SNP Alliance Survey Shows Great Promise for Cost Savings

Highlights of SNP Alliance Annual Survey

March 2012

Background

As of February 2012, 507 Medicare Special Needs Plans (SNPs) were providing benefits and services to 1.4 million enrollees. In 2011, the National Health Policy Group (NHPG) engaged The Lewin Group to quantify the performance of Special Needs Plans participating in the SNP Alliance. The survey includes data from 19 member organizations in care of 522,758 beneficiaries, from all SNP types and regions of the U.S. The Report analyzed enrollee demographics, conditions, risk scores, utilization and cost information for 2010. Comparison statistics were also tabulated on the Medicare FFS population using the 2008 CMS 5% Sample database.[1]

The 2011 Report includes comparisons of fee-for-service data for each SNP type, including a subset of fully integrated dual SNPs that were national integration demonstration sites prior to transitioning to Special Needs Plan status. This Report represents the fourth consecutive year of reporting on activities of SNP Alliance members.

Following are key findings.

SNP Alliance Plan enrollees have more complex care needs than those in FFS.

All SNP Alliance Plan members have higher average risk scores than the Medicare average risk core. The average risk score for the FIDESNP legacy plans was 1.49, compared to an average risk score of 1.27 for dual beneficiaries in FFS. The risk scores ranged from 1.34-2.09. The median risk score for Institutional SNPs was 2.14, compared to 1.84 average risk score for FFS beneficiaries living in institutions. The Institutional SNP risk scores ranged from 1.33-2.27. The average risk score for Chronic SNPs was 1.33 compared to 1.00 in Medicare FFS and an estimated 0.97 for non-SNP MA plans.

SNP Alliance plans serve people with a higher percentage of people with high-impact conditions. The survey found that SNP Alliance Plans have enrollees with significantly higher rates for nearly all high-impact conditions, as defined by the National Quality Forum.[2] In some cases, Legacy FIDESNP and Institutional SNP beneficiaries had rates 2 to 3 times higher than Medicare beneficiaries in fee-for-service.

There is strong evidence of the potential for significant cost savings.

SNP Alliance Plans serving the highest-risk beneficiaries dramatically reduced inpatient hospitalization rates. The 9 SNP Alliance members, known as Legacy FIDESNPs because of their long-standing role in advancing fully integrated programs for dual beneficiaries, achieved an inpatient utilization rate of 2,509 days vs. 3,327 days per 1,000 among duals in FFS, even though their average risk score was

[1] The NHPG founded and manages the SNP Alliance. The SNP Alliance is the only national organization exclusively dedicated to improving policy and practice for Special Needs Plans. Membership is by invitation only, with all members required to provide evidence of a commitment to quality standards and shared policy objectives. SNP Alliance members serve over 650,000 beneficiaries representing approximately 50% of national SNP enrollment. The membership represents all major SNP types, organizational structures and regions of the United States.

[2] The National Quality Forum (NQF) defines high-impact conditions as conditions that have a high-impact on aspects of health, such as affects large numbers of patients and/or has a substantial impact for a smaller population; leading cause of morbidity/mortality; high resource use (current and/or future); severity of illness; and severity of patient/societal consequences of poor quality. In priority order, the top 10 high-impact conditions defined by NQF are: major depression, congestive heart failure, ischemic heart disease, diabetes, stroke/transient ischemic attack, Alzheimer's Disease, breast cancer, chronic obstructive pulmonary disease, acute myocardial infarction, and colorectal cancer.

higher (1.49 vs. 1.27) than duals in fee-for-service.

The hospitalization rate for Institutional SNPs was even more impressive, where member sponsored Institutional SNPs achieved a hospitalization rate of 1,820 days per 1,000, compared to a rate of 7,497 days per 1,000 for institutional beneficiaries in FFS. This is the forth year in a row where these plans achieved this high rate. Also, while the Institutional SNPs seemed to have plateaued at a very low rate, the utilization rate for the Legacy FIDESNPs continues to drop each successive year, showing approximately a 10% reduction over previous years for each of the last three consecutive years.

SNP Alliance Plans were also extremely effective in keeping people out of the hospital. For calendar year 2010, fully 72% of those enrolled in SNP Alliance Legacy FIDESNPs never had a single hospitalization. While the rate is similar to those in Medicare fee-for-service, it is important to note that the risk score for persons in FIDESNPs is 17% higher than for duals in FFS (1.49 vs. 1.27), where the probability of a higher rate of hospitalization is a reasonable assumption.

For those enrolled in Institutional SNP plans, over 83% never entered a hospital within a given year, compared with 47% of institutional beneficiaries in Medicare FFS. Less than one-half of one percent of beneficiaries enrolled in Institutional SNPs had 5 or more hospitalizations compared with 4.6% in institutional beneficiaries in Medicare FFS. The 30-day hospital readmission rate for Institutional SNPs was 54 per 1,000, less than any other SNP type in the survey, even though the other SNP types had lower risk scores.

SNP Alliance Plans also showed important reductions in emergency room use. The median annual emergency room visit per 1,000 persons per year for Legacy FIDESNPs was 574 days per 1,000 vs. an average rate of 844 for duals in Medicare FFS. The Institutional SNPs achieved an average rate of days of 351 per 1,000 vs. 714 visits per 1,000 for persons living in institutional settings in Medicare FFS.

Conclusion

The reduction in hospitalization rates and emergency room visits by SNP Alliance Plans offer great promise for controlling costs for dual beneficiaries through integration. These findings are particularly important in that the Legacy FIDESNPs and Institutional SNPs have a long history in advancing care for dual beneficiaries, particularly care through integration strategies. Both programs are especially effective in the re-engineering of primary care for high-risk/high-need subgroups and bringing together alternative benefits and care arrangements important for reducing the totality of health care costs across the continuum of primary, acute and long-term care while maintaining high-quality and customer satisfaction.

SNPs offer a stable, national platform for quickly moving to scale specialized managed care for high-risk/high-need persons. While selected statutory changes would enable SNPs to be even more effective in caring for special needs individuals, SNPs are rooted in federal policies specifically focused on advancing dual integration; improving care models for serving frail, disabled, chronically ill persons; and holding plans accountable for tailoring benefits and services to meet the multiple, complex and ongoing care needs of high-risk/high-need persons. These specialty care arrangements are critical to controlling the growing cost burden of our Medicare and Medicaid programs.

Since 70% of Medicaid costs for duals are spent on long-term care, and 80 percent of Medicare costs relate to the 20% with the highest-need beneficiaries, this is great news for efforts to fully align Medicare and Medicaid benefits and services and further advance specialized managed care methods for the most costly and needy subset of Medicare and Medicaid beneficiaries.