

Congress Should Integrate Care for Dual Eligibles to Improve Quality and Reduce Costs to Medicare and Medicaid

Request

ACAP urges Members of Congress to protect and improve care for people dually enrolled in Medicare and Medicaid. ACAP asks Congress to:

1. **Create a new, state-based permanent program structure for integrated care** for those simultaneously enrolled in Medicare and Medicaid. This will improve care coordination and reduce barriers and confusion over benefits provided by the two programs.
2. **Reauthorize and stabilize the Medicare Advantage Dual Eligible Special Needs Plans (SNPs)** to assure benefits and care continuity are available to beneficiaries while a new structure is developed. We also recommend several refinements to strengthen the SNP model.

Background

People who are eligible for both Medicare and Medicaid, or “dual eligibles,” tend to be among the poorest, most frail, most medically needy among us. But because Medicare and Medicaid are administered separately, these beneficiaries are often poorly served by the two programs. Strong incentives for cost-shifting between the two programs lead to unnecessarily high spending across *both* programs. Most beneficiaries receive care through separate fee-for-service programs and separate Part D drug plans, or through separate Medicaid and Medicare Advantage managed care contracts. These approaches provide little coordination between states and the federal government, to say nothing of coordinating care to address dual beneficiaries’ unique needs. Those in need of support and services to live in the community often have a separate care manager and set of services through a state’s array of Home and Community Based waivers.

The Affordable Care Act renewed focus on dual eligibles with the establishment of the new Federal Office of Medicare-Medicaid Integration, or the “Duals Office.” ACAP supports this Office. Earlier this year, the Duals Office issued contracts to 15 states to develop integrated programs; it currently promotes a shared savings demonstration strongly tied to the Medicare Advantage program, with very tight implementation timelines.

Fully-integrated care management for dual eligibles is the best way to improve care coordination and reduce unnecessary barriers to care, supports and services. But moving to a fully integrated risk-based model requires substantial planning and implementation effort. States and duals deserve a stable approach for integrated models. Such an approach is not currently available through demonstrations and a Special Needs Program with temporary authorization.

ACAP Proposals

There is a better way to serve dual eligibles. In January, ACAP released a paper written by George Washington University researchers which outlines a new state plan option. Under this plan, states choose qualified health plans to provide highly integrated care services for dual eligibles under a framework of beneficiary protections and standards for financial integrity set by the Federal government.

This new option would be a distinct, permanent program featuring a fully-integrated, capitated model of care that can be implemented through amendment to a State’s Medicaid plan. States would contract with managed care organizations to provide care for dual eligibles, while CMS would set standards for strong patient protections in areas such as participant rights, eligibility, application



procedures, administrative requirements, services, payment, quality assurance, and marketing.

Based on the recommendations in this report, ACAP recommends that Congress:

- 1) **Create a permanent, distinct program for fully integrated care for dual eligibles.** While Dual Special Needs Plans have been the primary vehicle for aligning Medicare and Medicaid, they are not ideal; they operate under a string of temporary authorizations, are too Medicare-focused and have not adopted quality or payment practices appropriate to the populations they serve. They should be replaced with a fully integrated, permanent program managed separately from Medicare Advantage, with oversight and quality measurement focused solely on those who are dually eligible for Medicare and Medicaid. This Very Integrated Program (VIP) would:
 - a) **Encourage states' expansion of capitated care management systems** for dual eligibles by allowing enrollment in integrated care programs by providing both Medicaid and Medicare benefits through the Medicaid State plan vehicle rather than temporary waivers or demonstrations.
 - b) **Achieve sufficient scale through the enrollment of all eligible beneficiaries into this program**, but allow them to “opt out” should they wish to stay in the current, bifurcated system. All beneficiaries would have a needs assessment and a plan of care that evolves with their changes in health care status. Beneficiaries would have the freedom to choose among all participating fully-integrated plans and retain their choice of providers within the plan’s network.
 - c) **Allow shared savings of Medicare dollars with the states.** Early savings in integrated care programs occur primarily in Medicare, owing to fewer hospitalizations. States should be able to share in these early savings, with their proportion of shared savings phased out over time as more savings are realized by Medicaid through lower usage of nursing homes.
 - d) **Allow states to offer 12 months of continuous eligibility to dual eligibles** to allow for care improvement and measurement of plan performance.
- 2) **Reauthorize and stabilize the SNP Program for Dual Eligibles during the transition to the new distinct program for dual eligibles.** It is crucial that SNPs serving high-need individuals remain capable of serving their enrollees until a new, permanent program is established. However, the current SNP program does not work as well as it should. Many Safety Net Health Plans have had to drop their SNP products because the current payment system does not adequately recognize the unique needs of Dual Eligibles—especially those who are under 65 or have behavioral health needs.

Moreover, Dual SNPs are paid in the same way as plans serving healthier Medicare enrollees, using a risk adjustment system designed for larger plans with a mix of enrollees. Dual SNPs are doubly disadvantaged; they submit bids alongside plans that serve the full spectrum of Medicare beneficiaries; at the same time, the Medicare Advantage STARS quality ratings measure and reward quality in a way that is unadjusted for the health conditions and unique challenges of the Dual SNP population.

Accordingly, **ACAP urges Congress to reauthorize the Dual Eligible SNP program in 2012** to give plans certainty in planning their future participation, and reform the Dual Eligible SNP program to:

- a) **Pay SNPs appropriately by refining the risk adjustment system** for plans that specialize in complex populations,
- b) **Provide the frailty factor for all enrollees who qualify as community-based persons** at a nursing home level of care regardless of the overall composition of the Dual Eligible SNP,
- c) **Recognize previous health status at the time of initial enrollment into Dual SNPs** (The Affordable Care Act limited this approach to the Chronic SNPs only), and
- d) **Assess quality improvement and bonus incentives for duals in an “apples-to-apples” way**, using a matched cohort of plans and fee-for-service beneficiaries for comparison.