Legislative History

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) [Pub. L. 108-173] was enacted through legislation on December 8, 2004. Title II of the MMA made important changes to the Medicare + Choice program by replacing it with the Medicare Advantage (MA) Program under Part C of Medicare. Beginning in 2006 the MA program is designed to do the following:

Under the MMA (Section 231), Congress created a new type of Medicare Advantage coordinated care plan focused on individuals with special needs. “Special needs individuals” were identified by Congress as: 1) institutionalized beneficiaries; 2) dually eligible; and/or 3) beneficiaries with severe or disabling chronic conditions.

Congressional SNP authority expires in December 2008.

Types of SNPs

MMA allows SNPs to target one of three types of beneficiaries:

Institutional

- Those who reside or are expected to reside for 90 days or longer in a long term care facility (defined as either: skilled nursing facility (SNF) nursing facility (NF), intermediate care facility (ICF) or inpatient psychiatric facility).

- Those living in the community but requiring an equivalent level of care to those residing in a long term care facility.

Dually Eligible

- Entitled to medical assistance under a State plan under Title XIX.

- SNPs may enroll all dual eligible beneficiaries, such as the full duals only, and zero cost sharing duals (QMB only and QMB pluses). In addition, if a dual eligible plan contracts with a state for a Medicaid wrap, then the plan can further subset, for example, full duals with mental illness or duals over 65 years old.
Severe or Disabling Chronic Conditions

- CMS did not set forth detailed definition of this in the regulation in order to provide industry as much flexibility as the law allows for this type of MA SNP, and to provide an opportunity for CMS to gain experience which may lead to future refinements.

- CMS evaluated the 2006 and 2007 SNP proposals on case-by-case basis.

- For 2006 and 2007 CMS considered: appropriateness of target population, clinical programs and special expertise, and how SNP will cover full spectrum of target population without discriminating against “sicker” members.

- Among the chronic conditions targeted in the chronic disease SNPs being offered in 2007 are: cardiovascular disease, diabetes, congestive heart failure, osteoarthritis, mental disorders, ESRD, HIV/AIDS.

Payment to SNPs

- There is no payment increase to MA organizations under SNP authority. However there are 4 demonstrations that have been migrated to the SNP program that receive a frailty adjustment beginning in 2008. This frailty
• adjustment will be phased in over 4 years.

Value of SNPS

• SNPs are allowed to target enrollment, they can design special clinical programs to accommodate groups with distinct health care needs, thereby reducing hospitalizations and institutionalizations. For example:
  - SNPS can target resources for early identification of troublesome symptoms and implement disease management protocols and clinical interventions.
  - Management of polypharmacy to avoid negative effects.
• SNPs provide a meaningful opportunity to improve the quality of care for certain population with complex health care needs, while reducing costs

Medicare and Medicaid Integration under Dual SNPs
CMS is working to facilitate integration of Medicare and Medicaid services and to create incentives for States and plans to work together to produce a seamless and well coordinated service delivery experience for dual eligible beneficiaries. Some of the actions the Agency has taken are listed below.

• Addressing administrative challenges: CMS developed several “How To” Guides that clarify existing rules and suggest streamlined processes that States and plans can use to fulfill both Medicare and Medicaid requirements.
• Increased opportunities for targeted enrollment for plans that develop a relationship with the State: SNPs are allowed to target enrollment to subsets within the dual eligible population which will be available to plans that have an agreement with the State Medicaid Agency that facilitates integration of services.
• Increasing State awareness of how to effectively contract with SNPs: CMS along with its industry partners published a primer that describes the Medicare Advantage bidding process.
• Improved Quality Measure for SNPs: CMS currently requires all Medicare coordinated care plans to report HEDIS. The most current set of measures does not provide performance information on the unique issues related to the quality of care provided by the plans to SNP enrollees therefore; CMS has contracted with NCQA to identify new performance measures specifically for SNPs.
Evaluation

SNP Evaluation Contract and Report to Congress Section 231 of the MMA, which authorized the creation of Medicare Advantage Special Needs Plans, calls for an evaluation of the impact of SNPs on the cost and quality of services provided to enrollees. It also requires a report to Congress which is due December 31, 2007.

- A contract for the evaluation and report to Congress was awarded to Mathematica Policy Research Inc. (MPR) on September 29, 2005.
- Focus groups will provide information about beneficiary awareness of and experiences with special programs and services, satisfaction with care, and reasons for enrolling. Interviews will also be conducted with selected State Medicaid officials to obtain State perspectives on the impact of SNPs.

FUTURE OF SNPS

- CMS is refining our guidance on SNPs to ensure they fulfill their promise to deliver specialized models of care, and to encourage partnerships with states in the case of SNPs serving people eligible for Medicare and Medicaid (dual-eligibles). Our goal is for organizations to fashion and deliver services in a manner best-suited to the specialized population in their SNP plans — whether, dual-eligible, institutional, or chronic care.

Number of SNP Plans

2006

Dual Eligible 225
Institutional 38
Chronic 13

2007

Dual Eligible 310
Institutional 85
Chronic 74

Enrollment in SNP Plans

2006 311,980
Dual Eligible 502,804
Institutional Chronic

2007 Dual Eligible Institutional Chronic