

2010 Non-Renewals

Jeremy Willard

Acting Director, Division of Medicare
Advantage Operations

October 2009



How many beneficiaries will be impacted by the 2010 non-renewals?

- About 10 million (20% of all) Medicare beneficiaries are currently enrolled in a Medicare Advantage (MA) plan
- Only 1.5% of all Medicare beneficiaries (7% of all MA enrollees) will lose coverage at the end of 2009 because the MA or PDP plan they are currently in is not going to be offered in 2010
 - 637,000 beneficiaries will lose MA coverage
 - Of these 637,000 MA beneficiaries, 62% (397,000) will lose Part D coverage
 - 30,000 beneficiaries will lose PDP coverage

Which MA enrollees will be most affected by the non-renewals?

- 73% of affected MA enrollees are in Private Fee-for-Service (PFFS) plans
- The geographic areas most heavily impacted by non-renewals are
 - Philadelphia metropolitan area
 - Michigan
 - West Virginia

Why have MA plans chosen to non-renew in 2010?

- Reasons for these non-renewals:
 - Plans make annual business decision to participate in MA & D programs
 - Changes to the PFFS program authorized under MIPPA of 2008 may have fueled some organizations to non-renew
 - CMS efforts to simplify the MA program by ensuring that beneficiaries have fewer and more meaningful choices led to “winnowing” of many low enrollment plans

How did MIPPA change the PFFS program?

- Beginning in 2011, PFFS plans must maintain a contracted network of providers, except in areas with fewer than two provider network plans
- Employer-sponsored PFFS plans must also meet the “network requirement”
- Other changes include new quality requirements beginning in 2010
- In addition, Congress implemented restrictions to curb aggressive marketing across the MA program, including PFFS

How will the non-renewals impact access to drug benefit coverage?

- Beneficiaries affected by non-renewals may enroll in another type of MA plan or they can receive benefits through Original Medicare.
- Those who elect to move to an MA-PD plan will have access to drug benefit coverage
- Those who elect to move to Original Medicare or to an MA-only plan will need to enroll in a stand-alone prescription drug plan of their choice to receive Part D benefits

How will the non-renewals affect members of employer-sponsored group plans?

- Employers offering PFFS plans that are being discontinued in 2010 have been actively seeking other health plan options for their enrollees
- Enrollees in non-renewing EGHPs also have the option of joining an MA plan and/or PDP that is not offered through their employers

How will the non-renewals affect beneficiaries eligible for the LIS?

- Approximately 60,000 LIS-eligible individuals who are currently enrolled in an MA-only or MA-PD plan that is non-renewing in 2010 will be reassigned to a PDP effective January 1, 2010, absent an election on their part (which would override the CMS reassignment).
- In addition, more than 1 million LIS beneficiaries will be reassigned to a different PDP sponsor due to changes in premium levels to ensure they remain in a zero-premium plan.

How will CMS ensure that beneficiary access is protected in 2010?

- All affected beneficiaries will receive direct mailings from both their plans and from CMS letting them know that they need to make a choice for coverage in 2010.
- CMS will also be undertaking targeted outreach in geographic areas where a significant number of beneficiaries are impacted.
- CMS has convened teleconferences with SHIPs and consumer advocates to prepare them for increased questions.

Do beneficiaries in non-renewing plans have a special election period (SEP)?

- Yes, beneficiaries in non-renewing plans will have a SEP that runs from October 1, 2009 through January 31, 2010.
- CMS is encouraging beneficiaries to wait until they receive information from their plan about the SEP and other plan options in their area before taking action.
- Medicare will also send these individuals a letter during the AEP reminding them of the need to take action by December 31st to ensure continued coverage by an MA plan on January 1st.

How will access to MA plans in 2010 be affected overall?

- Access for beneficiaries will remain largely unchanged for 2010, with the exception of 24 counties in Alaska that will not have access to an MA plan
- Even with the non-renewals, 99% of beneficiaries will have access to both MA and MA-PD plans, the same percentage as for 2009
- 86.8% will have access to an MA-PD plan without a premium
- MA payment rates, despite a negative 4.5% update, were adequate to maintain access
- Finally, Original Medicare remains an option.

How will CMS ensure that beneficiaries are protected as a result of the non-renewal process?

- CMS Regional Offices are undertaking a number of surveillance activities
 - To ensure that parent organizations with non-renewing plans are prepared to conduct required non-renewal activities
 - To ensure that parent organizations with non-renewing plans continue to provide services through the end of 2009 and beyond to their impacted members as appropriate

Summary

- Despite the number of beneficiaries affected by the non-renewal of MA plans, the net impact is minimal.
- Access and choice remain largely unchanged.
- As in 2009, 99 percent of beneficiaries will continue to have a variety of MA plan choices.
- CMS has undertaken efforts to make the MA program simpler and less confusing, which means that it is better and stronger in 2010.

Contact information

Jeremy Willard

Jeremy.Willard@cms.hhs.gov

Phone: 215-861-4762

