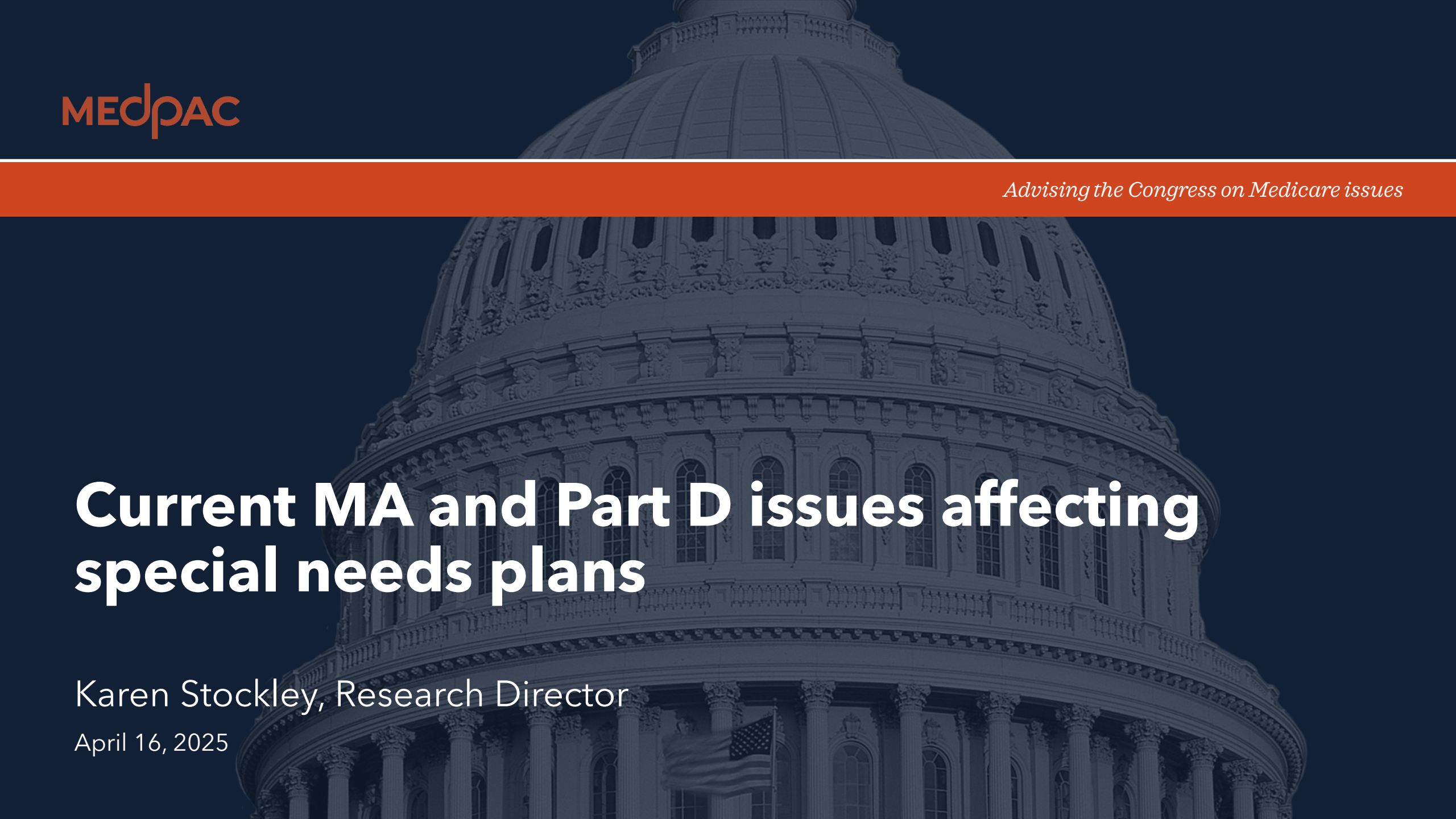
MEDPAC

Advising the Congress on Medicare issues



Current MA and Part D issues affecting special needs plans

Karen Stockley, Research Director

April 16, 2025

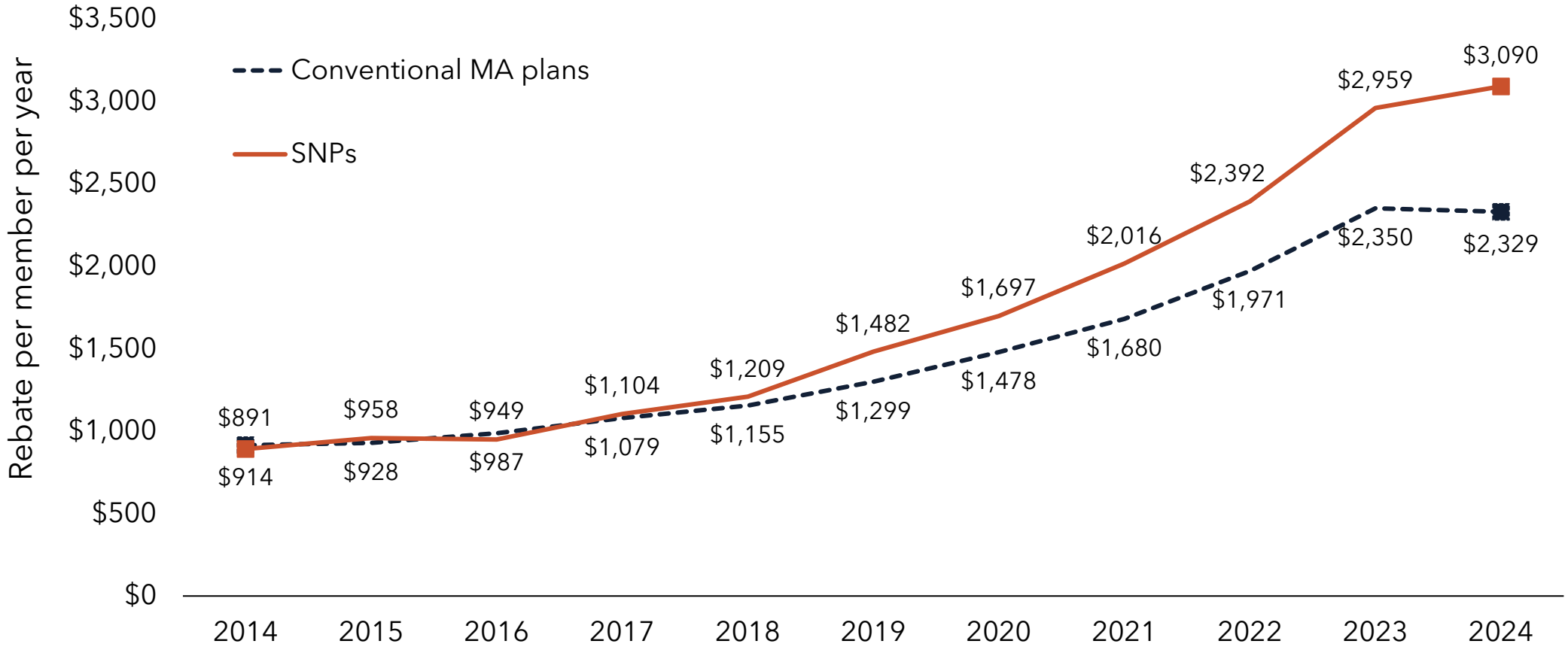
MedPAC's mission and structure

- Provide independent, nonpartisan policy and technical advice to the Congress on issues affecting the Medicare program
- 17 Commissioners appointed by the Comptroller General (GAO) for experience and subject matter expertise
  - Include providers, payers, researchers, beneficiary-focused individuals
  - Serve three-year terms, can be reappointed
- Commissioners supported by 25-30 analysts; staff analysts are experts in their fields
- Seven public meetings during the year
  - Staff present work informed by data analyses, surveys of beneficiaries and physicians, site visits, focus groups with beneficiaries and providers, expert panels, input from stakeholders
  - Commissioners provide direction and feedback on work, develop policies, and vote on recommendations to Congress

Transparency in MedPAC's work

- Commission meetings are webcast for the public
- MedPAC's website includes:
  - Full meeting transcripts and meeting presentations
  - Public comments from stakeholders
  - Contractor reports funded by MedPAC
  - Reports, comment letters, testimony, press releases, data books, payment basics, and recommendations
- Each September, publish analytic agenda for the upcoming year

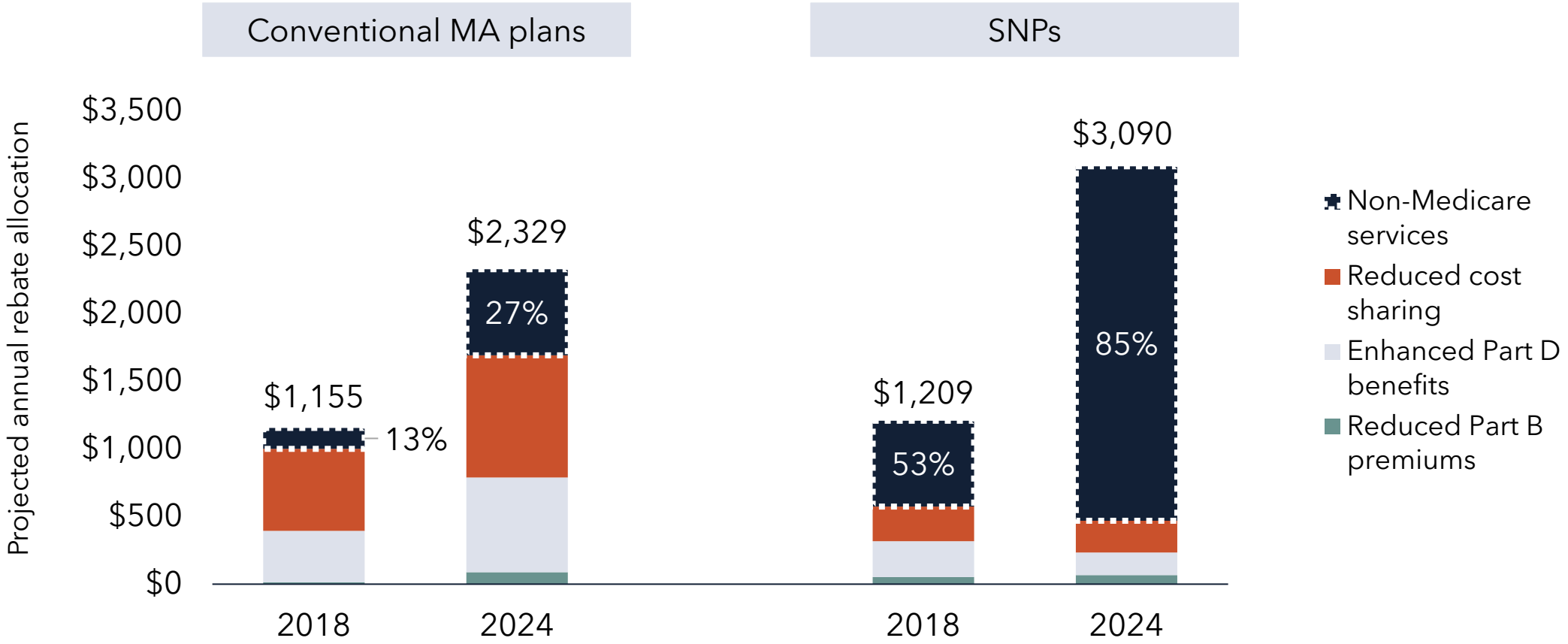
Rebate payments to MA plans, which finance supplemental benefits, are near historic highs



Note: SNP (special needs plan). "Conventional MA plans" excludes employer group plans and special needs plans. "SNPs" excludes employer group plans and non-SNPs. Figure excludes plans that do not offer a prescription drug benefit. Dollar amounts are nominal figures, not adjusted for inflation.

Source: MedPAC analysis of data from CMS on plan bids, 2014–2024.

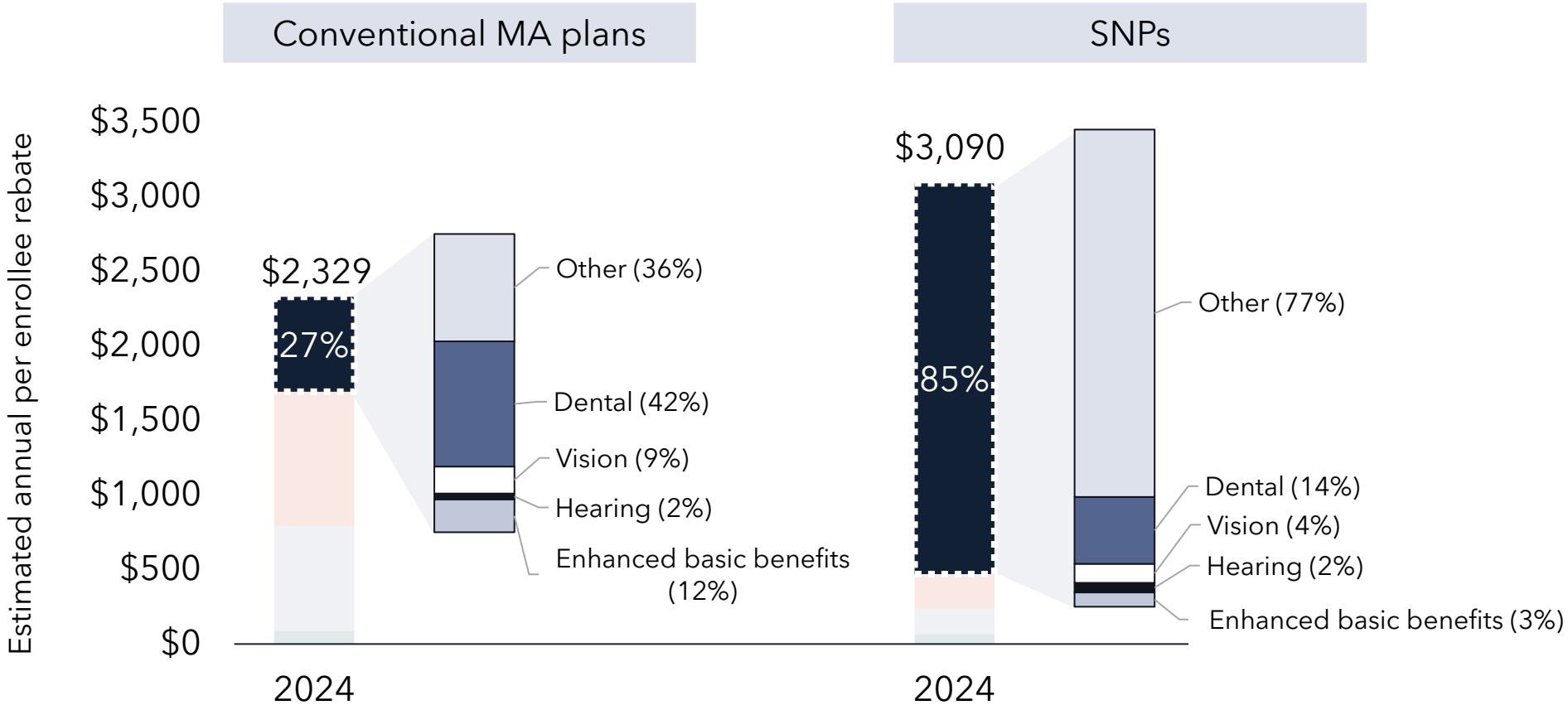
The rebate dollars allocated to non-Medicare services have increased, particularly for SNPs



Note: MA (Medicare Advantage), SNP (special needs plan). "Conventional MA plans" excludes employer group plans and SNPs. "SNPs" excludes employer group plans and non-SNPs. Excludes plans that do not offer a prescription drug benefit. Dollar amounts are nominal figures, not adjusted for inflation. Plan projections are prospective and so might not reflect how rebates are actually used.

Source: MedPAC analysis of MA bid data, 2018–2024.

For SNPs, "other" benefits accounted for the largest share of non-Medicare supplemental benefits in 2024



Note: MA (Medicare Advantage), SNP (special needs plan). "Conventional MA plans" excludes employer group plans and SNPs. "SNPs" excludes employer group plans and non-SNPs. Excludes plans that do not offer a prescription drug benefit. Plan projections are prospective and so might not reflect how rebates are actually used.

Source: MedPAC analysis of MA bid data, 2024.

Questions the Commission is interested in regarding supplemental benefits

- How much do SNP and conventional MA plan enrollees use the supplemental benefits offered by their plans?
- How do the benefits affect beneficiaries' choice of plans?
- Are certain types of supplemental benefits more valuable to beneficiaries?
- Is the value of the supplemental benefits commensurate to the rebate dollars that Medicare is spending to finance the benefits?

Major changes in Part D affecting MA plans beginning in 2025

- The redesigned Part D benefit
  - Increased the generosity of Part D's basic benefit
  - Shifted liability from Medicare's cost-based reinsurance and LICS to plans
- Uncertainty around expected effects on utilization and costs in the first year of the new benefit structure
- Conventional MA plans made some adjustments to Part D formularies and utilization management in 2025
- SNPs may respond differently to benefit redesign because they primarily rely on tools other than cost-sharing to manage drug spending

Note: LICS (low-income cost-sharing subsidy)
Source: "Structural differences between the Part D PDP and MA-PD markets." April 2025. https://www.medpac.gov/wp-content/uploads/2025/04/Tab-D-Structural-issues-in-Part-D-April-2025.pdf.

Recent Commission work on institutional special needs plans (I-SNPs) and nursing homes (NHs)

- I-SNPs covered ~12% of long-stay NH residents (2023)
- NH participation in I-SNPs has grown but the share of residents in these facilities who enroll in I-SNPs has stayed relatively flat
- I-SNP enrollees tend to have longer lengths of stay and lower mortality rates than residents who do not enroll
- Available evidence suggests that I-SNPs reduce use of inpatient and ED care compared to other MA plans and traditional Medicare, but their effect on other measures of quality is unclear

Sources: "Institutional special needs plans." March 2025. https://www.medpac.gov/wp-content/uploads/2024/08/I-SNPs-MedPAC-03.25sec.pdf. Kane, R.L. et al. 2002. *Evaluation of the Evercare demonstration program: Final report*; McGarry, B.E., and D.C. Grabowski. 2019. Managed care for long-stay nursing home residents: An evaluation of institutional special needs plans. *American Journal of Managed Care*, 25, no. 9 (September) 438-443; Chen, A.C., and D.C. Grabowski. 2024. A model to increase care delivery in nursing homes: the role of institutional special needs plans, *Health Services Research* (October 9).

MEDPAC

Advising the Congress on Medicare issues

Thank you!

MedPAC wants to hear from you

scameron@medpac.gov

www.medpac.gov

@medicarepayment