

# AMERICAN SENIORS HOUSING ASSOCIATION

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## Medicare Advantage 101: Overview and Opportunities

February 2020

# Medicare Advantage Educational Resources

Resource Document	Purpose
Medicare Advantage 101	This document provides education on the Medicare Advantage program, policies, and trends that create opportunities for seniors housing providers
Health Plan Engagement Guide	This document provides an overview of opportunities to engage health plans and an overview of how to prepare your organization
Step-by-Step Guide to Assessing Health Plans in Your Market	This document provides instructions for identifying the volume of Medicare Advantage enrollees in your market and the plans in operation
Value Proposition Template	This document provides a template for organizing your organization's marketing and outreach materials for engaging health plans

# Medicare Advantage 101: Overview and Opportunities



## Roadmap for this Resource:

1. The Medicare Program: Context
2. Medicare Advantage 101
3. What Do Medicare Advantage Plans Care About?
4. Market Dynamics and Policy Developments
5. What This Means for Seniors Housing Operators

# Medicare Program Sits at a Major Inflection Point

## Merging of healthcare payers and providers

Payers acquiring provider capabilities (e.g., Anthem and Aspire) and providers are taking more risk on patients' outcomes

## Managing social and non-medical needs to manage healthcare costs

Increasing flexibility in Medicare Advantage and in Original Medicare Fee-for-Service value-based payment models (e.g., accountable care organizations)



**As seniors housing operators are considering your expanded role in serving older adults and families, it is critical to evaluate:**

1. How residential care can serve as focal point for delivering integrated healthcare products
2. Role in managing the healthcare premium dollar
3. Strategic relationships with payers and providers

# New Opportunities for Seniors Housing

## **New Reimbursement and Benefit Flexibility**

- ✓ Non-medical services
- ✓ Care management and coordination
- ✓ Post-acute care delivered outside of skilled nursing facility
- ✓ Higher levels of care in seniors housing community

Improves

## **Value to Seniors Housing Operators**

- ✓ Increased length of stay
- ✓ Resident and family satisfaction
- ✓ Higher Average Daily Rate (ADR)
- ✓ Relationships with referral sources
- ✓ Direct reimbursement for services and housing

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# The Medicare Program: Context

# Medicare Is a Federal Health Insurance Program, Primarily Serving Senior Populations

## Medicare pays for medical care, including services like:



Hospital services



Physician services



Prescription drugs



Post-acute care (rehab, home-health, etc.)

## Medicare serves the following populations:



Most individuals over the age of 65



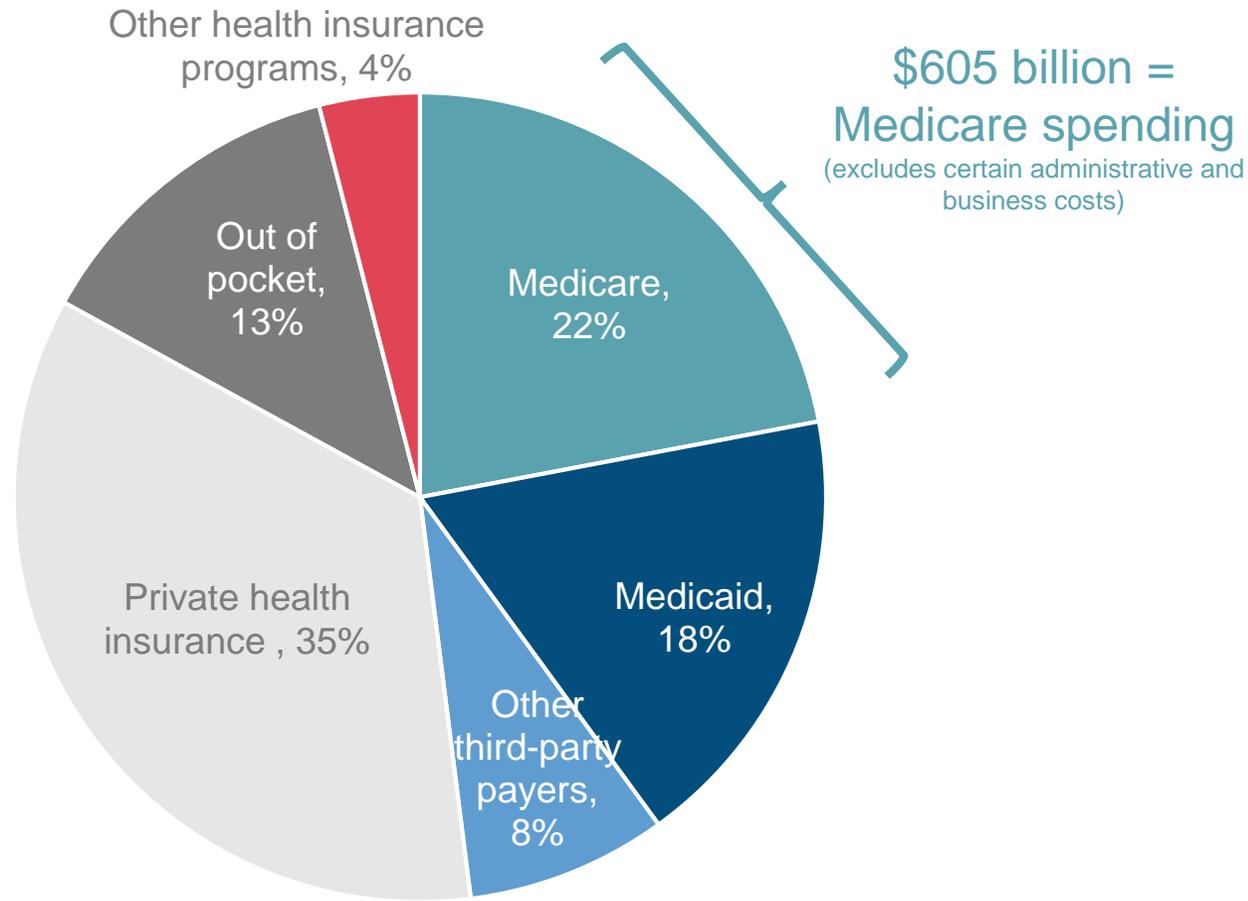
Certain individuals under the age of 65 with disabilities



Individuals with End Stage Renal Disease

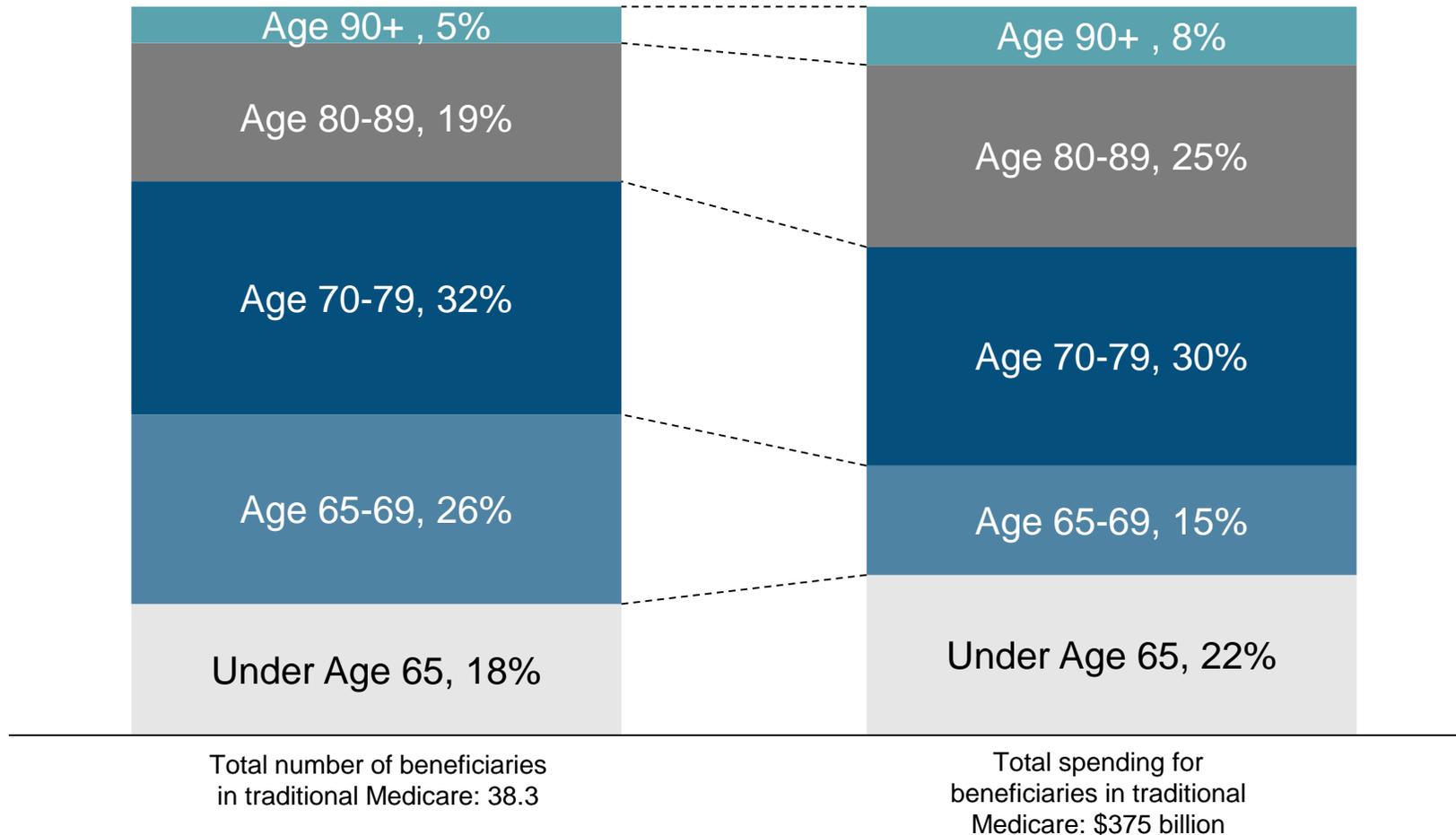
# Medicare Is the Single Largest Purchaser of Healthcare

Total = \$2.7 trillion spending in 2015



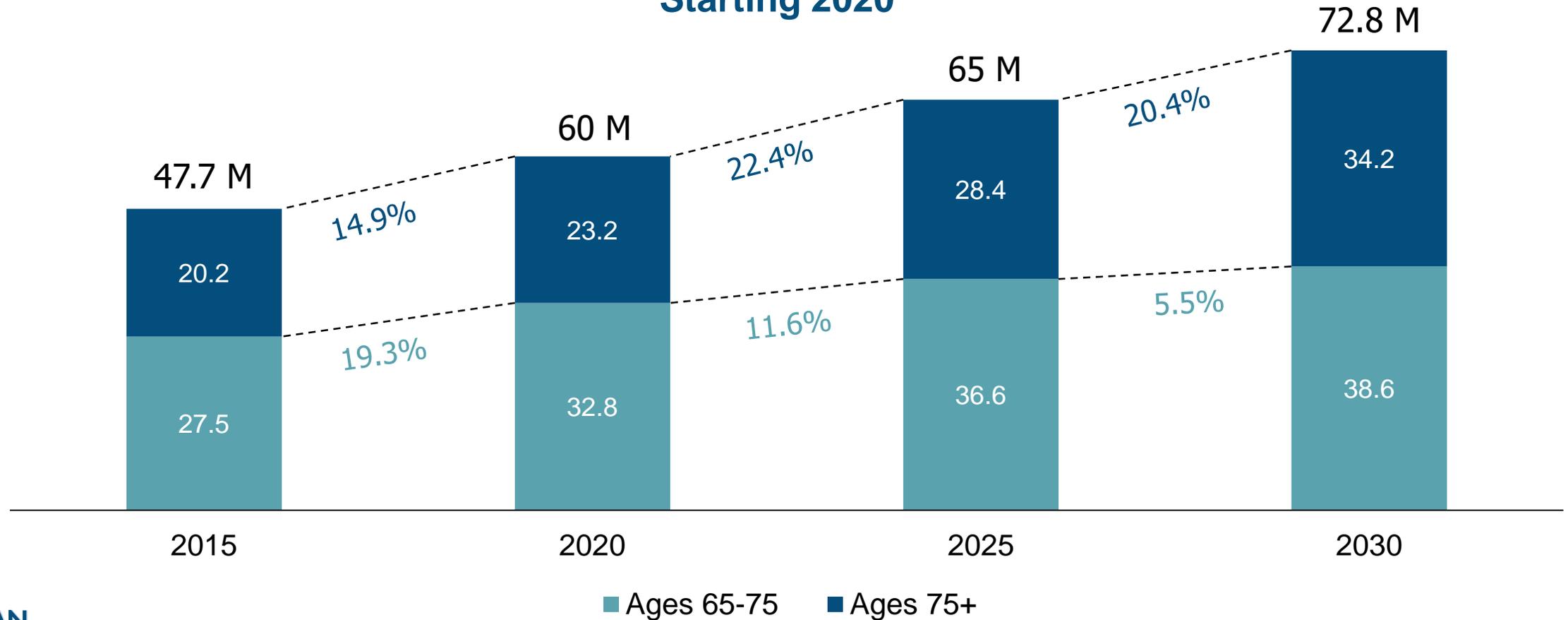
# People Ages 80+ Account for 24% of the Medicare Population and 33% of Medicare Spending

■ Under Age 65   
 ■ Age 65-69   
 ■ Age 70-79   
 ■ Age 80-89   
 ■ Age 90+



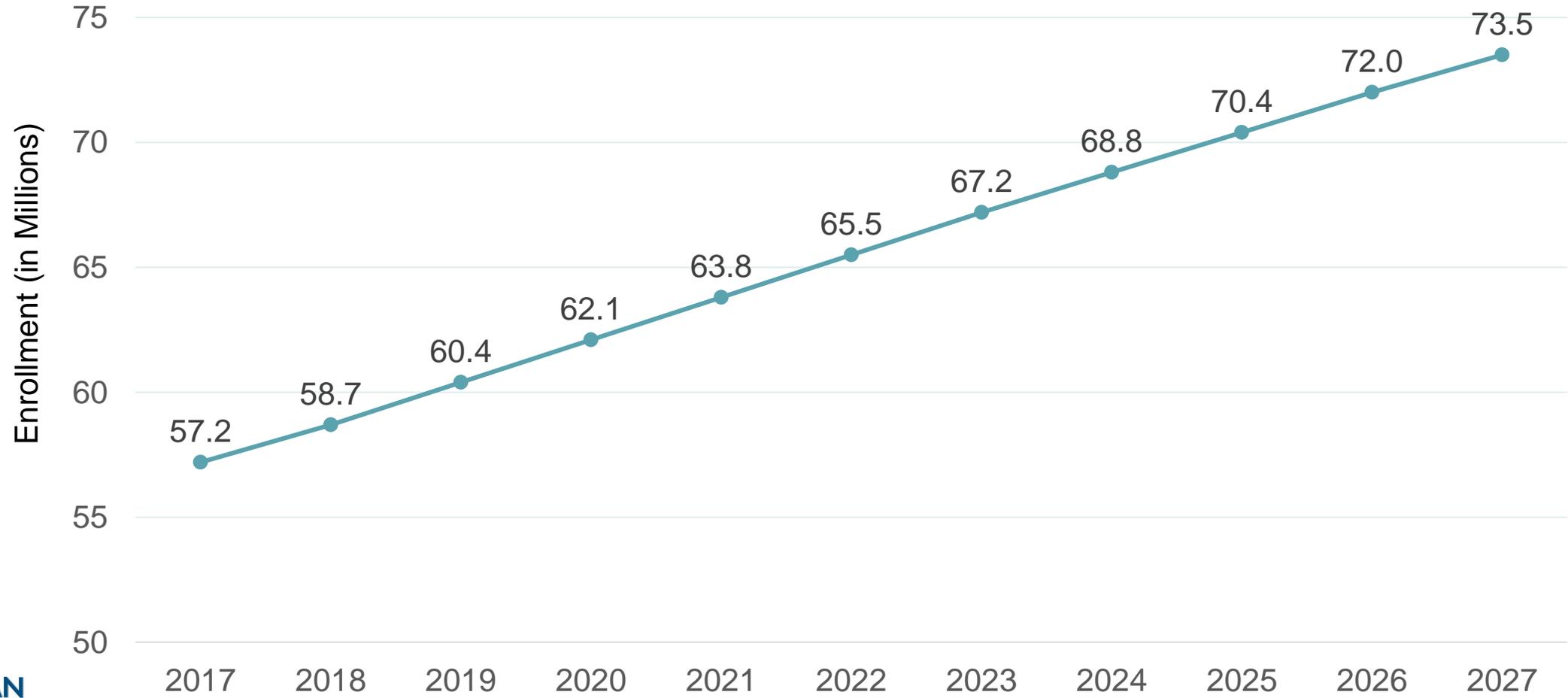
# And the Senior Population Is Growing Rapidly

## 75+ Growing Fastest Among U.S. Population Ages 65 and Older, Starting 2020

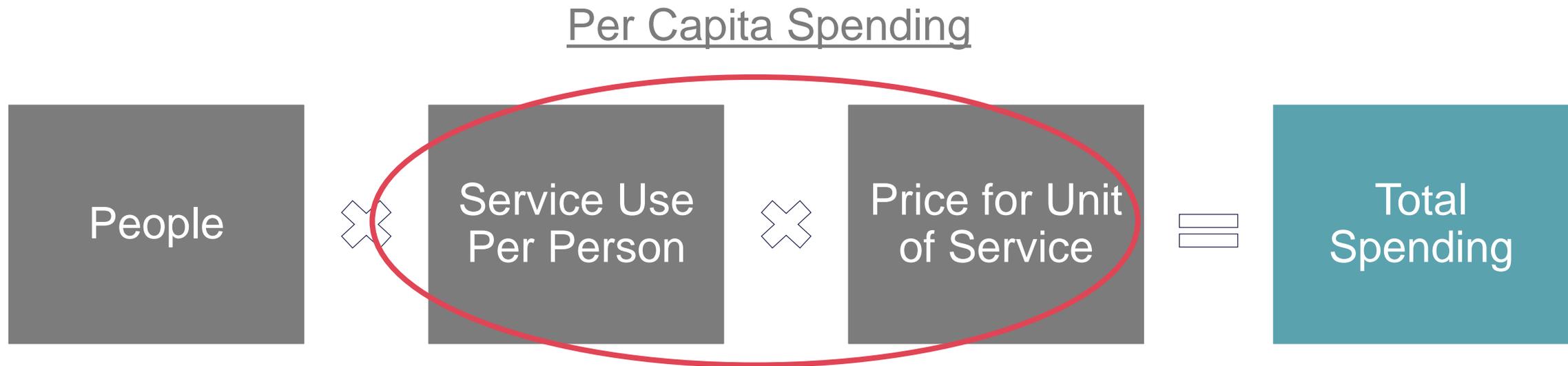


# Enrollment in Medicare Is Projected To Grow Just As Rapidly

## Projected Medicare Beneficiary Enrollment, 2017-2027



# Medicare Spending Growth Creates Pressure on Government To Reduce Spending



What government can impact



Total spending growth must be approached through reductions in per capita service use and price growth

# The Affordable Care Act Accelerated the Shift Toward Value-Based Reimbursement and Population Management



💡 Healthcare providers and payers vary in their ability to manage healthcare risk (i.e., manage a population's healthcare costs)

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# Medicare Advantage 101

# Older Adults Have Two Options for Medicare

1

## Medicare Fee-For-Service (FFS) ("Original" Medicare)

- Federal government pays directly for healthcare costs
- To fill coverage gaps, individuals may choose to buy
  - Supplemental Insurance: Covers co-pays, deductibles, and other non-covered benefits under Medicare

2

## Medicare Advantage

- Private insurance companies (HMOs) contract with the federal government to offer "Medicare plans" to older adults
- In exchange for a flat monthly fee, insurance companies are responsible for all healthcare costs (as provided in plan documents) for people who enroll in their plan

# Medicare Advantage Often Offers Financial Protections to Older Adults

## Medicare FFS

- Part A deductible: **\$1,408**
- Part B annual deductible: **\$198**
- Part B coinsurance: **20%**
- Monthly Part B premium (**optional, varies by income**)
- Monthly insurance premium for Prescription Drugs (Part D) (**optional, varies by income and plan selection**)
- Medigap insurance premium (**optional, covers out of pocket costs, varies by plan selection**)

## Medicare Advantage

- Monthly Part B premium
- Monthly health plan premium: **varies by plan**
- Deductibles and cost-sharing: **varies by plan**

 *Medicare Advantage limits beneficiaries' total out-of-pocket costs (e.g., in 2019 the maximum was \$6,700, some plans are less)*

# Federal Policy Also Allows Medicare Advantage To Cover Supplemental Benefits

Statutory Authority to Cover		
	Medicare FFS	Medicare Advantage
Preventative Care*	✓ (Some preventive services**)	✓
Dental		✓
Vision		✓
Podiatry	Medically necessary only	✓ May include routine foot care
Hearing exams and aides		✓
Non-medical services and supports***		✓ (Optional)

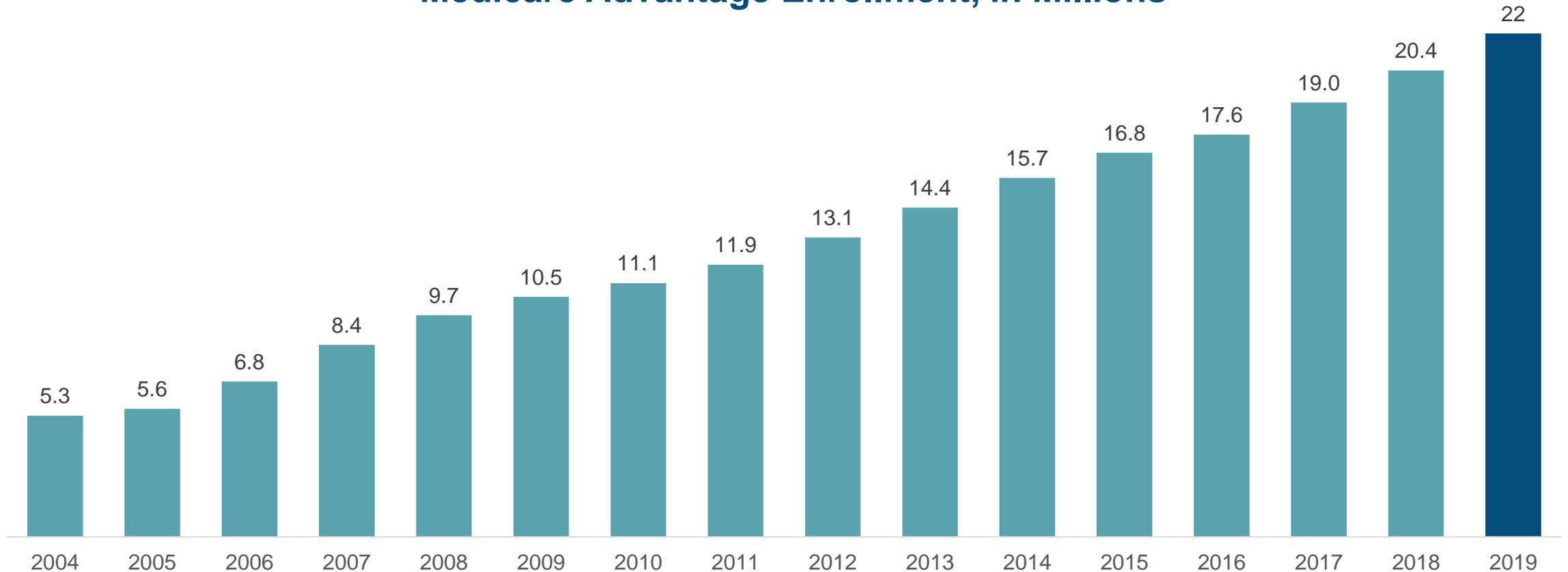
\*All Medicare Advantage plans are required to cover preventative care.

\*\*Medicare FFS covers certain preventive services recommended by the United States Preventive Services Task Force (USPSTF).

\*\*\*New law now allows plans to cover some types of non-medical support and services and address social determinants of health.

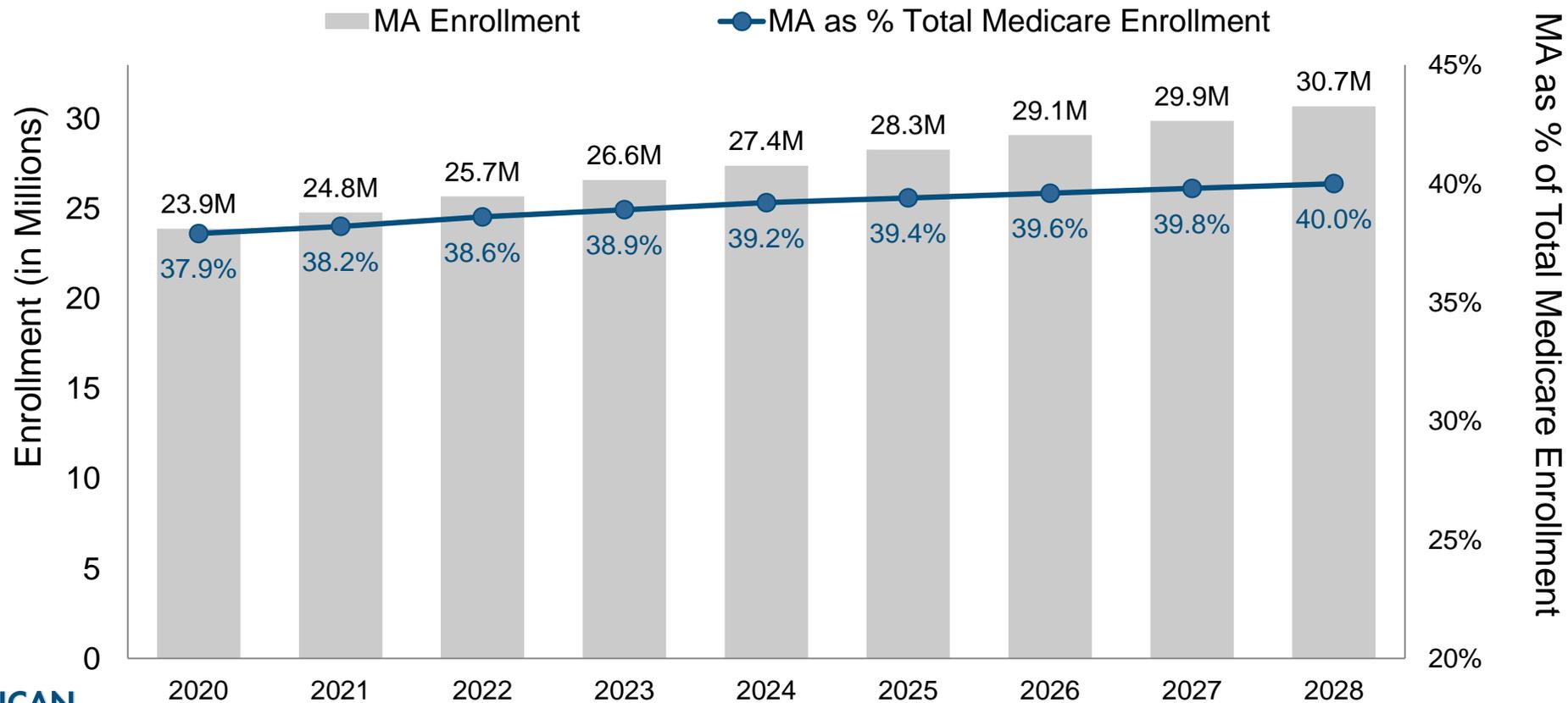
# Enrollment in Medicare Advantage Has Been Growing

## Medicare Advantage Enrollment, in Millions



# And Is Projected To Continue Growing

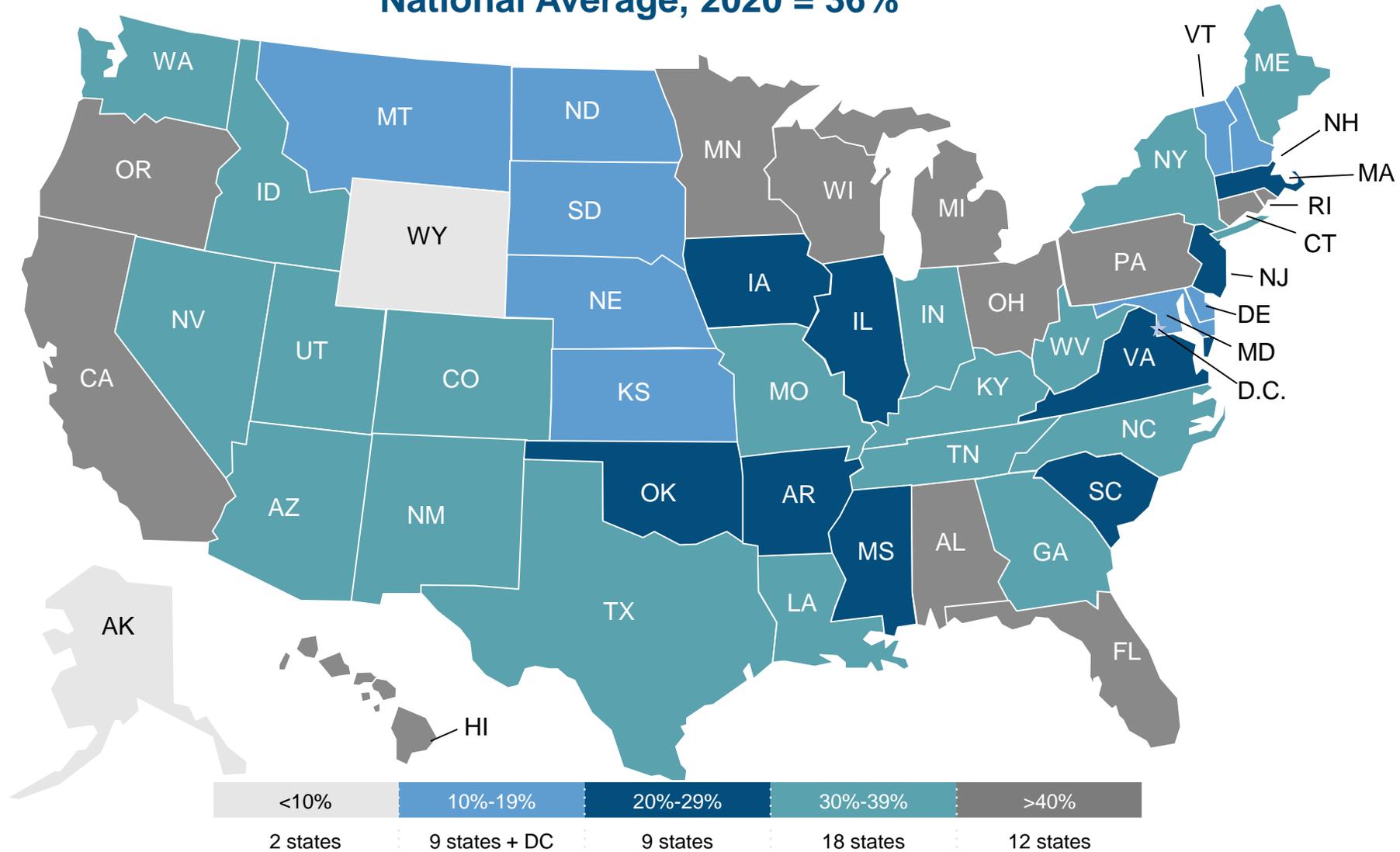
## Medicare Trustees Report's Projection of Medicare Advantage Enrollment



Over time, more seniors housing residents are expected to be enrolled in Medicare Advantage

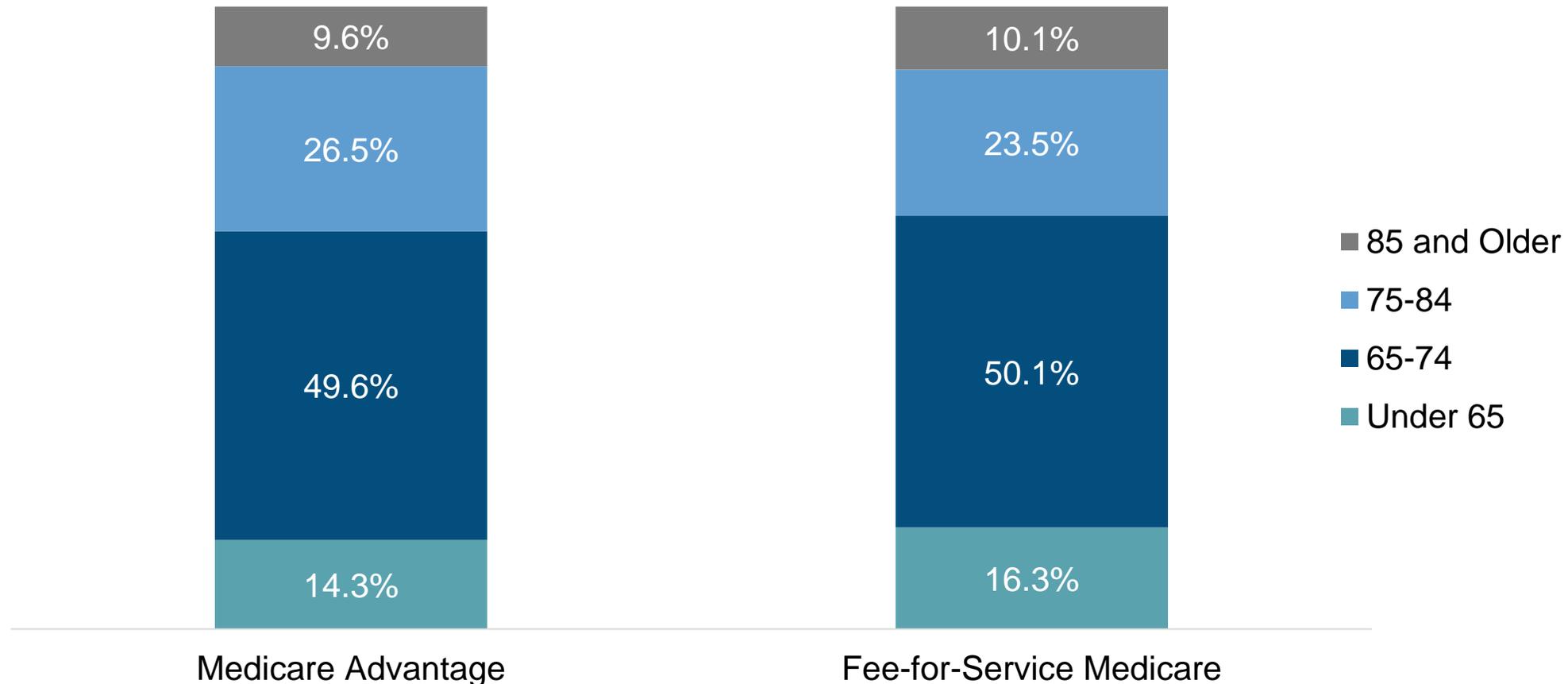
# While Medicare Advantage Grows Nationally, Penetration Varies by Geography

National Average, 2020 = 36%

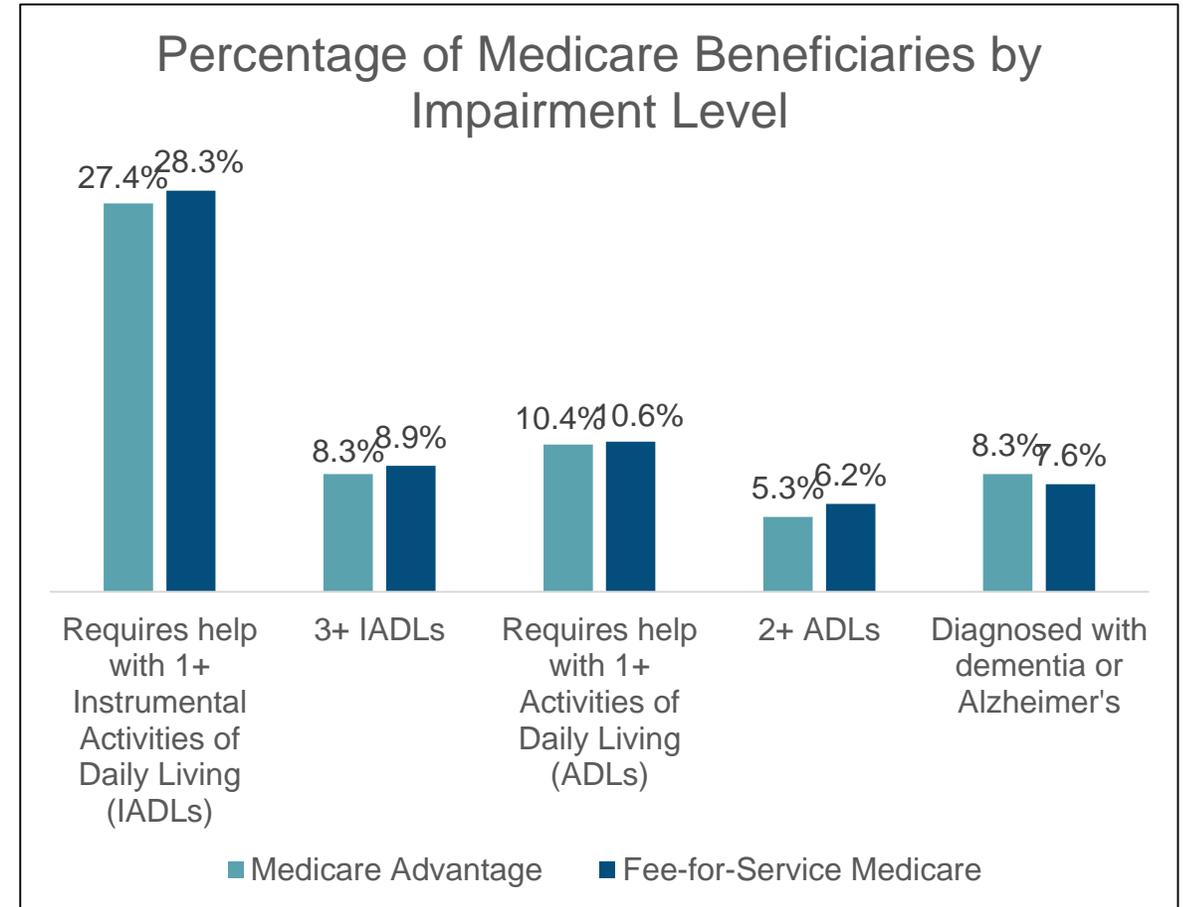
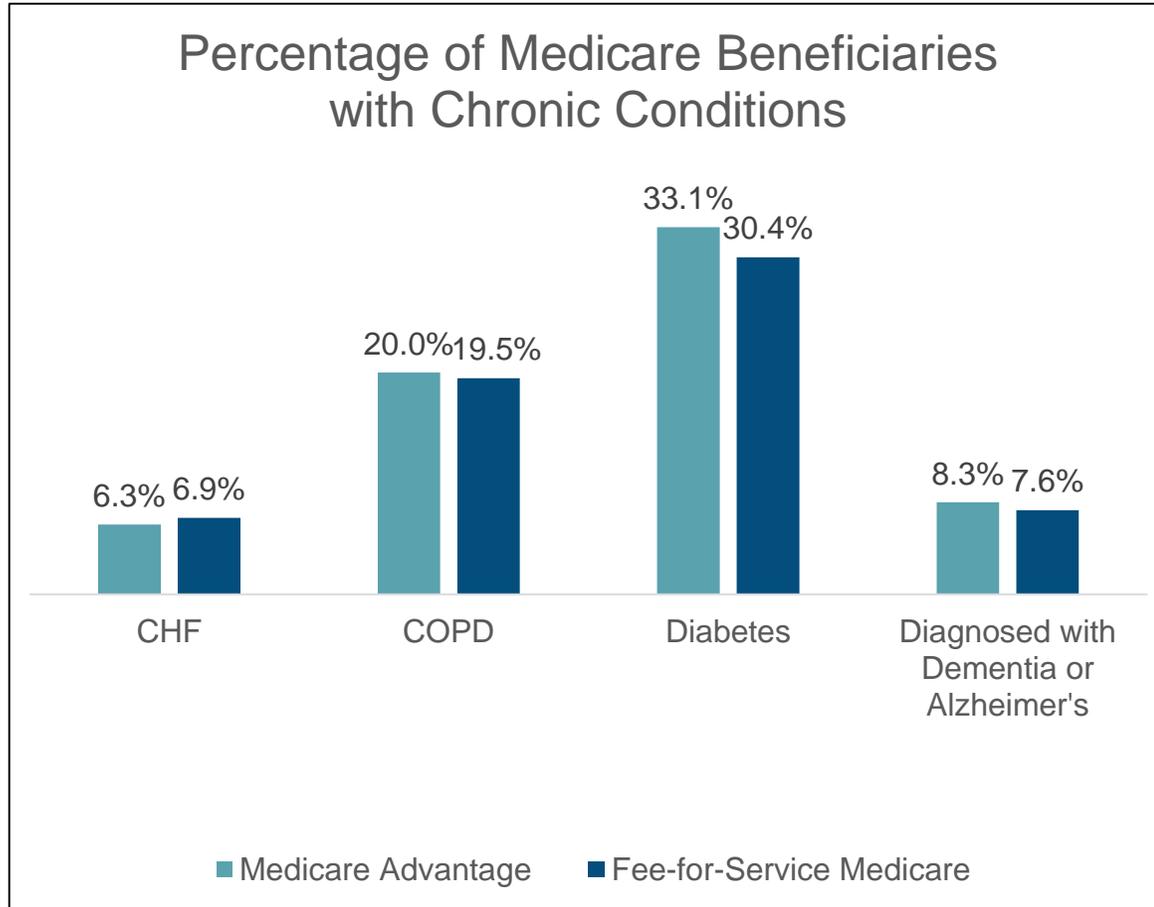


# Medicare Advantage Enrollees Are Demographically Similar To Medicare FFS Population

## Percentage of Medicare Beneficiaries by Age in 2016



# Medicare Advantage Enrollees Have Complex Care Needs Similar to Medicare FFS Population



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# What Do Medicare Advantage Plans Care About?

# Plans Care About Three Things, But Competition for Enrollment Drives Decisions

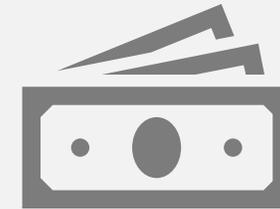
Competing  
successfully for  
enrollment



How much they  
get paid per  
enrollee



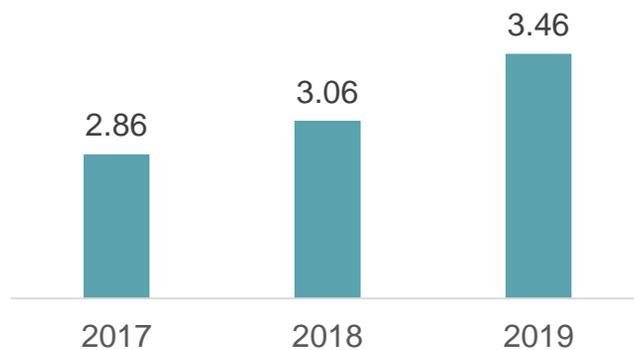
Effectively  
managing costs  
for enrollees



# Enrollment Drives Profits and Valuation

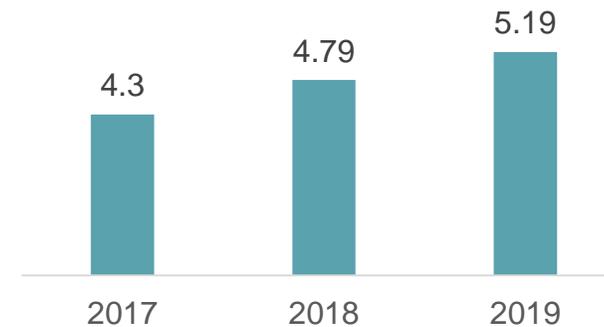
“**Buoyed by growth in Medicare Advantage enrollment**, Humana is the latest insurer to report solid fourth quarter profits as seniors flock to private coverage sold via contracts with the federal government.” – Forbes

Humana Medicare Advantage Enrollment (millions)



“UnitedHealth Group's **Medicare Advantage enrollment jumps 10% and boosts profits**. The increased enrollment helped boost 2019 the company's total revenues by 8% to more than \$60 billion.” – Forbes

UnitedHealthcare Medicare Advantage Enrollment (millions)



# Medicare Advantage Payment 101

Per-Member Per-Month Calculation Depends on Attributes of Population (Risk) and Quality (Performance)

CMS County  
Benchmark  
Rate

×

Risk Score

×

Quality

=

Per-Member  
Per-Month  
Rate

# How Plans Compete for Enrollment

Medicare Advantage plans compete on price and benefits to attract more enrollment by having lower premiums and cost sharing and by offering benefits attractive to Medicare beneficiaries

Plan B Bid ————— \$950

Benchmark ————— \$869

Plan A Bid ————— \$800

} % available for rebate



Can be used to reduce out of pocket spending and to offer supplemental benefits



**MORE ENROLLMENT**

# Medicare Advantage Plans Also Compete on Quality

Medicare Advantage plans that receive higher ratings can receive higher payments, which enable them to add supplemental benefits and lower cost sharing



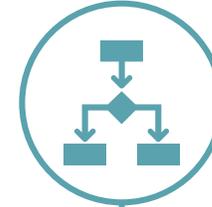
## Clinical Quality

- ✓ Annual Flu Vaccine
- ✓ Reducing the Risk of Falling
- ✓ Special Needs Plan (SNP) Care
- ✓ Medicare Reconciliation Post-Discharge
- ✓ All-Cause Readmissions



## Member Satisfaction and Experience

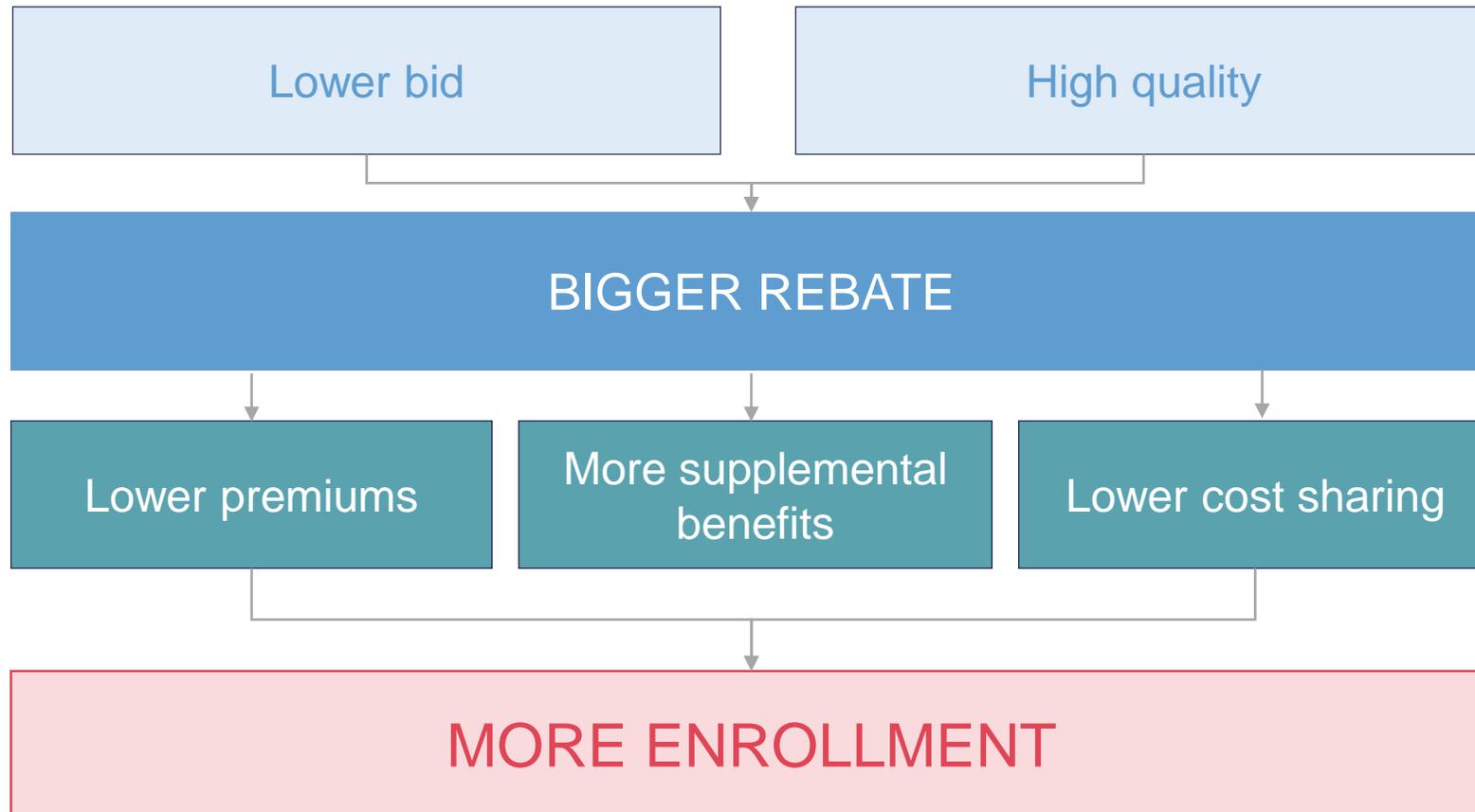
- ✓ Getting Needed Care
- ✓ Customer Service
- ✓ Care Coordination
- ✓ Rating of Health Care Quality



## Health Plan Operations

- ✓ Members Choosing to Leave the Plan
- ✓ Health Plan Quality Improvement
- ✓ Renewing Appeals Decisions

# High Quality, Low Cost Plans Will Grow Market Share



# Plans Also Get Paid More for Enrollees Similar to Seniors Housing Residents

	Lower need enrollee	Higher need enrollee
<b>Age</b>	65	89
<b>ICD-10 Diagnoses</b>	Healthy	Lung Cancer, Diabetes, Alzheimer's
<b>Other Characteristics</b>	Not low income	Eligible for Medicaid*
<b>Risk Score</b>	0.7	2.8
<b>Risk Adjusted Monthly Payment*</b>	869 (Base Rate) x 0.7 (Risk Score) = \$608	869 (Base Rate) x 2.8 (Risk Score) = \$2,433

\*Note: Intended to be an illustrative example of how risk adjustment works. Other characteristics include sex, working aged status, disabled status, etc. The final adjusted monthly payment to plan includes reduction for coding intensity that will reduce risk score.

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# Market Dynamics and Policy Developments

# Medicare Advantage Is Changing How Healthcare for Seniors Is Delivered

Recognition among Medicare Advantage plans that **social determinants of health and functional and cognitive impairments impact ability to manage healthcare costs and patient outcomes**

Government is pushing Medicare Advantage plans to do more to manage costs and improve outcomes and giving plans **unprecedented flexibility to design innovative benefits**

Medicare Advantage plans now have **new tools to integrate healthcare and social supports** to meet individual needs and better serve complex care population

# Innovation in Policy and Practice: Medicare Advantage Program Growing and Evolving Rapidly

## Policy

1. Expansion in what Medicare Advantage can offer as supplemental benefits (e.g., non-medical benefits)
2. Flexibility in how benefits can be targeted at enrollees
3. Emphasis on providers taking risk for total costs of care

## Medicare Advantage Payers

1. Medicare Advantage plans recognizing importance of non-medical services and supports
2. Medicare Advantage plans acquiring provider capabilities
3. Growth in Medicare Advantage plans that target unique populations
4. Medicare Advantage plans targeting assisted living communities

## Providers

1. Hospitals starting Medicare Advantage plans
2. Long-term care providers starting Medicare Advantage plans
3. SNFs and seniors housing providers investing in primary care partnerships and capabilities

# Policy Changes Give Medicare Advantage Plans Flexibility To Offer Non-Medical Benefits

2018: Limitations on Non-Medical Benefits

Medicare Advantage could not reimburse for non-medical services

2019: Expansion of Health-Related Benefits

Medicare Advantage plans have new flexibility to offer a **new range of non-medical services** as part of their supplemental benefits.

Examples:

- Adult day care services
- Home-based palliative care
- In-home support services
- Support for caregivers of enrollees
- Medically-approved non-opioid pain management
- Stand-alone memory fitness benefit
- Home & bathroom safety devices & modifications
- Transportation
- Over-the-counter benefits

2020: Ability to Offer Non-Health Related Benefits

Medicare Advantage plans can **target** non-medical services to chronically-ill enrollees through supplemental benefits. Examples:

- Meals beyond limited basis (not only following hospitalization)
- Food and produce
- Non-medical transportation
- Pest control
- Indoor air quality improvement and services
- Social needs benefits
- Complementary therapies alongside traditional medical treatments
- Services supporting self-direction
- Structural home modifications
- General supports for living, such as housing

# Medicare Advantage Plans Starting To Recognize Value of Non-Medical Services in Managing Healthcare



## Plans and providers provide transportation services to patients

Example: CareMore Cal MediConnect Plan; Lyft partnership with Humana and Blue Cross Blue Shield; Lyft partnership with home care providers



## Medicare Advantage plan provides post-hospital meals for seniors

Example: Aetna partnership with Meals on Wheels



## Medicare Advantage acquiring provider capabilities

Example: Humana buys Kindred at Home; Anthem acquires Aspire Health



## Medicare Advantage plans offering non-medical supplemental benefits in 2020

Example: 200 plans offering “in-home support services,” such as assistance with ADLs



## Medicare Advantage Organizations expanding offerings of special plans

Example: CareMore/Anthem expands offers special needs plans (see pg. 36) in 10 new markets in 2020

# Medicare Advantage Plans Targeting Special Populations To Better Coordinate Care

Special Needs Plans (SNPs) are a type of MA plan for special need individuals. Authority governing SNPs allows plans to be paid on a capitated basis and to design unique care models



Dual-Eligible Special Needs Plan (D-SNP)

- Covered population: Beneficiaries eligible for both Medicare and Medicaid



Chronic Condition Special Needs Plan (C-SNP)

- Covered population: Beneficiaries with one of 15 defined chronic condition categories; examples of these conditions include chronic heart failure, dementia, and diabetes



Institutional Special Needs Plan (I-SNP)

- Covered population: Beneficiaries who meet the state definition for institutional level care. Additionally, plans may offer an 'Institutional Equivalent Special Needs Plan' (IE-SNP) to beneficiaries who meet this level of care need, but do not reside in an institution, such as those in assisted living facilities

# Following UnitedHealthcare's Lead, Anthem Expanding Into Seniors Housing Communities



## Market Growth

- CareMore/Anthem offer their SNPs in seniors housing in 10 new markets
- Operates largest Institutional Equivalence Special Needs Plan (IE-SNPs)

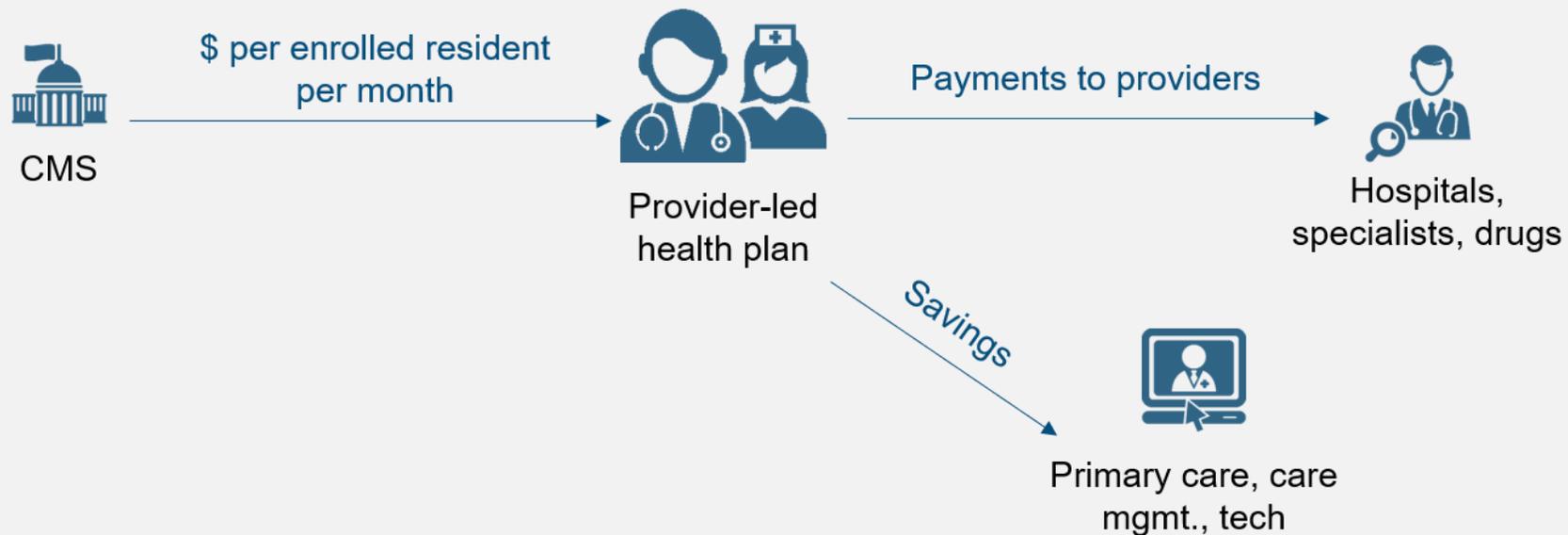


## Partnership with WellTower

- CareMore enters nonexclusive partnership with WellTower to improve health and wellness for seniors housing residents
- Model will place interdisciplinary teams into residential communities to help prevent hospitalizations and other costly services

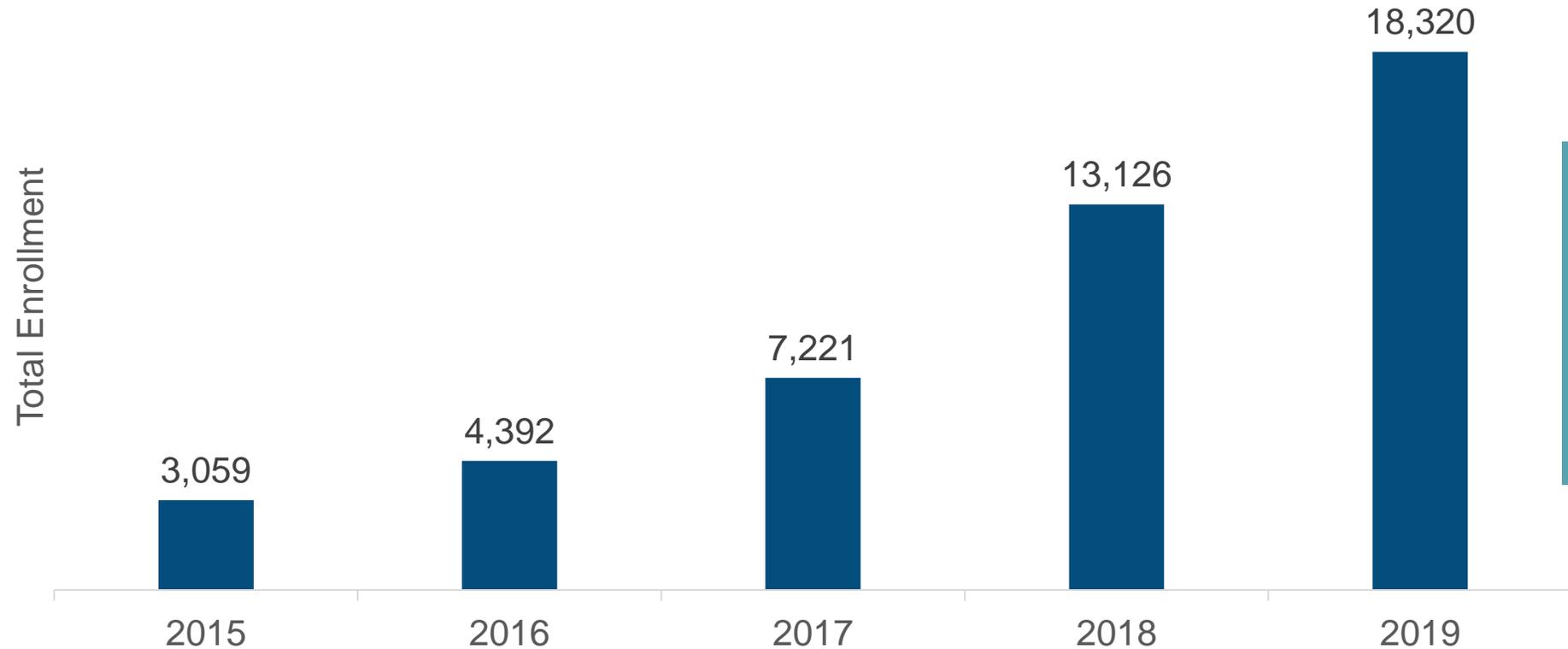
# Providers Are Also Starting Medicare Advantage Plans

As the Medicare Advantage plan, providers are investing in primary care, care management, innovation and technology that drive savings, which can be re-invested into the provider organization and into care delivery innovation



# Increasing Enrollment in Long-Term Care Provider-Led I-SNPs

## Growth of LTC Provider-Led I-SNP Enrollment, 2015-2019

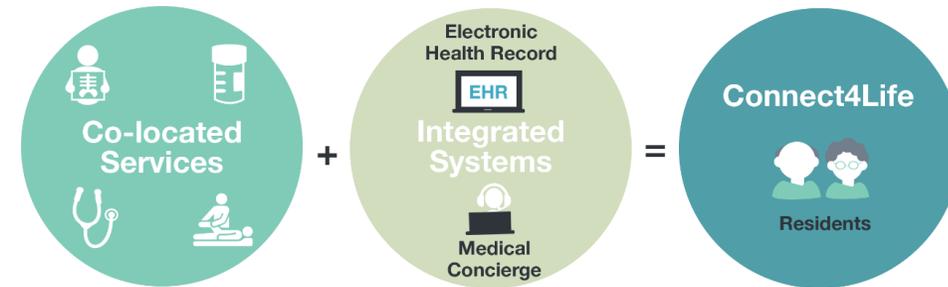


Most LTC providers who operate an I-SNP are skilled nursing providers

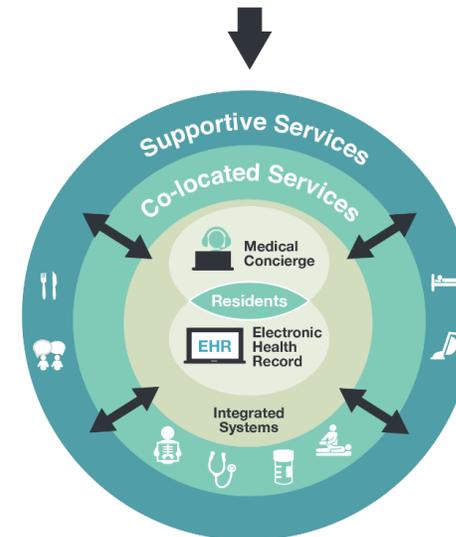
Source: ATI Analysis of CMS SNP Comprehensive Reports for the month of August for years 2015-2019

# Seniors Housing Providers Investing in Primary Care

1. **Co-located Services.** Brings health and wellness onsite through enhanced primary care, therapy-driven programming, pharmacy, and lab services
2. **Technology Platform.** Integrates services through electronic transfer of clinical information and communication
3. **Human Touch.** Connects all points of care through human navigators who ensure seamless access to, and coordination with, other services provided through strategic partnerships and alliances



Connect4Life's high-tech + high-touch integrative services lead to higher quality care and better outcomes for residents



connect4life

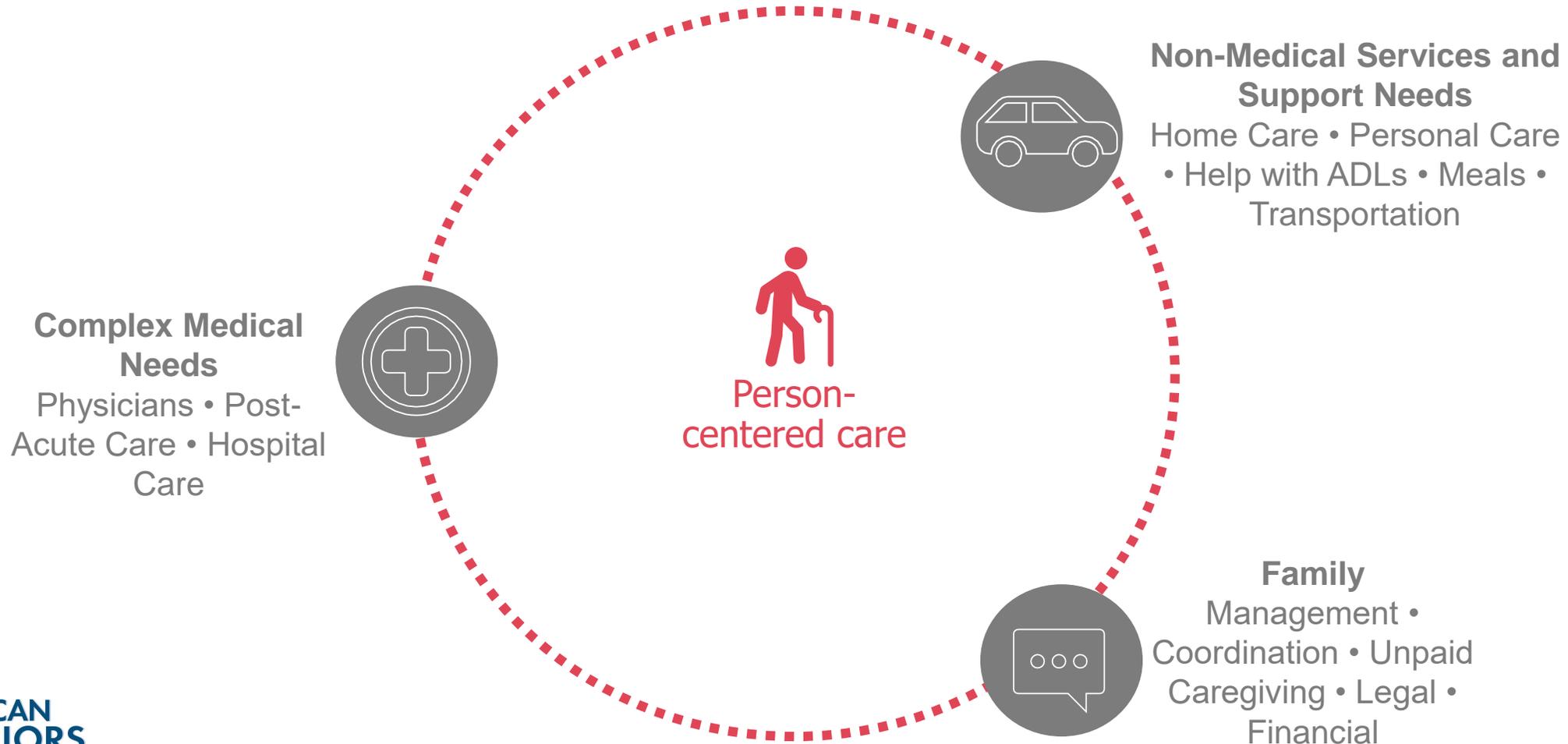
**Integrated Services in Seniors' Housing:**  
One Population Health Management Solution

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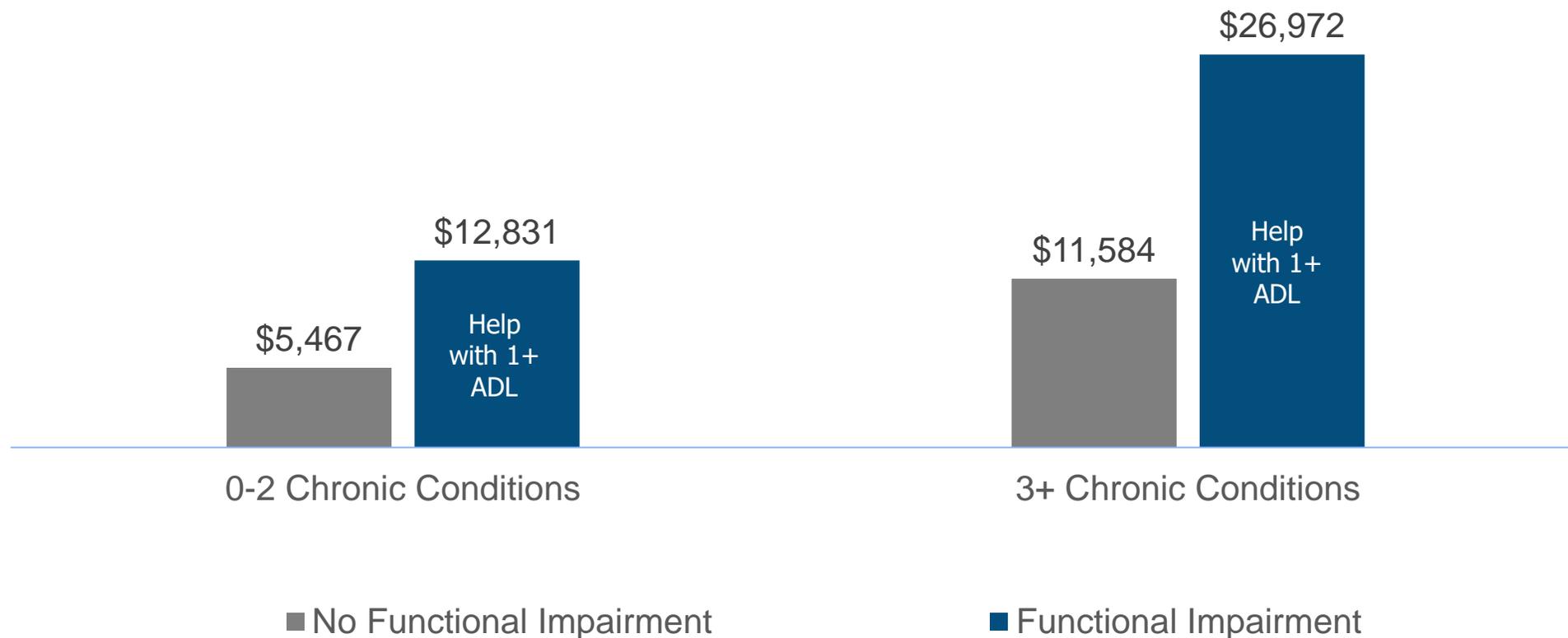
# What This Means for Seniors Housing Operators

# Future of Healthcare Management for High Cost, High Need Is in Management of Social Determinants



# And in Delaying Frailty That Leads to High Medical Costs

## Per Capita Medicare FFS Spending in 2015



# Medicare Advantage Plans Care About Seniors Housing Residents, Particularly Those with High Need

1.

Medicare Advantage enrollees (who need non-medical services and supports) have **multiple chronic conditions and functional impairment**

2.

Research shows that functional impairment and other markers of complexity, such as chronic conditions, are strongly associated with **high healthcare spending**

3.

Medicare Advantage plans are recognizing the need for better **integration of non-medical supports and services into their enrollees' healthcare services to reduce costs and improve quality**

# Implications: Maximizing Value Delivered

Resident Value

Delivering better value for residents requires solutions that include care management and primary care integration (e.g., Juniper Communities)

Healthcare Value

With better care management (integration with PCPs and LTC providers) you will reduce healthcare spending for payers

Provider Value

Owning the healthcare premium dollar allows for some reorganization and redeployment of that dollar



It's critical to begin thinking about how to enhance, capture, and reinvest the full value of what you can deliver for frail older adults

# New Opportunities for Seniors Housing

## **New Reimbursement and Benefit Flexibility**

- ✓ Non-medical services
- ✓ Care management and coordination
- ✓ Post-acute care delivered outside of skilled nursing facility
- ✓ Higher levels of care in community

Improves

## **Value to Seniors Housing Operators**

- ✓ Increased length of stay
- ✓ Resident and family satisfaction
- ✓ Higher Average Daily Rate (ADR)
- ✓ Relationships with referral sources

# Consider the Role of Your Community in Evolving the Healthcare Delivery and Payment System

Integrated Health  
and Housing

Medicare  
Advantage  
Relationships

Provider  
Partnerships

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Appendix:  
Glossary of Key Concepts

# Glossary of Key Concepts

## Medicare Advantage

Medicare Advantage (MA) is a health insurance option for older adults. Private insurance companies contract with the federal government to offer plans that pay for Part A (hospital) and Part B (physicians); individuals can also choose to enroll in plans that offer Part D (prescription drugs). MA plans can offer value to enrollees: offer supplemental benefits, reduce cost sharing requirements, and cap out-of-pocket-spending. [The federal government pays directly for healthcare costs under Fee-for-Service or "Original Medicare".]

## Special Needs Plan

Special Needs Plans (SNPs) are a type of MA plan for special needs individuals. Authority governing SNPs allows plans to be paid on a capitated basis and to design unique care models. There are three types of SNPs: Dual-Eligible Special Needs Plans (D-SNPs), Chronic Care Special Needs Plans (C-SNPs), and Institutional Special Needs Plans (I-SNPs). Note: A subset of I-SNPs are IE-SNPs for institutional equivalent beneficiaries living in their own homes and requiring an institutional level of care.

## Medicare Advantage Payment 101

MA is based on a capitated, or fixed, prospective amount to cover care for each enrollee. The Centers for Medicare & Medicaid Services (CMS) adjusts these payments to reflect the specific characteristics and anticipated cost of providing care to each beneficiary through a process called risk adjustment. A bid-to-benchmark based approach is used to determine MA payment rates. Under this approach, CMS uses county-level FFS Medicare cost data to determine the benchmarks, or "base rate" for plans. The benchmark is the average cost of coverage for a FFS Medicare beneficiary. Benchmarks are then set at between 95% of FFS costs and 115% (typically rural). Plans submit bids every year in each county of operation. The bids are an estimate for the cost to provide Part A and B benefits to beneficiaries of average health in that count. If plans bid below the benchmark, it is paid the base rate plus a rebate. The rebate can be used to lower out-of-pocket costs or offer supplemental benefits.

## Medical Loss Ratio

MA plans are required to spend at least 85% of premium on health care costs, quality improvement activities (can include care management), and supplemental benefits.

## Supplemental Benefits

MA plans can choose to offer additional benefits including dental, vision, podiatry, hearing exams, etc. Beginning in 2019, MA plans have additional flexibility in designing and targeting supplemental benefits at enrollees.

## Providers Becoming Insurers for Long-Stay Residents

Some post-acute care and long-term care providers are becoming insurers for their long-stay residents. Providers are using the premium dollar from operating MA and SNPs (e.g., I-SNPs) to invest in primary care, care management, and technology to drive savings, which can then be re-invest in care delivery.

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## Health Plan Engagement Guide

February 2020

# Medicare Advantage Educational Resources

Resource Document	Purpose
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Health Plan Engagement Guide	This document provides an overview of opportunities to engage health plans and an overview of how to prepare your organization
Step-by-Step Guide to Assessing Health Plans in Your Market	This document provides instructions for identifying the volume of Medicare Advantage enrollees in your market and the plans in operation
Value Proposition Template	This document provides a template for organizing your organization's marketing and outreach materials for engaging health plans

# Health Plan Engagement Guide: Overview



## Roadmap for this Resource:

1. New Opportunities in Medicare Advantage for Seniors Housing Operators
2. Considerations in Your Organization's Medicare Advantage Strategy
3. Creating Your Organization's Engagement Strategy

# Medicare Program Sits at a Major Inflection Point

## Merging of healthcare payers and providers

Payers acquiring provider capabilities (e.g., Anthem and Aspire) and providers are taking more risk on patients' outcomes

## Managing social and non-medical needs to manage healthcare costs

Increasing flexibility in Medicare Advantage and in Original Medicare Fee-for-Service value-based payment models (e.g., accountable care organizations)



 **As seniors housing operators considering your expanded role in serving older adults and families, it is critical to evaluate:**

1. How residential care can serve as focal point for delivering integrated healthcare products
2. Role in managing the healthcare premium dollar
3. Strategic relationships with payers and providers

# New Opportunities for Seniors Housing

## **New Reimbursement and Benefit Flexibility**

- ✓ Non-medical services
- ✓ Care management and coordination
- ✓ Post-acute care delivered outside of skilled nursing facility
- ✓ Higher levels of care in seniors housing community

Improves

## **Value to Seniors Housing Operators**

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- ✓ Direct reimbursement for housing and services

# What You Need To Know

1. Medicare Advantage health plans have greater flexibility in designing and targeting supplemental benefits (e.g., meals, transportation, non-medical services and supports)
2. Seniors housing operators can be important partners to Medicare Advantage plans
3. It's important to consider how your organization can prepare for new opportunities

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**New Opportunities in Medicare  
Advantage for Seniors Housing  
Operators**

# Medicare Advantage Is Changing How Healthcare for Seniors Is Delivered

Recognition among Medicare Advantage plans that **social determinants of health and functional and cognitive impairments impact ability to manage healthcare costs and patient outcomes**

Government is pushing Medicare Advantage plans to do more to manage costs and improve outcomes and giving plans **unprecedented flexibility to design innovative benefits**

Medicare Advantage plans now have **new tools to integrate healthcare and social supports**, including housing, to meet individual needs and better serve complex care population

# New Medicare Reimbursement for Non-Medical Services Represents a Major Turning Point for Program

## 2018: Limitations on Non-Medical Benefits

Medicare Advantage could not reimburse for non-medical services

## 2019: Expansion of Health-Related Benefits

Medicare Advantage plans have new flexibility to offer a **new range of non-medical services** as part of their supplemental benefits.

Examples:

- Adult day care services
- Home-based palliative care
- In-home support services\*
- Support for caregivers of enrollees
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## 2020: Ability to Offer Non-Health Related Benefits

Medicare Advantage plans can **target** non-medical services to chronically-ill enrollees through supplemental benefits. Examples:

- Meals beyond limited basis (not only following hospitalization)
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- Complementary therapies alongside traditional medical treatments
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- Structural home modifications
- General supports for living, such as housing

\*In-home support services: services to assist individuals with disabilities and/or medical conditions in performing ADLs and IADLs within the home. Services must be provided by individuals licensed by the state to provide personal care services, or in a manner that is otherwise consistent with state requirements.

# Innovation in Policy and Practice: Medicare Advantage Program Growing and Evolving Rapidly

## Policy

1. Expansion in what Medicare Advantage can offer as supplemental benefits (e.g., non-medical benefits)
2. Flexibility in how benefits can be targeted at enrollees
3. Emphasis on providers taking risk for total costs of care

## Medicare Advantage Payers

1. Medicare Advantage plans recognizing importance of non-medical services and supports
2. Medicare Advantage plans acquiring provider capabilities
3. Growth in Medicare Advantage plans that target unique populations (e.g., C-SNPs, I-SNPs)
4. Medicare Advantage plans targeting assisted living communities (e.g., United Healthcare/Optum, Anthem/CareMore)

## Providers

1. Hospitals starting Medicare Advantage plans
2. Long-term care providers starting Medicare Advantage plans
3. SNFs and seniors housing providers investing in primary care partnerships and capabilities

# Medicare Advantage Plans Starting To Recognize Value of Non-Medical Services in Managing Healthcare



## Plans and providers provide transportation services to patients

Example: CareMore Cal MediConnect Plan; Lyft partnership with Humana and Blue Cross Blue Shield; Lyft partnership with home care providers



## Medicare Advantage plan provides post-hospital meals for seniors

Example: Aetna partnership with Meals on Wheels



## Medicare Advantage acquiring provider capabilities

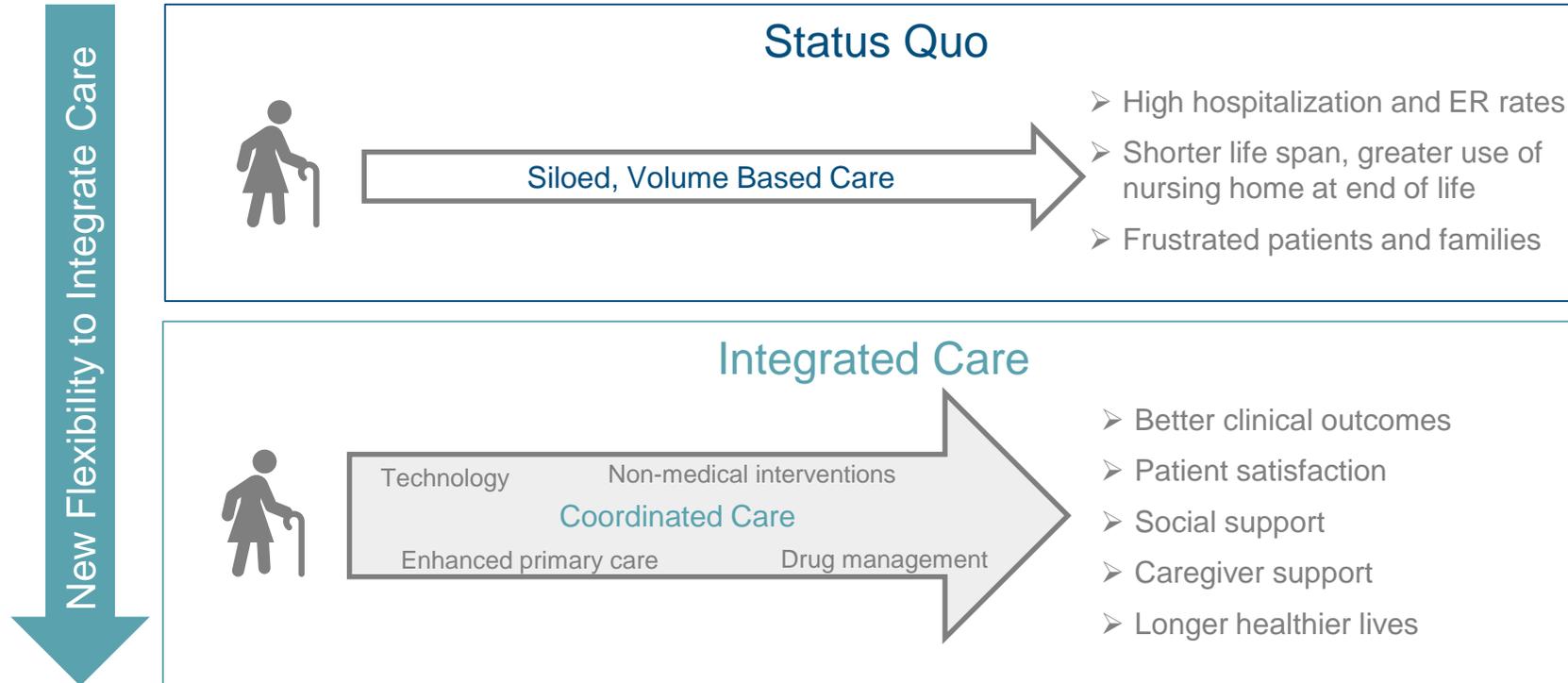
Example: Humana buys Kindred at Home; Anthem acquires Aspire Health



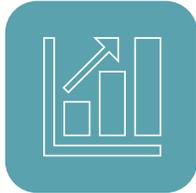
## Medicare Advantage plans offering non-medical supplemental benefits in 2020

Example: 200 plans offering “in-home support services,” such as assistance with ADLs

# Innovative Payers Are Looking for Solutions To Manage High Cost Populations



# Solutions Now Include Retail Sites and Seniors Housing



## Medicare Advantage Organizations expanding offerings of special plans

Example: CareMore/Anthem expands institutional special needs plans (I-SNPs) in seniors housing in 10 new markets in 2020



## Medicare Advantage Organizations acquiring or partnering with retail consumer hubs

Example: CVS/Aetna acquisition, UnitedHealthcare/Walgreens partnership



## Medicare Advantage Organizations offering special needs plans (SNPs) in seniors housing are including new supplemental benefits

Example: Out of 73 plans that are offering some type of institutional special needs plan in seniors housing, 62 are offering transportation, 1 is offering in-home supports\* and services and 1 is offering caregiver support\*\*

\*In-home support services: services to assist individuals with disabilities and/or medical conditions in performing ADLs and IADLs within the home. Services must be provided by individuals licensed by the state to provide personal care services, or in a manner that is otherwise consistent with state requirements.

\*\*Caregiver support: respite care provided through a personal care attendant or the provision of short-term institutional-based care, as appropriate; respite care should be for short periods of time (e.g., a few hours each week, a two week period, a four week period) and may include services such as counseling and training courses for caregivers of enrollees.

Source: CMS' Memo "Reinterpretation of 'Primarily Health Related' for Supplemental Benefits," April 2018.

# Plans Have Identified Multi-Value Aspects of Seniors Housing

- ✓ Opportunity to **interact with plan members where they live, in their home.** Plans can **detect and respond to changes in condition** much more easily and quickly than in a home setting.
- ✓ Seniors housing and senior living setting allows for **efficient care management and delivery of primary care to highest risk enrollees.**
- ✓ Residential setting is **less expensive** than medical setting for **post-acute rehabilitative care.**
- ✓ Medicare Advantage plans face significant **competitive pressure for enrollment.** Acquiring lives de novo is difficult, so **plans prefer to affiliate/partner with or acquire entities that already possess affinity with groups of potential members.**

# Seniors Housing Operators Create Value for Medicare Advantage Plans

## How can residential care serve as a focal point for delivering integrated healthcare products?

- Onsite, targeted, non-medical services for residents (e.g., transportation, in-home services and supports)
- Integrated post-acute care and ancillary services such as labs, therapy, post-acute rehabilitation, pharmacy
- Hub for non-resident community members to access benefits/services

## How can seniors housing operators help plans manage the healthcare premium dollar?

- Integrated, onsite primary care
- Onsite care management services
- Care transitions services
- Technology that facilitates information exchange between provider entities and with health plan
- Technology that facilitates communications between residents and providers
- Technology that helps identify risk and changes in condition before healthcare event

## What value do seniors housing providers bring to strategic relationships with payers and healthcare providers?

- Lives (i.e., plan enrollees)
- Daily contact with residents and information exchange to observe conditions
- Targeted delivery of non-medical services that reduce healthcare costs
- Efficiency of care delivery (e.g., less “windshield time” for primary care and care managers)

# Seniors Housing Operators Have Opportunities To Get Volume and More Direct Reimbursement

Increased length of stay

Resident and family satisfaction

Higher average daily rate (ADR)

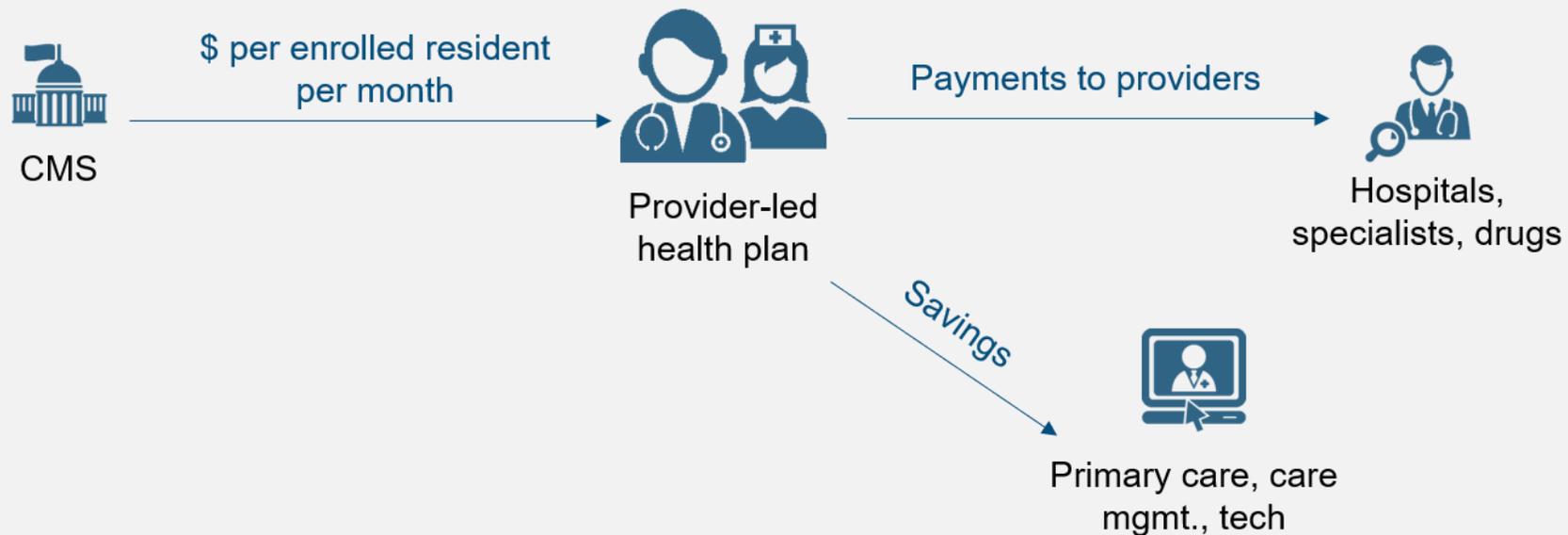
Relationships with referral sources

Direct reimbursement for housing and services

Development opportunities in working with MA plans or providers

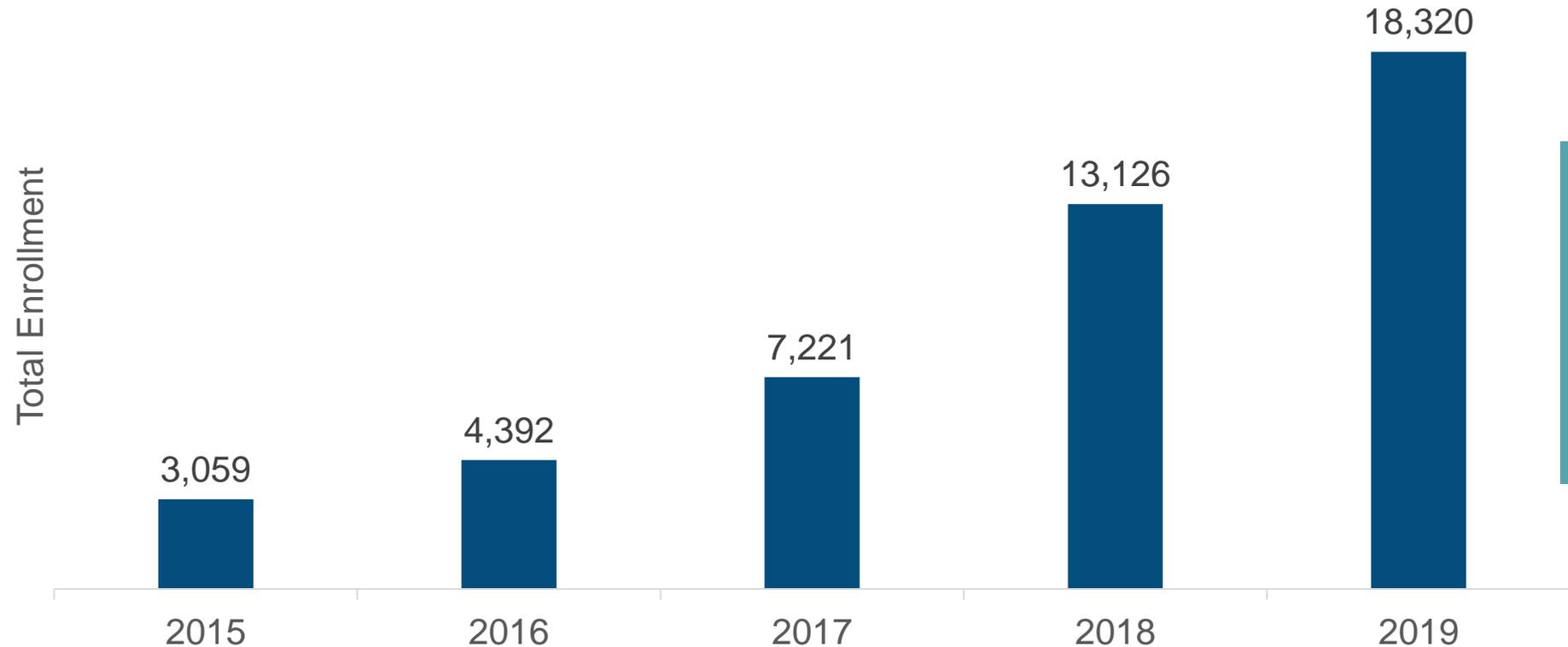
# Providers Are Also Starting Medicare Advantage Plans

As the Medicare Advantage plan, providers are investing in primary care, care management, innovation and technology that drive savings, which can be re-invested into the provider organization and into care delivery innovation



# Increasing Enrollment in Long-Term Care Provider-Led I-SNPs

## Growth of LTC Provider-Led I-SNP Enrollment, 2015-2019



Most LTC providers who operate an I-SNP are skilled nursing providers

Source: ATI Analysis of CMS SNP Comprehensive Reports for the month of August for years 2015-2019

Note: Special Needs Plans (SNPs) are a type of MA plan for special needs individuals. Authority governing SNPs allows plans to be paid on a capitated basis and to design unique care models. There are three types of SNPs: Dual-Eligible Special Needs Plans (D-SNPs), Chronic Care Special Needs Plans (C-SNPs), and Institutional Special Needs Plans (I-SNPs). A subset of I-SNPs are IE-SNPs for institutional equivalent beneficiaries living in their own homes and requiring an institutional level of care.

# Why Would Anyone Want To Take Risk?

Sample P&L Example: 1,000 members (500 AL, 500 NF) with a hospitalization rate of 450/1000 in Wake County

Member Months	12,000
Premium Revenue:	
Total Revenue	\$26,394,240
Medical Expense:	
Partner Medical Expense	
Subtotal Partner Medical Expense	\$6,625,968
% of Revenue	25.1%
All other Medical Expense	
Subtotal other Medical Expense	\$14,653,346
% of Revenue	55.5%
Total Medical Expense	\$21,279,314
Medical Loss Ratio	80.6%
Amount available for provider gainshare	\$1,155,790
Gross Margin	\$3,959,136
Adjusted MLR	85%
Operating Expenses:	
Total Operating Expenses	\$3,093,989
Administrative Expense % of Revenue	11.72%
Net Income (Loss)	\$865,147

Amount available to share back with Medicare provider partners (i.e., savings that come from better management of the population)

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# Considerations in Your Organization's Medicare Advantage Strategy

# Assess Core, Essential Capabilities

1. Onsite primary care, care management, and advanced care planning
2. Technology to support information sharing, early detection of risk, and team communication
3. Partnerships to deliver impactful programming and to streamline clinical operations (e.g., pharmacy, lab, hospice, therapy)
4. Real time reporting of data on outcomes (e.g., hospitalizations, ER visits)

This is a lot to consider at one time. An important first step is to talk to local hospitals/health systems and primary care practice groups to find partners to start delivering onsite services

# Assess and Strengthen Core Capabilities

## Considerations

- What services do you offer your residents?
- Do you offer onsite primary care?
- Do you offer telehealth services?
- Do you provide care management services?
- Do you offer transportation to medical appointments?
- What are your assessment processes? Can your staff identify needed interventions?
- How do you monitor changes in residents' conditions or home conditions?
- What do you know about your population (e.g., challenges, preferences, needs, functional limitations)?
- How do you recruit quality staff? How do you train your staff? Do staff understand value of integrated care?

## Next Steps

1. Be prepared to educate plans on your services and programs (e.g., develop clear descriptions of your services offerings, assessment processes, etc.).
2. Improve existing processes as needed (e.g., ability to monitor and capture residents' change in conditions).
3. Ensure policies on hiring and training requirements are updated.
4. Evaluate gaps in capabilities or services and consider investments.

# Assess and Strengthen Technology Capabilities

## Considerations

- Can you share assessments and care plans electronically?
- How do you monitor changes in residents' conditions? Do you use sensor technologies?
- How do you communicate with medical providers and other care managers (e.g., Medicare Advantage care managers, Nurse Practitioners, Medical Directors)?
- Do you have platforms that support virtual communications?
- Do you offer telehealth services?
- Do you have ability to collect data on program outcomes?
- What information do you have about your hospitalization rates? Are you documenting healthcare utilization (e.g., hospitalizations and ER visits) through your electronic health record?

## Next Steps

1. Ensure ability to share information with medical providers and other care managers.
2. Explore telehealth and monitoring technologies that would enable providers to monitor patients remotely.
3. Evaluate gaps in capabilities or services and consider investments.

# Consider New Partnerships

## Considerations

- What are your existing partnerships with community providers?
- Do you have existing partnerships with area hospitals and/or primary care partnerships?
- Are you willing to form dedicated partnerships with therapy companies? Home health companies? Home care companies? Pharmacies?
- Can you share information across these partnerships?

## Next Steps

1. Be prepared to educate providers on your services and ability to deliver value.
2. Identify hospitals and primary care providers to target outreach efforts.

# Consider Ability To Manage Risk

## Considerations

- ❑ Does your organization want to get paid for discrete services (e.g., transportation, home care)?
- ❑ Does your organization want to explore partnerships with plans to manage their enrollees' healthcare (e.g., Optum or Anthem I-SNP)?
- ❑ Does your organization want to explore becoming a healthcare payer or partnering with other providers who are (e.g., forming your own I-SNP/IE-SNP, joining with others)?

## Next Steps

1. Understand the Medicare Advantage enrollment and penetration in your market. Understand which plans your residents are enrolled in today.
2. If your organization wants to receive reimbursement for discrete services, select which plans to target for outreach. Prepare your pitch.
3. Consider partnering with other non-medical providers to expand your collective offerings and share information.
4. If your organization wants to develop its healthcare service offerings, evaluate your options for capturing the value created (e.g., partnership with existing Medicare Advantage plans or creating your own Medicare Advantage plan).

# Know the Value You Create

## Considerations

- Do you understand what Medicare Advantage plans care about and how your services fit in?
- Are your residents and families satisfied?
- How many Medicare Advantage enrollees (by plan) do you serve today?
- Do you understand your populations' needs (e.g., functional limitations)?
- What are your program outcomes, such as hospitalizations and ER visits?
- Who are your community partners and referral partners? What is their feedback?
- Does your staff understand the goals of integrated care delivery?
- How can you help Medicare Advantage plans' care managers? Medical Directors?

## Next Steps

1. Understand the data on your population (e.g., functional impairments and chronic conditions contribute to high healthcare costs).
2. If your organization wants to participate in expanded benefit flexibility (and reimbursement of supplemental benefits), refine your value proposition (or pitch) to Medicare Advantage plans.
3. Improve any information collection processes to capture program and service outcomes.

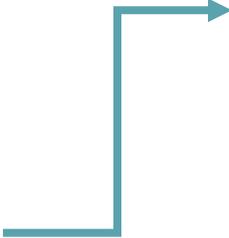
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# Creating Your Organization's Engagement Strategy

# Know What Medicare Advantage Plans Care About

- ❑ What drives Medicare Advantage profits? *(By understanding how Medicare Advantage plans get paid and compete, you can understand what they care about and how your services can be a tool in their toolbox for managing costs.)*
- ❑ How do plans compete for enrollment? *(By understanding ways to compete for enrollment, you can understand why supplemental benefits and member retention are important and represent opportunities for seniors housing operators.)*



Resource Document	Purpose
Medicare Advantage 101	This document provides education on the Medicare Advantage program, policies, and trends that create opportunities for seniors housing providers
Health Plan Engagement Guide	This document provides an overview of opportunities to engage health plans and an overview of how to prepare your organization
Step-by-Step Guide to Assessing Health Plans in Your Market	This document provides instructions for identifying the volume of Medicare Advantage enrollees in your market and the plans in operation
Value Proposition Template	This document provides a template for organizing your organization's marketing and outreach materials for engaging health plans

# Understand Your Market Dynamics

- ❑ What is the Medicare Advantage enrollment in your market (by county)? What is the penetration in your market? *(By answering these questions, you can know the importance of Medicare Advantage in your market.)*
- ❑ What plans are in your market? *(By answering this question, you can narrow outreach efforts based on your current residents' enrollment in these plans.)*
- ❑ Are your residents enrolled in special needs plans (e.g., D-SNPs)? *(By answering this question, you can know if your residents have certain health needs that you can address when conducting plan outreach.)*



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# Understand Your Market Dynamics: Example Data

## Plan Example: SCAN Plus Health Plan (Local Health Plan)

### Los Angeles County Medicare Advantage Penetration (November 2019)

- 1,586,928 Total Medicare Eligible Beneficiaries
- 762,518 Enrolled in Medicare Advantage
- 48.05% Medicare Advantage Penetration

### SCAN Plus Health Plan Enrollment

- 202,991 total enrollees
- 83,087 enrollees in Los Angeles County

### SCAN Plus Health Plan Quality Ratings

4.5 out of 5 stars

## What Do These Data Mean?

- Los Angeles County has very high Medicare Advantage enrollment compared to national average, 36%  
*(If your market has high enrollment/penetration, it is important to have a Medicare Advantage strategy)*
- SCAN Health Plan is a regional health plan with a small, but high-quality, footprint in LA County  
*(Regional/local health plans may be more receptive to outreach)*

# Consider Targeting Certain Plans First

## Local Plans:

Owned by local hospitals, skilled nursing facilities, and health systems; small regional plans: not United, Humana, BCBS, Aetna or Anthem

- ✓ It may be easier to secure meetings with local plans
- ✓ Plans will work with providers to determine contract terms and to establish billing system
- ✓ Local plans may be more flexible about how information is transmitted

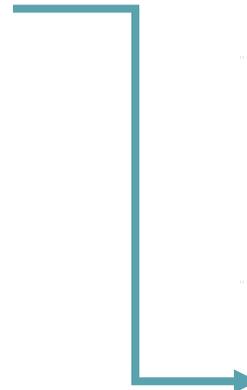
## Dual-Eligible Special Needs Plans (D-SNPs):

A type of MA plan for special needs individuals that serves the population dually eligible for Medicare and Medicaid

- ✓ D-SNPs may have more experience working with home and community-based service providers because they already serve the dual-eligible population
- ✓ You may already have relationships or contracts with these health plans through Medicaid

# Prepare Your Talking Points

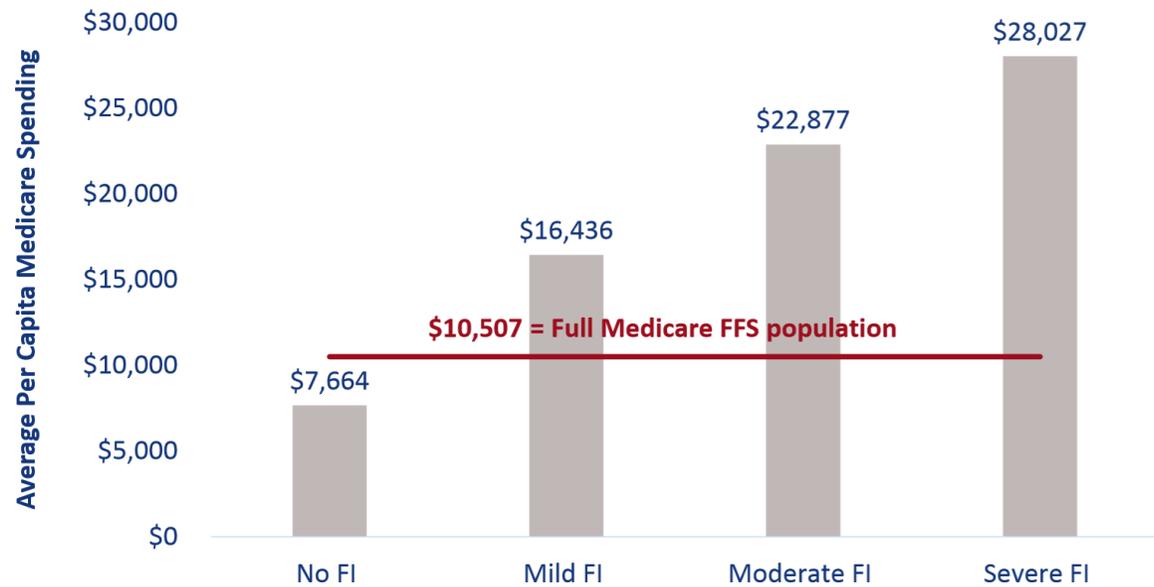
- ❑ Use the Value Proposition Template to prepare information on your services, outcomes, and value in advance of meeting with plan(s)
- ❑ Be prepared with data on functional impairments and healthcare costs
- ❑ Communicate that you can support their care managers and medical providers in taking care of the highest cost enrollees; and that you can do it in a high quality and reliable way



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# Prepare Your Talking Points: Know the Data on Functional Impairment and Healthcare Costs

## Population with Functional Impairment Associated with High Medical Spending



Source: Anne Tumlinson Innovations analysis of the 2015 Medicare Current Beneficiary Survey. Note: Data is limited to fee-for-service Medicare beneficiaries living in the community and excludes long-stay nursing home residents.

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### Talking Points:

- Average per capita healthcare spending increases as the degree of functional impairment increases
- On average, people with moderate to severe functional impairment – that is, people who need help with at least one activity of daily living – spend more than twice as much on healthcare as the overall Medicare population and over three times more than people with no functional impairments

### Data Source:

[https://www.thescanfoundation.org/sites/default/files/2018-12-12\\_new\\_opportunities\\_for\\_serving\\_complex\\_care\\_populations\\_in\\_medicare\\_advantage\\_final\\_0.pdf](https://www.thescanfoundation.org/sites/default/files/2018-12-12_new_opportunities_for_serving_complex_care_populations_in_medicare_advantage_final_0.pdf)