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Elderplan Advantage
Institutional Special Needs Plan

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Welcome!

- Goals for today:
  - To give you an overview of Medicare Advantage Works
  - To give you a sense of the role of ISNP in an SNF
  - To provide a description of one type of ISNP model
  - To answer questions you may have about the “basics”
    - As you will see, the basics aren't all that basic
  - To give you a comfort level with changing reimbursement
- Rules for today:
  - Please interrupt if you would like me to slow down or explain
  - Feel free to start discussions
  - Please ask questions

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Medicare Advantage

- What Are Medicare Advantage (MA) Plans?
  - Health plan options approved by Medicare
  - Run by private companies
    - **Sold by insurance agents in some cases**
- Part of the Medicare program
- Eligibility requirements
  - Live in plan’s service area
  - Entitled to Medicare Part A
  - Enrolled in Medicare Part B
  - Not have ESRD at time of enrollment
    - Some exceptions

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Medicare Advantage

- A person can join a Medicare Advantage Plan or other Medicare plan:
  - When first eligible for Medicare
  - During specific enrollment periods
    - Annual Election Period
    - Medicare Advantage Open Enrollment Period
      - In 2011 this is only to leave MA for FFS
    - Special Enrollment Periods
- A person can switch plans during:
  - Annual Election Period
  - Special Enrollment Periods
    - Move out of the plan's service area and can' stay in the plan
    - Plan leaves Medicare program
    - Other special situations (Hospice)

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Medicare Advantage

- How Do MA Plans Work?
  - Generally get all Medicare-covered services through the plan
  - Can include prescription drug coverage
  - May have to see certain doctors or go to certain hospitals to get care
    - Emergency care covered anywhere in the U.S.
  - Benefits and cost-sharing must meet or exceed FFS Medicare
- People In Medicare Advantage
  - Still in Medicare program
  - Still have Medicare rights and protections
  - Still get all regular Medicare-covered services (Parts A, B & D)
  - May get extra benefits
    - Such as vision, hearing, dental care

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Medicare Advantage

- Types of Medicare Advantage Plans
  - Medicare Health Maintenance Organization (HMO)
  - Medicare Preferred Provider Organization (PPO)
  - Medicare Private Fee-for-Service (PFFS)
    - Will be phased out in 2012
  - Medicare Special Needs Plans (SNPs)
  - Medicare Medical Savings Account (MSA)
- We are going to focus on SNPs
- Other Medicare Plans
  - Medicare Cost Plans
  - Programs of All-inclusive Care for the Elderly (PACE)

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Medicare Advantage

- Special Needs Plans (SNPs)
  - Designed to provide
    - Focused care management
    - Special expertise of plan's providers
    - Benefits tailored to enrollee conditions and circumstance
      - Medicare and Medicaid, i.e. "dual eligibles"
      - "Nursing Home Certifiables" (NHC)
  - Must include prescription drug coverage
  - Three types of SNPs
    - Limit membership to people:
      1. With certain chronic or disabling conditions
      2. Eligible for both Medicare and Medicaid
      3. In certain institutions

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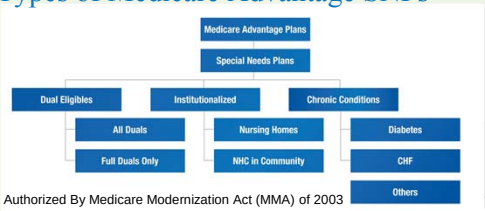
Types of Medicare Advantage SNPs



- Authorized By Medicare Modernization Act (MMA) of 2003
- Created to limit enrollment to beneficiaries with specialized care needs
- Wide array of plans, varying degrees of success
- Most recent data and policy suggests ongoing commitment to dual-eligible and institutional SNP models

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Why Participate in an ISNP?

- Additional revenue source
- Reimbursement for skilled days without a 3 day qualifying hospital admission
- Improved quality of care
- We credential your providers

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Nursing Home Residents Eligible to Enroll

- The Elderplan Advantage ISNP is a Medicare Advantage Special Needs Plan for institutionalized long term care nursing home residents
- Eligible members have to be long term residents in a contracted facility for greater than 90 days
- They have to have Medicare Parts A and B and cannot have ESRD

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A quick word about MA marketing

- Medicare Advantage Plans must:
  - Use marketing materials that have been
    - Submitted to CMS and Reviewed according to guidelines
  - Comply with the "Do not call registry"
  - Provide information in a professional manner
  - Use state-licensed, certified, or registered individuals to market plans
    - If state requires it
- Medicare Advantage Plans may not
  - Make any unsolicited contact with a potential beneficiary
  - Solicit Medicare beneficiaries door-to-door
    - Unless invited
  - Send unsolicited email
  - Enroll people by phone
    - Unless the person calls them
  - Offer cash payment as an inducement to enroll
  - Misrepresent or use high pressure sales tactics

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ISNP Model Of Care Goals

- Designed to reduce non-essential hospital admissions when care can safely be provided in the home
- Maintain the residents at an optimal level of function
- Financial goal = reduce avoidable admissions

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ISNP Model of Care

- Care management team
- Participation in the Elderplan Chronic Care Improvement, MTM and Quality Management Programs
- Collaboration with the Clinical Practice Manager
- Detailed reporting requirements
- MDS completed and submitted to Elderplan every 90 days and annually
- Submission of HRAs upon enrollment and at least annually thereafter
- Coordination on care transitions
- Coordination of utilization of benefits, ancillary services, specialty care and preventive screenings
- Individualized care plans

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The Elderplan Fee for Service ISNP Model

Four components to compensation

- Fee For Service payment at Medicare reimbursement rates
- Additional compensation for ensuring CMS Model of Care is administered and does not impact the budget target
- Per Diem reimbursement for Intensive Service Days
- Sharing of financial gains and losses

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Fee For Service

- For sub-acute care, Elderplan will use RUGS IV with payment based on the full prices published by CMS on July 29, 2011
- Elderplan will not require a 3 day qualifying stay in the hospital prior to billing for sub-acute services

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Intensive Service Days

- $650 per diem for intensive service days in lieu of an inpatient admission
  - RUG rates will not be paid concurrently with intensive service per diem days
- Retrospective Review will be performed on claims submitted
- ISD days do not count towards the 100 Part A days

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Sharing of Financial Gains and Losses

- Gains versus budget will be shared 50/50 and Elderplan will pay home its share of gains quarterly
- Losses versus budget will be shared 50/50 and the home must pay Elderplan its share of losses versus budget quarterly
- There will be a one-time annual settlement of results versus budget six months after the end of each calendar year in order to true up the budget revenue and expenses
- Revenue is based on risk scores of each individual member in each individual participating nursing home
- As the risk scores change for your population of members, so does the revenue for this population

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Assumptions for Financial Calculations

- Revenue = i.e. $2400 PMPM (NH Specific based on membership on annual basis).
- Administrative Budget (including quality, credentialing, and other medically qualified activities) = 17%
- 3% for Risk Charge and Potential Profit
- Current Admits per 1000 = 692
- Cost per Admission = $16,968
- Diversion Days per avoided admission = 3
- Estimated Diversion cost = $1,950 per avoided admission which is paid to Home

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Calculations

- Total Savings = Reduction in Hospitalization costs – Cost of total Hospital Diversion Days
- Bonus = 50% of the difference between Actual Expense and Target Budget + Administrative Fee

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Illustration – 2% Below Target Budget

I-SNP Incentive - Illustration				
Member Months	3,000	6,000	9,000	12,000
Premium	$7,200,000	$14,400,000	$21,600,000	$28,800,000
Target 80%	$5,760,000	$11,520,000	$17,280,000	$23,040,000
Actual 78%	$5,616,000	$11,232,000	$16,848,000	$22,464,000
Delta 2% below target	$ 144,000	$ 288,000	$ 432,000	$ 576,000
50 % Risk Share	$ 72,000	$ 144,000	$ 216,000	$ 288,000
Admin Allowance	$ 100,000	$ 200,000	$ 300,000	$ 400,000
Potential Annual Bonus	$ 172,000	$ 344,000	$ 516,000	$ 688,000

404 Admits per 1,000 (2% Below Target)				
	3,000	6,000	9,000	12,000
Savings needed	$1,080,000	$ 2,160,000	$ 3,240,000	$ 4,320,000
Current per admit	$ 16,968	$ 16,968	$ 16,968	$ 16,968
Diversion cost	$ 1,950	$ 1,950	$ 1,950	$ 1,950
Potential net savings per admit	$ 15,018	$ 15,018	$ 15,018	$ 15,018
Actual diverted admission	72	144	216	288
Current admits per year	173	346	519	692
Current admits per 1,000	692	692	692	692
Target admits per year	101	202	303	404
Target admits per 1,000	404	404	404	404

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2% Below Budget Expressed as PMPM

PMPM Conversion				
Member Months	3,000	6,000	9,000	12,000
Potential Annual Bonus PMPM	$ 57.33	$ 57.33	$ 57.33	$ 57.33
Hospital Diversion Cost	$ 93.49	$ 93.49	$ 93.49	$ 93.49
Primary Care	$ 95.96	$ 95.96	$ 95.96	$ 95.96
Nurse Practitioner	$ 247.12	$ 247.12	$ 247.12	$ 247.12
SNF	$ 125.14	$ 125.14	$ 125.14	$ 125.14
Total PMPM	$ 619.05	$ 619.05	$ 619.05	$ 619.05

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Comparison of Capitated ISNP to Fee for Service ISNP

Capitated Model	Fee For Service Model
▸ NP is an employee of MCO	▸ NP, PA, or Physician is an employee of Home or Group
▸ Limited upside	▸ Share in gains and losses
▸ MCO manages utilization	▸ Home or Group manages utilization
▸ Less transparency	▸ Transparency
▸ Bonus targets may not be attainable - depends on risk scores of enrollees	▸ Medical budget reflects variations of risk scores of enrollees
▸ Correct coding benefits the MCO	▸ Correct coding benefits the Home and MCO

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Why a plan like Elderplan?

- Part of an integrated health care system
- Over 25 years of experience
- Local management
- Transparent reimbursement
- Aligned incentives
- Diversify your revenue base

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