

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
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CENTER FOR DRUG and HEALTH PLAN CHOICE

TO: All MA-PD plans

FROM: Cheri Rice, Acting Director, Medicare Plan Payment Group

SUBJECT: Participation in 2011 HOS for Medicare Advantage organizations planning to sponsor FIDE SNPs in 2012 -- **Response needed by October 8**

DATE: September 21, 2010

The Patient Protection and Affordable Care Act of 2010 (ACA) provided the Secretary with the authority to adjust the payments of certain dual eligible special needs plans (SNPs) for the frailty of their plan enrollees. CMS decided not to make such an adjustment for 2011, since we did not have adequate data on fully integrated dual eligible (FIDE) SNPs. This memo provides information to Medicare Advantage Organizations (MAOs) that expect to sponsor FIDE SNPs in 2012 regarding a decision that will need to be made by **October 8, 2010**.

The ACA allows a frailty adjustment to be made to payment if a dual SNP “is fully integrated with capitated contracts with States for Medicaid benefits, including long-term care, **and** has a similar average level of frailty ... as the PACE program.” Additional requirements regarding policies and procedures for the coordination of member materials, including enrollment, communications, grievance and appeals, and/or quality assurance is being considered and is forthcoming.

In order for CMS to determine whether a FIDE SNP has a similar average level of frailty as the PACE program, CMS must be able to calculate a 2012 frailty score for each FIDE SNP. In order to calculate a frailty score for 2012, MAOs must participate in the 2011 Medicare Health Outcome Survey (HOS) at the FIDE SNP level. CMS is considering some methodological changes to the HOS to increase the response rate for ADL data that is collected and used in calculating the FIDE SNP frailty score. For FIDE SNPs that are part of a larger MA contract, additional sampling will need to be done at the FIDE SNP level in order to calculate a frailty score for the FIDE SNP. Both the overall methodological changes, and any extra sampling at the FIDE SNP level, will affect the cost involved to administer HOS in the MAO’s contract with the survey vendor. HOS will still be fielded at the contract level in order to meet MA reporting

requirements. Any supplemental sampling of the FIDE SNP population will be done as a secondary step once the sampling for the contract is completed.

MAOs that believe that they will be sponsoring a FIDE SNP in 2012 and wish to participate in the 2011 HOS for their FIDE SNP population **must inform CMS no later than Friday, October 8, 2010**. All HOS survey costs, including the contract-level sampling and any additional costs attributed to additional SNP package level sampling and an enhanced protocol for ADL collection, are the responsibility of the MAO through its HOS survey vendor contract. NCQA certifies contractors to field the HOS, which follows CMS’s methodological requirements for the survey. For more information on certified HOS survey vendors, please visit NCQA’s Web page: <http://www.ncqa.org/tabid/173/Default.aspx>. For more information about the HOS program, please see the following Web page: <http://www.hosonline.org/default.aspx>.

CMS will announce its methodology for determining whether a FIDE SNP “has a similar average level of frailty ... as the PACE program” in the 2012 Rate Announcement in April 2011. We will notify FIDE SNPs of their frailty score and how they compare to the PACE average later in 2011. For information-only purposes, CMS is providing the mean distribution of ADL limitations across all PACE organizations, based on the 2009 HOS-M data.

0 ADLs		1-2 ADLs		3-4 ADLs		5-6 ADLs	
Medicaid	Non-Medicaid	Medicaid	Non-Medicaid	Medicaid	Non-Medicaid	Medicaid	Non-Medicaid
13.44%	0.20%	22.77%	0.30%	24.01%	0.33%	38.27%	0.68%

To inform CMS that you would like to participate in the 2011 HOS to support the calculation of frailty score for your FIDE SNP for 2012 payment, please email Natasha Facey at Natasha.Facey@cms.hhs.gov no later than Friday, October 8, 2010. Please provide the contract and PBP numbers of your FIDE SNPs that you would like surveyed. More information about the 2011 HOS survey will be sent to plans by NCQA in November 2010.