informed decisions including:

- A counseling booklet, [Making Informed Decisions: Navigating Medicare Advantage](#), and
- Resources on [Medicare supplement policies](#), also known as Medigap insurance, including information on guaranteed issue rights and the new 2010 plans.

III. SHIP Program Operations

The changes in the MA market will affect SHIPs differently. For example, if plans exit the market, SHIPs can expect a significant increase in the demand for services and heightened concern among beneficiaries about disruptions to their medical care. In other locales, if plans raise premiums and/or co-payments, SHIPs may experience moderate increases in demand, and somewhat higher levels of beneficiary concern, especially if zero-premium MA plans start to charge monthly premiums.

Of course, the impact of these changes on your SHIP depends on several factors, including the number of MA plans in your area, the number of enrollees in a given MA plan, and Medicare's payment rates to the MA plans in your area. To help your

program better plan for the changes, you may want to consider taking the following steps:

- Find the names and contract ID numbers of the MA plans serving particular zip codes by using the Medicare Options Compare web tool at www.medicare.gov.
- Find out how many Medicare beneficiaries belong to the MA plans in the counties you serve by going to CMS's MA plan [enrollment data](#) web page. It has links to monthly enrollment data reports listed by state, county, and plan contract in Excel spread sheets.
- Learn more about how MA plan payment rates will vary among the states and counties when Medicare starts to reduce overpayments in 2012 by reading the Kaiser Family Foundation's [issue brief](#) on changes in the MA program.

As to the timing of announcements for MA plan changes, keep in mind that MA plans submit their bids to CMS for the next plan year by the first Monday in June (e.g., June 7, 2010 for plan year 2011). The bids describe each plan's benefits and enrollee cost-sharing. CMS reviews and approves the submitted bids during the summer, finalizes the MA plan contracts in September, and marketing starts no sooner than October 1. If an MA plan sponsor does not submit a bid in June and thereby signals that its contract with Medicare will end at the end of the year, CMS makes this news available to the SHIPs and general public as soon as possible. In addition, a plan must notify its members in writing at least 60 days before its contract with Medicare is to end.

To prepare for, and meet, the increased demand for counseling services and information, SHIPs may want to revisit one or more aspects of their program operations including volunteer recruitment, training, community outreach, and partnerships (see Figure 2).

A. Volunteer Recruitment

Depending on the anticipated impact in your area, you may want to consider recruiting new volunteers to help meet the demand for information and counseling. It is often easier to recruit volunteers when the need for their help is immediate and obvious. In addition to the usual volunteer recruitment strategies, you may want to consider how to use the news media. Media often report major changes affecting Medicare beneficiaries. For example, MA plans that pull out of a market or dramatically increase their prices make news. When that happens, it creates an opportunity for local SHIPs to promote the value of their program and to recruit new volunteers.

B. Training

Major changes in the availability or costs of MA plans will require SHIPs to provide additional training to their staff and volunteers. You may want to use this as an opportunity for SHIP counselors to put their plan comparison skills to work. Training

should focus on how the changes affect access to health care providers, the features of currently available plans, the comparative costs of available options, and the procedures, time frames, and enrollment rights related to beneficiaries whose MA plans are ending. Additionally, stories that come out of counseling sessions during these times can make good case studies to discuss with counselors in update trainings.

C. Community Outreach

Significant changes for MA plans can affect many audiences in the community, including beneficiaries, caregivers, agency staff, Congressional office staff, and those involved in ministry with seniors and people with disabilities. Many have questions about how the changes will affect them or people they know. This creates an opportunity for SHIPs to meet with groups and respond to questions directly. It is important that SHIPs address these questions and concerns early on to reduce misinformation and prevent confusion among the public.

The changes also provide SHIPs with a reason to meet with reporters and to offer background, contact information, and referrals to willing interview subjects. When Medicare changes have had a widespread impact in the past, as with initial enrollment for the prescription drug benefit in 2005 and Medicare managed care changes in 2001, the media has shown great interest in the SHIPs as a credible and trusted community resource. As such, media organizations may be willing to partner with SHIPs. For example, some television stations sponsored phone banks with SHIP staff and volunteers responding to callers' questions.

D. Partnerships with Other Organizations

As always, SHIPs will need to rely on partner organizations to recruit volunteers, host events, and identify beneficiaries who need help. Changes to MA plans create an opportunity to revisit existing partnerships and identify new organizations that you would like to partner with. As such, you can update your partners on SHIP's public education, training, and outreach plans, and to explain how the changes are likely to affect the people your partner organizations serve. It may be a good time to send a newsletter, e-Alert, or "Dear Partner" letter to promote SHIP services and ask for their help in the coming months, including their availability to make presentations, host events, etc. It may also be an opportune time to contact foundations to pitch ideas for special projects to address local outreach and education needs.

E. Agency Support

Many local SHIPs receive extra in-kind support from their agencies, particularly during busy times of the year such as the Annual Enrollment Period (AEP). This support can include things such as additional clerical help, more office space for volunteers, or increased counseling assistance from other agency staff. Thus, SHIPs will need to alert their agencies to the upcoming changes to the MA market and the anticipated impact of these changes on their clients. It will also be important to ensure that they can continue

to provide in-kind support as these changes play out in the field and potentially require more resources.

Figure 2. SHIP Program Operations

