SNP Alliance Issue Brief

GAO 08-29-14 Report Shows Integrated Plans Produce Higher Quality Care

October 2014

Background

On August 29, 2014, the Government Accountability Office (GAO) responded to a request from the House Ways and Means, and Energy and Commerce Committees for a study of Medicare and Medicaid spending and service use for disabled dual-eligible beneficiaries and the potential for specialized, integrated plans to provide high quality of care and control costs for dual-eligible beneficiaries.

In part, the report looked at the potential for D-SNPs and FIDE-SNPs to improve quality of care and control spending by addressing dual-eligible beneficiaries' specialized care needs, and integrating their Medicare and Medicaid benefits. D-SNPs are a specific type of Medicare Advantage (MA) plan that enroll only dual-eligible beneficiaries and provide services consistent with an evidence-based model of care designed for dual-eligible enrollees. They are responsible for providing all Medicare-covered benefits in coordination with their enrollees' Medicaid benefits consistent with a related State Medicaid contract. A specialized subset of D-SNPs, fully integrated dual eligible SNPs or FIDE-SNPs, provide their enrollees a specialized, fully integrated benefit inclusive of both Medicare and Medicaid services through a single managed care entity.

Report Summary

Despite the somewhat discouraging title of the report, "Disabled Dual-Eligible Beneficiaries: Integration of Medicare and Medicaid Benefits May Not Lead to Expected Medicare Savings," the study generated promising results with respect to the ability of specialized, integrated plans to improve quality for full-benefit dual-eligible beneficiaries. The study finds that:

- Both aged and disabled dual-eligible beneficiaries enrolled in D-SNPs experienced better health outcomes (e.g., maintaining healthy cholesterol, blood pressure and blood sugar levels) compared to those beneficiaries enrolled in traditional MA plans.
- Positive differences in outcomes were even more pronounced for aged dual-eligible beneficiaries enrolled in FIDE-SNPs vs. those in traditional MA plans.
- D-SNPs outperformed MA plans in serving duals on a majority of process measures (e.g., screening for certain diseases and annual monitoring for patients on certain prescriptions), although plans' relative performance varied substantially across measures.
- Compared to D-SNPs in general, integrated FIDESNPs were more likely to be "high quality", i.e. among top 20% of D-SNPs for performance on 13 HEDIS measures related to either effectiveness of care or readmissions.

With respect to Medicare costs for integrated plans, the study concluded that, "CMS's expectations regarding the extent to which integration of benefits will produce savings through lower use of costly Medicare services may be optimistic." In part, this conclusion is based on a comparison of FIDE-SNPs' Part C bids to expected Medicare FFS spending levels. Just under 25% of FIDE-SNPs bid under FFS spending, suggesting that a majority of FIDE-SNPs were not able to provide Medicare benefits at lower cost than what Medicare would have spent in FFS. In addition, the study also found little difference between traditional MA plans, and either D-SNPs or FIDE-SNPs, in dual-eligible enrollees' use of costly Medicare services (inpatient stays, readmissions and ER visits) raising the question as to whether specialized, integrated plans can realize cost savings by reducing utilization of these services.

SNP Alliance Response

First and foremost, the study found that D-SNP and FIDE-SNP plans specializing in the care of dual-eligible beneficiaries and integrating Medicare and Medicaid benefits achieved better outcomes for dual-eligible beneficiaries than traditional Medicare Advantage plans. This conclusion alone provides strong motivation to vigorously pursue specialization and integration efforts, both inside and outside the Financial Alignment Demonstration (FAD).

With respect to costs, we believe the study's implication that integration may not lead to cost savings is premature. First, a subset of FIDE-SNPs did submit bids below FFS costs. Second, the potential for integrated plans to achieve significant cost savings cannot be realized until Medicare and Medicaid payment and requirements related to health plan operations, oversight and performance evaluation are indeed fully integrated. Today, even the most integrated FIDE-SNPs and Medicare-Medicaid Plans (MMPs) implement separate and distinct Medicare and Medicaid requirements. Although many requirements are more aligned, the requirements are still duplicative and occasionally conflicting, making it difficult to provide a single, seamless, and truly integrated benefit that can lead to efficiencies in costs and service use. Third, and foremost, the primary goal of integrated plans is to deliver value by improving the health care and outcomes of dual eligible and GAO's findings already point in that direction.