

The SNP Alliance



A National Health Policy Group Initiative Working to Change Policy and Practice for High-Risk Beneficiaries

Executive Summary: SNP Alliance Strategy for Change

Don't Forget the Frail, Sick and Disabled The Sleeping Giant of Health Care Reform

More Attention Must Be Given to Improving Care for Persons With Serious Chronic Conditions.

As our nation takes on the overdue challenge of health care reform with efforts to control costs and improve access for the uninsured, we cannot afford to forget the already frail, sick and disabled. Simply shifting revenue from sickness care to prevention will not make our illness care problems go away. Two-thirds of Medicare spending is for eight million persons with five or more chronic conditions. One-third of Medicare spending is for persons in the last six-months of life. Seventy percent of Medicaid spending is for the elderly and disabled. Our current usual care practices cause persons with multiple, complex and ongoing care needs significant and unnecessary confusion, medical complications and costs. To ensure quality, affordable health care for all Americans, we must adopt a **systemic approach** to health care reform, with a reform agenda that includes all stages of disease, all types of disability, and all stages of life, including unexpected events that unalterably change our health and well-being... forever. We must seek to prevent chronic illness and control costs, but we cannot forget the need to improve quality and cost performance for those who are already frail, sick and disabled.

SNPs Provide a Platform to Improve Cost and Quality for Special Needs Individuals.

In 2003, Congress established Special Needs Plans (SNPs) as a vehicle to improve care for persons dually eligible for Medicare and Medicaid, persons living in institutions or in the community with similar needs, and persons with serious or disabling chronic conditions. SNP legislation was intended to advance programs to specialize in care of beneficiaries with complex care needs and those not well served by traditional methods. SNPs provide an ideal vehicle to improve **total** quality and cost performance for those with complex, costly and continuous care needs. It incorporates a medical home strategy with a fully capitated payment structure necessary to transform a fragmented maze of services into a coordinated system of care managed by a team of specialists in high-risk care.

National Leaders Provide Early Evidence of the Potential for SNP Success.

In 2008, the SNP Alliance conducted a detailed survey of member efforts in targeting and serving frail, sick and disabled persons. Among survey participants were the legacy programs preceding SNPs with track records in serving high-risk groups. These programs provided the basis for the original SNP legislation. Survey findings showed member SNP enrollees had average risk scores almost 40% higher than average MA plan and fee-for-service (FFS) enrollees as well as a higher percentage of poor, disabled and minority persons. Forty-five percent of Dual SNP beneficiaries had mental health problems compared to only 9% of Medicare FFS beneficiaries and 22% of Medicaid beneficiaries. Most members provide specialized care management services to **all** enrollees and offer benefits and services normally not available under traditional Medicare or from standard MA plans. SNP members also have reduced hospital rates 30% below rates for a comparable group of persons in Medicare FFS through improved care management practices.

We Must Modify Policies and Practices in Accordance with a New Vision of Care.

The SNP Alliance has developed a *Gold Standards Framework* to guide policy and plan leaders in establishing new incentives and procedures that enable SNPs to: (1) empower individuals and family caregivers with serious chronic conditions; (2) establish benefits and expertise that are truly unique and important to those served; (3) identify and manage risk for a host of interrelated problems, and real-time changes in health status so enrollees can obtain the right care, at the right time and in the right place; (4) align the efforts of providers that serve the same person to work together to prevent, delay or minimize chronic disease and disability progression as person's condition evolves over time and across care settings; and (5) monitor, manage and report on total quality and cost performance

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SNP Alliance Strategy for Health Care Reform Continued

rather than individual programs, services and functions using a fragmented approach to performance evaluation that is inconsistent with the multidimensional, interrelated and ongoing nature of high-risk care.

We Must Eliminate Payment Penalties for Specialization.

To improve quality and cost performance for high-risk care, policy leaders must eliminate payment penalties for plans seeking to target and serve complex care beneficiaries as required by law, rather than maintain payment methods that assume a normal distribution of health care risk, a core assumption under current MA financing. They must recognize risk variances for plans whose entire enrollment is comprised of persons with extensive, ongoing care needs. They must pay particular attention to the added risk burden of plans who serve a high percentage of persons who: (1) are new to Medicare and have a known chronic condition; (2) have multiple comorbidities; (3) are frail; (4) require alignment of Medicare and Medicaid benefits and services; (5) have a condition or level of care complexity that is not recognized by the existing payment structure; and/or; (6) require continuous, high-cost care.

We Must Align Medicare and Medicaid Rules and Regulations.

More than 80 percent of SNP beneficiaries are dually eligible for Medicare and Medicaid. The current bifurcated approach to administering nearly \$240 billion worth of care for dual beneficiaries provides incentives for providers and governments to shift costs among participating entities, without regard to their cumulative effects. It locks in place unnecessary and costly duplication of functions and conflicting policies and creates additional burden for millions of vulnerable persons. Efficient and effective care requires full alignment of Medicare and Medicaid care, financing and administration.

We Must Establish New System-Oriented, Value-Based Performance Measures.

While new SNP-specific measures are being developed, performance measurement must be further refined to

support value-based purchasing across systems of care for targeted high-risk populations rather than individual, component-based purchasing that ignores the interactive effects of multiple interventions over time. Measurement must reduce the excess reporting burden for SNPs and increase the use of system-oriented data collection so that policy-makers can fairly evaluate the aggregate value of specialized care in relation to other, more traditional plan and provider arrangements.

We Must Stabilize Specialized Managed Care for the Long Term.

While SNPs are still in their infancy, persons with serious chronic conditions are not going away. In fact, by 2030, the current Medicare population will nearly double. Health systems transformation using a chronic care model is an overdue, long-term proposition. We must advance access to quality, affordable health care for all Americans and increase focus on chronic illness prevention. But, we cannot ignore those who already are frail, sick and/or disabled — or those who develop a serious chronic condition (despite our best efforts to prevent them) they will face the added burden of trying to cope with a complex problem *and* an unresponsive care system at the same time. To improve *total* quality and cost performance in care of our most vulnerable, costly care segment, Congress must make specialized managed care an integral part of its health reform agenda, and make SNPs a permanent part of the Medicare program.

We Must Work Together in Establishing a New Generation of Care.

Specialized managed care requires consumer, policy and practice leaders involved in care for persons with serious chronic conditions to find common ground. We must advance universal health care, control costs through IT and prevention methods *and* transform care for persons with ongoing, complex care needs. The SNP Alliance encourages all persons who share this vision and perspective to work together in shaping and implementing a new generation of specialized care for America's most vulnerable, complex and costly care segment as a key component of an overall health care reform agenda.