

Medicare Advantage, Part D, and duals regulatory changes

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FEBRUARY 2024



Agenda

- Introductions
- New 2024 updates
- 2025 Proposed Rule
- 2025 Advance Notice
- IRA updates
- D-SNP and duals policies

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**What do you
mean, it's 2024
already?**

New Year, New Rules

Because who says you can't tweak the rules after the year begins?

Prior Authorizations – I thought AI was a basketball player?

February 6 CMS
Guidance on new 2024 provisions

- Coverage Criteria Decisions
- Two Midnight Presumption
- PA, UM, and audits? Oh my.

Testing the waters of the IRA

- \$35 insulin? Check.
- No MOOPS? Check.
- Inflation rebates (ish)? Check.
- Premium cap? Double check.

Supplemental Benefits

- Expanded reporting criteria
- Market pressures

Et tu, Congress?

- Revisiting the PFS?
- Why is the whole federal funding fiasco relevant here?

**“A change will
do you good,”
they said ...**

... but did they say yes?

Provisions of the proposed 2025 Medicare Advantage Technical Rule

Supplemental Benefits Under Scrutiny

- “Relevant acceptable evidence” for SSBCI benefits
- Objective SSBCI eligibility evaluations
- SSBCI disclaimer requirements
- Mid-year Notice Requirement

Behavioral Health and Network Adequacy

- “Outpatient Behavioral Health” specialty
- Major topic of focus

... but did they say yes?

Provisions of the proposed 2025 Medicare Advantage Technical Rule

Part D

- Expanded criteria for biosimilar substitution
- E-Prescribing Specifications (for 2027)

Agents, Brokers, Contracts, easy as 1,2,3

- Contract terms
- Expanded scope of items and services
- End of separate administrative services fees
- No incentives that affect objectivity



... but did they say yes?

Provisions of the proposed 2025 Medicare Advantage Technical Rule



Health Equity: still a thing

- Aligning Multi-Language Insert and LEP standards with Medicaid / OCR
- Utilization Management Committees
- Required analysis of Prior Authorization and its health equity implications

Enrollment, Eligibility, and Appeals

- Extending the MA Initial Coverage Election Period
- Authorized Representative are A-OK
- OEP for Institutionalized Individuals
- Beneficiary QIO Appeals
- Align appeal time frames with ALJ and MAC reviews

... but did they say yes?

Provisions of the proposed 2025 Medicare Advantage Technical Rule

Keeping PACE

- Monitoring effectiveness of corrective actions
- Service requests prior to original plan of care

Star Ratings and Quality

- Application of the Universal Foundation to quality measures
- Social Risk Factors in the Health Equity Index

Oversight, Compliance, and Audits

- Past Performance updates
- Move towards real time reporting requirements
- Codification of Complaints Tracking Module timing
- Standardization of the RADV appeals process

Advance Notice and Inflation Reduction Act

2025 Advance Notice highlights – Part C

- FFS growth percentage of 2.57% and MA growth percentage of 1.98%.
 - These include the continued phase-in of the removal of medical education costs from the calculation methodology.
- CMS proposes to continue phasing in the 2024 CMS-HCC risk score model.
 - CMS proposes to use a multiple linear regression methodology to calculate all FFS normalization factors for the CMS-HCC models.
 - The proposed 2024 model FFS normalization factor is 1.045 and the proposed 2020 model factor is 1.153.
 - The impact on MA risk scores is projected to be -2.45%.



2025 Advance Notice and Inflation Reduction Act (IRA) highlights – Part D

- The annual OOP threshold is set at \$2,000.
- Coverage gap goes away.
- The Coverage Gap Discount Program will be replaced by the Manufacturer Discount Program. Under the Manufacturer Discount Program, for applicable drugs, the manufacturer will typically pay a 10% discount in the initial coverage phase and a 20% discount in the catastrophic phase.
- The catastrophic reinsurance payment amount for CY 2025 for a Part D beneficiary will decrease from 80% to 20% for applicable drugs or 40% for non-applicable drugs.

	Deductible Phase	Pre-MOOP		Post-MOOP	
		Generic	Brand	Generic	Brand
2025	100% Member	75% Plan	65% Plan	60% Plan	60% Plan
		25% Member	25% Member	40% Federal Reinsurance	20% Manufacturer
			10% Manufacturer		20% Fed. Reins.
Total Drug Costs	\$590			\$6,230	
Member TrOOP	\$590			\$2,000	

- Plan costs are 4x 2023 levels post-MOOP
- Pharma disc. is uncapped
- Reins is ¼ of 2024 level for brand drugs

2025 Advance Notice and Inflation Reduction Act (IRA) highlights – Part D

- The definition of incurred costs will be updated to include supplemental coverage and other health insurance.
- MOOP accumulation will be the greater of defined standard and enhanced alternative cost-sharing.
- Beneficiaries who have not satisfied their plan deductible but have incurred sufficient True Out-of-Pocket eligible costs will be considered to have satisfied their deductible.
- No changes to the risk corridor parameters.
- Base beneficiary premium (BBP) growth will continue to be held to no more than 6% for Part D premium stabilization. The maximum BBP for CY 2025 will be \$36.78.

2025 Advance Notice – Proposed Part D Risk Model

CMS proposes to update the existing RxHCC risk adjustment model to reflect the IRA Part D benefit redesign

- CMS is proposing to apply separate normalization factors for MA-PD beneficiaries vs PDPs for the new model.
 - The proposed normalization factors are 1.073 for MA-PD beneficiaries and 0.955 for PDP.
- The new model will result in decreased risk scores for Non-Low Income beneficiaries and increased risk scores for Low Income beneficiaries on average.



2025 Medicare Prescription Payment Plan (MPPP) – Part 2 guidance

CMS released Part 1 of the guidance in August 2023 and released Part 2 of the guidance this past Thursday, February 15

- Part 1 guidance:
 - Part D beneficiaries with high drug costs pay \$0 at the pharmacy.
 - Beneficiaries receive monthly billing statements from their plan sponsor with an amount due not to exceed a defined maximum monthly amount set by CMS.
- Part 2 guidance:
 - Describes requirements for Part D sponsor obligations related to outreach and education, pharmacy processes, and operational considerations for the program.



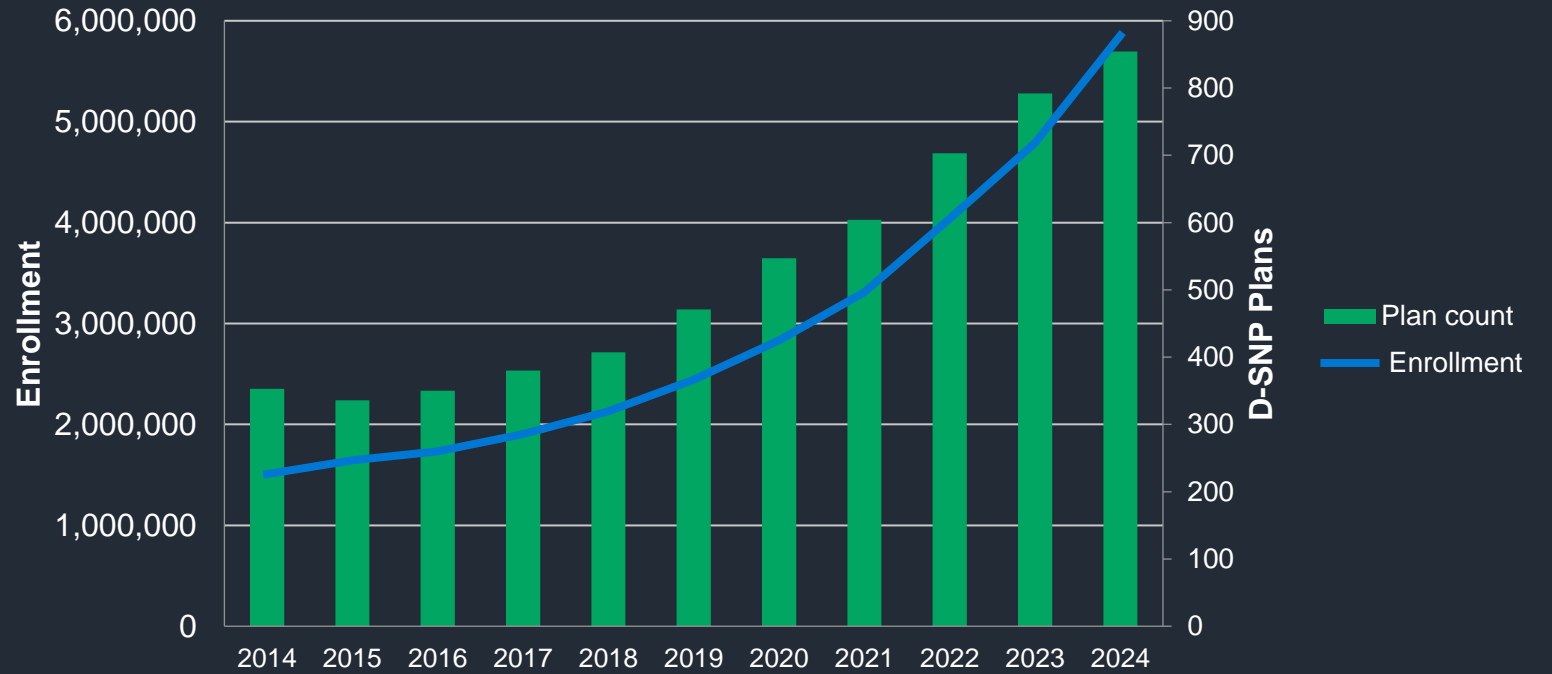
D-SNP and Dual Eligible Policy

D-SNP market overview

Enrollment and plan count

CY 2024

- 6M enrolled D-SNP beneficiaries
- 850 D-SNP PBP's



Source: CMS SNP Comprehensive Reports
<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Special-Needs-Plan-SNP-Data>

MA and Part D policy

Policy changes may have unique impacts on D-SNPs



Part C risk score model change (CMS-HCC v28)

- May impact risk scores for D-SNPs differently than general enrollment plans.



2027 (PY 2028) star ratings will include a health equity index (HEI).

- Only contracts with more than the median proportion beneficiaries with social risk factors (low income, dual eligible, and/or disabled) are eligible for full HEI bonus.



The Inflation Reduction Act (IRA)

- Expected to disproportionately increase Part D plan liability for low-income and dual eligible beneficiaries.

Recent D-SNP policies

CY 2021 and CY 2023 Medicare final rules

Recent Medicare final rules contained multiple D-SNP-specific provisions

Sources: <https://www.federalregister.gov/documents/2022/05/09/2022-09375/medicare-program-contract-year-2023-policy-and-technical-changes-to-the-medicare-advantage-and>

<https://www.govinfo.gov/content/pkg/FR-2020-06-02/pdf/2020-11342.pdf>

Major D-SNP provisions

- Identify and eliminate D-SNP lookalikes
- Enrollee participation in D-SNP plan governance
- Social determinant of health questions on Health Risk Assessments (HRAs)
- Refine definitions for fully integrated (FIDE SNP) and highly integrated D-SNP (HIDE SNP)
- End capitated Financial Alignment Initiative (FAI) and convert Medicare-Medicaid plans (MMPs) to integrated D-SNPs
- Maximum Out-of-Pocket (MOOP) limit for dual eligible beneficiaries
- Flexibilities and requirements for exclusively aligned D-SNPs

Proposed D-SNP policies

CY 2025 Medicare proposed rule

CY 2025 Medicare proposed rule contains provisions that attempt to increase aligned enrollment

Source: <https://www.federalregister.gov/documents/2023/11/15/2023-24118/medicare-program-contract-year-2025-policy-and-technical-changes-to-the-medicare-advantage-program>

Increase aligned Medicare-Medicaid enrollment and reduce choice overload

- Change SEP from monthly to quarterly and limit types of changes to traditional Medicare or aligned D-SNP
- Limit enrollment in certain D-SNPs to individuals enrolled in affiliated Medicaid managed care organization (MCO).
- Limit certain organizations to a single D-SNP PBP within a given service area.
 - Applies when parent organization has affiliated Medicaid MCO
 - Exceptions for certain state policies such as separate PBPs for distinct beneficiary types.

Lower threshold for D-SNP lookalikes

- Decrease dual member threshold from 80% to 70% (2025) and 60% (2026)

Limit OON cost sharing for PPO D-SNPs

- Consistent with in-network limits for professional services (2026)

State Medicaid policy

State-specific D-SNP policies

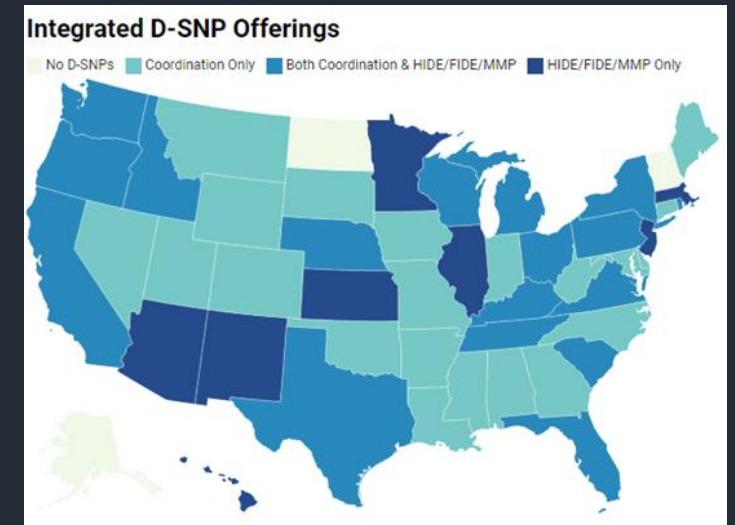
State Policy Vehicles

- Selective contracting
- Enrollment policies
- State Medicaid agency contract (SMAC)
- Model of care (MOC) provisions
- MMP transitions

Example: California

- MMPs transitioned to D-SNPs in 2023
- Medi-Cal MCOs required to operate D-SNPs starting in 2026
 - Exclusively aligned enrollment
 - Default enrollment
- Freeze enrollment in unaligned D-SNPs
- Statewide MLTSS in 2027

Source: <https://www.dhcs.ca.gov/CalAIM/Documents/CalAIM-Launch-Timeline-July-Update.pdf>



Source: <https://www.milliman.com/en/insight/key-insights-2023-medicare-advantage-d-snp>

Questions?



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Thank you

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