

## 2011 CMS Medicare Advantage Network Adequacy Criteria Development Overview

This overview explains the methodologies used in the development of provider network criteria that Medicare Advantage applicants are required to meet for 2011 applications.

### Components of the Criteria

CMS has established provider network criteria that are measured by:

- Minimum number of providers
- Maximum travel distance to providers
- Maximum travel time to providers

These criteria vary by specialty type and county geographic designation (e.g., large metro, metro, and micro, rural).<sup>1</sup> In addition, CMS updated the list of required HSD provider and facility specialty types based on Medicare beneficiary utilization patterns and clinical needs.

### Minimum Number of Providers

The criteria for minimum number of providers were calculated taking into account two determinants: 1) the average enrollment of beneficiaries served by health plans; and 2) the minimum provider-to-enrollee ratio.

#### 1. Average Enrollment of Beneficiaries Served by Health Plans

The “Average Enrollment of Beneficiaries Served by Health Plans” metric is a calculation of the 95<sup>th</sup> percentile of Medicare Advantage plans’ market penetration (i.e., 95% of all Medicare Advantage health plans have county penetration rates equal to or less than the rates shown in Figure 1). The 95<sup>th</sup> percentile varies by county geographic designation.

**Figure 1: 95<sup>th</sup> Percentile of Medicare Advantage Penetration Rates by County Designation**

County Designation	95th Percentile
Large Metro	7.0%
Metro	11.6%
Micro	7.4%
Rural	7.2%

The appropriate 95<sup>th</sup> percentile penetration rate is multiplied by the total number of Medicare beneficiaries residing in a county.

Figure 2 illustrates the “Average Enrollment of Beneficiaries Served by Health Plans” metric. The example below is for Wharton County, Texas, which has a geographic designation of “micro.” For this county, based on CMS enrollment data, health plans serving the county have an average enrollment of 494 Medicare Advantage beneficiaries.

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<sup>1</sup> The county designations are based on the U.S. Census Bureau, Current Lists of Metropolitan and Micropolitan Statistical Areas and Definitions. Counties not included in a Metropolitan Statistical Area or a Micropolitan Statistical Area are designated as rural within this Criteria methodology. An additional designation of “large metro” was created by CMS because of the need to differentiate areas with extremely large and condensed populations of beneficiaries and providers. Only counties in the Los Angeles and New York City metropolitan statistical areas are designated as “large metro.”

**Figure 2: Average Enrollment of Beneficiaries Served by Health Plans**

<p><i>Number of Beneficiaries Residing in County X 95<sup>th</sup> Percentile for Micro Counties</i></p> <p>(6,669 beneficiaries X 0.074) = 494 Beneficiaries</p>
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**2. Minimum Provider Ratio**

Based upon primary and secondary research of the utilization patterns and clinical needs of Medicare populations, CMS has established ratios of required providers per 1,000 beneficiaries for most specialty types in the CMS MA Physicians and Other Practitioners HSD Table. These ratios vary by county geographic designation.

Figure 3 illustrates the calculation for the minimum number of required providers to serve beneficiaries residing in a given county by bringing the two calculations together (the average enrollment of beneficiaries and the minimum number of required providers). The example is for cardiologists providing services to beneficiaries residing in Wharton County, Texas, which has a geographic designation of “micro.”

**Figure 3: Minimum Number of Required Providers Calculation**

<p><i>(Average Enrollment of Beneficiaries Served by Health Plans ÷ 1,000) X Minimum Provider Ratio</i></p> <p>(494 ÷ 1,000) X (0.23 cardiologists per 1,000 beneficiaries residing in a micro county) = 1 Cardiologist Required *</p>
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\* Although the calculation equals 0.113, each result is rounded to the nearest whole number.

**Criteria for MA Facilities and Services HSD Specialty Types**

At this time, CMS has not established criteria for minimum number of required providers for most of the specialty types on the CMS MA Facilities and Services HSD Table. The one exception is for the requirements concerning acute inpatient hospitals. CMS has established a requirement for the minimum number of acute inpatient beds per 1,000 beneficiaries residing in the county. This criterion was calculated using the same type of determinants as those described above and varies by county geographic designation. An additional requirement concerning acute inpatient hospitals is that applicants must demonstrate that they have contracted with the anesthesiology, emergency medicine, pathology, and radiology groups providing these hospital-based services at each contracted acute inpatient hospital. These provider groups are to be listed on the CMS MA Physicians and Other Practitioners HSD Table with the appropriate specialty code.

**Maximum Time and Distance to Providers**

The maximum time and distance criteria were developed using a process of mapping beneficiary locations juxtaposed with provider practice locations. CMS tested the percentage of beneficiaries in areas that had access to a specialty type within varying travel time and travel distance parameters. The parameters were tested on multiple areas throughout the country using a statistically significant sampling of beneficiaries across varying county geographic types.

The maximum time and distance criteria vary by specialty type and county geographic designation. Medicare Advantage applicants must demonstrate that 90% of their provider network meets the established time and distance requirements. Although a minimum number of providers have not been established for most of the facilities and services on the CMS MA Facilities and Services HSD Table, maximum travel time and distance criteria have been established for most facilities and services. An

example of the time and distance criteria for cardiologists and skilled nursing facilities serving beneficiaries residing in Wharton County, Texas, a “micro” county, is shown in Figure 4 below. Applicants are required to have at least one provider or facility type within the time and distance criteria.

**Figure 4: Maximum Travel Time and Distance Criteria**

<b>Provider Type</b>	<b>Distance Criteria</b>	<b>Time Criteria</b>
Cardiologists	30 miles	30 minutes
Skilled Nursing Facility	60 miles	60 minutes

**Note:** The practice locations of an applicant’s contracted providers are not confined to the boundaries of the county or counties in question. The county defines the area in which beneficiaries reside. Applicants may include providers outside of the application county if they serve county beneficiaries, and meet time and distance requirements. Allowing for the location of contracted providers serving beneficiaries in a given county to “go” beyond county boundaries enables consideration of local established patterns of care and other factors governing reasonable access.

**Exceptions to the Criteria**

CMS recognizes that in certain cases, an applicant’s contracted network may not meet the provider network adequacy criteria. In such cases, the applicant may request an exception, from a pre-defined list created by CMS, for a specific provider/facility type in a specific county. These exceptions are detailed in the CMS Health Services Delivery Tables Exceptions Guidance.